THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The "*Definitions and Interpretations*" section commencing on page 7 of this Circular applies throughout this Circular, including to this cover page.

Action required by Shareholders:

- This Circular is important and should be read in its entirety. Moreover, Shareholders are referred to the section titled "*Action required by Shareholders*" commencing on page 2 of this Circular, which sets out the detailed actions required of them.
- If you are in any doubt as to the actions you should take in relation to this Circular, please consult your CSDP, Broker, banker, accountant, attorney or other professional adviser immediately.
- If you have disposed of all your THL Shares, this Circular should be handed to the purchaser of such THL Shares or to the CSDP, Broker or other agent through whom such disposal was effected.

THL does not accept responsibility, and will not be held liable, under any applicable Law or otherwise, for any action of, or omission by, any CSDP or Broker of any beneficial owner of THL Shares including, without limitation, any failure on the part of the CSDP or Broker to notify such beneficial owner of this Circular, of the General Meeting or of any of the matters contained in this Circular.

Est. 1892

TongaatHulett®

Tongaat Hulett Limited

(Incorporated in South Africa)
(Registration number 1892/000610/06)
Share code: TON
ISIN ZAE000096541
("**THL**" or the "**Company**")

CIRCULAR TO SHAREHOLDERS

regarding:

- **the proposed disposal by THL and its wholly owned subsidiary FDC of their shares in, and shareholder claims against, Tambankulu to the Public Service Pensions Fund of Eswatini; and**
- **approval by Shareholders of the Transaction in terms of section 9 of the JSE Listings Requirements;**

and incorporating:

- **a notice convening the General Meeting to be conducted entirely by electronic communication; and**
- **a Form of Proxy *(blue)* in respect of the General Meeting for use by Certificated Shareholders and Own-Name Dematerialised Shareholders only.**

Financial Adviser to THL

pwc

Sponsor to THL

Out of the Ordinary®
Investec
Specialist Bank

Legal Adviser to THL

BOWMANS

Auditors and Independent Reporting Accountants to THL

Deloitte.

Advisor to the Public Service Pensions Fund

OLDMUTUAL

Date of issue: **Wednesday, 30 September 2020**

This Circular is only available in English. Copies of this Circular in its printed form may be requested via e-mail from the date of issue until and including the date of the General Meeting, namely Wednesday, 28 October 2020 from the Company Secretary and Investec Bank. The respective e-mail addresses are set out in the "Corporate Information and Advisors" section of this Circular. This Circular will also be available electronically from Wednesday, 30 September 2020 on the Company's website (https://www.tongaat.com).

FORWARD-LOOKING STATEMENTS

This Circular contains certain "forward-looking statements" that reflect the current views or expectations of THL with respect to future events and future financial and operational performance. All statements other than statements of historical fact are, or should be deemed to be, forward-looking statements, including, without limitation those concerning: the economic outlook for the industries in which the THL Group operates, expectations regarding production, cash costs and other operating results, growth prospects and outlook of the THL Group's operations, and the THL Group's liquidity and capital resources and expenditure. These forward-looking statements are not based on historical facts, but rather reflect the THL Group's current plans, estimates, projections and expectations concerning future results and events and are generally identified by the use of forward-looking words or phrases such as "believe", "expect", "forecast", "foresee", "plan", "intend", "seek", "aim", "anticipate", "estimate", "likely", "predict", "project", "potential", "assume", "target", "continue", "may", "will", "should", "could", "endeavour", "shall", "risk" or the negative of these terms or similar expressions that are predictions of or indicate future events and future trends. Similarly, statements that describe the THL Group's objectives, plans or goals are, or should be deemed to be, forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that might cause the THL Group's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although THL believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will materialise or prove to have been correct. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements include, without limitation, matters not yet known to THL or not currently considered material by THL.

Shareholders should keep in mind that any forward-looking statements made in this Circular are made as of the Last Practicable Date. New factors that arise after the Last Practicable Date that could cause the business of the THL Group, or other matters to which such forward-looking statements relate, not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. THL has no duty to, and does not intend to, update publicly or release any revisions to these forward-looking statements, except as may be required by law. Any forward-looking statements have not been reviewed or reported on by the external auditors.

COVID-19

The COVID-19 pandemic has resulted in significant global and local financial market volatility and uncertainty. Although uncertain and unquantified at this stage, continued or worsening levels of market disruption and volatility could have a significant impact on the THL Group's business operations as well as the Company's ability to access capital and conclude the various Key Initiatives planned to achieve the remaining milestones of the Debt Reduction Plan. This could result in a material change in the financial or trading position of the THL Group.

The Company has put in place various risk mitigation strategies. Management and the Board cannot accurately predict what the likely future impact of COVID-19 will be on the Southern African economy, or on the THL Group and its operations.

CORPORATE INFORMATION AND ADVISERS

Directors
Executive
JG Hudson *(Chief Executive Officer)*
RD Aitken *(Chief Financial Officer)*
DL Marokane
Non-executive
L von Zeuner *(Chairman)**
L de Beer*
RM Goetzsche*
JJ Nel*
D Noko*
AH Sangqu*
L Stephens*

* *Independent*

Financial Adviser to THL
PricewaterhouseCoopers Corporate Finance Proprietary Limited
(registration number 1970/003711/07)
4 Lisbon Lane
Waterfall City
Jukskei View, 2090
South Africa
(Private Bag X36, Sunninghill, 2157, South Africa)

Legal Adviser to THL
Bowman Gilfillan Inc.
(registration number 1998/021409/21)
11 Alice Lane
Sandton, 2146
Johannesburg, South Africa
(PO Box 785812, Sandton, 2146, South Africa)

Advisor to the Public Service Pensions Fund
Old Mutual Investment Group Eswatini Proprietary Limited
(registration number 1683 of 2007)
4th Floor
Ingcamu building
Mhlambanyatsi Road
Mbabane, Eswatini
(PO Box 95, Mbabane, Eswatini)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
Johannesburg, South Africa
(Private Bag X9000, Saxonwold, 2132, South Africa)

Company Secretary and Registered Office
JJ van Rooyen
Tongaat Hulett Limited
Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
South Africa
(PO Box 3, Tongaat, 4400, South Africa)
(johann.vanrooyen@tongaat.com)

Date and Place of Incorporation
7 September 1892, South Africa

Registered Office of Tambankulu
Portion 1 of Farm 95
Lubombo
Tambankulu
Eswatini
(Private Bag, Mhlume L309, Eswatini)

Date and Place of Incorporation
10 February 1957, Eswatini

Sponsor to THL
Investec Bank Limited
(registration number 1925/002833/06)
100 Grayston Drive
Sandown, 2196
(PO Box 785700, Sandton, 2196, South Africa)
(InvestecSponsorTeam@investec.co.za)

Auditors and Independent Reporting Accountants to THL
Deloitte & Touche
(practice number 902276)
Deloitte Place
2 Pencarrow Crescent
Pencarrow Park, La Lucia Ridge Office Estate
La Lucia, 4051
Durban, South Africa
(PO Box 243, Durban, 4000, South Africa)

ACTION REQUIRED BY SHAREHOLDERS

The "*Definitions and Interpretations*" section commencing on page 7 of this Circular applies to this section.

Shareholders are requested to take note of the following information regarding the actions required by them in connection with this Circular:

If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, accountant, attorney or other professional adviser immediately.

If you have disposed of all your THL Shares, then this Circular should be handed to the purchaser of such THL Shares or to the CSDP, Broker or other agent through whom such disposal was effected.

1. **GENERAL MEETING**

Shareholders are reminded of the limitations on physical and postal delivery that apply from time to time during the South African government-imposed national lockdown. If they elect to effect such delivery, even in circumstances (if any) where this Circular permits this, Shareholders do so at their own risk.

Shareholders are aware of the evolving COVID-19 pandemic and the measures taken by the South African government to prevent its spread, including guidelines on physical distancing, and limits on public gatherings. These all impact the manner in which traditional shareholder meetings are held. In line with these measures the Board has, in accordance with the MOI, resolved to hold the General Meeting electronically on **Wednesday, 28 October 2020.**

The General Meeting will be conducted entirely by way of electronic communication and electronic facilities. Shareholders will not be able to physically attend the General Meeting.

Shareholders are invited to participate electronically in the General Meeting, convened in terms of the Notice of General Meeting (attached to, and forming part of, this Circular) for purposes of considering and, if deemed fit, adopting, with or without modification, the resolutions as contained in the Notice of General Meeting.

The General Meeting will be held electronically at **10:00 (South African Standard Time) on Wednesday, 28 October 2020**, or such other adjourned or postponed date and time as will be determined and announced in accordance with the provisions of the Companies Act as read with the JSE Listings Requirements.

2. **ELECTRONIC PARTICIPATION BY SHAREHOLDERS**

The Company will offer Shareholders (or their representatives or proxies) reasonable access through electronic facilities and a virtual meeting platform to participate in the General Meeting.

A Shareholder (or its representative or proxy) will, if (and only if) the Shareholder requests that access be granted to it (or its representative or proxy) to do so, be able to:

- participate in the General Meeting through electronic facilities; and
- vote during the General Meeting through a virtual meeting platform.

Shareholders are invited to request such access by sending an email (a "**Participation Request**") to be received by no later than **10:00 (South African Standard Time) on Monday, 26 October 2020** to the Transfer Secretaries at proxy@computershare.co.za or by registering on the SmartAGM portal at www.smartagm.co.za. Following receipt of a Participation Request, the Transfer Secretaries will email the relevant contact link and logon details to the Shareholder concerned to enable it (or its representative or proxy) to participate and/or vote in the General Meeting (a "**Connection Details Notice**").

The Participation Request must specify:

- the name of the Shareholder (and, if applicable, of the representative or proxy); and
- an email address at which the Shareholder (and, if applicable, the representative or proxy), can be contacted.

Reasonably satisfactory identification, as contemplated in paragraph 4 below (and a letter of representation or a duly completed Form of Proxy (*blue*), if applicable) must be attached to a Participation Request.

It is requested, for administrative reasons, that, a Participation Request, complying with the above requirements, be emailed to the Transfer Secretaries, to be received by no later than **10:00 (South African Standard Time) on Monday, 26 October 2020**. If a Shareholder does not email a Participation Request complying with the above requirement to reach the Transfer Secretaries by that time, that Shareholder will nevertheless be entitled to email a Participation Request complying with the above requirements to the Transfer Secretaries, to be received prior to the commencement of the General Meeting. Shareholders should nevertheless be aware that if they send a Participation Request near to the time of commencement of the General Meeting, there is a risk, and they accept the risk, that (i) the Participation Request will not reach the Transfer Secretaries prior to the commencement of the General Meeting; (ii) the Transfer Secretaries will not have sufficient time to send the Connection Details Notice; or (iii) the Connection Details Notice will not reach the Shareholder prior to the commencement of the General Meeting.

In relation to a Participation Request received by the Transfer Secretaries:

- by **10:00 (South African Standard Time) on Monday, 26 October 2020**, the Transfer Secretaries will use reasonable endeavours, to email the Connection Details Notice by no later than **10:00 (South African Standard Time) on Tuesday, 27 October 2020**; or
- after **10:00 (South African Standard Time) on Monday, 26 October 2020** but prior to the commencement of the General Meeting, the Transfer Secretaries will use reasonable endeavours to email the Connection Details Notice as soon as reasonably practicable after receipt of the Participation Request.

For information purposes only, a guide for electronic shareholders meetings will be available on the Company's website *(www.tongaat.com)* and can also be obtained from the Transfer Secretaries. Should you have any further questions, please send an email to proxy@computershare.co.za.

Management and the Board will be available during the General Meeting, through the electronic facilities, to address any matters which are raised relating to the resolutions to be tabled in the General Meeting.

THL will make the platform and electronic facilities available at no cost to the user. However, any third-party costs relating to the use of, or access to, the platform will be for the user's account.

THL does not accept responsibility, and will not be held liable, under any applicable Law or otherwise, for:

- **any action of, or omission by, the Transfer Secretaries; or**
- **any loss arising in any way from the use of the platform or electronic facilities including, without limitation, any malfunctioning or other failure of the platform or facilities, or any failure of any email to reach, or delay in any email reaching, its intended destination, in the case of all of the aforementioned whether or not as a result of any act or omission on the part of the Company or anyone else.**

3. **PARTICIPATION AND VOTING IN THE GENERAL MEETING**

3.1 **Beneficial owners of Dematerialised Shares without own-name registration**

If you have Dematerialised your THL Shares without own-name registration, then the following actions are relevant to you in connection with the General Meeting:

Voting in the General Meeting

- Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or to ascertain whether you wish to abstain from casting your vote) in the General Meeting and thereafter cast your vote (or abstain from casting your vote) in accordance with your instructions.
- If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker and furnish it with your voting instructions.
- If your CSDP or Broker does not obtain voting instructions from you, it will vote in accordance with the instructions contained in the mandate agreement concluded between you and your CSDP or Broker.
- You must **NOT** complete the attached Form of Proxy *(blue).*

Participation in the General Meeting

In accordance with the mandate agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to listen in to, raise questions during, and/or vote in, the General Meeting, or if you wish for another person to represent you in the General Meeting. Your CSDP or Broker should issue the necessary letter of representation for you or that other person to participate in the General Meeting. Where you send a Participant Request, you should ensure that a copy of the letter of representation is attached to the Participation Request.

THL does not accept responsibility, and will not be held liable, under any applicable Law or otherwise, for any action of, or omission by, the CSDP or Broker of any beneficial owner of THL Shares including, without limitation, any failure on the part of the CSDP or Broker to notify such beneficial owner of this Circular, of the General Meeting or of any of the matters contained in this Circular.

3.2 **Own-Name Dematerialised Shareholders and Certificated Shareholders**

If you are an Own-Name Dematerialised Shareholder or you are a Certificated Shareholder, then the following is relevant to you in connection with the General Meeting (but please also be aware of the provisions of paragraph 2 above):

Participation, voting and representation in the General Meeting

- You may yourself listen in to and raise questions during the General Meeting, and you may yourself vote (or abstain from voting) in the General Meeting, in the manner contemplated in paragraph 2 above.
- Alternatively, you may appoint one or more proxies to represent you in the General Meeting by completing the attached Form of Proxy *(blue)* in accordance with the instructions therein, and attach it to a Participation Request to be emailed to the Transfer Secretaries in the manner contemplated in paragraph 2 above. A proxy need not be a Shareholder. It is requested, for administrative reasons, that the duly completed Form of Proxy *(blue)* be emailed to the Transfer Secretaries at proxy@computershare.co.za, to be received by no later than **10:00 (South African Standard Time) on Monday, 26 October 2020**.
- If you do not email the completed Form of Proxy *(blue)*, in accordance with the above instruction, to reach the Transfer Secretaries by the relevant time, you will nevertheless be entitled to email the Form of Proxy *(blue)*, to the Transfer Secretaries, to be received prior to the commencement of the General Meeting.
- Where you send a Participant Request, you should ensure that a copy of the Form of Proxy *(blue)* is attached to the Participation Request.

4. IDENTIFICATION OF SHAREHOLDERS AND PROXIES

In terms of section 63(1) of the Companies Act, before any person may participate in the General Meeting, that person must present reasonably satisfactory identification, and the person presiding over the General Meeting must be reasonably satisfied that the right of the person to participate and vote in the General Meeting, either as a Shareholder, or as a proxy or a representative for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport.

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IMPORTANT DATES AND TIMES

The "*Definitions and Interpretations*" section commencing on page 7 of this Circular applies to this section.

	2020
Announcement regarding the Transaction released on SENS on	Wednesday, 17 June
Announcement regarding the Transaction published in the South African press on	Thursday, 18 June
Record date to determine which Shareholders are eligible to receive this Circular and Notice of General Meeting	Friday, 25 September
Circular, inclusive of Notice of General Meeting and Form of Proxy *(blue)*, distributed to Shareholders on	Wednesday, 30 September
Announcement regarding convening of General Meeting and distribution of Circular released on SENS on	Wednesday, 30 September
Announcement regarding convening of General Meeting and distribution of Circular published in the South African press on	Thursday, 1 October
Last day to trade in THL Shares in order to be eligible to participate and vote in the General Meeting (see note 3 below)	Tuesday, 20 October
Voting record date to determine which Shareholders are eligible to participate and vote in the General Meeting (see note 4 below)	Friday, 23 October
For effective administration, Participation Requests (requesting access in order to participate electronically in the General Meeting) to be received by Transfer Secretaries by no later than 10:00 on (see note 5 below)	Monday, 26 October
For effective administration, completed Forms of Proxy *(blue)* to be received by Transfer Secretaries by no later than 10:00 on (see note 6 below)	Monday, 26 October
General Meeting of Shareholders to be held electronically at 10:00 on	Wednesday, 28 October
Results of General Meeting released on SENS on	Wednesday, 28 October

Notes:

1. All of the above dates and times are South African Standard Time.
2. The above dates and times are subject to change. Any required changes will be released on SENS.
3. THL Shares can only be traded in Dematerialised form. No orders to Dematerialise or rematerialise THL Shares will be processed from the South African Business Day following **Tuesday, 20 October 2020** up to and including the voting record date, but such orders will again be processed from the first South African Business Day after the voting record date.
4. Only Shareholders who are registered in the Securities Register on **Friday, 23 October 2020**, will be eligible to participate and vote in the General Meeting.
5. Should a Participation Request not be emailed so as to be received by the Transfer Secretaries by **10:00** on **Monday, 26 October 2020**, it may nevertheless be emailed so as to be received by the Transfer Secretaries at any time prior to the commencement of the General Meeting.
6. Should Forms of Proxy (*blue)* not be returned to the Transfer Secretaries by **10:00** on **Monday, 26 October 2020**, they may nevertheless be emailed to be received by the Transfer Secretaries at any time prior to the commencement of the General Meeting.
7. Should the General Meeting be adjourned or postponed for whatever reason, Forms of Proxy *(blue)* submitted for the General Meeting will remain valid in respect of any ensuing adjourned or postponed general meeting.

DEFINITIONS AND INTERPRETATIONS

Throughout this Circular, unless otherwise stated or the context indicates otherwise, any reference to any one gender includes all other genders, stipulated dates and times are South African Standard Time, words and expressions in the singular include the plural and *vice versa*, words and expressions importing natural persons include juristic persons and unincorporated associations of persons and *vice versa*, and words and expressions in the first column below have the respective meanings assigned to them in the second column, and cognate words and expressions bear corresponding meanings:

"**Actual Capex**"	the actual Capex incurred by the Target Group for the period from 1 April 2020 up to and including the Closing Date;
"**Actual Working Capital**"	the Working Capital as at the Closing Date;
"**Affiliate**"	of a Person, any other Person which (i) is Controlled by the first-mentioned Person, (ii) Controls the first-mentioned Person, or (iii) is under common Control with the first-mentioned Person;
"**Agreement**"	the share purchase agreement between the Parties, including its schedules dated 15 June 2020, as amended;
"**Bowmans**"	Bowman Gilfillan Inc. (registration number 1998/021409/21), a personal liability company registered in accordance with the Laws of South Africa, and appointed as the legal adviser to THL;
"**Broker**"	any person or entity registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"**Budgeted Capex**"	budgeted Capex for the Target Group for the period from 1 April 2020 up to and including the Closing Date;
"**Business Day**"	any day which is not a Saturday, is not a Sunday, and is neither a statutory or public holiday in Eswatini nor a public holiday in South Africa;
"**Calendar Month**"	a period starting on one day in a Month and ending on the numerically corresponding day in the next Month ("**End Month**"), except that: • if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in the End Month if there is one, or if there is not, on the immediately preceding Business Day; and • if there is no numerically corresponding day in the End Month, that period shall end on the last Business Day in the End Month;
"**Capex**"	in relation to the Target Group, any additions to property, plant or equipment, including cane roots;
"**Capex Adjustment Threshold**"	an amount of R2 000 000 (two million Rand);
"**Cash**"	in relation to the Target Group, the aggregate of its cash and its cash equivalents, including all interest accrued thereon;
"**Certificated Shareholders**"	Shareholders holding Certificated Shares;
"**Certificated Shares**"	Shares which have not yet been Dematerialised, or which have been rematerialised, and title to which is evidenced by a share certificate or other document of title;
"**Circular**"	this bound document dated Wednesday, 30 September 2020 including the Notice of General Meeting and Form of Proxy *(blue)*;

"**Closing Date**"	the first Business Day of the Calendar Month following the Calendar Month in which the Restructure Date falls or such other date as is agreed in writing by all the Parties;
"**Companies Act**"	the South African Companies Act No.71 of 2008, as amended;
"**Computershare**" or "**Transfer Secretaries**"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a limited liability private company incorporated in South Africa, and transfer secretaries to the Company;
"**Control**"	"control" as defined in section 2(2) of the Companies Act;
"**CSDP**"	a Central Securities Depository Participant as defined by the Financial Markets Act;
"**Debt**"	all borrowings and other indebtedness incurred by the Target Group by way of overdraft, acceptance credit or similar facilities, loan stocks, bonds, debentures, notes, debt or inventory financing, finance leases or sale and leaseback arrangements or any other arrangements the purpose of which is to borrow money to fund the Target Group;
"**Debt Reduction Plan**"	the commitment made by THL to the THL Lenders to reduce its debt levels for its South African operations by ZAR8 100 000 000 (eight billion one hundred million Rand) by 30 September 2021;
"**Deloitte & Touche**" or "**Independent Reporting Accountants**" or "**Auditors and Independent Reporting Accountants**"	Deloitte & Touche, practice number 902276, registered auditors, and appointed as the Auditors and Independent Reporting Accountants to THL;
"**Dematerialisation**" or "**Dematerialise**"	the process by which Certificated Shares held by Shareholders are converted into electronic form and held as uncertificated shares recorded as such in the sub-registers of the Company as administered and maintained by a CSDP;
"**Dematerialised Shareholders**"	Shareholders holding Dematerialised Shares;
"**Dematerialised Shares**"	THL Shares which have been Dematerialised in terms of the Companies Act and the Financial Markets Act and by Strate, ownership of which is recorded by means of electronic record in a sub-register of Shareholders administered by a CSDP, such sub-register forming a constituent part of the Securities Register;
"**Directors**" or "**Board**"	the board of directors of THL as constituted, from time to time. The directors of THL as at the Last Practicable Date are listed on page 13 of this Circular;
"**Eswatini**"	the Kingdom of Eswatini;
"**Eswatini Companies Act**"	the Eswatini Companies Act No.8 of 2009, as amended;
"**FDC**"	Format Development Corporation Limited (certificate of Incorporation No. 24/1958), a limited liability private company incorporated in Eswatini and a wholly owned subsidiary of THL;
"**FDC Equity in TAM**"	the FDC Shares in TAM and the FDC Shareholder Claims in TAM;
"**FDC Shareholder Claims in TAM**"	FDC's claims (if any) against Tambankulu as at the Closing Date arising from loans advanced by it to Tambankulu on shareholder loan account;
"**FDC Shares in TAM**"	100 000 (one hundred thousand) Ordinary Shares, representing approximately 6.67% (six point six seven per cent) of the issued shares in Tambankulu;

"**Financial Markets Act**"	the Financial Markets Act No.19 of 2012, as amended;
"**Form of Proxy**"	for purposes of the General Meeting, the form of proxy *(blue)* as contained in this Circular for use only by Certificated Shareholders and Own-Name Dematerialised Shareholders;
"**FSCA**"	Financial Services Conduct Authority, established under the Financial Sector Regulation Act No. 9 of 2017, as amended from time to time;
"**Fulfilment Date**"	the date on which the last of the Suspensive Conditions to be fulfilled or, if applicable, waived is fulfilled or waived, as the case may be;
"**General Meeting**"	the general meeting of Shareholders to be held electronically at **10:00** on **Wednesday, 28 October 2020** to consider and, if deemed fit, to adopt with or without modification, the resolutions to be considered thereat, including any postponed or adjourned general meeting;
"**Governmental Authority**"	the government of any applicable jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof; any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental authority or quasi-governmental authority within any applicable jurisdiction; and any stock exchange within any applicable jurisdiction;
"**IFRS**"	International Financial Reporting Standards issued by the International Accounting Standards Board;
"**Investec Bank**"	Investec Bank Limited (registration number 1925/002833/06), a limited liability public company incorporated in South Africa and the sponsor to THL;
"**JSE**"	JSE Limited (registration number 2005/022939/06), a limited liability public company incorporated in South Africa and licensed as an exchange under the Financial Markets Act;
"**JSE Listings Requirements**"	the listings requirements of the JSE, as amended from time to time;
"**Key Initiatives**"	various processes initiated by the Board, including: implementing greater operational efficiencies to improve the THL Group's cash flow; considering potential non-core and core asset disposal transactions; and considering potential equity capital raising initiatives;
"**Last Practicable Date**"	Friday, 18 September 2020, being the last practicable date in respect of which information was capable of being included in this Circular prior to its finalisation;
"**Law**" or "**Laws**"	laws, legislation, statutes, regulations, directives, orders, notices, promulgations and other decrees of any Governmental Authority which have force of law or which would be an offence not to obey, and the common law, all of the aforementioned as modified, re-enacted, restated, replaced or re-implemented from time to time;
"**LCB**"	the Land Control Board of Eswatini;

“**Maphiveni Township**”	Maphiveni Township Limited, a limited liability private company incorporated in Eswatini under Certificate of Incorporation No.204/1995. Tambankulu holds 99 ordinary shares (99%) and Mr JP Hughes holds 1 ordinary share (1%) in Maphiveni Township;
“**Mbuluzi GR**”	Mbuluzi Game Reserve Proprietary Limited, a shareblock company incorporated in Eswatini, in which Umbuluzi Estates owns ten shares;
“**ML 21**”	ten shares in Mbuluzi GR Held by Umbuluzi Estates, relating to lodge 21, situated in the Mbuluzi Game Reserve;
“**ML 21 Proceeds**”	the net proceeds which are estimated to be around ZAR1 000 000 (one million Rand) (after payment of costs, disbursements and taxes incurred by Umbuluzi Estates) from the sale of ML 21;
“**MOI**”	the Company’s memorandum of incorporation;
“**Normalised Working Capital**”	an amount of ZAR10 000 000 (ten million Rand);
“**Notice of General Meeting**”	the notice of General Meeting to Shareholders attached to and forming a part of this Circular;
“**Ordinary Resolution Number 1**”	ordinary resolution number 1 as set out in the Notice of General Meeting for the approval of the Transaction as a “category 1 transaction” in terms of section 9 of the JSE Listings Requirements;
“**Ordinary Share**”	an ordinary share of SZL0.50 (fifty Eswatini cents) per share in Tambankulu;
“**Own-Name Dematerialised Shareholders**”	Dematerialised Shareholders who have instructed their CSDP to register and to record their THL Shares in their own name on the sub-registers of the Company;
“**Participation Request**”	bears the meaning ascribed to it in the “*Action required by Shareholders*” section of this Circular;
“**Parties**”	collectively, THL, FDC, Tambankulu and the Purchaser, and **Party** shall mean one of them, as the context may require;
“**Prime Rate**”	the prime overdraft rate of interest at which The Standard Bank of South Africa Limited lends on overdraft to its customers from time to time;
“**Purchase Price**”	the purchase price as fully described in paragraph 4 of this Circular;
“**Purchaser**”	The Public Service Pensions Fund, a statutory body established in accordance with the Laws of Eswatini as established under section 3 of the Public Service Pensions Order (King’s Order in Council No.13 of 1993);
“**PwC**”	PricewaterhouseCoopers Corporate Finance Proprietary Limited (registration number 1970/003711/07), a limited liability private company incorporated in South Africa, and appointed as the financial adviser to THL;
“**Restructure Date**”	the second Business Day after the Fulfilment Date, or such other date as may be agreed to between the Parties;
“**Sale Equity in TAM**”	collectively, the THL Equity in TAM and the FDC Equity in TAM, comprising 100% (one hundred per cent) of the issued share capital of TAM;

"**Securities Register**"	the securities register of Shareholders maintained in terms of the Companies Act, including the register of Certificated Shareholders and the sub-registers of Dematerialised Shares maintained by the relevant CSDPs in accordance with the Companies Act;
"**Sellers**"	collectively, THL and FDC, and **Seller** means one of them, as the context may require;
"**SENS**"	the Stock Exchange News Service of the JSE;
"**Shareholders**"	registered holders of THL Shares, from time to time;
"**Shares**" or "**THL Shares**"	ordinary shares in THL;
"**South Africa**"	the Republic of South Africa;
"**South African Business Day**"	any day which is not a Saturday, is not a Sunday, and is not a public holiday in South Africa;
"**Starch Business**"	means the business carried on by THL as a going concern for the manufacture and production of modified and unmodified starch, powdered and liquid glucose and various co-products from maize, and the sale and distribution of such products;
"**Starch Disposal**"	the proposed disposal by THL of its Starch Business to KLL Group Proprietary Limited, a wholly owned subsidiary of Barloworld Limited, announced on SENS on 28 February 2020;
"**Strate**"	Strate Proprietary Limited (registration number 1998/022242/07), a limited liability private company incorporated in South Africa, being a licensed central securities depository in terms of the Financial Markets Act, which is responsible for the electronic settlement system for transactions that take place on the JSE;
"**Suspensive Conditions**"	the suspensive conditions set out in paragraph 5 of this Circular;
"**Swaziland Ranches**"	Swaziland Ranches Limited, a limited liability private company incorporated in Eswatini under Certificate of Incorporation No.4/1942. Tambankulu holds 24 999 ordinary shares (99.999%) and THSSA holds 1 ordinary share (0.001%) in Swaziland Ranches;
"**SZL**"	the official currency of Eswatini, the Swaziland Lilangeni;
"**Tambankulu**" or "**TAM**"	Tambankulu Estates Proprietary Limited, a limited liability company incorporated in Eswatini under Certificate of Incorporation No.11/1957;
"**Target Group**"	Tambankulu and the Target Subsidiaries;
"**Target's Loan Account**"	the loan from the Target Group to THL as fully described in paragraph 4.5.1 of this Circular;
"**Target Subsidiaries**"	Umbuluzi Estates, Swaziland Ranches and Maphiveni Township;
"**THL**" or "**Company**"	Tongaat Hulett Limited (registration number 1892/000610/06), a limited liability public company incorporated in South Africa, the shares of which are listed on the JSE;
"**THL Equity in TAM**"	the THL Shares in TAM and the THL Shareholder Claims in TAM;
"**THL Group**" or "**Group**"	THL and its Affiliates;

"**THL Lenders**"	in alphabetical order: i. ABSA Bank Limited; ii. Ashburton Fund Managers Proprietary Limited (acting on behalf of its third-party clients); iii. FirstRand Bank Limited (acting through its Rand Merchant Bank division); iv. Investec Bank (acting through its Corporate and Institutional Banking division); v. Investec Bank (acting through its Investment Banking division); vi. Land and Agricultural Development Bank of South Africa; vii. Momentum Metropolitan Life Limited; viii. Nedbank Limited; ix. Sanlam Investment Management Proprietary Limited (acting on behalf of its third-party clients); x. Sanlam Life Insurance Limited (acting through its Sanlam Capital Markets division); xi. Sanlam Life Insurance Limited (acting through its Sanlam Investment Management division); and xii. The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division);
"**THL Shareholder Claims in TAM**"	THL's claims (if any) as at the Closing Date against any member of the Target Group arising from loans advanced by THL to the Target Group on shareholder loan account;
"**THL Shares in TAM**"	1 400 000 (one million four hundred thousand) Ordinary Shares, representing approximately 93.33% (ninety-three point thirty three per cent) of the issued shares in the Target;
"**THSSA**"	Tongaat Hulett Sugar South Africa Limited (registration number 1965/000565/06), a limited liability public company incorporated in South Africa, and a wholly owned subsidiary of THL;
"**Transaction**"	the sale and transfer by the Sellers of the Sale Equity in TAM pursuant to the Agreement, salient terms and conditions of which are set out in this Circular;
"**Umbuluzi Estates**"	Umbuluzi Estates Limited, a limited liability private company incorporated in Eswatini under Certificate of Incorporation No.2/1955. Tambankulu holds 1 000 voting shares (100%), 6 000 000 'A' ordinary shares (100%), and 98 999 non-voting shares (99.999%) in Umbuluzi Estates. THSSA holds 1 non-voting share (0.001%) in Umbuluzi Estates;
"**VAT**"	value-added tax as defined in the Value-added Tax Act, No.89 of 1991;
"**Working Capital**"	the sum of the Target Group's consolidated current assets (including Cash), less the sum of the Target Group's consolidated current liabilities (excluding Debt), in each case determined in accordance with IFRS and past practices consistently applied; and
"**ZAR**", "**R**" or "**Rand**"	the official currency of South Africa, the Rand.

Tongaat Hulett Limited

(Incorporated in South Africa)
(Registration number 1892/000610/06)
Share code: TON
ISIN ZAE000096541
("**THL**" or the "**Company**")

Directors of THL

Executive
JG Hudson *(Chief Executive Officer)*
RD Aitken *(Chief Financial Officer)*
DL Marokane
Non-executive
L von Zeuner *(Chairman)**
L de Beer*
RM Goetzsche*
JJ Nel*
D Noko*
AH Sangqu*
L Stephens*

* *Independent*

CIRCULAR TO SHAREHOLDERS

1. **INTRODUCTION**

Shareholders are referred to the announcement dated 17 June 2020, where the Company advised Shareholders that the Sellers have entered into an agreement to dispose of the Sale Equity in TAM to the Purchaser.

The Transaction constitutes a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements. As a result, Shareholder approval of Ordinary Resolution Number 1 is required for THL to implement the Transaction.

Subject to obtaining Shareholder approval, and all other Suspensive Conditions being fulfilled or waived (if applicable), the Closing Date of the Transaction is expected to be 2 November 2020.

2. **THE PURPOSE OF THIS CIRCULAR**

The purpose of this Circular is to:

2.1 enable Shareholders to make an informed decision on whether to support the Transaction by providing them with pertinent information regarding the Transaction, in compliance with the Companies Act and the JSE Listings Requirements; and

2.2 convene the General Meeting in terms of the Notice of General Meeting, at which Shareholders will be asked to consider and, if deemed fit, to adopt, with or without modification, the resolution authorising THL to implement the Transaction.

3. **RATIONALE FOR THE TRANSACTION**

The Board has previously advised Shareholders of its commitment to reduce the THL Group's debt to more sustainable levels by way of the Debt Reduction Plan. In pursuance of the Debt Reduction Plan, the Board has initiated various processes including:

3.1 implementing greater operational efficiencies in order to improve the THL Group's cash flow;

3.2 considering potential non-core and core asset disposals, and

3.3 considering potential equity capital raising initiatives.

While THL believes that Tambankulu is a quality and well-run agri-business that conducts sugarcane farming operations in Eswatini, it has been classified as a non-core asset as it is not fully integrated into the larger sugar business of the THL Group. Accordingly, the Board has agreed to dispose of Tambankulu. This Transaction reinforces THL's commitment to reduce debt levels and to reposition the THL Group for long-term sustainability and value creation for Shareholders.

4. **SALIENT TERMS OF THE TRANSACTION**

4.1 **Mechanics of the Transaction**

The Sellers will sell to the Purchaser their respective portions of the Sale Equity in TAM.

4.2 **Purchase Price**

The purchase price for the Sale Equity in TAM is an amount calculated in accordance with the following formula:

A = B plus C plus D plus E

where:

A = the Purchase Price;

B = ZAR375 000 000 (three hundred and seventy-five million Rand);

C = the:

- amount by which the Actual Working Capital exceeds the Normalised Working Capital, in which event "C" shall be a positive number; or
- amount, if any, by which the Normalised Working Capital exceeds the Actual Working Capital, in which event "C" shall be a negative number; and

D = the:

- amount by which the Actual Capex exceeds the Budgeted Capex, in which event "D" shall be a positive number; or
- amount, if any, by which the Budgeted Capex exceeds the Actual Capex, in which event "D" shall be a negative number,

provided that if the difference between the Actual Capex and the Budgeted Capex (positive or negative) is less than the Capex Adjustment Threshold, "D" shall be zero; and

E = the ML 21 Proceeds (if received by the Target Group after the Closing Date), which are estimated to be around ZAR1 000 000 (one million Rand). The sale of ML 21 is still in process.

4.3 **Settlement of the Purchase Price**

4.3.1 On the Closing Date, the Purchaser will pay to the Sellers, an amount of ZAR375 000 000 (three hundred and seventy-five million Rand).

4.3.2 On the third Business Day after the day on which the amount of "C" in the formula in paragraph 4.2 is determined:

4.3.2.1 if the amount of "C" in the formula in paragraph 4.2 is a positive number, then the Purchaser shall pay to the Sellers an amount equal to such excess, together with interest thereon at the Prime Rate from the Closing Date to the date of payment of "C"; or

4.3.2.2 if the amount of "C" in the formula in paragraph 4.2 is a negative number, then the Sellers shall repay to the Purchaser an amount equal to such shortfall together with interest thereon at the Prime Rate from the Closing Date to the date of payment of "C".

4.3.3 On the third Business Day after the day on which the amount of "D" in the formula in paragraph 4.2 is determined:

4.3.3.1 if the amount of "D" in the formula in paragraph 4.2 is a positive number, then the Purchaser shall pay to the Sellers an amount equal to such excess, together with interest thereon at the Prime Rate from the Closing Date to the date of payment of "D"; or

4.3.3.2 if the amount of "D" in the formula in paragraph 4.2 is a negative number, then the Sellers shall repay to the Purchaser an amount equal to such shortfall together with interest thereon at the Prime Rate from the Closing Date to the date of payment of "D".

4.3.4 If the ML 21 Proceeds are received by Umbuluzi Estates (or any other member of the Target Group) after the Closing Date, the Purchaser shall pay the ML 21 Proceeds to the Sellers within two Business Days of receipt by the Target Group of the ML 21 Proceeds.

4.4 **Use of proceeds**

THL will use the proceeds received from the Transaction to reduce the THL Group's South African debt facilities in accordance with the Debt Reduction Plan.

4.5 **Other significant terms**

The Agreement contains warranties and indemnities standard for a transaction of this nature.

4.5.1 **Internal restructuring**

THL owes an amount to the Target Group under an intragroup loan advanced to THL (the "**Target's Loan Account**"). On or before the Restructure Date:

- If and to the extent that the Target's Loan Account is held in one or more of the Target Subsidiaries, then the relevant Target Subsidiary shall declare that portion of the Target's Loan Account as a dividend *in specie* to Tambankulu; and
- Tambankulu shall then declare the Target's Loan Account as one or more dividend *in specie* to the Sellers *pro rata* to their shareholdings in Tambankulu and the portion of the Target's Loan Account distributed to THL shall be extinguished in THL's accounts by operation of Law (meaning automatically extinguished by agreement between the Parties).

On or before the Restructure Date, Tambankulu will hold 100% (one hundred per cent) of the issued share capital in each of the Target Subsidiaries.

4.5.2 **ML 21 disposal**

Umbuluzi Estates is in the process of selling ML 21. If the ML 21 Proceeds are received by Umbuluzi Estates after the Closing Date, then the Purchaser will be obliged to pay the ML 21 Proceeds to the Sellers within two Business Days of receipt by Umbuluzi Estates of the ML 21 Proceeds via "E" in the Purchase Price formula in paragraph 4.2.

If the ML 21 proceeds are received by Umbuluzi Estates before the Closing Date, then Actual Working Capital will be higher by the amount of the ML 21 Proceeds and will effectively accrue to the Sellers via "C" in the Purchase Price formula in paragraph 4.2.

The consideration received by Umbuluzi Estates for the sale of ML 21 must be in the form of cash.

5. **SUSPENSIVE CONDITIONS**

The Transaction is subject to the fulfilment (or waiver to the extent permissible) of the Suspensive Conditions by 31 December 2020 (or such later date/s as THL may in its sole discretion elect and notify to the other Parties in writing):

5.1 each Seller obtains all and any shareholder approvals, as required under the Companies Act or the Eswatini Companies Act (as applicable) and/or the JSE Listings Requirements for the implementation of the Transaction;

5.2 the Parties obtain all regulatory consents or approvals required for the implementation of the Transaction, including any required approvals of the:

5.2.1 Eswatini Competition Commission in terms of the Eswatini Competition Act No.8 of 2007; and

5.2.2 LCB in terms of the Eswatini Land Speculation Control Act No.8 of 1972, with conditions attached thereto which are acceptable to THL, or without any conditions being attached thereto. In this regard, it is noted that an exemption from the need to obtain this consent has been granted to the Parties by the LCB.

6. **OVERVIEW OF TAMBANKULU**

Tambankulu, which was acquired by the Sellers in April 1998, is an agri-business that conducts sugarcane farming operations in north eastern Eswatini. Tambankulu is the largest independent sugarcane farmer in Eswatini, comprising two agricultural estates situated alongside the Black Umbuluzi River. With good soils and growing conditions in the region, Tambankulu produces approximately 450 000 tons of sugarcane per annum from its 3 800 hectares of fully irrigated sugarcane, attaining cane yields of up to 125 tons per hectare. Sugarcane is delivered to the nearby Simunye and Mhlume sugar mills, which are owned by the Royal Eswatini Sugar Corporation Limited, for crushing.

7. **PROSPECTS**

THL's current priority is to stabilise and improve its overall business performance in the medium- to long-term, by streamlining operations, optimising the asset base and growing and diversifying revenue and through strategic partnerships. In the short term, THL aims to continue implementing the turnaround initiatives of disposing of non-core and identified core assets to deleverage the balance sheet.

After successfully implementing the transactions contemplated in the Debt Reduction Plan (including the Transaction), THL will be a Southern African-based sugar producer capable of harnessing growth opportunities in regional markets which have a low per capita consumption of sugar. This will be made possible as a result of the progress made by the THL Group in becoming a low-cost producer in three of its countries of operation, namely South Africa, Mozambique and Zimbabwe. Initiatives implemented in this regard include (i) expanding sugar cane farming and increasing exports in Zimbabwe; (ii) the full-scale operation of a new refinery to match consumption in a growing local and regional market in Mozambique; (iii) substantially exiting high cost sugar cane farming in South Africa and mothballing a mill; and (iv) rightsizing of the workforce across all countries. In the first year of the turnaround strategy, cash flow improvements of R1.5 billion were achieved across the group. For purposes of the Financial Times Stock Exchange Group ("FTSE") classification as per the industry classification benchmark codes, THL remains classified as a sugar producer post the Transaction.

THL's large, high-quality property portfolio presents unique opportunities. Management is executing a clearly defined strategy of extracting value from its property portfolio, with advanced discussions on concluding a partnership model in the current financial year, which will enable the THL Group to earn sustainable annuity income going forward.

The Transaction will contribute towards THL's committed Debt Reduction Plan and move the business towards a more appropriate level of debt.

As part of the overall efficiency drive in the THL Group, opportunities for efficiency and improved profitability in Tambankulu have been identified but could not be implemented due to the Transaction timing.

The prospects of Tambankulu in Eswatini are largely dependent on agricultural performance and the price of sugar. The introduction of the sugar master plan in South Africa is expected to reduce sales volumes into that market, however, the impact of this on the price of sugar will be offset to some extent by improved export realisations. Various initiatives are planned to improve sugarcane yields and to optimise farming costs. Opportunities exist for diversification into other agricultural products and to leverage the agricultural infrastructure in place, but given THL's debt exposure, committing further capital to Tambankulu is not feasible in the medium term.

8. **FINANCIAL INFORMATION PERTINENT TO THE TRANSACTION**

8.1 ***Pro forma* financial information of THL**

The *pro forma* financial effects of the Transaction on: (i) the consolidated statement of profit or loss and other comprehensive income, earnings per share and headline earnings per share of THL; and (ii) the consolidated statement of financial position, net asset value per share and net tangible asset value per share of THL are set out in Annexure 1 of this Circular. The Independent Reporting Accountants' report on the *pro forma* financial information of THL is contained in Annexure 2 of this Circular.

The *pro forma* financial information has been prepared by the management and is the responsibility of the Board.

The *pro forma* financial information has been presented for illustrative purposes only and, because of its nature, may not give a fair reflection of THL's consolidated financial position, changes in equity, results of operations, or cash flows post implementation of the Transaction.

The *pro forma* financial information has been prepared in accordance with the provisions of the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The accounting policies used in the preparation of the *pro forma* financial information are compliant with IFRS and are consistent with those applied in the consolidated financial statements of THL for the financial year ended 31 March 2020.

The following post-balance sheet corporate actions have been considered in preparing the *pro forma* financial information:

- On 28 February 2020, THL announced the Starch Disposal which was approved by Shareholders on 5 June 2020. The Starch Disposal is subject to the fulfilment, or, where applicable, waiver of various suspensive conditions. One of the suspensive conditions is that no event occurs after signature of the Starch Disposal agreement that results in a material adverse change ("**MAC**") in the Starch Business. On 12 May 2020, THL announced that KLL Group Proprietary Limited ("**KLL Group**") had advised THL that, as a result of the impact of COVID-19, it had formed a view that a MAC had occurred. As THL held the firm view that a MAC had not occurred, the dispute was referred to an independent third party for determination. On 21 September 2020, the independent third party delivered a determination in favour of THL, concluding that a MAC had not occurred. As at 21 September 2020, the Starch Disposal remains subject to the suspensive conditions that certain conveyancing documents are furnished, approval of the competition authorities in Indonesia, and that a compliance certificate is issued by the Takeover Regulation Panel. THL remains fully committed to the fulfilment of the remaining suspensive conditions and the implementation of the Starch Disposal. Consequently, the *pro forma* financial information has been prepared on the assumption that the Starch Disposal is implemented.
- On 29 June 2020, THL announced that its Mozambican subsidiaries had agreed to sell their fleet of vehicles to a third party for a total purchase price of ZAR75 000 000 (seventy-five million Rand) and, after refurbishment of these assets by the third party, THL would lease the same assets back from the same third party ("**Sale and Leaseback Transaction**"). This is a category 2 transaction as contemplated in section 9 of the JSE Listings Requirements. The *pro forma* financial information has been presented taking into consideration the *pro forma* financial effects of this Sale and Leaseback Transaction.

The table below summarises the *pro forma* financial effects of the Transaction, the Starch Disposal and the Sale and Leaseback Transaction for the financial year ended and as at 31 March 2020.

For the purposes of determining the *pro forma* financial effects, it has been assumed that the Transaction, the Starch Disposal and the Sale and Leaseback Transaction were effective on 1 April 2019 for the consolidated statement of profit or loss, and 31 March 2020 for the consolidated statement of financial position.

	Before	***Pro forma* after the Sale and Leaseback Transaction**	**Change %**	***Pro forma* after the Starch Disposal and the Sale and Leaseback Transaction**	**Change %**	***Pro forma* after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction**	**Change %**
	Note 1	**Note 2**		**Note 3**		**Note 4**	
Basic (loss)/earnings per share (cents)[5]							
– from continuing operations (cents)[5]	(212)	(229)	-8%	97	+142%	217	+124%
– from discontinuing operations (cents)[5]	301	301	–	2 245	+646%	2 245	–

	Before	*Pro forma* after the Sale and Leaseback Transaction	Change %	*Pro forma* after the Starch Disposal and the Sale and Leaseback Transaction	Change %	*Pro forma* after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction	Change %
	Note 1	**Note 2**		**Note 3**		**Note 4**	
Diluted (loss)/ earnings per share (cents)[5]							
– from continuing operations (cents)[5]	(212)	(229)	-8%	97	+142%	217	+124%
– from discontinuing operations (cents)[5]	301	301	–	2 243	+645%	2 243	–
Headline (loss)/ earnings per share (cents)[5]							
– from continuing operations (cents)[5]	(211)	(228)	-8%	98	+143%	77	-21%
– from discontinuing operations (cents)[5]	301	301	–	–	-100%	–	n/a
Diluted headline(loss)/ earnings per share (cents)[5]							
– from continuing operations (cents)[5]	(211)	(228)	-8%	98	+143%	77	-21%
– from discontinuing operations (cents)[5]	301	301	–	–	-100%	–	n/a
Net asset value per share (cents)[6]	(2 038)	(2 038)	–	351	+117%	474	+35%
Net tangible asset value per share (cents)[6]	(2 767)	(2 767)	–	(26)	+99%	101	+488%
Weighted average number of shares in issue (million)	134 820	134 820	–	134 854	–	134 854	–
Number of shares in issue (million)	134 814	134 814	–	134 848	–	134 848	–

Notes:

1. The "Before" column has been extracted, without adjustment, from the THL audited consolidated financial statements for the 12 (twelve) Calendar Months ended 31 March 2020, which is available on the THL website (https://www.tongaat.com).

2. The "*Pro forma* after the Sale and Leaseback Transaction" column reflects the impact of the *pro forma* adjustments on THL as a result of the Sale and Leaseback Transaction.
3. The "*Pro forma* after the Starch Disposal and the Sale and Leaseback Transaction" column reflects the impact of the *pro forma* adjustments on THL as a result of both the Starch Disposal and the Sale and Leaseback Transaction post-balance sheet corporate actions. The effects of the Starch Disposal are calculated on the assumption that the purchase consideration will be utilised to reduce interest-bearing borrowings in South Africa.
4. The "*Pro forma* after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction" column reflects the impact of the *pro forma* adjustments on THL after adjusting for the Tambankulu disposal as a result of the Transaction, the Starch Disposal and the Sale and Leaseback Transaction. The effects of the Transaction are calculated on the assumption that the Purchase Price will be utilised to reduce interest-bearing borrowings in South Africa.
5. *Pro forma* earnings and headline earnings per share are based on the principal assumption that the Transaction, the Starch Disposal and the Sale and Leaseback Transaction were effective on 1 April 2019.
6. *Pro forma* net asset and net tangible asset value per share are based on the principal assumption that the Transaction, the Starch Disposal and the Sale and Leaseback Transaction were effective on 31 March 2020.
7. Whilst there is currently significant uncertainty regarding the implications of the COVID-19 global pandemic, this has been treated as an adjusting post-balance sheet event, but no material adjustments were required. There are no other material subsequent events that require adjustment to the *pro forma* financial information.

8.2 **Historical Financial Information**

8.2.1 The historical financial information of Tambankulu for the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018 is presented in Annexure 3 of this Circular.

8.2.2 The Independent Reporting Accountants' reports on the historical financial information are contained in Annexure 4 of this Circular. The signed reports are also available for inspection in the manner set out in paragraph 20 of this Circular.

8.2.3 The historical financial information is the responsibility of the Board.

9. **WORKING CAPITAL STATEMENT**

9.1 The Board has considered the effects of the Transaction and is of the opinion that the working capital available to the Company and the THL Group will be sufficient for its present requirements, that is, for at least the next 12 (twelve) Calendar Months from the issue date of this Circular.

9.2 The assessment of the adequacy of working capital facilities is underpinned by the ability of the THL Group to deliver on its operational turnaround plan and meet the milestones committed to in the Debt Reduction Plan. To the extent this is not possible, then further asset disposals and/or an equity capital raise might be required.

9.3 As at 18 September 2020, being the Last Practicable Date, the THL Group had entered into debt reduction transactions totalling ZAR6 249 000 000 (six billion two hundred and forty nine million Rand) and paid debt reduction proceeds of ZAR659 000 000 (six hundred and fifty-nine million Rand) to the THL Lenders. On the assumption that the Starch Disposal is implemented, the THL Group would have achieved 75% (seventy-five per cent) of the R8 100 000 000 (eight billion one hundred million Rand) commitment under the Debt Reduction Plan. The balance of the Debt Reduction Plan would be expected to be achieved through strategic transformational partnerships within the Group's South African sugar operation and its landholdings, the liquidation of a second legacy pension fund and additional land sales.

9.4 However, the uncertainty regarding the outcome of the Starch Disposal arising from the MAC dispute necessitated a request for the waiver of certain covenants (which request has been granted) and the renegotiation of the debt reduction milestones to avoid any risk of a default occurring. The THL Lenders have continued to support the THL Group and agreed to waive their rights to accelerate payment of the THL Group's South African debt facilities in the event that the financial covenant ratios at 30 September 2020 and/or the original debt reduction milestones have not been met. The THL Lenders have further agreed in principle, by way of a non-binding, signed and credit approved short-form facility term sheet, to revise the debt reduction milestones and extend the maturity of Senior Term Loan Facility A of ZAR8 592 000 000 (eight billion five hundred and ninety two million Rand) and Senior Revolving Credit Facility B of ZAR2 200 000 000 (two billion two hundred million Rand) from 31 March 2021 to 30 September 2021. Further, the THL Lenders have agreed in principle to extend the maturity date of the seasonal debt facilities, being the Senior Revolving Credit Facility C of ZAR553 416 149 (five hundred fifty-three million four hundred and sixteen thousand one hundred and forty nine Rand) and Senior Term Loan Facility D of ZAR46 583 851 (forty six million five hundred eighty-three thousand eight hundred and fifty-one Rand), from 31 March 2021 to 31 March 2022. The binding long-form facility agreements recording such in principle agreement are in the process of being finalised.

9.5 While the milestones for determining an event of default have been revised, the original debt reduction milestones will continue to apply for pricing the facilities. Therefore, any failure to implement the Starch Disposal and any delay in concluding other asset disposals will result in the interest rate ratchet being applied. The resultant "roll-up" and "payment-in-kind" interest is only repayable at the maturity of the facilities and therefore increases the level of residual borrowings required to be refinanced. While management remains fully committed to the fulfilment of the remaining suspensive conditions, and the implementation of the Starch Disposal, alternate debt reduction transactions are being progressed in order to achieve the Debt Reduction Milestones in the event that the Starch Disposal is not implemented. However, due to the increased cost of the debt facilities, an equity capital raise remains under consideration.

9.6 As a food and food ingredient producer and essential service, the THL Group has been fully operational across all its geographic locations throughout the COVID-19 lockdown period. The Starch Business has seen a reduction in volumes related to alcoholic beverage demand in South Africa as a result of the suspension of alcohol sales that has taken place at various points since 26 March 2020 and which was most recently relaxed on 15 August 2020. While the full extent of the impact of COVID-19 and the impact of the lockdown on the economy and sales remains uncertain, the THL Group is actively monitoring the effect on the business operations and on liquidity.

9.7 THL Group cash flows and liquidity are monitored on a daily basis. In assessing liquidity, management has prepared a cash flow forecast up until 30 September 2021, being 12 (twelve) Calendar Months from the date of issue of this Circular. The following assumptions have been taken into account when preparing this forecast:

9.7.1 For the sugar operations, the forecast assumes the sugar mills will continue to operate as per normal during any lockdown period, as has been the case to date, and that it will be possible to complete the sugar season as planned. Further, it is assumed that:

9.7.1.1 the buoyant sugar sales in South Africa experienced in the first quarter of the 2021 financial year will begin to normalise as the industry is constrained by lower levels of disposable income;

9.7.1.2 local sugar sales in Mozambique will decline as a result of the reintroduction of value added tax on sugar sales from 1 January 2021 but that business will benefit from additional refined sugar exports;

9.7.1.3 the Zimbabwe sugar operations will continue to be in a position to increase sugar prices in line with inflation; and

9.7.1.4 the decline in international sugar prices impacting prices at which sugar can be exported which was experienced during the initial stages of the pandemic was temporary in nature, and largely offset by the benefit of weaker exchange rates on export realisations.

9.7.2 Two scenarios have been considered for the Starch Business – one where the Starch Disposal is implemented, and one where it is not. Historically, the starch operation has performed well and has demonstrated good quality of earnings with a high cash conversion ratio. The forecast takes into consideration the impact of the suspension of alcohol sales during the COVID-19 lockdown on the demand for starch. With the lifting of the suspension on 15 August 2020, the recovery in sales volumes has been based on schedules of demand discussed with the business' key customers. Overall, a more gradual recovery in sales volumes is assumed and sales post the lifting of the suspension have been in line or above those forecast. The forecast also takes into consideration benefits derived from lower maize prices resulting from the second largest crop on record and the stringent cost management measures implemented.

9.7.3 In the property operation, the challenging economic climate could potentially cause a slow-down in demand for land and new development. As a result, this may reduce the extent of land sold and/or reduce selling prices. The closure of the deeds office and municipal offices during certain levels of the lockdown due to COVID-19 infections has caused delays in transferring properties and obtaining planning approvals. The THL Group's obligation to provide bulk and basic infrastructure will continue to be discharged in a phased manner. Further, it is assumed that interest remains in respect of certain parcels of land and it is expected and assumed that cash proceeds from these property disposals will be sufficient to fund the cash outflows in respect of this obligation over the next 12 (twelve) Calendar Months.

9.7.4 Following investigations by the JSE and the FSCA into the reasons for the restatement of previously published financial information, the Company was fined ZAR7 500 000 (seven million five hundred thousand Rand) by the JSE and ZAR20 000 000 (twenty million Rand) by the FSCA with extended payment terms being agreed to ensure the Company's liquidity is not effected materially. It is unlikely that any other material claims will be payable within the next 12 (twelve) to 18 (eighteen) Calendar Months.

9.8 The Board has also considered the following when determining the adequacy of available working capital:

9.8.1 The asset base of the THL Group comprises mainly tangible assets whose carrying amount is not reflective of their fair value. The fair value of the total assets has been determined by suitably qualified independent third parties. As disclosed in the Company's annual financial statements for the year ended 31 March 2020, the market value of the THL Group's landholdings determined by an independent third party as at 1 June 2019 was approximately ZAR11 000 000 000 (eleven billion Rand) compared to a carrying amount of ZAR1 700 000 000 (one billion and seven hundred million Rand), which has sufficient headroom to compensate for any downward pressure that COVID-19 may have on property prices. The valuation of the various sugar businesses has been determined using forecast cash flows that incorporate a range of possible outcomes in respect of COVID-19 and align with various expressions of interest and non-binding offers the THL Group has received as part of its debt reduction initiatives.

9.8.2 Substantial progress in the execution of the turnaround initiative has been demonstrated in the financial results for the financial year ended 31 March 2020. The THL Group reported an operating profit from its continuing operations of ZAR3 257 000 000 (three billion two hundred and fifty-seven million Rand) compared to ZAR551 000 000 (five hundred and fifty-one million Rand) for the previous financial year. While the impact of hyperinflation and currency dynamics in Zimbabwe are noted, the return to profitability in the Mozambican operations and the reduction in the operating loss in South Africa clearly demonstrate the improvements that have been made in the past financial year.

9.8.3 With the majority of THL Group's debt classified as current, the THL Group's *pro forma* consolidated financial information shows that:

9.8.3.1 post the implementation of the Transaction and assuming the Starch Disposal is implemented, current liabilities of ZAR11 056 000 000 (eleven billion and fifty six million Rand) exceed current assets of ZAR8 114 000 000 (eight billion one hundred and fourteen million Rand); or

9.8.3.2 if the Starch Disposal is not implemented, current liabilities will be ZAR16 452 000 000 (sixteen billion four hundred and fifty-two million Rand), and current assets will be to ZAR10 236 000 000 (ten billion two hundred and thirty-six million Rand).

9.8.4 Current liabilities will be reduced through the continuation of the Debt Reduction Plan.

10. DIRECTORATE AND INTERESTS

The Directors as at the Last Practicable Date are listed on page 13 of this Circular.

10.1 Directors' Shareholdings

None of the Directors (or their associates), and, as far as the Board is aware, none of the former directors who have resigned or retired during the 18 (eighteen) Calendar Months preceding the Last Practicable Date (or their associates), held any interest, whether directly or indirectly, in THL's issued shares as at the Last Practicable Date.

10.2 Directors' interests in transactions

Save pursuant to the Turnaround Incentive Plan referred to in paragraphs 10.3.2 to 10.3.7 below, none of the Directors, and, as far as the Board is aware, none of the former directors who have resigned or retired during the 18 (eighteen) Calendar Months preceding the Last Practicable Date, has any economic interest in the Transaction.

Furthermore, none of the Directors, and, as far as the Board is aware, none of the former directors who have resigned or retired during the 18 (eighteen) Calendar Months, preceding the Last Practicable Date, have any interest in any other transactions by the Company which were effected during the current or immediately preceding financial year, which remain in any material respect outstanding or unperformed.

10.3 **Directors' remuneration and benefits and other technical and service fees**

10.3.1 Save pursuant to the Turnaround Incentive Plan (the "**Turnaround Incentive Plan**") referred to in paragraphs 10.3.2 to 10.3.7 below, the remuneration, fees earned, and any other benefits receivable by:

10.3.1.1 Directors, whether as executives or non-executives; or

10.3.1.2 management or any other agencies or entities which provide secretarial and/or other technical services to the Company or the THL Group;

will not change as a direct consequence of the Transaction.

10.3.2 THL has implemented the once-off Turnaround Incentive Plan (comprising of short, medium, and long-term incentives) for the period of 24 (twenty four) Calendar Months aligned to the estimated turnaround period (i.e. 1 April 2019 to 31 March 2021) as part of the Company's remuneration policy.

10.3.3 At the Company's annual general meeting held on Friday, 24 January 2020, Shareholders did not endorse the non-binding advisory vote of the Company's remuneration policy, which incorporates the Turnaround Incentive Plan and its implementation. Shareholders representing 72.3% (seventy-two point three per cent) and 58.3% (fifty-eight point three per cent) of the ordinary shares represented at the meeting voted in favour of the remuneration policy and its implementation, respectively, compared to the 75% (seventy-five per cent) threshold. Management continues to engage with Shareholders on the remuneration policy and the implementation thereof. As a result of the voting outcomes, the major Shareholders of the company were approached individually, via teleconferences and during normal Shareholder engagements, to address their concerns. A summary of the key concerns raised by Shareholders and the corresponding actions taken in response can be found on page 79 of THL's 2020 annual report available on the Company's website (https://www.tongaat.com) via the link as stipulated in paragraph 21 below.

10.3.4 The Turnaround Incentive Plan was approved by the Board and the Board's Human Resources and Remuneration Committee.

10.3.5 The purpose of the Turnaround Incentive Plan is to appropriately incentivise and retain: (i) critical employees who have been tasked to execute THL's turnaround strategy; and (ii) eligible employees, who are considered vital to the Company as they will ensure the THL Group's viability in the medium to long term. The Turnaround Incentive Plan also takes into account the terms and conditions of the Debt Reduction Plan and has been designed to align and retain key role players in THL's turnaround strategy.

10.3.6 A portion of the incentive is payable upon the achievement of specific milestones linked to the Debt Reduction Plan. This Transaction contributes ZAR387 000 000 (three hundred and eighty-seven million Rand) of the ZAR2 000 000 000 (two billion Rand) incentive target. In terms of the Turnaround Incentive Plan, if both the Starch Disposal is successfully implemented and the Closing Date of the Transaction is achieved before 31 December 2020, which coincides with the achievement of 75% (seventy five per cent) of the original Debt Reduction Plan, JG Hudson, RD Aitken and DL Marokane, will each receive a cash-settled incentive pay out of 20% (twenty per cent) of their total guaranteed package.

10.3.7 An overview of the Turnaround Incentive Plan is set out on pages 78 and 89 of THL's 2020 annual report available on the Company's website (https://www.tongaat.com) via the link as stipulated in paragraph 21. Detailed information on the Turnaround Incentive Plan is contained on pages 91 to 94 of the same annual report.

11. MAJOR SHAREHOLDERS

As far as the Directors are aware, as at the Last Practicable Date and based on the most recent month-end information available, the following persons held, whether directly or indirectly, a beneficial interest in 5% (five per cent) or more of the issued THL Shares:

Name of Shareholder	Number of Shares	% of issued Shares
Government Employees Pension Fund	18 625 287	13.79
PSG Asset Management Proprietary Limited	16 566 891	12.26
Ninety One SA Proprietary Limited	14 395 741	10.65
Depfin Investments Proprietary Limited	12 252 587	9.07
Evanstan Investments Proprietary Limited	10 760 000	7.96
Artemis Investments Proprietary Limited	9 997 500	7.40
Total	**82 598 006**	**61.13**

12. **LEGAL MATTERS**

Save for the fine of ZAR20 000 000 (twenty million Rand) by the FSCA regarding contraventions of section 81 of the Financial Markets Act and the public censure and fine of ZAR5 000 000 (five million Rand) imposed by the JSE, the Directors are not aware of any other legal or arbitration proceedings arising in relation to Tambankulu or the THL Group, including any proceedings that are pending or threatened, which may have or have had in the recent past, being at least the previous 12 (twelve) Calendar Months, a material effect on the THL Group's financial position. In terms of the fine imposed by the JSE, ZAR2 500 000 (two million, five hundred thousand Rand) was suspended for a period of 5 (five) years on condition that Tongaat is not found to be in breach of material and important provisions of the Listings Requirements during this time period.

13. **OPINIONS AND RECOMMENDATION**

The cash proceeds generated by the Transaction will be used by the THL Group to reduce the debt levels of its South African operations and enable THL to progress its Debt Reduction Plan. The Board is of the view that the Transaction represents a compelling value proposition to THL and Shareholders when compared to the inherent value that Tambankulu would generate in the foreseeable future.

The Board unanimously recommends that Shareholders vote in favour of the resolutions set out in the Notice of General Meeting.

14. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, as listed on page 13 of this Circular:

14.1 have considered all statements of fact and opinion contained in this Circular;

14.2 collectively and individually accept full responsibility for the accuracy of all information included in this Circular for the purposes of providing relevant information regarding the Transaction;

14.3 certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement contained in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such facts; and

14.4 certify that, to the best of their knowledge and belief, this Circular contains all information required by applicable Law and the JSE Listings Requirements.

15. **OTHER GENERAL INFORMATION**

15.1 **Material changes**

There has been no material change in the financial or trading position of Tambankulu or the THL Group since the publication of the Company's consolidated financial statements for the financial year ended 31 March 2020.

The COVID-19 global pandemic has resulted in significant global and local financial market volatility and uncertainty. As a food and food ingredient producer and designated essential service, THL has been fully operational across all geographic locations from the beginning of lockdown. The financial impact on THL's sugar operations to date has been limited, while the Starch Business has seen a reduction in volumes related to alcoholic beverage demand in South Africa. Although uncertain and unquantified at this stage, continued or worsening levels of market disruption and volatility could have a significant impact on the THL Group's business operations as well as the Company's ability to access capital and conclude the various Key Initiatives planned to achieve the remaining Debt Reduction Milestones. This could result in a material change in the financial or trading position of the THL Group.

There have been no material changes to the operations of Tambankulu due to the COVID-19 pandemic. Eswatini primarily supplies sugar to the Southern African Customs Union ("**SACU**") market which has remained resilient particularly as regards consumer sugar.

15.2 **Material contracts in relation to Tambankulu and THL**

There have been no material contracts, entered into either verbally or in writing by THL and Tambankulu, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by Tambankulu or THL, within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to Tambankulu at the date of this Circular.

15.3 **Material loans**

15.3.1 FDC loans to Tambankulu

FDC holds loan accounts in Tambankulu in a total amount of ZAR20 663 000 (twenty million six hundred and sixty-three thousand Rand) as at 31 March 2020.

Loan	**Balance outstanding as at 31 March 2020 ZAR '000**
Loan 1	596
Loan 2	19 400
Loan 3	667
Total	**20 663**

The above loans are unsecured and are repayable by Tambankulu to FDC on demand. Loans 1 and 3 are legacy balances which arose when THL acquired Tambankulu in 1998. These loans are interest free and no repayments have been made thus far. Loan 2 represents dividends declared by Tambankulu to FDC which remain unpaid, and bears interest at the prime lending rate charged by the commercial banks in Eswatini.

These loans represent the FDC Shareholder Claims in TAM, and consequently form part of the Sale Equity in TAM. These loans do not form part of the internal restructuring referred to in paragraph 4.5.1 above.

15.3.2 THL loan to Tambankulu

THL has advanced a loan to Tambankulu which had an outstanding balance of ZAR333 248 (three hundred and thirty-three thousand two hundred and forty-eight Rand) as at 31 March 2020. The loan is a legacy balance which arose when THL acquired Tambankulu in 1998. The loan is unsecured, interest free, and has no fixed repayment terms.

This loan represents the THL Shareholder Claims in TAM, and consequently forms part of the Sale Equity in TAM. This loan does not form part of the internal restructuring referred to in paragraph 4.5.1 above.

15.3.3 Swaziland Ranches loan to THL

At 31 March 2020, the loan by Swaziland Ranches to THL had an outstanding balance of ZAR 231 812 000 (two hundred and thirty-one million eight hundred and twelve thousand Rand). The loan is unsecured and bears interest at 2.75% (two point seventy-five per cent) below the prime lending rate charged by the commercial banks in Eswatini, compounded bi-annually. The loan is repayable in two equal instalments on 30 September 2020 and 30 September 2021, after deducting the following:

- amounts owing to THL in respect of goods and services rendered; and
- dividend distributions declared by Tambankulu as and when it has surplus cash available to settle any non-resident taxes on behalf of THL.

In terms of an internal restructuring, this loan account will be distributed *in specie* by Swaziland Ranches to Tambankulu, where after Tambankulu will distribute the loan account *in specie* to its shareholders, the Sellers. Refer to paragraph 4.5.1 for further details.

Other than the loans mentioned above, there have been no other material loans that Tambankulu has entered into (whether verbally or in writing) within the two years preceding the Last Practicable Date that were otherwise than in the ordinary course of business.

The cash proceeds generated by the Transaction will be used by the THL Group to reduce the debt levels of Senior Term Loan Facility A as described in paragraph 9.4. An overview of the terms of THL's debt facilities are set out on pages 27 to 28 of THL's 2020 annual report available on the Company's website (https://www.tongaat.com) via the link as stipulated in paragraph 21.

16. CONSENTS AND REPORTS

16.1 General consents

Each of PwC, Bowmans, Deloitte & Touche, Investec Bank, Old Mutual Investment Group Eswatini Proprietary Limited and Computershare, has consented in writing to act in the capacity stated and to have its name being included in this Circular, and none of them has withdrawn such consent prior to the date of issue of this Circular.

16.2 Report consents

In addition to the general consents referred to in paragraph 16.1 above, the following consents for specific reports have been received, and have not been withdrawn, prior to the issue of this Circular, namely:

16.2.1 from Deloitte & Touche, the Independent Reporting Accountants, their consent as regards their limited assurance report on the *pro forma* financial effects of the Transaction, contained in Annexure 2 of this Circular; and

16.2.2 from Deloitte & Touche, the Independent Reporting Accountants, their consent as to the report on the historical financial information of Tambankulu as included within their report as contained in Annexure 4 of this Circular.

All of the above consents are available for inspection in the manner set out in paragraph 20 of this Circular.

17. VOTING UNDERTAKINGS

THL has received letters of support and irrevocable undertakings from institutional investors, holding, beneficially owning or controlling, in total 56.12% (fifty-six point twelve per cent) of the issued THL Shares, to vote in favour of the resolutions required to implement the Transaction, as follows:

Shareholder	Number of THL Shares held on the date of provision of the letter of support or irrevocable undertaking	% of issued THL Shares held on the date of provision of the letter of support or irrevocable undertaking
PSG Asset Management Proprietary Limited (Letter of support)	16 544 624	12.25
Ninety One SA Proprietary Limited (Irrevocable Undertaking)	15 525 284	11.49
Depfin Investments Proprietary Limited (Irrevocable undertaking) *	12 252 587	9.07
Evanstan Investments Proprietary Limited (Irrevocable undertaking) **	10 760 000	7.96
Artemis Investments Proprietary Limited (Irrevocable undertaking)	10 000 000	7.40
Kagiso Asset Management Proprietary Limited (Letter of support)	6 655 139	4.93
Mianzo Asset Management (Letter of support)	4 092 380	3.03
Total	**75 830 014**	**56.12**

* ***Depfin Investments Proprietary Limited is 100% owned by Nedbank Limited;***

** ***Evanstan Investments Proprietary Limited is owned by a single individual.***

18. **EXPENSES**

The estimated costs payable by the Company in concluding and implementing the Transaction are approximately R5 210 000 (five million two hundred and ten thousand Rand) excluding VAT and include the following:

Nature of fee/category of recipient		**ZAR'000**
Financial adviser	PwC	765
Sponsor	Investec Bank	200
Legal adviser	Bowmans	1 300
Auditors and independent reporting accountants	Deloitte & Touche	1 850
Tambankulu's Auditors	RSM Eswatini	650
Printing and publishing	Ince	145
JSE	JSE	70
Transfer secretaries	Computershare	80
Contingencies		150
Total		**5 210**

19. **GENERAL MEETING AND REQUIRED ACTION**

19.1 The requisite resolution to approve the Transaction and related matters will be considered and, if deemed fit, adopted at the General Meeting to be held electronically at **10:00** on **Wednesday, 28 October 2020**.

19.2 The Notice of General Meeting is attached to and forms an integral part of this Circular. A Form of Proxy *(blue)* is also included with this Circular for use by those Certificated Shareholders and Own-Name Dematerialised Shareholders who, while not wishing to participate personally in the General Meeting may nevertheless wish to be represented thereat. Such persons are requested to complete and to return the Form of Proxy *(blue)* in accordance with its instructions.

19.3 Shareholders are advised to carefully read both the "*Action Required by Shareholders*" section commencing on page 2 of this Circular and the Notice of General Meeting.

20. **DOCUMENTS AVAILABLE FOR INSPECTION**

The documents listed below, or copies thereof, will be available for inspection from Wednesday, 30 September 2020, being the issue date of this Circular, up to and including, the date of the General Meeting, on a virtual platform to which a Shareholder will be granted access on a "read only" basis upon a request being sent by that Shareholder to the Company Secretary (johann.vanrooyen@tongaat.com) to view the documents. However, should the government-imposed national lockdown be lifted in its entirety within the above period, Shareholders may, up to and including the date of the General Meeting, inspect the following documents or copies thereof at the Company's registered office and at the address of the Sponsor indicated in the "*Corporate Information and Advisers*" section of this Circular:

20.1 the MOI, and the memoranda of incorporation of major THL Group subsidiary companies;

20.2 copies of any special or notarial contract bearing on the MOI entered into within the last three years;

20.3 the latest sworn appraisals or valuations relative to movable and immovable property and items of a similar nature;

20.4 copies of service agreements with Directors (or a summary of such agreements), managers or secretary/ies, underwriters, vendors and promoters entered into during the last three years;

20.5 the audited consolidated annual financial statements of THL for the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018;

20.6 the Agreement;

20.7 the Sale and Leaseback Transaction agreement;

20.8 Starch Disposal share purchase agreement;

20.9 the irrevocable undertakings and letters of support described in paragraph 17;

20.10 the general consent letters referred to in paragraph 16.1 of this Circular;

20.11 the consents referred to in paragraph 16.2 of this Circular;

20.12 the signed audit and review reports of Deloitte & Touche, on the consolidated historical financial information of Tambankulu, referred to in paragraph 8.2 of this Circular above and contained in Annexure 4;

20.13 the signed report of Deloitte & Touche, on the assurance engagement on the compilation of *pro forma* financial information, referred to in paragraph 8.1 of this Circular above and contained in Annexure 2; and

20.14 a signed copy of this Circular.

21. **INCORPORATION OF INFORMATION BY REFERENCE**

21.1 Section 11.61 of the JSE Listings Requirements allows for certain required JSE Listings Requirements information, ordinarily prescribed for inclusion into a circular to shareholders, to rather be incorporated by way of website referencing.

21.2 In this regard, the Company's website has been set up to allow Shareholders, should they so wish, to review and read/download, inter alia, the information referenced in the table below. In accessing and utilising the Company's website, it is important to note that the Company makes available such information purely for the use by and convenience of the Shareholders and for no other purposes and, accordingly, accepts no responsibility for the use of any such information by any other person save for the purposes as hereinto explained.

Subject matter ("Definitions and Interpretations" section of this Circular is not applicable to this column)	**Circular paragraph number:**	**Company website reference thread**
Shareholder engagement; Turnaround Incentive Plan and debt facilities (included in THL's 2020 financial statements)	Paragraph 10.3.3 Paragraph 10.3.7 Paragraph 15.3.3	https://www.tongaat.com/wp-content/uploads/2020/08/2020-Integrated-Annual-Report.pdf https://www.tongaat.com/2020AFS.pdf

By order of the Board

Chairman of the Board

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director of the Company in accordance with a round robin resolution of the Board signed by each and every Director)

30 September 2020

PRO FORMA FINANCIAL INFORMATION OF THL

The "Definitions and Interpretations" section commencing on page 7 of this Circular has, unless the context otherwise requires, been used throughout this Annexure. For the purposes of the *pro forma* financial information, the term **Mozambican Subsidiaries** refers to the three entities that comprise THL's sugar operations in Mozambique, namely Tongaat Hulett Açúcar Limitada ("**THA**"), Tongaat Hulett Açucareira de Xinavane SA ("**ADX**") and Tongaat Hulett Açucareira de Moçambique SA ("**ADM**"). The contents of this Annexure are provided in support of the "Financial Information Pertinent to the Transaction" contained in paragraph 8 of this Circular.

Basis of preparation

The *pro forma* financial information of the THL Group has been prepared by management and is the responsibility of the Directors. The *pro forma* financial information has been presented for illustrative purposes only and, because of its nature, may not give a fair reflection of the THL Group's financial position, changes in equity or results of operations or cash flows post the implementation of the Transaction.

The *pro forma* financial information has been prepared in accordance with the provisions of the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The accounting policies used in the preparation of the *pro forma* financial information are compliant with IFRS and are consistent with those applied in the audited consolidated annual financial statements of THL for the twelve months ended 31 March 2020.

The following post-balance sheet corporate actions have been considered in preparing the *pro forma* financial information:

- On 28 February 2020, THL announced the Starch Disposal which was approved by its Shareholders on 5 June 2020. The Starch Disposal is subject to the fulfilment or, where applicable, waiver of certain suspensive conditions on or before 31 October 2020. One of the suspensive conditions is that no event occurs after signature of the Starch Disposal agreement that results in a material adverse change ("**MAC**") in the Starch Business. On 12 May 2020, THL announced that KLL Group Proprietary Limited ("**KLL Group**") had advised THL that, as a result of the impact of the COVID-19 global pandemic, it had formed a view that a MAC had occurred. As THL held the firm view that a MAC had not occurred, the dispute was referred to an independent third party for determination. On 21 September 2020, the independent third party delivered a determination in favour of THL, concluding that a MAC had not occurred. The Starch Disposal remains subject to the conditions precedent that certain conveyancing documents are obtained, approval of the competition authorities in Indonesia, and that a compliance certificate is issued by the Takeover Regulation Panel. THL remains fully committed to the fulfilment of the remaining conditions precedent and the implementation of the Starch Disposal. Consequently, the *pro forma* financial information has been prepared on the assumption that the Starch Disposal is implemented.
- On 29 June 2020, THL announced that its Mozambican Subsidiaries had agreed to sell their fleet of vehicles to a third party for a total purchase price of ZAR75 million (seventy-five million Rand) and, after the refurbishment of these assets by the third party, THL would lease these same assets back from the same third party ("**Sale and Leaseback Transaction**"). This is a category 2 transaction as contemplated in section 9 of the JSE Listings Requirements and is a post-balance sheet corporate action. The *pro forma* financial information has been presented taking into consideration the *pro forma* financial effects of this Sale and Leaseback Transaction.

For the purposes of determining the *pro forma* financial effects, it has been assumed that the Transaction, the Starch Disposal and the Sale and Leaseback Transaction were effective on 1 April 2019 for the consolidated statement of profit or loss, and 31 March 2020 for the consolidated statement of financial position. All other assumptions used in the preparation of the *pro forma* financial information have been detailed in the notes thereto.

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE TWELVE MONTHS ENDED 31 MARCH 2020

The *pro forma* consolidated statement of profit or loss and other comprehensive income for the 12 (twelve) months ended 31 Match 2020 has been prepared to show the impact of the Transaction, the Starch Disposal and Sale and Leaseback Transaction as if they were effective 1 April 2019.

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Revenue	**15 382**		**15 382**					**15 382**	**(234)**			**15 148**
Cost of sales	(8 591)	(4)	(8 595)					(8 595)	171			(8 424)
Gross profit	**6 791**	**(4)**	**6 787**	**–**	**–**	**–**	**–**	**6 787**	**(63)**	**–**	**–**	**6 724**
Marketing and selling expenses	(1 023)		(1 023)					(1 023)	–			(1 023)
Administrative and other expenses	(2 836)		(2 836)			(13)		(2 849)	47	(1)		(2 803)
Net impairment loss	(4)		(4)					(4)	–			(4)
Non-trading items	(8)		(8)					(8)	(2)	190		180
Other operating income	337		337					337	(6)			331
Operating profit	**3 257**	**(4)**	**3 253**	**–**	**–**	**(13)**	**–**	**3 240**	**(24)**	**189**	**–**	**3 405**
Net finance costs	(1 620)	(20)	(1 640)	–	453	–	–	(1 187)	(32)	37	–	(1 182)
Finance costs	(1 880)	(20)	(1 900)		430			(1 470)	1	37		(1 432)
Finance income	260		260		23			283	(33)			250
Net monetary loss	(1 296)		(1 296)					(1 296)	–			(1 296)
Share of net profit of associates	24		24					24	–			24
Profit before taxation	**365**	**(24)**	**341**	**–**	**453**	**(13)**	**–**	**781**	**(56)**	**226**	**–**	**951**
Taxation	(228)	1	(227)		(66)	4	62	(227)	15	(10)	(13)	(235)
Profit from continuing operations	**137**	**(23)**	**114**	**–**	**387**	**(9)**	**62**	**554**	**(41)**	**216**	**(13)**	**716**
Profit from discontinued operation	393		393	(393)	3 115	(87)		3 028	–			3 028
Profit for the year	**530**	**(23)**	**507**	**(393)**	**3 502**	**(96)**	**62**	**3 582**	**(41)**	**216**	**(13)**	**3 744**

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Other comprehensive income												
Items that may be reclassified subsequently to profit or loss												
Foreign exchange differences on translation of foreign operations	1 064		1 064					1 064	–			1 064
Items that will not be reclassified subsequently to profit or loss												
Remeasurement of post-retirement benefit obligations	(285)		(285)					(285)	–			(285)
Tax effect of remeasurement of post-retirement benefit obligations	71		71					71	–			71
Allocation of a retirement fund surplus to the employer	42		42					42	–			42
Tax effect of the allocation of a retirement fund surplus to the employer	(12)		(12)					(12)	–			(12)
Other comprehensive income for the year, net of tax	**880**	**–**	**880**	**–**	**–**	**–**	**–**	**880**	**–**	**–**	**–**	**880**
Total comprehensive income for the year	**1 410**	**(23)**	**1 387**	**(393)**	**3 502**	**(96)**	**62**	**4 462**	**(41)**	**216**	**(13)**	**4 624**

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Profit/(loss) from continuing operations is attributable to:												
Owners of THL	(286)	(23)	(309)	–	387	(9)	62	131	(41)	216	(13)	293
Non-controlling interests	423	–	423	–	–	–	–	423	–	–	–	423
	137	**(23)**	**114**	**–**	**387**	**(9)**	**62**	**554**	**(41)**	**216**	**(13)**	**716**
Profit/(loss) from discontinued operations is attributable to:												
Owners of THL	406	–	406	(406)	3 115	(87)	–	3 028	–	–	–	3 028
Non-controlling interests	(13)	–	(13)	13	–	–	–	–	–	–	–	–
	393	**–**	**393**	**(393)**	**3 115**	**(87)**	**–**	**3 028**	**–**	**–**	**–**	**3 028**
Profit for the year is attributable to:												
Owners of THL	120	(23)	97	(406)	3 502	(96)	62	3 159	(41)	216	(13)	3 321
Non-controlling interests	410	–	410	13	–	–	–	423	–	–	–	423
	530	**(23)**	**507**	**(393)**	**3 502**	**(96)**	**62**	**3 582**	**(41)**	**216**	**(13)**	**3 744**
Total comprehensive income for the year is attributable to:												
Owners of THL	810	(23)	787	(406)	3 502	(96)	62	3 849	(41)	216	(13)	4 011
Non-controlling interests	600	–	600	13	–	–	–	613	–	–	–	613
	1 410	**(23)**	**1 387**	**(393)**	**3 502**	**(96)**	**62**	**4 462**	**(41)**	**216**	**(13)**	**4 624**

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
BASIC AND HEADLINE EARNINGS PER SHARE												
Reconciliation of (loss)/profit:												
The calculation of basic and headline earnings per share is based on:												
(Loss)/profit for the period attributable to owners of THL:	**(286)**	**(23)**	**(309)**	**–**	**387**	**(9)**	**62**	**131**	**(41)**	**216**	**(13)**	**293**
Continuing operations												
Adjusted for:												
Profit on disposal of business	–		–					–	–	(190)		(190)
Tax effect of profit on disposal of business	–		–					–	–	–		–
Loss on disposal of land, cane roots and buildings	4		4					4	–			4
Tax effect of loss on disposal of land, cane roots and buildings	(1)		(1)					(1)	–			(1)
Profit on disposal of property, plant and equipment	(14)		(14)					(14)	–			(14)
Tax effect of profit on disposal of property, plant and equipment	4		4					4	–			4
Impairment loss on property, plant and equipment	4		4					4	–			4
Tax effect of impairment loss on property, plant and equipment	(1)		(1)					(1)	–			(1)
Loss on disposal of intangible assets	6		6					6	–			6

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Tax effect of loss on disposal of intangible assets	(1)		(1)					(1)	–			(1)
Non-controlling interests	–		–					–	–			–
Headline (loss)/earnings attributable to owners of THL	**(285)**	**(23)**	**(308)**	**–**	**387**	**(9)**	**62**	**132**	**(41)**	**26**	**(13)**	**104**
Profit for the period attributable to owners of THL:	**406**	**–**	**406**	**(406)**	**3 115**	**(87)**	**–**	**3 028**	**–**	**–**	**–**	**3 028**
Discontinued operations												
Adjusted for:												
Profit on disposal of business	–		–	–	(3 808)	100		(3 708)				(3 708)
Tax effect of profit on disposal of business	–		–	–	693	(13)		680				680
Loss on disposal of land, cane roots and buildings	–		–	–				–				–
Tax effect of loss on disposal of land, cane roots and buildings	–		–	–				–				–
Profit on disposal of property, plant and equipment	–		–	–				–				–
Tax effect of profit on disposal of property, plant and equipment	–		–	–				–				–
Impairment loss on property, plant and equipment	–		–	–				–				–
Tax effect of impairment loss on property, plant and equipment	–		–	–				–				–

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Loss on disposal of intangible assets	–		–	–				–				–
Tax effect of loss on disposal of intangible assets	–		–	–				–				–
Non-controlling interests	–		–	–				–				–
Headline earnings attributable to owners of THL	**406**	**–**	**406**	**(406)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit for the period attributable to owners of THL:	**120**	**(23)**	**97**	**(406)**	**3 502**	**(96)**	**62**	**3 159**	**(41)**	**216**	**(13)**	**3 321**
Adjusted for:												
Profit on disposal of business	–	–	–	–	(3 808)	100	–	(3 708)	–	(190)	–	(3 898)
Tax effect of profit on disposal of business	–	–	–	–	693	(13)	–	680	–	–	–	680
Loss on disposal of land, cane roots and buildings	4	–	4	–	–	–	–	4	–	–	–	4
Tax effect of loss on disposal of land, cane roots and buildings	(1)	–	(1)	–	–	–	–	(1)	–	–	–	(1)
Profit on disposal of property, plant and equipment	(14)	–	(14)	–	–	–	–	(14)	–	–	–	(14)
Tax effect of profit on disposal of property, plant and equipment	4	–	4	–	–	–	–	4	–	–	–	4
Impairment loss on property, plant and equipment	4	–	4	–	–	–	–	4	–	–	–	4
Tax effect of impairment loss on property, plant and equipment	(1)	–	(1)	–	–	–	–	(1)	–	–	–	(1)

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Loss on disposal of intangible assets	6	–	6	–	–	–	–	6	–	–	–	6
Tax effect of loss on disposal of intangible assets	(1)	–	(1)	–	–	–	–	(1)	–	–	–	(1)
Non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–
Headline earnings attributable to owners of THL	**121**	**(23)**	**98**	**(406)**	**387**	**(9)**	**62**	**132**	**(41)**	**26**	**(13)**	**104**
Weighted average number of shares (000's) – Refer to note 12 below	134 820		134 820					134 854				134 854
Diluted: Weighted average number of shares (000's)	134 958		134 958					134 970				134 970
(Loss)/earnings per share (cents): Continuing operations												
Basic	(212)		(229)					97				217
Diluted	(212)		(229)					97				217
Earnings per share (cents): Discontinued operations												
Basic	301		301					2 245				2 245
Diluted	301		301					2 243				2 243
Earnings per share (cents): Total												
Basic	89		72					2 342				2 462
Diluted	89		72					2 340				2 460
Headline (loss)/earnings per share (cents): Continuing operations												
Basic	(211)		(228)					98				77
Diluted	(211)		(228)					98				77

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* results after Sale and Leaseback Transaction	Reversal of the results of the Starch Business classified as a discontinued operation	Profit on disposal of the Starch Business and application of the purchase consideration	One-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* results after the Starch Disposal and Sale and Leaseback Transaction	Reversal of the results of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Headline earnings per share (cents): Discontinued operations												
Basic	301		301					–				–
Diluted	301		301					–				–
Headline earnings per share (cents): Total												
Basic	90		73					98				77
Diluted	90		73					98				77

NOTES AND ASSUMPTIONS

1. The "THL audited results for the 12 months ended 31 March 2020" information has been extracted, without adjustment, from the THL audited consolidated annual financial statements for the 12 (twelve) months ended 31 March 2020 which are available on the THL website (https://www.tongaat.com).
2. On 29 June 2020, THL announced a Sale and Leaseback Transaction whereby the Mozambican Subsidiaries would dispose of their vehicle fleet to Unitrans Mozambique Limitada ("Unitrans") for a total purchase price of ZAR75 million (seventy-five million Rand). On purchase, Unitrans will incur the cost of refurbishing the vehicles for the benefit of the Mozambican Subsidiaries, following which the Mozambican subsidiaries will lease the vehicle fleet back for a period of 5 (five) years. The estimated cost to refurbish the vehicles is estimated to be ZAR16 million (sixteen million Rand). The purchase price is subject to any adjustment for asset verification and any differences between the actual and estimated refurbishment costs.

   The transaction has been treated as a financing arrangement as the Mozambican Subsidiaries retain control over the assets given that, *inter alia*, the duration of the lease term aligns with, or extends beyond, the remaining useful life of the majority of vehicles in the fleet. Vehicles that reach the end of their useful life during the lease will have to be replaced and will not be of any further benefit to Unitrans after the conclusion of the lease. The replacement vehicle will be subject to a new lease arrangement and not the sale and leaseback. Consequently, the vehicle fleet has not been derecognised and there is no profit or loss on disposal.

   Borrowings of ZAR91 million (ninety-one million Rand) have been recognised, comprising the cash received of ZAR75 million (seventy-five million Rand) and the refurbishment costs incurred by Unitrans of ZAR16 million (sixteen million Rand). Finance costs of ZAR33 million (thirty-three million Rand) have been recognised based on the rental charge over the full 5 (five year) contractual lease term for the vehicles. The effective interest rate equates to 36% (thirty-six per cent) as the initial recognition of the obligation does not account for the Mozambican Subsidiaries contractual right to request certain vehicles to be replaced annually, before expiry of the lease term, with a corresponding reduction in the rental charge and the lease obligation. Consequently, over the five year period, the capital repayments to Unitrans will be lower than the initial obligation recognised.

   The refurbishment costs will increase the future economic benefits expected from the vehicle fleet and have been capitalised to the vehicle fleets' carrying amount and depreciated over the weighted average remaining useful life of the asset which is assumed to be 4.5 (four and a half) years. This increases the annual charge by ZAR4 million (four million Rand). The proceeds received will be split evenly between repaying the Mozambican Subsidiaries' existing term debt and reducing working capital facilities. The cash received does not contribute to the Debt Reduction Plan in South Africa. The resultant finance cost saving has been calculated using an interest rate of 17.8% (seventeen point eight per cent) being the weighted average interest rate in Mozambique for the 12 (twelve) month period.

   At 1 April 2019, THA and ADM had an aggregated estimated tax loss of ZAR197 million (one hundred and ninety-seven million Rand) of which ZAR120 million (one hundred and twenty million Rand) was not recognised as a deferred tax asset given a history of tax losses. The tax consequences of the *pro forma* adjustments increase the unrecognised deferred tax asset on the tax losses in THA and ADM, and therefore have only been recognised for ADX. There is no material impact on the profit or loss apportioned to non-controlling interests.

	ZAR'million
Depreciation of refurbishment costs	(4)
Finance cost saving on existing borrowings in Mozambique	13
Finance cost on financing arrangement with Unitrans	(33)
	(24)
Deferred taxation	1
Non-controlling interests	–
	(23)

3. The column represents the *pro forma* results of THL after adjusting for the post balance sheet event at 31 March 2020 related to the Sale and Leaseback Transaction in Mozambique.
4. The "Reversal of the results of the Starch Business" information has been extracted, without adjustment, from the THL audited consolidated annual financial statements for the 12 (twelve) months ended 31 March 2020 which are available on the THL website (https://www.tongaat.com).
5. The once-off profit on disposal of the Starch Business and the impact of the application of the purchase consideration to reduce interest-bearing term-loans in South Africa is set out below. The profit on disposal has been determined using the purchase consideration and the net asset value of the Starch Business as at 31 March 2020 (refer to note 5 of the *pro forma* statement of financial position).

	ZAR'million
Purchase consideration	4 958
Less: Net asset value of the Starch Business	(1 150)
Profit on disposal of Starch Business, before taxation	**3 808**
Less: Deferred taxation	(693)
Profit on disposal of Starch Business, after taxation	**3 115**
Finance cost savings on term-loans settled	430
Finance income on cash deposited in escrow account	23
Deferred taxation	(66)
	3 502

The determination of the taxation impact of the disposal of the Starch Business includes a recoupment of tax allowances previously claimed totalling ZAR657 million (six hundred and fifty-seven million Rand) and a taxable capital gain (before once-off costs directly attributable to the Starch Disposal) of ZAR2 274 million (two billion two hundred and seventy-four million Rand). The taxable capital gain was determined on the time-apportionment basis using an acquisition date of 1989 when the assets and liabilities of the Starch Business, then in a separate legal entity, were then transferred to THL as part of a group rationalisation exercise. At 1 April 2019, THL (the separate statutory entity) had an estimated tax loss of ZAR3 784 million (three billion seven hundred and eighty-four million Rand) which results in there being no current tax consequences (including cash outflows) resulting from the Starch Disposal, only deferred tax consequences.

On 1 April 2019, net proceeds of ZAR4 508 million (four billion five hundred and eight million Rand), representing the purchase consideration of ZAR4 958 million (four billion nine hundred and fifty-eight million Rand) less an amount of ZAR450 million (four hundred and fifty million Rand) held in an escrow account for a period of 12 (twelve) months (refer to note 5 of the *pro forma* statement of financial position) are assumed to be applied to reduce THL's interest-bearing debt in South Africa. The resultant finance cost saving has been calculated using an interest rate of 9.53% (nine point five three per cent) being the weighted average interest rate of the term-loans for the 12 (twelve) month period. In previous years, THL had invested approximately ZAR2 492 million (two billion four hundred and ninety-two million Rand) as equity in its Mozambique operations, representing 50% (fifty per cent) of term-loans prior to refinance, with the related finance costs not being deductible for tax purposes. Consequently, it has been assumed that 50% (fifty per cent) of the finance cost savings would not be taxable.

The finance income earned on the ZAR450 million (four hundred and fifty million Rand) held in the escrow account is assumed to earn interest for the 12 (twelve) month period at a variable rate (linked to the prime interest rate) of 5.05% (five point zero five per cent) being the rate offered to THL by the escrow agent.

6. The once-off costs to be incurred as a consequence of the Starch Disposal are as follows:

	ZAR'million
Transaction costs (Refer to note 6.1.)	(55)
Once-off cost to revise post-retirement provision for in-service employees (Refer to note 6.2.)	(25)
Costs to carve out the Starch Business from the THL SAP system (Refer to note 6.3.)	(20)
	(100)
Deferred taxation	13
	(87)
Executive incentive bonus (Refer to note 6.4.)	(13)
Deferred taxation	4
	(96)

6.1. Transaction costs of ZAR55 million (fifty-five million Rand) are expected to be incurred as a direct result of the Starch Disposal. The transaction costs have increased from the original estimate of ZAR40 million (forty million Rand) disclosed in the circular for the Starch Disposal due to the inclusion of costs associated with the resolution of the MAC dispute between THL and KLL Group. The transaction costs are assumed to be settled in cash shortly after the closing date. The transaction costs are capital in nature and therefore deductible from the capital gain realised on the Starch Disposal (determined on the time-apportionment method). The costs are excluded from headline earnings.

6.2. THL has recognised an obligation for the post-retirement benefits owing to qualifying employees, including those of the Starch Business, which is determined actuarially. For pensioners the obligation is measured at the present value of the total benefits payable, whereas for in-service employees the obligation is built up over the expected years of service as required by IAS 19 *Employee Benefits* (i.e. the projected unit credit method). While THL will retain the obligation to pay for post-retirement benefits for retired and in-service employees, in lieu of which it will receive ZAR96 million (ninety-six million Rand), no further service will be received from the in-service employees of the Starch Business. Consequently, the projected unit credit method of accruing the obligation is no longer applicable and the obligation has been increased to reflect the amount agreed with the current employees of the Starch Business to settle the obligation in full, resulting in a once-off cost of ZAR25 million (twenty-five million Rand). The amount has been determined with reference to an actuarial valuation. The cost is capital in nature and therefore deductible from the capital gain realised on the Starch Disposal (determined on the time-apportionment method). In addition, the cost is excluded from headline earnings. The post-retirement obligation for in-service employees of the Starch Business totals ZAR60 million (sixty million Rand) and will be settled shortly after the closing date, in the manner described in note 6.2 of the *pro forma* consolidated statement of financial position.

6.3. In terms of the Transitional Services Agreement, THL is required to carve-out the Starch Business from its existing SAP system to create a stand-alone instance of SAP. The estimated cost of ZAR20 million (twenty million Rand) is capital in nature and therefore deductible from the capital gain realised on the Starch Disposal (determined on the time-apportionment method). These costs are excluded from headline earnings and will be incurred and settled in cash shortly after the closing date.

6.4. The disposal of the Starch Business will result in THL achieving the second milestone of the Debt Reduction Plan, and a substantial portion of the third milestone, which forms part of a turnaround incentive. The disposal of Tambankulu will result in the achievement of the third milestone. In terms of the turnaround incentive, an executive incentive bonus is payable to qualifying employees of THL as a direct result of the Starch Disposal and the disposal of Tambankulu. The bonus attributed to the Starch Disposal of ZAR13 million (thirteen million Rand) has been estimated based on its contribution of ZAR4 958 million (four billion nine hundred and fifty-eight million Rand) to the additional ZAR5 500 million (five billion five hundred million Rand) debt reduction proceeds required to achieve the second and third milestones. The bonus is assumed to be settled in cash shortly after the closing date. The bonus will be tax deductible and is included in headline earnings. Further details are provided in paragraph 10.3 of the Circular.

7. Consolidation adjustments comprise the following:

7.1. At 31 March 2020, THL had recognised a deferred tax asset to the extent that it had taxable temporary differences and specifically for the taxable capital gain arising from the Starch Disposal. THL did not recognise a deferred tax asset of ZAR472 million (four hundred and seventy-two million Rand) on the balance of its estimated tax loss at 31 March 2020. As a result, the tax consequences of the *pro forma* adjustments related to continuing operations totalling ZAR62 million (sixty-two million Rand) are reversed and set off against the unrecognised deferred tax asset.

8. The column represents the *pro forma* results of THL after adjusting for the post balance sheet events at 31 March 2020 related to the Starch Disposal and the Sale and Leaseback Transaction in Mozambique.

9. The financial information forming the basis of the "Reversal of the results of Tambankulu" is extracted, without adjustment, from the audited financial information of Tambankulu Estates Proprietary Limited for the 12 (twelve) months ended 31 March 2020, attached as Annexure 3 to this Circular (with the Independent Reporting Accountants' Report on such information contained in Annexure 4 to this Circular).

10. The once-off profit on disposal of Tambankulu and the impact of the application of the Purchase Price to reduce interest-bearing term-loans in South Africa is set out below. The profit on disposal has been determined using the Purchase Price and the net asset value of TAM, after adjusting for the Internal Restructuring, determined as at 31 March 2020 (refer to note 10 of the *pro forma* statement of financial position).

	ZAR'million
Profit on disposal of Tambankulu	
Purchase Price	387
Less: Net asset value of Tambankulu, after Internal Restructuring (Refer to note 11 below)	(192)
Profit on disposal of Tambankulu, before taxation	**195**
Less: Deferred taxation (Refer to note 10.1.)	–
Profit on disposal of Tambankulu, after taxation	**195**
Once-off costs	
Once-off costs (Refer to note 10.2.)	(6)
Less: Deferred taxation	–
	189
Finance cost savings	
Finance cost savings on term-loans settled (Refer to note 10.3)	37
Less: Deferred taxation	(10)
	216

10.1. THL has disposed of a controlling interest in Tambankulu resulting in a capital gain. However, as Tambankulu is a foreign subsidiary and the purchaser is a non-South African resident, the capital gain is disregarded for tax purposes in terms of paragraph 64B of the Eighth Schedule to the Income Tax Act of South Africa and THL will incur no tax liability.

10.2. The once-off costs that arise as a consequence of the Transaction are as follows:

	ZAR'million
Transaction costs	(5)
Executive incentive bonus	(1)
Once-off costs	**(6)**
Deferred taxation – Transaction costs	–
Deferred taxation – Executive incentive bonus	–
	(6)

Transaction costs of ZAR5 million (five million Rand) are expected to be incurred as a direct result of the Transaction. The transaction costs are assumed to be settled in cash shortly after the closing date. The transaction costs are capital in nature. As the capital gain on the disposal is not taxable, the transaction costs are not deductible for tax purposes. These costs are excluded from headline earnings.

The disposal of Tambankulu, together with the Starch Disposal becoming effective, will result in THL achieving the third milestone of the Debt Reduction Plan. In terms of the turnaround incentive, an executive incentive bonus is payable to qualifying employees of THL as a direct result of the Starch Disposal and the disposal of Tambankulu. The bonus attributed to the Transaction is ZAR1 million (one million Rand) has been estimated based on its contribution of ZAR387 million (three hundred and eighty-seven million Rand) to the additional ZAR5 500 million (five billion five hundred million Rand) debt reduction proceeds required to be realised to achieve the third milestone. The bonus is assumed to be settled in cash shortly after the closing date. The bonus will be tax deductible and is included in headline earnings. Further details are provided in paragraph 10.3 of the Circular.

10.3. The Purchase Price of ZAR387 million (three hundred and eighty-seven million Rand) is assumed to be applied to reduce THL's interest-bearing term loans in South Africa. The resultant finance cost saving of ZAR37 million (thirty-seven million Rand) has been calculated using an interest rate of 9.53% (nine point five three per cent) being the weighted average interest rate of the term-loans for the 12 (twelve) month period. The proceeds on disposal of the Starch Business are assumed to be used to settle the portion of the term-loans used to fund equity investments in Mozambique and consequently, it has been assumed that all finance cost savings will be taxable.

11. The Internal Restructuring and consolidation adjustments that arise as a consequence of the Transaction are as follows:

11.1. As part of an Internal Restructuring that, in terms of the share purchase agreement is required to take place prior to the closing date, the Target Group will declare the Target's Loan Account as one or more dividends *in specie* to THL and FDC *pro rata* to their shareholdings in the Target (Target Dividend) and the portion of the Target's Loan Account distributed to THL shall be extinguished by operation of law. The net impact of the Internal Restructuring is that the net asset value of Tambankulu decreases from ZAR403 million (four hundred and three million Rand) to ZAR154 million (one hundred and fifty-four million Rand).

The FDC dividend of ZAR17 million (seventeen million Rand) remains owing on loan account from Tambankulu, increasing the total FDC Shareholder Claim in TAM to ZAR38 million (thirty-eight million Rand). There is no THL Shareholder Claim in TAM. As the THL Shareholder Claim in TAM and the FDC Shareholder Claim in TAM form part of the disposal, these amounts are adjusted in the net asset value of Tambankulu.

		ZAR'million
Net asset value of Tambankulu (Refer to note 9 of the *pro forma* statement of financial position)		403
Target Dividend		(249)
– THL portion (93.33% shareholding)	(232)	
– FDC portion (6.67% shareholding)	(17)	
THL and FDC Shareholder Claims in TAM		38
– THL portion	–	
– FDC portion	38	
Net asset value of Tambankulu, after Internal Restructuring		**192**

11.2. The dividend *in specie* distributed to THL of ZAR232 million (two hundred and thirty two million Rand) will result in dividend withholding tax being levied at a rate of 10% (ten per cent) on the value of the dividend, resulting in a ZAR23 million (twenty-three million Rand) tax expense. THL is required to settle dividend withholding tax of ZAR23 million (twenty-three million Rand) in cash 30 (thirty) days after the dividend declaration and the amount has been accrued.

At 31 March 2020, THL had recognised a deferred tax asset to the extent that it had taxable temporary differences and specifically for the taxable capital gain arising from the Starch Disposal. THL did not recognise a deferred tax asset of ZAR472 million (four hundred and seventy-two million Rand) on the balance of its estimated tax loss at 31 March 2020. As a result, the tax consequences of the *pro forma* adjustments related to continuing operations (other than dividend withholding tax) totalling ZAR10 million (ten million Rand) are reversed and set off against the unrecognised deferred tax asset.

	ZAR'million
Dividend withholding tax	(23)
– THL (a non-resident) is required to pay tax at 10% (ten per cent) of the dividend declared	(23)
– FDC (an Eswatini resident) is not required to tax dividend withholding tax	–
Reversal of tax consequences against previously unrecognised deferred tax asset	10
	(13)

12. The weighted average number of shares in issue for purposes of the calculation of the *pro forma* earnings per share has been adjusted for shares issued to employees of the Starch Business whose awards under various employee share incentive schemes vest on a *pro rata* basis at the time of disposal. No share awards issued to employees of Tambankulu are expected to vest at the time of disposal.
13. THL has potential ordinary shares within its employee share option plan and management share option plan that have not vested, as well as contingently issuable shares held by employees in terms of employee incentive schemes. Share awards are dilutive at the level of profit from continuing operations and so, in accordance with *IAS 33 Earnings Per Share*, have been treated as dilutive for the purpose of determining diluted earnings per share. The diluted headline earnings per share is lower than diluted basic earnings per share because of the effect on headline earnings of the remeasurement items, mainly relating to the profit on disposal of the businesses. For the *pro forma* earnings per share which includes the profit on disposal, the potential ordinary shares are dilutive and the weighted average number of shares in issue is adjusted accordingly.
14. All adjustments are recurring in nature except where otherwise stated.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

The *pro forma* consolidated statement of financial position as at 31 March 2020 has been prepared to show the impact of the Transaction, the Starch Disposal and Sale and Leaseback Transaction as if they were effective 31 March 2020.

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* position after Sale and Leaseback Transaction	Disposal of assets and liabilities of the Starch Business classified as held for sale	Profit on disposal of the Starch Business and application of the purchase consideration	Once-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* position after the Starch Disposal and Sale and Leaseback Transaction	Disposal of assets and liabilities of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
ASSETS												
Non-current assets												
Property, plant and equipment	6 013	16	6 029					6 029	(97)			5 932
Right-of-use assets	340		340					340	–			340
Goodwill	53		53					53	–			53
Intangible assets	337		337					337	(6)			331
Investments in associates and joint ventures	35		35					35	–			35
Deferred tax assets	593		593		(693)	17	202	119	–			119
Other non-current assets	348		348		450	(29)		769	(1)			768
Amounts owing by Group companies	–		–					–	(116)		116	–
Total non-current assets	**7 719**	**16**	**7 735**	**–**	**(243)**	**(12)**	**202**	**7 682**	**(220)**	**–**	**116**	**7 578**
Current assets												
Inventories	3 281		3 281					3 281	(3)			3 278
Biological assets	2 572		2 572					2 572	(123)			2 449
Trade and other receivables	1 071		1 071					1 071	(5)			1 066
Current tax assets	124		124					124	–			124
Cash and cash equivalents	1 242		1 242			(119)		1 123	(56)	(6)		1 061
Amounts owing by Group companies	–		–					–	(116)		116	–
	8 290	**–**	**8 290**	**–**	**–**	**(119)**	**–**	**8 171**	**(303)**	**(6)**	**116**	**7 978**
Assets classified as held for sale	2 139		2 139	(2 003)				136				136
Total current assets	**10 429**	**–**	**10 429**	**(2 003)**	**–**	**(119)**	**–**	**8 307**	**(303)**	**(6)**	**116**	**8 114**
TOTAL ASSETS	**18 148**	**16**	**18 164**	**(2 003)**	**(243)**	**(131)**	**202**	**15 989**	**(523)**	**(6)**	**232**	**15 692**

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* position after Sale and Leaseback Transaction	Disposal of assets and liabilities of the Starch Business classified as held for sale	Profit on disposal of the Starch Business and application of the purchase consideration	Once-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* position after the Starch Disposal and Sale and Leaseback Transaction	Disposal of assets and liabilities of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
EQUITY AND LIABILTIES												
Capital and reserves												
Share capital and premium	1 679		1 679					1 679	(16)		16	1 679
Accumulated losses	(3 563)		(3 563)		3 115	(96)	202	(342)	(387)	189	364	(176)
Other reserves	(863)		(863)					(863)	–			(863)
Investment by parent company	–		–	(1 150)	1 150			–	–	192	(192)	–
Total equity attributable to owners of THL	**(2 747)**	**–**	**(2 747)**	**(1 150)**	**4 265**	**(96)**	**202**	**474**	**(403)**	**381**	**188**	**640**
Non-controlling interests	1 152		1 152					1 152				1 152
Total equity	**(1 595)**	**–**	**(1 595)**	**(1 150)**	**4 265**	**(96)**	**202**	**1 626**	**(403)**	**381**	**188**	**1 792**
Non-current liabilities												
Deferred tax liabilities	1 123		1 123					1 123	(49)			1 074
Borrowings	157	77	234					234	–			234
Lease liabilities	227		227					227	–			227
Post-retirement benefit obligations	504		504					504	–			504
Deferred income	115		115					115	–			115
Provisions	690		690					690	–			690
Total non-current liabilities	**2 816**	**77**	**2 893**	**–**	**–**	**–**	**–**	**2 893**	**(49)**	**–**	**–**	**2 844**

R'million	THL audited results for the twelve months ended 31 March 2020	Sale and Leaseback Transaction	*Pro forma* position after Sale and Leaseback Transaction	Disposal of assets and liabilities of the Starch Business classified as held for sale	Profit on disposal of the Starch Business and application of the purchase consideration	Once-off costs resulting from the Starch Disposal and settlement of post-retirement benefits	Consolidation adjustments resulting from Starch Disposal	*Pro forma* position after the Starch Disposal and Sale and Leaseback Transaction	Disposal of assets and liabilities of Tambankulu	Profit on disposal of Tambankulu, application of Purchase Price and one-off costs	Internal restructuring and consolidation adjustments resulting from the Transaction	*Pro forma* results after the Transaction, the Starch Disposal and the Sale and Leaseback Transaction
Notes	1	2	3	4	5	6	7	8	9	10	11	
Current liabilities												
Borrowings	12 439	(61)	12 378		(4 508)			7 870	–	(387)		7 483
Lease liabilities	78		78					78	–			78
Trade and other payables	2 493		2 493					2 493	(47)		23	2 469
Post-retirement benefit obligations	51		51			(35)		16	–			16
Deferred income	167		167					167	–			167
Provisions	688		688					688	–			688
Current tax liabilities	76		76					76	(3)			73
Amounts owing to Group companies	–		–					–	(21)		21	–
	15 992	**(61)**	**15 931**	**–**	**(4 508)**	**(35)**	**–**	**11 388**	**(71)**	**(387)**	**44**	**10 974**
Liabilities directly associated with assets classified as held for sale	935		935	(853)				82				82
Total current liabilities	**16 927**	**(61)**	**16 866**	**(853)**	**(4 508)**	**(35)**	**–**	**11 470**	**(71)**	**(387)**	**44**	**11 056**
TOTAL LIABILTIES	**19 743**	**16**	**19 759**	**(853)**	**(4 508)**	**(35)**	**–**	**14 363**	**(120)**	**(387)**	**44**	**13 900**
TOTAL EQUITY AND LIABILITIES	**18 148**	**16**	**18 164**	**(2 003)**	**(243)**	**(131)**	**202**	**15 989**	**(523)**	**(6)**	**232**	**15 692**
Shares in issue (in thousands) – refer note 12	134 814		134 814					134 848				134 848
Net asset value per share (cents)	(2 038)		(2 038)					351				474
Tangible net asset value per share (cents)	(2 767)		(2 767)					(26)				101

NOTES AND ASSUMPTIONS

1. The "THL audited results for the twelve months ended 31 March 2020" information has been extracted, without adjustment, from the THL audited consolidated annual financial statements for the 12 (twelve) months ended 31 March 2020 which are available on the THL website (https://www.tongaat.com).
2. On 29 June 2020, THL announced a Sale and Leaseback Transaction whereby the Mozambican Subsidiaries would dispose of their vehicle fleet to Unitrans Mozambique Limitada ("Unitrans") for a total purchase price of ZAR75 million (seventy-five million Rand). On purchase, Unitrans will incur the cost of refurbishing the vehicles for the benefit of the Mozambican Subsidiaries, following which the Mozambican subsidiaries will lease the vehicle fleet back for a period of 5 (five) years. The estimated cost to refurbish the vehicles is estimated to be ZAR16 million (sixteen million Rand). The purchase price is subject to any adjustment for asset verification and any differences between the actual and estimated refurbishment costs.

   The transaction has been treated as a financing arrangement as the Mozambican Subsidiaries retain control over the assets given that, *inter alia*, the duration of the lease term aligns with, or extends beyond, the remaining useful life of the majority of vehicles in the fleet. Vehicles that reach the end of their useful life during the lease will have to be replaced and will not be of any further benefit to Unitrans after the conclusion of the lease. The replacement vehicle will be subject to a new lease arrangement and not the sale and leaseback. Consequently, the vehicle fleet has not been derecognised and there is no profit or loss on disposal.

   Borrowings of ZAR91 million (ninety-one million Rand) has been recognised, comprising the cash received of ZAR75 million (seventy five million Rand) and the refurbishment costs incurred by Unitrans of ZAR16 million (sixteen million Rand). The refurbishment costs will increase the future economic benefits expected from the vehicle fleet and have been capitalised to the vehicle fleets' carrying amount. The proceeds received will be split evenly between repaying the Mozambican Subsidiaries' existing term debt and reducing working capital facilities.

	ZAR'million
Refurbishment costs capitalised to carrying amount of vehicle fleet	16
Reduction of borrowings in Mozambique	75
– Term loans	37
– Working capital facilities	38
Recognition of liability to Unitrans	(91)
– Current portion	(14)
– Non-current portion	(77)

3. The column represents the *pro forma* financial position of THL after adjusting for the post balance sheet event at 31 March 2020 related to the Sale and Leaseback Transaction in Mozambique.
4. The "Reversal of the results of the Starch Business" information has been extracted, without adjustment, from the THL audited consolidated annual financial statements for the 12 (twelve) months ended 31 March 2020 which are available on the THL website (https://www.tongaat.com).
5. In respect of the Starch Disposal, the purchase consideration adjustments will be finalised based on the actual position on the closing date. For the purpose of the *pro forma* financial statements, these adjustments have been calculated using the financial position as at 31 March 2020. The maximum amount of the purchase consideration is ZAR5 347 million (five billion three hundred and forty-seven million Rand). The purchase consideration and the resultant profit on disposal is set out below.

		ZAR'million
Cash consideration		5 350
Add: Retention of the post-retirement benefit obligations (Refer to note 5.1.)		96
Less: Actual debt (Refer to note 5.2.)		(273)
Less: Net working capital adjustment (Refer to note 5.3.)		(215)
Purchase consideration	Capped at: R5 347 million	**4 958**
– Cash consideration applied to reduce interest-bearing debt		4 508
– Cash consideration held in escrow account		450
Less: Net asset value of the Starch Business (Refer to note 5.4.)		(1 150)
Profit on disposal of Starch Business, before taxation		**3 808**
Less: Deferred taxation (Refer to note 5.5.)		(693)
Profit on disposal of Starch Business, after taxation		**3 115**

   An amount of ZAR450 million (four hundred and fifty million Rand) will be held in an escrow account for a period of 12 (twelve months) for the purposes of settling any successful claims made by KLL Group in terms of the warranties and indemnities given by THL in the sale and purchase agreement, and which are not covered by the warranty and indemnity insurance policy. The amount held in the escrow account is reflected as a non-current financial asset as THL will only receive the unrestricted use of this cash 12 (twelve) months after the Starch Disposal becomes effective. No provision has been raised for any such claims as all relevant matters have been disclosed to the purchaser. Subject to there being no warranty claims, the balance will be used to further reduce THL's interest-bearing debt in South Africa as committed to THL's Lenders in terms of the Debt Reduction Plan.

   5.1. An amount of ZAR96 million (ninety-six million Rand) is included in the purchase consideration as compensation for THL retaining the obligation to pay for post-retirement benefits for retired employees and in-service employees of the Starch Business. The obligation for these post-retirement benefits is recognised by the THL head office division and is included in THL's audited consolidated annual financial statements for the 12 (twelve) months ended 31 March 2020.

5.2. Actual debt (as defined in the sale and purchase agreement for the Starch Disposal) at 31 March 2020 consists of ZAR227 million (two hundred and twenty-seven million Rand) owing in term of the Starch Business' maize financing facilities and certain accruals for executive bonuses for employees of the Starch Business, long unbilled water utilities at the Germiston mill, maize pricing adjustment owing in terms of a pricing contract with a major customer.

	ZAR'million
Borrowings (i.e. maize finance facilities)	(227)
include: Executive bonus accrual for employees of Starch Business	(34)
include: Maize pricing adjustments owing to a major customer	(12)
include: Long-unbilled water utilities accrual for Germiston mill	–
Actual debt	**(273)**

5.3. As per the sale and purchase agreement for the Starch Disposal, the difference between the actual working capital and the normalised net working capital is adjusted in determining the purchase consideration. The normalised net working capital has been agreed to be ZAR889 million (eight hundred and eight-nine million Rand). If the normalised net working capital exceeds the actual net working capital, then this adjustment reduces the purchase consideration (and *vice versa*). The actual net working capital excludes any amounts taken into account when determining the actual debt (in note 5.2 above). The calculation of the net working capital adjustment is set out below.

	ZAR'million
Actual net working capital	
Inventories	482
Add: Trade and other receivables	564
Less: Trade and other payables (excluding items reallocated to actual debt)	(372)
Trade and other payables	(418)
exclude: Executive bonus accrual for employees of Starch Business	34
exclude: Maize pricing adjustments owing to a major customer	12
exclude: Long-unbilled water utilities accrual for Germiston mill	–
	674
Less: Normalised net working capital	(889)
Net working capital adjustment	**(215)**

5.4. The investment by the parent company of ZAR1 150 million (one billion one hundred and fifty million Rand), representing the net asset value of the Starch Business as at 31 March 2020, is released to THL's accumulated reserves to determine the profit on disposal of the Starch Business.

5.5. As detailed in note 5 of the *pro forma* statement of profit or loss and other comprehensive income, the tax consequences arising from the profit realised on the Starch Disposal totalled ZAR693 million (six hundred and ninety-three million Rand).

6. The once-off transaction costs to be incurred as a consequence of the Starch Disposal are as follows:

	ZAR'million
Transaction costs (Refer to note 6.1.)	(55)
Once-off cost to revise post-retirement provision for in-service employees (Refer to note 6.2.)	(25)
Costs to carve out the Starch Business from the THL SAP system (Refer to note 6.3.)	(20)
	(100)
Deferred taxation	13
	(87)
Executive incentive bonus (Refer to note 6.4.)	(13)
Deferred taxation	4
	(96)

6.1. Transaction costs of ZAR55 million (fifty-five million Rand) are expected to be incurred as a direct result of the Starch Disposal. The transaction costs have increased from the original estimate of ZAR40 million (forty million Rand) disclosed in the circular for the Starch Disposal due to the inclusion of costs associated with the resolution of the MAC dispute between THL and KLL Group. The transaction costs are assumed to be settled in cash shortly after the closing date. The transaction costs are capital in nature and therefore deductible from the capital gain realised on the Starch Disposal (determined on the time-apportionment method).

6.2. THL has recognised an obligation for the post-retirement benefits owing to qualifying employees, including those of the Starch Business, which is determined actuarially. For pensioners the obligation is measured at the present value of the total benefits payable, whereas for in-service employees the obligation is built up over the expected years of service as required by IAS 19 *Employee Benefits* (i.e. the projected unit credit method). While THL will retain the obligation to pay for post-retirement benefits for retired and in-service employees, in lieu of which it will receive ZAR96 million (ninety-six million Rand), no further service will be received from the in-service employees of the Starch Business. Consequently, the projected unit credit method of accruing the obligation is no longer applicable and the obligation has been increased to reflect the amount agreed with the current employees of the Starch Business to settle the obligation in full, resulting in a once-off cost of ZAR25 million (twenty-five million Rand). The amount has been determined with reference to an actuarial valuation. The cost is capital in nature and therefore deductible from the capital gain realised on the Starch Disposal (determined on the time-apportionment method).

The post-retirement benefit obligation to in-service employees totals ZAR60 million (sixty million Rand) and will be settled shortly after the closing date. In-service employees who are members of the THL defined contribution pension fund were given the option to receive a cash settlement or an increase in their pension fund credit which would be funded from THL's employer surplus account in the pension fund (reflected as a non-current financial asset in the statement of financial position). In-service employees who are members of the THL provident fund will receive a cash settlement. The total cash settlement is estimated to be ZAR31 million (thirty-one million Rand) while ZAR29 million (twenty-nine million Rand) will be funded from THL's employer surplus account in the pension fund. The post-retirement benefit obligation to retired employees of ZAR58 million (fifty-eight million Rand) will be retained by THL and will be settled monthly as medical aid premiums fall due.

	ZAR'million
Provision for in-service employees of the Starch Business using the projected unit credit method	35
Once-off cost to revise provision to the agreed amount to be settled to in-service employees	25
Total provision for post-retirement benefits to be settled to in-service employees	**60**
– Settlement using cash	31
– Settlement using THL's employer surplus account to increase employee pension fund credits	29

6.3. In terms of the Transitional Services Agreement, THL is required to carve-out the Starch Business from its existing SAP system to create a stand-alone instance of SAP. The estimated cost of ZAR20 million (twenty million Rand) is capital in nature and therefore deductible from the capital gain realised on the Starch Disposal (determined on the time-apportionment method). These costs will be settled in cash shortly after the closing date.

6.4. The disposal of the Starch Business will result in THL achieving the second milestone of the Debt Reduction Plan, and a substantial portion of the third milestone, which forms part of a turnaround incentive. The disposal of Tambankulu will result in the achievement of the third milestone. In terms of the turnaround incentive, an executive incentive bonus is payable to qualifying employees of THL as a direct result of the Starch Disposal and the disposal of Tambankulu. The bonus attributed to the Starch Disposal of ZAR13 million (thirteen million Rand) has been estimated based on its contribution of ZAR4 958 million (four billion nine hundred and fifty-eight million Rand) to the additional ZAR5 500 million (five billion five hundred million Rand) debt reduction proceeds required to achieve the second and third milestones. The bonus is assumed to be settled in cash shortly after the closing date. The bonus will be tax deductible. Further details are provided in paragraph 10.3 of the Circular.

7. Consolidation adjustments comprise the following:

7.1. As detailed in note 5.5 above, the tax consequences arising from the profit realised on the Starch Disposal totalled ZAR693 million (six hundred and ninety-three million Rand). The tax consequences have been recognised against THL's (the separate statutory entity) deferred tax asset of ZAR474 million (four hundred and seventy-four million Rand). The resultant increase in taxable temporary differences allows a further ZAR202 million (two hundred and two million Rand) of the previously unrecognised deferred tax asset on the tax loss to be recognised.

	ZAR'million
Previously unrecognised deferred tax asset on tax loss	202

8. The column represents the *pro forma* financial position of THL after adjusting for the post balance sheet events at 31 March 2020 related to the Starch Disposal and the Sale and Leaseback Transaction in Mozambique.

9. The financial information forming the basis of the "Disposal of assets and liabilities of Tambankulu" is extracted, without adjustment, from the audited financial information of Tambankulu Estates Proprietary Limited for the 12 (twelve) months ended 31 March 2020, attached as Annexure 3 to this Circular (with the Independent Reporting Accountants' Report on such information contained in Annexure 4 to this Circular).

10. In respect of the disposal of Tambankulu, the Purchase Price adjustments will be finalised based on the actual position on the closing date of the Transaction. For the purpose of the *pro forma* financial statements, these adjustments have been calculated using the financial position as at 31 March 2020. The Purchase Price is set out below.

	ZAR'million
Cash consideration	375
Add: Net working capital adjustment (Refer to note 10.1.)	24
Less: Capex adjustment (Refer to note 10.2.)	(13)
Add: ML 21 Proceeds (Refer to note 10.3.)	1
Purchase Price	**387**
Less: Net asset value of Tambankulu, after Internal Restructuring (Refer to note 11 below)	(192)
Profit on disposal of Tambankulu, before taxation	**195**
Once-off costs (Refer to note 10.4.)	(6)
Deferred taxation (Refer to note 10.5.)	–
	189

10.1. As per the share purchase agreement for the Transaction, the difference between the Actual Net Working Capital and the Normalised Net Working Capital is adjusted in determining the Purchase Price. The Normalised Net Working Capital has been agreed to be ZAR10 million (ten million Rand). If Normalised Net Working Capital exceeds the Actual Net Working Capital, then this adjustment reduces the Purchase Price (and *vice versa*). The calculation of the net working capital adjustment is set out below.

Actual Net Working Capital:	**ZAR'million**
Inventories	3
Add: Trade and other receivables	5
Add: Cash at bank and on hand	56
Less: Current tax liabilities	(3)
Less: Trade and other payables (excluding dividend withholding tax)	(27)
Trade and other payables	(47)
exclude: Dividend withholding tax payable	20
	34
Less: Normalised Net Working Capital	10
Net working capital adjustment	**24**

10.2. As per the share purchase agreement for the Transaction, if the difference between the Budgeted Capex and Actual Capex exceeds ZAR2 million (two million Rand) then an adjustment is made to the Purchase Price. If Budgeted Capex exceeds the Actual Capex, then this adjustment reduces the Purchase Price (and *vice versa*). As per the definition in the Circular, Capex includes the cost of replanting cane roots. The calculation of the capex adjustment is based on the actual and budgeted capital schedules for the 12 (twelve) months ended 31 March 2020 and is set out below.

		ZAR'million
Actual Capex		9
Budgeted Capex		22
Capex adjustment	Threshold: ZAR2 million (two million Rand)	**(13)**

10.3. Umbuluzi Estates intends to sell Mbuluzi Lodge 21 ("ML 21") for estimated net proceeds (after payment of costs, disbursements and taxes incurred by Umbuluzi Estates in relation to the disposal) of ZAR1 million (one million Rand). The estimated proceeds have been determined with reference to an assessment conducted by a real estate agent within Eswatini. The *pro forma* financial information has been prepared on the assumption that the sale of ML 21 will occur after the closing date of the Transaction. In this situation, the net proceeds will be included as an adjustment to the Purchase Price. If the sale of ML 21 were to occur before the closing date, the net proceeds will form part of the cash balances and would be payable through the net working capital adjustment.

10.4. The once-off costs that arise as a consequence of the Transaction are as follows:

	ZAR'million
Transaction costs	(5)
Executive incentive bonus	(1)
Once-off costs	**(6)**
Deferred taxation – Transaction costs	–
Deferred taxation – Executive incentive bonus	–
	(6)

Transaction costs of ZAR5 million (five million Rand) are expected to be incurred as a direct result of the Transaction. The transaction costs are assumed to be settled in cash shortly after the closing date. The transaction costs are capital in nature. As the capital gain on the disposal is not taxable, the transaction costs are not deductible for tax purposes.

The disposal of Tambankulu, together with the Starch Disposal becoming effective, will result in THL achieving the third milestone of the Debt Reduction Plan. In terms of the turnaround incentive, an executive incentive bonus is payable to qualifying employees of THL as a direct result of the Starch Disposal and the disposal of Tambankulu. The bonus attributed to the Transaction is ZAR1 million (one million Rand) has been estimated based on its contribution of ZAR387 million (three hundred and eighty-seven million Rand) to the additional ZAR5 500 million (five billion five hundred million Rand) debt reduction proceeds required to be realised to achieve the third milestone. The bonus is assumed to be settled in cash shortly after the closing date. The bonus will be tax deductible. Further details are provided in paragraph 10.3 of the Circular.

10.5. As detailed in note 10.1 of the *pro forma* statement of profit or loss and other comprehensive income, there are no tax consequences arising from the profit realised on the disposal of Tambankulu.

11. The Internal Restructuring and consolidation adjustments that arise as a consequence of the Transaction are as follows:

	ZAR'million
Internal Restructuring (Refer to note 11.1.)	249
Dividend withholding tax (Refer to note 11.2.)	(23)
Consolidation adjustments (Refer to note 11.3.)	138
Accumulated reserves	**364**

11.1. As part of an Internal Restructuring that, in terms of the share purchase agreement is required to take place prior to the closing date, the Target Group will declare the Target's Loan Account as one or more dividends *in specie* to THL and FDC *pro rata* to their shareholdings in the Target (Target Dividend) and the portion of the Target's Loan Account distributed to THL shall be extinguished by operation of law. The net impact of the Internal Restructuring is that the net asset value of Tambankulu decreases from ZAR403 million (four hundred and three million Rand) to ZAR154 million (one hundred and fifty-four million Rand).

The FDC dividend of ZAR17 million (seventeen million Rand) remains owing on loan account from Tambankulu, increasing the total FDC Shareholder Claim in TAM to ZAR38 million (thirty-eight million Rand). There is no THL Shareholder Claim in TAM. As the THL Shareholder Claim in TAM and the FDC Shareholder Claim in TAM form part of the disposal, these amounts are adjusted in the net asset value of Tambankulu.

	ZAR'million
Net asset value of Tambankulu (Refer to note 9)	403
Target Dividend	(249)
– THL portion (93.33% shareholding)	(232)
– FDC portion (6.67% shareholding)	(17)
THL and FDC Shareholder Claims in TAM	**38**
– THL portion	–
– FDC portion	38
Net asset value of Tambankulu, after Internal Restructuring	**192**

11.2. The dividend *in specie* distributed to THL of ZAR232 million (two hundred and thirty-two million Rand) will result in dividend withholding tax being levied at a rate of 10% (ten per cent) on the value of the dividend, resulting in a ZAR23 million (twenty-three million Rand) tax expense. THL is required to settle dividend withholding tax of ZAR23 million (twenty-three million Rand) in cash 30 (thirty) days after the dividend declaration and the amount has been accrued.

	ZAR'million
Dividend withholding tax	(23)
– THL (a non-resident) is required to pay tax at 10% (ten per cent) of the dividend declared	(23)
– FDC (an Eswatini resident) is not required to tax dividend withholding tax	–
	(23)

11.3. On conclusion of the Transaction, the THL FDC Shareholder Claim in TAM totalling ZAR38 million (thirty-eight million) is disposed of in terms of the share purchase agreement. In addition, the consolidation entries to eliminate share capital totalling ZAR16 million (sixteen million Rand) and the investment by the parent company in Tambankulu of ZAR192 million (one hundred and ninety-two million Rand) are released to THL's accumulated reserves.

	ZAR'million
THL and FDC Shareholder Claims in TAM	(38)
Tambankulu Share capital	(16)
Investment by parent company in Tambankulu	192
	138

12. The number of shares in issue has been adjusted for shares issued to employees of the Starch Business whose awards under various employee share incentive schemes vest on a *pro rata* basis at the time of disposal. No share awards issued to employees of Tambankulu are expected to vest at the time of disposal.

13. There are no other material subsequent events that require adjustment to the *pro forma* financial information.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF THL

To the Directors of Tongaat Hulett Limited
Amanzimnyama Hill Road
Tongaat
Kwa-Zulu Natal
4400

Dear Sirs/Madams

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Tongaat Hulett Limited by the directors. The *pro forma* financial information, as set out in paragraph 8 and Annexure 1 of the circular ("the Circular"), to be dated on or about Wednesday, 30 September 2020, consists of the *pro forma* consolidated statement of profit or loss and the *pro forma* consolidated statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 1 of the Circular, on the company's financial position as at 31 March 2020, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 April 2019 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's audited financial statements for the year-ended 31 March 2020, which were published on 14 August 2020, on which a unmodified audit opinion was issued on 14 August 2020.

Directors' Responsibility for the *Pro Forma* Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 8 and Annexure 1.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a prospectus or circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2020 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 8 and Annexure 1.

Deloitte & Touche
Registered Auditor
Per: Ruwayda Redfearn
Partner

21 September 2020

Deloitte Place
2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
Durban

HISTORICAL FINANCIAL INFORMATION OF TAMBANKULU ESTATES PROPRIETARY LIMITED FOR THE YEARS ENDED 31 MARCH 2020, 31 MARCH 2019 AND 31 MARCH 2018

Background

The historical financial information ("HFI") consists of the consolidated financial statements of Tambankulu Estates Proprietary Limited ("Tambankulu") as at and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018. Tambankulu together with its subsidiaries ("Target Group") is an agri-business that conducts sugarcane farming operations in north eastern Eswatini. Tambankulu is the largest independent sugarcane farmer in Eswatini, comprising two agricultural estates situated alongside the Black Umbuluzi River. With good soils and growing conditions in the region, Tambankulu produces approximately 450 000 tons of sugarcane per annum from its 3 800 hectares of fully irrigated sugarcane, attaining cane yields of up to 125 tons per hectare. Sugarcane is delivered to the nearby Simunye and Mhlume sugar mills for crushing. Tongaat Hulett Limited ("THL") has an effective ownership interest in Tambankulu of 100%, with a direct shareholding of 93.3% and the remaining 6.7% being held by Format Development Corporation Limited ("FDC"), itself a wholly owned subsidiary of THL.

The financial information is the responsibility of the directors and was authorised for issue by the board of directors of Tambankulu on 21 September 2020.

Financial commentary

Financial Year 2018

Revenue for the twelve months ended 31 March 2018 was R213 million. Cane yields of 104 tons per hectare (2017: 115 tons per hectare) were negatively affected by drought and a strike that impacted on the age profile of the sugarcane at the time of harvesting. Sugarcane harvested was 390 000 tons (2017: 419 600 tons) and sucrose tons were 54 800 tons (2017: 58 800 tons). Sucrose prices were higher year-on-year with the drought reducing volumes supplied to low-priced export markets which improved the overall price realisation per ton. Higher sales volumes into the SACU market further improved the sucrose price. Tambankulu recorded an operating loss of R4 million.

Finance income of R35 million was earned, largely on the amount owing by THL. The effective tax rate of 31.0% was higher than the statutory rate of 27.5% due to a reduction in the fair value of Tambankulu's listed investment that is capital in nature and not deductible for tax purposes. Profit for the year was R22 million.

Operating cash flows of R28 million were offset by higher tax payments. Overall, Tambankulu's cash balances reduced by R2 million.

Financial Year 2019

Revenue for the twelve months ended 31 March 2019 of R218 million was 2.4% higher than the previous financial year. Cane yields recovered from 104 to 122 tons per hectare, benefitting from improved availability of water for irrigation, favourable climatic conditions, an improved age profile of the crop and the continued application of good farming practices. Sugarcane harvested increased from 390 000 tons to 452 000 tons, with sucrose tons increasing to 65 000 tons from 54 800 tons.

Sucrose prices declined by 13% as a result of increased competition in the SACU market after a period when the import tariff was ineffective and resulted in significant volumes of imported sugar entering the market and competing against local production. After a series of price reductions to mitigate the loss of volumes, the import tariff was enhanced and prices in the second half of the year were increased by 19.5%, recovering to July 2017 levels. The reduction in the SACU market sales volumes was compounded by the introduction of the Health Promotion Levy in South Africa which resulted in beverage manufacturers reformulating products to reduce the sugar content. Tambankulu realised an operating loss of R5 million.

Finance income of R35 million was earned, largely on the amount owing by THL. The effective tax rate of 31.6% was higher than the statutory rate of 27.5% due to a reduction in the fair value of Tambankulu's listed investment that is capital in nature and not deductible for tax purposes. Profit for the year was R20 million.

The operating loss and an adverse working capital movement resulted in an operating cash outflow of R12 million, contributing to a decrease in Tambankulu's cash balances of R4 million.

Financial Year 2020

Revenue for the twelve months ended 31 March 2020 was R234 million, increasing by 7.4% compared with the previous financial year. Sugarcane harvested reduced from 452 000 tons to 414 000 tons in line with a decline in cane yields from 122 to 113 tons cane per hectare. Cane yields were negatively affected by breakout of yellow sugarcane aphid as well as an early start to the sugar season which meant a younger crop was harvested in the 2020 financial year. Due to the younger age profile of the cane, the business' ability to chemically ripen the crop was limited which negatively impacted the sucrose content of the sugarcane. Sucrose tons decreased from 65 000 tons to 58 400 tons.

Sucrose prices increased by 18% compared to the previous year, benefitting from the full year impact of the 19.5% price increase in the prior year, as well as a further 6.5% increase in November 2019. Sales volumes into the SACU market continued to grow. Cost saving initiatives resulted in a reduction in administrative expenses and contributed to improved profit margins. Tambankulu recorded an operating profit of R24 million.

Finance income of R33 million was received on the surplus cash balances deposited with a financial institution and on the amount owing by THL. The effective tax rate of 27.7% was marginally higher than the statutory tax rate. Overall, profit for the year increased by 102% to R41 million.

Cash generated from operations of R47 million improved by R60 million compared to the prior year and contributed to the increase in Tambankulu's cash balances of R55 million.

TAMBANKULU ESTATES PROPRIETARY LIMITED

STATEMENTS OF FINANCIAL POSITION

as at

R'000	Note	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
ASSETS				
Non-current assets				
Property, plant and equipment	2	97 497	97 086	98 516
Intangible assets	3	6 075	6 888	7 653
Amounts owing by related parties	4	115 906	–	–
Other non-current assets	5	714	8 919	13 022
Total non-current assets		**220 192**	**112 893**	**119 191**
Current assets				
Inventories	6	2 883	3 147	3 889
Biological assets	7	123 367	110 582	102 283
Trade and other receivables	8	4 781	6 929	2 413
Current tax assets		–	3 494	5 593
Cash and cash equivalents	9	56 214	1 022	5 200
Amounts owing by related parties	4	115 906	411 403	396 254
Total current assets		**303 151**	**536 577**	**515 632**
TOTAL ASSETS		**523 343**	**649 470**	**634 823**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	10	16 467	16 467	16 467
Retained earnings		386 898	560 394	540 158
Total equity attributable to owners of Tambankulu Estates Proprietary Limited		**403 365**	**576 861**	**556 625**
Non-current liabilities				
Deferred tax liabilities	11	49 223	45 723	41 965
Total non-current liabilities		**49 223**	**45 723**	**41 965**
Current liabilities				
Trade and other payables	12	46 747	20 713	30 422
Amounts owing to related parties	4	21 143	6 173	5 811
Current tax liabilities		2 865	–	–
Total current liabilities		**70 755**	**26 886**	**36 233**
TOTAL LIABILITIES		**119 978**	**72 609**	**78 198**
TOTAL EQUITY AND LIABILITIES		**523 343**	**649 470**	**634 823**

TAMBANKULU ESTATES PROPRIETARY LIMITED

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended

R'000	Note	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Revenue	13	**234 326**	**218 244**	**213 227**
Cost of sales		(171 606)	(173 050)	(169 514)
Gross profit		**62 720**	**45 194**	**43 713**
Administrative and other expenses		(46 765)	(55 778)	(51 247)
Non-trading items		1 517	–	–
Other operating income		6 141	5 151	3 757
Operating profit/(loss)	14	**23 613**	**(5 433)**	**(3 777)**
Net finance income	15	32 830	34 861	35 020
Finance costs		*(565)*	*(524)*	*(511)*
Finance income		*33 395*	*35 385*	*35 531*
Dividend income		–	175	175
Profit before taxation		**56 443**	**29 603**	**31 418**
Taxation	16	(15 645)	(9 367)	(9 756)
Profit for the year		**40 798**	**20 236**	**21 662**
Other comprehensive income for the year, net of tax		–	–	–
Total comprehensive income for the year		**40 798**	**20 236**	**21 662**

TAMBANKULU ESTATES PROPRIETARY LIMITED

STATEMENTS OF CHANGES IN EQUITY

for the year ended

R'000	Share Capital	Share Premium	Retained Earnings	Total Equity
Balance at 1 April 2017	**750**	**15 717**	**518 496**	**534 963**
Total comprehensive income for the year ended 31 March 2018	–	–	21 662	**21 662**
Balance at 31 March 2018	**750**	**15 717**	**540 158**	**556 625**
Total comprehensive income for the year ended 31 March 2019	–	–	20 236	**20 236**
Balance at 31 March 2019	**750**	**15 717**	**560 394**	**576 861**
Total comprehensive income for the year ended 31 March 2020	–	–	40 798	**40 798**
Dividends	–	–	(214 294)	**(214 294)**
Balance at 31 March 2020	**750**	**15 717**	**386 898**	**403 365**

TAMBANKULU ESTATES PROPRIETARY LIMITED

STATEMENTS OF CASH FLOWS

for the year ended

R'000	Note	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2019 Reviewed
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from/(utilised in) operations	A	47 049	(12 457)	28 402
Taxation paid	B	(5 786)	(3 510)	(28 733)
Net cash inflow/(outflow) generated from or utilised in operating activities		**41 263**	**(15 967)**	**(331)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income	C	3 577	282	667
Additions to property, plant and equipment	2	(9 296)	(8 285)	(17 018)
Replacement and ongoing capital		*(5 123)*	*(3 396)*	*(8 103)*
Replanting of existing area under cane		*(4 173)*	*(4 889)*	*(8 915)*
Additions to intangible assets	3	–	–	(7 886)
Proceeds on disposal of investments		8 371	–	–
Proceeds on disposal of property, plant and equipment		1 757	–	–
Repayment of amount owing by related party		9 405	19 954	22 342
Net cash inflow/(outflow) from investing activities		**13 814**	**11 951**	**(1 895)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Finance costs	C	(22)	(23)	(43)
Net proceeds from/(repayment of) amounts owing to related parties		137	(139)	(199)
Net cash inflow/(outflow) from financing activities		**115**	**(162)**	**(242)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**55 192**	**(4 178)**	**(2 468)**
Cash and cash equivalents at the beginning of the year		1 022	5 200	7 668
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**56 214**	**1 022**	**5 200**

TAMBANKULU ESTATES PROPRIETARY LIMITED

NOTES TO THE STATEMENTS OF CASH FLOWS

for the year ended

R'000	**31 March 2020** Audited	**31 March 2019** Reviewed	**31 March 2018** Reviewed
A. CASH GENERATED FROM OPERATIONS			
Profit for the year	**40 798**	**20 236**	**21 662**
Adjusted for:			
Finance costs	565	524	511
Finance income	(33 395)	(35 385)	(35 531)
Income tax	15 645	9 367	9 756
Operating profit/(loss)	**23 613**	**(5 258)**	**(3 602)**
Adjusted for:			
Depreciation of property, plant and equipment	8 476	9 715	10 529
Amortisation of intangible assets	813	765	469
Loss on disposal of property, plant and equipment	169	–	–
Profit on disposal of land, buildings and cane roots	(1 517)	–	–
Movement in fair value of biological assets	(12 785)	(8 299)	5 123
Movement in fair value of investments	(166)	4 103	3 128
Allowance for expected credit losses	(16)	(68)	(35)
Operating cash flows before movements in working capital	**18 587**	**958**	**15 612**
Working capital			
Movement in inventories	264	742	(910)
Movement in trade and other receivables	2 164	(4 448)	1 247
Movement in trade and other payables	26 034	(9 709)	12 453
Net movement in working capital	**28 462**	**(13 415)**	**12 790**
Cash generated from/(utilised in) operations	**47 049**	**(12 457)**	**28 402**
B. TAXATION PAID			
Tax (asset)/liability at the beginning of the year	**(3 494)**	**(5 593)**	**12 904**
Current taxation for the year recognised in profit or loss	12 145	5 609	10 236
Tax (liability)/asset at the end of the year	(2 865)	3 494	5 593
Taxation paid	**5 786**	**3 510**	**28 733**
C. NET FINANCE INCOME			
Finance Income			
Per statement of profit or loss and other comprehensive income	**33 395**	**35 385**	**35 531**
Interest accrued on amount owing by related party	(29 818)	(35 103)	(34 864)
Per statement of cash flows	**3 577**	**282**	**667**
Finance Costs			
Per statement of profit or loss and other comprehensive income	**(565)**	**(524)**	**(511)**
Interest accrued on amount owing to related party	543	501	468
Per statement of cash flows	**(22)**	**(23)**	**(43)**

TAMBANKULU ESTATES PROPRIETARY LIMITED

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Statement of compliance

The historical financial information ("HFI") of Tambankulu has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements and International Financial Reporting Standards ("IFRS"), including the interpretations of those standards as issued by the International Accounting Standards Board ("IASB"). The HFI is also prepared in accordance with the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

In terms of the JSE Listings Requirements, the historical financial information of Tambankulu must be presented for at least three years up to and including the financial year immediately preceding the issue of a circular. For Tambankulu this would comprise the historical financial information for the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018.

For statutory purposes Tambankulu presents its annual financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs), but previously reported its results in accordance with IFRS. Since Tambankulu has previously reported under IFRS and has once again adopted IFRS for purposes of these HFIs it has applied IFRS retrospectively, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, as if it never stopped applying IFRS. The measurement and recognition criteria applied by Tambankulu in terms of IFRS for SMEs align with the requirements of IFRS in all material respects, however certain additional disclosures requirements have been included in the HFI as a result of compliance with IFRS. The historical financial information for all three financial years has been prepared in accordance with IFRS.

The accounting treatment of the specific clauses in the share purchase agreement is detailed below:

- At 31 March 2020, Tongaat Hulett Limited owed Tambankulu an amount of R232 million (2019: R411 million). The amount will settled by way of a dividend *in specie* distributed by Tambankulu to Tongaat Hulett Limited as part of an internal restructuring to take place once the suspensive conditions have been fulfilled. This loan has been included in the historical financial information but has been shown as an adjustment in the *pro forma* financial information disclosed in Annexure 1.
- Tambankulu has an investment in a share block development within the Mbuluzi Game Reserve with a carrying amount of R0.7 million as at 31 March 2020. The investment is in the process of being disposed of by Tambankulu and in terms of the share purchase agreement, the proceeds will be for the benefit of Tongaat Hulett Limited and Format Development Corporation Limited (collectively, "the Sellers") whether the disposal occurs before or after the closing date. If the proceeds are received after the closing date, they will be paid by the Purchaser to the Sellers as an adjustment to the final purchase price. In the event that the proceeds are received by Tambankulu before the closing date, such proceeds will be reflected in Tambankulu's cash balance and consequently working capital (as defined in the share purchase agreement) and accordingly will accrue to the Sellers. The investment will remain in the historical financial information and will be treated as a purchase price adjustment.

The historical financial information is prepared using the historical cost basis, except as disclosed in the significant accounting policies below.

The historical financial information is presented in South African Rand (ZAR), which is the Tambankulu's presentation currency, rounded to thousands. The functional currency of Tambankulu is the Eswatini Lilangeni (SZL).

Going Concern

The historical financial information has been prepared on the basis of accounting policies applicable to a going concern. The going concern basis presumes that for the foreseeable future (defined as twelve months from the date the HFI was authorised), funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At 31 March 2020, the Tambankulu total assets of R523 million exceeded its total liabilities of R120 million. Current assets of R303 million exceed current liabilities of R71 million. The profit generated by Tambankulu for the twelve months ended 31 March 2020 was R41 million. Cash generated from operations of R47 million improved by R60 million compared to the prior year, and contributed to the increase in Tambankulu's cash balances of R55 million. Management has reviewed the budget and cash flow forecasts for the next twelve months from the date of approval of this historical financial information and are satisfied that Tambankulu will continue as a going concern. The assessment is supported by the business having R56 million of cash on deposit and a further R5 million in overdraft facilities.

The parent company's debt levels are considered to be unsustainable and have resulted in a number of material uncertainties being disclosed in its own assessment of going concern. The material uncertainties applicable to the parent company are however not applicable to Tambankulu. Tambankulu currently does not require financing facilities and operates as a separate business, independent of its parent company.

Management, in its assessment of going concern, has considered the impact of increased market volatility and significant uncertainty caused by the COVID-19 global pandemic. As Tambankulu is involved in the agricultural sector, it is regarded as an essential service and has largely operated as normal during the Government imposed lockdown period. While the impact of COVID-19 creates some uncertainty around the level of disposal income and the ability to export sugar to the regional and global markets, sugar sales in the months after the reporting date have remained buoyant. Although some reduction in sales volumes to customers in South Africa is expected with the introduction of a sugar master plan in that country, the potential negative effect on sucrose prices will be partially offset by the benefit of weaker exchange rates on global export prices. Management do not believe, based on information currently available, that the uncertainty caused by the COVID-19 and the introduction of the sugar master plan is material enough to impact on the suitability of the going concern assumption.

Further details on the sugar master plan and COVID-19 are provided in Note 22 *Events Occurring After the Reporting Date.*

The historical financial information has been audited for the year ended 31 March 2020, and reviewed for the years ended 31 March 2019 and 31 March 2018 by Deloitte & Touche. Deloitte & Touche are not the appointed statutory auditors of Tambankulu. Refer to Annexure 4 for the Independent Reporting Accountant's report on the historical financial information of Tambankulu.

SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment is measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Costs include any other directly attributable expenditure incurred to bring the assets to the location and condition necessary for them to be capable of operating in a manner intended by management.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to Tambankulu and the cost of the item can be measured and allocated reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Cane roots are bearer plants under the definition in IAS 41 *Agriculture* and are therefore accounted for as property, plant and equipment. Costs capitalised to cane roots include all direct costs incurred during land preparation and planting up until the cane root is covered by soil, provided that such costs are directly attributable to the planting of cane roots and will result in probable future economic benefits. Therefore, irrigation and general farming costs are excluded.

Fallow land costs falling outside of the normal operating cycle are considered to be maintenance rather than improvements to the soil. Such costs would not result in future economic benefits and are expensed. Agricultural land is recorded at historical cost and not depreciated.

SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is recognised over the useful lives of assets using the straight-line method on the following basis:

Item	Average useful life
Buildings	50 years
Cane roots	12 years
Plant and machinery	10 years
Transport and vehicles	4 years
Irrigation infrastructure and equipment	10 years
Land	Not depreciated
Capital work-in-progress	Not depreciated until such time as the asset is available for use

Intangible assets

Intangible assets are recognised initially at cost. If an intangible asset is assessed as having an indefinite life, the intangible asset is not amortised, but is tested for impairment annually and impaired if required. If an intangible asset is assessed as having a finite useful life, it is amortised over its estimated useful life, and tested for impairment if there is an indication of impairment.

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Tambankulu are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Tambankulu intends to and has sufficient resources to complete the development and to use or sell the asset. Otherwise, development costs are recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Research expenditure

Research costs incurred with the prospect of gaining new scientific or technical knowledge and understanding, are recognised in profit or loss when incurred.

Amortisation is recognised over the useful lives of intangible assets using the straight-line method. The average useful life of computer software is considered to be 10 years.

Impairment of non-financial assets

Assets that are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped into cash-generating units ("CGUs"), being the lowest levels at which a group of assets generates cash inflows that are separately identifiable. Where an impairment is determined with respect to a cash generating unit, no asset within a cash generating unit is written below the higher of its fair value less cost to sell (if determinable), its value in use (if determinable) or zero. Non-financial assets that were impaired, are reviewed for possible reversal of the impairment at each reporting date.

Biological assets

Growing crops comprise standing cane and are accounted for as biological assets until the point of harvest. Biological assets are measured at fair value, determined with reference to the industry recoverable value. The recoverable value is the amount paid to growers in respect of cane delivered to a mill based on a formula that takes into consideration the quality of the cane delivered.

Cane roots are bearer plants and are therefore recognised as property, plant and equipment. Harvested cane is transferred to inventory at fair value less costs to sell when harvested.

Biological assets also include certain livestock, which is measured at fair value. The fair value of livestock is determined to the prevailing marketing prices on the reporting date.

Financial instruments

Financial instruments comprise investments, trade and other receivables, cash and cash equivalents, amounts owing by/to related parties and trade and other payables but excluding specific items which do not meet the definition.

Classification

Tambankulu classifies financial assets and liabilities into the following categories:

– amortised cost; or
– fair value through profit or loss.

For investments in debt instruments, classification is based on the contractual cash flow characteristics and Tambankulu's business model for managing financial instruments. Debt instruments held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Initial recognition and measurement

Financial instruments are recognised initially when the Tambankulu becomes a party to the contractual provisions of the instruments. Tambankulu classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent measurement

Subsequent to initial recognition, financial assets and liabilities are measured as follows:

Category	Subsequent Measurement
Financial assets	
Financial assets at amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. The effective interest rate method is based on the amount of the book value of the financial instrument at the beginning of the accounting period. Interest income, foreign exchange gains or losses and impairments are recognised in profit or loss.
Investments	Investments are subsequently measured at fair value with changes therein recognised in profit or loss.
Financial liabilities	
Financial liabilities at amortised cost	Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or Tambankulu transfers substantially all the risks and rewards of ownership of the asset to another entity, and the transfer qualifies for derecognition.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

When measuring the fair value of an asset or a liability, the Tambankulu uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Impairment of financial assets

Tambankulu assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost.

Tambankulu has the following financial assets it assesses for impairment:

- Amounts owing by related parties
- Trade receivables;
- Other receivables; and
- Cash and cash equivalents.

For trade and other receivables Tambankulu applies the simplified approach permitted by IFRS 9 *Financial Instruments.* The simplified approach allows entities to recognise lifetime expected losses on all trade receivables without the need to identify significant increases in credit risk.

Significant increase in credit risk

In making an assessment, Tambankulu considers:

- both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Tambankulu's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Tambankulu's core operations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, Tambankulu presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless Tambankulu has reasonable and supportable information that demonstrates otherwise.

a) Definition of default

   Tambankulu considers information developed internally or obtained from external sources that indicate that the debtor is unlikely to pay its creditors in full (without taking into account any collateral held by the business). Irrespective of the above analysis, Tambankulu considers that default has occurred when a financial asset is more than 90 days past due unless it has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

b) Credit-impaired financial assets

   A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the significant financial difficulty of the debtor.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and the loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Tambankulu writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Tambankulu's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other payables

Trade payables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are measured at amortised cost.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognised at fair value. Tambankulu holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Tambankulu. Interest may be charged at commercial rates and collateral is not normally obtained.

The carrying amount of the asset is reduced, through the use of an allowance account, for any expected credit loss and the amount of the loss is recognised in profit or loss within operating expenses.

Amounts due by related parties

Amounts due by related parties, including any loans advanced, are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Deferred tax

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the assets and liabilities at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting period and reduced to the extent that it is no longer probable that the related asset will be realised.

Revenue

Tambankulu sells sugarcane to the Simunye and Mhlume sugar mills (its customers) in Eswatini with these sales being regulated by the Eswatini Sugar Association. For the sale of such products, the revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer. At this point, a receivable is recognised by Tambankulu when the goods are delivered to the customer as this represents the point in time and when the right to consideration becomes unconditional as only the passage of time is required before payment is due. Revenue is recognised using the latest estimate of the sucrose price for the season as determined by the Eswatini Sugar Association and published at the reporting date. Any difference between this estimated sucrose price and the final sucrose price for the season (which is determined and published after the reporting date) is recorded in the financial results for the following financial year. The operation also sells a limited amount of livestock.

SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Retirement funds

Tambankulu contributes to a defined contribution plan.

A defined contribution plan is a pension plan under which Tambankulu pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The assets of the plans are held separately from those of Tambankulu and are administered and controlled by trustees. Contributions to the defined contribution plans are charged to profit or loss in the period in which the related services are rendered by the employee.

Short-term employee benefits

The cost of short-term employee benefits such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are expensed in the period in which the employee renders the related service.

Post-employment benefits

Post-employment benefits represent Tongaat Hulett Limited Group schemes that are invoiced by the parent company to Tambankulu. Accordingly, this is treated as a defined contribution plan by Tambankulu as its employees form part of the Tongaat Hulett Limited Group schemes.

Share-based payments

Certain of Tambankulu's senior managers are eligible to participate in the Tongaat Hulett Limited Group employee share incentive schemes. The charge to profit or loss required by IFRS 2 *Share-based Payment* is accounted for in terms of the scheme on the basis that the instruments are equity-settled. The total amount to be expensed on a straight-line basis over the vesting period is determined with reference to the fair value of the awards determined at the grant date. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis. The fair value of the share-based payment is measured using a binomial tree model and/or a Monte Carlo Simulation model, as is appropriate for the various schemes.

Presentation currency

The principles of IAS 21 *The Effects of Changes in Foreign Exchange Rates* have been applied in the translation of the financial information of Tambankulu from its functional currency (Eswatini Lilangeni or SZL) to its presentation currency (South African Rand or ZAR), but since this exchange rate is at par with the South African Rand there is no foreign currency translation reserve or differences.

New Standards, Amendments to Standards and Interpretations in issue but not yet effective

Tambankulu has elected not to early adopt the following standards and interpretations, which have been published and are mandatory for Tambankulu's financial years beginning on or after 1 April 2020 or later periods:

Effective for financial year beginning after 1 April 2020

Conceptual Framework for Financial Reporting	Amendments to references to the Conceptual Framework in various IFRS standards.
IFRS 3 *Business Combinations*	Amendments to the definition of a business.
IAS 1 *Presentation of Financial Statements;* and	
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	Amendments to the definition of material.
IFRS 9 *Financial Instruments;*	
IAS 39 *Financial Instruments: Recognition and Measurement; and*	
IFRS 7 *Financial Instruments: Disclosures*	Additional disclosures around uncertainty arising from interest rate benchmark reform
IAS 1 *Presentation of Financial Statements*	Amendments to the classification of liabilities as non-current or current

Management is of the view that the adoption of the above-mentioned standards in future periods is not expected to have a significant financial impact on Tambankulu's financial information and will only result in additional disclosure requirements. The requirements of these standards and interpretations will be adopted at the respective effective dates.

CRITICAL ESTIMATES AND JUDGEMENTS

In the application of the Tambankulu's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Although estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

Management considers these judgements and estimates, as described below, to have a material effect on the consolidated financial information.

Nature of judgement/ estimate	Description
Valuation of biological assets	Growing crops are required to be measured at fair value less harvesting, transport and over-the-weighbridge costs. In determining fair value, management estimates the yield and recoverable value of standing cane taking into consideration adjusted by a factor to reflect the growth of the cane at 31 March (i.e. the cane growth percentage). The cane growth percentage reflects the long-term average climatic information and agricultural conditions at the estate.
Cane root cost capitalisation	Management applied judgement in determining when the cane root is available for use in the manner intended by management, being when the cane root is in the furrow and covered by soil. Further judgement has been applied when estimating the useful life of cane roots to be 12 years.
Useful lives and residual values	Property, plant and equipment are depreciated over their useful lives taking into account residual values. The useful lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Nature of judgement/ estimate	Description
Allowance for expected credit loss on amounts due by related parties and trade and other receivables	When measuring expected credit loss, Tambankulu uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. While the amount owing by Tongaat Hulett Limited of R232 million (2019: R411 million) is significant, the balance has reduced substantially in the past twelve months and it is intended for the amount outstanding to be settled in full by way of a dividend *in specie*. The dividend *in specie* reduces the cash flow required by Tongaat Hulett Limited to settle the exposure to R23 million, being the amount of the non-resident tax required to be settled. On the basis that the cash required to settle the balance is substantially lower than the carrying amount of the loan and with the pending sale of its shares in the business, there is a high probability that Tongaat Hulett Limited can secure the necessary funding on the back of the expected sales proceeds. As a result, Tambankulu has determined that no allowance for an expected credit loss is required.
Going concern	Refer to Basis of Preparation

NOTES TO THE HISTORICAL COMBINED FINANCIAL INFORMATION

1. ADOPTION OF NEW ACCOUNTING STANDARDS

Tambankulu adopted IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and IFRS 9 *Financial Instruments* ("IFRS 9") from 1 April 2018. A number of other standards were also effective from 1 April 2018 but they do not have a material effect on the financial statements of the company. With effect from 1 April 2019, Tambankulu applied IFRS 16 *Leases* ("IFRS 16") and IFRIC 23 *Uncertainty over Income Tax Treatments* ("IFRIC 23") as detailed below.

1.1 IFRS 15 Revenue from contracts with customers

IFRS 15 replaces all existing IFRS revenue requirements and establishes a single, principles-based model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised as the company satisfies performance obligations and transfers control of goods or services to its customers, compared with the previous accounting standard that recognised revenue based on an assessment of the risks and rewards of ownership. The measurement of revenue is determined based on the amount to which the company expects to be entitled to in the exchange for the goods or services and is allocated to each specific performance obligation in the contract. Depending on whether certain criteria are met, revenue is recognised either over time or at a point in time, as and when the performance obligations are met, and control of the goods or services is transferred to the customer.

The transition to IFRS 15 did not have a quantitative impact on the financial statements. However, the disclosure has been enhanced to align with the IFRS 15 requirements.

1.2 IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and sets out the new requirements for the classification and measurement of financial instruments, introduces an expected credit loss model for the measurement of impairment losses and establishes a closer alignment between hedge accounting and risk management practices. Comparative information has been restated in accordance with the transitional requirements of IFRS 9 and the required disclosure has been made concerning the reclassifications and measurements as set out below.

The adoption of the requirements of IFRS 9 was applied with full retrospective application and has had the following effect on the company:

Classification and measurement

On the date of initial application, 1 April 2017, the company assessed the business model applicable to each financial asset and accordingly classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Measurement Category		Carrying Amount		
R'000	**Original (IAS 39)**	**New (IFRS 9)**	**Original**	**New**	**Difference**
Financial assets					
Trade and other receivables	Loans and receivables	Measured at amortised cost	3 410	3 410	–
Cash and cash equivalents	Loans and receivables	Measured at amortised cost	7 668	7 668	–
Investments – listed	Fair value through profit and loss	Fair value through profit and loss	15 436	15 436	
Amounts owing by related parties	Loans and receivables	Measured at amortised cost	383 734	383 734	–
Financial liabilities					
Trade and other payables	Measured at amortised cost	Measured at amortised cost	13 286	13 286	–
Amounts owing to related parties	Measured at amortised cost	Measured at amortised cost	5 209	5 209	–

Financial assets have been reclassified from loans and receivables to amortised cost. However, the measurement principles remain the same as they have been measured at amortised cost using the effective interest rate method. Tambankulu holds these financial assets for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest of the principal amount. The reclassification into the new measurement categories did not have a significant impact on Tambankulu.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost.

Tambankulu has adopted the simplified expected credit loss model for its trade receivables which uses a lifetime expected loss allowance, as required by IFRS 9. The general expected credit loss model is used for other receivables and loans to unrelated parties, held at amortised cost.

As Tambankulu's trade debtors are short term in nature (largely 30 days), the impact of IFRS 9 is insignificant. The adoption of IFRS 9 has had no material impact on Tambankulu's earnings.

1.3 **IFRS 16 *Leases***

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases and service contracts where an identified asset is controlled by a customer.

This note explains the impact of the adoption of IFRS 16, on the financial statements and discloses the new accounting policies that have been applied from 1 April 2019.

Tambankulu adopted IFRS 16 using the modified retrospective approach permitted by IFRS 16, with no restatement of comparative information. The comparative information remains as previously reported under IAS 17 *Leases* ("IAS 17") and related interpretations. Consequently, the cumulative effect of adopting IFRS 16 is recognised in the opening statement of financial position as at 1 April 2019.

Adjustments recognised on adoption of IFRS 16

The adoption of IFRS 16 did not result in the recognition of any right-of-use assets or lease liabilities on 1 April 2019, taking into consideration the practical expedients Tambankulu applied.

Practical expedients applied

In applying IFRS 16 for the first time, the Tambankulu has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 did not have a material impact on the accounting for leases previously accounted for under IAS 17.

1.4 ***Adoption of IFRIC 23 Uncertainty over Income Tax Treatments***

IFRIC 23 addresses the accounting for income tax treatments that have not yet been accepted by the tax authorities. It provides a framework to consider, recognise and measure the impact of such tax uncertainties. It also clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination.

While Tambankulu has considered this guidance, it does not have any uncertain tax positions to which it would apply.

2. PROPERTY, PLANT AND EQUIPMENT

R'000 Audited	Land and Buildings	Cane Roots	Plant and Machinery	Transport and Vehicles	Irrigation Infrastructure and Equipment	Capital Work-in-Progress	Other Fixed Assets	Total
Balance at 1 April 2019	**12 708**	**34 800**	**3 141**	**7 630**	**27 074**	**532**	**11 201**	**97 086**
Additions	715	4 173	166	301	3 859	82	–	9 296
Expansion capital	–	–	–	–	–	–	–	–
Replacement and ongoing capital	715	4 173	166	301	3 859	82	–	9 296
Disposals and scrapping	(85)	–	–	–	(324)	–	–	(409)
Current year depreciation charge	(392)	(4 434)	(327)	(1 361)	(1 554)	–	(408)	(8 476)
Transfers by asset category in/(out)	–	–	–	–	54	(54)	–	–
Carrying amount as at 31 March 2020	**12 946**	**34 539**	**2 980**	**6 570**	**29 109**	**560**	**10 793**	**97 497**
Made up as follows:								
Cost	26 762	62 946	10 578	38 039	63 664	560	6 939	209 488
Accumulated depreciation and impairment	(13 816)	(28 407)	(7 598)	(31 469)	(34 555)	–	3 854	(111 991)
Carrying amount:	**12 946**	**34 539**	**2 980**	**6 570**	**29 109**	**560**	**10 793**	**97 497**

R'000 Reviewed	Land and Buildings	Cane Roots	Plant and Machinery	Transport and Vehicles	Irrigation Infrastructure and Equipment	Capital Work-in-Progress	Other Fixed Assets	Total
Balance at 1 April 2018	11 866	35 631	3 073	9 496	22 456	4 385	11 609	98 516
Additions	1 227	4 889	402	–	1 767	–	–	8 285
Expansion capital	–	–	–	–	–	–	–	–
Replacement and ongoing capital	1 227	4 889	402	–	1 767	–	–	8 285
Current year depreciation charge	(385)	(5 720)	(334)	(1 866)	(1 002)	–	(408)	(9 715)
Transfers by asset category in/(out)	–	–		–	3 853	(3 853)	–	–
Carrying amount as at 31 March 2019	**12 708**	**34 800**	**3 141**	**7 630**	**27 074**	**532**	**11 201**	**97 086**
Made up as follows:								
Cost	26 237	58 773	10 412	37 897	60 511	532	14 647	209 009
Accumulated depreciation and impairment	(13 529)	(23 973)	(7 271)	(30 267)	(33 437)	–	(3 446)	(111 923)
Carrying amount	**12 708**	**34 800**	**3 141**	**7 630**	**27 074**	**532**	**11 201**	**97 086**

R'000 Reviewed	Land and Buildings	Cane Roots	Plant and Machinery	Transport and Vehicles	Irrigation Infrastructure and Equipment	Capital Work-in-Progress	Other Fixed Assets	Total
Balance at 1 April 2017	**11 365**	**33 275**	**3 234**	**9 700**	**22 826**	**–**	**11 627**	**92 027**
Additions	879	8 915	179	1 679	594	4 385	387	17 018
Expansion capital	–	–	–	–	–	–	–	–
Replacement and ongoing capital	879	8 915	179	1 679	594	4 385	387	17 018
Current year depreciation charge	(378)	(6 559)	(340)	(1 883)	(964)	–	(405)	(10 529)
Carrying amount as at 31 March 2018	**11 866**	**35 631**	**3 073**	**9 496**	**22 456**	**4 385**	**11 609**	**98 516**
Made up as follows:								
Cost	25 010	53 884	10 010	37 897	54 891	4 385	14 648	200 725
Accumulated depreciation and impairment	(13 144)	(18 253)	(6 937)	(28 401)	(32 435)	–	(3 039)	(102 209)
Carrying amount	**11 866**	**35 631**	**3 073**	**9 496**	**22 456**	**4 385**	**11 609**	**98 516**

Further information

The area under cane roots for the Eswatini operations is 3 810 hectares (2019: 3 837 hectares and 2018: 3 798 hectares).

Details of the land and buildings are recorded in a register that is available for inspection at Tambankulu's registered office.

Impairment

For the purposes of impairment testing, Tambankulu is considered to be the cash generating unit, being the smallest group of assets capable of generating separately identifiable cash flows. In light of the COVID-19 global pandemic, management undertook an analysis of the current economic conditions faced in Eswatini before COVID-19, and considered the potential impact that COVID-19 and related lockdowns may have on future economic conditions and cash flows. The recoverable amount of Tambankulu was determined with reference to the purchase price contained in the sale agreement concluded between Tongaat Hulett Limited and Eswatini's Public Service Pension Fund for the business. The purchase price of R375 million was agreed on 17 June 2020 when all parties had a substantial awareness of the COVID-19 pandemic and the uncertainty it brings. As the net assets of the business, excluding the amounts owing by Tongaat Hulett Limited, are R172 million, there is headroom of R203 million relative to the purchase price. Consequently, no impairment loss has been recognised.

3. INTANGIBLE ASSETS

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Carrying amount at 1 April	**6 888**	**7 653**	**236**
Additions	–	–	7 886
Current year amortisation charge	(813)	(765)	(469)
Carrying amount at end of year	**6 075**	**6 888**	**7 653**
Made up as follows:			
Cost	8 122	8 122	8 122
Accumulated amortisation and impairment	(2 047)	(1 234)	(469)
	6 075	**6 888**	**7 653**

Further information

The intangible assets are solely comprised of SAP computer software. The expected useful life is 10 years and the remaining amortisation period is 7 years.

Encumbrance

Intangible assets are not encumbered.

Impairments

Refer to Note 2 *Property, Plant and Equipment* for comment relating to impairment testing of cash generating units, which includes the carrying amount of intangible assets.

4. AMOUNTS OWING BY/TO RELATED PARTIES

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Amounts owing by related parties			
Tongaat Hulett Limited	**231 812**	**411 403**	**396 254**
Analysed as follows:			
Non-current	115 906	–	–
Current	115 906	411 403	396 254
	231 812	**411 403**	**396 254**
Amounts owing to related parties			
Tongaat Hulett Limited	333	333	333
Format Development Corporation Limited	20 663	5 840	5 478
	20 996	**6 173**	**5 811**
Analysed as follows:			
Non-current	–	–	–
Current	20 996	6 173	5 811
	20 996	**6 173**	**5 811**

Further information

Amounts owing by Tongaat Hulett Limited

The amount owing by Tongaat Hulett Limited, the parent company, was converted to a term loan during the year ended 31 March 2020. The loan is unsecured and bears interest at 2.7% below the prime interest rate charged by the commercial banks in Eswatini, compounded bi-annually.

The loan is recoverable in two equal instalments on 30 September 2020 and 30 September 2021, after deducting the following:

- amounts owing to Tongaat Hulett Limited in respect of goods and services rendered.
- dividend distributions declared by Tambankulu as and when it has surplus cash available to settle any non-resident taxes on behalf of the parent company.

In 2019 and 2018 financial years, the loan was unsecured, interest bearing and repayable on demand and classified as current.

As part of the share purchase requirement, Tambankulu is required to declare a dividend *in specie* to enable Tongaat Hulett Limited to settle the amount owing in full. This internal restructuring will take place two days after the suspensive conditions of the agreement have been fulfilled. Consequently, the amount owing is likely to be settled ahead of the agreed repayment terms disclosed above.

The amount reduced significantly in the 2020 financial year mainly due to Tongaat Hulett Limited's share (R200 million) of the dividend declared by Tambankulu on 19 March 2020. Considerations on the recoverability of the remaining balance are disclosed in Note 19 *Financial Risk Management*.

Amounts owing to Tongaat Hulett Limited Group companies

The amount owing to Format Development Corporation Limited increased significantly in the 2020 financial year mainly due to the dividend declared by Tambankulu of R14 million that remained unpaid as at 31 March 2020.

5. OTHER NON-CURRENT ASSETS

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Other investments measured at fair value through profit or loss			
Listed equity investment – Zeder Investments Limited	–	8 205	12 308
Investment in shareblock development – Mbuluzi Game Reserve	714	714	714
Total non-current assets	**714**	**8 919**	**13 022**

Mbuluzi Game Reserve

Tambankulu has an investment in a share block development within the Mbuluzi Game Reserve. The Mbuluzi Game Reserve is a private game reserve of around 4 000 hectares that borders a 40 000 hectare conservancy. The investment entitles Tambankulu to use a designated lodge within the reserve.

6. **INVENTORIES**

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Consumables	2 895	3 159	3 954
Inventory before allowance	**2 895**	**3 159**	**3 954**
Less: allowance for inventory write-downs	(12)	(12)	(65)
Net inventories	**2 883**	**3 147**	**3 889**
Carrying amount of inventory that has been written down to net realisable value	12	12	65

Reconciliation of the allowance for inventory write-downs:

R'000	31 March 2020	31 March 2019	31 March 2018
At beginning of the year	**12**	**65**	**–**
Additional write-down	–	–	65
Reversals	–	(53)	–
At end of the year	**12**	**12**	**65**

The write-downs and reversals are included in 'cost of sales'.

7. BIOLOGICAL ASSETS

R'000	31 March 2020 Audited Livestock	Standing cane	Total	31 March 2019 Reviewed Livestock	Standing cane	Total	31 March 2018 Reviewed Livestock	Standing cane	Total
Reconciliation of the carrying amount of biological assets									
Carrying amount at beginning of the year	**1 753**	**108 829**	**110 582**	**1 627**	**100 656**	**102 283**	**1 231**	**106 175**	**107 406**
Changes in fair value:									
(Loss)/gain arising from physical growth	–	(6 101)	**(6 101)**	–	(2 269)	**(2 269)**	–	37 172	**37 172**
(Loss)/gain arising from price changes	(60)	16 992	**16 932**	186	12 318	**12 504**	47	(42 691)	**(42 644)**
Increase/(decrease) due to changes in area under cane	–	2 322	**2 322**	–	(1 876)	**(1 876)**	–	–	**–**
Other movements in fair value	(368)	–	**(368)**	(60)	–	**(60)**	349	–	**349**
Carrying amount at end of the year	**1 325**	**122 042**	**123 367**	**1 753**	**108 829**	**110 582**	**1 627**	**100 656**	**102 283**

Further information

The Company's growing crops consist of standing cane (i.e. sugarcane that is growing in the field) and cane roots (i.e. bearer plant) from which the standing cane grows is disclosed in Note 2. *Property, Plant and Equipment*. Incidental to its core operations, the operation owns cattle with a small livestock population. The fair value livestock is determined with reference to prevailing market prices.

At 31 March 2020, as the new sugar milling season had not yet commenced, all standing cane has not yet attained the appropriate age for harvesting (determined in months). In Eswatini, the average harvesting age is 12 months. If sugarcane is harvested earlier or later than its harvesting age, it can reduce the sucrose content extracted from the sugarcane and ultimately overall sugar production. To manage the risk of a decline in the fair value of its standing cane, the Tambankulu has implemented precision farming techniques and practices good agricultural husbandry to ensure that the sugarcane can be harvested in the condition intended.

Tambankulu does not insure its biological assets.

Standing cane

Standing cane is measured at fair value which is determined using unobservable inputs (namely, yield of the standing cane and prices) and is categorised as Level 3 under the fair value hierarchy. The fair value of standing cane is determined by estimating the growth of the cane, an estimate of the yield of the standing cane, sucrose content, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market as at the end of the reporting period. Changes in the fair value are included in profit or loss, with a gain of R13.2 million (2019: gain of R8.1 million and 2018: loss of R5.5 million) being recognised in profit or loss in the current year. The key unobservable inputs used in determining fair value and a reconciliation of the change in fair value for the year are shown below.

	2020	**2019**	**2018**
Hectares for harvest	3 810	3 725	3 798
Standing cane value (Rand per hectare)	32 035	29 216	26 502
Yield (tons cane per hectare)	112.2	124.8	121.1
Average maturity of cane as at 31 March (%)	66.6	63.4	66.8
Sugarcane tons (equivalent)	284 461	294 700	307 364
Sugarcane price per ton (Rand)	429	369	327
Sucrose price per ton (Rand)	3 892	3 456	3 056
Carrying amount as at 31 March (R'000)	122 042	108 829	100 656
Changes in fair value (R'000)	13 213	8 173	(5 519)

The valuation of standing cane is most sensitive to the sucrose price per ton (i.e. price) and the yield (i.e. volume) assumptions. The sensitivity analyses below has been determined on the basis that the sucrose price per ton and yield assumptions for the 2020/21 season, which are inputs into the valuation model for standing cane at 31 March 2021, are replaced with the actual sucrose price per ton and actual yield achieved for the 2019/20 season.

	2020		**2019**		**2018**	
	%	**Impact (R'000)**	%	**Impact (R'000)**	%	**Impact (R'000)**
Sensitivity to yield assumption[1]	0.3%	337	(2.4)%	(2 647)	(13.8)%	(13 862)
Sensitivity to sucrose price assumption[2]	(0.4)%	(0.6)	(5.9)%	(8 434)	21.4%	28 843

1. A positive number indicates that the actual yield achieved in the 2019/20 season is higher than the assumed yield for the 2020/21 season. In this case, if standing cane was valued using the actual 2019/20 yield, it would reflect a higher carrying amount than what is reflected on the statement of financial position. For a negative number, the opposite is true.
2. A positive number indicates that the actual sucrose price achieved in the 2019/20 season is higher than the assumed sucrose price for the 2020/21 season. In this case, if the standing cane was valued using the actual 2019/20 price, it would reflect a higher carrying amount than what is reflected on the statement of financial position. For a negative number, the opposite is true.

8. TRADE AND OTHER RECEIVABLES

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Trade receivables			
Trade receivables from contracts with customers relating to the sale of cane	3 029	5 770	–
Less: allowance for expected credit losses	–	–	–
Net trade receivables	**3 029**	**5 770**	**–**
Other receivables subject to expected credit losses			
Other receivables	948	661	436
	948	**661**	**436**
Less: allowance for expected credit losses	(14)	(30)	(98)
Net other receivables subject to expected credit losses	**934**	**631**	**338**
Other receivables not subject to expected credit losses			
Prepayments	452	250	219
VAT receivable	366	278	1 856
Total	**4 781**	**6 929**	**2 413**

Further information

There is no material difference between the fair value of trade and other receivables and their carrying amount due to the short-term nature of these items.

COVID-19 considerations

In the context of the COVID-19 pandemic and the economic disruption resulting from the lockdown, Tambankulu has further tightened its already robust credit process to ensure its financial assets are appropriately safeguarded. Tambankulu's credit risk is inherently low as with the short credit terms available to customers, it is able to identify any risks early and limit any further exposure. Tambankulu's debtors have been able to operate during the lockdown which has provided a further level of assurance. Overall, Tambankulu is well-positioned to withstand the impact of the COVID-19 pandemic and management does not anticipate a material increase in the ECL allowance.

Impairment

Tambankulu applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss rate in respect of trade receivables is negligible as payments are generally received within the payment terms with no history of significant bad debts, and there are no past due trade receivables. The sugar industry is regulated by the Eswatini Sugar Association. Refer to Note 19 *Financial Risk Management* for further details.

For other receivables, Tambankulu recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the other receivables has not increased significantly since initial recognition, Tambankulu measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The measurement of expected credit losses is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, this is represented by the assets' gross carrying amount at the reporting date.

The company writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no prospect of recovery, namely when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, the debtor has failed to engage in a repayment plan with the company and a failure to make contractual payments within a specified period.

The following table details the risk profile of trade receivables:

R'000	31 March 2020	31 March 2019	31 March 2018
Past due	–	–	–
Not past due	3 029	5 770	–
Gross trade receivables	**3 029**	**5 770**	**–**
Less: allowance for expected credit losses	–	–	–
Net trade receivables	**3 029**	**5 770**	**–**

The following table details the risk profile of 'other receivables subject to expected credit losses':

R'000	31 March 2020	31 March 2019	31 March 2018
Gross 'other receivables subject to expected credit losses'	**948**	**661**	**436**
Performing	934	631	338
Non-performing	14	30	98
In default	–	–	–
***Less:* allowance for expected credit losses**	**(14)**	**(30)**	**(98)**
Performing	–	–	–
Non-performing	(14)	(30)	(98)
In default	–	–	–
Net 'other receivables subject to expected credit losses'	**934**	**631**	**338**

In determining the ECL, the history of customers who meet payment terms which are short-term has been taken into consideration, therefore resulting in a limited expected credit loss.

The following tables show the movement in the allowance for ECLs that have been recognised for in accordance with IFRS 9.

R'000	31 March 2020	31 March 2019	31 March 2018
Analysis of movement in loss allowance on 'other receivables subject to expected credit losses':			
Balance at beginning of the year	**30**	**98**	**133**
Increase/(decrease) in loss allowance recognised in profit or loss during the year	–	30	(35)
Amounts written off as uncollectible	(3)	(83)	–
Amounts recovered during the year	(13)	(15)	–
Balance at end of the year	**14**	**30**	**98**

There are no receivables pledged as security for debt.

9. CASH AND CASH EQUIVALENTS

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Cash at banks and on hand	256	986	2 914
Short-term deposits	55 958	36	2 286
Cash and cash equivalents in the statement of financial position and cash flows	**56 214**	**1 022**	**5 200**

Further information

Cash at bank and in hand generally earns interest at rates based on the daily bank deposit rate.

Short-term deposits generally comprise deposits placed on money markets for periods of up to three months which earn interest at a short-term deposit rate. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of the instruments.

10. SHARE CAPITAL AND PREMIUM

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Ordinary Share Capital			
Authorised shares:			
1 500 000 ordinary shares at 50 cents each	750	750	750
Issued and fully paid:			
1 500 000 ordinary shares at 50 cents each	750	750	750
Share premium	15 717	15 717	15 717
Total issued share capital and premium	**16 467**	**16 467**	**16 467**

11. DEFERRED TAX

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
The movement in net deferred tax liabilities during the year is as follows:			
Balance at beginning of the year	**45 723**	**41 965**	**42 445**
Deferred tax expense/relief for the year recognised in profit or loss	3 500	3 758	(480)
Balance at end of the year	**49 223**	**45 723**	**41 965**
Comprising:			
Deferred tax assets	–	–	–
Deferred tax liabilities	49 223	45 723	41 965
The balance comprises temporary differences attributable to:			
Property, plant and equipment (excl. cane roots) and intangible assets	6 268	5 599	3 772
Cane roots	9 498	9 570	9 798
Biological assets	33 926	29 928	27 680
Accruals, employee benefits and allowances	(922)	(722)	(802)
Inventory and other	453	1 348	1 517
Balance at end of the year	**49 223**	**45 723**	**41 965**

12. **TRADE AND OTHER PAYABLES**

R'000	**31 March 2020** Audited	**31 March 2019** Reviewed	**31 March 2018** Reviewed
Trade payables	11 077	9 335	4 220
Accruals	5 222	3 294	2 841
Total trade payables	**16 299**	**12 629**	**7 061**
Other payables	**30 448**	**8 084**	**23 361**
Accrual for leave pay	2 503	2 595	2 820
Utilities	3 571	1 816	2 970
Payroll related deductions	4 247	–	–
Non-resident tax owing	20 032	–	–
Sundry	95	3 673	17 571
Total	**46 747**	**20 713**	**30 422**

Further information

Trade payables and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. In the 2020 financial year, other payables included an amount owing in respect of non-resident tax in respect of the dividend *in specie*.

The carrying amount approximates fair value because of the short period to settlement of these obligations.

13. **REVENUE**

Tambankulu generates revenue primarily from the sale of sugarcane.

Revenue is derived from the transfer of goods at a point in time in respect of the following:

R'million	**31 March 2020** Audited	**31 March 2019** Reviewed	**31 March 2018** Reviewed
Revenue from contracts with customers from:			
Cane growing	228 358	212 043	207 079
Livestock and other	5 968	6 201	6 148
Total revenue	**234 326**	**218 244**	**213 227**
Timing of revenue recognition			
At a point in time	234 326	218 244	213 227
Over time	–	–	–
	234 326	**218 244**	**213 227**

14. **PROFIT FROM OPERATIONS**

Operating profit is arrived at after taking into account, among other items, those detailed below:

R'000	**31 March 2020** Audited	**31 March 2019** Reviewed	**31 March 2018** Reviewed
Depreciation of property, plant and equipment	8 476	9 715	10 529
Amortisation of intangible assets	813	765	469
Employee costs	101 071	105 503	99 589
Salaries and wages	65 094	65 738	58 066
Staff benefits	22 141	23 779	29 923
Incentives	9 414	11 989	8 994
Share-based payments	45	(275)	394
Contributions to post-retirement funds	4 377	4 272	2 212
External auditor's remuneration	623	1 210	673
Audit fees	575	1 160	661
Disbursements	48	50	12
Operating lease charges in respect of IAS 17 – property, plant and equipment	–	471	408
Charges for leases not capitalised in terms of IFRS 16	412	–	–
Short-term leases not recognised in lease liabilities	175	–	–
Leases of low-value assets not included in short-term leases	237	–	–
Consulting fees	1 249	3 898	3 118
Administrative and other services	1 249	3 898	3 118
Loss on disposal of property, plant and equipment	169	–	–
Profit on disposal of land, buildings and cane roots	(1 517)	–	–
Fair valuation adjustment on biological assets	12 785	8 299	(5 123)
Decrease in the ECL allowance on 'trade and other receivables'	(16)	(68)	(35)

15. **NET FINANCE INCOME**

R'000	**31 March 2020** Audited	**31 March 2019** Reviewed	**31 March 2018** Reviewed
Net finance income comprise:			
Finance income relating to financial instruments measured at amortised cost:			
Financial institutions	3 577	282	669
Related parties	29 818	35 103	34 864
Total finance income	**33 395**	**35 385**	**35 533**
Finance costs relating to financial instruments measured at amortised cost:			
Financial institutions	(22)	(23)	(43)
Related parties	(543)	(501)	(468)
Total finance costs	**(565)**	**(524)**	**(511)**
Total net finance income	**32 830**	**34 861**	**35 022**

16. TAXATION

The taxation expense represents the sum of current taxation and deferred taxation. Taxation rates that have been used have been enacted or substantively enacted by the reporting date are used to determine the taxation balances.

R'000	**31 March 2020** Audited	**31 March 2019** Reviewed	**31 March 2018** Reviewed
Current tax			
Current year	12 145	5 609	10 236
Deferred tax			
Current year	3 500	3 758	(480)
Taxation charge for the year	**15 645**	**9 367**	**9 756**

Reconciliation of effective taxation rate:

Tambankulu has elected to present a reconciliation between the product of the accounting profit multiplied by the Eswatini tax rate and the total taxation charge for the year, as well as a reconciliation between the Eswatini statutory tax rate and Tambankulu's effective tax rate.

	31 March 2020		**31 March 2019**		**31 March 2018**	
R'000	%	**R**	%	**R**	%	**R**
Profit before taxation		56 443		29 603		31 418
Tax using the normal rate of Eswatini tax	27.5%	15 522	27.5%	8 141	27.5%	8 640
Adjusted for:						
Disallowed amortisation	0.3%	145	0.5%	145	0.5%	144
Building capital allowance	(0.1)%	(65)	(0.8)%	(232)	(0.4)%	(138)
Non-deductible expenditure (e.g. donations, legal fees)	0.1%	43	0.8%	233	0.9%	298
Fair value adjustments to investments	–	–	3.8%	1 128	2.7%	860
Exempt dividend income	–	–	(0.2)%	(48)	(0.2)%	(48)
Effective rate of taxation	**27.7%**	**15 645**	**31.6%**	**9 367**	**31.0%**	**9 756**

17. DIVIDENDS

R'000	**31 March 2020** Audited	**31 March 2019** Reviewed	**31 March 2018** Reviewed
Ordinary share capital			
Final dividend, R142.86 per share (2019: nil)	214 294	–	–
Total	**214 294**	**–**	**–**

18. CAPITAL RISK MANAGEMENT

Tambankulu's capital consists of its total equity since it has no long-term borrowings.

Tambankulu's capital management objectives are to safeguard its ability to continue as a going concern so as to provide acceptable returns to shareholders and benefit to other stakeholders. In previous financial years, surplus cash was invested via a loan to its parent company, Tongaat Hulett Limited. From the 2020 financial year, to reduce reliance on the Tongaat Hulett Limited for its funding requirements, all surplus funds were held on deposit with a reputable financial institution.

19. **FINANCIAL RISK MANAGEMENT**

Tambankulu does not trade in financial instruments, including derivative financial instruments, for speculative purposes. It is, however, still exposed in the normal course of its operations to financial risks. In order to minimise these risks, Tambankulu may enter into transactions that make use of financial instruments. Financial risks are managed through a number of existing procedures, particularly in respect of credit risk.

The following table summarises the carrying amount of financial instruments recorded at 31 March and sets out the company's classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are described below:

– Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

R'000	Fair value level	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Financial assets				
Measured at amortised cost:				
Trade and other receivables [1, 2]		3 977	6 431	436
Amount owing by related parties [1]		231 812	411 403	396 254
Cash and cash equivalents [3]		56 214	1 022	5 200
Fair value through profit or loss:				
Investments [4]	1	–	8 205	12 308
Total		**292 003**	**427 061**	**414 198**
Financial liabilities				
Measured at amortised cost:				
Trade and other payables [1, 5]		40 673	16 302	24 632
Amount owing to related parties [1]		21 143	6 173	5 811
Total		**61 816**	**22 475**	**30 443**

The above table includes only financial assets and liabilities and thus values may differ to the balances of similarly classified items in the balance sheet.

1. The fair value of these instruments approximates their carrying amount, due to their short-term nature.
2. Trade and other receivables excludes VAT receivable and prepayments and reflects the gross credit exposure (i.e. the allowance for expected credit losses is not included).
3. The carrying amount of cash is considered to reflect its fair value.
4. Investments include Tambankulu's equity interest in Zeder Investments Limited, a company listed on the Johannesburg Stock Exchange.
5. Trade and other payables excludes VAT payables, utilities accruals and leave pay.

Liquidity risk

Liquidity risk is the risk of being unable to meet a financial commitment. Tambankulu manages its liquidity risk by maintaining cash reserves and by continuously monitoring forecasts and actual cash flows. Tambankulu has access to an overdraft facility of R5 million from First National Bank Eswatini, should the need arise. In order to reduce its reliance on Tongaat Hulett Limited, its parent company whose ability to fund its non-South African subsidiaries is constrained in terms of its lending facilities, Tambankulu has built up cash balances of R56 million to meet future its future cash flow requirements.

Management has considered the impact of increased market volatility and significant uncertainty caused by the COVID-19 global pandemic on its liquidity. Management do not believe, based on information currently available, that the uncertainty caused by the COVID-19 is material enough to impact on the liquidity of Tambankulu.

The table below details the company's contractual maturity for its financial assets and liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of the financial assets and liabilities. The table includes both interest and principal cash flows. To the extent that interest flows are at a floating rate, the undiscounted amount is derived utilising the interest rate at year end. The maturity for all balances in each period is less than one year.

		Less than 1 year		
R'000	**Average interest rate (%)**	**31 March 2020**	**31 March 2019**	**31 March 2018**
Financial assets				
Trade and other receivables	Overdue balances only	3 977	6 431	436
Amounts owing by related parties	Prime lending rates less 2.75%	231 812	411 403	396 254
Total financial assets		**235 789**	**417 834**	**396 690**
Financial liabilities				
Trade and other payables	Overdue balances only	40 673	16 302	24 632
Amounts owing to related parties (interest-bearing)	Prime lending rate	20 663	5 840	5 478
Amounts owing to related parties (interest free)	Interest free	480	333	333
Total financial liabilities		**61 816**	**22 475**	**30 443**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. Tambankulu's trade receivables arise from the sale of sugarcane to sugar mills. The sugarcane sale invoices are settled by the sugar millers weekly and payments are regulated by the Eswatini Sugar Association. Consequently, Tambankulu's exposure to credit risk is considered limited. Further impairment considerations are provided in Note 8 *Trade and Other Receivables*.

While Tambankulu supplies two sugar mills owned and operated by Royal Eswatini Sugar Corporation Limited, the credit exposure is not material in the context of Tambankulu's financial position and the concentration of credit risk to a single counterparty is mitigated by the regulation and oversight of Eswatini Sugar Association. The credit risk on cash and cash equivalents funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In respect of the amount owing by Tongaat Hulett Limited, the balance owing of R232 million (2019: R411 million) is significant but has reduced substantially in the past twelve months and it is intended for the amount outstanding to be settled in full by way of a dividend *in specie*. The dividend *in specie* reduces the cash flow required by Tongaat Hulett Limited to settle the exposure to R23 million, being the amount of the non-resident tax required to be settled. On the basis that the cash required to settle the balance is substantially lower than the carrying amount of the loan and with the pending sale of its shares in the business, there is a high probability that Tongaat Hulett Limited can secure the necessary funding on the back of the expected sales proceeds. As a result, Tambankulu has determined that no allowance for an expected credit loss is required.

The carrying amount of financial assets represents the maximum exposure to credit risk.

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Financial assets			
Trade and other receivables	3 977	6 431	436
Amounts owing by Tongaat Hulett Limited	231 812	411 403	396 254
Cash and cash equivalents	56 214	1 022	5 200
	292 003	**418 856**	**401 890**

Interest rate risk

Tambankulu is exposed to fluctuations in interest rate as it earns interest on amount owing by Tongaat Hulett Limited and the cash deposits held with financial institutions at floating interest rates.

The sensitivity analysis below was prepared based on the exposure to interest rates at the reporting date. A 100 basis point increase or decrease represents a reasonably possible change in interest rates.

R'000	100 basis point change in interest rates Increase	Decrease
Year ended 31 March 2020	3 502	(3 502)
Year ended 31 March 2019	4 069	(4 069)
Year ended 31 March 2018	3 964	(3 964)

20. **COMMITMENTS & CONTINGENCIES**

At the reporting date, Tambankulu has no commitments or contingent liabilities and has not provided any guarantees.

21. **RELATED PARTY TRANSACTIONS**

During the year Tambankulu, in the ordinary course of business, entered into various related party transactions in respect of financing and investing activities. These transactions occurred under terms that are no less favourable than those arranged with third parties. Intra-group transactions with subsidiaries are eliminated on consolidation.

Transactions between Tambankulu and its related parties are disclosed below.

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Goods and services			
Finance costs paid to Format Development Corporation Limited	543	501	468
Finance income received from Tongaat Hulett Limited	(29 818)	(35 103)	(34 864)
Balances – receivable/(payable)			
Amount owing to Format Development Corporation Limited	(20 663)	(5 840)	(5 478)
Amount owing to Tongaat Hulett Limited	(333)	(333)	(333)
Amount owing by Tongaat Hulett Limited	231 146	411 403	396 254

Key management personnel

Key management personnel of Tambankulu is the individual that has authority and responsibility for planning, directing and controlling the activities of the company. The key management individual received the following remuneration:

R'000	31 March 2020 Audited	31 March 2019 Reviewed	31 March 2018 Reviewed
Salary	1 846	1 846	1 750
Medical and life insurance contributions	121	121	116
Accrued leave and other benefits	58	57	57
Share incentive gains	–	285	361
Total	**2 025**	**2 309**	**2 284**

22. **EVENTS OCCURING AFTER THE REPORTING PERIOD**

There is a significant period of time between the reporting date and the date of authorising the historical financial information. The subsequent events below were carefully assessed to ensure that all material events have been disclosed.

Disposal of Tambankulu

On 17 June 2020, Tongaat Hulett Limited and Format Development Corporation Limited entered into a share purchase agreement whereby eSwatini's Public Pension Fund will acquire the shares and shareholder claims in Tambankulu for R375 million, subject to certain working capital and capital expenditure adjustments. Where proceeds from the disposal of Tambankulu's investment in the Mbuluzi Game Reserve (estimated to be R1 million) are received after the closing date, such proceeds will be paid to the shareholders. The suspensive conditions are expected to be fulfilled or waived by 31 October 2020. The proceeds from this disposal are expected to be paid on 1 November 2020.

A significant term of the share purchase agreement is that two days after the suspensive conditions have been fulfilled, Tambankulu shall declare a dividend *in specie* of sufficient quantum to settle the amount owing by Tongaat Hulett Limited in full.

COVID-19 pandemic

The COVID-19 global pandemic continues to impact the world at large and has increased market volatility and uncertainty over the past few months. To curb the spread of the virus, the government in Eswatini declared a national state of emergency on 17 March 2020 which extended until 19 June 2020. In addition, a partial lockdown was implemented on 27 March 2020 and, while measures to ease the lockdown began from 8 May 2020, the lockdown remains in place with all non-essential services remaining closed and the public urged to avoid unnecessary travel or movement. The economy of Eswatini has been negatively impacted by COVID-19 and it remains uncertain as to how and when the economy will begin to recover taking into consideration the various relief measures the Eswatini government is putting in place.

As Tambankulu is involved in the agricultural sector, it was classified as an essential service provider and has continued to operate during the lockdown period. The operation has experienced very few COVID-19 infections and its operations have continued as per normal and in line with its harvest plan. The sugarcane harvested continues to be delivered the Simunye and Mhlume sugar mills where it is crushed. Furthermore, sugar sales in the South African Customs Union market have remained buoyant which has supported the sucrose price.

Management continues to proactively assess the impact of COVID-19 on the business and adapt its interventions to minimise business disruption. Tambankulu relies significantly on protocols and procedures contained in its business continuity plans. The business continuity plans cover critical elements, including the adequacy of key suppliers and their ability to respond during the pandemic, measures to ensure the health of employees, staff continuity planning, information technology requirements for working offsite, as well as protocols for to deal with employee infections. These plans are aligned with the government directives and regulations to prevent the spread of the virus. To combat the virus, Tambankulu continues to incur unplanned expenditure in respect of personal protective equipment.

Tambankulu has treated COVID-19 as an adjusting event in the preparation of its financial statements, and it did not require any material adjustments to be made to the carrying amounts of its assets as a consequence of the pandemic. Specifically, the following was considered:

– The impact of the COVID-19 pandemic on the recoverable amount use to test Tambankulu's tangible and intangible assets for impairment.
– In determining the appropriate expected credit loss, Tambankulu has considered the resultant economic disruption on its customers, and their ability to adhere to payment terms and the risk of any default.
– The COVID-19 pandemic has been included in the going concern assessment.

South African sugar master plan

On 23 June 2020, the Department of Trade, Industry and Competition in South Africa published amendments to the Constitution of the South African Sugar Association and the Sugar Industry Agreement, and granted the sugar industry a twelve-month exemption from certain provisions of the Competition Act. These amendments were effective from 1 July 2020 and will allow industry stakeholders to begin working together to implement a master plan for the industry. As part of the first phase of the sugar master plan, industrial users and retailers of sugar in South Africa have committed to minimum levels of South African produced sugar, equal to no less than 80% of their requirements in year one and increasing to 95% by year three. To support this undertaking, South African sugar producers have committed to price restraint during this period. As a result, sales of sugar by the Eswatini Sugar Association into the South African market are expected to decline over the next three years which is likely to reduce the sucrose price Tambankulu receives for its sugarcane.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION

To the Directors of Tongaat Hulett Limited
Tongaat Hulett Limited
Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
4400

Dear Sirs/Madams

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

Introduction

At your request and for the purpose of the Tongaat Hulett Limited (**"the Company"**) Circular to be dated on or about Wednesday, 30 September 2020, we have:

- audited the historical financial information of the Tambankulu Estates Proprietary Limited (**"the Business"**) in respect of the year ended 31 March 2020 as presented in Annexure 3 to the circular dated on or about 30 September 2020 (**"the Circular"**);
- we have reviewed the historical financial information of the Business in respect of the years ended 31 March 2019 and 31 March 2018, as presented in Annexure 3 of the Circular.

Historical Financial Information for the year ended 31 March 2020

Opinion

The historical financial information in respect of the year ended 31 March 2020 as presented in Annexure 3 to the Circular comprises the statement of financial position as at 31 March 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the historical financial information, including a summary of significant accounting policies.

In our opinion, the historical financial information presents fairly, in all material respects, the statement of financial position of the Business as at 31 March 2020, and its statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Business in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' Responsibility for the Historical Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical financial information for the year ended 31 March 2020 in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors are responsible for assessing the Business' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Business or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Historical Financial Information for the year ended 31 March 2020

Our objectives are to obtain reasonable assurance about whether the historical financial information for the year ended 31 March 2020, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Business' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Business' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Business to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of historical financial information, including the disclosures, and whether the historical financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Historical Financial Information for the years ended 31 March 2019 and 31 March 2018

We have reviewed the historical financial information of the Business in respect of the years ended 31 March 2019 and 31 March 2018 set out in Annexure 3 to the Circular, comprising the statements of financial position for the years ended 31 March 2019 and 31 March 2018, changes in equity and cash flows for the year ended 31 March 2019, including a summary of significant accounting policies and selected explanatory notes for the year ended 31 March 2019.

Directors' Responsibility for the Historical Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Reviews of the Historical Financial Information for the years ended 31 March 2019 and 31 March 2018

Our responsibility is to express a conclusion on the historical financial information for the years ended 31 March 2019 and 31 March 2018. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Review of Interim Financial Information Performed by the Independent Auditor of the Entity (ISRE 2400), which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards. This standard also requires us to comply with relevant ethical requirements.

A review of the historical financial information in accordance with ISRE 2400 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of the directors and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical financial information.

Conclusion on the Historical Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information of the Business for the years ended 31 March 2019 and 31 March 2018 do not present fairly, in all material respects, the financial positions of the Business as at 31 March 2019 and 31 March 2018, and its financial performance and cash flows for the year ended 31 March 2019 and 31 March 2018, in accordance with International Financial Reporting Standards.

Purpose of the report

The purpose of our report is for the Circular of the Company and is not to be used for any other purpose.

Deloitte & Touche
Registered Auditor
Per: A.R. Kilpatrick
Partner

21 September 2020

Deloitte Place
2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
Durban
4051
South Africa

Tongaat Hulett Limited

(Incorporated in South Africa)
(Registration number 1892/000610/06)
Share code: TON
ISIN ZAE000096541
("**THL**" or the "**Company**")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN to Shareholders that a general meeting of Shareholders will be held electronically **at 10:00 (South African Standard Time) on Wednesday, 28 October 2020**, or such other adjourned or postponed date and time as will be determined and announced in accordance with the provisions of the Companies Act as read with the JSE Listings Requirements ("**General Meeting**").

The General Meeting will be conducted entirely by way of electronic communication and electronic facilities. Shareholders will not be able to physically attend the General Meeting.

Purpose:

The purpose of the General Meeting is to consider and, if deemed fit, to adopt, with or without modification, the resolutions set out hereunder in the manner required by the Companies Act and the JSE Listings Requirements.

The resolutions relate to the "Transaction" (as defined in the circular to which this Notice of General Meeting is attached and of which it forms part ("**Circular**")). The Circular, which is hereby incorporated into this Notice of General Meeting by reference thereto, sets out a summary of the salient terms and conditions of the Transaction.

Notes:

- The definitions and interpretations commencing on page 7 of the Circular apply throughout this Notice of General Meeting.
- **In terms of section 63(1) of the Companies Act, before any person (including a proxy or representative) may participate in the General Meeting, that person will be required to present reasonably satisfactory identification and the person presiding over the General Meeting must be reasonably satisfied that the right of that person to participate and vote in the General Meeting, either as a Shareholder, or as a proxy for or representative of a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's license or a valid passport. Shareholders wishing to participate in the General Meeting must e-mail a copy of an acceptable form of identification to the Transfer Secretaries at proxy@computershare.co.za, as provided in the "Action Required by Shareholders" section of the Circular.**
- Shareholders wishing to participate in the General Meeting must follow the prescribed procedures set forth at the end of this Notice of General Meeting under the title: "*Voting and Proxies*" and in the "*Action required by Shareholders*" section of the Circular.

Record Dates:

In terms of section 59(1)(a) and (b) of the Companies Act (and, to the extent relevant, the JSE Listings Requirements), the Board has set the following record dates for the purposes of determining which Shareholders are entitled to:

- receive the Circular and this incorporated Notice of the General Meeting (being the date on which a Shareholder must be registered in the Securities Register in order to receive this Notice of General Meeting), which date is **Friday, 25 September 2020**; and
- participate and vote in the General Meeting (being the date on which a Shareholder must be registered in the Securities Register in order to participate and vote in the General Meeting), which date is **Friday, 23 October 2020**.

Ordinary Resolution Number 1 – Approval of the Transaction, as required by and in terms of the JSE Listings Requirements

"***Resolved as an ordinary resolution that*** *the Company be and is hereby authorised to enter into and implement the Transaction, and accordingly that the Transaction be and is hereby approved pursuant to and in terms of section 9.20 of the JSE Listings Requirements as a category 1 transaction."*

Threshold:

In order for this Ordinary Resolution Number 1 to be adopted, it must be supported by more than 50% (fifty per cent) of the voting rights cast on the resolution, in terms of section 9.20 of the JSE Listings Requirements.

Reason and effect:

The reason for Ordinary Resolution Number 1 is that the Transaction is classified by the JSE as a category 1 transaction for the purposes of section 9 of the JSE Listings Requirements, and as such requires the approval of Shareholders by way of an ordinary resolution, in compliance with section 9.20 of the JSE Listings Requirements.

The effect of adopting Ordinary Resolution Number 1 will be that the Company will have obtained the requisite approval of Shareholders for the Transaction as required in terms of section 9.20 of the JSE Listings Requirements.

Ordinary Resolution Number 2 – Directors' and Company Secretary's authority

*"**Resolved as an ordinary resolution that** each Director (acting individually or jointly with other Directors and/ or the Company Secretary) and the Company Secretary (acting individually or jointly with any Director/s) be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions, or procure the doing of all such things, the signature of all such documents and the taking of all such actions, as may be necessary or desirable for or incidental to the (i) implementation of the Agreement and the Transaction; and (ii) giving effect to ordinary resolution number 1 set out in this Notice of General Meeting, and anything already done in this respect be and is hereby ratified to the fullest extent permitted by Law.*"

Threshold:

In order for this Ordinary Resolution Number 2 to be adopted, it must be supported by more than 50% (fifty per cent) of the voting rights cast on the resolution.

Reason and effect:

The reason for Ordinary Resolution Number 2 is to authorise each Director and the Company Secretary to do all such things as may be necessary or desirable for or incidental to the implementation of the Agreement and the Transaction or the giving effect to of Ordinary Resolution Number 1 set out in this Notice of General Meeting, and to ratify anything already done in this respect to the fullest extent permitted by law.

The effect of adopting Ordinary Resolution Number 2 will be to authorise each Director and the Company Secretary to do all such things as may be necessary or desirable for or incidental to the implementation of the Agreement and the Transaction or the giving effect to of Ordinary Resolution Number 1 set out in this Notice of General Meeting, and to ratify anything already done in this respect to the fullest extent permitted by law.

VOTING AND PROXIES

Certificated Shareholders and Own-Name Dematerialised Shareholders are entitled to appoint a proxy to participate and vote in the General Meeting in their stead. A proxy need not be a Shareholder. It is requested, for administrative reasons, that Forms of Proxy *(blue)* be emailed to the Transfer Secretaries at proxy@computershare.co.za so as to be received by the Transfer Secretaries by no later than by **10:00 (South African Standard Time) on Monday, 26 October 2020**. If a Certificated Shareholder or Own-Name Dematerialised Shareholder does not email Forms of Proxy to the Transfer Secretaries to reach the Transfer Secretaries by the time stipulated above, such Shareholders will nevertheless be entitled to email the Form of Proxy *(blue)* in respect of the General Meeting, in accordance with the instructions therein, to the Transfer Secretaries to be received prior to the commencement of the General Meeting. Where a Participation Request referred to below is sent, the Form of Proxy should be attached to the Participation Request.

The Company will offer Shareholders (or their representatives or proxies) reasonable access through electronic facilities and a virtual meeting platform to participate in the General Meeting. A Shareholder (or its representative or proxy) will, if (and only if) the Shareholder requests that access be granted to it (or its representative or proxy) to do so, be able to:

- participate in the General Meeting through electronic facilities; and
- vote during the General Meeting through a virtual meeting platform.

Shareholders are invited to request such access by sending an email (a "**Participation Request**") to the Transfer Secretaries at proxy@computershare.co.za in accordance with prescribed procedure set forth in the "*Action Required by Shareholders*" section of the Circular or by registering on the SmartAGM portal at www.smartagm.co.za. Following receipt of a Participation Request, the Transfer Secretaries will email the relevant contact link and logon details to the Shareholder concerned to enable it (or its representative or proxy) to participate and vote in the General Meeting.

Beneficial owners of Dematerialised Shares should contact their CSDP or Broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or Broker:

- to furnish them with their voting instructions; or
- in the event that they wish to participate and/vote in the General Meeting, or they wish for another person to represent them in the General Meeting, to obtain the necessary letter of representation to do so. Where a Participation Request is sent, beneficial owners of Dematerialised Shares should ensure that a copy of the letter of representation is attached to the Participation Request.

The above resolutions will be considered by way of a poll. On a poll, every Shareholder participating itself or represented by proxy or by representative and entitled to vote, shall be entitled to cast 1 (one) vote per Share held.

By order of the Board

TONGAAT HULETT LIMITED

JJ van Rooyen
Company Secretary
30 September 2020

Amanzimnyama
Tongaat, KwaZulu-Natal

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue Rosebank
Johannesburg, 2196, South Africa
(Private Bag X9000, Saxonwold, 2132, South Africa

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REF. JOB021495

Est. 1892

TongaatHulett®

Tongaat Hulett Limited

(Incorporated in South Africa)
(Registration number 1892/000610/06)
Share code: TON
ISIN ZAE000096541
(“**THL**” or the “**Company**”)

FORM OF PROXY

FOR USE BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS IN THE GENERAL MEETING OF THL TO BE HELD ELECTRONICALLY AT 10:00 (SOUTH AFRICAN STANDARD TIME) ON WEDNESDAY, 28 OCTOBER 2020.

For completion by Certificated Shareholders and Own-Name Dematerialised Shareholders who are unable to participate and vote in the General Meeting of the Company to be held electronically **at 10:00 (South African Standard Time) on Wednesday, 28 October 2020** or in any postponed or adjourned meeting.

Beneficial owners of Dematerialised Shares without own-name registration must not complete this Form of Proxy.

The definitions and interpretations commencing on page 7 of this circular to which this Form of Proxy is attached and of which it forms part (the “**Circular**”) apply throughout this Form of Proxy.

Each Certificated Shareholder and Own-Name Dematerialised Shareholder is entitled to appoint a proxy (who need not be a Shareholder) to participate and vote in place of that Shareholder in the General Meeting. Please read the notes to this Form of Proxy below.

I/We (please print names in full) ____________________

of (address) ____________________

Telephone/Cellphone number: ____________________ Email address: ____________________

being the holder/s of [ ] shares in the Company, do hereby appoint:

1. ____________________ or, failing him/her

2. ____________________ or, failing him/her

3. the chairman of the General Meeting, as my/our proxy to participate on my/our behalf in the General Meeting or in any postponement or adjournment thereof, and to vote or to abstain from voting in the General Meeting or in any postponement or adjournment thereof, as follows on the Ordinary Resolutions to be proposed in such meeting:

	For	Against	Abstain
Ordinary Resolution Number 1: Approval of the Transaction, as required by and in terms of the JSE Listings Requirements			
Ordinary Resolution Number 2: Directors’ and Company Secretary’s Authority			

* One vote per Share held by Shareholders. If you wish to cast your votes in a certain way, or wish to abstain from voting, in respect of:

- a lesser number of Shares than you hold, insert in the appropriate box provided the number of Shares held in respect of which you desire to vote or to abstain from voting (see note 4); or
- all Shares held by you, insert an “X” in the appropriate box.

If no indication is given, the proxy may vote or abstain as she/he sees fit.

Signed at ____________________ this ________ day of ____________________ 2020

Signature: ____________________

Assisted by me, where applicable (name and signature)

Please read the notes and instructions below.

NOTES TO THE PROXY

1. A Form of Proxy is only to be completed by Certificated Shareholders and Own-Name Dematerialised Shareholders.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided. The person whose name stands first on the Form of Proxy and who is participating in the General Meeting will be entitled to act to the exclusion of those whose names follow.
3. Voting will be by way of a poll. On a poll, a Shareholder or proxy or representative will be entitled to one vote per Share.
4. A Shareholder or proxy or representative is not obliged to use all the votes exercisable by that Shareholder, proxy or representative, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the Shareholder, proxy or representative.
5. Forms of Proxy must be dated and signed by the Shareholder appointing a proxy and, for administrative reasons. Shareholders are urged (but not required) to email Forms of Proxy to the offices of the transfer secretaries, Computershare Investor Services Proprietary Limited, email: proxy@computershare.co.za **to be received** by no later than **10:00 (South African Standard Time) on Monday, 26 October 2020**. If a Shareholder does not email the completed Form of Proxy, in accordance with the above instruction, to reach the Transfer Secretaries by that time, that Shareholder will nevertheless be entitled to email this Form of Proxy to the Transfer Secretaries to be received prior to the commencement of the General Meeting. Where a Participation Request, as provided in the "*Action Required by Shareholders*" section of the Circular is sent, the Form of Proxy must accompany the Participation Request.
6. Completing and lodging this Form of Proxy will not preclude the relevant Shareholder from participating and voting in the General Meeting to the exclusion of any proxy appointed in terms hereof.
7. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity or other legal capacity must be attached to this Form of Proxy, unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
8. Any alteration or correction made to this Form of Proxy must be initialed by the signatory/ies.
9. If any Shares are jointly held, all joint Shareholders must sign this Form of Proxy. If more than one of those Shareholders is participating in the General Meeting either itself or by proxy or representative, the person whose name appears first in the Securities Register will be entitled to vote.
10. Despite the aforegoing, the chairman of the General Meeting may waive any formalities that would otherwise be a prerequisite for a valid Form of Proxy.

TRANSFER SECRETARIES OFFICES

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Tel: +27 11 370 5000
Email: proxy@computershare.co.za