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TongaatHulett®

27 October 2022

Tongaat Hulett Limited and Tongaat Hulett Development Proprietary Limited enter Business Rescue (SA operations only)

Dear stakeholder

We are writing to you at the first moment we are able to, after informing shareholders today by way of a Johannesburg Stock Exchange announcement that the Board has commenced voluntary business rescue proceedings for Tongaat Hulett Limited and Tongaat Development Pty Limited. These are the South African operations only. Tongaat Hulett's Botswana, Mozambique and Zimbabwe sugar operations are not financially distressed and therefore will currently continue trading in the ordinary course.

As you know, we have faced significant challenges following years of high and increasing debt levels, alleged financial misstatements and historic mismanagement under previous leadership.

As a new leadership team, we have worked extremely hard since 2019 on a comprehensive turnaround strategy. Good progress was made on several fronts, with debt decreasing by R6.6 billion from a high of R11.7 billion, through the selected sale of core and non-core assets.

Despite the good progress, we currently have a shortfall in the Company's working capital facilities of approximately R1.5 billion, which is required to fund the peak working capital requirements to complete the 2023 financial year. Our banking funders have unfortunately informed us that they are not prepared to provide the additional funding.

In this context, the management team and board of Tongaat Hulett Limited have evaluated the group's current financial position and after careful consideration with its legal, corporate and financial advisors, the board has confirmed that only the two South African operations are not financially sustainable without further liquidity.

The Board has resolved to commence with voluntary business rescue proceedings for the Company, as provided for in terms of Section 129 of the Companies Act. The Board believes this is the most responsible action to take in order to try and protect stakeholders, which may potentially result in a better return to stakeholders than a forced liquidation.

The appointed business rescue practitioners (BRPs), Metis Strategic Advisors, have been appointed by the Board. This appointment has been submitted to the Companies and Intellectual Property

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Commission (CIPC) for formal approval. The Metis team is highly experienced and well-qualified, having completed various high-profile business rescues in South Africa in recent years.

Immediate action

The business rescue practitioners will investigate the affairs of the company and convene a meeting of employee representatives and a meeting of creditors within the next ten days, as required by the Companies Act.

To learn more about the announcement made today, the statement we issued to shareholders can be viewed at www.tongaat.com and our affidavit to the CIPC to outline the reasons why we believe business rescue is appropriate for Tongaat Hulett and its stakeholders can be viewed here https://www.tongaat.com/wp-content/uploads/2022/10/THL-Sworn-Statement_BR-Execution7755968.1.pdf.

Business rescue and not liquidation

Although this has been a difficult decision, the Board believes that business rescue is the most responsible next step. It is important to understand that this is not a liquidation announcement. Liquidation is typically a rapid and uncontrolled closure of a company. By contrast, business rescue is a controlled process (governed by the Companies Act) that can provide better outcomes in terms of jobs saved and better financial returns to stakeholders than those realised under liquidation scenarios.

We appreciate that the restructuring process has been a challenging journey to date. In these early days of going into business rescue, we won't have all the answers as the processes commence. We ask you to be patient as we follow a legally mandated process.

Tongaat Hulett and the business rescue team remain committed to open and transparent communication, especially at this time. The team has created a special email for feedback and questions. Please do reach out to us at br@tongaat.com

In these difficult times, please rest assured we will do all we can to find the very best solutions that the circumstances can provide.

Yours sincerely

Gavin Hudson
Chief Executive Officer