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TongaatHulett®

- Delivered by Email To:**
- All known Affected Persons of Tongaat Hulett Sugar South Africa Limited (in business rescue)
 - Companies and Intellectual Property Commission
- Displayed:**
- Registered office and principal place of business of the Company
 - Anywhere where employees are employed
- Published:**
- On the website maintained by the Company and accessible to Affected Persons
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July 2023

REPORT ON THE STATUS OF THE BUSINESS RESCUE PROCEEDINGS OF TONGAAT HULETT SUGAR SOUTH AFRICA LIMITED (IN BUSINESS RESCUE) ("Company")

1. GENERAL

- 1.1. In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended ("**Act**"), when the business rescue proceedings of a company have not concluded within 3 months of the date on which they started, a business rescue practitioner is required to-
- 1.1.1. prepare a report on the progress of the business rescue, and update it at the end of each subsequent month until the end of the business rescue proceedings; and
- 1.1.2. deliver the report and each update to each affected person and to the Companies and Intellectual Property Commission ("**CIPC**").
- 1.2. Accordingly, we hereby provide you with the fifth report, the July 2023 report, on the status of the Company's business rescue proceedings.

2. BUSINESS RESCUE UPDATES

- 2.1. Affected Persons are reminded that the Company has operated as an agent for a previously undisclosed principal, being Tongaat Hulett Limited ("**THL**") and as a result, the business rescue proceedings of the Company are wholly dependent on the business rescue proceedings and inextricably linked to the business rescue plan of THL.
- 2.2. The following matters have occurred or remain relevant since the distribution and publication of the June 2023 status update report:

2.3. THL Post-Commencement Finance (“PCF”)

2.3.1. Agreement has been reached with THL’s current funders to extend THL’S post-commencement funding facility to **6 October 2023**. This will allow THL to deliver operational and business rescue requirements, while the approval process for longer-term funding is finalised.

2.4. THL Strategic Equity Partner Process

2.4.1. The BRPs have previously advised that it is envisaged that the business rescue plan for THL and the business rescue plan for the Company (“**BR Plan**”), to be considered by Affected Persons of both THL and the Company respectively, are likely to incorporate the sale of all material assets of THL following the outcome of the THL Strategic Equity Partner (“SEP”) process, which commenced in early 2023. The objective of the anticipated disposals is to realise value and apply such proceeds towards THL’s relevant creditors’ claims, while simultaneously securing the survival and operation of the underlying Tongaat Hulett businesses, under new ownership. The THL assets to be sold are the subject of the security held by the Lender Group and Industrial Development Corporation of South Africa Limited (“**IDC**”), in the THL business rescue. The BRPs continue with their engagements with THL’s Lender Group and the IDC to determine the most appropriate transaction to pursue, in order for them to release their security held.

2.4.2. The BRPs previously advised affected persons of THL and Affected Persons of the Company that THL’s preferred SEP had been selected for acquisition of the complete sugar division of THL, which comprises THL’s South African sugar business, THL’s investments in Zimbabwe, Mozambique and Botswana (“**Tongaat Sugar Assets**”), and the group’s head office in Tongaat, KwaZulu-Natal. The preferred bidder and thus the SEP selected for THL, is Kagera Sugar Limited (“**Kagera**”).

2.4.3. Background on Kagera

Kagera is wholly owned by a Tanzanian businessman, Mr Nasser Seif and his family, and forms part of Super Group in Tanzania. Kagera was established in 1982 under Government ownership and acquired by the Group in 2001. It is based in Tanzania.

2.4.3.1. Super Group

All of the Super Group companies are owned by Mr Nasser Seif and his family. The Group has more than 30 years of experience in sugar and agriculture businesses in Africa, with a proven track record of turning around and rehabilitating businesses into standalone, profit-making going concerns, including that of Kagera itself, Mtibwa Sugar and Sucrerie du Kivu.

The Group companies forming part of Super Group in Africa are detailed in the table below:

Sugar Operations		
Kagera Sugar	Sugar production	Tanzania
Mtibwa Sugar	Sugar production	Tanzania
Sucrierie du Kivu	Sugar production	DRC
Other Operations		
Pipe Industries	Pipe manufacturer	Tanzania
Superdoll Trailer Manufacturer	Trailer manufacturer	Tanzania
General Motors Investment	Industrial solutions and trading in high-end heavy-duty construction and agricultural equipment for East Africa	Tanzania
Super Star Forwarders	Cargo haulage and logistics business servicing East and Southern Africa	Tanzania

2.4.3.2. Kagera

- *Market position*

At the time Kagera was acquired, it was not operational and was a derelict sugar mill with no available cane supply. It was successfully resurrected, with significant progress particularly from 2012 to 2023, when the company grew from sugar production of 35,000 tons per annum to 150,000 tons per annum. Kagera, coupled with Mtibwa, are now the largest sugar producers in Tanzania, contributing more than 45%-50% of the Tanzanian sugar market.

Kagera is expanding its operations with plans to produce 300,000 tons of sugar within the next five years through a combination of substantially increasing cane farming, installation of an additional sugar milling production line, sourcing of additional high-quality sugar milling machinery, and increasing the power generation capability of the plant. All these activities are already far advanced.

- *Employment and investment*

Kagera currently employs approximately 10,000 people. It has an employee housing programme in low-cost housing which was built by the company.

It has several community programmes in place serving the local community of over

60,000 people. The company has constructed nine schools that provide education and free meals to more than 2 000 children and has built a hospital equipped with two theatres, an outpatient clinic, laboratory, and pharmacy. These facilities are available free of charge to the community.

It also has an established sugarcane farmer programme. The out-growers cane cultivation initiative started in 2006 in the Missenyi district, with the aim of improving farmers' socio-economic conditions through:

- A stable income from sugarcane
- Converting barren lands for sugarcane cultivation
- Involving local villagers as stakeholders, creating employment opportunities in rural areas
- Increasing cane supply for crushing by Kagera
- Boosting sugar production in alignment with the Tanzanian Government's vision of reducing sugar imports

Kagera provides support for ploughing, field preparation, seed cane from their estate fields, and transportation to farmers' fields. It also supports the out-grower's sugarcane cultivation with a dedicated team to provide technical and various other services for cultivation.

2.4.4. Rationale for investment in Tongaat Hulett

2.4.4.1. With Super Group's 30 years' experience in sugar and agriculture operations in Africa and Kagera's 20 years' track record, the acquisition aims to revitalise THL's under-capitalised mills and refinery. The group is committed to transforming them into profitable ventures while providing direct access to both Middle Eastern and African markets. Kagera has a structured plan in place that involves significant investment and capex into the operations.

2.4.4.2. The Group's other sugar operations

Mtibwa Sugar Estates Limited, Tanzania

Mtibwa Sugar Estates Limited (Mtibwa) currently has annual production capacity of 75,000 tons of sugar. Mtibwa is also growing rapidly and aims to produce over 150,000 tons of sugar in the next three to four years.

Sucrierie du Kivu, DRC

(“Voermol”), will be published at a similar time to that for the Company.

2.6.3. Separate monthly status update reports are provided for THD, THL and Voermol, which reports are uploaded and made accessible to Affected Persons on the Tongaat website at: www.tongaat.com, under the ‘Business Rescue’ tab.

2.7. **Litigation Matters**

2.7.1. Affected Persons are reminded that an important Notice to Affected Persons and additional information pertaining to an ongoing litigation matter within the Tongaat Hulett group, was distributed to Affected Persons on 15 June 2023. The BRPs request that Affected Persons consider the Notice and the supplementary information associated with the Notice, and further advise Affected Persons to contact the relevant persons detailed in the documents, if you have any further queries or concerns in this regard. The Notice and all the additional documentation has been published and made available to all Affected Persons on the Tongaat website at: www.tongaat.com, under the ‘Business Rescue’ tab. The matter is expected to be heard in court on the 13th and 14th of September 2023.

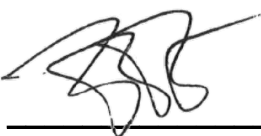
3. **CLOSING REMARKS**

3.1. It remains our view that with your continued assistance and co-operation, the Company stands a reasonable chance of being rescued, within the meaning of section 128(1)(h) of the Companies Act, in a manner that will balance the rights and interests of all Affected Persons.

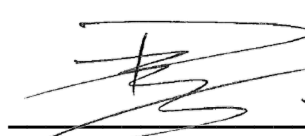
3.2. Affected Persons are reminded that all notices and documents regarding the business rescue proceedings of the Company that have been and/or will be circulated to all known Affected Persons are or will be published and made available to all Affected Persons on the Tongaat website at: <https://www.tongaat.com> under the ‘Business Rescue’ tab.

3.3. If you have any queries, they may be directed to the business rescue email address at: BR@tongaat.com.

Yours faithfully,



TJ Murgatroyd



PF van den Steen



GC Albertyn

**The Joint Business Rescue Practitioners of Tongaat Hulett Sugar South Africa Limited
(in business Rescue)**

**Companies and Intellectual Property Commission
Republic of South Africa**

Business Rescue Status Report

Form CoR 125.1

About this Form

- This form is issued in terms of section 132 and 141 of the companies Act, 2008, and Regulation 125 of the Companies Regulations, 2011.
- This Notice and the attached report must be published to every affected person, and to-
 - a) The Commission, if the business rescue proceedings were started by the company; or
 - b) The court, if the proceedings were ordered by the court.
- A report and Notice must be issued at the end of the first three months of the business rescue proceedings, and at regular monthly intervals after that

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address

PO Box 429
Pretoria
0001
Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

Date: July 2023

Customer Code: WERKMP

Concerning

(Name and Registration Number of Company)

Name: Tongaat Hulett Sugar South Africa Limited

Registration No: 1965/000565/06

The above named company commenced business rescue proceedings on 22 December 2022.

Because the business rescue proceedings have not concluded within three months, the appointed business rescue practitioner provides the attached report in terms of section 132 (3).

Name and Title of person signing on behalf of the Practitioner:

TJ Murgatroyd, PF van den Steen & GC Albertyn
Joint Business Rescue Practitioners

Authorised Signature:

