

**IN THE HIGH COURT OF SOUTH AFRICA
KWAZULU-NATAL, DURBAN**

CASE NO. 2026-031780

In the matter between:-

GERHARD CONRAD ALBERTYN	First Applicant
TREVOR JOHN MURGATROYD	Second Applicant
PETRUS FRANCOIS VAN DEN STEEN	Third Applicant

and

TONGAAT HULETT LIMITED (IN BUSINESS RESCUE)	First Respondent
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FURTHER RESPONDENTS	Respondents
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SOUTH AFRICAN CANE GROWERS' ASSOCIATION NPC	Intervening Party
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SACGA opposing the main application

SACGA SUPPLEMENTARY ANSWERING AFFIDAVIT

I, the undersigned,

THOMAS BERNHARD FUNKE

do hereby make oath and say:

1. I am the Chief Executive Officer of the South African Cane Growers Association NPC ("the SACGA"). I deposed to the SACGA answering affidavit to the main application incorporating allegations in support of intervention.



2. This affidavit is in response to the supplementary affidavits filed by the business rescue practitioners and by RGS. It is also in amplification of the SACGA answering affidavit prepared under truncated timelines. It deals with the hardship and devastation that would ensue should the THL mills close. The persons who would immediately suffer the greatest loss, both financially and physically, will be the 16 844 small-scale growers and the 15 000 farm workers and their approximately 165 000 dependents.
3. The facts deposed to in this affidavit are within my personal knowledge, save where the context indicates otherwise, and are true and correct.

BRPs SUPPLEMENTARY AFFIDAVIT

4. I deal firstly with the BRPs supplementary affidavit.

Ad paras 1 to 12 – court order and PCF

5. I admit the contents of these paragraphs.

Ad para 13 - funding

6. I admit that THL needs to keep the IDC facility in place in order to continue to operate and administer the business of THL. It was also to enable competing offerors to submit bids or proposals to the BRPs and not simply for a solution to be found between the IDC and Vision. Such solution would include the proposal by the GrowerCo to IDC dealt with below, being the most appropriate proposal to secure the future of their vested interest in the mills and their communities.



Ad paras 14 to 24 – implementation of PCF 11

7. I have no knowledge of these facts which will no doubt be dealt with by the IDC but deal with the consequences of the absence of funding under Ad para 18 below.

Ad para 18 – absence of funding

8. In this paragraph, the BRPs deal superficially with the circumstances that would transpire in the absence of funding from the IDC. This I deal with more fully below.
9. The BRPs also raise their concern regarding their potential exposure for reckless trading and possible voidable dispositions.
10. The concern is related to the effect of the deemed date of commencement of winding-up envisaged by s 348 of the Companies Act, 1973. Were a winding-up order to ensue, the commencement of winding-up will be the date on which this application was issued by the registrar. Any dispositions after that date are void unless a court orders otherwise in terms of s341(2) of the Act. Growers cannot in good faith keep delivering cane to the mills with this sword hanging over payments made to them in the rescue process.
11. The application was adjourned with all concerned, including this court, knowing that the purpose was for the PCF facility to be re-activated and further funding to be introduced by the IDC in order for the mills to start receiving deliveries of cane from growers and to start the crushing season. The growers need the security of knowing that payments made to them since the beginning of 2026 will not be void or impeachable during the



process of trying to find a funded solution to the business rescue process, if that process fails.

12. This court has the power to make an order, in terms of s347(1), read with s341(2), to validate all payments by THL to the Growers during the period from 12 February 2026 to the grant of a liquidation order (if it transpires) in respect of the supply of cane. The grounds upon which such order is being sought are that:

12.1. it is just and fair in circumstances where the mills are dependent and reliant on the supply of cane in order to keep the THL business afloat;

12.2. such payments are made *bona fide* and in the ordinary course of THL's business;

12.3. the supply of cane to the mills will be for the benefit of the collective interest of the relevant creditors, namely the IDC and Vision as the secured creditors, and with their knowledge and assent when they signed the 11th addendum; and

12.4. it will put beyond doubt any concerns that the BRPs may have with regard to their possible reckless trading and any voidable dispositions insofar as payments to the Growers are concerned.

Ad para 25 – alternative solutions

13. I reiterate that the postponement was not only to afford the IDC and Vision to reach agreement but also to allow other interested parties to submit bids or proposals for consideration as contemplated in the BR Plan which is set out in para 59 read with para 63 [p 007-634] of the SACGA



answering affidavit and was explained to the court by the BRPs counsel on 16 April 2026.

Ad para 26 – annexure SA5

14. It is correct that the BRPs require the extension of the IDC facility yet it is clear from the BRPs' annexure **SA5** that they anticipate that the extension will be granted where it states:

"We are advised that there is an IDC Board meeting scheduled for 29 May 2026. In view of the 17 June 2026 hearing date for the Conversion Application, we are certain that the IDC appreciates the urgency of the matter and we would appreciate this request being considered at the latest by that Board meeting, so that we are equipped to support a postponement of the Conversion Application." (underlining added) [p 095-81]

15. This approach accords with the letter dated 22 May 2026 from THL to the Growers with the approval of the BRPs and IDC, a copy of which is annexed hereto marked "**CG 1**", in which it explains that:

15.1. the 2026 milling season has now commenced and the start-up dates for the mills are:

- (a) the Felixton Mill: 20 May 2026;
- (b) the Maidstone Mill: 20 May 2026; and
- (c) the Amatikulu Mill: 28 May 2026;

15.2. *"The successful start-up of the season reflects extensive preparation including maintenance completion, commissioning activities, staff readiness and coordination across the supply chain."*

This contradicts the BRPs appreciation of their difficulties referred



to in paras 19 to 24 of their supplementary affidavit. [p 095-7]

16. Before the mills opened, in accordance with the annual routine process, each Grower provided their respective Mill Group Board (“MGB”) with an estimate of their crop. The estimates and delivery dates agreed at the monthly MGB meetings attended by the mill representative and the growers’ representative determined the total cane to be delivered to each mill. Pursuant thereto, the MGB publishes the “Crush Plan” setting out the delivery schedule and tonnages. The Crush Plan is binding on the mill and on each Grower. The following tonnages were supplied to the mills up until 23 May 2026 during the first few days of crushing:

16.1. Felixton – 4 418 tons; and

16.2. Maidstone – 7 259 tons

The Amatikulu mill opened today ahead of the opening date anticipated by the BRPs.

17. The reality on the ground is that the supply to the mills this season by the Growers of an estimated 4.4 million tons of cane is on track which in turn with the refinery will produce an estimated 500 000 tons of sugar thereby providing the estimated net divisible proceeds totaling R5.9 billion to be split as follows:

17.1. R3.75 billion to the Growers; and

17.2. R2.15 billion to THL.

These figures are extracted from the April 2026 SASA report and updates the table in para 12 of the SACGA answering affidavit. [p 007-622]

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18. It is evident from **CG 1** that the BRPs anticipate the further extension by the IDC of the PCF thereby ensuring the flow of cane to the mills for the production and sale of sugar.

Ad para 27.1 - funding

19. The fact that the off-crop maintenance program was implemented and the mills opened to accept cane illustrates that THL was not prevented from conducting its business. IDC will no doubt deal with the issues relating to approvals.

Ad para 27.2 – further funding

20. Insofar as the agreement for further funding is concerned, I refer to what I set out under Ad para 26 above from which it is apparent that the BRPs anticipate that funding will be forthcoming to underpin a postponement.

Ad para 27.3 – alternative solutions

21. In addition to Vision, there is the Grower led consortium under the company GrowerCo (Pty) Ltd (in formation) which is working with the IDC in regard to a proposal. A copy of the introduction to the GrowerCo submission to the IDC is annexed hereto marked "**CG 2**".
22. Growers have a vested interest in ensuring the survival of the mills and the refinery and are the most suitable partner for IDC or any other funder. It is anticipated that GrowerCo will seek leave to file an affidavit to update the court on its progress with discussions involving the IDC and Vision.
23. RGS is also a bidder as explained in their supplementary affidavit.
24. I submit that, in seeking a postponement to avoid liquidation at this stage, it is not an essential averment to have a "*viable and acceptably*



implementable plan” in place for the reasons set out below under the following headings: [BRPs supp 095-10]

- 24.1. Better return and interest of stakeholders and liquidation can reasonably be avoided
- 24.2. Milling operations, cashflow projections and viability;
- 24.3. Impact of THL mill closures; and
- 24.4. Socio-economic consequences.

BETTER RETURN AND INTERESTS OF STAKEHOLDERS AND LIQUIDATION CAN REASONABLY BE AVOIDED

- 25. When evaluating the concept of rescue in this context, “rescue” encompasses not only a return to solvency but, if that primary goal is unattainable, facilitating a better return for creditors or shareholders than would result from liquidation. I submit that the BRPs are obliged to consider both facets of the concept of “rescue” when weighing up their obligation in terms of s141(2) of the Companies Act to apply to court to discontinue business rescue and place the company in liquidation.
- 26. Furthermore, the business rescue practitioners are obliged in terms of section 7 of the Act to execute their duties for the benefit of all stakeholders in a manner which balances the rights and interests of all stakeholders.
- 27. In considering what will facilitate a better return for creditors and what is in the best interests of stakeholders, it is necessary to understand the symbiotic relationship between growers and millers and in turn the reciprocal relationships with those who support the mills, refinery and the growers.

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28. The mills are the anchor of the economic, social and political fabric of the mill towns and their wider community.
29. With PCF funding, the company can continue to carry on business, liquidation can reasonably be avoided, the milling season can proceed to finality and the GrowerCo proposal can be considered and implemented.

MILLING OPERATIONS, CASHFLOW PROJECTIONS AND VIABILITY

30. In August 2025, CEO Gavin Dalglish was quoted as saying:

“We are seeing strong, measurable improvements across our milling operations, thanks to consistent investment in infrastructure, skills and process optimisation. Our teams are focused on driving efficiency, which ultimately delivers more value to growers, customers and the industry as a whole.”

31. Although no cash flow projections have been attached to the papers, it is evident from the affidavits filed before the hearing on 16 April 2026 that the THL mills are viable:

- 31.1. the IDC in its answering affidavit says:

“107. The continued availability of PCF as proposed by IDC, together with the available cashflow forecasted by THL until June 2026, means that there is a reasonable prospect of rescuing THL. The business is forecasted by management to trade without any increase to the PCF limit or any additional liquidity support until the end of June 2026; [007-564]

...

110. THL retains ownership of all its assets required to operate while it remains a viable and sustainable business, supported by PCF from the IDC.”; [007-565]

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31.2. the Minister (DTIC) in his answering affidavit said:

“12. ... The IDC affidavit makes clear that the rescue plan was designed to secure continuity, but Vision’s failure to extend validity weakens the framework. The failure lies not in THL’s viability but in Vision’s unwillingness to honour its commitments. This conduct should not be rewarded by liquidation, nor should it be allowed to derail a rescue process that remains capable of success.”. [p 007-937]

32. On 14 May 2026, the BRPs, in annexure **SA4**, stated:

“Management notes that, notwithstanding the constrained liquidity environment and operational pressures, the business has continued to operate within the approved PCF limits and has demonstrated disciplined cash management and expenditure prioritisation.” [p 095-77]

33. In terms of long term viability of mills in South Africa, I have been investigating the production of ethanol from sugarcane for the past 20 years (being the subject matter of my doctoral thesis). I am actively dealing with the Central Energy Fund, as well as the IDC which has co-funded some of the work, in regard to setting up an ethanol plant producing sustainable aviation fuel. The Felixton mill has been identified as being the facility best placed in the entire sugar industry to host such a plant and one which has the beneficial characteristics of location, size and quality of cane supply.

34. The BRPs complain that THL’s ability to operate the business in an efficient manner has been hindered since 17 April 2026 because of the IDC approval process. This is not strictly true because :

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- 34.1. the off-crop maintenance program at the Tongaat mills and refinery costing R400 million has been undertaken and is complete;
- 34.2. the Maidstone and Felixton mills began accepting cane deliveries from 20 May 2026 and the Amatikulu mill opened today.
35. On 15 May 2026, Rob Aitken, the Chief Financial Officer of THL, in annexure **SA5**, requested the IDC to extend the availability period of the PCF facility of R2.5 billion to at least 30 September 2026 because:

“Based on recent forecasts and currently known facts, THL generally expects to be able to operate within that limit during this period.” [p 095-79]

He went on to say that:

“Without an IDC facility extension, management’s ability to secure cane supply is limited. ... Inability by THL to commit to payment beyond 30 June 2026 is likely to result in farmers either choosing not to harvest their cane until there is more certainty on THL’s financial position or diverting their cane to other millers who can provide certainty of payment.”

36. This point is reiterated by the BRPs in para 18 of their supplementary affidavit.
37. The Growers do not have the option of delaying the harvesting of their cane or of diverting harvested cane to other mills because they have already committed to deliver cane to the mills in accordance with the Mill Group Board Crush Plan as I explained in para 16 above.
38. In any event, it is not in the Growers’ best interests to divert their cane or delay harvest in that:



- 38.1. all commercial Growers have cane supply agreements in terms of which they are legally obliged to supply cane to THL mills;
- 38.2. diversion to other mills invariably means the Grower will incur increased transport costs which erodes profitability; and
- 38.3. other mills either do not have the capacity to absorb large quantities of cane or, if they do, the timing is unlikely to be “on demand” so may not accord with a Grower’s optimum harvest date. A delay in the harvesting of cane (awaiting other mill capacity or assurance of payment by THL) results in deterioration of cane weight and sucrose content which I deal with more fully below.
39. Growers who deliver in June will be exposed if there is a liquidation and, at present, SACGA is endeavouring to negotiate that payment for June deliveries will be paid before 30 June while the existing Addendum 11 remains in force.
40. Surprisingly, no detailed cashflow or other projections nor cashflow summaries have been provided to me in order to advise the Growers nor for that matter to the court to test what is said by the BRPs.
41. Annexure **CG 1** hereto goes on to say:

“Encouragingly, the business’s cash-flow position is expected to improve as milling activities progress and sugar sales normalise during the course of the season.

Based on current projections and anticipated funding arrangements, the business expects to remain in a position to meet cane payment obligations for cane delivered during the 2026

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season, in line with established industry mechanisms and settlement processes.”

42. I have, however, had discussions with the THL management and representatives of the IDC. IDC representatives have made it clear to me that liquidation is not an option. I have also gathered that the cashflow projections provide that the company can continue to carry on business in the ordinary course by keeping the mills and refinery open until the end of the milling season (scheduled to close on 20 December 2026) and indeed to the end of September 2027, provided that the IDC PCF facility remains open to the company.

IMPACT OF THL MILL CLOSURES

43. Sudden closure of the THL mills will inevitably cause the collapse of Growers' farms (roughly valued at R20 billion) and lead to widespread unemployment and mill towns becoming ghost towns. Such a closure would be the direct driver of mass malnutrition, poverty, and social destitution within already vulnerable communities.
44. Sugar mill closures are rarely isolated industrial events. They are regional socio-economic shocks that simultaneously affect employment, agriculture, logistics, municipalities, and community stability. The closure of the THL mills will no doubt trigger unrest.
45. In the court papers filed in this matter, superficial reference is made to the consequences of liquidation and closure of the mills and refinery:

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45.1. IDC:

“34. ... the profound and irreversible consequences ...”
[p 007-959] and

“35. ... the potential breadth of the liquidation repercussions”;
[p 007-959]

“106. ...The mills operated by THL support the livelihoods of thousands of cane growers, small and large. [p 007-989]

...

112. The business is critical to the South African economy, and the regional economy of Kwazulu-Natal, and the ecosystem of the region. If it fails, it will not easily be replaced and neither will all the lost direct and indirect jobs be replaced.”
[p 007-991]

45.2. BRPs:

“89. ...By way of context, THL directly employs several thousand people in KwaZulu-Natal and sources sugarcane from over 15,000 small-scale and community growers. The livelihoods of these stakeholders and indeed a significant portion of the approximately 65,000 direct jobs and one million plus livelihoods sustained by South Africa’s sugar industry - hang in the balance.” [p 001-44]

“68... the serious socio-economic impact” with

“68.1 wide scale job losses;

68.2 damage to cane growers;

68.3 destabilisation of rural communities; and

68.4 the potential loss of South Africa's largest standalone sugar refinery.” [p 010-174]



45.3. Vision:

“24. ... THL is one of the principal milling and refining participants in the South African sugar industry and its continued operation directly affects thousands of employees, small-scale growers and rural communities that form part of the sugar value chain” [p 011-12]

45.4. RGS quoting paragraph 6.1.1.1 of Vision’s BR Plan:

“a possibly widespread (upstream and downstream) economic and human catastrophe”. [p 009-31]

46. The closure of the THL mills and its refinery (roughly 25 % of South Africa’s sugar production) would result in the loss of about 35 500 direct (mill and refinery, growers and employees) and about 87 500 indirect jobs and effectively wipe out the primary income source for 17 259 registered large and small-scale growers in the THL supply areas, impacting over a million people.
47. Furthermore, the closure of THL mills would have consequences far beyond the collapse of a single company. It would represent a systemic shock to the entire South African sugar value chain and to rural economies across KwaZulu-Natal and Mpumalanga. Industry bodies have warned that closure of the mills could destabilize the entire sector, threatening grower incomes, milling continuity, cane transport systems, refinery operations, and downstream food manufacturing supply chains.
48. There are also broader socio-economic and political risks. Sugarcane regions along the KwaZulu-Natal and Mpumalanga are deeply interconnected with the Tongaat value chain.



SOCIO-ECONOMIC CONSEQUENCES

49. I have been assisted in preparing this section dealing with the socio-economic impact of the possible closure of the THL mills on the sugar value chain by Dr Muhammad Kadwa and Ms Ikageng Maluleke who are employed as economists by SACGA.
50. Our qualifications and experience are summarised in the document annexed hereto marked “**CG 3**”.
51. As economists and given the nature of the work we do for SACGA, Dr Kadwa, Ms Maleluke and I can speak to both the facts and the socio-economic opinions and conclusions set out below. I am supported by their confirmatory affidavits.
52. I aim to explain to the court the full breadth of the facts pertaining to and consequences of mill closures which Dr Kadwa and Ms Maluleke aptly summarise as follows:

“Maintaining stability in rural communities is critically important, and this stability is underpinned by continued economic activity throughout the sugar value chain.

This requires mills to remain operational, sugarcane to be harvested and crushed efficiently, and growers, contractors, transporters and employees to be paid on time and in full.

The potential impact of mill closures should therefore never be underestimated. The consequences would be severe, immediate and long-lasting, with significant implications for livelihoods, food security, regional economies and social stability.”



Sugar value chain

53. The sugar value chain describes the complete process through which sugar is produced, processed, distributed, and sold, from sugarcane cultivation and harvesting to milling, refining, packaging, and retail. It also includes supporting activities such as transport, marketing, exports, by-product utilization (like animal feeds, ethanol and electricity), and services that add value at each stage. It is illustrated in the attachment annexed hereto marked "**CG 4**".
54. The South African sugar industry generates an average annual direct income exceeding R25 billion. The sector also serves as an important driver of socio-economic development, particularly in the rural regions in which it is concentrated. Its multiplier effect is considerable: for every R1 of revenue generated within the industry, there is an additional R3.20 of economic activity created across the value chain and surrounding communities translating to approximately R80 billion throughout upstream and downstream value chains as well as within local communities.
55. The main sectors that benefit from these multiplier links are agriculture, manufacturing, trade, financial and business services, community services, and transport and communications.
56. Sugar contributes some 6% of the value of SA's agricultural output which suggests that in terms of ratio of land area to output value, sugar punches significantly beyond its weight. Sugar, indeed, generates more than twice the average level of economic output as the average output from arable land in South Africa, and nearly twenty times the economic output of land in general in SA.



57. Where the THL sugar mills and surrounding farming operations are located in remote rural areas, entire communities depend heavily on them for employment where alternative economic opportunities outside of sugarcane are limited. Hence the sustainability and continuity of milling operations is critical to rural livelihoods and regional economic stability.
58. Direct employment is generated by both milling and sugarcane production encompassing a wide spectrum of skills ranging from farm labourers (cane-cutters) to agricultural scientists.
59. The THL grower profile comprises 17,259 registered Growers being:
 - 59.1. 369 large-scale growers (LSGs) who contribute the majority of cane volumes through larger and more mechanized farming operations with higher levels of efficiency, productivity and delivery consistency and with a high degree of local ownership
 - 59.2. 16,844 small-scale growers (SSGs) who operate on an average of 0.5 to 2 hectares of lands and are an essential source of production and who anchor rural participation, transformation, employment creation, and livelihood support within the industry; and
 - 59.3. 46 operations which are miller (THL)-owned farms (MCPs).
60. In the 2025/26 season, cane deliveries were:
 - 60.1. 3,187,995 tons from LSGs;
 - 60.2. 1,003,201 tons from SSGs; and
 - 60.3. 272,142 tons from miller-owned farms.

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61. THL employs some 2500 employees.
62. South African sugarcane farming accounts for some 114 733 small-scale growers and direct on-farm jobs involved in cane cutting and other harvesting activities (inherently labour-intensive and not mechanized) and land preparation (mechanized). Indirect employment is estimated at 350 000 jobs with close to one million individuals dependent on the sugar industry for their livelihood with dependency ratios reaching as high as five individuals per farm worker and small scale grower in deep rural areas amounting to a further 570 000 people.

Growers' investment in cane

63. The rough value of the cane farms and agricultural equipment of the 17 259 THL Growers is R20 billion.
64. Growers, both SSG and LSG, have invested substantial upfront costs in establishing their cane fields in anticipation of not having to replant for ten years, sugarcane being a ratoon crop.¹ Such investment includes land preparation, planting of seedcane, irrigation infrastructure where applicable, fertiliser application, machinery, and labour. Unlike annual crops, these establishment costs are incurred long before growers realise full returns on their investment.
65. Given the highly integrated nature of the sugar industry, disruptions to milling infrastructure cascade through the value chain and any prolonged disruption to THL's operations would have implications for national sugar

¹ A ratoon is the regrowth of a sugarcane crop from a root system left in the ground after the previous harvest allowing subsequent crops to be produced without replanting



production capacity, grower sustainability, regional economic development and the long-term resilience of the South African sugar sector.

Mechanical efficiencies of the mills

66. The sugar milling season and off-crop maintenance cycle is illustrated in the attachment annexed hereto marked “**CG 5**”. Milling starts in April and runs for 30-40 weeks, ending in December when the mills are disassembled and refurbished in time for the opening of the following milling season.
67. Prior to October 2022 when the BRPs took over control of THL, the mills were operating below the industry average and international benchmark standards.
68. In response, since 2022 significant capital investment, maintenance programs and operational interventions were implemented to enhance operational efficiencies, a rehabilitation programme costing a sum of R1.85 billion.
69. This investment resulted in greater efficiency of the mills which is illustrated by the upward trajectory of the sucrose recovery, a key mill performance indicator, set out in the attachment annexed hereto marked “**CG 6**”. The “Lost Time %” at Maidstone has dropped from 33.5% in 2021 to just 12.4%, and at Felixton from 27.1% to 12.9%. These figures represent some of the highest levels of mechanical efficiency recorded at both sites in the past five years.



Transformation / BEE

70. The SA sugar industry took the initiative in 1973 through a Financial Aid Fund entirely at its own cost in order to bring small-scale growers into production which has been ongoing as explained by Higgins Mdluli in the SACGA answering affidavit. [paras 37-39 at p 007-627 to 007-629]

Financial services

71. Closure of the mills would destroy grower income and farm viability and place severe pressure on land values and farm debt servicing.

Research and development

72. SA sugar industry leaders established an Experiment Station at Mount Edgecombe in 1925 which was followed by the Sugar Milling Research Institute in 1949 and The SA Sugar Extension Service in 1954. These initiatives were financed by the industry without government assistance.

73. The industry provides comprehensive services to growers and millers ranging from extension support and research to laboratory services, specialist advisory services, training, financial services, human resource development, information management systems, and industry affairs. This is funded by the industry levy system with THL being a major contributor.

Harvest delay decimates cane fields

74. The closure of mills would decimate cane fields because excessively aged cane suffers from severe quality deterioration, which includes lodging, side-shooting, pest and disease risks, and dead stick.

75. Beyond the economic and social impacts, there is a severe, tangible biosecurity risk. SASRI (2026) explicitly warn that carry-over and over-



mature cane act as reservoirs for *Eldana saccharina* (stalk borer). The failure to harvest cane contracted to THL would allow pest populations to build up and disperse into surrounding fields, elevating early-season infestation levels across entire control areas.

76. Findings by SASRI warn that the closure of mills would function as a node of disease and pest dispersal, threatening not only the affected supply areas but also the productivity of the entire remaining industry.

Healthcare and social facilities

77. Around each Mill are health care facilities, clinics, doctors and nurses who provide the communities with essential health care. The closure of the mills will bring an end to these services.
78. The sugar industry has been especially active in the field of social responsibility programmes, most notably those dealing with HIV/Aids, work creation, education and environment.

Civil unrest

79. The July 2021 civil unrest impacted on all the growers when road closures prevented cane haulage to the mills, the mills stopped and sugarcane fields were set alight by arsonists and conservatively cost the growers R85 million which was paid by the IDC to SACGA.
80. In October 2022, when Tongaat Hulett entered voluntary business rescue proceedings, milling operations were suspended for approximately two weeks. During this period, sugarcane remained unharvested, resulting in quality deterioration, reduced recoverable sugar content, and additional harvesting backlogs that placed further strain on growers and logistics

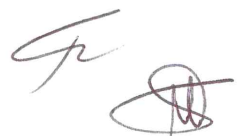
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systems. There were serious concerns that, had the disruption continued, the situation could have escalated into widespread social instability and unrest, potentially exceeding the severity of the events experienced in KwaZulu-Natal during 2021.

Plant closure in mill towns

81. The international literature highlights the devastating effect upon company towns of plant/mill closure with the common themes being:
 - 81.1. at least double and usually three times the numbers of employees in town besides those the Mill itself losing their jobs as a result of supplier relationship;
 - 81.2. unemployment rates in the town often reaching 50% and beyond;
 - 81.3. high proportions of retail firms closing;
 - 81.4. property values usually falling (at least in relative terms) often leaving residents financially “trapped” there;
 - 81.5. unemployment and welfare benefits claims rising rapidly; and
 - 81.6. property tax and rates revenues to the local authority often rapidly declining, usually leading in turn to an overall decline in community services levels.

82. The broader socio-economic and political risks are summarized in the attachment annexed hereto marked “**CG 7**”.


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CONCLUSION

Ad para 28

83. I am advised that converting business rescue proceedings to liquidation proceedings is not a seamless transition because of the myriad of issues that need to be addressed. These include the appointment of liquidators by the Master (which could become litigious), liquidators must apply for court approval to continue to trade and keep the mills running, bank accounts will be closed and new accounts must be opened, funding agreements need to be concluded between the liquidators and IDC which face governance hurdles and the concerns of the Growers, their employees and more particularly the canecutters must be assuaged.
84. A liquidation at the opening of the season would thus bring the milling to a standstill for weeks if not months at this critical cashflow period with devastating consequences and accordingly result in:
- 84.1. the creditors not receiving a better return; and
 - 84.2. the interests of the stakeholders being severely prejudiced.
85. In order to provide a better return to creditors which will also be in the best interest of the stakeholders, the mills and the refinery must run until the end of the milling season by which time there is a reasonable probability that the GrowerCo proposal, with the assistance of IDC, can be implemented.





I hereby certify that the deponent has acknowledged that he knows and understand the contents of this Affidavit which was signed and sworn to before me at MOUNT EDGECOMBE on this the 27th day of MAY 2026, the provisions of Government Notices No. R1258 and R1648 dated the 21st July 1972 and 19th August 1977 respectively having been complied with.



COMMISSIONER OF OATHS

COMMISSIONER OF OATHS

MELDAN GOVENDER

CA (SA)

COMMISSIONER OF OATHS (RSA)

P.O. BOX 700, MOUNT EDGECOMBE, 4300





Est. 1892

TongaatHulett®

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CGIⁿ

22 May 2026

Dear Grower,

We would like to provide you with an update on operational readiness, the commencement of the 2026 milling season, and liquidity management.

1. Operational Readiness and 2026 Season Start-Up

We are pleased to confirm that the 2026 milling season has now commenced, with the previously communicated start-up dates substantially achieved across our operations.

- The Felixton Mill commenced start-up on 20 May 2026 using the initial one-line operation and will ramp up on the second line on 27 May 2026.
- The Maidstone Mill commenced start-up on 20 May 2026.
- The Amatikulu Mill is scheduled to commence start-up on 28 May 2026.

The successful start-up of the season reflects extensive preparation across the business, including maintenance completion, commissioning activities, staffing readiness, and coordination across the supply chain.

Our teams remain focused on ensuring stable operations as activities increase across the mills, with safety continuing to remain the business's highest operational priority.

2. Liquidity Position and Cane Payments

As the milling season begins, the Group continues to actively manage liquidity within a disciplined controlled framework, prioritising the continuation of safe and stable operations across the value chain.

Encouragingly, the business's cash-flow position is expected to improve as milling activities progress and sugar sales normalise during the course of the season.

Based on current projections and anticipated funding arrangements, the business expects to remain in a position to meet cane payment obligations for cane delivered during the 2026 season, in line with established industry mechanisms and settlement processes.

As always, payment timing will remain linked to underlying cash generation and proceeds from sugar sales and will continue to be managed prudently within the existing liquidity framework.

3. Continued Focus

As we move further into the season, our immediate priorities remain to:

- Deliver safe, stable, and disciplined milling operations

Amanzimnyama Hill Road, Tongaat, 4400 • P O Box 3, Tongaat, 4400, KwaZulu-Natal, South Africa
Telephone: +27 32 439 4000 Fax: +27 32 945 3333 • www.tongaat.com

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- Maintain transparent and regular communication with growers and stakeholders
- Ensure responsible liquidity and financial management during this period
- Support continuity and stability across the value chain throughout the 2026 season

4. Stakeholder Engagement

We recognise the importance of certainty, consistency, and operational reliability at the start of the season and appreciate the continued support, patience, and engagement shown by growers during this period.

We remain committed to keeping you informed as the season progresses and will communicate promptly should there be any material developments relating to operations or payment arrangements.

Should you require any clarification, please continue to engage through the usual stakeholder communication channels.

Yours sincerely,

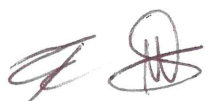


Gavin Dagleish
Group CEO – Tongaat Hulett Limited

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"CG 2"

GROWERCO

Supplying-Grower Equity Vehicle

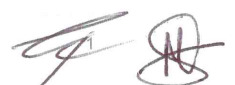
A Proposal for the Sustainable Resolution of the Tongaat Hulett Crisis

A Cornerstone Partnership Proposal to the Industrial Development Corporation

Submitted by GrowerCo (Pty) Ltd (in formation)
on behalf of all Tongaat Hulett Supplying-Growers
A process facilitated by SAFDA and SA Canegrowers
March 2026

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The Case for a Cornerstone Partnership

The provisional liquidation hearing for Tongaat Hulett Limited is set for 16 April 2026. Multiple parties have opposed liquidation on public interest grounds. This document proposes what we believe to be the most sustainable, resilient, and immediately executable solution to the Tongaat Hulett crisis: a cornerstone partnership in which the supplying-growers who provide the raw material, the mill company employees who process it, and the IDC as developmental funder align their interests in a single, unified turnaround structure — one that protects the public interest, secures the IDC's investment, and builds the foundation for long-term value creation.

The risks of inaction are catastrophic — for the public interest and for the IDC itself. A liquidation scenario would wipe out the IDC's Post-Commencement Finance facility of R2.3 billion. Beyond the IDC's direct exposure, a disorderly liquidation would irreversibly devastate the livelihoods of approximately 40,000 people directly dependent on the Tongaat Hulett ecosystem — supplying-growers, factory workers, transport contractors, and their immediate households — and far more indirectly through the downstream economic activity these operations sustain across KwaZulu-Natal. The South African sugar industry is the most transformed commodity sector in the country, and the cane-growing community is its most transformed constituent. The absence of a viable solution will reverse a generation of hard-won transformation in the most inclusive agricultural value chain South Africa has produced. The imperative to act is not merely commercial. It is developmental, social, and national in consequence.

The partnership model proposed here is straightforward in concept and powerful in effect. The IDC funds the restructuring and takes a cornerstone equity stake in the reconstituted enterprise. The supplying-growers commit the feedstock on which every financial metric depends, converting that perpetual cane supply into equity in lieu of cash. Mill company employees contribute the operational capability that keeps the factories running. All three cornerstone stakeholders align around a single objective: stabilise the business, reinvest in the asset base — both mechanical and human — and restore the enterprise to sustained profitability. As reinvestment-driven performance improves, the IDC is progressively bought out on a defined, performance-triggered timeline, exiting with its capital recovered and its developmental mandate fulfilled. What remains is a self-sustaining, supplying-grower-and-employee-owned enterprise with the resilience and governance to endure for the long term. For every supplying-grower, the proposition is unambiguous: commit your cane, secure your equity, and become a permanent co-owner of the enterprise on which your livelihood depends — at no cash cost to you.

GrowerCo (Pty) Ltd is the supplying-grower equity vehicle through which this partnership is given effect. It is a single, self-contained, self-governing entity designed to slot into the IDC's restructuring plan without modification. It is a fundamental reality of this restructuring that the supplying-grower constituency — after years of severe margin erosion compounded by a sustained flood of duty-free and under-priced sugar imports that has decimated farm-gate returns — does not have the financial means to contribute equity capital in cash. Their most valuable contribution, offered in lieu of a cash equity subscription within the IDC's debt-and-equity funding structure, is the raw material feedstock of sugarcane on which every element of the business depends. Without cane, there is no revenue, no going concern, and no basis for any investment. GrowerCo values supplying-grower equity on precisely this basis — converting the perpetual commitment of feedstock supply into an equity stake, secured by binding Cane Supply Agreements. Enabling and supporting all supplying-growers — large and small, black and white — to participate synergistically as co-owners is not only commercially sound; it is the single most effective mechanism to protect the public interest of the

tens of thousands who depend on this ecosystem, now and into the future when diversification becomes a reality. The vehicle can be constituted within six weeks of confirmation.

If executed successfully, this structure has the potential to set a new standard for South Africa: a true public-private partnership in which a developmental finance institution, the people who grow the raw material, and the people who process it come together to rescue a critical national asset from the brink of collapse and rebuild it into a self-sustaining, inclusive, and permanently resilient operation. It would stand as the gold standard of crisis turnaround — demonstrating that when cornerstone stakeholders align, when capital is deployed for reinvestment rather than extraction, and when governance is anchored in the vested commitment of those closest to the value chain, the outcome is not merely survival but long-term prosperity. The IDC has the opportunity to lead that outcome.

1. Shareholding Structure

1.1 Internal Shareholding

Shareholder	Allocation
B-BBEE qualifying supplying-growers — all designated-group supplying-growers (large-scale and small-scale) delivering cane to THSSA’s three mills, holding binding perpetual Cane Supply Agreements with THSSA. Includes the SSG Grower Trust for small-scale B-BBEE qualifying growers, with governance protections modelled on the proven Amatikulu SSG Trust	50%
Established commercial supplying-growers — all non-designated-group supplying-growers delivering cane to THSSA’s three mills, holding binding perpetual Cane Supply Agreements with THSSA. This constituency provides the operational scale and commercial farming expertise that underpins mill throughput	50%

The 50/50 allocation is framed by B-BBEE ownership status — the metric the IDC’s investment committee applies directly. Based on SASA 2024/25 season actuals across the three Tongaat Hulett mill areas, B-BBEE qualifying supplying-growers deliver 35.9% of total cane supply (1,615,338 tons) while established commercial supplying-growers deliver 64.1% (2,884,419 tons). A 50/50 equity allocation therefore represents a 1.4x uplift for B-BBEE qualifying supplying-growers relative to their supply contribution — a modest and defensible premium that aligns with standard B-BBEE practice and is well within the range that the IDC, commercial lenders, and future co-investors would consider proportionate. This framing delivers an immediate and legible B-BBEE ownership credential: 50% B-BBEE qualifying ownership at the GrowerCo level, requiring no secondary demographic analysis. It recognises the full B-BBEE qualifying supply base — including large-scale B-BBEE qualifying growers who deliver 780,546 tons per season, nearly as much as the small-scale constituency — rather than rendering them invisible within a commercial category. Within the B-BBEE qualifying shareholding, the SSG Grower Trust provides dedicated governance protections for the 17,000+ small-scale grower households: headcount voting, SAFDA advisory support, distribution transparency, and 75% supermajority protections on fundamental terms. The IDC’s investment quantum is the same regardless of the internal split — 50/50 is an allocation of how equity is held within GrowerCo, not a demand for additional funding. It costs the IDC nothing extra, and it produces a vehicle in which every supplying-grower — B-BBEE qualifying and established commercial alike,

from the smallest emerging farmer to the largest commercial operation — has skin in the game, is funded by the IDC's cornerstone investment, and pulls toward a common purpose. For every individual supplying-grower, the message is unambiguous: your participation matters, your cane is valued, and your equity stake is real.

1.2 Governance

Governance Principles

Rock-solid governance is non-negotiable. Every board seat held by an individual who actively grows and delivers cane — ensuring that fiduciary responsibility rests with those whose livelihoods are directly tied to the enterprise's performance. Board members elected by shareholders on the basis of demonstrated competence, integrity, and commitment; subject to recall by shareholders for cause. No passive or nominee directorships.

Both statutory grower associations (SA Canegrowers and SAFDA) play valued facilitation and advisory roles. SAFDA's deep institutional knowledge of the small-scale grower community is instrumental in the design and administration of the SSG Grower Trust within the B-BBEE qualifying shareholding. Neither association holds equity nor board seats. Governance authority belongs exclusively to the supplying-growers themselves.

Voting by equity shareholding, not tonnage. Within the B-BBEE qualifying shareholding, the SSG Grower Trust operates on headcount voting — one supplying-grower, one vote — ensuring that the most vulnerable participants have a protected and proportionate voice.

75% supermajority required to amend fundamental terms: 50/50 allocation, CSA-equity mechanism, board composition, distribution formula, IDC buyout waterfall.

Fully aligned with the King IV™ Report on Corporate Governance (as applied from 2024) and the King V Code on Corporate Governance (2025, effective 1 January 2026): ubuntu-botho philosophy of community-centred governance; ethical culture embedded through direct stakeholder representation; sustainable value creation through reinvestment-first principles; integrated reporting obligations; transparent disclosure to all stakeholders including the IDC as cornerstone funder. Governance standards designed to satisfy the due diligence requirements of the IDC, commercial lenders, and any future institutional co-investors.

The quality of leadership available to GrowerCo is a material strength of this proposal. The THSSA milling operation is led by an exceptionally resilient and capable management team that has maintained operational continuity under sustained duress — a calibre of industrial leadership that any institutional investor would recognise as a critical going-concern asset. Within the supplying-grower community itself, there is a deep bench of experienced leaders who have served in senior governance and executive roles across industry structures including the South African Sugar Association, the SA Cane Growers' Association, SAFDA, local grower councils, and mill group boards. These individuals bring decades of governance acumen, fiduciary discipline, and operational knowledge of the sugar value chain. GrowerCo's board will draw on this proven leadership base, ensuring that governance is not aspirational but demonstrably competent from inception — a standard consistent with the expectations of the IDC, commercial lending institutions, and any future institutional co-investors.

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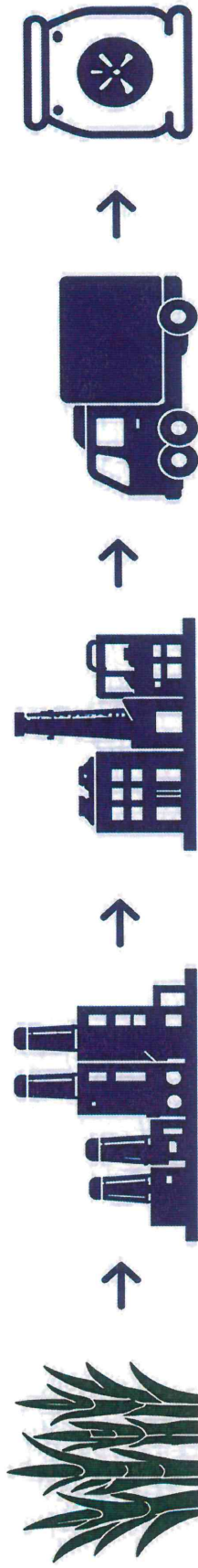
Summary of curriculum vitae

Dr Thomas Funke holds a DCom (PhD) in Agricultural Economics from the University of Pretoria, complemented by exchange studies at the University of Missouri in New Institutional Economics, advanced price analysis, and game theory. His extensive economic experience includes developing and maintaining macroeconomic partial equilibrium commodity models, analysing food price spreads, conducting biofuel policy and production cost assessments, and leading scenario planning for the sugar industry. He has published peer-reviewed research on biofuels, agricultural modelling, and commodity markets, and has presented internationally on these topics.

Dr Muhammad Kadwa holds a PhD in Industrial Engineering and a BSc in Agricultural Economics from the University of KwaZulu-Natal. His economic expertise includes serving as Manager of Industry Affairs at the South African Cane Growers' Association, previously as an Agricultural Economist for the KwaZulu-Natal Department of Agriculture, and currently as a Board Member of the National Agricultural Marketing Council. He has authored peer-reviewed publications on sugarcane supply chain economics, variety adoption, and cane payment systems, and has presented at international conferences.

Ms Ikageng Maluleke holds an MSc in Agricultural Economics from the University of Pretoria and currently serves as Manager of Economic Research at the South African Cane Growers' Association, following previous roles as Area Manager at the same organisation and Agricultural Economist at Grain SA. Her expertise includes strategic economic data collection and analysis, production cost and margin analysis, economic modelling using advanced statistical, policy analysis, and stakeholder engagement with government and industry bodies.

TONGAAT HULETT MILLS ARE CRITICAL TO THE ENTIRE VALUE CHAIN



CANEGROWERS

17 000+ growers
supply cane

MILLING

Crushing & milling
in key regions

REFINING

Produces raw &
refined sugar

LOGISTICS

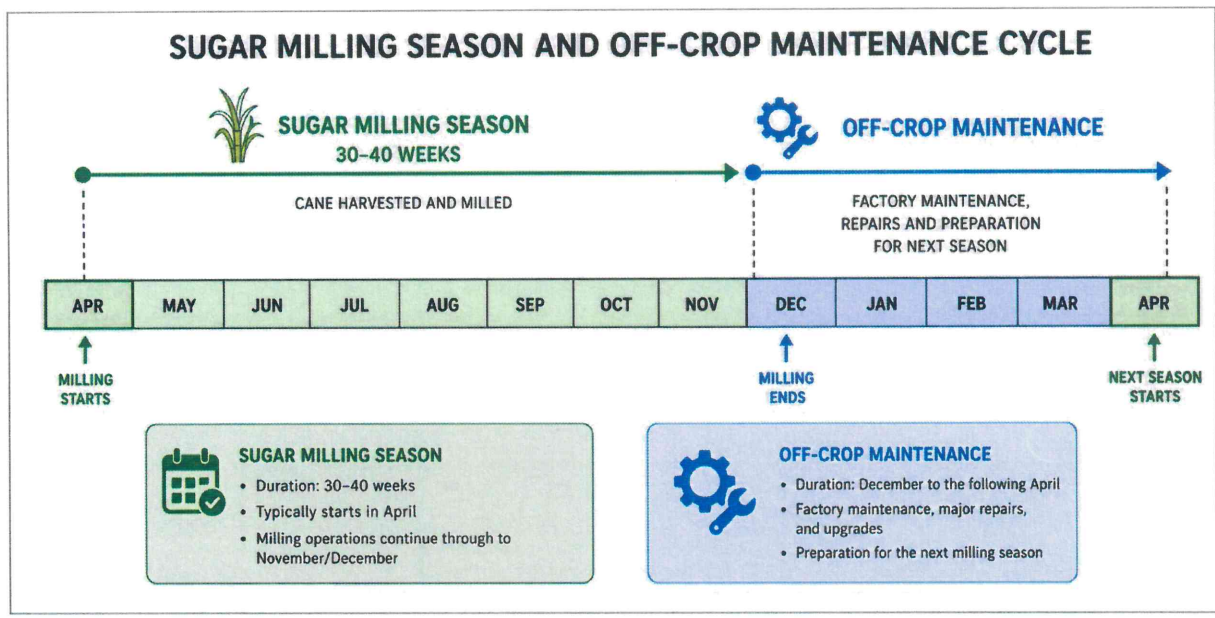
Cane transport,
storage & distribution

DOWNSTREAM

Food, beverages,
industrial users

"CG 4"

"CAS"



“CAG”

OVERALL SUCROSE RECOVERY (PERCENTAGE %) - SUGAR: SUCROSE RATIO															
Mill	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Felixton	86.70	86.03	87.48	85.16	83.72	78.69	83.37	85.49	86.03	84.65	74.72	74.60	81.94	82.07	85.91
Amatikulu	86.78	86.45	86.80	83.33	76.40	68.61	83.80	84.05	82.60	83.46	82.45	78.81	81.93	82.42	86.43
Darnall	84.37	84.51	85.43	84.56	-	80.34	83.47	83.69	83.10	-	-	-	-	-	-
Maidstone	84.43	80.72	81.85	83.38	81.70	82.50	81.61	84.45	82.46	80.45	81.65	78.41	84.46	85.18	86.27

≥ 86%
 83% - 85.99%
 80% - 82.99%
 77% - 79.99%
 < 77%
 No data available

3 BROADER SOCIO-ECONOMIC & POLITICAL RISKS



The closure of Tongaat Hulett Mills and refiners would have far-reaching consequences for **South Africa's economy, communities and rural livelihoods.**



RISING UNEMPLOYMENT AND LOSS OF LIVELIHOODS

Rising unemployment and loss of livelihoods in already vulnerable rural communities.



DECLINING MUNICIPAL REVENUES,

business closures and reduced economic activity.



MIGRATION PRESSURES AND HEIGHTENED

risk of social instability and unrest.



GOVERNMENT, GROWER ORGANISATIONS AND TRADITIONAL LEADERSHIP

all warn of potential economic devastation if operations cease.



TONGAAT HULETT MILLS IS MORE THAN A COMPANY – IT IS AN ANCHOR INSTITUTION FOR REGIONAL ECONOMIC STABILITY, AGRICULTURAL TRANSFORMATION AND RURAL LIVELIHOODS.