

# Tongaat Hulett Limited & other THL group companies

## Ongoing Business Rescue Process



Tongaat Hulett is a leading agri-business in sugar and animal feeds with a significant asset base and footprint in Southern Africa. Their ongoing agriculture activities mean they have a substantial land portfolio within the primary growth corridors of KwaZulu-Natal, with strong policy support for conversion at the appropriate time. In partnering with key stakeholders, they've created mutually beneficial relationships for their shareholders, governments, private farmers and their representative bodies, communities, employees, as well as the people impacted by the company's operations.

On 27 October 2022, Tongaat Hulett Limited ("THL") and Tongaat Hulett Developments (Pty) Ltd ("THD"), commenced business rescue proceedings and appointed Trevor Murgatroyd, Peter van den Steen and Gerhard Albertyn of Metis, as the companies' joint business rescue practitioners ("BRPs").

In late December 2022, Tongaat Hulett Sugar South Africa Limited ("THSSA") and Voermol Feeds (Pty) Ltd ("Voermol"), two wholly owned subsidiaries of THL, further commenced business rescue proceedings and appointed Trevor, Peter and Gerhard as the companies' joint BRPs too.

Project Summary	
Client	THL, THD, THSSA and Voermol
Structure & Presence	Head office in South Africa with subsidiaries operating across Botswana, Zimbabwe and Mozambique
Industry	Agri, sugar, animal feeds and property
Start Date	October 2022
End Date	Ongoing
Transaction Highlights	Securing of PCF, Approved and adopted business rescue plan, Signed purchase agreement for the business

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### Overview of the entity / business:

- Tongaat Hulett is a JSE-listed entity and one of the largest agri-processing businesses in sugar and animal feeds and has a strong socio-economic legacy in Southern Africa. It is the parent company (directly or indirectly) of 60 subsidiaries and associated entities, some of which are spread across Africa in Zimbabwe, Botswana and Mozambique.

### High-level scope of services:

- Initially performed an Independent Business Review, followed by preparation of a detailed restructuring plan
- Trevor Murgatroyd, Peter van den Steen and Gerhard Albertyn of Metis were then appointed as the joint business rescue practitioners of THL, THD, THSSA and Voermol
- Full oversight of business and management
- Development and implementation of the business rescue plan
- Raising of PCF, securing a buyer for the business, negotiations with creditors and clients.

### Result:

- The BRPs successfully secured over R2bn in post-commencement finance from a leading development finance funder, initially ensuring that the businesses could continue in the ordinary course of business and, thereafter, ensuring adequate working capital availability for the Tongaat Hulett businesses supporting the implementation of the business rescue plans.
- Successfully managed multiple legal and litigation streams towards enabling stability of operations and securing new investors.
- Achieved the adoption of the business rescue plans by the requisite majority of creditors. This process effectively secured a buyer for the companies, being the Vision parties ("Vision"). The Vision parties, funders, management and the BRPs are continuing to engage on the various matters that will drive the successful implementation of the business rescue plan and the Vision transaction (including inter alia an acquisition of secured claims and a debt-to-equity conversion).
- At the peak of the sugar season, THL continues to employ more than 2 500 people directly and over 23 000 people indirectly.
- Business rescue has avoided liquidation which would have resulted in a catastrophic outcome for numerous stakeholders.
- These business rescues are extremely large and complex matters. The BRPs and the Metis team are working tirelessly to ensure that the business rescue proceedings will be beneficial to the interests of all stakeholders. The socio-economic impact considerations of these rescues cannot be understated, and Metis continues its endeavours to ensure that the post-commencement operations of the companies continue in the ordinary course of business, during these initial, critical stages of business rescue.