Media Statement
For Immediate Release
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COMMISSION APPROVES MAGISTER INVESTMENTS LIMITED AND TONGAAT HULETT LIMITED TRANSACTION WITH CONDITIONS

The Commission has conditionally approved the proposed transaction whereby Magister Investments Limited (Magister) intends to acquire control of Tongaat Hulett Limited (THL), pursuant to its participation in, and partial underwriting of, THL's proposed rights offer to shareholders.

Magister holds interests in various sectors, including agriculture, transport and logistics, civil construction, and real estate. Its investments span across various jurisdictions including Guernsey, Mauritius, South Africa, and Zimbabwe. Magister also holds a minority shareholding of 0.15% in THL.

THL is primarily an agriculture and agri-processing business with a focus on the sugar production and animal feeds sectors. It is one of the major players in the sugar production industry in South Africa. THL also has a large property portfolio under its Tongaat Property division.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets.

Regarding public interest considerations, the Commission raised concerns with respect to the likely impact of the proposed transaction on employment, the promotion of a greater spread of ownership as well as the effect of the transaction within the sugar value chain and the region in which THL is active.

With respect to employment, the Commission was concerned that the merger could result in retrenchment of employees. FAWU and the DTIC also raised employment concerns. In order to remedy this concern, the Commission approved the merger subject to the following employment conditions:

- The merger parties will not retrench any employees as a result of the merger. To monitor this, THL is required to inform the Commission of their intention to embark on retrenchments, including any retrenchments that they may deem to be related to operational reasons, for a period of 3 (three) years post-merger, and
- Post-merger, THL will maintain the pre-merger headcount for at least a period of 1 (one) year after the implementation of the transaction.

With respect to the promotion of a greater spread of ownership, the Commission was concerned about the uncertainty of the effects of the transaction on shareholding by historically disadvantaged persons (HDPs). The DTIC also raised concerns regarding the potential reduction of the HDP shareholding in THL post-merger. FAWU too was concerned about the impact of the merger on the participation of employees in any share ownership scheme post-merger. In order to address this concern, the Commission approved the merger subject to the following conditions:

- Within 3 years of the implementation date, the merger parties shall establish an employment share ownership plan that will hold an effective 5% in the South African operating subsidiary of THL.
- Further, THL shall, within a period of three years, ensure that THL's BEE shareholding will be at least the same as it was at the date of the approval of the proposed transaction.

Having noted that THL plays a crucial role in socio-economic development, primarily in KwaZulu-Natal, the Commission was concerned about the effect of the proposed transaction within that region. Amongst others, the Commission found that THL currently sources almost half of its feedstock from a substantial number of black farmers and cooperative members and wanted to ensure that these suppliers are not negatively impacted by the merger. In order to address this concern, the Commission approved the proposed transaction subject to a condition that requires THL to ensure that it continues to source at least 40% of its feedstock from historically disadvantaged persons.

In addition, the Commission was concerned about the likely impact of the proposed transaction on THL's continued participation in the Sugar Master Plan. To this end, THL is required to continue to participate in the implementation of the Sugar Master Plan.

Given that THL has substantial land holdings, the Commission sought to ensure that any post-merger sale of THL land holdings should also promote the participation of HDPs in the property sector. Consequently, the Commission approved the proposed transaction subject to a condition that requires THL, if it were to sell some its substantial land holdings post-merger, that at least

20% of the land holdings that are sold will be sold to HDPs subject to, amongst others, market-related commercial terms being agreed. In addition, the merger parties are required to implement capital expenditure commitments contained in their turnaround strategy to ensure the continued sustainability of THL.

[ENDS]

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