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THIS INDICATIVE TERM SHEET COMPRISES ONLY A SUMMARY OF THE TERMS OF THE PROPOSED BONDS, WHICH ARE SUBJECT TO CHANGE. THE INFORMATION HEREIN IS INDICATIVE ONLY. ALTHOUGH THE INDICATIVE INFORMATION HEREIN IS REFLECTIVE OF THE TERMS OF THE BONDS CONTEMPLATED AS AT THE TIME OF COMMUNICATION, THERE IS NO ASSURANCE THAT THE BONDS WILL ACTUALLY BE ISSUED. THE BONDS WILL BE ISSUED ON THE BASIS OF THE FINAL TERMS AND CONDITIONS THAT ARE EXPECTED TO BE DELIVERED TO INVESTORS PRIOR TO OR UPON SETTLEMENT. BEFORE MAKING ANY INVESTMENT DECISION AND ENTERING INTO ANY TRANSACTION IN RELATION TO THE BONDS, POTENTIAL INVESTORS SHOULD TAKE STEPS TO ENSURE THAT THEY UNDERSTAND THE TRANSACTION AND HAVE MADE AN INDEPENDENT ASSESSMENT OF THE APPROPRIATENESS OF THE TRANSACTION IN THE LIGHT OF THEIR OBJECTIVES. POTENTIAL INVESTORS SHOULD MAKE SURE THAT THEY HAVE SUFFICIENT INFORMATION AVAILABLE IN RELATION TO THE ISSUER AND THE BONDS BEFORE MAKING AN INVESTMENT IN THE BONDS.

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Launch Termsheet

18 November 2020



Sappi Southern Africa Limited
Approximately ZAR 1,750,000,000
Senior Unsecured Convertible Registered Bonds due 2025 (the "Bonds")
Convertible into Ordinary Shares of Sappi Limited

Issuer	Sappi Southern Africa Limited (the " Issuer " or the " Company "), a public company incorporated in South Africa under registration number 1951/003180/06 and which is a 100% subsidiary of Sappi Limited.
Securities offered	ZAR denominated senior unsecured convertible registered bonds (the " Bonds "), convertible into the Shares.
Listco	Sappi Limited (the " Listco "), a public company incorporated in South Africa under registration number 1936/008963/06 and the 100% holding company of the Issuer.
Underlying Shares	Ordinary shares of the Listco, with a par value of ZAR1 each (the " Shares "), listed on the Main Board of the JSE Limited (the " JSE "). Bloomberg: SAP SJ Equity Reuters: SAPJ.J ISIN: ZAE000006284.
Currency	South African Rand (" ZAR " or " R ").
Issue Size	Approximately ZAR 1,750,000,000.

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Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to the negative pledge condition) unsecured obligations of the Issuer ranking equally among themselves and at least equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Rating	The Issuer is rated AA (Stable Outlook, National Scale) by GCR Ratings. Listco is rated BB- (Stable outlook) (International scale) by S&P Global ratings and Ba2 (Stable outlook) (International scale) by Moody's Investors Service
Bond Rating	The Bonds will not be rated.
Launch Date	18 November 2020.
Pricing Date	Expected on 18 November 2020 [T].
Settlement Date	Expected on or around 25 November 2020 [T+ 5].
Final Redemption Date	26 November 2025 (5 years and 1 day from the Settlement Date).
Issue Price	100% of the Principal Amount.
Redemption Price at Maturity	100% of the Principal Amount.
Denomination of the Bonds	ZAR 10,000 (" Principal Amount ") per Bond. Bonds are to be offered in minimum trading sizes of ZAR 2,000,000, being 200 Bonds of ZAR10,000 each.
Coupon	5.00% to 5.50% per annum, payable semi-annually in arrear on 26 May and 26 November of each year, commencing on 26 May 2021. If any Interest Payment Date falls on day which is not a Business Day, the Interest Payment Date will be adjusted in accordance with the Modified Following Business Day Convention. Interest will be calculated on the basis of a 365 day year and the actual number of days elapsed in an interest period.
Yield to Maturity	5.00% to 5.50% per annum.
Conversion Premium	30% - 35% over the Reference Share Price.
Reference Share Price	ZAR [●], being the Volume Weighted Average Price (" VWAP ") of the Shares of the Company on the JSE from market open to the pricing of the offer on the Launch Date.
Initial Conversion Price	ZAR [●].
Initial Conversion Ratio	[●] Shares per Bond.
Form of Bonds	Registered and held in uncertificated form in Strate Proprietary Limited (as the South African central securities depository).
Conversion Period	At any time from 90 days after the Settlement Date of the Bonds until the earlier of (i) the seventh day preceding the Final Redemption Date or (ii) if the Bonds have been called for redemption prior to the Final Redemption Date, the seventh day preceding the relevant redemption date.



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Conversion Rights	<p>Unless previously redeemed, or purchased and cancelled, Conversion Rights may be exercised at the option of each Bondholder during the Conversion Period. On the exercise of Conversion Rights by a Bondholder during the Conversion Period, the Issuer shall:</p> <p>(i) if the relevant Conversion Date falls prior to the date specified in the notice given by the Issuer of the passing of the Shareholder Resolutions, make payment to the relevant Bondholder of the relevant Cash Settlement Amount; and</p> <p>(ii) if the relevant Conversion Date falls on or after the date specified in the notice given by the Issuer of the passing of the Shareholder Resolutions, procure the issue or transfer and delivery to the relevant Bondholder such number of Shares as is equal to the Reference Shares.</p> <p>"Reference Shares" means, in respect of the exercise of Conversion Rights by a Bondholder, the number of Shares (rounded down, if necessary, to the nearest whole number) determined by dividing the Principal Amount of Bonds which are the subject of the relevant exercise of Conversion Rights by such Bondholder by the Conversion Price in effect on the relevant Conversion Date.</p> <p>"Conversion Date" means the Business Day following the date of delivery of the Conversion Notice and payment of amounts due by such Bondholder in connection therewith.</p>
Shareholder Resolutions	<p>The Issuer will undertake to use all reasonable endeavours to procure that Listco convenes a meeting of shareholders of Listco by 28 February 2021 for the purpose of considering, and if thought fit, passing such resolutions ("Shareholder Resolutions") as are required to enable the issuance of, or transfer and delivery of, such number of Shares as may be required to be issued or, as the case may be, transferred and delivered from time to time upon the exercise of Conversion Rights.</p>
Cash Settlement Amount	<p>"Cash Settlement Amount" means an amount calculated in accordance with the following formula and which shall be payable by the Issuer to a Bondholder upon the exercise of Conversion Rights, where the relevant Conversion Date falls prior to the date specified in the notice given by the Issuer of the passing of the Shareholder Resolutions:</p> $CSA = \sum_{n=1}^N \frac{1}{N} \times S \times P_n$ <p>where:</p> <p>CSA = the Cash Settlement Amount;</p> <p>S = the Reference Shares;</p> <p>P_n = the VWAP of a Share on the nth Dealing Day of the Cash Settlement Calculation Period; and</p> <p>N = 20, being the number of Dealing Days in the Cash Settlement Calculation Period.</p> <p>"Cash Settlement Calculation Period" means a period of 20 consecutive Dealing Days commencing on the relevant Conversion Date (or the next Dealing Day if such date is not a Dealing Day).</p>



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Fair Market Call	<p>For so long as the Shareholder Resolutions have not been passed, the Issuer may, at any time, by giving notice not later than 10 Dealing Days prior to the Long Stop Date (a "Fair Value Redemption Notice") elect to redeem all but not some of the Bonds at the greater of (i) 102% of the Principal Amount of the Bonds, together with accrued interest to (but excluding) the date fixed for redemption and (ii) 102% of the Fair Bond Value of the Bonds, together with accrued interest to (but excluding) the date fixed for redemption, whereupon the Bonds will be redeemed on the date falling 15 Dealing Days after the end of the Fair Bond Value Calculation Period.</p> <p>"Fair Bond Value" means the price determined in good faith by an independent financial adviser of international repute or with appropriate expertise (Independent Financial Adviser) as being the average of such mid-market prices per ZAR 10,000 in principal amount of the Bonds as displayed from such source or sources (if any) as such Independent Financial Adviser shall consider appropriate as at the close of business on each dealing day during the Fair Bond Value Calculation Period, provided that where no such source is available in respect of any such dealing day as aforesaid, such mid-market price in respect of such dealing day shall be such price determined in such manner as is determined in good faith to be appropriate by such Independent Financial Adviser:</p> <p>"Fair Bond Value Calculation Period" means the period of 10 consecutive Dealing Days commencing on the Dealing Day following the date of the Fair Value Redemption Notice.</p> <p>"Long Stop Date" means 31 March 2021.</p>
Early Redemption at the Option of the Issuer	<p>The Issuer may redeem all but not some only of the Bonds at their Principal Amount together with accrued interest to but excluding the date of redemption:</p> <p>(i) on or at any time after the twenty-first day following the third (3rd) anniversary of the Settlement Date, if the VWAP of a Share exceeds 130% of the Conversion Price on no less than 20 out of any 30 consecutive Dealing Days ending not earlier than the fifth Dealing Day prior to the date on which notice of redemption is given by the Issuer to Bondholders; or</p> <p>(ii) at any time if more than 85% of the Bonds originally issued have been converted and/or redeemed and/or purchased and cancelled.</p>
Bondholder Put	<p>Bondholders may at their option require the Bonds to be redeemed on the Change of Control Put Date or, as the case may, the De-Listing Event Put Date (each as described in the Terms and Conditions) at their Principal Amount plus accrued interest to but excluding the date of redemption following the occurrence of a Change of Control (as described below) or a De-listing Event, as the case may be.</p> <p>A "De-Listing Event" shall occur if:</p> <p>(i) the Shares at any time cease to be admitted to listing on the JSE or the JSE announces that the Shares will cease to be admitted to listing on the JSE unless the Shares are immediately admitted to trading and/or listing on another internationally recognised, regularly operating and regulated stock exchange; or</p> <p>(ii) trading of the Shares on the JSE (or, if the Shares at any time cease to be admitted to listing and trading on the JSE and the Shares at the relevant time are admitted to trading and/or listing on another internationally recognised, regularly operating and regulated stock exchange, trading of the Shares on such exchange) is suspended for a period of 10 consecutive Dealing Days or more, provided that trading of the Shares shall not be considered to be suspended on any Dealing Day on which a general suspension of trading on the relevant stock exchange has occurred.</p>



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Anti-dilution Provisions	Standard anti-dilution provisions dealing with, inter alia, share consolidations, share splits, capital distributions, dividends, rights issues and bonus issues, share repurchases, mergers, spinoffs, as set out in detail in the Terms and Conditions.
Dividend Protection	Full dividend protection by way of an adjustment to the Conversion Price.
Negative Pledge	Yes, restriction on security given by the Issuer and any Material Subsidiary of the Issuer in respect of capital market indebtedness, subject to customary exceptions as described in the Terms and Conditions.
Events of Default	Yes, in respect of the Listco, the Issuer and any Material Subsidiary of the Issuer in line with customary events of default, as described in the Terms and Conditions.
Cross Acceleration	Yes, in respect of the Issuer and any Material Subsidiary of the Issuer, subject to an aggregate threshold of ZAR100 million, as described in the Terms and Conditions.
Change of Control Protection	<p>As more fully described in the Terms and Conditions, a "Change of Control" shall occur if:</p> <p>(A) an offer is made to shareholders of the Listco to acquire all or a majority of the issued ordinary share capital of the Listco or if any person proposes a scheme with regard to such acquisition (other than an Exempt Newco Scheme) and the right to cast more than 50% of the votes, which may ordinarily be cast at a general meeting of the Listco, has or will become unconditionally vested in the offeror and/or any such parties as aforesaid; or</p> <p>(B) any person and/or parties acting in concert shall own, acquire or control more than 50% of the issued ordinary share capital of the Listco or the right to cast more than 50% of the votes which may ordinarily be cast at a general meeting of the Listco; or</p> <p>(C) the Issuer ceases to be a wholly-owned subsidiary of the Listco.</p> <p>As more fully described in the Terms and Conditions, an "Exempt Newco Scheme" is an arrangement that interposes a limited liability company between a company and its existing shareholders in circumstances where the shares of such company are held by the shareholders of the Listco in approximate equal proportion to their shareholding immediately prior to such interposition and are listed on a recognised stock exchange.</p> <p>If a Change of Control occurs, then Bondholders will, for a period of 60 days (the "Change of Control Period") from such occurrence, (or, if later, the date of notice thereof having been given), have the right to convert Bonds at a Conversion Price which is determined in accordance with the following formula (resulting in straight line amortisation of the Conversion Premium by reference to the remaining life of the Bonds):</p> $COCCP = OCP / (1 + (CP \times c/t))$ <p>Where:</p> <p>COCCP = Change of Control Conversion Price;</p> <p>OCP = Conversion Price in effect on the relevant Conversion Date;</p> <p>CP = Conversion Premium (30 - 35%; expressed as a fraction);</p>



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	<p>c = number of days from and including the date the Change of Control occurs to but excluding the Final Redemption Date;</p> <p>t = number of days from and including the Settlement Date to but excluding the Final Redemption Date.</p>
Tax Call	Issuer tax call at the Principal Amount of the Bonds together with accrued interest (subject to Bondholder's right not to be so redeemed and to receive, thereafter, net payments on the Bonds).
Tax Gross Up	Yes, subject to customary exceptions.
Lock-up	90 days from the Pricing Date, in respect of the issue or disposal of Shares or securities convertible or exchangeable into Shares, including by the Listco and its Material Subsidiaries, subject to customary exceptions.
Selling Restrictions	<p>No "offer to the public" in South Africa (as such term is defined in the South African Companies Act, 2008). Bonds may only be offered or sold to prospective investors in South Africa pursuant to section 96(1) of the South African Companies Act, 2008 and in accordance with other applicable laws and regulations of South Africa in force from time to time (including applicable exchange control regulations).</p> <p>Any offer of Bonds in any member state of the EEA or in the United Kingdom will be made pursuant to an exemption under regulation (eu) 2017/1129 (the "prospectus regulation") from the requirement to publish a prospectus for offers of Bonds.</p> <p>Distribution via Reg S (Category 1), no Rule 144A.</p> <p>No offers or sales in or into the US, Australia, Canada, Japan or any other jurisdiction in which offers or sales would be prohibited by applicable law.</p>
Governing Law	The Bonds will be governed by South African law.
Listing of the Bonds	The Issuer will apply for the Bonds to be listed and admitted to trading on the Main Board of the JSE within 4 months following the Settlement Date.
Clearing/Settlement	Strate Proprietary Limited (as the South African central securities depository). Clearstream Banking <i>societe anonyme</i> will settle non-South African transfers through their South African participant.
Stabilisation	None.
Settlement Agent	Rand Merchant Bank, a division of FirstRand Bank Limited, South Africa.
ISIN No:	ZAU000017147
Stock Code	SSACB1
Day Count	ICMA Act/Act.
Global Coordinator and Bookrunner	Rand Merchant Bank, a division of FirstRand Bank Limited
Bookrunners	Rand Merchant Bank, a division of FirstRand Bank Limited Morgan Stanley & Co. International plc



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Commercial Paper Regulations	<p>See attached Schedule 1</p> <p>The information in Schedule 1 has been prepared by and is the sole responsibility of the Issuer. The information in Schedule 1 is given pursuant to the requirements of the Commercial Paper Regulations. None of the Global Coordinator and Bookrunners has independently verified any of such information and makes no representation in respect of, or assumes any responsibility for, the accuracy, completeness or reasonableness of any of such information.</p>
Trustee	TMF Corporate Services (South Africa) Proprietary Limited.
Calculation, Paying and Conversion Agent	Rand Merchant Bank, a division of FirstRand Bank Limited.
Transfer Agent	Computershare Investor Services Proprietary Limited.
Use of Proceeds	The funds to be raised through the issue of the Bonds are to be used by the Issuer to fund the remaining capital expenditure to expand the production capacity on the Issuer's Saiccor mill located in Umkomaas, South Africa and related improvement initiatives
Offering Documents	The offering is being conducted solely on a private placement basis with institutional investors. There will be no offering document in connection with the offering. Investors will only receive this indicative Term Sheet, the Terms and Conditions and Trust Deed available upon request and, after pricing, the Pricing Term Sheet. Investors will need to take their investment decision based solely on publicly available information.



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IMPORTANT INFORMATION

For further information on this transaction, please call your regular contact at Rand Merchant Bank, a division of FirstRand Bank Limited (**RMB** or the "**Global Coordinator**") or Morgan Stanley & Co. International plc (**Morgan Stanley** and together with RMB, the "**Bookrunners**")

REPRESENTATIONS BY INVESTORS

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CONSEQUENCES OF INVESTING IN THE SECURITIES OR (III) THE FUTURE PERFORMANCE OF THE SECURITIES EITHER IN ABSOLUTE TERMS OR RELATIVE TO COMPETING INVESTMENTS.

THE GLOBAL COORDINATOR/BOOKRUNNERS ARE ACTING ON BEHALF OF THE ISSUER AND NO ONE ELSE IN CONNECTION WITH THE BONDS AND WILL NOT BE RESPONSIBLE TO ANY OTHER PERSON FOR PROVIDING THE PROTECTIONS AFFORDED TO CLIENTS OF THE GLOBAL COORDINATOR/BOOKRUNNERS OR FOR PROVIDING ADVICE IN RELATION TO THE SECURITIES.

ANY ALLOCATION OF THE BONDS DESCRIBED IN THIS DOCUMENT IS MADE EXPRESSLY SUBJECT TO THE CONDITION THAT ANY OFFERING OF THE BONDS COMPLETES AND THAT THE BONDS ARE ISSUED. IN PARTICULAR, IT SHOULD BE NOTED THAT ANY SUCH OFFERING AND FORMAL DOCUMENTATION RELATING THERETO WILL BE SUBJECT TO CONDITIONS PRECEDENT AND TERMINATION EVENTS, INCLUDING THOSE WHICH ARE CUSTOMARY FOR SUCH AN OFFERING. ANY SUCH OFFERING WILL NOT COMPLETE UNLESS SUCH CONDITIONS PRECEDENT ARE FULFILLED AND ANY SUCH TERMINATION EVENTS HAVE NOT TAKEN PLACE OR THE FAILURE TO FULFIL SUCH A CONDITION PRECEDENT OR THE OCCURRENCE OF A TERMINATION EVENT HAS BEEN WAIVED, IF APPLICABLE. THE GLOBAL COORDINATOR/BOOKRUNNERS RESERVE THE RIGHT TO EXERCISE OR REFRAIN FROM EXERCISING THEIR RIGHTS IN RELATION TO THE FULFILMENT OR OTHERWISE OF ANY SUCH CONDITION PRECEDENT OR THE OCCURRENCE OF ANY TERMINATION EVENT IN SUCH MANNER AS THEY MAY DETERMINE IN THEIR ABSOLUTE DISCRETION.

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EEA, UNITED KINGDOM AND SOUTH AFRICAN SELLING RESTRICTIONS AND DEEMED INVESTOR REPRESENTATIONS

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU (AS AMENDED, THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. THIS DOCUMENT HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF BONDS IN ANY MEMBER STATE OF THE EEA OR IN THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION") FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF BONDS. THIS DOCUMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION.

REFERENCES TO REGULATIONS OR DIRECTIVES INCLUDE, IN RELATION TO THE UNITED KINGDOM, THOSE REGULATIONS OR DIRECTIVES AS THEY FORM PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 OR HAVE BEEN IMPLEMENTED IN UK DOMESTIC LAW, AS APPROPRIATE.

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MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED ("FSMA")) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED OR RELIED UPON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NO "OFFER TO THE PUBLIC" (AS SUCH TERM IS DEFINED IN THE SOUTH AFRICAN COMPANIES ACT, 2008 (THE "SA COMPANIES ACT")) IN SOUTH AFRICA IS BEING MADE IN CONNECTION WITH THE ISSUE OF THE BONDS OR ANY SECURITIES AND ACCORDINGLY THIS TERM SHEET DOES NOT, NOR DOES IT INTEND TO, CONSTITUTE A "REGISTERED PROSPECTUS", AS CONTEMPLATED IN CHAPTER 4 OF THE SA COMPANIES ACT. ACCORDINGLY, NO PROSPECTUS HAS BEEN FILED WITH THE SOUTH AFRICAN COMPANIES AND INTELLECTUAL PROPERTY COMMISSION IN RESPECT OF THE ISSUE OR OFFERING OF THE BONDS. ANY ISSUE OR OFFERING OF THE BONDS IN SOUTH AFRICA CONSTITUTES AN OFFER FOR THE SUBSCRIPTION AND SALE OF THE BONDS IN SOUTH AFRICA ONLY TO SELECTED INVESTORS WHO FALL WITHIN THE EXEMPTIONS SET OUT IN SECTION 96(1)(a) OR (b) OF THE SA COMPANIES ACT AND, ACCORDINGLY, SUCH OFFER WOULD NOT BE CONSIDERED TO BE AN "OFFER TO THE PUBLIC" FOR THE PURPOSES OF THE SA COMPANIES ACT.

THE ISSUER, THE GLOBAL COORDINATOR/BOOKRUNNERS AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, ACKNOWLEDGEMENTS AND AGREEMENTS. NOTWITHSTANDING THE ABOVE, A PERSON WHO IS NOT A QUALIFIED INVESTOR AND WHO HAS NOTIFIED THE GLOBAL COORDINATOR/BOOKRUNNERS OF SUCH FACT IN WRITING MAY, WITH THE WRITTEN CONSENT OF THE GLOBAL COORDINATOR/BOOKRUNNERS, BE PERMITTED TO PURCHASE THE BONDS.



Morgan Stanley

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SIGNED at Johannesburg this 18th day of November 2020

For and on behalf of

SAPPI SOUTHERN AFRICA LIMITED (THE ISSUER)

Name: P Moodley

Capacity: DIRECTOR

Who warrants his authority hereto

Name: ALEX THIEL

Capacity: DIRECTOR

Who warrants his authority hereto



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SCHEDULE 1: DISCLOSURE IN TERMS OF THE COMMERCIAL PAPER REGULATIONS

Disclosure Requirements in terms of paragraph 3(5) of the Commercial Paper Regulations, published in terms of the Banks Act, under Government Notice number 2172 in Government Gazette number 16167, dated 14 December 1994.

This Schedule 1 is annexed to the term sheet dated 18 November 2020 relating to the issuance by Sappi Southern Africa Limited (the “**Issuer**”) of ZAR[●],000,000 Senior Unsecured Convertible Registered Bonds due 2025 (the “**Term Sheet**”). The Term Sheet is a placing document for the purposes of the Commercial Paper Regulations. Terms and expressions defined in the Term Sheet will bear the same meanings where used in this Schedule 1.

Paragraph 3(5)(a)

The ultimate borrower will be Sappi Southern Africa Limited, a public company incorporated in South Africa under registration number 1951/003180/06.

Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Bonds.

Paragraph 3(5)(c)

The auditor of the Issuer is KMPG Inc.

Paragraph 3(5)(d)

As at the date of this issue:

- (a) the Issuer currently has ZAR1 080 000 000 of commercial paper in issue; and
- (b) it is anticipated that the Issuer will issue ZAR500 000 000 additional commercial paper during the remainder of its current financial year.

Paragraph 3(5)(e)



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The audited consolidated annual financial statements of the Issuer, together with such statements, reports and notes attached or intended to be read with such financial statements, for the financial year ended in September 2019 and the Listco's financial results announcement dated 5 November 2020 (the **results announcement**) are available on the Issuer's website (www.sappi.co.za).

Prospective investors in the Bonds are to consider such financial statements and the results announcement in assessing the nature of the financial and commercial risk of an investment in the Bonds.

Paragraph 3(5)(f)

There has been no material adverse change in the Issuer's financial position since the date of its last audited consolidated annual financial statements in respect of its financial year ended in September 2019, except as may be disclosed in the results announcement and any other publicly available information.

Paragraph 3(5)(g)

The Bonds will be unlisted on issue. An application to list the Bonds on the Main Board of the JSE Limited will be submitted within 4 months following the Settlement Date.

Paragraph 3(5)(h)

The Issuer will use the proceeds from the Bonds to fund the remaining capital expenditure to expand the production capacity on the Issuer's Saiccor mill located in Umkomaas, South Africa and related improvement initiatives.

Paragraph 3(5)(i)

The Bonds are unsecured.



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Paragraph 3(5)(i)

KMPG Inc., the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to cause them to believe that this issue of Bonds does not comply in all material respects with the relevant provisions of the Commercial Paper Regulations.