

ESOR LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1994/000732/06)
JSE code: ESR
ISIN: ZAE000184669
("Esor")

Voluntary suspension of Esor Limited - Update on Business Rescue Proceedings in respect of Esor Construction (Pty) Ltd and Esor Limited

Shareholders are required to be updated on a quarterly basis on the status of Esor Limited which shares were suspended on 17 August 2018.

Esor Limited's major subsidiary Esor Construction (Pty) Ltd ("**Esor Construction**" or "**the Company**") was placed into business rescue on 13 August 2018. Esor Limited was placed into business rescue on 20 November 2018 after a meeting of Directors of Esor Limited where it was unanimously resolved that the company be voluntarily placed into business rescue as envisaged in section 129 of the Act.

1. Esor Limited

The Company's main business is that of a public listed holding company and the relevant facts upon which the resolution was founded are:

- 1.1. On or about 31 October 2018, ABSA Bank Limited demanded payment of R56,207,349.40 (Fifty six million two hundred and seven thousand three hundred and forty nine rand and forty cents) in terms of a cross guarantee for the due obligations of Esor Construction (Pty) Ltd in Business Rescue (Construction);
- 1.2. According to the Company's latest Management accounts, read with its Annual Financial Statements for the year ended on 28 February 2018, the Company does not have the funds available to honour the demand as the assets are illiquid in the form of investments and a debit loan account from Construction that is currently not recoverable;
- 1.3. The inability of the company to obtain further short to medium term funding to make payment in terms of the demand.

2. In order to mitigate the negative effects of the above, the directors have implemented various strategies to ensure that the company are able to meet the Company's obligations as and when they fall due. These include:

- 2.1. Ensuring that adequate security is provided to the primary bankers to cover the facilities that are made available in terms of the facilities arrangements;
- 2.2. Negotiations to dispose of certain development land.

3. Commencement of Business Rescue Proceeding and important dates:

Board of directors of Esor Limited passed resolution for Business Rescue	Wednesday, 14 November 2018
File notice of resolution with CIPC	Tuesday, 20 November 2018
Company nominates a business rescue	Monday, 19 November 2018

practitioner ("BRP")	
CIPC confirms the appointment of BRP	Tuesday, 20 November 2018
File notice to CIPC on BRP appointment	Tuesday, 20 November 2018
Publish notice to affected parties of BRP	Tuesday, 27 November 2018
First meeting of creditors	Wednesday, 5 December 2018
First meeting of employees	Wednesday, 5 December 2018
Date for publication of business rescue plan	Tuesday, 12 February 2019

2.1. Initial Actions during Business Rescue:

- 3.1. Very soon after their appointment the BRP's engaged with the Guarantors, the Shareholders and Absa Bank and focused their attention on stabilising The Company and in consultation with Affected Persons considering and identifying all possibilities to restructure the affairs of The Company.
- 3.2. Thereafter, the BRPs have also engaged with the Shareholders, on the requirements of resuscitating The Company or its business. The BRPs have critically assessed all the options available in order to restructure either The Company or its business.

4. Esor Construction

4.1 Status of the Company when business rescue commenced:

The Company's liabilities as at the Commencement Date could be as high as c R597m whilst the estimated forced sale value of the Company's assets is only R122,7.

4.2 Business Rescue process:

Since the commencement of Business Rescue Proceedings certain contracts between The Company and employers have been terminated and this enabled the BRPs to allow certain guarantors to complete some contracts.

- 4.3** The BRPs have determined that upon the immediate liquidation of The Company only the secured creditors defined as Excluded Creditors in the Business Rescue Plan and Employees (some 46 cents in the Rand on their retrenchment packages) will receive money. Concurrent trade creditors and sub-contractors will receive **no payment**. Liquidation should therefore be avoided.

4.4 The basics of the proposal to creditors:

The Business Rescue Plan provides for and governs how and when the proceeds of the realisation of the Assets of the Company will be utilised to settle the Creditors of the Company. It provides that the secured or excluded creditors will remain creditors and rely on its security and that the proceeds of certain Group Company Loans against property owning companies in the Group will be awarded to Trade Creditors and Sub-contractors.

This Business Rescue Plan deals with and governs the proving of Claims and the subsequent payment of Creditors from the cash realised from the proceeds of the Group Company loans and the appointment of a Receiver for Creditors for that purpose.

4.5 The impact of this Business Rescue Plan on Shareholders of the Company:

The Business Rescue Plan specifically does not alter the rights of any class of shareholder/s of the Company and contemplates the return of control of the Company to its board of directors.

4.6 End of business rescue:

The proposed Business Rescue Plan envisages the end of business rescue after the adoption of the BR Plan. The BRPs will file a notice of substantial implementation, returning control of the Company to its directors but continue with its work as Receiver for Creditors.

5. Remuneration of BRP

5.1. The company agrees to pay the BRP with regard to the actual time spent in attending to his duties the statutory rate of R2, 000.00 (exclusive of VAT) per hour; and

4.2 a reimbursement to the BRP for the actual cost of any disbursements made and expense incurred on behalf of the company in the normal course of what is reasonably expected in execution of the BRP's functions during proceedings

6. Business Rescue Practitioner's statement

The joint BRP's are still of the view that there is a reasonable prospect to develop and implement a business rescue plan for The Company that will ensure that it, upon acceptance of the business rescue plan, will continue in existence on a solvent basis, but this will require a reorganization of the financial affairs of The Company and a consequential arrangement between The Company and its Creditors regarding its liabilities.

Germiston
14 February 2019

Sponsor
Vunani Corporate Finance