



ADAMANTEM



MATUSON
ASSOCIATES

Basil Read Limited (in business rescue)

Registration number 1962/002313/06

("The Company")

January / February 2020

Report to the Companies and Intellectual Property Commission

and to all Affected Persons

In Terms of Section 132 (3) (a) of the Companies Act 71 of 2008

Prepared by:

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Joint Business Rescue Practitioners ("BRPs")



1. Introduction

- 1.1. The Company was placed under the supervision of the BRPs in business rescue proceedings on 15 June 2018, and the Business Rescue Plan (“the Plan”) proposed by the BRPs was approved by 99% of all creditors and 98% of independent creditors on 27 September 2018.
- 1.2. The business rescue proceedings of the Company have not been concluded within three months of the date of commencement thereof, and therefore as required, this report, being the **Eleventh Update Report**, is being tabled in terms of Section 132 (3) (a) of the Companies Act 71 of 2008 (“the Act”).
- 1.3. Reference is made in this report to the Plan, it is therefore important that this report be read in conjunction with the Plan and the previous update reports.
- 1.4. Please refer to www.matusonassociates.co.za/basilread/ for further information on the business rescue proceedings of the Company.

2. Current Status

2.1. Construction Contracts (“Contracts”)

2.1.1. The following Contracts are still to be completed:

- 2.1.1.1. Rosetta: currently projected to be completed by July 2020.
- 2.1.1.2. Zuikerbosch: to be completed by end of March 2020.
- 2.1.1.3. Medupi: Buildings by end of June 2020.

2.2. Performance Guarantees

2.2.1. Since the last Update Report no further performance guarantees have been called.

2.2.2. Negotiations are being put in place to mitigate the losses arising from the call of these performance guarantees.

2.3. Contract Claims

2.3.1. The processes and procedures for resolving contract claims continues to be time consuming, tedious and costly. The Company has however managed significant success in the resolution of many such claims.

2.3.2. Whilst we have had some negative rulings by the DAB, we have also had some noticeable successes.

2.3.3. The Company and BRPs continue to pursue the other outstanding claims. The aggregate sum of these claims is substantial and the degree of success in their recovery will impact materially on the end result of the business rescue process.

2.3.4. It must be pointed out that going forward, the Company is heavily reliant on realising Claims in order to meet post-commencement commitments.

2.4. Realisation of Non-Core Assets

2.4.1. Klipriver Business Park and Rolling Hills Lifestyle Estate

The BRPs continue to pursue expressions of interest from a number of parties. Should any affected person know of or be interested in any of the properties for sale, please contact the business rescue team at basilread@matusonassociates.co.za. Since the Tenth Update Report, no affected person has introduced the BRPs to any persons who may have any interest in the properties.

2.5. Retained Businesses (Mining and Developments)

2.5.1. One of the prime objectives of the approved Plan was the optimisation, safeguarding and preservation of the retained businesses. These businesses continue to perform and are self-sustaining.

2.5.2. Various options are currently being pursued with a view to achieving optimal value for the benefit of all affected persons.

2.5.3. Sale of the Mining Business

This process is in progress and while some offers have been received, it has been considered prudent to continue pursuing further potential offers.

2.6. Proceeds from Realisations

Proceeds from the realisation of the above non-core assets will be distributed in terms of the payment waterfall, as contained in the Plan, in the following order:

2.6.1. Business Rescue Costs.

2.6.2. Pre-Commencement Secured Creditors.

2.6.3. PCF Employees.

2.6.4. Secured PCF Creditors.

2.6.5. Unsecured PCF Creditors.

2.6.6. Pre-Commencement Employees.

2.6.7. Pre-Commencement Concurrent Creditors.

3. Unforeseen Setbacks

- 3.1. Attention is drawn to previous update reports for further detail on the unforeseen setbacks
- 3.2. All the unanticipated setbacks will adversely affect the quantum of any business rescue dividend that may ultimately be paid to concurrent creditors. However, the extent of the reduction of any business rescue dividend cannot be calculated at this stage, until all realisations have occurred.

4. Proof of Claims

- 4.1. The claims submission period has closed.
- 4.2. Please refer any questions or queries relating to your claim to basilread@matusonassociates.co.za

5. Conclusion

- 5.1. Owing to the negative impact of the unforeseen setbacks, as set out in the previous update reports, the dividend to concurrent creditors, as anticipated in the Plan, is likely to be significantly reduced. Any dividend that may accrue, will largely depend on the value of asset realisations and contract claims in particular.
 - 5.2. Notwithstanding the abovementioned uncertainties, it is anticipated that:
 - 5.2.1. subject to the abovementioned realisation of Claims, all PCF and other post-commencement obligations will be settled in full;
 - 5.2.2. in excess of 2,600 employees will receive their full retrenchment packages; and
 - 5.2.3. the risk of further guarantees being called, although not eliminated, has been reduced.
 - 5.3. It remains the opinion of the BRPs that a full implementation of the Plan will achieve a better result than a liquidation.
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