

TO: AFFECTED PERSONS

5 July 2018

RE: BASIL READ LIMITED (IN BUSINESS RESCUE)

- 1 As you are aware, Basil Read Limited was placed into Business Rescue on 15 June 2018. John Lightfoot and Siviwe Dongwana were appointed as Business Rescue Practitioners in terms of Chapter 6 of the Companies Act, 2008 (“the Act”).
- 2 Since the date of their appointment, the Business Rescue Practitioners have engaged (on an on-going basis) with Employers (in respect of the various construction contracts), all of the existing funders of the company, the company’s bankers, and the various guarantors that have guaranteed various of the company’s obligations to various Employers. Further, meetings have been held with the employees of the company.
- 3 A creditors meeting was held on Friday 29 June 2018. At such meeting, the Business Rescue Practitioners explained the business rescue process, provided feedback in respect of the ongoing engagement with various stakeholders, the need and extent for further post-commencement finance funding and further provided an overview of the intended Business Rescue Plan which will be put before Creditors for consideration on 20 July 2018.
- 4 Thereafter, the Business Rescue Practitioners have continued to hold constructive meetings with existing funders, the guarantors and post-commencement financiers this week.
- 5 The purpose of these meetings was to determine how various construction contracts will be funded to completion. The intention is for the construction contracts to be completed (whether by Basil Read Limited (in business rescue) or another contractor).
- 6 Further engagement with the Employers, together with the guarantors is ongoing and meetings will continue during the course of this week, and the early part of next week.

- 7 Further, for the sake of providing clarity on the business rescue process, it is also worth mentioning that the business rescue process provides a moratorium (a stay) on all legal proceedings and enforcement actions against the company whilst it is in Business Rescue. Such moratorium provides a breathing space for a distressed company to recover from its position of financial distress and further allows the Business Rescue Practitioners to negotiate and engage with all relevant stakeholders in an effort to prepare, draft and submit a Business Recue Plan for consideration by all affected parties.
- 8 The Act provides that where the company is in lawful possession of another party's property (under a contract entered into prior to commencement of business rescue), the company is entitled to retain possession of such property and cannot be removed.
- 9 However, at this stage, the company cannot commit to a position where it can definitively continue to engage you for the provision of your further services during Business Rescue and as such, such services are currently suspended until further notice from the Business Rescue Practitioners. This position may change once we have clarity on the level of post commencement funding and how it will be allocated to contracts.
- 10 In the circumstances and while the Business Rescue Practitioners continue to engage with the various stakeholders, we request your continued support and patience.
- 11 Further communication will follow in this regard.

Yours Sincerely



John Lightfoot
Business Rescue Practitioner



Siviwe Dongwana
Business Rescue Practitioner