



SOUTH AFRICAN AIRWAYS

South African Airways
Airways Park, Jones Road
OR Tambo International Airport
Johannesburg, South Africa

Private Bag X13
OR Tambo International Airport
1627

TO ALL AFFECTED PERSONS

10 SEPTEMBER 2020

NOTICE TO ALL AFFECTED PERSONS RE STATUS OF THE COMPANY BUSINESS RESCUE PROCEEDINGS

1. On 28 July 2020 a notice to affected persons was published, confirming the conditions of the adopted business rescue plan (“the Plan”), were fulfilled and that the Plan is unconditional and enforceable.
2. The joint business rescue practitioners (“the BRPs”) have been finalising two outstanding issues that are critical to the implementation of the Plan:
 - 2.1. The termination of the aircraft leases; and
 - 2.2. The procuring of the required funding in terms of the Plan.
3. The termination of the aircraft leases:
 - 3.1. The importance of this action item is to ensure that the Company does not have overly burdensome contracts that are not suitable for the Company during the implementation of the Plan or thereafter.
 - 3.2. The Company has entered into termination agreements in respect of 33 of the 40 aircraft leases. The termination of the remaining aircraft leases will hopefully be finalised at the end of September 2020, failing which the Company will have to institute legal proceedings to cancel the onerous aircraft leases.
4. The funding required to implement the Plan:
 - 4.1. In terms of the Plan there is short, medium and long term funding that is required in order to implement the Plan.
 - 4.2. The BRPs have been in engagements with Government regarding the procuring of this funding and to date Government has advanced approximately R9,3 billion (nine billion three hundred million Rand) for the repayment the Company’s various lenders as set out in the Plan.
 - 4.3. The remaining portion of the short term funding required by the Company has not yet been made available to the Company and the BRPs have been engaging tirelessly with Government to ensure that this funding is made available to the Company timeously.
 - 4.4. In the ongoing engagements on this issue, Government has continued to express its commitment to making this funding available and have undertaken to do so during the course of next week.

5. The issue that the BRPs have to deal with at this point in time, concerns the existing funds which are available for operational expenditure, which are near depletion and thus the availability of the requisite funding to the Company during the course of next week will determine whether the business rescue proceedings can continue.
6. Accordingly the BRPs have found it prudent to advise affected persons of the status of the Company's dire financial position.
7. The BRPs will advise affected persons on 17 September 2020 of the progress of the advancing of the funding.
8. Should the BRPs not be satisfied that sufficient progress has been made for the timeous advancing of the funding, a meeting of creditors will be convened on 18 September 2020 at 11h00 to engage with affected persons on this issue and the proposed way forward taking into account all relevant factors.
9. Should you have any queries regarding the above, please do not hesitate to contact the BRPs at creditors@saabusinessrescue.co.za.

Regards

The business rescue practitioners of South African Airways (SOC) Limited