



South African Airways  
Human Resources  
6<sup>th</sup> Floor, Block C  
Airways Park

Private Bag X13  
OR Tambo International Airport  
Republic of South Africa

28 May 2020

Dear Sirs

**REQUEST FOR CONSENT TO AN EXTENSION IN RESPECT OF THE PUBLICATION OF THE BUSINESS RESCUE PLAN OF SOUTH AFRICAN AIRWAYS SOC LIMITED (IN BUSINESS RESCUE) (“SAA”) IN TERMS OF S150 (5) OF THE COMPANIES ACT, NO 71 OF 2008 (“Companies Act”)**

**Introduction**

1. We address this letter to you as the joint business rescue practitioners of SAA (“practitioners”).
2. In terms of s150 (5) of the Companies Act, the business rescue plan (“plan”) must be published within 25 business days after the date on which the practitioners were appointed, or such longer time as may be allowed by the court or the holders of a majority of the creditors’ voting interests.
3. On 20 December 2020, the practitioners requested and were duly granted an extension to 28 February 2020 for the publication of the plan.
4. On 28 February 2020, the practitioners requested and were duly granted a further extension to 31 March 2020 for the publication of the plan.
5. On 20 March 2020, the practitioners requested and were duly granted a further extension to 29 May 2020 for the publication of the plan (“20 March Request”).
6. For the reasons set out below, the practitioners require a further extension for the publication of the plan in terms of section 150 (5) of the Companies Act.

**The reasons for the request for an extension in respect of the publication of the plan**

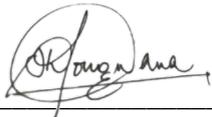
7. We refer to the prior extension requests and the various update notices furnished to affected persons regarding SAA’s business rescue proceedings.
8. As advised in the 20 March Request, on 15 March 2020, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act, 57 of 2002, pursuant to the global outbreak of Covid-19. The President further advised that Cabinet decided on various urgent and drastic measures to, *inter alia*, manage Covid-19 and to reduce the impact of same.

9. Since the 20 March Request:
  - 9.1. a level 5 lockdown period commenced on 26 March 2020 until 30 April 2020;
  - 9.2. a level 4 lockdown period commenced 30 April 2020 and will continue until 31 May 2020; and
  - 9.3. a level 3 lockdown period will commence from 1 June 2020.
10. Prior to the lockdown, the practitioners were in advance stages of a draft plan based on an initial proposed restructure, which sought the highest retention of jobs possible and the restructuring of SAA so that it was sustainable, non-reliant on shareholder funding in the future and a platform for growth.
11. As advised in the update dated 27 May 2020:
  - 11.1. Unfortunately, the draft plan for a restructured airline, which was near complete, could not be finalised due the impact of COVID-19 which nullified all the assumptions that were included in the income projections which were used to build the proposed sustainable airline model.
  - 11.2. Accordingly, a new post Covid-19 plan was developed in order to preserve the assets of the airline until SAA could reliably predict the income patterns of the future. For these reasons, care and maintenance proposals were presented to the shareholder, so that the restructuring plan could be finalised when there was more certainty in the aviation industry.
  - 11.3. When the practitioners were notified that the shareholder would not fund a care and maintenance plan, then the only option available to the practitioners was to propose a plan that would provide creditors with a better return, through a structured wind down, than a liquidation.
12. The practitioners proceeded to prepare a draft plan based on a better return, which would have been circulated to affected persons for consultation prior to the publication date of 29 May 2020.
13. However, pursuant to ongoing engagements with the shareholder, and as recently as 25 May 2020, the shareholder provided the practitioners with a proposed restructuring plan, for consideration and possible inclusion as the proposal in terms of the draft plan.
14. The practitioners have decided to prepare a revised plan taking into account the proposal by the shareholder for creditors and employees to consider.
15. The practitioners intend to circulate the revised draft plan to the employees' committee, creditors' committee and shareholder by 29 May 2020 and to consult with these committees and the shareholder during the course of the week commencing on 1 June 2020.

### **The requested extension in respect of the publication of the plan**

16. In light of the aforesaid, despite the revised plan being ready for publication, further consultation with affected persons is required before the plan can be published.
17. As a result of these consultations and in order to give the respective stakeholders reasonable time periods to consult on the revised plan the practitioners request a further extension to **8 June 2020**, which should allow for sufficient time for:
  - 17.1. consideration by the respective committees and the shareholder to enable them to make representations to the practitioners for consideration; and
  - 17.2. the practitioners to consult with representatives from these committees and the shareholder, subject to the practitioners' overall responsibility to publish a plan which they regard as representing the best prospects of rescuing SAA as contemplated in the Companies Act.
18. As advised previously, the published plan will be considered at the meeting of creditors (and the shareholder to the extent that the rights of the shareholder will be altered by the plan), convened in terms of section 151 of the Companies Act, who will decide whether to adopt or reject the plan or require the practitioners to revise the plan.
19. In addition, the extension will not stop the practitioners from taking the necessary steps to progress SAA's business rescue and the practitioners will continue taking proactive steps in light of the current crisis to conserve cash in SAA and to protect the interests of SAA.
20. The practitioners accordingly hereby request the creditors' consent to an extension for the publication of the plan to **Monday, 8 June 2020**. The practitioners will, however, endeavour to publish the plan as soon as they are in a position to do so and will keep creditors updated on the progress of the development of the plan. Moreover, the extension will not stop the practitioners from continuing to take the necessary steps to progress SAA's business rescue and will continue taking proactive steps in light of the current crisis to conserve cash in SAA and to protect the interests of SAA.
21. Kindly vote for or against the extension, as requested above, via email to [creditors@saabusinessrescue.co.za](mailto:creditors@saabusinessrescue.co.za) before close of business on **Friday, 29 May 2020**.
22. If the practitioners are unable to obtain the requisite consent requested in paragraph 12 above, the practitioners will be obliged to apply to the High Court in terms of s150 (5) (a) of the Companies Act for an extension.

Yours faithfully



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**Siviwe Dongwana**  
**Business Rescue Practitioner**



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**Les Matuson**  
**Business Rescue Practitioner**