

Basil Read Holdings Limited
Incorporated in the Republic of South Africa
Registration Number 1984/007758/06
Share Code: BSR ISIN: ZAE 000029781
("Basil Read Holdings" or "the company")

UPDATE TO THE BASIL READ LIMITED BUSINESS RESCUE PLAN

Shareholders are referred to the announcements previously released on SENS regarding the Basil Read Limited Business Rescue proceedings and are advised that the Business Rescue Plan is in the process of being implemented.

Given that the Business Rescue proceedings of Basil Read Limited have not been concluded within three months of the commencement thereof the Business Rescue Practitioners publish a monthly update report in terms of section 132(3)(a) of the Companies Act 71 of 2008 ("Companies Act"). The First, Second, Third and Fourth such Update Reports are available on www.matusonsassociates.co.za/basilread/ along with the Business Rescue Plan and these Update Reports should be read in conjunction with the Business Rescue Plan.

The Fourth Update Report dated January 2019, provided significant developments relating to the following:

1. The majority of the construction contracts that the Company had at the commencement of the Business Rescue proceedings have either been completed or have been terminated;
2. Significant reduction of overhead and head office costs through accelerating retrenchments as well as the reduction of the number of members on the board of directors

These significant developments have also been accompanied by some challenges, which include the following:

- Resolution and payment of contract claims remains a challenge and the process is taking longer than anticipated;

- while the acceleration of retrenchments has assisted in reducing the cost base, its timing has impacted availability of resources;
- insufficient post-commencement finance ("PCF") resulting in the Business Rescue Practitioners requesting the lenders to provide further PCF, in order to realise the objectives of the Business Rescue Proceedings;
- many pre-commencement creditors have yet to submit their claims;
- there has been some interest in the purchase of non-core assets but few committed buyers; and

unforeseen setbacks severely impacting the cashflow estimated at the commencement of the Business Rescue process and further delaying the finalisation of the financial statements.

The above listed challenges have increased the liquidity constraints on the business.

The Business Rescue Plan contemplated that the PCF is to be repaid from the proceeds of the disposal of non-core assets of the group and resolutions of claims. As per the latest update of the Business Rescue Plan the realization of assets and claims have been significantly delayed. Notwithstanding such delay, the Company has approved the disposal of a 28% interest in the Majwe Mining Joint Venture (Pty) Limited by one of its subsidiaries (the "Disposal"). The Disposal would be the first of such transactions and the proceeds thereof are anticipated to be utilised first as working capital for the mining business and then towards the repayment of the PCF in order to improve the outcome of the Business Rescue Plan.

The Business Rescue Practitioners have also requested bridging finance and advised that provided that the requested bridging finance is obtained without delay, they consider that there remains a reasonable prospect of a successful Business Rescue.

As a result of these challenges, the Business Rescue Practitioners are focusing on the following key elements of the Business Rescue Plan:

- Completion of the profitable construction contracts;
- Cancellation and/or cession of onerous contracts;
- Resolution and recovery of outstanding claims;
- Disposal of non-core assets;

- Reduction of fixed overheads; and
- Reduction of labour costs.

Although the Business Rescue Practitioners remain of the opinion that there is a reasonable prospect of achieving an end result that would be better than that of a liquidation, the further initiatives being considered may result in a material variation to the Business Rescue Plan previously approved by Creditors which may require further creditor approval.

Further updates on the Business Rescue proceedings will be provided in due course.

Boksburg
27 February 2019

Company Secretary
Emmaus Holdings (Pty) Limited

JSE Sponsor
Grindrod Bank Limited