

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 on 28 June 2019 and the related announcements issued during the course of 2019, including the last announcement on 8 October 2019, Basil Read Limited ("BRL") (a subsidiary of the Company) 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"). In this regard the ten updates 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 tenth report covering the period from October to December 2019, provides for the following significant developments:

1. Most of the construction contracts that the BRL had at the commencement of Business Rescue proceedings, which were loss making and causing a cash drain, have either been completed, ceded or have been terminated. Only two contracts remain to be completed out of 27 contracts at the commencement of Business Rescue proceedings;
2. The aggregate contingent liability of R1.1 billion at the date of business rescue has been reduced to R575 million;
3. From the seven contracts that have been cancelled, performance guarantees have been called in only three instances and BRL continues negotiations to mitigate losses arising from the call of the guarantees;

4. The Business Rescue Practitioners ("BRPs") have employed additional resources to pursue contractual claims in order to pay the Post Commencement Finance ("PCF") and Business Rescue costs;
5. BRL's subsidiary concluded transaction to sell and lease non-core properties, as approved by the JSE in September and November 2019. As a result, the Group moved to a new head office, significantly reducing its operating costs;
6. BRL has paid retrenchment costs and has seen a significant reduction in overhead costs through accelerating retrenchments and moving to the new premises; and
7. the remaining businesses, being the Mining Services and Developments Businesses, continue to perform as expected and continued to secure new opportunities.

The above status demonstrates significant progress in meeting a key objective of the Business Rescue Plan which was to facilitate the completion of loss-making construction contracts and to minimise the risk of the performance guarantees being called.

The other objective of the Business Rescue Plan was to maximise the value of construction claims. In this regard the BRP's have reported that the process is time consuming, tedious and costly. While there have been challenges as reported in the Updates, the BRPs, however, have noted significant positive victories particularly in the Trans-Caledon Tunnel Authority ("TCTA") and Transnet contracts. In these two instances the Dispute Adjudication Board ("DAB") ruled in the favour of the company for a significant number of claims and reversal of negative certificates. The company continues to pursue the other outstanding claims which are substantial. The success in the recovery of these claims will impact materially on the end result of the business rescue process.

The sale of the non-core assets remains an objective of the Business Rescue Plan. In this regard, shareholders are referred to announcement regarding the sale of the Head Office Properties. It was further announced that the Group has moved

to new premises enabling a significant reduction of the operating costs.

The retained businesses, being the Mining and Development business, which are not in business rescue, continue to perform well and remain self-sustaining. The BRPs have appointed an independent sales advisor to value the Mining business and adjudicate on potential offers for the business.

The business rescue practitioners remain of the view that a full implementation of the Plan will achieve a better result than a liquidation.

From a Basil Read Holdings Limited perspective, the implementation of the Business Rescue Plan of Basil Read Limited continues. However, its effect at a group level remains uncertain until it is completed. Therefore, the suspension will remain in place until the implementation is complete and the effects on the group can be determined.

Bedfordview

8 January 2020

Company secretary

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