

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 19 June 2020 in relation to the Business Rescue proceedings for Basil Read Limited ("BRL"), a subsidiary of the Company,

Given that the Business Rescue proceedings of BRL 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, twelve 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 latest report being the thirteenth report covering the period from June to September 2020, provides for the following significant developments:

1. Despite the significant business disruptions from the COVID-19 global pandemic, Basil Read Limited ("BRL") has successfully completed the TCTA project, with the Performance Certificate being issued on 10 September 2020. This project was the most complex, material, with a significant liability that adversely contributed to the company's financial distress. The project is in the process of financial closure relating to the significant claims, which will form part of the final account.

2. There are 2 (2) construction contracts that are still active versus twenty-seven (27) contracts at the beginning of rescue proceedings. Most of the contracts have been completed, ceded or descope amicably. Only four (4) contracts were terminated.
3. The aggregate contingent liability in the form of performance and retention guarantees have been reduced to R154 million versus R1.1bn at the beginning of the rescue proceedings.
4. The site activities that were suspended due to the impact of the Covid-19 virus and the subsequent national state of emergency declared by the South African Government on 26 March 2020 and State of Emergencies declared in Botswana, Namibia, Lesotho and Swaziland have resumed gradually.
5. BRL continues to pursue contract claims; however, the process remains protracted and costly. The Company has however managed significant success in the resolution of many such claims. The claims processes have also been impacted by the Covid-19 related lockdowns, particularly the matters that were to be heard in Courts or Arbitration. Despite these delays and uncertainties, BRL successfully obtained judgements and rulings in its favour for outstanding payment certificates.
6. The Mining Services and Developments Businesses were also adversely impacted by the pandemic with various clients declaring *force majeure* and certain long-term contracts being terminated with several retrenchments as a result, particularly within the Mining Business.

7. However, these businesses have managed to preserve cash in order to remain sustainable despite the impact of this pandemic.
8. The Mining Business has managed to secure two new contracts in Namibia.
9. The business rescue practitioners remain of the view that a full implementation of the Plan will achieve a better result than a liquidation.
10. 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

23 September 2020

Company secretary

Emmaus Holdings (Pty) Limited

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