

Comair Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 1967/006783/06)
ISIN: ZAE00002983
Share Code: COM
("Comair" or "the Company")



DISTRIBUTION OF CIRCULAR

INTRODUCTION

Shareholders are referred to the announcement released on SENS on 28 September 2020 wherein it was advised that creditors and shareholders of Comair overwhelmingly approved the business rescue plan published on 2 September 2020 ("**the Plan**").

The proposal set out in the Plan entails the conclusion of the conditional investment totalling R500 million in the Company by K2020704995 (South Africa) Proprietary Limited, registration number 2020/704995/07, ("**the Investor**"), in two parts, namely:

- a subscription of R400 million by the Investor in the Company pursuant to a standalone specific issue of shares for cash ("**Shares**") at R0.010761 per Share; and
- an advance of R100 million by the Investor to the Company as post-commencement financing (which amount will effectively be converted into Shares by way of set off of the amount to be repaid, against an equivalent amount in respect of the subscription price for the Shares to be issued in exchange at R0.010761 per Share),

(collectively, "**the Specific Issue**"), in consideration for which the Company will issue and allot to the Investor so many new shares in Comair as will result in the Investor holding 99% of the number of shares in Comair's issued share capital.

To the extent that the Specific Issue cannot be implemented, a structured wind-down of the Company's operations and activities, and the realisation of the assets of the Company will be pursued.

In order to give effect to the Specific Issue, it is necessary that a capital restructure ("**the Capital Restructure**") be implemented which entails the following -

- the conversion of the existing par value Shares in the authorised share capital of the Company (with a par value of R0.01 (one cent)), into no par value Shares;
- the increase of the existing authorised ordinary share capital of the Company comprising of 1,000,000,000 (one billion) ordinary Shares to 50,000,000,000 (fifty billion) ordinary Shares of no par value, through the creation of an additional 49,000,000,000 (forty nine billion) ordinary Shares of no par value; and
- the adoption of a new memorandum of incorporation to give effect to the aforementioned changes.

The Specific Issue will result in the Investor being able to exercise at least 35% of all the voting rights attached to Shares and, accordingly, the Investor would ordinarily be required to make a mandatory offer to all holders of the Shares, other than Innercreek Investments Proprietary Limited ("**Innercreek**"), being a party acting on concert with the Investor and not an independent holder of Shares, as envisaged in sections 117(1)(c)(vi) and 123 of the Companies Act 71 of 2008, as amended as read with the Companies Regulations ("**the Companies Act**") inclusive of regulation 90,

to acquire all or a portion of the Shares held by such eligible shareholders ("**the Mandatory Offer**"). However, in terms of regulation 86(4) of the Companies Act, the benefit of the Mandatory Offer that would in terms of section 123(3) be required, may be waived by resolution passed by the independent holders of more than 50% of the general voting rights of all the Shares. For this reason a waiver is proposed in accordance with section 86(7) of the Companies Regulations, to be passed ("**the Waiver**").

THE INVESTOR

The proposed ultimate economic beneficial shareholders of Comair post the implementation of the Capital Restructure and the Specific Issue are a team of individuals (investing either directly or where appropriate through their or their family investment structures), with an enviable entrepreneurial track record in growing and developing global businesses and successfully running an airline in a highly competitive environment.

These individuals comprise Messers Martin Moritz, Rodney Sacks, Hilton Schlosberg, Steven Herring and Rachel Diamond (nee Slack) representing herself and members of her immediate family in their personal capacity through Luthier Capital, a private investment vehicle. They will channel their investment into the Investor through a South African holding company structure.

In addition, the shareholders of Comair (through the Investor) post implementation of the Capital Restructure and the Specific Issue will include, Glenn Orsmond, Kirsten King and Pieter van Hoven as well as two or more South African banks with Nedbank as lead arranger, and in due course one or more B-BBEE strategic shareholders and an employee share incentive scheme.

DISTRIBUTION OF CIRCULAR AND NOTICE FOR OBTAINING WRITTEN APPROVAL FROM SHAREHOLDERS

Details of the resolutions required to approve the Specific Issue, the Capital Restructure and the Waiver ("**the Resolutions**") are contained in a circular that has been distributed to shareholders today ("**the Circular**"). The Resolutions are presented to shareholders in terms of section 60 of the Companies Act for their consideration and written approval. Shareholders are requested to vote on the Resolutions in accordance with the instructions contained on page 6 of the Circular.

The Circular is available in English only. Copies may be obtained from the registered office of Comair and Comair's transfer secretaries, Computershare Investor Services Proprietary Limited. The Circular is also available from today on Comair's website (www.comair.co.za [**please provide specific link**]).

IMPORTANT DATES AND TIMES

Shareholders are referred to the table below setting out important dates and times in relation to voting on the Resolutions.

Record date to determine which Shareholders are entitled to receive the Circular and entitled to vote on the Resolutions	Friday, 23 October 2020
Circular posted to Shareholders who have not agreed to receive electronic communication and Circular emailed to Shareholders who have agreed to receive electronic communication on	Monday, 2 November 2020
Announcement providing a summary of the Resolutions giving salient dates and advising of the distribution of the Circular released on SENS	Monday, 2 November 2020
Closing date for voting on the Resolutions being 7 (seven) days plus 20 (twenty) Business Days after the Circular has been submitted to Shareholders	Monday, 7 December 2020
Results of the voting on the Resolutions anticipated to be released on SENS on or before	Tuesday, 8 December 2020

Note:

- (1) The above dates and times are subject to change. Any such change will be released on SENS. All times are South African standard times.
- (2) Comair Shareholders are referred to page 6 of the Circular for information on the action required to be taken by them.
- (3) The provision in section 60 to effect that voting must be within 20 business days after the resolution is submitted to shareholders is an enabling provision – to enable the company to get the requisite votes. So if the Company is able to secure sufficient votes to get all resolutions passed with the requisite majority within less than 20 business days, it is not necessary to await the expiry of the 20 business day period to implement the resolutions so approved in writing. Thus, once the required majority to pass any of the Resolutions (and any of the Resolutions which are inter-conditional with that resolution) is reached, then notwithstanding that this majority is obtained before the closing date for voting on the Resolutions (being 7 days plus 20 (twenty) Business Days after the Circular has been submitted to Shareholders), the relevant announcement regarding the passing of those Resolutions will be announced on SENS and the Resolutions so approved will be implemented. In such event (i) the last day to trade in Shares in order to be recorded in the Company's Register on the record date for purposes of the Resolutions will be announced on SENS; (ii) the relevant salient dates mentioned above will be adjusted accordingly.

INDEPENDENT BOARD, INDEPENDENT EXPERT REPORT

An independent board, comprising the Comair business rescue practitioners, Messrs Shaun Collyer and Richard Ferguson, has been constituted by Comair to consider the Capital Restructure, Specific Issue and the Waiver and to advise shareholders of their opinion in relation to Capital Restructure, Specific Issue and the Waiver. The independent board has, in turn, appointed Letsema Corporate Finance as an independent expert to provide the independent board with external advice and to prepare a report, indicating whether the Capital Restructure, Specific Issue and the Waiver would be fair and reasonable to Comair shareholders.

Having considered the terms and conditions of the Capital Restructure, Specific Issue and the Waiver and based on the conditions set out in its report, a copy of which is included in the circular to shareholders, the independent expert has concluded that the terms and conditions of the Capital Restructure, Specific Issue and the Waiver are both fair and reasonable to Comair shareholders.

The independent board, taking into account the report of the independent expert, has considered the terms and conditions of the Capital Restructure, Specific Issue and the Waiver and the members of the independent board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Comair shareholders.

2 November 2020

Transactional Advisor and Sponsor
PSG Capital

Legal Advisor to Comair
Werksmans Attorneys

Legal Advisor to the Investor
ENSafrica

Independent Expert
Letsema Corporate Finance

IMPORTANT NOTICE TO FOREIGN SHAREHOLDERS AND PROSPECTIVE INVESTORS

FOREIGN SHAREHOLDERS AND PROSPECTIVE INVESTORS IN COMAIR LIMITED ("COMAIR") SHOULD NOTE THAT, IN ORDER TO ENABLE COMAIR (AS A LICENSED AIR SERVICES OPERATOR IN SOUTH AFRICA) TO REMAIN COMPLIANT WITH THE FOREIGN OWNERSHIP RESTRICTION CONTAINED SECTIONS 16(4)(c) AND 19(a) OF THE AIR SERVICES LICENSING ACT, NO. 115 OF 1990, THE VOTING RIGHTS OF FOREIGN SHAREHOLDERS MAY BE DECREASED PROPORTIONATELY SUCH THAT THE VOTING RIGHTS OF FOREIGN SHAREHOLDERS DO NOT, IN AGGREGATE, EXCEED 24.99%. FOREIGN SHAREHOLDERS AND PROSPECTIVE INVESTORS ARE REFERRED TO THE COMAIR'S MEMORANDUM OF INCORPORATION AND WEBSITE (www.comair.co.za) FOR FURTHER DETAILS. IF FOREIGN SHAREHOLDERS OR PROSPECTIVE INVESTORS ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE THEY SHOULD SEEK ADVICE FROM THEIR BROKER, ATTORNEY OR OTHER PROFESSIONAL ADVISER.