

ESOR CONSTRUCTION (PTY) LTD (UNDER RECEIVERSHIP)

STATUS REPORT OF THE RECEIVER FOR CREDITORS IN TERMS OF THE BUSINESS RESCUE PLAN ADOPTED ON 5 MARCH 2019.

1. Esor Construction (Pty) Ltd ('the company') was placed under Business Rescue in terms of Section 129(1) of the Companies Act 2008 ("the Act") on 13 August 2018.
2. Johannes Frederick Klopper and Liebenberg Dawid Ryk van der Merwe were licensed by the Commission in respect of the company and appointed as Business Rescue Practitioners (BRPs) to this company on 14 August 2018 in terms of Section 138 of the Act. The BRPs published the Business Rescue Plan on 11 February 2019 and which was amended on 25 February 2019.
3. At the meeting in terms of section 151 of the Act to vote upon the Business Rescue Plan ('the BR Plan') on 5 March 2019 the statutory majority of creditors adopted the Plan and the BRP's filed a Notice of Substantial Implementation in terms of which BR proceedings ended on 8 March 2019. The BRPs role therefore ceased on 8 March 2021 and changed to that of Receiver for Creditors pursuant to the adopted BR Plan.

THE EFFECT OF THE ADOPTED BR PLAN

4. Upon the adoption of the BR Plan it became final and binding in law as is provided for in terms of section 152 (4) of the Act.
5. Previous reports made reference to Paragraph 4.8 of the adopted BR Plan set and that its contents are therefore clear in that it states that whatever was forecasted and estimated in the BR Plan may change as assets are realised and claims proved.
6. The BRP Plan also makes it clear that forecasts are by their very nature uncertain and the ultimate outcome may differ.
7. As all the terms of the BR Plan are binding in law in terms of the abovementioned section 152 (4) of the Act this paragraph 4.8 is likewise binding on all affected persons.
8. We also reported previously on the progress with the collection of the Group Company Loans (GCL) as set out in paragraph 7.4 of the adopted BR Plan.

9. We report as follows on progress made with the collection of the GCL:

10. **ESOR AFRICA**

We previously reported that the major asset of Esor Africa (Pty) Ltd (Under Business Rescue) (“Esor Africa”) was the immovable property that it owned, and which is situated in Germiston, being Erf 64 Activia Park (“the Germiston property”) was sold for R12 500 000, at least some R10.4m less than what the valuator estimated the value to be. It was queried as to why the Deeds Office reflected the value of the transaction at R14,375m. This was because VAT at 15%, being R1 875 000 was payable in terms of the transaction.

Registration of transfer of the Germiston property was registered in early January 2021 and the proceeds were distributed to its creditors in the first week of February.

However, by virtue of the extra claims filed again Esor Africa and the low realisation the estimated outcome as set out above did not materialise and the entire proceeds accruing to the company accrued to PCF Creditors as provided for in terms of the adopted Business Rescue Plan.

The KZN Property was sold for R2,8m by public auction and the process of registration of transfer is under way. We received the rates clearance report from the Ethekwini Municipality during the first week of June and on 4 June 2021 payment of the outstanding amount was made into the attorneys trust account for onward payment to the municipality in order for the registration of transfer to proceed.

11. **ESOR UITVLUGT**

Paragraph 19 of the BR Plan provided that the Receiver for Creditors would procure that the company’s interest in Esor Uitvlugt be realised.

It is however clear from the status reports submitted to date that there has thus far been no interest shown by any parties in submitting proposals in relation to Esor Uitvlugt.

The writer is also the BRP of this entity and upon engagement with its major creditor by far, Investec, it was agreed in early 2020 that the process would be allowed to unfold and that we would jointly seek solutions.

The position remains that nothing material has happened and that we continue to seek solutions and should anything materialise for creditors from this source creditors will be informed accordingly.

12. **SAFDEV TANGANANI**

Paragraph 19.1 of the adopted BR Plan provides the company will endeavour to proceed with discussions to further the rights to the “Diepsloot Development” vesting in this entity and that the Receiver for Creditors shall procure that the first R5m from this development accrue to creditors in terms of the BR Plan.

We reported previously that an agreement was entered into towards the end of 2020. The proceeds of a sale of shares transaction that was entered into and that we reported that the

purchaser in terms of that transaction has still not as yet made payment because the agreement lapsed as all the conditions precedent could not be fulfilled.

We reported that this was because written confirmation had not yet been received from the Department of Human Settlements of the continued existence of the land development agreement and which was a condition precedent which was not fulfilled in time.

We have during the last month been informed by the purchaser in terms of the sale of the shares transaction that it is still engaging with various parties in order to revive the agreement.

The hearing of the matter between Competition Commission and the company and seven others took place on 27 May 2021 and judgement is awaited.

Finally we need to remind creditors that the company's bankers hold a cession of the proceeds of the Kathu properties as was mentioned in the BR Plan. The company has since 2020 still not received the proceeds and is as a consequence under severe cash flow pressure.

There is ongoing engagement with the bank and the other parties in relation to this.



J F KLÖPPER - RECEIVER FOR CREDITORS

Date: 11 June 2021