

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 BR 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 2019 and changed to that of Receiver for Creditors (“Receiver”) pursuant to the adopted BR Plan.

4. THE EFFECT OF THE ADOPTED BR PLAN

- 4.1. Upon the adoption of the BR Plan it became final and binding in law as is provided for in terms of the provisions of section 152 (4) of the Act.
- 4.2. Previous reports made reference to Paragraph 4.8 of the adopted BR Plan and which it was pointed out that this paragraph provides that whatever was forecasted and estimated in the BR Plan may change as assets are realised and claims proved.
- 4.3. The BRP Plan also makes it clear that forecasts are by their very nature uncertain and the ultimate outcome may differ.
- 4.4. As all the terms of the BR Plan are binding in law in terms of the abovementioned section 152 (4) of the Act the aforesaid paragraph 4.8 is likewise binding on all affected persons.
- 4.5. We also reported previously on the progress with the collection of the Group Company Loans (“GCL claims”) as set out in paragraph 7.4 of the adopted BR Plan.

5. We hereby report as follows on progress made with the collection of the GCL claims:

5.1. ESOR AFRICA

5.1.1. As was previously reported, registration of transfer of the Germiston property, as defined in previous reports, took place in early January 2021 and the proceeds of the sale were distributed to its creditors in the first week of February.

5.1.2. We also reported that, by virtue of the extent of the claims filed against Esor Africa and the low realisation of the Germiston property the estimated outcome as expected did not materialise and that the entire proceeds accruing to the company will accrue to PCF Creditors as provided for in terms of the adopted BR Plan.

5.1.3. We furthermore reported that the KZN Property, as defined in previous reports, was sold for R2,8m by public auction in February 2021 and that the process of registration of transfer was under way.

5.1.4. As at 12 August 2021 the purchaser in terms of the KZN transaction had settled the balance of the purchase consideration but the occupational rental for August 2021 is still outstanding and a reminder was sent to purchaser. The rates clearance report from the Ethekewini Municipality obtained in June is however due to lapse within the next few days and the conveyancer's correspondents in Pietermaritzburg are in the process of obtaining new clearance reports whilst waiting for the payment of the occupational interest.

5.1.5. We have however been warned that there are substantial delays due to the recent incidents of unrest in KZN>

5.1.6. The feedback from the conveyancer's correspondents in Pietermaritzburg as at the date of this report is that the supervisor at the municipality to whom the matter has been assigned does not answer the phone or respond to emails at the moment.

5.2. ESOR UITVLUGT (PTY) LIMITED (UNDER BUSINESS RESCUE)

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

5.2.2. We are engaging with Esor Uitvlugts's major creditor, Investec, and we continue to seek solutions. It was agreed that the value of Esor Uitvlugt's assets would be determined again and also provisionally agreed that the Esor Uitvlugt may be liquidated in 2022 if nothing can be realised by 31 December 2021.

5.2.3. The position however remains that nothing material has happened. The Receiver, in his capacity as BRP of this entity, however continues to engage with two parties who have expressed an interest in submitting proposals in relation to Esor Uitvlugt. The Receiver requested proof of the ability of these parties to perform financially and which is still being awaited.

5.3. SAFDEV TANGANANI

- 5.3.1. We reported in our previous status reports that the purchaser in terms of a sale of the shares transaction was still engaging with various parties in order to revive the agreement.
- 5.3.2. The Receiver is delighted to report that the parties have reached and entered into a binding agreement and that the proceeds of the sale of shares transaction was received on Friday 13 August 2021.
- 5.3.3. The net amount of R5m after deduction of costs, as provided for in terms of paragraph 19.1 of the adopted business rescue plan, will therefore now become available for distribution to creditors.
- 5.3.4. Creditors are therefore urged, as was requested in a separate communication, to provide or confirm their banking details to enable the company to make this distribution, subject however to the outcome of the Competition Commission matter referred to below.

5.4. COMPETITION COMMISSION APPLICATION

- 5.4.1. As was mentioned in our previous report, the hearing of the matter between Competition Commission and the company and seven others took place on 27 May 2021. Judgement is still awaited.
- 5.4.2. As a consequence, the intended distribution to creditors cannot be made until such time as the outcome of this matter is known. The reason being that a fine might be imposed upon the company and which will then form part of the company's aggregate liabilities and which will impact on the extent of the dividend that creditors will receive.



J F KLOPPER - RECEIVER FOR CREDITORS

Date: 19 August 2021