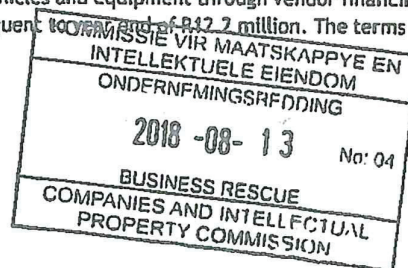


SWORN STATEMENT
In support of
a Notice Beginning Business Rescue Proceedings
In respect of Esor Construction (Pty) Limited
I, the undersigned

Wessel Cornelius van Zyl

do hereby make oath and say:

1. I am a South African citizen and a director of Esor Construction (Pty) Limited ("the Company") with registration number 1998/004367/07 and with business address at 30 Activia Road, Activia Park, Germiston, 1492.
2. I am duly authorised to depose to this sworn statement and the contents of this sworn statement is true and correct and unless stated otherwise the facts contained herein fall within my own personal knowledge and belief.
3. I was duly appointed as a director of the Company on 8 October 2012.
4. I make this sworn statement in support of the company's notice to commence business rescue proceedings as contemplated in section 129 of the Companies Act 71 of 2008 ("the Act").
5. On 8 August 2018, the directors of the company unanimously resolved that the Company be voluntarily placed into business rescue as envisaged in section 129 of the Act. The resolution will be filed evenly with this sworn statement.
6. The Company's main business is that of construction and the relevant facts upon which the resolution was founded are:
 - 6.1. Significant losses incurred on certain construction contracts by the company in the current and prior financial years;
 - 6.2. According to the Company's latest Management accounts, read with its Annual Financial Statements for the year ended on 28 February 2018, the Company is indebted to its creditors in the aggregate estimated amount of circa R130 million.
 - 6.3. The current challenging economic environment within the construction sector, particularly in respect of the inability of the government and municipalities to execute and award contracts and the significant delays experienced in receiving payments due in respect of contract receivables relating to these entities;
 - 6.4. The inability of the company to obtain further short to medium term funding.
7. In order to mitigate the negative effects of the above, the directors have implemented various strategies to ensure that the company are able to meet the Company's obligations as and when they fall due. These include:
 - 7.1. Expediting the completion of the legacy loss making contracts in order to minimize further losses and the consequential cash outflows;
 - 7.2. Disposal of idle and non-core assets following the strategic positioning of the company to focus on water, sanitation and developments;
 - 7.3. Refinancing of selected vehicles and equipment through vendor financing which has resulted in an inflow of cash subsequent to the completion of R12.7 million. The terms of financing are over



- an 18-month period. This resulted in a reduction in the overdraft facility of R5m subsequent to year end;
- 7.4. Renegotiating payment terms with major suppliers and subcontractors to more closely match the renegotiated outflows with the timing of anticipated future cash inflows;
 - 7.5. Ensuring that adequate security is provided to the primary bankers to cover the facilities that are made available in terms of the facilities arrangements;
 - 7.6. Ongoing support of guarantee providers to maintain adequate bonding facilities to facilitate successful implementation of contract awards;
 - 7.7. Negotiations to dispose of the certain development land.
 - 7.8. In an effort to realign the resources to workload, the group has started a Section 189 process of anticipated retrenchment that will see the reduction in headcount to align with workload as well as reducing costs by around R4 million a month;
 - 7.9. Renegotiating payment terms of the shareholders loan received from Geomer Investments (Pty) Ltd.
8. Regrettably, after negotiations with a consortium of financiers, Esor was advised on 7 August 2018 that the majority of such consortium of lenders were not prepared to make such bridge funding available to Esor in an informal process, that is, outside of business rescue. Absent such bridge funding, and pursuant to having obtained the prerequisite legal and accounting advice, the Board determined that Esor was or would be facing circumstances constituting "financial distress" within the meaning of the Act.
 9. As a result, the Board of the Company advised Esor Limited that it concluded that the Company is "financially distressed" as defined in section 128 of the Act as it is reasonably unlikely to be able to pay all its debts as they become due and payable within the immediately ensuing six months and/or the Company is reasonably likely to become insolvent within the immediately ensuing six months and that it has commenced with voluntary business rescue proceedings as provided for by section 129 of the Act.
 10. There appears, in the opinion of the Directors, to be at least be a reasonable prospect that creditors will directly benefit from the Company being afforded additional time to restructure its affairs, business, property, debt, other liabilities and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis. Business rescue will, it is hoped, allow the Company to reorganise its affairs so that the Company can innovate and grow.

W.C VAN ZYL

I hereby certify that the deponent has acknowledged that he knows and understands the contents of this affirmation, which was signed and sworn before me at Stellenbosch on the 10th of August 2018, the regulations contained in Government Notice No. R1258 of 21 July 1972, as amended, and Government Notice No R1648 of 19 August 1977, as amended, having been complied with.

COMMISSIONER OF OATHS

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