

**Attention: Affected Persons of Consolidated Infrastructure Group Limited (in business rescue)
Companies and Intellectual Property Commission**

Distributed via email to Affected Persons of the Company;

Displayed at the principal place business of the Company;

Published on:

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- Stock Exchange News Service of the JSE Limited (SENS)

March 2021

**REPORT ON THE STATUS OF THE BUSINESS RESCUE PROCEEDINGS OF CONSOLIDATED
INFRASTRUCTURE GROUP LIMITED (IN BUSINESS RESCUE) ("COMPANY")**

1. In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended ("**Act**") when the business rescue proceedings of a company have not concluded within 3 months of the date on which they started, a business rescue practitioner is required to–
 - 1.1. prepare a report on the progress of the business rescue, and update it at the end of each month until the end of the business rescue proceedings; and
 - 1.2. deliver the report and each update to each affected person and to the Companies and Intellectual Property Commission ("**CIPC**").
2. Accordingly, we hereby provide you with the second report on the status of the Company's business rescue proceedings.
3. Since the first status update report, the following has occurred:
 - 3.1. Cash Management and Cost Reductions – In order to minimise the operating expenses of the Company, we continue to monitor the cash flow and financial position, control payments and enforce general controls. Additionally, we are continuing with our efforts to reduce operating costs, wherever possible.

- 3.2. Contact with Creditors – We are continuing to engage with Creditors, as and when necessary.
- 3.3. Employees – Employees have continued to be employed by the Company on the same terms and conditions as before business rescue. We are continuing to engage with the employees on a regular basis and are intrinsically involved in all employee-related matters at the Company.
- 3.4. Date for Publication of Business Rescue Plan – Our intention remains to publish the proposed Business Rescue Plan for the Company, on or before **19th April 2021**.
- 3.5. Claims Reconciliation – We are continuing to receive claim forms from creditors, and we are actively engaged in the verification process to reconcile the claims of creditors as reflected in the records of the Company. Creditors who have not submitted a claim form are urged to do so as soon as possible, and before the date for the publication of the business rescue plan. All claims that are accepted in whole or in part will be reflected in the business rescue plan. The business rescue plan will provide a process for persons to deal with any disputes related to claims, and creditors with disputed claims will be at liberty to follow such process.
- 3.6. Estimated indebtedness
- 3.6.1. As stated in the first status update report, the current estimated total indebtedness of the Company is well in excess of R3bn. Current indications are that the Company's debts exceed its assets by a significant factor - well in excess of three times. For this reason and a multitude of other factors, it remains our opinion that it is unlikely that the Company will be able to trade out of this position. However, certain subsidiary companies continue to trade in the ordinary course of business and currently do not require financial assistance from the Company. Strategies to dispose of the Company's shareholding in the underlying subsidiaries and other assets, continue to be developed and in certain cases, disposal processes are already underway. These processes will be managed in a careful and controlled manner in an effort to optimise returns to creditors and preserve employment as far as possible.
- 3.6.2. In light of the fact that the liabilities of the Company substantially exceed its assets, once distributions are made to the creditors, if any, following the abovementioned realisations, we are of the view that, regrettably, there is not expected to be any return/distribution to the Company's shareholders.



- 3.7. Contracts - Section 136(2)(a) of the Act allows business rescue practitioners during business rescue proceedings to entirely, partially or conditionally suspend, for the duration of the business rescue proceedings, any obligation of the Company that arises under an agreement to which the Company was a party at the commencement date, and which would otherwise become due during the business rescue. Additionally, section 136(2)(b) of the Act allows a business rescue practitioner during business rescue proceedings to cancel any obligation of the Company that arises under an agreement to which the Company was a party at the commencement date, and which would otherwise become due during the business rescue (whether or not he or she is entitled to do so in terms of the contract) on application to Court. We continue to reserve the right to suspend or terminate any obligation, in accordance with the aforementioned provisions of the Act.
- 3.8. Post Commencement Finance ("PCF") – The Company has still not received any PCF to date, and current indications are that provided the current corporate activity continues and is successfully concluded, it is unlikely that the Company will require PCF during the ongoing business rescue proceedings. In the event that it requires PCF, this position will need to be reviewed.
- 3.9. Remuneration of Practitioners – Details regarding our remuneration agreement were included in the first status update report. The Act requires that we obtain the requisite support for the agreement from both creditors and shareholders and in this regard, we convened a virtual meeting of the creditors on and of shareholders on 24 February 2021. At both these meetings, the requisite support was obtained and therefore the remuneration agreement was approved, in accordance with the provisions in the Act. A notice in this has been circulated to affected persons and a corresponding SENS announcement has been released on the Johannesburg Stock Exchange.
- 3.10. Asset and Business Sales – We continue to investigate and negotiate potential sales processes related to assets of the Company which are available to realise potential value for the Company's affected persons. These assets include subsidiary companies, operating divisions, properties and/or shareholdings, projects/claims and movable assets. The detail pertaining to these potential disposals will be set out in the Business Rescue Plan.
- 3.11. Business Rescue Proceedings of Consolidated Power Projects (Pty) Ltd. ("CONCO") – We, in our capacities as the duly appointed business rescue practitioners of CONCO, published the Business Rescue Plan of CONCO ("**CONCO Plan**") on 1 March 2021. In accordance with section 151 and 152 of the Act, we convened a virtual meeting of affected persons of CONCO for the purposes of



**Consolidated
Infrastructure
Group Limited**

procuring a vote on the CONCO Plan from the CONCO creditors and any other persons with a voting interest. Votes were cast and tallied, and the CONCO Plan received an overwhelming support and has therefore been approved. The adopted CONCO Plan is final and binding on CONCO and all of its affected persons. As the outcome of the CONCO business rescue proceedings will have a material effect on the outcome of the Company's business rescue proceedings, the adoption of the CONCO plan is a notably advantageous step forward.

3.12. If you have any queries, they may be directed to business.rescue@ciglimited.com. Affected persons are reminded that all relevant notices circulated to the affected persons of the Company, to date, have been published on the Company's website at www.ciglimited.com, under the Business Rescue tab.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'PF VAN DEN STEEN', written over a horizontal line.

PF VAN DEN STEEN
Business Rescue Practitioner
Consolidated Infrastructure Group Limited
(in business rescue)

A handwritten signature in black ink, appearing to read 'MDT LIEBENBERG', written over a horizontal line.

MDT LIEBENBERG
Business Rescue Practitioner
Consolidated Infrastructure Group Limited
(in business rescue)