



**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;

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February 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 first report on the status of the Company's business rescue proceedings.
3. As you are aware, the Company was placed in business rescue on 9 November 2020 by a resolution of the board of the Company passed on 9 November 2020. We, PF van den Steen and MDT Liebenberg, were appointed as the joint business rescue practitioners ("**BRPs**") on 9 November 2020 and our appointment was registered by the CIPC on 11 November 2020.



4. Since our appointment we have engaged in the following:
 - 4.1. Management Control – In terms of section 140(1)(a) of the Act, we took full management control of the Company and delegated certain functions to management in terms of section 140(1)(b) of the Act.
 - 4.2. Cash Management – 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.
 - 4.3. Announcements and Notices – The Company is a publicly listed company, listed on the Johannesburg Stock Exchange (“**JSE**”). A number of SENS announcements and notices regarding the business rescue proceedings of the Company have been published and circulated to affected persons of the Company. All relevant notices have additionally been published on the Company’s website and are available to affected persons at www.ciglimited.com, under the Business Rescue tab.
 - 4.4. Suspension of Trading – We requested voluntary suspension of the trading of shares in the Company on the JSE, the JSE approved this request on 25 November 2020 and a SENS announcement was published informing shareholders of the JSE’s approval of this request. Trading remains suspended.
 - 4.5. Creditors' Meetings – A first meeting of creditors, as contemplated in section 147 of the Act, was convened on 23 November 2020. At this meeting, it was decided that due to the small number of creditors of the Company, all creditors would form a part of the creditors committee and we would engage with all creditors regarding all creditor-related matters, as and when necessary.
 - 4.6. Employees' Meetings – The first statutory meeting of employees, in terms of section 148 of the Act, was convened on 23 November 2020. As there are very few permanent employees of the Company, it was decided that all employees would be members of the employees committee and we will engage with all employees about all matters relating to the employees and their employment, as and when necessary.
 - 4.7. Employees Continued Employment – Employees have continued to be employed by the Company on the same terms and conditions as before business rescue.



- 4.8. Extension of the Date for Publication of Business Rescue Plan – In terms of section 150(5) of the Act, the business rescue plan was required to be published on 17 December 2020 (i.e. within 25 days from the date of our appointment). We have obtained approval for an extension of the publication date of the business rescue plan to **19 April 2021** from the requisite creditors at the first statutory meeting of creditors (as contemplated in section 150(5)(b) of the Act).
- 4.9. Board of Directors – Cristina Teixeira tendered her resignation as Group Chief Financial Officer (“**CFO**”) of the Company on 30 September 2020. Cristina extended her official notice period to 31 January 2021 in order to facilitate a successful completion of the Group’s year-end audit process. In light of the CFO’s resignation, The Company obtained dispensation from the JSE for Raoul Gamsu to assume the dual role of Chief Executive Officer (“**CEO**”) and CFO of the Company until the business rescue plan is in place, whereafter the Company will consult with the JSE, should an extension of this dispensation be required. Raoul Gamsu accordingly assumed the dule role of CEO and CFO of the Company on 01 February 2021. In addition to this, in light of the fact that the Company is under the management control of the BRP’s in substitution for the Board, in terms of Chapter 6 of the Companies Act, the non-executive directors (“**NED’s**”) of the Company - namely Sean Melnick, Roger Hogarth, Trent Hudson and Judy Nwokedi – were of the view that, the NED’s can offer no further assistance to the BRP’s and resigned from the Board, effective 5 February 2021. Consequently, the Board committees of which the NED’s are members (being the Audit and Risk, Social and Ethics, Investment, Remuneration and Nomination committees) have all been dissolved. The BRP’s have accepted the resignations of the NED’s and acknowledged the NED’s offer to remain available to the BRP’s as is required. We thank Sean, Roger, Trent and Judy for their valuable contribution to the Board and wish them well in their future endeavours.
- 4.10. Claims Reconciliation – To date, we have received claim forms from creditors. A verification process is underway to reconcile the claims of creditors as reflected in the records of the Company against the claim forms received. Creditors who have not submitted a claim form, are urged to do so as soon as possible, and before 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. Other than that which is contained in the business rescue plan, no other communication will be given to creditors about whether a claim has been accepted or not. 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 if they so wish.



4.11. Estimated indebtedness

4.11.1. Based on the books and records of the Company, the current estimated total indebtedness is well in excess of R3bn . Current indications are that the Company's debts exceed its assets by a factor of well in excess of three times. In light of this and other factors, it is currently our opinion that the Company is unlikely to trade out of this position. Subsidiary companies (other than CONCO) are however trading in the ordinary course and do not, at this stage, require financial assistance from the Company. A strategy to dispose of the Company's shareholding in the underlying subsidiaries and other assets in a series of controlled and managed processes is being developed. This would optimise returns to creditors and preserve employment as far as possible.

4.11.2. In light of the fact that the liabilities of the Company substantially exceed its assets, once the distributions are made to the creditors following the abovementioned realisations, regrettably there is not expected to be any return/distribution to the Company's shareholders.

4.12. Contracts

4.12.1. Suspension of 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.

4.12.2. Cancellation of Contracts – 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 terms of the contract) on application to Court. We reserve the right to terminate any obligation that we deem necessary to terminate, on application to Court, in accordance with the provisions of section 136(2)(b) of the Act.



4.13. Post Commencement Finance ("PCF") – As at the date of publication of this report, the Company has not received any PCF and current indications are that, provided the current corporate activity is successfully concluded, PCF will probably not be required. In the event that this does not occur the position will need to be reviewed.

4.14. Cost Reduction Initiatives – Since appointment, we have taken continuous steps in an effort to reduce operating costs, wherever possible.

4.15. Remuneration of Practitioners.

4.15.1. Section 143 of the Companies Act permits a business rescue practitioner, in agreement with the company in business rescue to conclude a fee agreement if the requisite support is obtained from the creditors and shareholders of the Company.

4.15.2. In this regard, we notified creditors of our intention to convene a meeting in terms of Section 143 and subsequently held a virtual meeting with the creditors of the Company, for the purpose of procuring a vote on our remuneration agreement. We presented the details of the proposed remuneration agreement and called for the creditors to vote on same, either in the meeting or via the BR email address. The votes were tallied and based on the votes recorded, an overwhelming majority of creditor's voted in favour of the acceptance of the BRPs remuneration agreement.

4.15.3. The BRPs express their gratitude to the creditors for their support.

4.15.4. Further to this, we have notified shareholders of the Company of our intention to convene a virtual meeting of shareholders for the purpose of procuring a vote in terms of section 143 of the Act on 24 February 2021. Details of this meeting have been circulated to shareholders and published on the Company's website.

4.15.5. Once the meeting of shareholders has been convened and the votes of shareholders present and voting at the virtual meeting called for the purpose of considering the BRPs proposed remuneration agreement have been tallied, we will distribute a notice confirming the outcome of the vote.



4.16. Asset and Business Sales – We have begun investigating and negotiating various potential sales processes related to assets of the Company and which are available to realise potential value for the Company’s affected persons, including subsidiary companies, operating divisions, properties and/or shareholdings, projects/claims and movable assets that may be disposed of. These potential disposals will be dealt with in greater detail in the Business Rescue Plan.

4.17. Business Rescue Proceedings of Consolidated Power Projects (Pty) Ltd. (“CONCO”) – the separate business rescue proceedings of CONCO, one of the Company’s wholly owned subsidiaries, commenced on 2 November 2020. We were appointed as the joint BRPs of CONCO on 2 November 2020. In terms of section 150(5) of the Act, the CONCO business rescue plan was required to be published on 7 December 2020. We obtained approval from the creditors of CONCO at the first virtual statutory meeting of creditors on 16 November 2020 (as contemplated in section 150(5)(b) of the Act), for the publication date for the business rescue plan to be extended to 1 March 2021. In view of the complexity of the matter and the need for us to consult more widely in order to prepare an appropriately thorough business rescue plan for CONCO, this extension was considered to be valid and necessary. The outcome of the CONCO business rescue proceedings will have a material effect on the outcome of the Company’s business rescue proceedings. We are working toward publishing the CONCO business rescue plan on 1 March 2021.

4.18. If you have any queries, they may be directed to business.rescue@ciqlimited.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.ciqlimited.com, under the Business Rescue tab.

Yours faithfully,

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

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