

Comair Limited (Incorporated in the Republic of South Africa)

(Registration Number: 1967/006783/06)

ISIN: ZAE00002983

Share Code: COM

("Comair" or "the Company")

NOTICE TO CONSULT IN TERMS OF SECTION 150(1)

Shareholders are referred to the announcements issued on SENS on 5 May 2020 and 8 May 2020 wherein they were advised that Comair was placed in business rescue, and that Messrs Shaun Collyer and Richard Ferguson were appointed as the business rescue practitioners of Comair.

Shareholders were previously advised that, as a result of the travel restrictions under the national lockdown and because of the prolonged effects of the nationwide lockdown, it has become impossible for Comair to resume operations and re-commence domestic air travel until the Company is sufficiently capitalised.

In this regard, the key elements envisioned for Comair's business rescue plan are the following:

- It is intended that the business rescue plan, as contemplated in section 128(1)(b)(iii) of the Companies Act 71 of 2008 ("the Companies Act"), will rescue Comair by restructuring its affairs, business, property, debt and other liabilities;
- It is intended that the business rescue plan of Comair will, *inter alia*,:
 - be partly informed by the independent calculation of the liquidation dividend ("Liquidation Dividend") the creditors would receive if Comair were to be placed into liquidation (section 150(2)(a)(iii) of the Companies Act); and
 - provide that its creditors will receive a better distribution than the Liquidation Dividend together with a conversion of debt to equity, and that Comair will be released from payment of its debts in order for Comair to continue in existence on a solvent basis (sections 128(1)(b)(iii) read with 150(2)(b)(ii));
- It is intended to continue to keep Comair's aircraft fleet under preservation storage. Comair intends to resume domestic passenger air travel on 1 November 2020, provided that unrestricted domestic air travel is commercially viable by that time and that Comair will have sufficient funding to re-commence operations;
- Reducing Comair's operational aircraft fleet by 50%;
- Continuing with the retrenchment processes, as a reduced aircraft fleet will reduce Comair's operational requirements;
- Renegotiating and/or refinancing the aircraft finance and lease agreements;

- Identifying which of Comair's assets should be disposed of, and proceeding with the sale of those assets (some of them, as going concerns);
- Recapitalization of the Company by: :
 - issuing Comair's authorised ordinary or preferred shares, as appropriate, to an investor(s) at a price to be determined by the business rescue practitioners in terms of section 152(6)(a) of the Companies Act, subject to the approval of shareholders in terms of section 152(3)(c)(ii) of the Companies Act and the approval of JSE Limited to the extent that it may be required; and
 - if necessary, amending Comair's memorandum of incorporation in order to authorise, and determine the preferences, rights, limitations and other terms of any securities that are not otherwise authorised, for issue at a price to be determined by the business rescue practitioners in terms of section 152(6)(b) of the Companies Act, subject to the approval of shareholders in terms of section 152(3)(c)(ii) of the Companies Act and the approval of the JSE Limited to the extent that it may be required.
- If Comair is able to successfully raise such equity capital, the current shareholders will be substantially diluted;
- It is intended that Creditors (including employees with claims against Comair) will:
 - be paid a distribution, higher than the probable Liquidation Dividend, in terms of the waterfall of payments contemplated in sections 135 and 144(2) of the Companies Act, through a combination of:
 - the proceeds from the sale of those assets that have been identified for sale,
 - any equity capital raised as aforesaid; and/or
 - the issuing of shares in Comair,
 - be compromised, with Comair being released from its indebtedness as such, and no Creditor will be entitled to enforce any balance of any Creditors' claim against Comair.

The business rescue practitioners are open to receiving any constructive questions, comments and suggestions from Comair's shareholders on these key elements by close of business on 9 June 2020 by email at brpcomments@comair.co.za.