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Comair Limited



Attention: **Affected Persons of Comair Limited (In Business Rescue)**

Delivered by Email to all creditors, employees and registered trade unions

Displayed at the Principal Place Business of the Company

Published on the

- Website Maintained by the Company
- Stock Exchange News Service

14 July 2020

NOTICE IN TERMS OF SECTION 143(3) OF THE COMPANIES ACT 71 OF 2008

1 Notice is hereby given to the creditors of Comair Limited ("Company"), pursuant to the provisions of section 143 of the Companies Act 71 of 2008 ("Companies Act"), that a virtual meeting will be held at the date and time set out below –

Date: Friday, 17 July 2020

Time: 13h00

Access: <https://bit.ly/2Wfi5xR>

for the purpose of procuring a vote in terms of section 143(3) of the Companies Act.

2 If you intend to nominate a proxy to be present and vote at this meeting on your behalf, kindly complete the attached proxy form and email it to the practitioners at creditorclaims@comair.co.za by no later than 9h00 on Friday, 17 July 2020.

3 Business Rescue Practitioner's Further Remuneration:

3.1 In terms of section 143(2) of the Companies Act, read with section 143(3), the joint business rescue practitioners, Messrs Collyer and Ferguson (the "BRPs"), propose an agreement with the Company for further remuneration, in addition to the hourly tariff of R2,000.00 (VAT inclusive) per hour as provided for in Companies Regulation 128.



- 3.2 In this regard, the regulated hourly tariff has not been updated since the publication of the Companies Regulations in 2011, and the tariff is accordingly no longer market related for the specialist skills and expertise required of the BRPs for a company of the size and complexity of Comair Limited.
- 3.3 The BRPs accordingly propose that a revised market-related hourly rate of R4,000 (VAT exclusive), to be effective from the commencement of business rescue proceedings on 5 May 2020, be agreed. This proposal will become final and binding upon the support of the holders of a majority of the creditors' voting interests present and voting at the aforesaid meeting. The Company's shareholders' voting rights as set out in section 143(3)(b) will unfortunately be -nil-, as the shareholders of the Company would not be entitled to a portion of the residual value of the Company on its winding up, in terms of the estimated liquidation dividend that has been independently calculated by PwC.

4 Engagement of Redford Capital as Professional Advisors:

- 4.1 Immediately following the commencement of the business rescue proceedings, the BRPs initial evaluation of the cash position and projected cash flows revealed the need for the Company to raise significant amounts of new capital as post-commencement funding in order to ensure the survival of the Company in the short-term, as well as new debt and/or equity to recapitalize the Company in order to facilitate the resumption of operations and the medium and long term viability and sustainability of the Company;
- 4.2 The BRPs accordingly sought assistance from various local and international independent specialist investment banking advisors. These endeavours were unfortunately unsuccessful, either because such assistance was refused out of hand or such assistance was forthcoming only on unaffordable terms, both apparently as a result of the Company being in business rescue;
- 4.3 The BRPs accordingly engaged the services of the corporate finance team within Redford Capital Proprietary Limited (registration number 2007/012982/07) ("Redford Capital"), an advisory services company which the BRPs are directors of, and a comprehensive capital raising process was undertaken, inclusive of *inter alia* the preparation of offer documentation, financial modelling, preparation of a data room, identification and approaches to potential investors, and subsequent negotiations to date with such parties;
- 4.4 To date in the course of this process, Redford Capital has engaged with 47 parties, received 19 signed Non-Disclosure and Confidentiality Agreements, and received 4 expressions of interest. Currently the Redford Capital team is engaging with the providers of several detailed non-binding expressions of interest and is working expeditiously to progress such non-binding expressions of interest towards an offer that may be capable of inclusion in, and forming the commercial and operational underpin of, the BRP's proposed business rescue plan and the subsequent execution thereof;
- 4.5 Accordingly, in terms of section 143(2) of the Companies Act read with section 143(3), the BRPs propose that, in line with market based remuneration structures for specialist investment banking advisors, the Company and Redford Capital conclude an agreement, containing the following key commercial terms:

- 4.5.1 a monthly retainer fee of R250,000 (VAT exclusive); and
- 4.5.2 a success fee calculated at 1% (VAT exclusive) of the gross funding raised for the Company in the course of the Company's business rescue proceedings, excluding short term interim bridge financing received by the Company from Lenders up to the point of the adoption of a business rescue plan in order to facilitate such adoption, and for a period of up to 24 months from the date of termination of Redford Capital's engagement, where the Company or any associated entity enter into an agreement with any of the parties or their associated entities that made a written expression of interest to the Company in connection with a transaction during the period of Redford Capital's engagement,

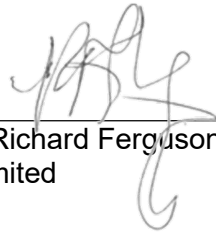
which are to be treated as post commencement finance in terms of section 135(2) of the Companies Act. This proposal will become final and binding upon the support of the holders of a majority of the creditors' voting interests present and voting at the aforesaid meeting. The Company's shareholders' voting rights as set out in section 143(3)(b) will unfortunately be –nil- for the same reason expressed in 3.3 above.

- 5 The BRPs seek the support of the creditors in order that this proposal, in whole or in part, as the case may be, will become a final and binding agreement with the Company, if supported in terms of section 143(3) of the Companies Act.

Yours Sincerely



Shaun Collyer
as the joint business rescue practitioners of Comair Limited



Richard Ferguson

**COMAIR LIMITED (IN BUSINESS RESCUE)
("COMPANY")**

FORM OF PROXY

For the use by a creditor's representative at a meeting to be convened in terms of section 143(3) of the Companies Act 71 of 2008 to be held virtually on Friday, 17 July 2020 at 13h00.

I, _____, acting for myself / being authorised to act for

_____, being a creditor of the Company

do hereby nominate, constitute and appoint –

1 _____ or failing him/her;

2 any of the business rescue practitioners,

as my/our proxy to attend and act for on my / our behalf at the meeting to be held to consider the business rescue practitioners' remuneration agreement and to vote in accordance with the instructions indicated below (as the case may be) in respect of the remuneration agreement, as follows:

PART A:

Vote for the Practitioners' Remuneration	Yes	No	Abstain
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PART B:

Vote for the Engagement of Redford Capital	Yes	No	Abstain
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Signed at _____ on the _____ July 2020

who warrants that he / she is duly authorised thereto

Name: _____

Date: _____

Place: _____

Witness: _____

Full Name: _____

Witness: _____

Full Name: _____

Note - If signed by a representative of a company, close corporation or trust, the proxy form must be submitted together with an appropriate resolution or power of attorney giving such representative the authority to vote on behalf of such company, close corporation or trust.