

Attention: **All Affected Persons**
Group Five Construction Proprietary Limited (in business rescue)

Attention: **Companies and Intellectual Property Commission**
businessrescue@cipc.co.za

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- Registered Office and Principal Place Business of the Company and anywhere where Employees are employed
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June 2020

BUSINESS RESCUE STATUS UPDATE REPORT FOR GROUP FIVE CONSTRUCTION PROPRIETARY LIMITED (IN BUSINESS RESCUE)

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 ("**BRP**") is required to –
 - 1.1. Prepare a report on the progress of the business rescue, and update it at the end of each subsequent 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. This requirement is applicable to Group Five Construction Proprietary Limited (In Business Rescue) ("**the Company**").
3. This report is for the month of June 2020 and is published as an update to the status update report for the month of May 2020, circulated to all known affected persons and filed with the CIPC.

4. Capitalised words not otherwise defined in this report shall have the meaning ascribed to them in the Business Rescue Plan for the Company published on 30 August 2019 ("**the Plan**").
5. Accordingly, we, the Business Rescue Practitioners ("**BRPs**") of the Company hereby provide you with the thirteenth report on the status of the Company's business rescue proceedings.

6. Effects of the Coronavirus COVID-19 Pandemic

- 6.1. The period following the approval of the Plan until approximately the end of the first quarter of 2020 was defined in the Plan as "**Implementation Phase 1**". The Plan provides, however, that the determination of the date on which Implementation Phase 1 is completed remains to be at the discretion of the BRPs.
- 6.2. The Plan anticipated that the first Distribution would be made to Concurrent Creditors at the end of Implementation Phase 1. As per previous status update reports circulated during the National Lockdown Period, in early March the BRPs were ready and planning for the proposed first Distribution to Concurrent Creditors at the end of the first quarter of 2020, as had been forecast in the Plan.
- 6.3. However, the COVID-19 crisis has changed the economic environment materially and the BRPs have determined that the responsible and appropriate course of action at this time is to preserve cash resources wherever possible. The COVID-19 crisis is impacting on many aspects of the Company's businesses, as well as on the management and implementation of the business rescue process. Whilst the BRPs are confident that they are well positioned to manage any threats to the implementation of the Plan at this time, other than likely delays in respect of asset realisations, a prudent approach is being adopted in the interests of all stakeholders.
- 6.4. Creditors are therefore advised that the completion of Implementation Phase 1 and the payment of the first Distribution to Concurrent Creditors remains subject to the ongoing evaluation of the COVID-19 crisis and the Company's cash position.
- 6.5. In June, the Company once again applied for the COVID-19 Temporary Employer Relief Scheme Unemployment Insurance Fund Benefit for the month of May and has in addition continued to undertake a number of cost saving measures to reduce

Company cash outflows and ensure that the business rescue process remains appropriately funded.

7. Legal Proceedings Against Group Five Limited

- 7.1. As Affected Persons may be aware, a group of shareholders of Group Five Limited (In Business Rescue) ("**G5 Limited**"), the holding company and sole shareholder of the Company, have instituted legal proceedings against G5 Limited, its affected persons, its business rescue practitioners and the consortium of lenders who have been recognized as creditors of G5 Limited.
- 7.2. It is important to record in this regard that no legal action has been instituted against the Company. The BRPs do not anticipate that the current G5 Limited legal proceedings referred to above will have any material impact on the business rescue proceedings of the Company.

8. General

- 8.1. Construction Contracts – On 1 June 2020, at the commencement of Level Three of the National Lockdown, the Company re-mobilised and activated all relevant and permitted construction sites. All Company sites and offices are adhering to strict hygiene protocols in accordance with government regulations. Remaining project-related construction activities continue to be exited, ceded, completed and/or concluded by the Company in controlled, considered and stable processes, specific to each individual project.
- 8.2. Asset and Business Sales – The asset and business sale processes remain ongoing and broadly in accordance with the adopted Plan, however we are experiencing a number of delays in disposal implementation processes (and thus cash realisation). In addition to these delays, certain disposal counterparties have advised the BRPs that they will not be in a position to complete transactions during this time of uncertainty. A significant majority of the assets and businesses available for sale have, however, either been realised or are the subject matter of binding sale agreements which are progressing. The BRPs do, however, expect inevitable delays in closing some of the transactions and correspondingly in the release of value to Creditors by way of Distributions.

8.3. Litigation etc. – The Company continues to actively pursue the resolution of numerous disputes by means of negotiation or, where applicable, by means of litigation, arbitration and adjudication matters.

9. Disputed Creditors

9.1. In the Plan, "Disputed Creditors" are defined as persons who have "Disputed Claims" or who allege that they are "Creditors", but, who dispute the amount for which their "Claim" is reflected in Annexure B of the Plan, they are also considered persons who dispute the class in which they are reflected in Annexure B, and / or who dispute the existence and / or value of their security as reflected in Annexure B. Thus, Disputed Claims are any claims, or parts thereof, not recognised in the Plan.

9.2. In Section 10 of the Plan, a "Dispute Resolution Mechanism" was set out for Disputed Creditors to resolve Disputed Claims, in an expedited manner and at minimum cost to all parties concerned.

9.3. The Company has engaged with all Disputed Creditors who notified the Company of their Disputed Claims in accordance with Section 10 of the Plan, and for the most part, the disputes have been resolved.

9.4. The BRPs are confident that the remaining Disputed Claims will be resolved with Disputed Creditors of the Company in a timeous manner through the process set out in the Dispute Resolution Mechanism.

10. Abandonment and resultant expungement of claims

10.1. In the eighth status update report of January 2020 and all subsequent status update reports circulated in 2020, the BRPs requested that all Creditors draw their attention to clauses 1.3.21, 1.3.22, 6.24.2, 6.24.4, 6.29.1.3, 7.10.2, and 10 of the duly approved and adopted Business Rescue Plan.

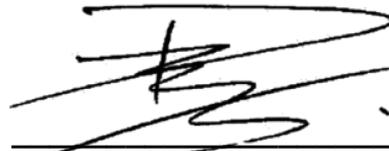
10.2. Having regard to these clauses, any person who had an alleged claim against the Company that was not recognised, whether in full or in part, in the approved business rescue plan, and who had failed to meet the time periods contemplated in clause 10, has thus abandoned its/his/her alleged claim (i.e. waived its/his/her rights) against the Company.

- 10.3. As such, any such person's alleged claim against the Company has been expunged and is therefore no longer enforceable, in terms of Section 154 of the Companies Act 71 of 2008.
11. All relevant notices circulated to the affected persons of the company, to date, have been published on the company's website at www.g5.co.za, under the Business Rescue tab.

Yours faithfully,



Dave Lake
Joint Business Rescue Practitioners of Group Five Construction Proprietary Limited (in business rescue)



Peter van den Steen
Joint Business Rescue Practitioners of Group Five Construction Proprietary Limited (in business rescue)