

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

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

Delivered by Email

Displayed

- Registered Office and Principal Place Business of the Company and anywhere where Employees are employed
- Published on the Website Maintained by the Company and Accessible to Affected Persons

June 2020

BUSINESS RESCUE STATUS UPDATE REPORT FOR GROUP FIVE 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 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 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.

Group Five Limited

Reg No 1969/00032/06
Business Rescue Practitioners: DAC Lake and PF van den Steen
Directors: *RJ Huntley AJ Clacher (CFO)
*Non-Executive
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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**") hereby provide you with the thirteenth status update report of the Company's business rescue proceedings.

6. Effects of the Coronavirus COVID-19 Pandemic

6.1. Due to the economic and social consequences directly associated with the COVID-19 pandemic and the Lockdown of our country, the BRPs anticipate delays in the completion and realisation of multiple processes and objectives in the Business Rescue Proceedings of both the Company and Group Five Construction (Pty) Ltd. (in business rescue) ("**Group Five Construction**") – details of latter are outlined in the Group Five Construction status update report of May 2020.

7. General

7.1. Asset and Business Sales –The sale process for Everite was temporarily suspended during the initial national lockdown period. However, the BRPs have monitored the situation and have subsequently received a credible and funded offer that is being pursued by the BRPs.

7.2. Group Five Construction – The legally separate business rescue process for Group Five Construction is ongoing. In this regard we enclose for your benefit the business rescue status update report that was sent to the affected persons of Group Five Construction. We again record that there currently remains no realistic prospect of any financial recovery by the Company from the Group Five Construction business rescue process.

8. Litigation

8.1. A group of Shareholders of the Company have instituted legal proceedings against the Company, its Affected Persons, its BRPs and the consortium of lenders ("**Lenders**") who have been recognized as creditors of the Company.

- 8.2. In terms of the application, the Shareholders seek, inter alia, the following –
- 8.2.1. to set aside the resolution adopted by shareholders at an annual general meeting held by the Company on 7 November 2017 (16 months prior to the commencement of the Company’s business rescue proceedings), in terms of which the Company was authorised to provide direct or indirect financial assistance to one or more related or inter-related companies of the Company for the alleged lack of compliance with section 45(3)(a)(ii) of the Companies Act;
 - 8.2.2. to set aside the resolutions of directors of the Company adopted on 2 May 2018 (11 months prior to the commencement of the Company’s business rescue proceedings) in accordance with section 74 of the Companies Act for the alleged lack of compliance with sections 45(3)(a)(i) and/or (b)(i) and/or (ii) of the Companies Act, and/or section 45(5) of the Companies Act;
 - 8.2.3. consequently, to set aside the guarantee provided by the Company to the Standard Bank of South Africa Limited, ABSA Bank Limited, FirstRand Bank Limited, HSBC Bank Limited and Boundary Terraces No. 14 Proprietary Limited guaranteeing the financial obligations owed by Group Five Construction to them; and
 - 8.2.4. to convert the business rescue proceedings of the Company to liquidation proceedings in terms of section 132(2)(a)(ii) of the Companies Act.
- 8.3. Detailed information regarding the application is contained in the Notice to Affected Persons of the Company which has been uploaded to the G5 website at www.g5.co.za under the Business Rescue tab for G5 Limited.
- 8.4. The BRPs have diligently sought legal advice through consultation with their attorneys, Werksmans Attorneys (“**Werksmans**”) and Senior Legal Counsel. In the light of this advice, Werksmans have filed a Notice to Oppose the application on behalf of the BRPs and the Company.
- 8.5. We envisage that these legal proceedings may be lengthy and time-consuming. Having taken advice on the matter from Werksmans and Senior Counsel, however,

we are satisfied that the actions we have taken thus far in the Company's business rescue proceedings have been appropriate.

- 8.6. The Company continues to actively pursue the resolution of all other 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 1.3.17, 1.3.18, 7.4, 7.12.2, 8.5.1.3, 8.5.1.2, and 10 of the duly approved Plan.

Group Five Limited

- 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. If you have any queries, they may be directed to the BRPs at: G5ltdbr@groupfive.co.za.
12. 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



Peter van den Steen

Joint Business Rescue Practitioners of Group Five Limited (in business rescue)