



BUSINESS RESCUE PLAN

prepared in terms of Section 150 of the Companies Act 71 of 2008
in relation to

**GROUP FIVE CONSTRUCTION PROPRIETARY LIMITED
(IN BUSINESS RESCUE)**

prepared by the business rescue practitioners:

Peter van den Steen

and

Dave Lake

of

Metis Strategic Advisors Proprietary Limited

Publication Date: 30 August 2019



Corporate Information and Advisor Details

Company

Group Five Construction Proprietary Limited (in business rescue)

Business Rescue Practitioners

David Arthur Charles Lake
Petrus Francois van den Steen

Preparation of Independent Liquidation Report

PriceWaterhouseCoopers

Legal Advisors to the Business Rescue Practitioners

Werksmans Inc

Legal Advisors to the Company

Werksmans Inc
Cox Yeats Attorneys
Allen & Overy Attorneys
Webber Wentzel Attorneys
Tiefenthaler Attorneys Inc
ENSAfrica Attorneys
Hogan Lovells Attorneys
Van Wijk Attorneys
Norton Rose Fulbright Attorneys
Hogan Lovells International LLP

Advisor to the Creditors Committee

Faskens

Corporate Advisor to the Company

Birkett Stewart McHendrie Proprietary Limited
Tenurey BSM Proprietary Limited

Restructuring Advisor to the Company

Metis Strategic Advisors

Table of Contents

Corporate Information and Advisor Details	2
CHAPTER 1 – INTRODUCTION	5
1. Definitions and interpretation.....	5
2. Structure of this Business Rescue Plan.....	11
3. Actions to be taken by Affected Persons.....	13
4. Notifications	13
5. Summary of the Proposals in terms of the Business Rescue Plan	14
CHAPTER 2 – PROPOSALS	20
6. Part A – Background information	20
6.1. Corporate and shareholding structure	20
6.2. Directors	20
6.3. Company information as at the Commencement Date	20
6.4. Company background	21
6.5. Reasons for the Company’s Financial Distress	21
6.6. Business rescue	23
6.7. Objective of business rescue	23
6.8. Business rescue events	24
6.9. Estimation of the probable liquidation dividend.....	25
6.10. Material assets and security	27
6.11. Creditors of the Company	27
6.12. Management control	28
6.13. Reporting to CIPC	28
6.14. Investigations.....	28
6.15. Extension of the date for publication of Business Rescue Plan	29
6.16. Employees' meetings	29
6.17. Creditors' meetings	30
6.18. Creditors' Committee.....	30
6.19. Moratorium	31
6.20. Ongoing role of the Company and the treatment of existing contracts	31
6.21. PCF from the Lenders	32
6.22. Cash management	33
6.23. Execution of Projects since the Commencement Date	33
6.24. Creditor Claims.....	34
6.25. Exchange rate	35
6.26. Interest on claims	35
6.27. Payment waterfall	35
6.28. BRPs' remuneration	36
6.29. Voting on the Adoption of the Business Rescue Plan	37

6.30.	Proposals made informally by a Creditor	38
7.	Part B – Terms of Proposals.....	39
7.1.	Objective of the Proposals.....	39
7.2.	Formulation of Proposals.....	39
7.3.	Structure of the Proposals.....	39
7.4.	Process to date	40
7.5.	Proposal for Implementation Phase 1	41
7.6.	Proposal for Implementation Phase 2	44
7.7.	Financial effects.....	45
7.8.	Estimated Distributions	46
7.9.	Benefits of Adopting the Business Rescue Plan compared to liquidation	47
7.10.	Effect on Creditors	49
7.11.	Risks of the Business Rescue Plan	49
7.12.	Binding nature of this Business Rescue Plan.....	51
7.13.	Effect on directors and Management	52
7.14.	Other matters	52
8.	Part C – Assumptions and conditions of Proposal	55
8.1.	Termination of Business Rescue Proceedings.....	55
8.2.	Substantial implementation	55
	CHAPTER 3 – GENERAL.....	56
9.	Existing litigation	56
10.	Dispute Resolution Mechanism	56
11.	Domicilium.....	58
12.	Ability to amend the Business Rescue Plan.....	59
13.	Severability.....	60
14.	Disclaimer.....	60
	CHAPTER 4 – CONCLUSION AND BRPS’ CERTIFICATE	62
15.	Conclusion	62
16.	BRPs’ certificate.....	62
	ANNEXURES.....	63

ANNEXURE A: DETAILED GROUP STRUCTURES

ANNEXURE B: LIST OF CREDITORS AND VOTING INTERESTS

ANNEXURE C: LIST OF MATERIAL ASSETS

ANNEXURE D: ASSETS AND PROPERTY IDENTIFIED FOR SALE

ANNEXURE E: ONGOING AND COMPLETED PROJECTS

ANNEXURE F: OTHER PROJECTS

ANNEXURE G: MANAGEMENT ACCOUNTS OF THE COMPANY AS AT 28 FEBRUARY 2019

ANNEXURE H: KEY LITIGATION AND LEGAL MATTERS

ANNEXURE I: BRPS’ REMUNERATION AGREEMENT

ANNEXURE J: PROXY FORM

CHAPTER 1 – INTRODUCTION

1. Definitions and interpretation

- 1.1. The headings of the paragraphs in this Business Rescue Plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Business Rescue Plan nor any paragraph hereof.
- 1.2. In this Business Rescue Plan, unless the context indicates otherwise, the words and expressions below shall have the following meanings (and cognate expressions shall bear corresponding meanings):
 - 1.2.1. any one gender includes the other gender;
 - 1.2.2. the singular includes the plural and vice versa;
 - 1.2.3. persons include natural persons, created entities (incorporated and unincorporated and the State) and vice versa ("**Person**");
- 1.3. the following terms and / or expressions shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings:
 - 1.3.1. "**Adopted**" and / or "**Adoption**" means that a business rescue plan has been approved in accordance with Section 152(2), read with Section 152(3)(b) and Section 152(3)(c)(ii)(aa), of the Companies Act;
 - 1.3.2. "**Advisors**" means the advisors to the BRPs and / or the Company, including but not limited to those listed on page 2 of this Business Rescue Plan, and the advisors' respective employees or representatives;
 - 1.3.3. "**Affected Person/s**" shall bear the meaning ascribed thereto in Section 128(1)(a) of the Companies Act, being the sole shareholder of the Company, Creditors, employees and Trade Unions;
 - 1.3.4. "**Assets Identified for Sale**" means the assets and property of the Company identified for sale as set out in Annexure D;
 - 1.3.5. "**BRPs**" means the joint business rescue practitioners of the Company appointed in terms of Section 129(3)(b) of the Companies Act on 11 March 2019, being van den Steen and Lake;
 - 1.3.6. "**Business Day**" means any day other than a Saturday, Sunday or official public holiday in South Africa;

- 1.3.7. "**Business Rescue Proceedings**" means the proceedings to facilitate the rehabilitation of the Company, which is Financially Distressed, as provided for in Chapter 6 of the Companies Act;
- 1.3.8. "**Business Rescue Costs**" means the remuneration and expenses of the BRPs and other costs of the Business Rescue Proceedings, including but not limited to legal costs and the costs of the Advisors;
- 1.3.9. "**Business Rescue Plan**" means this document together with all of its annexures, as amended from time to time, prepared in accordance with Section 150 of the Companies Act;
- 1.3.10. "**Cenpower**" means Cenpower Generation Company Limited, a company incorporated in Ghana with its registered address at 15 Onyaa Street, Kokomlemle, Accra;
- 1.3.11. "**CIPC**" means the Companies and Intellectual Property Commission, established in terms of Section 185 of the Companies Act;
- 1.3.12. "**Commencement Date**" means 11 March 2019, being the date upon which Business Rescue Proceedings commenced in accordance with Section 129(1) of the Companies Act;
- 1.3.13. "**Company**" means Group Five Construction Proprietary Limited, registration number 1974/003166/07, a company incorporated in accordance with the laws of South Africa, at present under Business Rescue Proceedings;
- 1.3.14. "**Companies Act**" means the Companies Act 71 of 2008, as amended, including the regulations promulgated thereunder;
- 1.3.15. "**Concurrent Creditors**" means all persons with unsecured claims, other than Disputed Creditors, Contingent Creditors, employees, PCF Employees and unsecured PCF Creditors;
- 1.3.16. "**Construction Works**" means construction works and construction-related professional services under a construction contract, agreement or arrangement;
- 1.3.17. "**Contingent Creditors**" means potential Creditors whose claims are contingent upon future events, and are thus not entitled to cast a vote in respect of this Business Rescue Plan;
- 1.3.18. "**Creditors**" means creditors to whom monies are owed by the Company and who have been accepted as such by the BRPs and are therefore not Disputed Creditors;

- 1.3.19. "**Creditors' Committee**" means the committee formed in terms of Section 145(3) of the Companies Act and whose representatives are set out in paragraph 6.18;
- 1.3.20. "**Defects Liability Period**" means the contractual time period following practical completion of a Project during which the Company remains liable to remedy any defects which become apparent at its costs;
- 1.3.21. "**Disputed Claims**" means any claim, or part thereof, not recognised in this Business Rescue Plan;
- 1.3.22. "**Disputed Creditors**" means persons who have Disputed Claims or allege that they are Creditors, but, who dispute the amount for which their Claim is reflected in Annexure B, 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;
- 1.3.23. "**Dispute Resolution Mechanism**" means the dispute resolution mechanism set out in paragraph 10.
- 1.3.24. "**Distribution/s**" means any amount payable to Creditors as provided for in this Business Rescue Plan;
- 1.3.25. "**Employers**" means those clients of the Company who are counter parties to contracts entered into with the Company and / or the Company's agents for Construction Works in respect of the Projects;
- 1.3.26. "**Expunged**" means the full and final extinguishing of claims, or portions of claims, in terms hereof, and which claims, or portions of claims, are consequently no longer enforceable and recoverable;
- 1.3.27. "**Financially Distressed**" or "**Financial Distress**" bears the meaning ascribed thereto in Section 128(1)(f) of the Companies Act;
- 1.3.28. "**Financial Guarantees**" means performance guarantees, retention guarantees and advance payment guarantees;
- 1.3.29. "**Government**" means the Government of South Africa;
- 1.3.30. "**Group**" means the group of companies comprising Group Five Limited, the Company, and all of their directly and indirectly held subsidiaries;
- 1.3.31. "**Group Five Limited**" means Group Five Limited, registration number 1969/000032/06, a company registered and incorporated in accordance with the laws of South Africa;

- 1.3.32. "**Group Five Limited Business Rescue Plan**" means the business rescue plan to be published in respect of Group Five Limited, together with all its annexures, as amended from time to time, and prepared in accordance with Section 150 of the Companies Act;
- 1.3.33. "**Group Five Power**" means Group Five Power International Proprietary Limited, registration number 2008/007984/07, a company registered and incorporated in accordance with the laws of South Africa;
- 1.3.34. "**High Court**" means the High Court of South Africa;
- 1.3.35. "**Implementation Phase 1**" means the period following the Pre-Plan Period until approximately the end of the first quarter of 2020, as set out in paragraph 7.3.2;
- 1.3.36. "**Implementation Phase 2**" means the period following Implementation Phase 1 until the termination of the Business Rescue Proceedings, as set out in paragraph 7.3.3;
- 1.3.37. "**Insolvency Law**" means the Insolvency Act 24 of 1936, as amended;
- 1.3.38. "**JV**" means incorporated and / or unincorporated joint ventures in respect of certain of the Projects;
- 1.3.39. "**Lake**" means David Charles Lake (identity number 580704 5324 186), a business rescue practitioner as contemplated in Regulation 126 of the Companies Act;
- 1.3.40. "**Lenders**" means The Standard Bank of South Africa (acting in various capacities), Absa Bank Limited, FirstRand Bank Limited, HSBC Bank plc and Lombard;
- 1.3.41. "**Lombard**" means Lombard Insurance Company Limited, registration number 1990/001253/06, a company registered and incorporated in accordance with the company laws of South Africa;
- 1.3.42. "**LRA**" means the Labour Relations Act 66 of 1995, as amended;
- 1.3.43. "**Management**" means the management team who had, and continues to have, the delegated and supervised responsibility of managing the day-to-day operations of the Company as at the Commencement Date;
- 1.3.44. "**Metis Strategic Advisors**" means Metis Strategic Advisors Proprietary Limited, registration number 2015/220685/07, a company registered and incorporated in accordance with the laws of South Africa;

- 1.3.45. "**Other Assets**" means all other assets of the Company not included in the Assets Identified for Sale (as per Annexure D), including, amongst other things, legal claims, claims against debtors, pension fund surpluses and contractual rights;
- 1.3.46. "**PCF**" means post-commencement financing obtained by the Company, as authorised by the BRPs in terms of Section 135 of the Companies Act, after the Commencement Date;
- 1.3.47. "**PCF Creditor**" means a creditor, including the PCF Lenders who provided PCF to the Company;
- 1.3.48. "**PCF Employee**" means employees of the Company as contemplated in Section 135(1) of the Companies Act;
- 1.3.49. "**PCF Lenders**" means the Lenders who provided PCF to the Company;
- 1.3.50. "**Preferent Creditors**" means Persons who have a preferent unsecured claims against the Company as envisaged in Chapter 6 of the Companies Act and / or Insolvency Law 24 of 1936, as the case may be, and as the context determines;
- 1.3.51. "**Pre-Plan Period**" means the period from the Commencement Date to the Publication Date;
- 1.3.52. "**Projects**" means those projects in respect of which the Company has contractually agreed with the relevant Employer to perform Construction Works;
- 1.3.53. "**Proposals**" means the proposals made to Affected Persons in terms of this Business Rescue Plan;
- 1.3.54. "**Publication Date**" means the date on which this Business Rescue Plan is published in accordance with terms of Section 150(5) of the Companies Act, being 30 August 2019;
- 1.3.55. "**PwC**" means PricewaterhouseCoopers Advisory Services Proprietary Limited, registration number 1999/024417/07, a company incorporated in accordance with the laws of South Africa;
- 1.3.56. "**Rand**" or "**R**" or "**ZAR**" means the lawful currency of South Africa;
- 1.3.57. "**Remuneration Agreement**" means the remuneration agreement concluded by the Company with the BRPs as set out in paragraph 6.28;
- 1.3.58. "**Retrenchment Processes**" means the processes conducted by the Company prior to and after the Commencement Date for the retrenchment of employees as set out in paragraph 5.6.2.3;

- 1.3.59. "**SARS**" means the South African Revenue Services;
- 1.3.60. "**Secured Creditor**" means a Person who holds security for a claim against the Company, including PCF Creditors who hold security against the Company;
- 1.3.61. "**South Africa**" means the Republic of South Africa;
- 1.3.62. "**Subsidiary**" or "**Subsidiaries**" shall bear the meaning as defined in Section 3 of the Companies Act;
- 1.3.63. "**Substantial Implementation Date**" means the date upon which the BRPs file a notice with the CIPC pursuant to the events contemplated in paragraph 8.2 having occurred and whereupon the Business Rescue Proceedings will terminate;
- 1.3.64. "**Tax**" or "**Taxation**" means any tax payable to SARS in terms of the laws of South Africa;
- 1.3.65. "**Trade Unions**" includes, but may not be limited to, the Building Construction and Allied Workers Union; the Bargaining Council for the Civil Engineering Industry; the Building Industry Bargaining Council; the Building Wood and Allied Workers Union of South Africa; the Construction and Allied Workers Union (South Africa); the General Industries Workers Union of South Africa; the Metal and Engineering Industries Bargaining Council, the National Transport Movement; the National Union of Civil and Allied Workers, the National Union of Mineworkers; the National Union of Metalworkers of South Africa; the South African Transport and Allied Workers Union and UASA – The Union, all being trade unions registered as such in terms of Section 96 of the LRA;
- 1.3.66. "**van den Steen**" means Petrus Francois van den Steen (identity number 6811075024087), a business rescue practitioner as contemplated in Regulation 126 of the Companies Act;
- 1.3.67. "**VAT**" means the value-added tax levied in terms of the Value-Added Tax Act 89 of 1991, as amended;
- 1.3.68. "**Werksmans**" means Werksmans Incorporated (registration number 1990/007215/21), a South African firm of attorneys practising as such at The Central, 96 Rivonia Road, Sandton;
- 1.4. Any reference to any statute, regulation or other legislation in this Business Rescue Plan shall be a reference to that statute, regulation or other legislation as at the Publication Date, and as amended or substituted from time to time.
- 1.5. Any reference in the Business Rescue Plan to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented.

- 1.6. If any provision in a definition in this Business Rescue Plan is a substantive provision conferring a right or imposing an obligation on any person or entity then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Business Rescue Plan.
- 1.7. Where any term is defined in this Business Rescue Plan within a paragraph other than this paragraph 1, that term shall bear the meaning ascribed to it in that paragraph wherever it is used in this Business Rescue Plan.
- 1.8. Where any number of days is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day, if the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day.
- 1.9. Any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, months or years, as relevant.
- 1.10. Words or terms that are capitalised and not otherwise defined in the narrative of this Business Rescue Plan (excluding capitalised words or terms used for the purpose of tables and / or headings) shall bear the meaning assigned to them in the Companies Act.
- 1.11. The use of the word "including", "includes" or "include" followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s.
- 1.12. To the extent that any provision of this Business Rescue Plan is ambiguous, it is to be interpreted in a manner that is consistent with the purpose of the business rescue provisions of Section 7(k) and Chapter 6 of the Companies Act.
- 1.13. Unless otherwise stated, all references to sections are references to sections in the Companies Act.

2. Structure of this Business Rescue Plan

- 2.1. Each of the Company and Group Five Limited is under its own legally separate business rescue proceedings in terms of Chapter 6 of the Companies Act. This document reflects the Business Rescue Plan in respect of the Company only.
- 2.2. Affected Persons of Group Five Limited should refer to the Group Five Limited Business Rescue Plan to be published in respect of those proceedings.
- 2.3. The Affected Persons of the Company and Group Five Limited will meet separately and vote only in respect of the business rescue plan directly relevant to them.

- 2.4. Affected Persons of Group Five Limited may wish to have regard to this Business Rescue Plan insofar as Group Five Limited is the sole shareholder of the Company.
- 2.5. For the purposes of Section 150(2) of the Companies Act, this Business Rescue Plan is divided into several chapters:

2.5.1. Chapter 1 – Introduction

This chapter sets out general information about the Business Rescue Plan, including the structure of the Business Rescue Plan and with whom Affected Persons should engage for independent advice, as well as a summary of the Proposals.

2.5.2. Chapter 2 – Proposals

This chapter provides details on the Proposals and is set out in the form required by the Companies Act.

2.5.2.1. Part A – Background (Section 150(2)(a))

This part sets out the background to the Company, the circumstances that resulted in the Company's Financial Distress and an overview of Business Rescue Proceedings.

2.5.2.2. Part B – Terms of Proposal (Section 150(2)(b))

This part describes the Proposals, including the effects, benefits and risks of adopting the Business Rescue Plan.

2.5.2.3. Part C – Assumptions and Conditions of Proposal (Section 150(2)(c))

This part sets out the conditions that need to be fulfilled in order for the Business Rescue Plan to be implemented and become effective, the assumptions applied in respect of the Proposal and when the Business Rescue Proceedings will have been substantially implemented and the Business Rescue Proceedings terminated.

2.5.3. Chapter 3 – General

This chapter sets out certain administrative and general matters pertaining to the Business Rescue Proceedings and the Business Rescue Plan.

2.5.4. Chapter 4 – Conclusion and BRPs' Certificate

The chapter contains the BRPs' recommendation and the certificate that is required to accompany each business rescue plan in terms of the Companies Act.



2.6. Unless indicated otherwise, all figures represented in this document are as at 28 February 2019, being the closest practical date to the Commencement Date.

3. Actions to be taken by Affected Persons

- 3.1. Affected Persons are advised to consult an independent attorney, accountant or other professional advisor in respect of this Business Rescue Plan, as may be required.
- 3.2. Nothing contained in the Business Rescue Plan shall constitute tax, accounting or legal advice to any Affected Person, and the BRPs do not make any representations in respect thereof, other than as may be expressly stated in this Business Rescue Plan.
- 3.3. The BRPs shall not be responsible for any acts taken by (or omissions arising from) any Affected Person's reliance on this Business Rescue Plan.

4. Notifications

- 4.1. Insofar as possible, notice has been given to the Affected Persons, in terms of the Companies Act and the Regulations thereto, that the Company has been placed under Business Rescue Proceedings and placed under the control and supervision of the BRPs, in accordance of the Companies Act.
- 4.2. In terms of Section 150(5) of the Companies Act, the Business Rescue Plan was required to be published on 16 April 2019. However, the BRPs obtained approval for an extension for the publication of the Business Rescue Plan to 28 June 2019 at the first statutory meeting of Creditors. Thereafter, on 27 June 2019, a further extension for the publication of the Business Rescue Plan to 30 August 2019 was approved. Affected Persons were duly notified of these approvals. No further extensions have been approved.
- 4.3. Regular updates relating to the Business Rescue Proceedings have been provided to Affected Persons in accordance with Section 132(3)(a) of the Companies Act.
- 4.4. The BRPs have taken all reasonable steps to ensure that all Affected Persons have been notified that the Business Rescue Plan has been published and is available for consideration. All notices issued in respect of the publication of the Business Rescue Plan contained details of the meeting of Affected Persons to consider and vote on the Business Rescue Plan.
- 4.5. The abovementioned notifications and other information relating to the Business Rescue Proceedings can be accessed on the Company's website, being http://www.g5.co.za/group_five_limited.php.

5. Summary of the Proposals in terms of the Business Rescue Plan

5.1. Consultation

In preparing the Business Rescue Plan, the BRPs have consulted with, and taken into consideration where relevant, the views expressed by Affected Persons, other stakeholders and their legal representation.

5.2. Approach to the Business Rescue Plan

- 5.2.1. The high degree of Financial Distress in the Company as at the Commencement Date was characterised by material levels of unsustainable debt coupled with significant projected negative forward cash flows from operations.
- 5.2.2. The Company's management accounts for the period ending 28 February 2019 show that the Company's liabilities exceeded its assets by approximately R1.5 billion.
- 5.2.3. The majority of the Company's material assets by value (including the Company's interest in companies comprising the manufacturing division and those comprising the Intertoll Europe businesses) were provided as security to the Lenders.
- 5.2.4. This meant that returning the Company to solvency in its current structure would not have been possible without the injection of a significant sum of new equity capital. The sole shareholder of the Company (Group Five Limited) was itself in Financial Distress and unable to provide or raise new capital.
- 5.2.5. As a result, the Business Rescue Proceedings necessitated an approach which primarily contemplated "a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company", as provided for in Section 128(1)(b)(iii) of the Companies Act.
- 5.2.6. Over and above this, where possible, Subsidiaries or operating divisions of the Company will be disposed of through controlled sale processes, as businesses that are intact along with their employees. Such businesses can thus continue on a solvent basis under their new ownership.

5.3. Key facets of the Business Rescue Plan

- 5.3.1. PCF has been secured from the Lenders to provide operational solvency during the Business Rescue Proceedings and to ensure that value realisations are optimised and losses from Projects minimised.
- 5.3.2. An ongoing process is underway to engage with clients in relation to construction related Projects. This has been a significant undertaking, the broad objectives of

which are to secure profits from favourable Projects, minimise losses from unfavourable Projects, minimise claims, and avoid wherever possible the calling of Financial Guarantees (which would otherwise increase the pool of Creditor Claims).

- 5.3.3. Wherever possible, Subsidiaries and operating divisions of the Company have been (or are being) restructured and / or disposed of to new owners in arms-length transactions, for fair value, on a solvent basis and as going concerns.
- 5.3.4. Where this is not possible, the Business Rescue Proceedings contemplate a controlled wind-down, wind-up and / or deregistration of the relevant Subsidiaries and operating divisions, including the head office of the Company.
- 5.3.5. All Other Assets of the Company are being vigorously pursued and / or disposed of.
- 5.3.6. Costs are being aggressively managed and reduced in accordance with the diminishing needs of the Company.
- 5.3.7. The net effect of the Business Rescue Proceedings will be the realisation of better Distributions to Creditors than would have been the case if the Company had instead been immediately liquidated, and the saving (solvency) of several of the operating businesses / divisions – albeit under new ownership.
- 5.3.8. Affected Persons are referred to Chapter 2 for a more detailed analysis of the Proposals in this Business Rescue Plan.

5.4. Timing

- 5.4.1. In preparing the Business Rescue Plan, the BRPs have considered three distinct periods for the Company, these being:
 - 5.4.1.1. the period from the Commencement Date to the Publication Date ("**Pre-Plan Period**");
 - 5.4.1.2. the period following the Pre-Plan Period until approximately the end of the first quarter of 2020 ("**Implementation Phase 1**").
 - 5.4.1.3. the period following Implementation Phase 1 until the termination of the Business Rescue Proceedings ("**Implementation Phase 2**").
- 5.4.2. With these phases, the BRPs aim to accelerate as far as possible the payment of early Distributions to Creditors during or at the end of Implementation Phase 1.

5.5. Anticipated outcomes

- 5.5.1. When comparing the estimated dividends payable to Creditors in the event of a liquidation of the Company against the BRPs' estimation of Distributions payable to Creditors in accordance with this Business Rescue Plan, each class of Creditor will (it is anticipated) receive a significantly greater return in terms of this Business Rescue Plan than would have been the case if the Company had been immediately liquidated.
- 5.5.2. The PwC report seeks to demonstrate to Creditors the returns they can anticipate in the alternative scenario of an immediate liquidation. When compared to the PwC report, the shortfall in Business Rescue Proceedings is anticipated to be R4.8 billion better than that estimated in a liquidation. The relevant table of the PwC report has been included in paragraph 6.9.3.
- 5.5.3. Industry experts have indicated to the BRPs that liquidation proceedings would take approximately five to ten years to complete. The envisaged Business Rescue Proceedings is expected to be completed in a materially shorter time frame than this.
- 5.5.4. The BRPs anticipate that approximately 3 000 to 3 500 jobs in the Group will be preserved through the restructuring and / or sale of Subsidiaries, operating businesses, divisions and / or contracts to new owners.

5.6. Proposals to Creditors, employees and shareholders

- 5.6.1. Proposals to Creditors
 - 5.6.1.1. The amount and timing of Distributions to Creditors will depend upon the successful and timeous fulfilment of the terms and conditions related to the Proposals.
 - 5.6.1.2. The BRPs anticipate that the majority of Distributions due to Creditors will be made during Implementation Phase 1, which phase it is anticipated will be completed around the end of the first quarter of 2020.
 - 5.6.1.3. The BRPs anticipate that a first Distribution will be made to Concurrent Creditors at the end of Implementation Phase 1. In this regard, it is estimated (but not binding on the BRPs) that this first Distribution to Concurrent Creditors should be approximately four cents in the Rand (more than the full liquidation dividend as estimated by PwC).
 - 5.6.1.4. Implementation Phase 2 will deal with all matters which by necessity will endure beyond the end of Implementation Phase 1. Further

Distributions will be made to Creditors as and when funds become available during this phase.

- 5.6.1.5. While the table below is no more than a reasonable estimate and is not binding on the BRPs, the table provides an approximation of the anticipated aggregate cents in the Rand Distributions payable per Creditor class during the full Business Rescue Proceedings (including both Implementation Phase 1 and Implementation Phase 2):

Class of Creditor	Estimated Liquidation Dividend (cents / Rand)	Estimated Business Rescue Distributions	
		Low (cents / Rand)	High (cents / Rand)
Secured Creditors	18	66	78
PCF Employees	n/a	100	100
PCF Creditors	n/a	100	100
Preferent employees	35	100	100
Concurrent Creditors	3.4	9	20

5.6.2. Proposals to employees

- 5.6.2.1. Employees who remained employed by the Company after the Commencement Date have continued their employment in the Company on the same terms and conditions that existed before the Commencement Date.
- 5.6.2.2. The BRPs anticipate that the Business Rescue Proceedings will result in the preservation of approximately 3 000 to 3 500 jobs in the Group through the restructuring and / or sale of Subsidiaries, operating businesses, divisions and / or contracts to new owners.
- 5.6.2.3. However, whilst the BRPs have tried to limit job losses wherever possible, the ongoing Retrenchment Processes are required given the Financial Distress of the Company, and the inevitable winding down of parts of the Company.
- 5.6.2.4. Where possible, the BRPs have supported, endorsed and aided those employees affected by the Retrenchment Processes in their efforts to secure alternative employment.
- 5.6.2.5. The Retrenchment Processes undertaken within the Business Rescue Proceedings will result in enhanced payments to those employees unfortunate to be retrenched, relative to the alternative had the Company been liquidated.

5.6.2.6. All outstanding retrenchment entitlements owing to PCF Employees retrenched during the Business Rescue Proceedings will be settled during or at the end of Implementation Phase 1.

5.6.3. Proposal to the Company's shareholder

Given the high level of Financial Distress in the Company, regrettably the BRPs do not anticipate that any residual value will accrue to the sole shareholder of the Company. This is consistent with the anticipated outcome of liquidation as calculated by PwC.

5.7. Benefits of the Business Rescue Plan

The Benefits of the Business Rescue Plan include, amongst other things:

- 5.7.1. more favourable Distributions to Creditors than would arise under the alternative scenario of an immediate liquidation of the Company;
- 5.7.2. the saving of a significant number of jobs and of a number of business units (albeit under new ownership);
- 5.7.3. preserved retrenchment benefits relative to a liquidation scenario (for those employees who regrettably have been, or will be, retrenched); and
- 5.7.4. a shorter duration for the completion of the Business Rescue Proceedings of the Company relative to a liquidation.

Affected Persons are referred to paragraph 7.9 for further details of the benefits to be enjoyed from the successful implementation of this Business Rescue Plan

5.8. Risks of the Business Rescue Plan

- 5.8.1. The BRPs are of the opinion that a successful rescue of the Company is achievable within the meaning of the Companies Act, but draw attention to some challenges
- 5.8.2. The implementation of the Proposals is subject to factors potentially not known to the BRPs as at the Publication Date, including, amongst other things, required amendments to the Business Rescue Plan, unforeseen litigation, changes in regulations and legislation, delays in implementing the Retrenchment Processes, restricted access to PCF, unforeseen damages claims and / or statutory liability, crystallisation of Financial Guarantees, and the operational or financial performance of the Projects.
- 5.8.3. Whilst the BRPs have tried to determine realistic valuations for the Assets Identified for Sale, uncertainties remain as to the timing of such sales and the actual proceeds that will be realised from a disposal or realisation of these assets.



The BRPs aim to implement the most appropriate methods of sale in order to achieve optimal values and timing from the sales process.

5.8.4. Affected Persons are referred to paragraph 7.11 for further details of the risks related to the Adoption of this Business Rescue Plan.

5.9. Opinion of the BRPs

It is the opinion of the BRPs that there remains a reasonable prospect of a successful rescue of the Company within the meaning of the Companies Act. The Proposals contained in this Business Rescue Plan are reasonably anticipated to result in a better return to Creditors than would have resulted from an immediate liquidation of the Company.

CHAPTER 2 – PROPOSALS

6. Part A – Background information

6.1. Corporate and shareholding structure

- 6.1.1. Detailed corporate structures of the Group are set out in Annexure A.
- 6.1.2. At the Commencement Date, the Company held direct and indirect interests (controlling or otherwise) in approximately 181 companies in 38 different jurisdictions, excluding branches and unincorporated JVs.
- 6.1.3. As at the Publication Date, the issued share capital of the Company comprised 1 000 001 ordinary shares, all held by Group Five Limited.
- 6.1.4. The BRPs are conducting an analysis of the direct and indirect Subsidiaries of the Company, many of which are dormant and / or have little or no value. The BRPs will seek the closure (i.e. winding-down, winding-up and / or deregistration) of such Subsidiaries where no recoverable value for the Company is evident. Where a Subsidiary has directors who are employees appointed by the Company, the BRPs will work with those directors to give effect to such closure.

6.2. Directors

As at the Publication Date, the Directors and officers of the Company, according to the CIPC, were:

Item	Name of Director	Role	Date of Appointment
1	Nicholas Mark Humphreys	Director	31 Mar 2017
2	Kushil Rabindranath Maharaj	Director	25 May 2017
3	Anthony John Clacher	Director	12 Dec 2018
4	Thabo Clifford Kgogo	Director	24 July 2017

6.3. Company information as at the Commencement Date

Financial year end	30 June
Registered business address	2 Eglin Road Sunninghill Gauteng 2191
Postal address	Private Bag x26



	Sunninghill South Africa Gauteng 2157
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6.4. Company background

- 6.4.1. The Company commenced business in the construction industry in 1974 and has, since inception, expanded its operations beyond construction by acquiring or developing operating entities in its “Manufacturing” and “Investments & Concessions” divisions.
- 6.4.2. The Company is a wholly owned subsidiary of Group Five Limited. Group Five Limited has one direct Subsidiary in addition to the Company, this being Everite Proprietary Limited.
- 6.4.3. The Company operates on a principal / agent basis. To this effect, certain Subsidiaries of the Company have concluded contracts as disclosed agents of the Company with Employers and third parties. These contracts are binding on the Company, as the disclosed principal, and the contracting parties, who therefore qualify as Affected Persons.

6.5. Reasons for the Company’s Financial Distress

- 6.5.1. The Group (of which the Company is the major part) incurred financial losses of approximately R800 million (as reflected in the published financial statements) for the year ended 30 June 2017, and further losses of R1.3 billion in the year to June 2018.
- 6.5.2. Market conditions in the construction industry worsened, and certain of the Company’s Projects were under-priced. As a result, several of the Company’s construction projects were (and continued to be at the Commencement Date) loss-making.
- 6.5.3. Working capital could not support the Group businesses without new funding. In order to alleviate the cash flow constraints of the Group arising from, amongst other things, loss-making projects (the Kpone Project in particular) and a shrinking order book, the Company obtained bridge funding in the amount of R650 million from the Lenders, which funding was granted to the Company in April 2018. This facility was in default at the Commencement Date.
- 6.5.4. In return for the provision of the bridge funding, Group Five Limited and several other companies within the Group guaranteed to the Lenders the repayment of the bridge loan as well as other obligations of the Company. As security for the bridge loan and other obligations of the Group to the Lenders, security was provided to the Lenders over, amongst other things, the companies comprising

the manufacturing division of the Group and the European based Intertoll businesses. The Lenders further required the subordination of all intragroup loans.

- 6.5.5. The Company's financial constraints were exacerbated following the termination of the Kpone project when payment in the amount of US\$106,5 million was demanded by Cenpower from the guarantee providers under the guarantees that were issued in respect of the Kpone Project.
- 6.5.6. As a result, the Company became indebted to such guarantee providers under counter-indemnity arrangements, which came into force when payment was made by the providers. Such indebtedness remains outstanding.
- 6.5.7. Following the commencement of a retrenchment process, the Company anticipated having to pay severance packages to its retrenched employees in the amount R233 million, further increasing working capital pressures.
- 6.5.8. Further to the R2.1 billion losses incurred in the 2017 and 2018 financial years, management accounts for the Group prepared for the 8-month period to 28 February 2019 indicated that a further approximate R2.3 billion of losses were incurred in that period – primarily from within the Company and its Subsidiaries. Major losses and material negative cash flows were forecast for the Group for the balance of the 2019 calendar year.
- 6.5.9. As a result, in February 2019, Group Five sought additional bridge funding from the Lenders, but this request was declined.
- 6.5.10. Group Five Limited approached its major shareholders in, in late 2018 and early 2019, to request support for a material rights offer to recapitalise the Group, but the shareholders advised that the conditions were not suitable for them to provide support for the proposed rights offer.
- 6.5.11. As co-principal obligor with the Company, Group Five Limited was consequently also Financially Distressed and unable to meet its financial obligations.
- 6.5.12. The Company was clearly Financially Distressed as it was unable to meet its current and upcoming financial obligations. In the absence of obtaining further funding, which Group Five Limited was unable to provide, the commencement of Business Rescue Proceedings for the Company was inevitable, with the only alternative being liquidation.
- 6.5.13. Accordingly, the boards of directors of both the Company and Group Five Limited passed resolutions voluntarily commencing Business Rescue Proceedings for the respective companies on 11 March 2019, following which the BRPs were appointed.

6.6. Business rescue

As provided for in the Companies Act, business rescue aims to facilitate the rehabilitation of a company that is Financially Distressed by providing for, amongst other things:

- 6.6.1. the temporary supervision of a company by one or more business rescue practitioners, and of the management of its affairs, business and property by such persons; and
- 6.6.2. a temporary moratorium on the rights of claimants against a company or in respect of property in its possession.

6.7. Objective of business rescue

- 6.7.1. The objective of business rescue is the development and implementation, if approved, of a plan which:
 - 6.7.1.1. rescues a company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the company continuing in existence on a solvent basis; or
 - 6.7.1.2. results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.
- 6.7.2. With this Business Rescue Plan, the BRPs intend to provide a better return to the Company's Creditors than would result from the immediate liquidation of the Company.
- 6.7.3. In addition to the above, the BRPs would note that, where possible, a Subsidiary or operating division of the Company will be disposed of (in many instances after some form of restructuring) through a controlled sales process, as a business that is intact along with its employees. Such businesses can thus continue on a solvent basis under new ownership. In cases where this is not feasible, the businesses will be wound-down in a controlled and cost-effective manner.
- 6.7.4. The net effect of this will be:
 - 6.7.4.1. the realisation of better Distributions to Creditors than they would have received had the Company instead been immediately liquidated; and
 - 6.7.4.2. for those Subsidiaries or operating divisions disposed of, the Business Rescue Plan will have secured the likelihood of those businesses continuing in existence on a solvent basis (with its relevant employees) and under new ownership.

6.8. Business rescue events

- 6.8.1. The table below sets out the salient dates on which certain events have taken place, and which will take place, during the Business Rescue Proceedings.
- 6.8.2. All notices that have been circulated to the Affected Persons of the Company and of Group Five Limited can be obtained from the Company's website, being http://www.g5.co.za/group_five_limited.php

Event	2019
Board resolution to Commence Business Rescue Proceedings	11 Mar
Board resolution filed with the CIPC	11 Mar
Commencement of Business Rescue Proceedings	11 Mar
Appointment of BRPs	11 Mar
First statutory meeting of creditors	26 Mar
First statutory meeting of employees	26 Mar
Request and approval of extension for publication of Business Rescue Plan to 28 June	26 Mar
Additional Creditors Meeting – Cape Town	4 Apr
Additional employees meeting – Cape Town	4 Apr
Additional Creditors Meeting - Durban	5 Apr
Additional employees meeting – Durban	5 Apr
Meeting to consider the BRPs' Remuneration Agreement	24 Apr
Notice of outcome of vote in respect of the BRPs' Remuneration Agreement	3 May
First Creditors Committee Meeting	10 May
First claims deadline	15 May
First Employees Committee Meeting	17 May
Second Employees Committee Meeting	30 May
Notice of Business Rescue Proceedings published in the Government Gazette	31 May
Notice of Business Rescue Proceedings published in The Star Newspaper	31 May
Notice of Business Rescue Proceedings published in Die Beeld	31 May
Publication of Business Rescue Proceedings Status Update Report	11 Jun
Third Employees Committee Meeting	21 Jun
Extension Approved for the Publication of the Business Rescue Plan to 30 August	27 Jun
Notice to Subordinated and Non-Independent Creditors	27 Jun
First Extension of Claims Deadline	30 Jun
Second Creditors Committee Meeting	11 Jul
Publication of Business Rescue Proceedings Status Update Report	11 Jul
Fourth Employees Committee Meeting	23 Jul
Notice of Extension of Publication Date of the Business Rescue Plan published in The Star Newspaper	26 Jul
Notice of Extension of Publication Date of the Business Rescue Plan published in Die Beeld	26 Jul

Notice of Extension of Publication Date of the Business Rescue Plan published in the Government Gazette	02 Aug
Third Creditors Committee Meeting	5 Aug
Publication of Business Rescue Proceedings Status Report	15 Aug
Fifth Employees Committee Meeting	19 Aug
Fourth Creditors Committee Meeting	19 Aug
Publication of Business Rescue Plan	30 Aug

6.9. Estimation of the probable liquidation dividend

- 6.9.1. The BRPs appointed PwC as independent experts to determine an estimate of the probable recovery for each Creditor if the Company were to have been placed into liquidation on 28 February 2019.
- 6.9.2. As the financial information as at the Commencement Date was not available, the closest practical date to the Commencement Date has been used by PwC, this being the month end of February 2019.
- 6.9.3. The following table has been extracted from the report provided to the BRPs by PwC showing the estimated probable dividends which Creditors would receive if the Company had been liquidated as at 28 February 2019:

Liquidation as at 28 February 2019				
Illustrative aggregated recoveries from the Company and its subsidiaries				
Creditor	Total claim	Total (Adjusted) awards	Cents / Rand recoveries	Shortfall
HSBC	230 814 000	150 368 586	65.1	(80 445 414)
Standard Bank	179 427 000	116 891 455	65.1	(62 535 545)
ABSA	175 616 000	114 408 699	65.1	(61 207 301)
FirstRand	64 143 000	41 787 293	65.1	(22 355 707)
Total bridge lender recoveries	650 000 000	423 456 033		(226 543 967)
HSBC	845 598 900	42 834 727	4.9	(832 764 173)
Lombard	642 235 433	23 863 254	3.7	(618 372 179)
Total Kpone funder recoveries	1 517 834 333	66 697 981		(1 451 136 352)
Standard Bank	3 615 202	1 759 159	48.7	(1 856 043)
FirstRand (Wesbank)	7 197 871	2 640 478	36.7	(4 557 393)
Nedbank	36 732 705	14 786 126	40.3	(21 946 579)
Total asset backed lender recoveries	47 545 778	19 185 762		(28 360 016)
Employees	165 428 500	42 890 602	25.9	(122 537 898)
SARS	46 859 267	31 415 906	67.0	(15 443 361)
Total preferent creditor recoveries	212 287 767	74 306 508		(137 981 259)
Standard Bank	378 102 804	18 496 974	4.9	(359 605 830)
ABSA	452 480 330	62 690 006	13.9	(389 790 323)
FirstRand	72 135 093	29 679 883	41.1	(42 455 211)

Lombard	791 724 738	47 236 775	6.0	(744 487 963)
Nedbank	24 152 825	9 862 236	40.8	(14 290 589)
CGIC	38955 258	1 326 731	3.4	(37 628 527)
Constantia	1 183 598	40 311	3.4	(1 143 287)
Total payment guarantor recoveries	1 758 734 646	169 332 916		(1 589 401 730)
Month end sundry and contractor accruals	991 608 594	33 772 018	3.4	(957 836 576)
Contract advance payments and billings	595 063 168	20 266 549	3.4	(574 796 619)
Subcontractor control accounts and retentions	395 376 165	13 465 647	3.4	(381 910 518)
Other concurrent creditors	306 270 647	10 430 908	3.4	(295 839 739)
Total other concurrent creditor recoveries¹	2 288 318 573	77 935 121		(2 210 383 453)
Contract damages claims (estimate)	1 783 000 000	60 725 076	3.4	(1 722 274 924)
Total estimated additional damages claims	1 783 000 000	60 725 076		(1 722 274 924)
Total	8 257 721 098	891 639 397	10.8	(7 366 081 701)

Note 1: PwC understand that all intercompany loans are fully subordinated to all creditors. Accordingly, these have been excluded for the purposes of the illustrative liquidation calculation.

The relevant notes in relation to the table above have been extracted directly from the PwC report and reproduced below:

1. *"The calculation as presented above is based on the (unaudited) management accounts position as at 28 February 2019:*
 - *The table is illustrative, reflecting an estimation of what creditors could have recovered under liquidation in the event that liquidation was pursued immediately as the alternative to business rescue;*
 - *Recoveries as presented have been adjusted to reflect the net present value of an assumed five year liquidation proceeding (secured recoveries assumed to be recovered within one year, the balance over five years ("**Adjusted**"))*
2. *Asset realisations in the Group are, in the context of the of the illustrative liquidation calculation, in the main predicated on an 'ex-situ' break up or fire sale basis. In addition to this, given that the trading companies within the Group are inextricably linked, both operationally and financially, PwC have assumed a concurrent breakup (or going concern sale) of all subsidiary companies across the Group.*

3. *Recoveries for Creditors as presented above are anticipated principally from key subsidiaries (directly or indirectly held) and, to a lesser extent, recoveries from the Company's own assets (such as debtors and investments not specifically granted to lenders as security):*
 - *Key asset value within the Group is expected to be realised mainly from the Company's European held assets;*
 - *These assets are encumbered to the Lenders in relation to the bridge facility. Accordingly, realisations from such assets are assumed to flow directly to the Lenders.*

4. *Overall recoveries for concurrent creditors (excluding any claims from the Lenders) are expected to be low (c.3 cents in the Rand). Notwithstanding low asset realisation levels expected in the break up of the Group in a liquidation scenario (with key value flowing directly to the relevant secured lenders at subsidiary level), overall creditor recoveries are expected to reduce due to the dilution resulting from an increase in concurrent claims which PWC would anticipate being lodged against the Company in a liquidation, including:*
 - *Claims from the Lenders in relation to the bridge facility (via the security SPV) and Kpone overdraft guarantees;*
 - *Performance guarantees (at their fully utilised amounts); and*
 - *Contractual damages claims (estimated)"*

6.10. Material assets and security

- 6.10.1. A list of the material assets of the Company at book value and the security given in relation thereto is set out in Annexure C.
- 6.10.2. The balance sheet of the Company as at 28 February 2019 (see Annexure G) shows that the Company had total liabilities of approximately R6.0 billion.

6.11. Creditors of the Company

- 6.11.1. A list of the Creditors of the Company is set out in Annexure B.
- 6.11.2. Annexure B indicates which Creditors are Secured Creditors, PCF Creditors or Concurrent Creditors. The list also sets out what is owed to PCF Employees.
- 6.11.3. A summary of the Creditors' voting interests has been provided in the table below:

Type	Category	Pre BR (R'm)	Vote (R'm)	% vote
Secured	Asset Based Finance	35	35	1%
	Bridge Loan	681	681	13%
	Guarantees crystallised	1 666	1 666	31%
	Financial Guarantees	1 807	1 807	34%
	Mortgages	307	307	6%
		4 496	4 496	85%
Preferred	PCF Employees	44	44	1%
		44	44	1%
Concurrent	Concurrent Creditors	750	730	14%
		750	730	14%
Subordinated	Inter Company Loans	653	0	0%
		653	0	0%
TOTAL		5 943	5 270	100%

6.11.4. As at the Publication Date, the BRPs have received numerous claim forms from Creditors. A verification process has been undertaken to reconcile the claims of Creditors as reflected in the records of the Company against the claim forms received. Further details about Creditors and claims are set out in paragraph 6.24.

6.12. Management control

In terms of Section 140(1)(a) of the Companies Act, the BRPs took full management control of the Company and delegated certain functions to Management in terms of Section 140(1)(b) of the Companies Act.

6.13. Reporting to CIPC

The BRPs have complied with all statutory obligations under Chapter 6 of the Companies Act and will continue to render monthly update reports to the CIPC and Affected Persons as contemplated in Section 132(3) of the Companies Act.

6.14. Investigations

6.14.1. Section 141(1) of the Companies Act requires that "As soon as practicable after being appointed, a practitioner must investigate the company's affairs, business, property, and financial situation, and after having done so, consider whether there is any reasonable prospect of the company being rescued".

6.14.2. In the course of their investigations, into whether or not a reasonable prospect exists for the Company to be rescued, the BRPs have concluded that there is a reasonable prospect of the Company being rescued.

6.14.3. Furthermore, if in the course of such an investigation (i.e. to consider whether or not there is a reasonable prospect that the Company can be rescued), a business rescue practitioner concludes that there is evidence of misconduct as contemplated in Section 141(2)(c) of the Companies Act, then the business

rescue practitioner must forward that evidence to the relevant authorities for further investigation and direct the management of the Company to take any necessary steps to rectify the matter.

6.14.4. The BRPs have to date not found, or been presented with, cogent evidence of any misconduct that would require the BRPs to take the requisite steps as contemplated in Section 141(2)(c).

6.15. Extension of the date for publication of Business Rescue Plan

6.15.1. In terms of Section 150(5) of the Companies Act, the Business Rescue Plan was required to be published on 16 April 2019 (i.e. within 25 days from the date of the appointment of the BRPs).

6.15.2. The BRPs obtained an extension as contemplated in Section 150(5)(b) of the Companies Act for the publication of the Business Rescue Plan on 28 June 2019 at the first statutory meeting of creditors.

6.15.3. Thereafter, on 27 June 2019, a further extension was granted, as contemplated in Section 150(5)(b) of the Companies Act, for publication of the Business Rescue Plan on 30 August 2019.

6.15.4. No further extensions have been granted.

6.16. Employees' meetings

6.16.1. At the first meeting of employees, the BRPs called for nominations for representatives to sit on an employees' committee. Details of the members of the employees' committee as at the Publication Date are set out in the table below:

Name and surname	Employees represented
Jaco Janse van Rensburg	Group Five Civils
Joy Roussouw	Group Five Projects - HR
Kirsty Mulder	Group Five Projects - Finance
Koos Nbungele	Intertoll Africa
Kushil Maharaj	G5 Properties – EXCO Representative
Mohammed Kara	Group Five Projects - Finance
Nicci Acker	Group Five Construction (Coastal) – Cape Town
Sashnee Naidoo	I and C
Sydney Mthembu	Group Five Construction (Coastal) – Durban
Tanja Peenz	Group Five Projects - HR
Ursula McLaren	Payroll

6.16.2. The BRPs held the first statutory meeting of employees, in terms of Section 148 of the Companies Act, on 26 March 2019, whereby the BRPs explained the

Business Rescue Proceedings process. Further meetings of employees were convened on 4 and 5 April 2019 in Cape Town and Durban respectively for staff in those areas.

- 6.16.3. The BRPs have maintained contact with the employees of the Company through Management and the employees committee, including Trade Unions who were invited and some of whom attended employees committee meetings.

6.17. Creditors' meetings

- 6.17.1. A first meeting of creditors, as contemplated in Section 147 of the Companies Act, was convened on 26 March 2019. Further meetings of creditors were convened on 4 and 5 April 2019 in Cape Town and Durban, respectively.

6.18. Creditors' Committee

- 6.18.1. Section 145(3) of the Companies Act provides that the Creditors of the Company are entitled to form a Creditors' Committee, and through that committee are entitled to be consulted by the BRPs during the development of the Business Rescue Plan.
- 6.18.2. Consequently, at the first statutory meeting of creditors and at the additional Creditors' meetings in Cape Town and Durban, the BRPs called for nominations for representatives to sit on a creditors' committee. Details of the members of the creditors' committee are set out in the table below:

Name and surname	Creditor represented
André Botha	Pro Crane Services
Annecke van der Westhuizen	Solvocore
Brandon Childs	Normellaz Holdings
Christopher Moragamos	Cape Gate Build It
Cornè Vermaak	Pre-Form (Pty) Ltd and Formacon (Pty) Ltd
Daniël Johannes Swart	Western Province Suppliers
Delene Williams	Unique Welding
Gavin Morrow	W30 - Washirika 3 Oaks (Pty) Ltd
Hermann Greyling	The Building Company
Jan Breed	Cape Gate Build It and Spar
Jorg Frese	Lombard Insurance
Joseph Gruter	GVJ Electrical
Mashiyane Mabunda	Lender Group of Banks
Radayba Rasool	Secure Electronics
Stephan Franke	Edison Power
Tracy Kriek	Buco
Vincent den Ouden	Elegant Roofing

- 6.18.3. At a meeting of the Creditors Committee held on 10 May 2019, Haroon Laher of Fasken Attorneys was appointed by the Creditors' Committee, to be its independent chairman.
- 6.18.4. The Creditors' Committee has had further consultations and meetings with the BRPs on 10 May 2019, 11 July 2019, 5 August 2019 and 19 August 2019 and the independent chairman of the Creditors Committee has been in constant communication with the BRPs.

6.19. Moratorium

- 6.19.1. The moratorium imposed by Section 133 (as read with Section 150(2)(b)(i)) of the Companies Act prohibits any legal proceedings, including enforcement action, against the Company, or in relation to any property belonging to the Company or lawfully in its possession, from being commenced or being proceeded with for the duration of the Business Rescue Proceedings.
- 6.19.2. This means, amongst other things, that no Person is entitled to proceed in any forum against the Company for non-payment of debts during Business Rescue Proceedings unless the BRPs or the High Court consent thereto.
- 6.19.3. The intention of a moratorium is to give the Company breathing space and to provide the Company with the best possible opportunity to develop and successfully implement the Business Rescue Plan.
- 6.19.4. The moratorium in relation to the Company took effect on the Commencement Date and is expected to remain in place until the termination of Business Rescue Proceedings as defined in paragraph 8.1.

6.20. Ongoing role of the Company and the treatment of existing contracts

6.20.1. Suspension of contracts

Section 136(2)(a) of the Companies Act allows the BRPs 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 would otherwise become due during the Business Rescue Proceedings. Accordingly, the BRPs have suspended the Company's obligations under certain agreements that will become due during Business Rescue Proceedings and have reserved the right to continue to do so as necessary.

6.20.2. Cancellation of contracts

The BRPs have the right, in terms of Section 136(2)(b) of the Companies Act, to entirely, partially or conditionally cancel any contract (whether or not they are

entitled to do so in terms of the terms of the contract) on application to court. The BRPs reserve the right to terminate any agreement that they deem necessary, on application to the High Court, in accordance with the provisions of Section 136(2)(b) of the Companies Act.

6.20.3. Continuation of contracts

Where the BRPs determine it to be in the best interests of Creditors to continue with contracts, the contracts have continued and remained in full force and effect.

6.20.4. Other contracts

Contracts not specifically dealt with in the above paragraphs are subject to ongoing evaluation and negotiations by the BRPs in an effort to mitigate risks and optimise the Distribution.

6.21. PCF from the Lenders

The BRPs have engaged with the Lenders and have obtained PCF for the general working capital requirements of the Group and for specific Projects.

6.21.1. PCF facility agreement

6.21.1.1. On or about 17 April 2019, the Company concluded a PCF facility agreement with the PCF Lenders in terms of which the PCF Lenders agreed to make available an uncommitted PCF facility to the Company. Advances and interest thereon under the PCF agreement currently amount to R153 million.

6.21.1.2. The PCF facility is to be used by the Company towards general working capital requirements of the Group and the payment of the centralised costs of operations of the Company until such time as those centralised costs are able to be more specifically allocated to designated Projects, business units or operations of the Group during the Business Rescue Proceedings.

6.21.1.3. The PCF is critical to the success of the Business Rescue Proceedings and the Proposals put forward in this Business Rescue Plan. The PCF assisted with the funding required to effectively deal with the:

- stabilising of the Group businesses;
- measured sale processes for the sale of assets at fair value (as opposed to the alternative of fire sales on auction);

- optimisation of matters related to Projects (minimising claims, losses and the crystallisation of Financial Guarantees); and
- optimisation of economic returns.

6.21.1.4. The Company is required to repay the PCF facility on the date falling not more than 12 months after 17 April 2019, or any other date agreed to by the Lenders.

6.21.2. PCF Lenders' security agreement

In order to secure its obligation to the PCF Lenders under the PCF facility agreement, the Company concluded a cession agreement with Boundary Terraces No 014 Proprietary Limited (registration number: K2017/324661/07) on or about 17 April 2019, in terms of which the Company ceded its rights, title and interest in and to (i) its bank accounts, (ii) its insurance policies and the insurance proceeds in relation thereto, (iii) its intellectual property rights, (iv) all debts owed by the Company's debtors and receivables of any nature, (v) all current and future claims it may have against any company; and (vi) its shares and claims in and against Group Five Power.

6.21.3. Bilateral PCF arrangements

The net amount of bilateral PCF funding secured from Lenders as at 30 June 2019, net of projects which were cash flow positive, amounted to R32 million. Additional bilateral PCF has been arranged during July and August 2019 for the Cummins project (Standard Bank), Willows Primary School (Standard Bank) and Woodlands Primary School (Rand Merchant Bank).

6.22. Cash management

In order to maintain the solvency of the Company whilst under its Business Rescue Proceedings, the BRPs continually monitor cash flow and financial projections, perform daily bank reconciliations, control payments and enforce general controls.

6.23. Execution of Projects since the Commencement Date

6.23.1. The BRPs notified all Affected Persons that the BRPs were investigating the affairs of the Company to determine, among other things, which Projects would be completed.

6.23.2. In order to give effect to this, the BRPs took the following actions:

6.23.2.1. engaged with the Management of the Company, as well as the management teams of its Subsidiaries, and authorised certain individuals to engage with the Employers, sub-contractors and JV

partners for the various Projects, to advise them whether or not the Company and / or its Subsidiaries (as agents of the Company) intended to complete a Project;

6.23.2.2. obtained Project specific (bilateral) PCF in order to pay subcontractors and other costs to complete the works on the selected Projects (see paragraph 6.21.3 above); and

6.23.2.3. where the BRPs determined that it was not feasible and therefore not in the interests of the Company to complete a Project, the BRPs either:

6.23.2.3.1. terminated the relevant contract where lawful termination was possible as per the contract agreements (such as non-payment etc);

6.23.2.3.2. allowed the Employer (at its request) to conclude direct cession agreements with the subcontractors so that the Project could be completed between the Employer and the subcontractors of the Company; or

6.23.2.3.3. ceded the rights, duties and liabilities of the Company under the contract to a third party, with the consent of the Employer.

6.24. Creditor Claims

6.24.1. The BRPs will accept the Company records as being correct unless the claimant can prove otherwise.

6.24.2. Claims that do not reflect in Annexure B of this Business Rescue Plan are Disputed Claims, and will not carry a vote in respect of the Business Rescue Plan and will be dealt with in accordance with the Dispute Resolution Mechanism contemplated in 10.

6.24.3. The claims that the BRPs have accepted, in whole or in part, are set out in Annexure B.

6.24.4. All persons who believe that they have a claim against the Company are referred to Annexure B and should treat Annexure B as the BRPs notification of the claims that have been accepted in these Business Rescue Proceedings. If any Person is in disagreement with the information provided in Annexure B (being a Disputed Creditor), such Person should utilise the Dispute Resolution Mechanism set out in paragraph 10.

6.24.5. All persons who are not recognised as Creditors in terms of Annexure B must follow the Dispute Resolution Mechanism.

6.25. Exchange rate

The exchange rate in respect of all claims expressed in a foreign currency will be converted to Rands by applying the appropriate exchange rate ruling as at the Commencement Date.

6.26. Interest on claims

6.26.1. The claims of Creditors, other than the Lenders, shall bear no interest in the Pre-Plan Period.

6.26.2. Upon Adoption of the Business Rescue Plan, no further interest will accrue on any claims and is hereby waived, except for interest accruing on any PCF which will accrue in accordance with the terms of the relevant underlying agreement.

6.27. Payment waterfall

6.27.1. In terms of Section 135 of the Companies Act, to the extent that there are funds available to pay Creditors, the Distributions to Creditors will be made in the following order of priority in terms of the Business Rescue Plan and while the Company is under Business Rescue Proceedings:

6.27.1.1. Business Rescue Costs;

6.27.1.2. PCF Employees as a result of their employment during Business Rescue Proceedings (and to the extent that they have not been paid for, or in relation to, their services during Business Rescue Proceedings);

6.27.1.3. Unsecured PCF Creditors, who will rank in the order in which such PCF is provided;

6.27.1.4. Employees in respect of claims that arose prior to the Commencement Date;

6.27.1.5. Concurrent Creditors.

6.27.2. Secured Creditors will be paid the net (after costs) proceeds, up to the value of their claim, on realisation of the relevant encumbered asset.

6.27.3. To the extent that all or part of the claim of any Secured Creditor is not satisfied from the net (after costs) proceeds from the disposal of the relevant security asset(s), the balance of such claim shall be treated as being part of Concurrent Creditors.

6.28. BRPs' remuneration

- 6.28.1. The regulations to the Companies Act prescribe an hourly tariff (inclusive of VAT) for the payment of the fees of a business rescue practitioner.
- 6.28.2. The Company is classified, in terms of regulation 26(2) read with regulation 127(2)(b)(i) of the Companies Act, as a large company in that it has a public interest score greater than 500 points.
- 6.28.3. The Company's public interest score at the Commencement Date was 16,326 points.
- 6.28.4. Accordingly, in terms of regulation 127(5), the Company required the appointment of one or more senior business rescue practitioners.
- 6.28.5. The Company recognised that the hourly rate prescribed by the tariff in the regulations is not market related and is outdated as it was determined in or about 2008. Accordingly, the Company concluded the Remuneration Agreement with the BRPs in terms of which the Company has agreed to:
 - 6.28.5.1. a basic hourly rate of R3650.00 (exclusive of VAT) for each of the BRPs for the services that each of them have rendered, and will continue to render, to the Company for the duration of its Business Rescue Proceedings; and
 - 6.28.5.2. a success fee calculated in accordance with the Remuneration Agreement enclosed as Annexure I.
- 6.28.6. A separate meeting of the Creditors and of the sole shareholder of the Company was held on 24 April 2019 for the purpose of procuring a vote on the Remuneration Agreement.
- 6.28.7. Votes were cast and 99.09% of those Creditors present in person or by proxy, voted in favour of the Remuneration Agreement, 0.75% of those Creditors present in person or by proxy voted against the Remuneration Agreement and 0.16% of those Creditors present in person or by proxy abstained from voting. As a result, the Remuneration Agreement became final and binding on the Company.
- 6.28.8. The BRPs Remuneration Agreement has been provided in Annexure I.

6.29. Voting on the Adoption of the Business Rescue Plan

6.29.1. Voting Interests

6.29.1.1. In accordance with Section 145(4) of the Companies Act, a Creditor is entitled to vote as follows:

6.29.1.1.1. a Creditor recognised in Annexure B has a voting interest equal to the value as reflected in Annexure B; and

6.29.1.1.2. a Creditor who would be subordinated in a liquidation has a voting interest, as independently and expertly appraised and valued at the request of the BRPs, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of such company as set out in Section 145(4)(b) of the Companies Act.

6.29.1.2. A Contingent Creditor will not be entitled to vote on the approval of the Business Rescue Plan.

6.29.1.3. A Disputed Creditor will only be entitled to vote in respect of the Business Rescue Plan in the amount determined by the BRPs. Claims that do not reflect in Annexure B of this Business Rescue Plan are Disputed Claims, and will not carry a vote in respect of the Business Rescue Plan and will be dealt with in accordance with the Dispute Resolution Mechanism contemplated in paragraph 10.

6.29.1.4. PCF Employees will have a voting interest equal to the value of the amount owed to that PCF Employee as at the Publication Date.

6.29.1.5. In accordance with Section 146(d) of the Companies Act, shareholders are entitled to vote on a Business Rescue Plan if the Business Rescue Plan alters the rights associated with the class of securities held by that Person. This plan does not alter such rights, therefore the adoption of the plan by Creditors will constitute final adoption of the plan (S152(3)(b)).

6.29.2. Vote by Proxy

Voting by proxy will be allowed. A proxy form is provided in Annexure J. Affected Persons are required to lodge their forms of proxy by no later than 17h00 on Monday the 9th of September 2019. All forms of proxy given on behalf of a Person must be accompanied by a valid and authorised resolution supporting the appointment of the proxy. Notwithstanding this, the BRPs have a discretion to accept any proxy submitted.



6.30. Proposals made informally by a Creditor

In terms of Section 150(2)(a)(vi) of the Companies Act, no informal proposals have been made by a Creditor or Creditors of the Company with regard to this Business Rescue Plan.

7. Part B – Terms of Proposals

7.1. Objective of the Proposals

The purpose of the business rescue provisions as set out in Section 7(k) of the Companies Act is to provide for the efficient rescue and recovery of Financially Distressed companies in a manner that balances the rights and interests of all relevant stakeholders.

7.2. Formulation of Proposals

In preparing the Business Rescue Plan, the BRPs have consulted with and taken the views expressed by Affected Persons and other stakeholders into consideration. The BRPs have been constrained in their deliberations by the reality of the circumstances facing the Company, including, amongst other things, the high level of indebtedness, security arrangements entered into between the Lenders and the Company prior to the Business Rescue Proceedings, the fact that the liabilities of the Company materially exceed the value of the assets of the Company, and the significantly loss-making position of the core construction business.

7.3. Structure of the Proposals

In preparing the Business Rescue Plan, the BRPs have considered three distinct periods for the Company with reference to the Business Rescue Proceedings, these being:

- 7.3.1. the period from the Commencement Date to the Publication Date ("**Pre-Plan Period**");
- 7.3.2. the period following the Pre-Plan Period until approximately the end of the first quarter of 2020 ("**Implementation Phase 1**"). Whilst the date on which Implementation Phase 1 will be completed is entirely in the discretion of the BRPs, this, it is anticipated, will allow time for:
 - sufficient completion of the asset disposals;
 - measured completion of the Projects;
 - aggressive wind-down of head office costs and infrastructure; and
 - the design and set up of the closure program to be implemented in Implementation Phase 2;
- 7.3.3. the period following Implementation Phase 1 until the termination of the Business Rescue Proceedings ("**Implementation Phase 2**"). The date on which Implementation Phase 2 will be complete will be determined by the matters to be completed therein, including, amongst other things, litigation matters, construction Latent Defect periods, business wind-downs, asset realisations and

matters carried over from Implementation Phase 1 that may require more time to be resolved.

- 7.3.4. The aim of dividing the Business Rescue Plan implementation into phases is to enable the payment of Distributions as soon as possible.
- 7.3.5. The BRPs anticipate that the majority of Distributions due to Secured Creditors, PCF Employees, PCF Creditors, PCF Lenders and Preferent Creditors will be made during Implementation Phase 1 (i.e. by the end of the first quarter of 2020).
- 7.3.6. The BRPs anticipate that a Distribution will be made to Concurrent Creditors at the end of Implementation Phase 1. In this regard, it is estimated (but not binding on the BRPs) that this first Distribution to Concurrent Creditors should be approximately four cents in the Rand (equal to more than the full liquidation dividend as estimated by PwC).
- 7.3.7. Implementation Phase 2 will deal with all matters which by necessity will endure beyond Implementation Phase 1. Further Distributions will be made to Creditors as and when funds become available during this phase.

7.4. Process to date

In the Pre-Plan Period, the BRPs have sought to:

- 7.4.1. obtain PCF to fund the Business Rescue Proceedings and enable the Company to avoid immediate liquidation;
- 7.4.2. minimise the crystallisation of additional losses and liabilities that would otherwise have arisen (most certainly in liquidation) through the calling of Project Financial Guarantees;
- 7.4.3. minimise further losses and liabilities arising from claims on cancelled and/or delayed Projects;
- 7.4.4. optimise and secure positive returns from profitable Projects;
- 7.4.5. stabilise existing business units which are profitable, and realise optimal value from the sale of such businesses through controlled sale processes;
- 7.4.6. restructure existing business units where required, and realise optimal value from the sale of such businesses through controlled sale processes;
- 7.4.7. save and secure as many jobs as possible through the sale and repositioning of business units as noted above;

- 7.4.8. realise optimal value from non-operational plant, equipment, financial assets, claims and other such Company assets through controlled sale processes, avoiding the value destruction implicit in “fire sales”;
- 7.4.9. defend the Company’s position, where appropriate, in respect of claims made against the Company;
- 7.4.10. defend and / or advance the Company’s position, where appropriate, in respect of disputes, litigation, arbitration and other such matters involving the Company
- 7.4.11. reduce overhead costs as rapidly as possible;
- 7.4.12. carefully manage the Business Rescue Costs;
- 7.4.13. settle Secured Creditors from the net proceeds (after costs) of the relevant encumbered asset disposals in respect of assets secured in favour of Secured Creditors; and
- 7.4.14. develop this Business Rescue Plan.

7.5. Proposal for Implementation Phase 1

In order to make the Distributions to Creditors during and / or at the end of Implementation Phase 1, the BRPs will manage and oversee the following activities.

- 7.5.1. Completion of Existing Projects
 - 7.5.1.1. The Company and / or its Subsidiaries is a contractor in respect of various Projects. The table set out in Annexure E identifies those Projects that the Company intends to complete. The anticipated completion dates are based on best estimates provided by Management of the Company and / or the management of its Subsidiaries and may vary depending on any exigencies that may arise.
 - 7.5.1.2. The majority of Projects are anticipated to be completed during Implementation Phase 1. To the extent that any such Projects have not been completed by then, these will be dealt with in Implementation Phase 2.
 - 7.5.1.3. The BRPs are contemplating the prospect of a sale and transfer of a number of Projects, together with relevant personnel, to an arm’s length acquiror.

7.5.2. Realisation of Assets and Property Identified for Sale

- 7.5.2.1. The Company's Assets Identified for Sale are set out in Annexure D. As may be seen, there are numerous controlled and measured sales processes underway. The aim of the BRPs is to secure fair value for assets, rather than to secure quick sales. If required, the BRPs are prepared to hold assets into Implementation Phase 2 if appropriate values are not secured from processes currently underway.
- 7.5.2.2. The assets over which security is held will be disposed of and the proceeds, less realisation and Business Rescue Costs, will be paid to Secured Creditors, subject to their input and consent in terms of Section 134 of the Companies Act.
- 7.5.2.3. Unencumbered assets will be disposed of and the proceeds, less realisation and Business Rescue Costs, will be applied to a free residue and/or concurrent distribution account. The disposal of unencumbered assets does not require the consent of any Affected Person.
- 7.5.2.4. The ongoing working capital requirements of the Company will be funded from the proceeds held in the free residue account.
- 7.5.2.5. With regard to proceeds anticipated to be realised from the Assets Identified for Sale, the BRPs have taken a prudent approach, in both the quantum and timing of proceeds from sales, in the calculation of possible Distributions.
- 7.5.2.6. It is noted in this regard that certain of these sales processes include complex sales of international assets, and/or regulatory procedures and approvals that are outside the control of the BRPs. Notwithstanding this, it is envisaged that substantially all sales processes should be completed by the end of the first quarter of 2020.
- 7.5.2.7. As the Company's plant and equipment is situated on various sites, the timing of such sales is contingent on the timing of the termination or the completion of the Projects and where these assets are situated.
- 7.5.2.8. Where any asset is held as security by a Secured Creditor, the proceeds from a sale of such asset will be applied to the claim of the Secured Creditor, first, and then to a free residue pool which will be applied to other Creditors in accordance with the payment waterfall set out in paragraph 6.27.
- 7.5.2.9. Affected Persons are referred to paragraph 7.11 for Risks of the Business Rescue Proceedings, which could affect the realisation of the Assets Identified for Sale.

7.5.2.10. To the extent that any such sales processes have not been completed by the conclusion of Implementation Phase 1, these will be dealt with in Implementation Phase 2.

7.5.3. Deal with all disputes in accordance with paragraph 10.

7.5.4. Secure new PCF as may be required to implement the Business Rescue Plan.

7.5.5. Complete the collection of proceeds from Other Assets. To the extent that any collection processes have not been completed by the conclusion of Implementation Phase 1, these will be dealt with in Implementation Phase 2.

7.5.6. Wind down the head office operations (and costs) of the Company and the Group in accordance with the diminishing needs of the Company and the Group as afforded by the completion of Projects and the sales processes.

7.5.7. Seek the resolution of all disputes involving the Company and / or its Subsidiaries (refer to Annexure H for a summary of the key legal matters applicable to the Business Rescue Proceedings). To the extent that any such disputes have, or will, become the subject of litigation involving the Company, the BRPs will assess the merits and, provided it has merit, vigorously defend and / or advance the Company's interests in such litigation. To the extent that any such dispute or litigation processes have not been completed by the conclusion of Implementation Phase 1, these will be dealt with in Implementation Phase 2.

7.5.8. Where the Company is pursuing claims against others, pursue those through the appropriate dispute resolution mechanisms available to the BRPs.

7.5.9. Settle Secured Creditors with net proceeds (after costs) received from the sale of assets being the subject of the related security.

7.5.10. Settle secured PCF Lenders with the net proceeds (after costs) from the sales of assets being the subject of the related security.

7.5.11. Settle all deferred and new retrenchment costs and other amounts owing to employees.

7.5.12. Settle or provide for the Business Rescue Costs.

7.5.13. Design, structure, fund and establish the vehicle for Implementation Phase 2, being an appropriate vehicle and / or mechanism to deal with the residual matters which require resolution beyond the end of Implementation Phase 1 (see paragraph 7.6).

- 7.5.14. On completion of the above, the timing of which will be at the BRPs discretion, the BRPs will reconcile the financial position of the Company and will make a Distribution to Concurrent Creditors.
- 7.5.15. The BRPs anticipate that this first Distribution to Concurrent Creditors will be approximately four cents in the Rand (i.e. more than the full PwC calculated liquidation dividend). This anticipation is based upon the successful implementation of the Proposals, and the timing thereof, and should therefore be treated as a guide and not a firm undertaking.
- 7.5.16. Further Distributions will be paid to Concurrent Creditors during Implementation Phase 2. The estimate of total aggregate Distributions to be paid to Concurrent Creditors during the Business Rescue Proceedings (i.e. inclusive of the anticipated four cents first Distribution) is 9 to 20 cents in the Rand, as set out in the table in paragraph 7.8 below.
- 7.5.17. Prior to commencement of Implementation Phase 2, the BRPs will publish an updated status report on the Business Rescue Plan which will provide further information (to the extent available) in relation to the Implementation Phase 2 closure program plan, structure, funding, matters to be addressed, and estimated anticipated outcomes.

7.6. Proposal for Implementation Phase 2

- 7.6.1. Implementation Phase 2 will deal with those matters which it is anticipated or known will take an extended time to resolve. Implementation Phase 2 has been separated from Implementation Phase 1 in order to accelerate the payment of part of the Distributions to Creditors before commencing Implementation Phase 2. Implementation Phase 1 is anticipated to be largely completed at the end of the first quarter of 2020. This is the best estimate regarding timing as at the Publication Date and remains subject change in the sole discretion of the BRPs.
- 7.6.2. The design of the vehicle and mechanisms that need to be established in order to efficiently execute Implementation Phase 2 (including potential unresolved matters related to Implementation Phase 1, Disputed Creditors and the remainder of the Distributions) is to take place in parallel with Implementation Phase 1. As at the Publication Date there is insufficient information available to provide greater detail on this. However, conceptually it is intended that a specific entity will be put in place to deal with the execution of all Implementation Phase 2 commitments. The lifespan thereof will stretch to the end of all Defects Liability Periods, and possibly other longer-term commitments made by the Company in the past, that cannot be dealt with meaningfully in the Business Rescue Plan at present.
- 7.6.3. Upon commencing Implementation Phase 2, the BRPs will issue a notice to Affected Persons providing details as described broadly in 7.6.2 above. The

support of domain expertise and execution capacity to deliver on outstanding obligations with respect to construction portfolio and related matters has in principle already been sourced.

7.6.4. Matters to be dealt with in Implementation Phase 2 will include (but are not limited to):

- 7.6.4.1. Remaining Projects to be completed;
- 7.6.4.2. Latent defect obligations;
- 7.6.4.3. Ongoing litigation;
- 7.6.4.4. Pension surplus recovery;
- 7.6.4.5. Retention (asset) recoveries;
- 7.6.4.6. Retention (liability) distributions;
- 7.6.4.7. International claim recoveries;
- 7.6.4.8. Closure and potential de-registration of legal entities locally and internationally;
- 7.6.4.9. Residual Project management;
- 7.6.4.10. Residual asset disposals;
- 7.6.4.11. Human resources legacy issues such as medical aid provisions for retired and former employees;
- 7.6.4.12. Other long-term administrative functions;
- 7.6.4.13. Document storage;
- 7.6.4.14. Additional Distributions to Secured Creditors from net proceeds (after costs) from the disposal of encumbered assets; and
- 7.6.4.15. Additional Distributions to Concurrent Creditors of free residue.

7.6.5. Net cash available from Implementation Phase 2 will be distributed by the BRPs during Implementation Phase 2 as and when deemed appropriate by the BRPs, and at the sole discretion of the BRPs. Such Distributions will be in accordance with the waterfall referred to in paragraph 6.27.

7.7. Financial effects

The table below sets out the BRPs' current anticipated cash inflows and outflows from the respective phases of the Business Rescue Proceedings. For the avoidance of doubt, this is purely an illustrative indication of estimates and is in no way binding on the BRPs.

R'm	Pre-Plan Period <u>Actual</u> 4 months ended 30 Jun '19	Implementation Phase 1 <u>Forecast</u> 9 months ended 31 Mar '20	Implementation Phase 2 <u>Forecast</u> To closure
<u>Sources of funds</u>			
Cash brought forward	3	47	42
Secured asset realisations	50	1 570	78
Unencumbered asset realisations	84	501	280
Recovery of business rescue costs from Secured Creditors	0	55	15
Secured common PCF	153	0	0
Secured bilateral PCF	24	0	0
Total sources of funds	315	2 173	414
<u>Application of funds</u>			
Overheads and business rescue costs	(60)	(115)	(25)
Retrenchment costs	(60)	(160)	(4)
Net Project (outflows) / inflows	(68)	16	(44)
Net residual closure costs	0	0	(100)
Total application of funds	(188)	(260)	(174)
<u>Distribution of funds</u>			
Payment to Secured Creditors	(56)	(1 570)	(89)
Repayment of common PCF	0	(160)	0
Repayment of bilateral PCF	0	(27)	0
Payment to Concurrent Creditors	(24)	(115)	(152)
Total distribution of funds	(80)	(1 872)	(241)
Cash carried forward	47	42	0

Notes

1. The period to end June 2019 has been used as a proxy to represent the Pre-Plan Period as this provided a useful cut off point in terms of the accounting procedures undertaken by the Company
2. The table is based on the conservative assumptions used to estimate the lower end of the estimated Distributions referred to in paragraph 7.8 below

7.8. Estimated Distributions

While the table below is no more than a guide and is not binding on the BRPs, the table provides an estimate of the anticipated aggregate cents in the Rand Distributions payable

per Creditor class during the full Business Rescue Proceedings (including both Implementation Phase 1 and Implementation Phase 2).

Class of Creditor	Estimated Liquidation Dividend (cents / Rand)	Estimated Business Rescue Proceedings Distributions	
		Low ¹ (cents / Rand)	High (cents / Rand)
Secured Creditors	18	66	78
PCF Employees	n/a	100	100
PCF Creditors	n/a	100	100
Preferent Employees	35	100	100
Concurrent Creditors	3.4	9	20

Note

1. The low estimate as indicated considers, among other things, all claims to date, including all known Disputed Claims

7.9. Benefits of Adopting the Business Rescue Plan compared to liquidation

The benefits to Affected Persons of adopting the Business Rescue Plan compared to a liquidation are as follows:

7.9.1. Creditors

- 7.9.1.1. As can be seen in the table in paragraph 7.8, the anticipated Distributions payable to Creditors in terms of this Business Rescue Plan are considerably higher than those estimated by PwC as the likely dividends that may have arisen had the Company been immediately liquidated.
- 7.9.1.2. The liquidation report independently prepared by PwC calculated that the estimated aggregate shortfall in payments to Creditors would, in a liquidation scenario, be approximately R7.4 billion. The BRPs estimate that the estimated aggregate shortfall in payments to Creditors will, if this Business Rescue Plan is successfully implemented, be approximately R2.6 billion (using the conservative assumption set).
- 7.9.1.3. When compared to the PwC report, the shortfall in Business Rescue Proceedings is anticipated to be R4.8 billion better than that estimated in a liquidation.
- 7.9.1.4. The major contributors to this enhancement are: the management of Projects to reduce claims arising from crystallised Financial Guarantees and Project-related claims; realising value through the execution of profitable Projects; realising fair value on the sale of assets through



carefully managed sale processes; aggressive cost management throughout the Business Rescue Proceedings.

7.9.2. Employees

- 7.9.2.1. Whilst employees continue to be employed by the Company, they will be entitled to their salaries and other benefits.
- 7.9.2.2. Those employees transferred with businesses disposed of to third parties will be transferred in accordance with the provisions of the LRA and will maintain both their employment status and the conditions which existed prior to such transfer.
- 7.9.2.3. If employees are forcibly retrenched, they will be entitled to their full retrenchment packages.
- 7.9.2.4. In respect of any employees who are not retrenched, if the Company goes into liquidation, such employees will be PCF Employees and will be paid any remuneration, reimbursement for expenses or other amount of money relating to employment that has become due and payable during the Company's Business Rescue Proceedings, from the available free residue of the Company, after the costs of liquidation and after the BRPs fees and expenses have been paid, but before any other Preferent Creditors are paid.
- 7.9.2.5. By contrast, in the event of a liquidation (rather than the Adoption of the Business Rescue Plan):
 - 7.9.2.5.1. all jobs will be lost immediately unless the liquidator agrees to continue trading against an indemnity. In the current circumstances, it is highly unlikely that a liquidator would agree to continue trading or that a liquidator would be indemnified against trading losses;
 - 7.9.2.5.2. employees would be entitled to receive a maximum average amount of approximately R27 000 per employee, to the extent that there are funds available, and would be treated as a Concurrent Creditor for any balance exceeding this threshold; and
 - 7.9.2.5.3. employees will only receive payment once the final liquidation and distribution account has been approved at the end of the liquidation process. This is estimated to be between five and eight years.

7.9.3. Shareholder

- 7.9.3.1. Regrettably, it is not anticipated at this time that there will be any return to the Company's shareholder.
- 7.9.3.2. This is as a result of Creditors not being settled in full and the security held over the material assets of the Company by the Lenders and other secured Creditors being insufficient to settle Secured Creditors in full, and the effective winding up of the remaining businesses after the sale of the Assets Identified for Sale.
- 7.9.3.3. This is consistent with the outcome of an immediate liquidation.

7.10. Effect on Creditors

- 7.10.1. Once the final Distribution is made to Creditors, all claims against the Company will be Expunged. It is specifically recorded that, on such final Distribution, all liabilities, provisions and obligations, of whatsoever nature, howsoever and whensoever arising, of the Company will be compromised and discharged in full, in terms of Section 154 read with Section 152(4) of the Companies Act.
- 7.10.2. Claims that do not reflect in Annexure B of this Business Rescue Plan are Disputed Claims, and will not carry a vote in respect of the Business Rescue Plan and will be dealt with in accordance with the Dispute Resolution Mechanism contemplated in paragraph 10.
- 7.10.3. Any prospective claim which SARS may have against the Company, under section 22(3) of the Value Added Tax Act No. 89 of 1991 or otherwise, will be Expunged. For the avoidance of doubt, this means that any claim for VAT from SARS has been recognised as a Concurrent Claim in the Business Rescue Proceedings and will be entitled to the same cents in the Rand recovery as all other Concurrent Claims.

7.11. Risks of the Business Rescue Plan

Notwithstanding the Proposals and estimates in this Business Rescue Plan, the following risks should be borne in mind, as they may adversely impact the ultimate outcome of the implementation of this Business Rescue Plan:

- 7.11.1. General:
 - 7.11.1.1. Unforeseen litigation of any nature whatsoever, howsoever arising, from any cause of action whatsoever.
 - 7.11.1.2. Existing litigation not progressing in the manner anticipated.

- 7.11.1.3. Any changes in legislation that impact the Business Rescue Proceedings.
- 7.11.1.4. Any challenges to this Business Rescue Plan, the rejection thereof or any amendments thereto.
- 7.11.1.5. Any regulatory challenges of any nature whatsoever, howsoever arising as well as any consequential statutory liability.
- 7.11.1.6. Any unforeseen circumstances, outside of the control of the BRPs, of any nature whatsoever, howsoever arising, that impact the Business Rescue Proceedings.
- 7.11.1.7. Any damages or penalties claimed against the Company which cannot be compromised or were unforeseen.
- 7.11.1.8. The Retrenchment Processes taking longer than expected.
- 7.11.1.9. The legal revocation of support from any Affected Persons and/or service providers.
- 7.11.1.10. Unexpected liquidity events, withdrawal or restricted access to PCF provided by the PCF Lenders or delays thereto.
- 7.11.1.11. The final verification and agreement of the claims taking longer than expected.
- 7.11.1.12. Material discrepancies in the information made available to the BRPs by Management.
- 7.11.1.13. Incomplete, inaccurate accounting records of the Company and inadequate supporting information.
- 7.11.1.14. The deterioration and worsening of market conditions.
- 7.11.1.15. Any events and outcomes that may lead to the discovery of fraud, misrepresentation, corrupt practices, or other such matters relating to the Company prior to the implementation of the Business Rescue Plan.
- 7.11.1.16. The variation in the exchange rates affecting the Business Rescue Proceedings.
- 7.11.1.17. Ambiguous provisions in the Companies Act which are subject to varied interpretation.
- 7.11.1.18. Adverse judgements or rulings which may have the effect of reducing cash flow available for the Distributions, given that the estimated

Distributions have been calculated on the basis that the Company's legal interests are preserved in terms of Section 134(1)(c) of the Companies Act.

7.11.2. Projects:

- 7.11.2.1. Unforeseen damages claims arising from the cancellation of any contracts or agreements of any nature.
- 7.11.2.2. Crystallisation of Financial Guarantees resulting in claims against the Company by the relevant guarantors.
- 7.11.2.3. The Company's debtors, retention debtors and contract claims not being realised or partially realised.
- 7.11.2.4. Adverse operational performance on Projects that are identified to be completed.

7.11.3. Realisation of Assets:

- 7.11.3.1. Delays in implementing the realization of Assets Identified for Sale, whether because of protracted negotiations, regulatory consents required and/or implementation practicalities;
- 7.11.3.2. The expected realisation of Assets Identified for Sale differing materially from the actual values realised; and
- 7.11.3.3. The asset registers differing materially from the actual assets on hand thus reducing the proceeds received on the sale of such assets.

7.12. Binding nature of this Business Rescue Plan

7.12.1. Section 152(4) of the Companies Act provides that once a business rescue plan has been adopted, i.e. approved with the following support:

- i. the holders of more than 75% of the creditors' voting interests that were voted; and
- ii. the votes in support of the business rescue plan having included at least 50% of the independent creditors' voting interests, if any, that were voted;
- iii. the above will constitute an approval on a preliminary basis;
- iv. as the plan does not alter the rights of the holders of any class of the Company's securities, the approval of the plan on a preliminary basis will also constitute final adoption of the plan;

the business rescue plan is binding on the company, its creditors and every holder of its securities (the latter in terms of the provisions of Sections 146(d) and 152(3)(c) of the Companies Act), whether or not such a person was:

- present at the meeting to determine the future of the company;
- voted in favour of adoption of the business rescue plan; or
- in the case of creditors, has proven a claim against the company.

7.13. Effect on directors and Management

7.13.1. The obligation of the Company to pay any amounts due to the non-executive directors has been suspended for the duration of the Business Rescue Proceedings.

7.13.2. Certain non-executive directors have resigned. Save for these resignations, the board of the company has remained intact since the Commencement Date, and the remaining Directors have continued to exercise the functions of director, subject to the authority of the BRPs.

7.13.3. Management continues to work with the BRPs as set out herein and are receiving their remuneration in the ordinary course.

7.14. Other matters

7.14.1. Competition Commission

7.14.1.1. The Company is engaged in long-standing proceedings brought against it by the Competition Commission. The proceedings are currently pending before the Competition Tribunal. The proceedings pertain to the Company's alleged involvement in collusive practices flowing from the construction of the World Cup stadia, as well as the so-called Senekal road construction project. Coupled to these proceedings, the Company awaits judgment on the outcome of a High Court review application brought by it in relation to the Competition Commission's investigation. The outcome of the review is anticipated to have a profound effect on the proceedings currently pending before the Competition Tribunal.

7.14.1.2. The BRPs have engaged with the Competition Commission in the hope of achieving an amicable all-inclusive resolution of the various pending proceedings, but have had no success in this regard. Based on independent legal advice regarding the Company's prospects in the various proceedings, the BRPs believe that the Company has good prospects of success on the outcome of the review proceedings. However, should the review be unsuccessful, the Company will persist in its defence of the proceedings before the Competition Tribunal,

unless suitable settlement terms can be agreed with the Competition Commission.

- 7.14.1.3. Any Claim as a result of this matter will be recognised as a Concurrent Claim.

7.14.2. VRP

- 7.14.2.1. On 11 October 2016, the Company and a number of other major South African construction companies entered into an agreement with the Government, whereby they undertook, amongst other things, to make certain payments over a period of twelve years to the benefit of a nominated trust fund, being the Tirisano Construction Fund. This obligation was undertaken in purported settlement of anticipated civil liability for prospective damages claims by public entities arising from the Competition Commission's investigation into alleged collusive practices in the South African construction industry ("**the Settlement Agreement**"). Pursuant to the Settlement Agreement, the Company paid a total amount of ZAR 44,997,098.72 to the benefit of the Tirisano Construction Fund prior to the Commencement Date.

- 7.14.2.2. The BRPs have investigated and taken legal advice. The BRPs are advised that conclusion of the Settlement Agreement, as well as all subsequent payments made in accordance therewith, are likely voidable transactions as contemplated in Section 141(2)(c)(i) of the Companies Act. The BRPs are presently engaging with the Government and the Tirisano Construction Fund to procure repayment of the aforementioned amount, or such part thereof as may prove recoverable, coupled to a suitable release of Group Five Limited and the Company of any residual obligations under the Settlement Agreement.

- 7.14.2.3. Any Claim as a result of this matter will be recognised as a Concurrent Claim.

7.14.3. ENM Trading CC ("**ENM**")

- 7.14.3.1. The Company has applied for an interim order, pending the finalisation of its Business Rescue Proceedings, in terms of Section 134(1)(c) of the Companies Act:

- 7.14.3.1.1. declaring that ENM has not exercised, and is prohibited from exercising, its alleged rights in terms of the written contracts entered into with the Company on 25 July 2015, 19 September 2015, 19 August 2016, and 26 August 2016, respectively, to acquire the the Company's

interests in and share of assets in the JVs ("**the ENM JVs**") in respect of each of the Brits Hospital Staff Accommodation Project, the Jouberton New Community Centre Project, the North West Provincial Legislature East Wing Project, and the New Bophelong Psychiatric Hospital Staff Accommodation Project (collectively, "**the ENM Projects**");

7.14.3.1.2. interdicting the ENM from holding out, asserting or representing to any person that it has so acquired the Company's interests and share of assets in the ENM JVs in respect of the ENM Projects.

7.14.3.2. Although this application was argued in the urgent court on 20 August 2019, judgment is still awaited. As a result, the BRPs have in the present circumstances included in the Business Rescue Plan revenue to be generated as a consequence of the Company's interest in and share of the assets in the ENM JVs.

8. Part C – Assumptions and conditions of Proposal

8.1. Termination of Business Rescue Proceedings

The Business Rescue Proceedings will terminate (Section 150 (2) (c) (iii)):

- 8.1.1. if the Business Rescue Plan is proposed and rejected and no Affected Person/s act in any manner contemplated by the Companies Act; or
- 8.1.2. this Business Rescue Plan is Adopted and implemented and the BRPs have filed a notice of substantial implementation of the Business Rescue Plan with the CIPC;
- 8.1.3. the BRPs file a notice of termination of the Business Rescue Proceedings with the CIPC; or
- 8.1.4. a High Court orders the conversion of the Business Rescue into liquidation.

8.2. Substantial implementation

Substantial implementation (Section 150 (2) (c) (i) (bb)) will be deemed to have occurred upon the BRPs deciding, in their sole discretion, that the following has taken place:

- 8.2.1. the Projects identified for completion are completed or alternative arrangements are made for their completion;
- 8.2.2. the Assets Identified for Sale and Other Assets have been substantially realised and the proceeds applied in accordance with the terms of this plan, or alternative arrangements are made for subsequent Distribution(s);
- 8.2.3. final Distributions have been paid to Creditors and / or a mechanism has been put in place for the payment of any remaining Distributions to Creditors; and
- 8.2.4. all Business Rescue Costs and fees relating to the Business Rescue Proceedings have been paid and settled in full.

For the sake of clarity, it is recorded that, notwithstanding the above, the assessment of the achievement of substantial implementation of this Business Rescue Plan will remain within the sole and reasonable discretion of the BRPs.

CHAPTER 3 – GENERAL

9. Existing litigation

- 9.1. Annexure H lists the key legal matters relevant to the Company as at the Publication Date.
- 9.2. All parties who have instituted legal proceedings, including any enforcement action, in respect of any claims against the Company, in any forum, will be subject to the provisions in this Business Rescue Plan for dealing with the proof of claims.
- 9.3. The various claims against Group Five Power are being defended and Group Five Power's claims against Cenpower and the relevant subcontractors are being pursued. It is anticipated that further funding will be obtained to support the pursuing of the various legal proceedings. The proceeds arising from a successful outcome of the various legal actions will be received by Group Five Power. These proceeds will firstly be applied to repay the funding obtained to pursue the legal actions, whereafter the balance will be shared between the funders and the existing creditors of Group Five Power. These proceeds are not expected to be enough to see funds flowing to Group Five Construction or the Company. As a result, it is not anticipated that there would be any direct benefit flowing through to the Company other than a reduction in the Concurrent Claims against the Company.

10. Dispute Resolution Mechanism

- 10.1. In order to resolve Disputed Claims, and / or any other disputes concerning this Business Rescue Plan, in an expedited manner and at minimum cost to all parties concerned, an accelerated and optimised Dispute Resolution Mechanism will be followed as set out in this Business Rescue Plan.
- 10.2. Save as provided for in Section 133 of the Companies Act (and without in any way impacting or depriving the rights of the BRPs), all Disputed Claims that are not already subject to court proceedings and / or a formal dispute resolution process (to which the BRPs have agreed to or in respect of which the courts have granted leave) as at the Publication Date must be resolved in accordance with this Dispute Resolution Mechanism.
- 10.3. In terms of this Dispute Resolution Mechanism, all Disputed Creditors must notify the BRPs in writing within 30 days after the date of Adoption of the Business Rescue Plan (or in the case of a Contingent Claim, within 30 days after the relevant contingency has been satisfied) of their intention to resolve the dispute. Similarly, all Contingent

Creditors must notify the BRPs in writing within 30 days after the contingency has been met that they are a Creditor.

- 10.4. If the Disputed Creditor or Contingent Creditor, as the case may be, does not notify the BRPs within the time period allowed, or such longer period as the BRPs may in their sole discretion determine, then such Disputed Creditor or Contingent Creditor shall be deemed to have abandoned its claim/s. Any claim so abandoned will be deemed to have been Expunged and not be enforceable in terms of Section 154 of the Companies Act) at a later date. If a Contingent Creditor's claim is disputed, then the further provisions of this clause 10.5 and onwards will apply.
- 10.5. If, after having availed itself of the opportunity to resolve the dispute in terms of paragraph 10.4, the dispute is not resolved directly with the BRPs or their representatives within a 15-day period thereafter, the Disputed Creditor will be afforded 7 days (reckoned from the date of expiry of the 15 days) to nominate a retired judge or senior counsel (on the basis set out below) as an arbitrator to preside over and to resolve the dispute. Should the Disputed Creditor not make this nomination and / or the BRPs not agree to appoint such nominee as arbitrator within the period allowed, then the BRPs will request the President of the Arbitration Foundation of South Africa ("**AFSA**") to appoint a retired judge or senior counsel as an arbitrator on behalf of the Disputed Creditor and the BRPs, and this appointment will be binding on the Disputed Creditor.
- 10.6. Thereafter, the retired judge or senior counsel who agrees to accept such appointment (hereinafter referred to as the "**Arbitrator**") will endeavour to complete his mandate within 30 days of his appointment or within such further time period as the BRPs in their sole discretion may determine. To the extent that the Arbitrator as nominated refuses to act or is not available to act, the President of AFSA will appoint another retired judge or senior counsel as Arbitrator.
- 10.7. The Arbitrator will in his sole and absolute discretion determine:
 - 10.7.1 the venue at which the dispute is to be resolved;
 - 10.7.2 the rules, regulations and procedures that will govern the determination of the dispute;
 - 10.7.3 the date/s for the determination of the dispute;
 - 10.7.4 will give his award / determination within five days of the completion of the process as determined by him; and
 - 10.7.5 will as part of his award / determination determine who is liable for the costs of the determination, such costs to include his costs, legal costs, venue costs, recording equipment (if applicable), transcript of evidence (if applicable) and the like.

- 10.8. The Disputed Creditor/s agree that the determination of the Arbitrator will be final and binding and will not be subject to any subsequent review or appeal process, unless reviewed on grounds of negligence, bias or malice.
- 10.9. All parties agree to use their utmost endeavours to ensure that a dispute is determined by the Arbitrator within the 30-day period as set out above.
- 10.10. To the extent necessary, should the BRPs be of the view that certain disputes may be settled or compromised, the BRPs shall be authorised to settle and/or compromise such a dispute.
- 10.11. If the Disputed Creditor does not follow the procedure set out in 10.5, then the Disputed Creditor shall be deemed to have abandon its claim/s. Any claim so abandoned will be deemed to have been Expunged and not be enforceable in terms of Section 154 of the Companies Act) at a later date.

11. Domicilium

- 11.1. The BRPs choose *domicilium citandi et executandi* ("**Domicilium**") for all purposes relating to the Business Rescue Proceedings up until the Substantial Implementation Date, including the giving of any notice and the serving of any process, at the physical and e-mail addresses set out below:

Physical	2 Eglin Road, Sunninghill, Gauteng, 2191
E-mail	g5constructionptyltdbr@groupfive.co.za or g5constructionptyltd@groupfive.co.za
Attention	The Business Rescue Practitioners

- 11.2. The BRPs shall be entitled up until the Substantial Implementation Date, by giving written notice to Affected Persons, to vary their physical Domicilium to any other physical address (not being a post office box or poste restante) and to vary their e-mail Domicilium to any other e-mail address.
- 11.3. Any notice given or process served by any Affected Person to the BRPs, which is delivered by hand between the hours of 09:00 and 17:00 on any Business Day to the BRP's physical Domicilium for the time being, shall be deemed (unless the contrary is proved by the BRPs) to have been received by the BRPs at the time of delivery.
- 11.4. Any notice given or process served by any Affected Person to the BRPs, which is transmitted by e-mail to the BRP's e-mail Domicilium for the time being, shall be deemed (unless the contrary is proved by the BRPs) to have been received by the BRPs on the Business Day immediately succeeding the date of successful transmission thereof.
- 11.5. This paragraph 11 shall not operate so as to invalidate the giving, serving or receipt of any written notice or process which is actually received by the BRPs other than by a method referred to above.

11.6. Any notice or process in terms of, or in connection with, this Business Rescue Plan shall be valid and effective only if in writing and if received or deemed to have been received by the BRPs.

12. Ability to amend the Business Rescue Plan

12.1. For purposes of this paragraph 12, a “materially prejudicial outcome” is an outcome that results in the total Distributions received by Concurrent Creditors during the full Business Rescue Proceedings being less than 2 times the dividend to Concurrent Creditors as estimated by PwC in the event of an immediate liquidation of the Company. For the avoidance of doubt, based on the PwC estimate provided in paragraph 6.9, this means that total Distributions below 6.8 cents in the Rand will be considered a “materially prejudicial outcome”.

12.2. The BRPs shall have the ability, in their sole and absolute discretion, to amend, modify or vary any provision of this Business Rescue Plan, provided that (i) any amendment will not constitute a “materially prejudicial outcome” to any of the Affected Persons; and (ii) at all times the BRPs act reasonably.

12.3. Any amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons. It is specifically recorded that the provisions of this section shall, *mutatis-mutandis*, apply to the extension or reduction of any timeframes by the BRPs.

12.4. If the Business Rescue Plan requires amendment and the amendment gives rise to a “materially prejudicial outcome” to certain Creditors but not to others, then the approval of that amendment must be procured in writing from those that have been so prejudiced. In this instance, the process to amend the Business Rescue Plan would be as follows:

12.4.1. If possible, obtain the consent from the prejudiced parties without the need for a formal meeting;

12.4.2. Once obtained, a notice of amendment will be distributed to all Affected Persons; and

12.4.3. The amended Business Rescue Plan will be placed on the website of the Company.

12.5. All amendments to the Business Rescue Plan (other than as provided for in this paragraph 12) which require further approvals will be subject to the provisions of the Companies Act and the same voting thresholds as is required for the Adoption of the Business Rescue Plan.

13. Severability

- 13.1. Each provision of this Business Rescue Plan is, notwithstanding the grammatical relationship between that provision and the other provisions of this Business Rescue Plan, severable from the other provisions of this Business Rescue Plan.
- 13.2. Any provision of this Business Rescue Plan which is or becomes invalid, unenforceable or unlawful in any jurisdiction shall, in such jurisdiction only, be treated as *pro non scripto* to the extent that it is so invalid, unenforceable or unlawful, without invalidating or affecting the remaining provisions of this Business Rescue Plan which shall remain of full force and effect.
- 13.3. The BRPs declare that it is their intention that this Business Rescue Plan would be executed without such invalid, unenforceable or unlawful provision if they were aware of such invalidity, unenforceability or unlawfulness at the time of execution of this Business Rescue Plan.

14. Disclaimer

- 14.1. The BRPs in the preparation of this Business Rescue Plan have relied on information obtained from the books and records of the Company, meetings held with relevant persons including the Company's directors, Management, staff, auditors, suppliers, clients, advisors and other service providers of the Company, and studies and reports commissioned from various technical and other professional advisors in connection with the affairs of the Company.
- 14.2. Whilst the BRPs have made certain efforts to ensure the accuracy of the information contained herein, it should be noted that the BRP's investigations have been limited in nature due to:
 - 14.2.1. the time constraints placed on business rescue practitioners by the Companies Act;
 - 14.2.2. pressure from Affected Persons to effect a reasonably paced rescue;
 - 14.2.3. limited financial resources available to the Company (and in turn the BRPs); and
 - 14.2.4. the quality of certain of the records and state of affairs of the Companies.
- 14.3. The BRPs have not carried out an audit of the Company's documents, nor have they had adequate opportunity to independently verify all information provided to them by the Company and/or relevant third parties.
- 14.4. Neither the BRPs nor any person engaged to assist in the Business Rescue Proceedings or in the production of this Business Rescue Plan undertake any responsibility in any way



whatsoever to any Person in respect of any errors in this Business Rescue Plan arising from incorrect information that may have been provided to them.

CHAPTER 4 – CONCLUSION AND BRPS’ CERTIFICATE

15. Conclusion

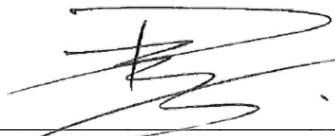
For the reasons set out above, it is the view of the BRPs that, notwithstanding the inevitable risks and challenges:

- 15.1. there is a reasonable prospect that the Company can be rescued within the meaning of the Companies Act;
- 15.2. this Business Rescue Plan balances the rights and interests of all relevant stakeholders; and
- 15.3. should the Business Rescue Plan not be Adopted, the Business Rescue Proceedings will have to be converted to liquidation proceedings immediately.

16. BRPs’ certificate

We, the undersigned, hereby confirm that the information contained herein is based on information provided to us by the Management of the Company, the management of Subsidiaries of the Company, other relevant parties, and upon which we have relied. While every reasonable effort has been made to ensure the accuracy of information contained herein, we can give no warranty in this regard save to confirm, to the best of our knowledge and belief that:

- 16.1. any information provided herein appears to be reasonably accurate, complete and up to date;
- 16.2. we have relied on financial information including opinions and reports furnished to us by the board of directors, Management and the Company's auditors;
- 16.3. any projections provided are estimates made in good faith and based on factual information and assumptions as set out herein; and
- 16.4. in preparing the Business Rescue Plan, we have not undertaken an audit of the information provided to us.



Petrus Francois van den Steen

Date: 30 August 2019



David Arthur Charles Lake

Date: 30 August 2019



ANNEXURES

ANNEXURE A: DETAILED GROUP STRUCTURE

ANNEXURE B: LIST OF CREDITORS AND VOTING INTEREST

ANNEXURE C: LIST OF MATERIAL ASSETS AND PROPERTY

ANNEXURE D: ASSETS IDENTIFIED FOR SALE

ANNEXURE E: ONGOING AND COMPLETED PROJECTS

ANNEXURE F: OTHER PROJECTS

ANNEXURE G: MANAGEMENT ACCOUNTS OF THE COMPANY AS AT 28 FEBRUARY 2019

ANNEXURE H: KEY LITIGATION AND LEGAL MATTERS

ANNEXURE I: BRPS' REMUNERATION AGREEMENT

ANNEXURE J: PROXY FORM