

MEETING MINUTES
BUSINESS RESCUE PRACTITIONERS REMUNERATION AGREEMENT
MEETING IN TERMS OF SECTION 143(3) OF CHAPTER SIX OF
THE COMPANIES ACT 71 OF 2008
WEDNESDAY 24TH APRIL 2019 AT 09H30

OPENING:

Herewith, Minutes of the Meeting regarding the Business Rescue Practitioners Remuneration Agreement, that was held in terms of Section 143(3) of Chapter Six of the Companies Act 71 of 2008 for the Creditors of Group Five Construction Proprietary Limited (in business rescue) ("**the Company**") duly called by the Business Rescue Practitioners ("**BRPs**") Peter van den Steen ("**PvdS**") and David Lake ("**DL**") and convened on Wednesday 24th of April 2019 at the Group Five Johannesburg Offices, 2 Eglin Road, Sunninghill, commencing at 09h30.

PRESENT:

Peter van den Steen – Joint BRP of Group Five Limited

David Lake – Joint BRP of Group Five Limited

Dr Thabo Kgogo – Interim CEO of Group Five Limited

Employees of Metis Strategic Advisors

Legal Representatives of the BRPs

Creditors and/or representatives of creditors of Group Five Construction (Pty) Ltd. (in business rescue) (as per the registered take at the meeting)

MEETING AGENDA:

1. Welcome
2. The Companies Act: Legal Regulations
3. Fee Considerations and Agreed Basic Hourly Rate
4. Success Fee
5. Support
6. Vote

1. Welcome

- 1.1. Peter van den Steen declared the meeting. PvdS introduced himself and DL, the BRPs of the Company. PvdS told the creditors present that this meeting was convened to procure consent for the conclusion of a Remuneration Agreement between the Business Rescue Practitioners and Group Five Construction Proprietary Limited (in business rescue) in terms of Section 143(3) of Chapter Six of the Companies Act 71 of 2008.

2. The Companies Act: Legal Regulations

- 2.1. PvdS read Section 143(3) of Chapter Six of the Companies Act 71 of 2008, which outlines the requirements and reasons for the meeting.
- 2.2. PvdS stated that, the regulations to the Companies Act 71 of 2008, as amended, prescribe an hourly tariff (inclusive of VAT) for the payment of the fees of a business rescue practitioner.
- 2.3. He further stated that 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.
- 2.4. Accordingly, in terms of regulation 127(5), PvdS stated that the Company required the appointment of at least one Senior Business Rescue Practitioner. PvdS noted that because of the size and nature of the business, the Company had appointed Joint BRPs.
- 2.5. PvdS went through the role, responsibilities and liabilities of the BRPs. He stated that the moment a company is put into Business Rescue, the BRPs essentially take over all management control and they 'step into the shoes' of all senior management and the board of directors. Thus they assume all of the same fiduciary responsibilities and liabilities as Directors of a company.

3. Fee Considerations

- 3.1. PvdS stated that, in terms regulation 128(1)(c) of the Companies Act, a business rescue practitioner appointed for a large company is entitled to charge an amount of R 2000.00 an hour (inclusive of VAT) and up to an amount of R 25 000.00 a day (inclusive of VAT).
- 3.2. PvdS stated that after consultations with senior management and the Board of Directors, the Company recognises that the hourly rate prescribed by the tariff in the regulations is outdated and not market related and accordingly concluded a remuneration agreement with the BRPs in terms of which the Company has agreed to an increased basic hourly rate for each of the business rescue practitioners for the business rescue services that each of them have rendered, and will continue to render, to the Company for the duration of its business rescue proceedings.
- 3.3. PvdS then displayed a graph to illustrate how the mandated fee of R 2000.00 per hour (inclusive of VAT) would have increased, year on year, based on the average annual CPI inflation percentage.
- 3.4. He stated that the graph shows that a fee of R 1 956.00 per hour in 2008, would be equivalent to R 3 381.00 per hour in 2019, after applying CPI inflation
- 3.5. Thus, he said, it is evident that the agreed upon increased rate is in line should be considered fair.

4. Success Fees

- 4.1. PvdS then explained the Success Fees and the reasoning behind including success fees in the Remuneration Agreement between the BRPs and the company.

- 4.2. PvdS stated that the Company had agreed to put in place success fees, based on various outcomes. The success fee exists in three categories:
 - 4.2.1. Secured
 - 4.2.2. Concurrent
 - 4.2.3. Guarantees and Bonds
- 4.3. PvdS explained the formulas related to each success fee and how each of them worked and when they would become applicable, if they were to become applicable.

5. Support

- 5.1. PvdS stated that in order for the Remuneration Agreement to be final and binding on the Company it requires the support of:
 - 5.1.1. The holders of a majority of the creditors' voting interests present and voting at a meeting called for the purpose of considering the proposed Remuneration Agreement and;
 - 5.1.2. The holders of a majority of the voting rights attached to any shares of The Company that entitle the shareholder/s to a portion of the residual value of the company on winding-up, present and voting at a meeting called for the purpose of considering the proposed agreement.

6. Vote

- 6.1. After presenting all the facts regarding the proposed Remuneration Agreement, which the Company and the BRPs had agreed upon, PvdS stated that a vote on the BRPs Remuneration Agreement needed to be conducted in terms of Section 143(3) of Chapter Six of the Companies Act 71 of 2008.
- 6.2. PvdS stated that a vote could be passed with a simple majority of creditors present and voting at the meeting.
- 6.3. PvdS confirmed that all those present had a ballot paper. He asked all those present to fill in all the required details on the ballot paper and then asked that all those present and voting, place their vote.
- 6.4. PvdS stated that all those present and voting could submit their ballot papers immediately to the BRPs at the meeting, however, if creditors or creditors representatives needed time to consider the Remuneration Agreement, then they could submit their votes to the Business Rescue team when they had considered and placed their vote.
- 6.5. PvdS said that as soon as all ballots were collected and counted, a notice would be sent to all creditors and uploaded onto the Group Five website, regarding the outcomes of the vote.

7. Questions and Answers

- 7.1. The joint BRPs concluded the matters on the agenda and opened the floor to questions. A number of questions were asked and answered during this time.

8. Closing

- 8.1. PvdS said that the presentation presented in the meeting would be made available to persons who requested it. The joint BRPs thanked all those present for attending the BRPs remuneration Agreement meeting and informed the meeting that they could address all concerns and queries to the Group Five Business Rescue email address g5constructionptyltd@groupfive.co.za. PvdS closed the meeting at approximately 11h50.