

Attention: **All Affected Persons**

Group Five Construction Proprietary Limited (in business rescue) ("**the Company**")

Attention: **Companies and Intellectual Property Commission ("CIPC")**

businessrescue@cipc.co.za

Delivered by Email

Displayed

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

Hand delivered to the Trade Unions after publication

October 2020

BUSINESS RESCUE STATUS UPDATE REPORT FOR GROUP FIVE CONSTRUCTION PROPRIETARY LIMITED

1. In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended when the business rescue proceedings of a company have not concluded within 3 months of the date on which they started, the business rescue practitioners ("**BRPs**") are required to –
 - 1.1. prepare a report on the progress of the business rescue proceedings and update it at the end of each subsequent month until the end of the business rescue proceedings; and
 - 1.2. deliver the report and each update to each Affected Person and to the CIPC.
2. This requirement is applicable to the Company.

3. This report is for the month of October 2020 and is published as an update to the status update report for the month of September 2020, circulated to all known Affected Persons and filed with the CIPC.
4. Capitalised words not otherwise defined in this report shall have the meaning ascribed to them in the approved Business Rescue Plan for the Company as published on 30 August 2019 ("**the Plan**").
5. Accordingly, we, the BRPs of the Company, hereby provide you with the seventeenth report on the status of the Company's business rescue proceedings.
6. **Payment of first Distribution to Concurrent Creditors**
 - 6.1. Creditors have previously been advised that the completion of Implementation of Phase 1 and the payment of the first Distribution to Concurrent Creditors remains subject to the ongoing evaluation of the impact of COVID-19 on the Company's cash position.
 - 6.2. The cash position of the Company remains stable, but the impact of COVID-19 on the Company's cashflow remains negative both in terms of project related cashflows and, more significantly, as a result of COVID-19 related delays in completing sale transactions.
 - 6.3. Our forecast for the quantum of Distributions to Concurrent Creditors remain positive and broadly in line with the Plan, however the timing thereof remains subject to the timing of completion of numerous delayed sales processes.
 - 6.4. In addition to this, although there is no indication of this at present, a risk exists that certain of the Secured Creditors of the Company may not realise the full anticipated secured recoveries – which would result in that shortfall being treated as a concurrent claim. The BRPs have finalised a calculation to determine a "worst case scenario", on the unlikely assumption that no further Secured Creditor claims are settled, in order to determine each Secured Party's potential concurrent distribution entitlement. Agreement has been reached with the Secured Parties on the calculation and treatment of their potential claim in the event of the above risk materialising (please refer to previous updates for context).

- 6.5. On this basis the contemplated first Distribution to Concurrent Creditors will be made as soon as the BRPs are satisfied that the cashflow position of the Company allows for this. Due to the provisions that need to be made in relation to the Secured Creditors' potential concurrent distribution, and the slow cash realisations referred to in paragraph 6.2 above, the first distribution remains delayed. Further progress in this regard will be updated for the next reporting period.
- 6.6. The BRPs will continue to provide updates on this matter in the next monthly update, or sooner, if sufficient free cash becomes available.

7. General

- 7.1. Construction Contracts – Remaining project-related construction activities continue to be exited, ceded, completed and/or concluded by the Company in controlled, considered and stable processes, specific to each individual project. Certain projects have experienced delays due to COVID-19 related matters and are being dealt with in terms of the applicable contracts and engagements with the employers.
- 7.2. Asset and Business Sales – The asset and business sale processes remain ongoing and broadly in accordance with the adopted Plan, however we are experiencing delays in the completion of numerous disposal implementation processes (and thus cash realisation). A significant majority of the assets and businesses available for sale have either been realised or are the subject matter of binding sale agreements which are progressing, albeit slowly.
- 7.3. Change of Physical Address – Affected Persons are hereby notified that the lease for the Company's Johannesburg office, which acts as the Company's primary registered physical address, has been terminated. The Company's Johannesburg office is no longer situated at 2 Eglin Road, Sunninghill. Further updates regarding the Company's new registered physical address in Johannesburg will be provided to all Affected Persons, in due course.
- 7.4. Litigation etc. – The Company continues to actively pursue the resolution of numerous disputes by means of negotiation or, where applicable, by means of litigation, arbitration and adjudication matters.

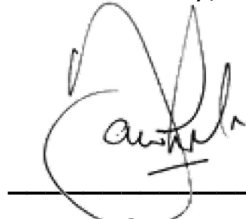
8. Disputed Creditors

8.1. Details relating to Disputed Creditors the abandonment and resultant expungement of claims have been provided in the Plan and in earlier updates.

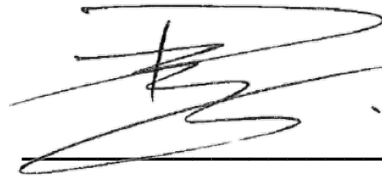
8.2. The BRPs are confident that the remaining Disputed Claims will be resolved with Disputed Creditors of the Company in a timeous manner through the process set out in the Dispute Resolution Mechanism provided in the Plan.

9. All relevant notices circulated to the Affected Persons of the Company, to date, have been published on the Company's website at www.g5.co.za, under the Business Rescue tab.

Yours faithfully,



Dave Lake
Business Rescue Practitioner
Group Five Construction (Pty) Ltd



Peter van den Steen
Business Rescue Practitioner
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