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MEETING MINUTES

THE FIRST MEETING OF CREDITORS OF

GROUP FIVE CONSTRUCTION PROPRIETARY LIMITED

TUESDAY 26TH MARCH 2019 AT 10H00

OPENING:

The first meeting of creditors of Group Five Construction Proprietary Limited ("Group Five Construction") duly called within 10 business days of the appointment of the joint Business Rescue Practitioners ("BRPs") Peter van den Steen and David Lake and held on Tuesday, the 26th of March 2019 at The Rosebank Union Church, 38 St Andrews Rd, Hurlingham, Johannesburg, 2196 commencing at 10h00.

PRESENT:

Peter van den Steen – Joint BRP of Group Five Construction

David Lake – Joint BRP of Group Five Construction

Dr Thabo Kgogo – Interim CEO of Group Five Construction

Employees of Metis Strategic Advisors

Legal Representatives of the BRPs

Creditors and/or representatives of creditors of Group Five Construction (as per the registered take at the meeting)

MEETING AGENDA:

1. Welcome
2. The Business Rescue Process
3. Key Dates
4. Group Five Impact on SA
5. Key Objectives
6. Group Five Structures
7. Financial Position
8. Actions to Date
9. Business Rescue Vs Liquidation
10. The Way Forward
11. Opinion by Practitioners
12. Proof of Claims
13. Creditors' Committee

1. Welcome

1.1. Peter van den Steen declared the meeting open in accordance with Section 147 of the Companies Act 71 of 2008. Peter introduced himself and gave a brief background on his experience. David Lake introduced himself and gave a brief background on his experience.

2. The Business Rescue Process

2.1. The joint BRPs explained that the directors of Group Five Construction signed and filed a resolution, placing Group Five Construction into Business Rescue on 11 March 2019.

2.2. The Joint BRPs stated that Business Rescue involves proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for –

- 2.2.1. the temporary supervision of the company, and management of its affairs, business and property;
- 2.2.2. a temporary moratorium on the rights of claimants against the company or in respect of property in its possession

2.3. The Joint BRP's explained that the primary objective of Business Rescue is the development and implementation of a plan that either:

- 2.3.1. Rescues the company by restructuring its debt and equity in a manner that maximizes the likelihood of the company continuing its existence on a solvent basis, or;
- 2.3.2. If that is not possible, results in a better return for the company's creditors or shareholders than would have resulted from the immediate liquidation of the company.

2.4. The joint BRPs informed creditors that they believed that there is a reasonable prospect of rescuing the company.

3. Key Dates

3.1. The joint BRPs informed creditors of the key dates in the Business Rescue process, which are recorded as follows:

- 3.1.1. Resolution Signed – 11 March 2019
- 3.1.2. Commencement of Business Rescue Proceedings – 11 March 2019
- 3.1.3. Appointment of Joint BRPs – 11 March 2019
- 3.1.4. First Meeting of Creditors – 26 March 2019
- 3.1.5. First Meeting of Employees - 26 March 2019
- 3.1.6. Deadline to publish the Business Rescue Plan – 28 June 2019, if creditors approve the extension of the deadline date for the plan. The usual deadline to publish a Business Rescue plan is 25 days after the commencement of business rescue proceedings.
- 3.1.7. Meeting to Consider the Business Rescue Plan – 5 to 10 days after the publication of the plan.

3.2. Peter van den Steen asked for the creditors to vote in favour of an extension on the deadline date for the plan to be published to 28 June 2019. Peter van den Steen requested that creditors who oppose the extension, make themselves known.

3.3. A creditor in attendance suggested that the vote be postponed until the end of the meeting. There was general agreement with this approach by those in attendance and thus the BRPs stated that the vote would take place at the end of the meeting.

4. Group Five Impact on South Africa

4.1. The joint BRPs explained the significance and importance of Group Five Construction in South Africa, including - the number of employees, the community upliftment initiatives and the socio-economic, enterprise, skills and employment equity development that Group Five Construction has been responsible for over the years.

5. Key Objectives

5.1. The joint BRPs informed creditors that the key objectives of Business Rescue were:

- 5.1.1. Achieving a balanced solution for all stakeholders
- 5.1.2. Minimising retrenchments
- 5.1.3. Preserving and continuing operating businesses and delivering on projects that are viable
- 5.1.4. Attempting to maximise returns to creditors
- 5.1.5. Negotiating and establishing the sale of businesses to interested parties who have the financial capacity to take those businesses forward sustainably and thus preserving employment in those businesses.
- 5.1.6. Reducing funding requirements by re-positioning and/or terminating business activities that place a burden on the group

6. Group Five Structures

6.1. Organograms of the Group Five structure, both nationally and internationally, were presented to creditors.

7. Financial Position

7.1. Groups Five Constructions' unaudited balance sheet and income statement were explained to creditors.

8. Actions to Date

8.1. The joint BRPs set out the actions that have been taken to date. These include:

8.1.1. The administration and notifications relating to the Business Rescue
8.1.2. The scheduling of the upcoming meeting of Employees / representative Trade Unions
8.1.3. Financial Management including:
8.1.3.1. Cash Flow Analysis
8.1.3.2. Critical Payments
8.1.3.3. Full review of costs, sustainability, rewards and remedies of and for current agreements and contracts
8.1.4. Establishing other sources of funds, including:
8.1.4.1. Business and asset disposals
8.1.4.2. Debtors, claims, pockets of cash
8.1.4.3. Post Commencement Finance
8.1.5. Creditor Queries
8.1.6. Engagements with staff, management, board, creditors, counterparties, partners, asset acquirers, banks, guarantors, suppliers, external advisors.

9. Business Rescue versus Liquidation

9.1. The joint BRPs explained the various differentiation factors between Business Rescue and Liquidation and highlighted the benefits of Business Rescue in comparison to Liquidation.

10. The Way Forward

10.1. The joint BRPs informed the meeting that in order to move forward in the business rescue proceedings, the following aspects were critical to survival:
10.1.1. Business Continuity
10.1.1.1. Keep viable operations running
10.1.2. Post Commencement Finance
10.1.2.1. Conclude post commencement finance agreement/s to cater for critical post commencement supplies and operational costs
10.1.3. Find strategic buyers/investors
10.1.3.1. Continue the disposal process which was started in mid-2018, but accelerate it significantly
10.1.3.2. Initiate further disposal processes of viable businesses and property in an orderly and structured way
10.1.3.3. Implement transactions
10.1.4. Maintaining business rescue processes, including but not limited to:
10.1.4.1. The Administration of claims
10.1.4.2. Preparation of a Business Rescue Plan

11. Opinion by Practitioners

11.1. The joint BRPs stated that they had concluded that there is a reasonable prospect of the Business Rescue being successful, provided that the following factors occur:

11.1.1. They receive the ongoing support of stakeholders in the process
11.1.2. They have the ability to conclude various transactions
11.1.3. They procure Post Commencement Funding
11.1.4. They are able to complete viable projects
11.1.5. It remains likely and probable that the Business Rescue process will achieve a better result than that of liquidation remains.

11.2. The joint BRP's re-iterated that the reasonable prospect of the business rescue being successful was conditional upon the aforementioned factors and circumstances.

11.3. The joint BRP's informed creditors that if, at any time, they conclude that there is no reasonable prospect of rescuing Group Five, they would advise affected persons, discontinue the proceedings and apply to court to place the company into liquidation.
11.3.1. The joint BRPs informed creditors that the Business Rescue process can also be terminated in the following circumstances:
11.3.1.1. If the plan proposed is rejected and proceedings are not extended
11.3.1.2. The court orders the conversion of the Business Rescue process into liquidation
11.3.1.3. The joint BRPs conclude that the company is no longer in financial distress
11.3.1.4. The joint BRPs file notice of substantial implementation of the approved Business Rescue plan

12. Proof of Claims

12.1. The BRPs stated that all outstanding amounts for services rendered and/or goods delivered prior to the commencement of Business Rescue are in the moratorium.

They explained to creditors that they have a claim against the company and that a claim form will need to be submitted for such amounts. These claims will be reconciled with Group Five Construction's records and any discrepancies investigated. They informed creditors that claim forms can be downloaded from the Group Five's website. The joint BRPs said that all claims must be submitted with supporting documentation, supporting the claim.

12.2. Creditors were advised that they should also submit their claims through the regular Group Five process by submitting their invoices to the Accounts Payable Department at Group Five.

12.3. The joint BRPs further explained that the payment of any outstanding amounts accumulated prior to the commencement of the Business Rescue proceedings will be dealt with in terms of the business rescue plan.

13. Creditors' Committee

13.1. The BRPs informed the meeting that one of the main objectives of the first meeting of creditors is to form a creditors' committee.

13.2. They explained that the functions, duties and membership of this committee would include:

13.2.1. Consulting with the BRPs about any matter relating to the Business Rescue proceedings

13.2.2. Receive and consider reports relating to the Business Rescue proceedings

13.3. The BRPs stated that members of the committee must be independent creditors or authorised agent of independent creditors.

13.4. The joint BRPs advised creditors that in their opinion, the input of a pro-active creditors' committee, will add significantly to the Business Rescue process.

13.5. The BRPs informed the meeting that they were seeking nominations for the creditors' committee from the following groups:

13.5.1. One representative from the lender group (ABSA, SBSA, HSBC, RMB, Lombard Insurance)

13.5.2. Three representatives of subcontractors from across the country (ideally 1 per region – KZN, WC, inland)

13.5.3. Two representatives of subcontractor creditors from the rest of Africa

13.5.4. One representative of lenders (other than the lender group) that are exposed to projects

13.5.5. Two representatives who have executive experience in the construction environment

13.5.6. Two representatives of project owners

13.6. The BRPs advised all in attendance that all creditors committee members must:

13.6.1. Be willing to attend regular creditors committee meetings in Johannesburg throughout the process.

13.6.2. Must be representing a creditor of Group Five Construction

13.7. The joint BRPs informed creditors that the first creditors committee meeting would take place within 2 weeks after the date of the first creditors meeting, if the Creditors Committee had been finalised within this time frame. If the Committee not been finalised, the joint BRPs would schedule a Creditors Committee meeting as soon as the committee was finalised.

13.8. The joint BRPs indicated that people who want to nominate themselves or others to stand on the committee should make themselves known to the joint BRPs after the adjournment of the meeting or email the Group Five business rescue email address: g5constructionptyltd@groupfive.co.za

14. Questions and Answers

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.

15. Miscellaneous

The joint BRPs informed the meeting that other than the meeting contemplated in section 151 (to vote on a plan), a decision supported by the holders of a simple majority, of the independent creditors' voting interests voted on a matter, is the decision of the meeting on that matter.

16. Creditors Vote

The joint BRP's then conducted a vote on the extension of the deadline date to publish the business rescue plan. They asked that creditors who were opposed to postponing the plan's publication date until the 28th June 2019, show their opposition by way of raising their hands. There were 13 creditors who opposed the extension. A simple majority was required to support the extension. The value weighting of the votes of the creditors who opposed the extension were taken into account and it was established that significantly more than a simple majority was in support of extending the publication date to the 28th of June 2019. Thus the motion for the extension of the date for the publication of the plan was overwhelmingly approved and the Business Rescue Plan publication date was set for the 28th of June 2019.

17. Closing

The joint BRPs thanked all those present for attending the first meeting of creditors and informed the meeting that they could address all concerns and queries to the Group Five Business Rescue email address g5constructionptyltd@groupfive.co.za. The meeting was declared closed at approximately 11h50.