

Attention: **All Affected Persons**

Group Five Construction Proprietary Limited (in business rescue)

Attention: **Companies and Intellectual Property Commission**

businessrescue@cipc.co.za

Delivered by Email

Displayed

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

Hand Delivered to the Trade Unions after publication

May 2020

BUSINESS RESCUE STATUS UPDATE REPORT FOR GROUP FIVE CONSTRUCTION PROPRIETARY LIMITED (IN BUSINESS RESCUE)

1. In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended ("**Act**") when the business rescue proceedings of a company have not concluded within 3 months of the date on which they started, a business rescue practitioner ("**BRP**") is required to –
 - 1.1. Prepare a report on the progress of the business rescue, and update it at the end of each subsequent month until the end of the business rescue proceedings; and
 - 1.2. Deliver the report and each update to each affected person and to the Companies and Intellectual Property Commission ("**CIPC**").
2. This requirement is applicable to Group Five Construction Proprietary Limited (In Business Rescue) ("**the Company**").
3. This report is for the month of May 2020 and is published as an update to the status update report for the month of April 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 Business Rescue Plan for the Company published on 30 August 2019 ("**the Plan**").
5. Accordingly, we, the Business Rescue Practitioners ("**BRPs**") hereby provide you with the twelfth report on the status of the Company's business rescue proceedings.

6. Effects of the Coronavirus COVID-19 Pandemic

- 6.1. The period following the approval of the Plan until approximately the end of the first quarter of 2020 was defined in the Plan as "**Implementation Phase 1**". The Plan provides, however, that the determination of the date on which Implementation Phase 1 is completed remains to be at the discretion of the BRPs.
- 6.2. The Plan anticipated that the first Distribution would be made to Concurrent Creditors at the end of Implementation Phase 1. As per the tenth and eleventh status update reports circulated in March and April 2020, in early March the BRPs were ready and planning for the proposed first Distribution to Concurrent Creditors at the end of the first quarter of 2020, as had been forecast in the Plan.
- 6.3. However, the COVID-19 crisis has changed the economic environment materially and the BRPs have determined that the responsible and appropriate course of action at this time is to preserve cash resources wherever possible. The COVID-19 crisis is impacting on many aspects of the Company's businesses, as well as on the management and implementation of the business rescue process. Whilst the BRPs are confident that they are well positioned to manage any threats to the implementation of the Plan at this time, other than likely delays in respect of asset realisations, a prudent approach is being adopted in the interests of all stakeholders.
- 6.4. Creditors are therefore again advised that the BRPs now anticipate that the completion of Implementation Phase 1, and the payment of the first Distribution to Concurrent Creditors, will happen after the COVID-19 National Lockdown period and will be subject to the evaluation of the Company's cash position. Currently, this is envisaged to take place during the second quarter of 2020. Once again, however, the date on which Implementation Phase 1 is to be completed remains at the discretion of the BRPs

- 6.5. The Company has applied for the COVID-19 Temporary Employer Relief Scheme Unemployment Insurance Fund Benefit and has undertaken a number of cost saving measures to reduce Company cash outflows to ensure that the business rescue process remains appropriately funded and the interests of Affected Persons protected.

7. Information regarding various COVID-19 Economic Relief Measures

- 7.1. The BRPs are aware that any financial strain that Creditors have already been under will have been exacerbated by the COVID-19 crisis. In an effort to find ways to assist Creditors of the Company, Metis Strategic Advisors (Pty) Ltd. (**'Metis'**), on behalf of the BRPs, has researched and compiled an information document unpacking the many COVID-19 Economic Relief Measures (**'Relief Measures'**) currently available. The BRPs hope that this document may assist Creditors during these challenging times. This document will be made available on the Company website under the Business Rescue tab. Metis has prepared this document with the purpose to assist Creditors but is not in a position to assist or advise Creditors in individual applications. If required, Creditors are advised to seek their own advice in this regard. Users of this document are referred to the Disclaimer at the end of the document.

8. General

- 8.1. Construction Contracts – Remaining project-related construction activities are being exited, ceded, completed and/or concluded by the Company in controlled, considered and stable processes, specific to each individual project. Most construction sites, other than those identified to be related to critical services have been locked down and secured in a similar manner as is implemented for the annual builder's break. As per the regulations set out in the Government Gazette Number 43364 published by the South African Government on 28th May 2020, the country will commence Alert Level Three of the national lockdown on 1st June 2020. Under Alert Level Three, the construction sector is permitted to resume certain operations. Accordingly, the Company will commence the re-mobilisation and activation of relevant, permitted construction sites. All Company sites and offices will adhere to strict hygiene protocols in accordance with government regulations.
- 8.2. Asset and Business Sales – The asset and business sale processes remain ongoing and broadly in accordance with the adopted Plan, however we are experiencing a

number of delays in disposal implementation processes (and thus cash realisation). Our disposal counterparties are in many instances unable or unwilling to complete transactions during this time of local and global uncertainty. A significant majority of the assets and businesses available for sale have, however, either been realised or are the subject matter of binding sale agreements. Due to the situation described in paragraph 6, however, we expect inevitable delays in closing some of the transactions and correspondingly in the release of value to Creditors by way of Distributions.

- 8.3. 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.

9. Disputed Creditors

- 9.1. In the Plan, "Disputed Creditors" are defined as persons who have "Disputed Claims" or who allege that they are "Creditors", but, who dispute the amount for which their "Claim" is reflected in Annexure B of the Plan, they are also considered persons who dispute the class in which they are reflected in Annexure B, and / or who dispute the existence and / or value of their security as reflected in Annexure B. Thus, Disputed Claims are any claims, or parts thereof, not recognised in the Plan.
- 9.2. In Section 10 of the Plan, a "Dispute Resolution Mechanism" was set out for Disputed Creditors to resolve Disputed Claims, in an expedited manner and at minimum cost to all parties concerned.
- 9.3. The Company has engaged with all Disputed Creditors who notified the Company of their Disputed Claims in accordance with Section 10 of the Plan, and for the most part, the disputes have been resolved.
- 9.4. The BRPs are confident that the remaining Disputed Claims will be resolved with Disputed Creditors of the Company in a timeous manner through the process set out in the Dispute Resolution Mechanism.

10. Abandonment and resultant expungement of claims

- 10.1. In the eighth status update report of January 2020 and all subsequent status update reports circulated in 2020, the BRPs requested that all Creditors draw their attention

Group Five Construction (Pty) Ltd

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to clauses 1.3.21, 1.3.22, 6.24.2, 6.24.4, 6.29.1.3, 7.10.2, and 10 of the duly approved and adopted Business Rescue Plan.

10.2. Having regard to these clauses, any person who had an alleged claim against the Company that was not recognised, whether in full or in part, in the approved business rescue plan, and who had failed to meet the time periods contemplated in clause 10, has thus abandoned its/his/her alleged claim (i.e. waived its/his/her rights) against the Company.

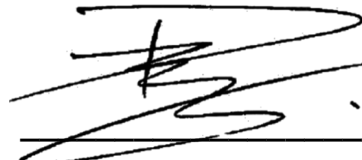
10.3. As such, any such person's alleged claim against the Company has been expunged and is therefore no longer enforceable, in terms of Section 154 of the Companies Act 71 of 2008.

11. All relevant notices circulated to the affected persons of the company, to date, have been published on the company's website at www.g5.co.za, under the Business Rescue tab.

Yours faithfully,



Dave Lake



Peter van den Steen

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