GROUP FIVE
structured ingenuity

13 March 2019

ATTENTION:

All Affected Persons of Group Five Limited (in business rescue)

Dear Sir/Madam

NOTICE TO THE AFFECTED PERSONS OF THE COMMENCEMENT OF BUSINESS RESCUE PROCEEDINGS IN RESPECT OF GROUP FIVE LIMITED (IN BUSINESS RESCUE) ("THE COMPANY") IN TERMS OF SECTION 129(3)(a) OF THE COMPANIES ACT 71 OF 2008

1 You are hereby notified that the board of the Company adopted a resolution on 11 March 2019 in accordance with Section 129(1) of the Companies Act 71 of 2008 (as amended) ("the Companies Act") in terms of which the Company voluntarily commenced business rescue proceedings.

2 A form CoR 123.1, being a Notice of Beginning of Business Rescue, as contemplated in section 129(2)(b) of the Companies Act, and Regulation 123 of the Companies Regulations of 2011 together with a sworn statement, was filed with the Companies and Intellectual Property Commission ("the Commission") on 11 March 2019.

3 The effective date of the Company's business rescue proceedings is accordingly 11 March 2019.

4 In accordance with the requirements of Section 129(3)(a) of the Companies Act, please find herewith:

4.1 the notice to commence business rescue proceedings (form CoR 123.1), filed with the Commission;

4.2 the resolution passed by the board of directors of the Company; and

4.3 a sworn statement of the facts relevant to the grounds on which the board resolution was founded.

5 Please note that the aforesaid documents, as well as all other notices relevant to the business rescue proceedings of the Company, are also available at http://www.g5.co.za.

6 In terms of section 147(1) and 148(1) of the Companies Act the business rescue practitioners, once appointed, must convene the first meeting of creditors and the first meeting of employees' representatives within 10 business days of their appointment. Further details about these meeting will be provided in due course.

7 We will continue to keep you appraised of the developments with this matter. All queries, however, can be directed G5ltdBR@groupfive.co.za and the Business Rescue Practitioner will address same in due course.

Group Five Limited
Reg No 1969/000032/06

Directors: *N Mandindi (Chairperson) *CH Fernandez *RJ Huntley *MR Upton *EB Williams TC Kgogo (CEO) AJ Clacher (CFO)
*Non Executive
Company Secretary: NC Katamzi

2 Eglin Road, Sunninghill, 2191
Postnet Suite 500 Private Bag X26 Sunninghill 2157 South Africa
Tel +27 10 060 1555 Email info@groupfive.co.za Web www.groupfive.co.za

GROUP FIVE
structured ingenuity

Yours faithfully

GROUP FIVE LIMITED

111 808414

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.1

About this Form

- This form is issued in terms of section 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- A company resolution to committee business rescue proceedings has no force or effect until it has been filed with this notice.
- This notice must be published to every affected person within 5 business days after -
  - (a) It has been filed, in the case of a resolution; or
  - (b) The date of the court order, in such a case.
- If this Notice is issued following a board resolution-
  - (a) The company must appoint a business rescue practitioner with 5 business days after filing this notice ; and
  - (b) Any affected person may apply to a court in terms of section 130 for an order setting aside the resolution.
- The fee for filing this notice is R0.

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address
PO Box 429
Pretoria
0001
Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

Notice of Beginning of Business Rescue Proceedings

Date: 11 MARCH 2019

Customer Code: WGRCMP

Concerning

(Name and Registration Number of Company)

Name: GROUP FIVE LIMITED

Registration No: 1969 / 000032 / 06

The above named company advises that business rescue proceedings have commenced in terms of Chapter 6 of the Companies Act, as a result of:

[X] The Board of the company having adopted the attached resolution in terms section 129, on 11 MARCH 2019.

[ ] A Court having made the attached order in terms of section 131, on ______.

In terms of section 132 (1)(a), the company's business rescue proceedings commenced on 11 MARCH 2019, being the date on which:

[X] This notice was filed with the Commission.

[ ] The court issued the attached order.

(Only in the case of a company resolution)

In support of this Notice, the company has attached a sworn statement of the relevant facts upon which the resolution was founded by a director representing the Board

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Name and Title of person signing on behalf of the Company:

THABO KGOGO - CEO

Authorised Signature:

Kgogo

This form is prescribed by the Minister of Trade and Industry in terms of section 223 of the Companies Act, 2008 (Act No. 71 of 2008).

CONFIDENTIAL AND LEGALLY PRIVILEGED

EXTRACT OF THE RESOLUTIONS OF THE DIRECTORS OF GROUP FIVE LIMITED (REGISTRATION NUMBER: 1969/000032/06) ("Company") ADOPTED AT A DIRECTORS' MEETING HELD ON 11 MARCH 2019 AT 10h00 AT THE CENTRAL, 96 RIVONIA ROAD, SANDTON, 2146

PRESENT:

Nonyameko, Mandindi –	Chairperson
Nonqaba Cecilia Katamzi -	Company Secretary (Natural Person)
Michael Robert Upton -	Non-Executive Director
Reitumetse Jacqueline Huntley -	Non-Executive Director
Anthony John Clacher, -	Director
Thabo Cliford Kgogo -	Director

APOLOGIES:

Edward Boetle Williams -	Non-Executive Director
Cora Hedwick Fernandez -	Non-Executive Director

IT IS RECORDED THAT –

1 Adequate notice of the meeting and the agenda was given to the directors of the Company in accordance with Article 26.4.3.1 of the Memorandum of Incorporation ("MOI"), as read with section 73 of the Companies Act 71 of 2008, as amended ("Companies Act");

2 A quorum was present for the meeting in person and/or via electronic communication, and that all time periods for the convening of this board meeting as required in terms of Article 26.5 of the MOI and otherwise are hereby waived and/or condoned, to the extent necessary, given the urgency of the agenda items;

3 After careful consideration, the directors adopted the resolutions below in accordance with the provisions of the Company's MOI and the Companies Act.

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WHEREAS –

4 The members of the board of directors of the Company, sufficient to constitute a quorum and validly consider and resolve on such matters, reasonably believe that the Company is financially distressed, within the meaning of Section 128(1)(f)(ii) and

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129(1)(a) of the Companies Act as it reasonably appears that the Company's liabilities currently exceed its assets. In addition the company is financially distressed within the meaning of section 128(1)(f)(i), as it will be unable to pay its debts as they become due and payable within the ensuing 6 months, for the following reasons:

4.1 The Company commenced business in the 1970's as an investment holding company, establishing and/or acquiring and holding investments in the construction and allied industries. The share capital of the Company is listed on the Johannesburg Stock Exchange.

4.2 Group Five Construction Proprietary Limited ("G5 Construction") is a wholly owned subsidiary of the Company. The Company has a number of direct and indirect subsidiaries in addition to G5 Construction (collectively the "Group Five Group").

4.3 G5 Construction and its direct and indirect subsidiaries ("G5 Construction Group"), reflected an operating loss before tax of approximately R 1.23 billion for the year ended June 2018, which compares negatively to the budget of R 224 million profit before tax for the same period.

4.4 The G5 Construction Group experienced negative cash flows from operating activities of R 880 million for 2018.

4.5 Market conditions in the construction industry have worsened, and certain of G5 Construction's projects were under-priced which resulted in these projects being loss-making.

4.6 In order to alleviate the cash flow constraints of the G5 Construction Group brought about by virtue of the circumstances described above, bridge funding in the sum of R650 million was sought by G5 Construction from a consortium of lenders (the "Lending Consortium") and was granted to G5 Construction in April 2018 (the "Bridge Funding Facilities").

4.7 As an element of the provision of the Bridge Funding Facilities, the Company and a number of other companies within the Group Five Group, guaranteed to the Lending Consortium, the payment and other obligations (collectively the "Debt Obligations") of (i) G5 Construction to the Lending Consortium under or in relation to the Bridge Funding Facilities and (ii) various members of the Group

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Five Group to individual members of the Lending Consortium in respect of various other extant banking, guarantee and like facilities provided from time to time by such individual members of the Lending Consortium to such members of the Group Five Group (the "Relevant Guarantee Arrangements").

4.8 The Company's and G5 Construction Group's financial constraints were exacerbated following the termination of a construction contract known as the Kpone Gas and Oil-Fired Combined Cycle EPC Power Plant Contract ("the Project") on or about 30 November 2018, when payment of US$106,5 million was demanded by Cenpower Generation Company Limited from guarantee providers under the guarantees that were issued in respect of the Project. In the result, the Company and G5 Construction became indebted to such guarantee providers under counter-indemnity arrangements, which came of force when payment in respect of such guarantees was made by the guarantee providers. Such indebtedness has not been repaid as at the date hereof.

4.9 G5 Construction Group is currently conducting retrenchment proceedings and it is estimated that severance pay in the sum of R 233 million will become payable to retrenched employees pursuant thereto.

4.10 On 22 February 2019 G5 Construction sought additional bridge funding from the Lending Consortium in the sum of R350 million for the G5 Construction Group's immediate short term working capital requirements. Whilst G5 Construction's management and board of directors at the time believed that there was a reasonable prospect of such bridge funding being provided, on 4 March 2019 the Lending Consortium formally advised G5 Construction that its request for such funding could not be accommodated, *inter alia* given (i) the sums of money and/or guarantee facilities already provided by the Lending Consortium and/or its individual members to the Group Five Group, (ii) the lack of certainty that any further funds provided would adequately meet G5 Construction Group's ongoing working capital requirements and (iii) Group Five Group's inadequate balance sheet capabilities and income generating capabilities to successfully service and repay existing debt and any further debt to be incurred.

4.11 G5 Construction Group's cash flow forecast for the 2019 financial year indicates that G5 Construction will have a cash shortfall of approximately R 2.39 billion.

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4.12 It is estimated that the G5 Construction Group, under current market conditions, requires an amount of R3.6 billion to fund its working capital requirements up to December 2019, including the repayment of the Bridge Funding Facilities and the payment of the severance pay payable in relation to the aforementioned retrenchment proceedings. G5 Construction is not able to itself generate such working capital, nor is it able to raise such working capital from other Group Five Group companies and/or third parties, given the weakness of its balance sheet. Based on past experience, it has also become clear that the Company's shareholders are unable or unwilling to provide any such working capital in the immediate future for the benefit of the Group Five Group.

4.13 By virtue of all of the aforegoing circumstances it appears that G5 Construction is financially distressed in that it is reasonably unlikely that G5 Construction will be able to pay all of its debts as they fall due and payable within the immediately ensuing six months (as contemplated in section 128(1)(f)(i) of the Companies Act 2008 (the "Act")).

4.14 The financial distress of G5 Construction has a direct and like adverse impact on the Company, by virtue of the fact that the Company has pursuant to the Relevant Guarantee Arrangements, bound itself as co-principal obligor with G5 Construction to the Lending Consortium in respect of the Debt Obligations and therefore it appears to be reasonably unlikely that the Company will be able to pay all of its debts as they fall due and payable within the immediately ensuing six months (as contemplated in section 128(1)(f)(i) of the Act.

5 Based on representations made by the Company's management, the board of directors of the Company believe that there is a reasonable prospect of rescuing the Company in terms of Section 129(1)(b) of the Companies Act.

ACCORDINGLY, IT IS RESOLVED THAT -

1 the Company voluntarily commences with business rescue proceedings immediately and that it be placed under supervision in terms of Section 129(1) of the Companies Act;

2 the Company forthwith lodge the requisite documents for the commencement of business rescue proceedings with the Companies and Intellectual Property

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Commission of South Africa and any documents ancillary thereto and/or necessary for the commencement and/or continuation of business rescue proceedings;

3 Dave Lake (ID Number: 580704 5324 186), and Peter van den Steen (ID Number: 681107 5024 087), turnaround specialists, be appointed as the joint business rescue practitioners as contemplated in section 129(3)(b) of the Companies Act;

4 To the extent required, authorise Werksmans Attorneys of 96 Rivonia Road, Dennehof, Sandton to lodge any and all documents with the Companies and Intellectual Property Commission in order to give effect to the aforesaid resolutions;

5 THABO CLIFORD KGOGO (ID Number: 760414 5827 087) in his capacity as director of the Company or ANTHONY JOHN CLACHER (ID Number: 65011 65192 080) in his capacity as the director of the Company be and is hereby authorised to do all things necessary, or to procure the doing of all things necessary, and to sign any and all documents, or to procure the signing of any and all documents, as is necessary to give effect to the resolutions aforesaid on behalf of the Board of Directors of the Company, including deposing and signing the sworn statement contemplated in section 129(3)(a) of the Companies Act.

CERTIFIED AND SIGNED AS A TRUE COPY OF THE PROCEEDINGS

THE CHAIRMAN

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/GROU6607.4

SWORN STATEMENT

I, the undersigned,

THABO CLIFORD KGOGO
(Identity Number: 760414 5827 087)

do hereby state as follows –

1 I am a director of Group Five Limited (Registration Number: 1969/000032/06) ("Company"), a company with its registered address and principal place of business at 2 Eglin Road, Sunninghill, Sandton, 2191.

2 I am duly authorised to depose to this sworn statement on behalf of the Company.

3 The facts contained herein were presented to the Company's board of directors by me, as a director the Company's board, at an urgent special meeting of the Company's board of directors on 11 March 2019, and which I believe to be true and correct.

4 This Sworn Statement is made by me on behalf of the Company to support the commencement of business rescue proceedings ("Business Rescue") in terms of Section 129 of the Companies Act, 2008 ("Act").

5 With this Sworn Statement, I intend to provide the relevant information that is required in order to demonstrate that the Company should be placed in Business Rescue.

6 The information contained in this Sworn Statement and the opinions expressed in the Sworn Statement relate to the financial difficulties of the Company and how the Company can –

6.1 be rescued and continue as a going concern as an alternative to liquidation; or

6.2 pay a higher dividend to its creditors than that which would become payable to creditors if the Company were to be liquidated.

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FINANCIAL DISTRESS:

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9 G5 Construction and its direct and indirect subsidiaries ("G5 Construction Group"), reflected an operating loss before tax of approximately R 1.23 billion for the year ended June 2018, which compares negatively to the budget of R 224 million profit before tax for the same period.

10 The G5 Construction Group experienced negative cash flows from operating activities of R 880 million for 2018.

11 Market conditions in the construction industry have worsened, and certain of G5 Construction's projects were under-priced which resulted in these projects being loss-making.

12 In order to alleviate the cash flow constraints of the G5 Construction Group brought about by virtue of the circumstances described above, bridge funding in the sum of R650 million was sought by G5 Construction from a consortium of lenders (the "Lending Consortium") and was granted to G5 Construction in April 2018 (the "Bridge Funding Facilities").

13 As an element of the provision of the Bridge Funding Facilities, the Company and a number of other companies within the Group Five Group, guaranteed to the Lending Consortium, the payment and other obligations (collectively the "Debt Obligations") of (i) G5 Construction to the Lending Consortium under or in relation to the Bridge Funding Facilities and (ii) various members of the Group Five Group to individual members of the Lending Consortium in respect of various other extant banking, guarantee and like facilities provided from time to time by such individual members of the Lending Consortium to such members of the Group Five Group (the "Relevant Guarantee Arrangements").

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14 The Company's and G5 Construction Group's financial constraints were exacerbated following the termination of a construction contract known as the Kpone Gas and Oil-Fired Combined Cycle EPC Power Plant Contract ("the Project") on or about 30 November 2018, when payment of US$106,5 million was demanded by Cenpower Generation Company Limited from guarantee providers under the guarantees that were issued in respect of the Project. In the result, the Company and G5 Construction became indebted to such guarantee providers under counter-indemnity arrangements, which came of force when payment in respect of such guarantees was made by the guarantee providers. Such indebtedness has not been repaid as at the date hereof.

15 G5 Construction Group is currently conducting retrenchment proceedings and it is estimated that severance pay in the sum of R 233 million will become payable to retrenched employees pursuant thereto.

16 On 22 February 2019 G5 Construction sought additional bridge funding from the Lending Consortium in the sum of R350 million for the G5 Construction Group's immediate short term working capital requirements. Whilst G5 Construction's management and board of directors at the time believed that there was a reasonable prospect of such bridge funding being provided, on 4 March 2019 the Lending Consortium formally advised G5 Construction that its request for such funding could not be accommodated, *inter alia* given (i) the sums of money and/or guarantee facilities already provided by the Lending Consortium and/or its individual members to the Group Five Group, (ii) the lack of certainty that any further funds provided would adequately meet G5 Construction Group's ongoing working capital requirements and (iii) Group Five Group's inadequate balance sheet capabilities and income generating capabilities to successfully service and repay existing debt and any further debt to be incurred.

17 G5 Construction Group's cash flow forecast for the 2019 financial year indicates that G5 Construction will have a cash shortfall of approximately R 2.39 billion.

18 It is estimated that the G5 Construction Group, under current market conditions, requires an amount of R3.6 billion to fund its working capital requirements up to December 2019, including the repayment of the Bridge Funding Facilities and the payment of the severance pay payable in relation to the aforementioned retrenchment proceedings. G5 Construction is not able to itself generate such working capital, nor is it able to raise such working capital from other Group Five Group companies and/or third parties, given the weakness of its balance sheet. Based on past experience, it has

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also become clear that the Company's shareholders are unable or unwilling to provide any such working capital in the immediate future for the benefit of the Group Five Group.

19 By virtue of all of the aforegoing circumstances it appears that G5 Construction is financially distressed in that it is reasonably unlikely that G5 Construction will be able to pay all of its debts as they fall due and payable within the immediately ensuing six months (as contemplated in section 128(1)(f)(i) of the Companies Act 2008 (the "Act")).

20 The financial distress of G5 Construction has a direct and like adverse impact on the Company, by virtue of the fact that the Company has pursuant to the Relevant Guarantee Arrangements, bound itself as co-principal obligor with G5 Construction to the Lending Consortium in respect of the Debt Obligations and therefore it appears to be reasonably unlikely that the Company will be able to pay all of its debts as they fall due and payable within the immediately ensuing six months (as contemplated in section 128(1)(f)(i) of the Act.

REASONABLE PROSPECT OF RESCUE

21 Notwithstanding the above, the directors of the Company believe that there is a reasonable prospect of rescuing the business of the Company, if action is taken immediately and if the Company commences Business Rescue. If the Company is placed under supervision, initiatives can be taken by a business rescue practitioners, when duly appointed, to take the following steps -

21.1 imposing an immediate temporary moratorium on all payments to creditors in terms of section 133 of the Act;

21.2 negotiating the sale of the Company's assets to potential purchasers, at a value higher than would be achieved in a liquidation and where the majority of employees of the company would most likely retain their jobs;

21.3 continuous engagement with stakeholders to retain value in the Company and its assets (including without limitation its subsidiaries);

21.4 a restructure of the debt of the Company with its creditors; and

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21.5 engaging in discussions with various parties regarding the provision of post commencement financing to the Company.

22 Accordingly, the Company through its board of directors, is of the view that the company is financially distressed, but that there remains a reasonable prospect of rescuing the company and accordingly that the Company should be placed in Business Rescue.

Kgogo

THABO CLIFORD KGOGO

I certify that this statement was signed and sworn to before me at SANDTON on this the 11th of MARCH 2019 by the deponent after he declared that he knew and understood the contents of this statement, that he had no objection to taking the prescribed oath and has taken the prescribed oath which he considered binding on his conscience, having complied with regulations contained in government notice R1258 of 21 July 1972, as amended.

Magor.

COMMISSIONER OF OATHS

Name:

Address:

Capacity:

JESSICA MELISSA MAGOR
Commissioner of Oaths
Practising Attorney R.S.A.
90 Rivonia Road
Sandton
2146

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