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MEETING MINUTES

THE FIRST MEETING OF CREDITORS OF

GROUP FIVE LIMITED

TUESDAY 26TH MARCH 2019 AT 11H00

OPENING:

The first meeting of creditors of Group Five Limited ("**the Company**") 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 11h00.

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 Limited (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

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1. Welcome

1.1. Peter van den Steen declared the meeting open in accordance with Section 147 of the Companies Act 71 of 2008. The BRPs asked if there was anyone present that was not present at the First Meeting of the Creditors of Group Five Limited (in business rescue). Members of the audience indicated that they were not at the meeting thus 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 the Company signed and filed a resolution, placing the Company 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 case for Business Rescue as opposed to liquidation.

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 - The BRPs stated that there would not be a meeting of Employees of the Company as there were no Employees of Group Five Limited.
3.1.6. Deadline to publish the Business Rescue Plan – 28 June 2019, if the 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.

4. Group Five Impact on South Africa

4.1. The joint BRPs explained the significance and importance of the Company in South Africa, including - the number of employees, the community upliftment initiatives and the socio-economic, enterprise, skills and employment equity development that the Company 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 structures, both nationally and internationally, were presented to creditors.

7. Financial Position

7.1. The Company's unaudited balance sheet and income statement were explained to creditors.

7.2. The BRPs noted that the interim accounts have not been published on the JSE and ordinarily, one would not be able to share these numbers, but they further noted that the share had been suspended on the JSE and was not trading.

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. Financial Management including:
  - 8.1.2.1. Cash Flow Analysis
  - 8.1.2.2. Critical Payments
  - 8.1.2.3. Full review of costs, sustainability, rewards and remedies of and for current agreements and contracts
- 8.1.3. Establishing other sources of funds, including:
  - 8.1.3.1. Business and asset disposals
  - 8.1.3.2. Debtors, claims, pockets of cash
  - 8.1.3.3. Post Commencement Finance

8.1.4. Creditor Queries

8.1.5. Engagements with 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 the Company, 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.

12.2. 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 the Company's records and any discrepancies investigated. They informed creditors that claim forms can be downloaded from the Company's website. The joint BRPs said that all claims must be submitted with supporting documentation, supporting the claim.

12.3. The BRPs stated that claim forms could be downloaded from the internet.

12.4. 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 at this meeting, a creditors' committee could be formed to represent the body of creditors.

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 although the creditors were welcome to form a committee if they wished to, the fact was that there are only eleven creditors of Group Five Limited.

13.4. Thus, the BRPs suggested that there was no need for a creditors' committee, as the BRPs would be able to engage with all eleven creditors individually or as a group whenever they sought engagement or consultation.

13.5. The BRPs said they would accommodate a committee if the creditors would like to form one.

13.6. There was a general agreement from the creditors present that they were in agreement with the BRPs engaging them all as a group or individually and agreed there was no need for a committee with a creditors universe that was so small.

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 creditors that, other than at the meeting contemplated in section 151 (to vote on a plan), a decision supported by the holders of a majority, of the independent creditors' voting interests, voted on a matter, is the decision of the meeting on that matter. The BRPs said that this was a majority from those creditors present and voting.

16. Creditors Vote

The joint BRPs then explained that at the First Meeting of the Creditors of Group Five Construction (Pty) Ltd. held earlier that morning, a vote was conducted and passed by the vast majority of creditors to extend the publication of the Business Rescue Plan.

The joint BRPs reiterated the work that needed to be done to produce a detailed and informed business rescue plan and stated that the business rescue plans for the two companies were intricately linked.

The BRPs then said that the creditors of Group Five Limited were required to vote to extend the publication of the Business Rescue Plan for Group Five Limited.

The BRPs 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 no creditors who raised their hands to oppose the proposed extension.

Thus the motion for the extension of the date for the publication of the plan was unanimously 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 g5ltdBR@groupfive.co.za. The meeting closed at approximately 11h45.