

**BUSINESS RESCUE PLAN PREPARED AND PUBLISHED IN TERMS OF SECTION**

**150 OF THE COMPANIES ACT 71 OF 2008 (as amended)**



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in relation to

**FOREST HILL CITY SHOPPING CENTRE PROPRIETARY LIMITED**

(Registration No. 2007/004487/07)

(in business rescue)

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**PHAHLANI MKHOMBO AND JACQUES DU TOIT**

(Joint Business Rescue Practitioners)



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**PUBLICATION DATE: 17 MARCH 2023**

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## 1. INTERPRETATION AND PRELIMINARY

The headings of paragraphs in this Business Rescue Plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Business Rescue Plan nor any paragraph hereof. Unless a contrary intention clearly appears:

- 1.2 words importing –
  - 1.2.1 any one gender includes the other gender;
  - 1.2.2 the singular includes the plural and vice versa; and
  - 1.2.3 any person includes a natural or juristic person, firm, company, corporation, government, state, agency or organ of state, association, trust or partnership (whether or not having separate legal personality);
- 1.3 the following terms and/or expressions shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings –
  - 1.3.1 “**ABSA**” means Absa Bank Limited with registration number 1986/004794/06, incorporated as a public company with limited liability in accordance with the laws of South Africa, carrying on business as a registered bank;
  - 1.3.2 “**Adoption Date**” means the date upon which this Business Rescue Plan is approved in accordance with section 152(2), read with sections 152(3)(b) and 152(3)(c)(ii)(aa) of the Companies Act or, if rejected as contemplated in sections 152(3)(a) or 152(3)(c)(ii)(bb) of the Companies Act, the date on which a court in terms of sections 153(1)(a)(ii) or 153(1)(b)(i)(bb) sets aside the result of the vote by holders of voting interests of Creditors and/or Shareholders, as the case may be, on the grounds that it was inappropriate;
  - 1.3.3 “**Advisors**” means the advisors to the BRPs and/or the Company, namely Black Acres, CDH, Deloitte, Du Toit Business Rescue, Genesis, Java Capital and their respective employees or representatives;
  - 1.3.4 “**Affected Person/s**” shall bear the meaning ascribed to it in section 128(1)(a) of the Companies Act and, in the case of the Company, being the Shareholders

and Creditors (the Company having no employees as at ~~date~~—the Commencement Date);

- 1.3.5 “**African Alliance**” means African Alliance Proprietary Limited with registration number 2003/015588/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.6 “**Ascension Properties**” means Ascension Properties Limited with registration number 2006/026141/06, incorporated as a public company in accordance with the laws of South Africa, herein duly represented by the BRPs and currently under Business Rescue;
- 1.3.7 “**Ascension Property Management Company**” means Ascension Property Management Company Proprietary Limited with registration number 2010/010848/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.8 “**Award Phase**” means the selection process of successful bidders in respect of the Public Sales Process;
- 1.3.9 “**Balance Sheet Restructure**” means the proposed restructure of the Company’s balance sheet as set out in 19.6;
- 1.3.10 “**Bay West City**” means Bay West City Proprietary Limited with registration number 2008/020750/07, incorporated as a public company in accordance with the laws of South Africa, herein duly represented by the BRPs and currently under Business Rescue;
- 1.3.11 “**Bay West Management Company**” means Bay West Management Company Proprietary Limited with registration number 2008/021046/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.12 “**Binding Offer**” means the irrevocable binding offers submitted by preferred bidders during the Public Sales Process;
- 1.3.13 “**Black Acres**” means Black Acres Proprietary Limited with registration number 2022/766277/07, incorporated as a private company in accordance with the laws of South Africa;

- 1.3.14        "**Board**" means the board of directors of the Company as at the Commencement Date;
- 1.3.15        "**BRPs**" means the business rescue practitioners of the Company appointed in terms of section 129(3)(b) of the Companies Act, being Mkhombo and Du Toit;
- 1.3.16        "**Business**" means the property holding and investment business activities of the Company which it conducts directly through the ownership or lease of immovable property;
- 1.3.17        "**Business Day**" means any day other than a Saturday, Sunday or official public holiday in South Africa and "**Business Days**" has a corresponding meaning;
- 1.3.18        "**Business Rescue**" means proceedings under Chapter 6 of the Companies Act to facilitate the rehabilitation of a company which is Financially Distressed, as more fully defined in section 128(1)(b) of the Companies Act;
- 1.3.19        "**Business Rescue Costs**" means the remuneration and expenses of the BRPs (including, without limitation, all and any reasonably incurred costs including legal costs and expenses lawfully incurred by the BRPs in the Business Rescue) and all other claims arising out of the costs of the Business Rescue, including without limitation the legal costs and other costs of the Advisors;
- 1.3.20        "**Business Rescue Plan**" means this document together with all its annexures, as amended from time to time, prepared and published by the BRPs for consideration and adoption by Creditors in accordance with section 150 of the Companies Act;
- 1.3.21        "**BVI**" means Business Venture Investment No.1454 Proprietary Limited (in business rescue) with registration number 2010/021434/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.22        "**Cash Committee**" means a committee established to provide independent oversight, challenge and rigour to expenditure put forward for payment during the Business Rescue process comprised of Management, Advisors, BRPs and their respective teams;
- 1.3.23        "**CDH**" means Cliffe Dekker Hofmeyr Incorporated, a firm of attorneys practising as such at 1 Protea Place, Sandton, Johannesburg;

- 1.3.24 "**Ceded Rentals**" means the rental income derived from the Group Properties which has been ceded *securitatem debiti* to the Cessionary Lenders which security has been enforced by the Cessionary Lenders prior to Business Rescue;
- 1.3.25 "**Cessionary Lenders**" means certain of the ~~L~~enders to the Group namely Investec, Nedbank, Sanlam (through BVI) and Standard Bank, and in the case of the Company, Nedbank (through BVI) who have consented to the Ceded Rentals being utilised as PCF subject to the Cessionary Lenders approving the purpose for which the Ceded Rentals would be used as set out in the Use Agreements;
- 1.3.26 "**CIPC**" means the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
- 1.3.27 "**Claims**" means any claim of whatsoever nature and howsoever arising against the Company, including but not limited to a Secured, Preferent or Concurrent Claim as envisaged in terms of the Insolvency Act, as well as an actual, contingent, prospective, conditional or unconditional, liquidated or unliquidated, assessed or unassessed claim, whether due or yet to fall due for payment or performance, whether its origin arose before the Commencement Date from statute, regulation or other legislation; or arising out of any contract and/or agreement entered into before the Commencement Date; or arising from any other cause of action whatsoever; and, in no way derogating from the generality of the foregoing, shall include any Claim for Tax or Taxation;
- 1.3.28 "**Commencement Date**" means ~~14~~10 October 2022, being the date upon which Business Rescue commenced in accordance with section 129, read with section 132(1)(a)(i), of the Companies Act;
- 1.3.29 "**Company**" means Forest Hill City Shopping Centre Proprietary Limited with registration number 2007/004487/07, incorporated as a public company in accordance with the laws of South Africa, herein duly represented by the BRPs and currently under Business Rescue;
- 1.3.30 "**Companies Act**" means the Companies Act, 71 of 2008 (as amended), including the regulations promulgated thereunder;



- 1.3.31 "**Concurrent Claim**" means any Claim (other than a Disputed Claim) which is unsecured and enjoys no preference and "**Concurrent Creditor**" has the corresponding meaning;
- 1.3.32 "**Contracts**" means any contract, agreement or understanding entered into between the Company and a person before the Commencement Date;
- 1.3.33 "**Creditors**" means all persons, including legal entities and natural persons, having Claims accepted as such by the BRPs as at the Commencement Date and for the period of the Business Rescue, but excludes Disputed Creditors;
- 1.3.34 "**Creditors' Committee**" means a committee of Creditors, formed in terms of section 145(3), read with section 147(1)(b), of the Companies Act;
- 1.3.35 "**Dalolex**" means Dalolex Proprietary Limited with registration number 2016/020783/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.36 "**Deloitte**" means Deloitte & Touche, a professional partnership established in accordance with the laws of South Africa, with IRBA registration number: 902276;
- 1.3.37 "**Directors**" means the directors of the Company as at the Commencement Date, whose details are set out in 4.2.1;
- 1.3.38 "**Disputed Claims**" means any Claims (or part thereof) which are disputed in the Business Rescue, which dispute relates, *inter alia*, to a Claim amount as reflected in **Annexure B** and/or the classification of a Claim as reflected in **Annexure B** and/or the existence, extent, nature and/or value of an Encumbrance as reflected in **Annexure B**, and which dispute shall be determined in terms of the Dispute Resolution Mechanism and "**Disputed Creditor**" has the corresponding meaning;
- 1.3.39 "**Dispute Resolution Mechanism**" means the dispute resolution mechanism set out in paragraph 33 of this Business Rescue Plan;
- 1.3.40 "**Distribution/s**" means the respective payments to be made to Creditors by the BRPs, to discharge their Claims, in accordance with the terms and conditions of this Business Rescue Plan;

- 1.3.41 **"Due Diligence and Offer Phase"** means the due diligence investigation to be conducted by preferred bidders in respect of the Sale Properties and the offers to be submitted pursuant thereto in terms of the Public Sales Process;
- 1.3.42 **"Du Toit"** means Jacques Du Toit, a senior business rescue practitioner as defined in section 128(1)(d) read with Regulation 126 to the Companies Act;
- 1.3.43 **"Du Toit Business Rescue"** means Du Toit Business Rescue Proprietary Limited with registration number 2015/047157/07, incorporated as a private company in accordance with the laws of South Africa, herein represented by Du Toit;
- ~~1.3.44 **"Encumbrance"** means any mortgage, lien, pledge, security cession, retention of title over any movable or immovable property;~~
- ~~1.3.45~~1.3.44 **"Encumbrance"** means any claim, charge, mortgage, lien, burden, option, pledge, security, withholding, retention of title, right of pre-emption, right of first refusal or other third-party rights or claims, restrictions on the free transferability or security interest or an agreement, arrangement or obligation to create any of the foregoing;
- ~~1.3.45 **"EOI"** means the expressions of interest letters to be submitted by participants in the Public Sales Process in relation to the Company;~~
- 1.3.46 **"EOI Submission Date"** means the date within which all EOIs must be submitted in the Public Sales Process being within 6 weeks of the SENS Announcement;
- 1.3.47 **"Financial Distress"** or **"Financially Distressed"** shall bear the same meaning ascribed to this term in section 128(1)(f) of the Companies Act;
- 1.3.48 **"Final Claims Date"** means the final date for the filing of Claims, being 30 April 2023;
- 1.3.49 **"Final Offer"** means the final offer submitted by preferred bidders during the Public Sales Process;
- 1.3.50 **"Final Sales Agreements"** means the final sale agreements concluded or to be concluded with the preferred bidders who have submitted Final Offers;

- 1.3.51 “**FirstRand Bank**” means FirstRand Bank Limited; acting through its Rand Merchant Bank division with registration number 1929/001225/06, incorporated as a public company with limited liability in accordance with the laws of South Africa, carrying on business as a registered bank;
- 1.3.52 “**Genesis**” means Genesis Corporate Solutions Proprietary Limited with registration number 2016/479741/07, incorporated as a private company in accordance with the laws of South Africa, herein represented by Mkhombo;
- 1.3.53 “**Group**” or “**Rebosis Group**” means Rebosis Property Fund and its subsidiary entities, including but not limited to the Company, Ascension Properties, Bay West City, Rebosis Property Services, Main Street 1119, Bay West Management Company, Rebosis Asset Managers, Snoopy Investments, African Alliance, Ascension Property Management Company, Dalolex, as well as those other companies related to the Company, as defined in section 2 of the Companies Act;
- 1.3.54 “**Group Company**” means any subsidiary entity of Rebosis Property Fund;
- 1.3.55 “**Group Creditors**” means all persons, including legal entities and natural persons, having Claims against the Group, including the Company, accepted as such by the BRPs as at the Commencement Date and for the period of the Business Rescue but excludes Disputed Creditors;
- 1.3.56 “**Group Concurrent Creditors**” means the concurrent creditors in respect of the Group;
- 1.3.57 “**Group Properties**” means the properties owned by the Group and “**Group Property Portfolio**” shall have the corresponding meaning;‡
- 1.3.58 “**Insolvency Act**” means the Insolvency Act, 24 of 1936 (as amended) as read with Chapter 14 of the Companies Act, 61 of 1973;
- 1.3.59 “**Investec**” means Investec Bank Limited with registration number 1969/004763/06, incorporated as a public company with limited liability in accordance with the laws of South Africa, carrying on business as a registered bank;

- 1.3.60 “**Java Capital**” means Java Capital Proprietary Limited with registration number 2012/089864/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.61 “**JSE**” means the Johannesburg Stock Exchange Limited;
- 1.3.62 “**JSE Equity Sponsor**” means Nedbank Corporate and Investment Banking, a division of Nedbank;
- 1.3.63 “**JSE Listings Requirements**” means the listing requirements for public listed companies published by the JSE in accordance with the provisions of the Securities Services Act, 2004;
- 1.3.64 “**Lenders**” means Nedbank;
- 1.3.65 “**Main Street 1119**” means Main Street 1119 Proprietary Limited with registration number 2013/030546/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.66 “**Management**” means the pre-existing management team of the Company, including the Company's Board, who had, and continue to have, the delegated and supervised responsibility of managing the day-to-day operations of the Company as at the Commencement Date;
- 1.3.67 “**Mkhombo**” means Phahlani Lincoln Mkhombo, a senior business rescue practitioner as defined in section 128(1)(d) read with Regulation 126 to the Companies Act;
- 1.3.68 “**Nedbank**” means Nedbank Limited with registration number 1951/000009/06, incorporated as a public company with limited liability in accordance with the laws of South Africa, carrying on business as a registered bank;
- 1.3.69 “**Notice of Meeting**” means the notice of a meeting to consider the Business Rescue Plan, delivered to all Affected Persons as contemplated in terms of section 151(2) of the Companies Act;
- 1.3.70 “**Ordinary Shares**” means shares with a R1 par value issued by the Company;

- 1.3.71 “**PCF**” means post-commencement finance obtained by the Company, as authorised by the BRPs, in terms of section 135 of the Companies Act;
- 1.3.72 “**PCF Creditor**” means a Creditor, which has been authorised and accepted as such by the BRPs during the Business Rescue being the Lenders;
- 1.3.73 “**Preferent Claim**” means any Claim (other than a Disputed Claim or Costs) which would rank in whole or in part as a statutory preferent claim in accordance with the provisions of the Insolvency Act and “**Preferent Creditor**” has the corresponding meaning;
- 1.3.74 “**Properties**” or “**Property Portfolio**” means all the immovable properties owned by the Company as set out in Annexure A to this Business Rescue Plan;
- 1.3.75 “**Property Portfolio Restructure**” means the restructuring of the Property Portfolio as set out in 19.4;
- 1.3.76 “**Proposal**” means the proposal to rescue the Company and the Group, more fully dealt with in Part B of this Business Rescue Plan;
- 1.3.77 “**Proposed Restructuring Plan**” means the restructuring plan proposed by the BRPs to rescue the Company and the Group more fully dealt with in Part B of this Business Rescue Plan;
- 1.3.78 “**Publication Date**” means the date on which this Business Rescue Plan is published to Affected Persons in terms of section 150(5) of the Companies Act, being 17 March 2023;
- 1.3.79 “**Public Sales Process**” means the sales process embarked upon by the BRPs to rescue the Company, more fully dealt with in paragraph 19.4 of this Business Rescue Plan;
- 1.3.80 “**Public Sales Process Milestones**” means the milestones as agreed to between the Secured Creditors and the BRPs;
- 1.3.81 “**Public Sales Process Period**” means a period of 12 months for which the Public Sales Process will endure unless extended as contemplated in terms of the Business Rescue Plan;

- 1.3.82 **"Public Sales Process Timeline"** means the timeline for the Public Sales Process as set out in 19.4.5.5;
- 1.3.83 **"Quadrant Properties"** means Quadrant Properties Proprietary Limited with registration number 1995/003097/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.84 **"Rand"** or **"R"** or **"ZAR"** means the lawful currency of South Africa;
- 1.3.85 **"Rebosis Asset Managers"** means Rebosis Asset Managers Proprietary Limited with registration number 2011/005780/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.86 **"Rebosis Property Fund"** means Rebosis Property Fund Limited (in business rescue) with registration number 2010/003468/06, incorporated as a public company in accordance with the laws of South Africa;
- 1.3.87 **"Rebosis Property Services"** means Rebosis Property Services Proprietary Limited with registration number 2005/004106/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.88 **"Receivable"** means any claim of whatsoever nature which the Company has as at the Commencement Date against any person indebted to it and includes any bank balances and deposits, and any claim of whatsoever nature against SARS;
- 1.3.89 **"Remaining Group Property Portfolio"** means the Group Properties remaining following the implementation of the Public Sales Process for the Group;
- 1.3.90 **"Sales Process Letter"** means the sales process letter to be provided to interested parties which will contain, *inter alia*, the participation requirements and the terms of the Public Sales Process;
- 1.3.91 **"Sale Properties"** means all of the ~~Group Properties~~Properties owned by the Group as defined in ~~1.3.574-3.581-3.741-3.74~~ to be disposed of in terms of the Public Sales Process or Take Over by the Secured Creditors;
- 1.3.92 **"SARS"** means the South African Revenue Services;

- 1.3.93 “**Section 151 Meeting**” means the meeting to determine the future of the Company as contemplated in section 151 of the Companies Act;
- 1.3.94 “**Secured Claim**” means any Claim (other than a Disputed Claim) over which there is an Encumbrance and which would rank in whole or in part as a secured claim in accordance with the provisions of the Insolvency Act and “**Secured Creditor**” has the corresponding meaning;
- 1.3.95 “**Secured Debt**” means the debt due to a Secured Creditor for which such Secured Creditor holds a security interest over in the form of an Encumbrance;
- 1.3.96 “**Secured Properties**” means the Properties mortgaged to a Secured Creditor;
- 1.3.97 “**SENS**” means the JSE Stock Exchange News Services;
- 1.3.98 “**SENS Announcement**” means the announcement to be published by Rebosis Property Fund on SENS within 1 week of the Adoption Date communicating the intention to conduct the Public Sales Process including salient information regarding the Public Sales Process and participation requirements;
- 1.3.99 “**Shareholders**” means the shareholders of the Company at the Commencement Date as set out in 4.1.2;
- 1.3.100 “**Snoopy Investments**” means Snoopy Investments Proprietary Limited with registration number 2008/023315/07, incorporated as a private company in accordance with the laws of South Africa;
- 1.3.101 “**South Africa**” means the Republic of South Africa;
- 1.3.102 “**Substantial Implementation Date**” means the date upon which the BRPs file with the CIPC, a notice of substantial implementation of this Business Rescue Plan in accordance with the requirements of section 152(8) of the Companies Act, whereupon the Company’s Business Rescue will end in terms of section 132(2)(c)(ii);
- 1.3.103 “**Surplus Sales Proceeds**” means any balance owing to Ascension Properties ~~the Company~~ as a result of the disposal of any pProperty or pProperties- owned by Ascension Properties, which have been secured in favour of Standard Bank and Investec after deducting monies due and owing by the ~~Company~~-Ascension

Properties to such mortgagee (i.e., Secured Creditor) of such pProperty or pProperties, as the case may be; and which Surplus Sales Proceeds in respect of all such the pProperties have been ceded in *securitatem debiti* to BVI;

- 1.3.104 “**Standard Bank**” means The Standard Bank of South Africa Limited with registration number 1962/000738/06, incorporated as a public company with limited liability in accordance with the laws of South Africa, carrying on business as a registered bank;
- 1.3.105 “**Take Over**” means the right of each Secured Creditor to take over any Secured Property over which they hold security in accordance with the provisions of the Business Rescue Plan and “**Taken Over**” shall have the corresponding meaning;
- 1.3.106 “**Tax/Taxation**” means:
- 1.3.106.1 levies payable to government authorities;
  - 1.3.106.2 normal taxation;
  - 1.3.106.3 capital gains tax;
  - 1.3.106.4 VAT;
  - 1.3.106.5 any taxation arising from new assessments of taxation and/or the reopening of any income tax assessments of the Company for any period prior to the Commencement Date; and
  - 1.3.106.6 donations tax;
  - 1.3.106.7 customs duty;
  - 1.3.106.8 securities transfer tax;
  - 1.3.106.9 all Pay-As-You-Earn taxation (PAYE) not paid over;
  - 1.3.106.10 all other forms of taxation, other than deferred tax; and
  - 1.3.106.11 any penalties or interest on any of the afore mentioned.
- 1.3.107 “**Use Agreements**” means the Use Agreements entered into between the relevant Cessionary Lenders and the BRPs in relation to the use of rental income



during the Business Rescue derived from the Group Properties which income has been ceded in *securitatem debiti* to the relevant Cessionary Lenders and who have enforced their rights to such rental income prior to Business Rescue;

1.3.108 "VAT" means the value-added tax levied in terms of the Value-Added Tax Act. 89 of 1991 (as amended); and

1.3.109 "**Wind Down Process**" means the wind down of the Company as set out in 19.7 and

1.4 any reference in this Business Rescue Plan to:

1.4.1 a paragraph is a reference to the relevant paragraph of this Business Rescue Plan;

1.4.2 a part is a reference to the relevant part of this Business Rescue Plan;

1.4.3 any section is a reference to that section in the Companies Act unless it is otherwise indicated in which event it shall be a reference to that legislation;

1.4.4 any section of the Insolvency Act is a reference to such section as read with chapter 14 of the Companies Act 61 of 1973 and item 9 of schedule 5 of the Companies Act;

1.4.5 any reference to any statute, regulation or other legislation in this Business Rescue Plan shall be a reference to that statute, regulation or other legislation as at the Publication Date, and as amended or substituted from time to time;

1.4.6 any reference in this Business Rescue Plan to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time, be amended, varied, novated or supplemented;

1.5 if any provision in a definition in this Business Rescue Plan is a substantive provision conferring a right or imposing an obligation on any person or entity then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Business Rescue Plan;

- 1.6 where any term is defined in this Business Rescue Plan within a particular paragraph other than this paragraph 1, that term shall bear the meaning ascribed to it in that paragraph wherever it is used in this Business Rescue Plan;
- 1.7 where any number of days is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day;
- 1.8 any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, months or years, as the case may be; and
- 1.9 words or terms that are capitalised and not otherwise defined in the narrative of this Business Rescue Plan (excluding capitalised words or terms used for the purpose of tables) shall bear the meaning assigned to them in the Companies Act.

## **2. ACTIONS TO BE TAKEN BY AFFECTED PERSONS**

- 2.1 If any Affected Person is in doubt as to what action should be taken arising from the contents of this Business Rescue Plan, such Affected Person or Affected Persons are advised to consult an independent attorney, accountant or other professional advisor in addition to any consultation with or direction received from the BRPs.
- 2.2 Nothing contained in this Business Rescue Plan shall constitute legal, tax or accounting advice to any Affected Person, nor do the BRPs make any representations in respect thereof.

## **3. STRUCTURE OF THE BUSINESS RESCUE PLAN**

For the purposes of section 150(2) of the Companies Act, this Business Rescue Plan is divided into 3 (three) parts as follows –

### **3.1 Part A - Background**

This part sets out the background to the Company and its business, and the factors that resulted in the Company being Financially Distressed and being placed under Business Rescue.

### 3.2 Part B - Proposal

This part describes the terms of the Proposal and includes, *inter alia*, the benefits and/or effect of adopting the Business Rescue Plan as opposed to the Company being placed into liquidation.

### 3.3 Part C - Assumptions And Conditions

This part sets out, *inter alia*, what conditions need to be fulfilled in order for the Business Rescue Plan to become effective, and to be implemented.

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## PART A – BACKGROUND

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### 4. COMPANY INFORMATION

#### 4.1 Corporate and Shareholding Structure

As at the Publication Date:

4.1.1 the authorised share capital of the Company is R1000 divided into 1000 Ordinary Shares;

4.1.2 the issued share capital of the Company is R1000 divided into 1000 Ordinary Shares, all of which are held and beneficially owned as follows:

Name of Shareholder	Shareholding	Number of Shares
Rebosis Property Fund	100%	1000

4.1.3 the Company holds no direct or indirect interests (controlling or otherwise) as at the Publication Date.

#### 4.2 Directors and Officers

4.2.1 As at the Commencement Date, the Directors are:

Name of Director	Active or Resigned	Non-Executive Director/Executive Director	Date of Appointment
Otis Ndora Tshabalala	Active	Executive Director (Group CEO)	01 December 2021
Asathi Lwandile Mamane	Active	Executive Director (Group CFO)	04 August 2020
Zandile Kogo	Active	Executive Director	08 December 2017

4.2.2 As at Publication Date, none of the Directors have resigned since the Commencement Date and, according to the records of CIPC, all the Directors listed in paragraph 4.2.1 remain in office as at the Publication Date.

4.3 Company Information at Commencement Date

Financial Year End:	August
Registered Business Address and Head Office:	Office 95 & 95A Forest Hill City 6922 Forest Beech Street, Monavoni, Centurion
Postal Address:	Postnet Suite 158 Private Bag X21 Bryanston, 2021
Auditors:	BDO South Africa Inc
Company Secretary	Joel Naidoo

**5. COMPANY BACKGROUND**

5.1. Background to the Company

5.1.1 The Company is a wholly owned subsidiary<sup>ies</sup> of Rebosis Property Fund and is part of the Rebosis Group.

5.1.2 The Company owns Forest Hill City Shopping Centre which is located at the Corner of R55 and N14, Centurion with high visibility along the N14 highway.

5.1.3 Set out hereunder is a simplified group organogram:



5.1.4 As at the Commencement Date, the Company had no employees. This remains the position to date.

## 5.2. Reasons for the Company's Financial Distress

5.2.1 The Company and the Group have come under increasing financial pressure in recent periods which has resulted in the Group's financial position deteriorating significantly. Accordingly, as set out in the sworn statement annexed to the resolution filed with the CIPC in terms of section 129 of the Companies Act commencing Business Rescue, some of the main reasons for the Company's Financial Distress are: -

5.2.1.1 following extensive modelling and testing of all viable options to address the Group's balance sheet constraints and operational optimisation, Management and the Board of the Company believed that, based on best estimate budgets, the Group's 6-month cashflow was not sustainable considering;

5.2.1.2 the expected timeframe within which shareholder approval could reasonably be obtained on any disposal process contemplated by the Company;

5.2.1.3 the impact of a rising interest rate cycle on servicing debt costs; and

5.2.1.4 the inability to recover increased municipal costs from sovereign tenants.

5.2.2 Following from the above, the Board was of the view that there remains a reasonable prospect of rescuing the Company and/or if it is not possible for the Company to so continue in existence, there exists a reasonable prospect that the

Business Rescue will result in a better return for the Company's Creditors or Shareholders, than would result from the immediate liquidation of the Company.

5.2.3 Accordingly, the Board resolved to place the Company in Business Rescue on 10 October 2022 and the BRPs were appointed.

## 6. SUMMARY OF THE BUSINESS RESCUE

### 6.1. Introduction and Business Rescue Timeline

6.1.1 Business Rescue, as defined in section 128(1)(b), refers to proceedings to facilitate the rehabilitation of a company that is Financially Distressed by providing for –

6.1.1.1. the temporary supervision of a company by one or more business rescue practitioners, and of the management of its affairs, business and property by the appointed business rescue practitioner/s;

6.1.1.2. a temporary moratorium on the rights of claimants against a company or in respect of property in its possession; and

6.1.1.3. the development and implementation, if approved, of a plan to rescue the company in question by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the company in question continuing in existence on a solvent basis or, if it is not possible for the company to so continue in existence, results in a better return for the company or creditors or shareholders than would result from the immediate liquidation of the company.

6.1.2 The following summary sets out the salient dates on which certain events have taken place since the commencement of the Business Rescue and which will take place during the Company's ongoing Business Rescue –

Event	Date
Board resolution to commence Business Rescue filed with the CIPC	10 October 2022
BRPs appointed	11 October 2022

<b>Event</b>	<b>Date</b>
First Creditors' meeting	24 October 2022
Request for further extension to publish the Business Rescue Plan	11 November 2022
Request for further extension to publish the Business Rescue Plan	30 November 2022
Request for further extension to publish the Business Rescue Plan	19 January 2023
Request for further extension to publish the Business Rescue Plan	16 February 2023
Request for further extension to publish the Business Rescue Plan	02 March 2023
Publication of Business Rescue Plan	17 March 2023
Publication of Notice of Meeting to consider the Business Rescue Plan in terms of section 151 of the Companies Act	17 March 2023
Meeting to consider the published Business Rescue Plan in terms of section 151 of the Companies Act	03 April 2023

## **7. STEPS TAKEN SINCE THE APPOINTMENT OF THE BRPs**

### **7.1. Administrative Matters**

#### **7.1.1 Appointment of BRPs**

The BRPs were appointed in terms of section 129(3)(b) of the Companies Act on 11 October 2022.

#### **7.1.2 Management Control**

In terms of section 140(1)(a) of the Companies Act, the BRPs took over full management control of the Company in substitution for its Board and pre-existing Management, but as they were entitled to do, the BRPs delegated certain functions to pre-existing Management in terms of section 140(1)(b).

#### **7.1.3 Notices**

The BRPs have been publishing notices to Affected Persons in terms of the relevant provisions of the Companies Act. All notices that have been published



and circulated to Affected Persons during this Business Rescue can be accessed from the Company's website, being [www.rebosis.co.za](http://www.rebosis.co.za).

#### 7.1.4 Reporting to CIPC and Affected Persons

7.1.4.1 The BRPs have complied with all statutory obligations under chapter 6 of the Companies Act and rendered monthly reports to the CIPC and Affected Persons as contemplated in section 132(3) of the Companies Act.

7.1.4.2 The first report was submitted by the BRPs to CIPC and Affected Persons on 31 January 2023. This report and all subsequent monthly reports until the Publication Date have, as with all notices issued by the BRPs, been circulated to CIPC and Affected Persons.

7.1.4.3 All other notices relevant to the Business Rescue have been (and will continue to be) circulated *via* email to all Affected Persons.

#### 7.1.5 Committee Meetings

It was agreed between the BRPs, Board and Management, that regular meetings would be held with the respective committees of the Company for purposes of providing updates on developments in the Business Rescue.

#### 7.1.6 Appointment of Deloitte to Calculate Potential Liquidation Dividend

7.1.6.1 The BRPs appointed Deloitte as an independent expert to: (i) calculate the potential liquidation dividend that would have been received by Creditors, in their specific classes, if the Company and some of the entities within the Group had been placed into liquidation as at the Commencement Date; and (ii) determine a fair and reasonable estimate of the return to each Secured Creditor, Preferent Creditor and Concurrent Creditor if the Company was liquidated.

7.1.6.2 With regard to the potential liquidation dividend calculation, which is attached as **Annexure C**, if the Company had been placed into liquidation as at the Commencement Date, Concurrent Creditors would have received a dividend of 0c (zero) cents in the Rand.

7.1.6.3 More details regarding the potential liquidation dividend calculation are set out in paragraph 12.

7.1.7 Appointment of Deloitte to develop financial models.

7.1.7.1 The BRPs appointed Deloitte to:

7.1.7.1.1 provide a rolling 13 weekly cashflow forecast to demonstrate liquidity requirements for the Group per Lender during the Business Rescue process;

7.1.7.1.2 undertake a comprehensive review of the property income and expenditure budgets for each respective Group Property to formulate a prudent but robust future cashflow forecast for the Group Property Portfolio ("**Budget Reviews**"); and

7.1.7.1.3 develop a financial model, including projected balance sheets, income statements and cash flow statements for the Company and the Group, for the ensuing three years based on the proposed restructuring plan.

7.1.8 Appointment of Quadrant Properties to prepare valuations.

7.1.8.1 The BRPs appointed Quadrant Properties to prepare valuations for the Group Property Portfolio as of 1 April 2023 based on the Budget Reviews.

7.1.9 Appointment of Java and Black Acres to develop a Restructuring Plan

7.1.9.1 The BRPs appointed Java and Black Acres (corporate finance advisers with specialist property experience) to assist the BRPs in setting out restructuring options available to be included in the Business Rescue Plan considering, *inter-alia*, the Group's high loan-to-value ("**LTV**") and severe liquidity constraints at the time of the BRPs' appointment; including options to maintain as much of the Group's operations as would be commercially possible as an alternative to liquidation.

7.1.9.2 Prior to the appointment of Black Acres, Mr Otis Tshabalala, disclosed to the BRPs his prior relationship and dealings with Mr Thulani Moyo of Black Acres. The BRPs have assessed this relationship and dealings and have

determined that it is not prejudicial to the Company (or to the Group) or this Business Rescue.

#### 7.1.10 Extension for Publication of Business Rescue Plan

7.1.10.1 In terms of section 150(5) of the Companies Act, this Business Rescue Plan was required to be published within 25 (twenty-five) Business Days from the date of appointment of the BRPs. The BRPs obtained an extension from the Creditors as contemplated in section 150(5)(b), to publish the Business Rescue Plan firstly 11 November 2022, secondly 30 November 2022, thirdly 19 January 2023, fourthly on 16 February 2023, fifthly on 02 March 2023 and a further extension to publish on 17 March 2023, for various reasons critical to the publication of a viable Business Rescue Plan.

#### 7.1.11 Publication of Notice of Meeting and Business Rescue Plan

7.1.11.1 This Business Rescue Plan will be published to all Affected Persons within the extended deadline, being 17 March 2023.

7.1.11.2 Publication will take place in the following manner:

7.1.11.2.1 *via* email to all known Affected Persons, to the extent that the email addresses of known Affected Persons are available to the BRPs;

7.1.11.2.2 publication on the website of the Company ([www.rebosis.co.za](http://www.rebosis.co.za)); and

7.1.11.2.3 copies will be made available at the office of the Company from Rizelle Applegreen, from 08:00 to 17:00, between Mondays and Fridays.

7.1.11.2.4 The Notice of Meeting to determine the future of the Company will be delivered to all Affected Persons simultaneously with the publication of the Business Rescue Plan.

#### 7.1.12 Cash Resources

7.1.12.1 As at Commencement Date, the [Company Group](#) had R30 000.00 (thirty thousand Rand) cash available in its bank accounts, held with ABSA,

FirstRand, Nedbank and Standard Bank. Certain of tThese funds together with PCF obtained from the Cessionary Lenders in respect of the Company are being used to cover critical operating expenses during the Business Rescue.

7.1.12.2 The Company generates revenue through ~~its normal trading activities which includes the leasing of commercial properties to government tenants~~ the Property that it owns.

7.1.12.3 A Cash Committee comprising of Management, Deloitte's and the BRPs was also established to provide independent oversight, challenge and rigour to expenditure put forward for payment during the Business Rescue process. All purchase orders and other expenses relating to the Company and the Group are vetted by the Cash Committee before it is approved by the BRPs and the Cessionary Lenders. Without the approval of the Cessionary Lenders and the BRPs no payments can be made.

7.1.12.4 The rental income received from the Properties have been ceded *in securitatem debiti* to certain of the Cessionary Lenders in respect of the Company which security has been enforced by the Cessionary Lenders in respect of the Company (i.e. the Ceded Rentals). Accordingly, the Company and the BRPs did not have access to the Ceded Rentals and required the consent of the Cessionary Lenders. The Cessionary Lenders in respect of the Company have agreed to the Company utilising the Ceded Rentals as PCF subject to the Cessionary Lenders in respect of the Company approving the purpose for which the Ceded Rentals would be used as set out in the Use Agreements.

7.1.12.5 In addition, the BRPs have also implemented immediate cash relief initiatives and explored broader cost optimisation initiatives and suspension of identified non-critical and/or onerous contracts concluded at Group level prior to the Commencement Date in terms of section 136 of the Companies Act, including cancelling all discretionary payments and prioritising critical operating expenses.

7.1.12.6 The BRPs continuously monitor cash flow and financial projections in respect of the Company and the Group, perform regular bank

reconciliations, control payments and enforce general financial and operational controls.

7.1.13 Cash Administration

7.1.13.1 In order to minimise the operating expenses of the Company, the BRPs, together with Management, continue to:

7.1.13.1.1 monitor the cashflow and financial position;

7.1.13.1.2 perform daily bank reconciliations;

7.1.13.1.3 analyse costs;

7.1.13.1.4 control payments; and

7.1.13.1.5 enforce general controls.

7.2. **CREDITORS AND RESTRUCTURING COMMITTEE**

7.2.1. Creditors' Meeting:

7.2.1.1. A first meeting of Creditors, as contemplated in section 147 was convened on 24 October 2022.

7.2.1.2. At the first meeting of Creditors:

7.2.1.2.1. the Business Rescue process was explained, and possible outcomes were presented to the Creditors;

7.2.1.2.2. Creditors were also assisted by providing answers to various questions relating to the Business Rescue process;

7.2.1.2.3. Claims were submitted by some of the Creditors; and

7.2.1.2.4. The creditors elected not to form a Creditors' Committee.

7.2.1.3. The BRPs expressed the view that there was a reasonable prospect of rescuing the Company as part of the Group restructure, subject to obtaining PCF and support from Creditors and other relevant stakeholders.

7.2.2. Restructuring Committee Meetings:

7.2.2.1. The BRPs recommended to all the Lenders of the Group that a Group restructuring committee (“**Restructuring Committee**”) be formed in order to provide a common information platform to all Lenders of the Group to ensure:

7.2.2.1.1. full transparency of financial information;

7.2.2.1.2. streamlining of information requests;

7.2.2.1.3. that any information shared with one Lender is available to all other Lenders;

7.2.2.1.4. understanding of the objectives, position and requirements of each financial institution; and

7.2.2.1.5. that issues affecting Lenders are timeously raised and addressed.

7.2.2.2. The BRPs have maintained contact with the Restructuring Committee on a weekly basis, apart from over the festive season in December 2022.

7.2.3. Consultation During the Development of the Proposed Business Rescue Plan

7.2.3.1. During the Business Rescue, the BRPs consulted with, *inter alia*, representatives of the Lenders, Creditors and other Affected Persons on the development of the proposed Business Rescue Plan to:

7.2.3.1.1. enable them to make representations to the BRPs for consideration, subject to the BRPs’ overall responsibility to publish a Business Rescue Plan which the BRPs regard as representing the best prospects of rescuing the Company as contemplated in the Companies Act; and

7.2.3.1.2. request the Lenders, Creditors and other Affected Persons to submit proposals or suggestions in regard to the proposed Business Rescue Plan to enable the BRPs to consider same prior to the Publication Date.

## 7.3. LEGAL

### 7.3.1. Suspension of Contracts

Section 136(2)(a) authorises the BRPs, during Business Rescue, to entirely, partially or conditionally suspend, for the duration of the Business Rescue, any obligation of the Company that arises under any Contract and would otherwise become due in the course of the Business Rescue. In an effort to preserve cash and to reduce operating expenses at Group level, the BRPs have suspended all non-critical and/or onerous contracts that were concluded prior to the Commencement Date at Group level.

### 7.3.2. Cancellation of contracts

7.3.2.1. The BRPs have the right, in terms of section 136(2)(b) of the Companies Act, to entirely, partially or conditionally cancel any obligation of the Company that arises under any Contract and would otherwise become due during the Business Rescue (whether or not the BRPs are entitled to do so in terms of the provisions of the contract), on application to court.

7.3.2.2. The BRPs have not, as at the Publication Date, cancelled any Contract in terms of section 136(2)(b) of the Companies Act or taken steps to do so, but reserve their right to do so if the BRPs deem necessary.

7.3.2.3. The BRPs also have the right, if the terms of a Contract allow, to cancel such Contract in accordance with its terms.

### 7.3.3. Continuation of Contracts

Where the BRPs have determined it to be in the best interests of the Company to continue with a contract, the Contract has continued and remains of full force and effect.

#### 7.3.4. Other Contracts

Contracts not specifically dealt with in terms of the above paragraphs 7.3.1 to 7.3.3 are subject to ongoing evaluation and negotiations by the BRPs in an effort to mitigate risks and to optimise the Distribution to Affected Persons.

#### 7.3.5. Investigation of the Affairs of the Company

7.3.5.1. Section 141(1) of the Companies Act requires that “*as soon as practicable after being appointed, a practitioner must investigate the company’s affairs, business, property, and financial situation, and after having done so, consider whether there is any reasonable prospect of the company being rescued*”.

7.3.5.2. In the course of their investigations, into whether or not a reasonable prospect exists for the Company to be rescued, the BRPs have concluded that by implementing the proposed Business Rescue Plan there is a reasonable prospect of the Company continuing in existence on a solvent basis, alternatively, that a better return for Creditors or Shareholders can be achieved in Business Rescue than would result from the immediate liquidation of the Company.

7.3.5.3. Section 141(2) of the Companies Act provides that if at any time during Business Rescue the BRPs conclude that there is evidence, in the dealings of the Company before the Commencement Date of:

7.3.5.3.1. voidable transactions or the failure by the Company or any director to perform any material obligation relating to the Company, the BRPs must take any necessary steps to rectify the matter and may direct management to take appropriate steps;

7.3.5.3.2. reckless trading, fraud or other contravention of any law relating to the Company, the BRPs must forward the evidence to the appropriate authority for further investigation and possible prosecution and direct management to take any necessary steps to



rectify the matter, including recovering any misappropriated assets of the Company.

7.3.5.4. The BRPs are continuing to investigate the dealings of the Company prior to the Commencement Date, but have, to date, not found, or been presented with, any cogent evidence of any voidable transactions or misconduct that would require the BRPs to take any further steps contemplated in Section 141(2) of the Companies Act. Should any such evidence surface, or be provided, after the Publication Date, the BRPs will immediately report on it to all Affected Persons and/or take any appropriate steps.

7.3.6. General

7.3.6.1. The BRPs were required to engage the Advisors on, *inter alia*, issues relating to:

7.3.6.1.1. competition;

7.3.6.1.2. tax;

7.3.6.1.3. legal;

7.3.6.1.4. regulatory requirements;

7.3.6.1.5. technical;

7.3.6.1.6. contractual disputes;

7.3.6.1.7. PCF;

7.3.6.1.8. PCF agreements;

7.3.6.1.9. property restructuring;

7.3.6.1.10. the disposal process;

7.3.6.1.11. Claims against the Company; and

7.3.6.1.12. various issues arising out of the Business Rescue including this Business Rescue Plan.

## 7.4. BUSINESS RESCUE INITIATIVES

### 7.4.1. Management Restructuring Plan

7.4.1.1. Between 2018 and 2022, Management attempted various restructuring initiatives at Group level, including the disposal of certain assets to raise liquidity but none of these restructuring initiatives were successful.

7.4.1.2. In August 2021, the Group concluded a disposal transaction with Vunani Capital Partners. The transaction did not proceed and subsequently, Management formulated a turn-around strategy which sought to address:

- the Group's balance sheet constraints, with an immediate priority to reduce LTV to below bank covenants levels of 50%, improving the interest cover ratio ("ICR") to at least 2 times and extending its debts terms;
- an ongoing operational focus on leasing alternatives to reduce vacancies, increase tenant retention and introduce new tenants to the Group. These initiatives were expected to differentiate the Company's assets, increase consumer footfall and subsequent tenant demand in especially the retail portfolio; and
- the rising interest rates, the large reversions on lease renewals, the non-renewal of leases by certain key tenants, large rise in municipal costs coupled with the ongoing Eskom challenges of which created an environment that made it challenging for the company to continue operating as a viable entity.

7.4.1.3. In terms of the turn-around strategy, the Group had initially planned to place a total of 25 assets on the market for disposal. These assets comprised of 23 commercial buildings and 2 retail centres. In identifying the assets earmarked for disposal, Management considered non-core assets as well

as key assets that were trading well but required some capital injections for capex and tenant installation to unlock the embedded value in these assets.

7.4.1.4. The Group did not have sufficient liquidity to provide sufficient time for the Group to develop and implement these initiatives. Based on this and coupled with regulatory concerns, the Board was of the view that implementing these restructuring initiatives and plans through Business Rescue will increase the reasonable prospect of rescuing the Company.

#### 7.4.2. Post-Commencement Finance

7.4.2.1. This special form of financing provided and made available for companies under Financial Distress, typically during a formal Business Rescue, is critical to avoid operations coming to a standstill and a company collapsing into liquidation.

7.4.2.2. PCF, as envisaged in Chapter 6 of the Companies Act, is one of the most imperative building blocks to a successful restructure of a Financially Distressed company. It also represents the biggest challenge for BRPs to enable the business to be successfully restructured.

7.4.2.3. As mentioned in 7.1.12.2 and 7.1.12.4, the Cessionary Lenders of the Group and of the Company have agreed to the BRPs utilising the Ceded Rentals in accordance with the terms of the Use Agreements to cover critical operating expenses for the Group, general working requirements including salaries and Business Rescue Costs for the Group. The Ceded Rentals utilised as aforesaid are treated as PCF.

## 8. TRADING ACTIVITIES FOLLOWING THE COMMENCEMENT DATE

8.1 The Company continues trading and remains operational. The Business Rescue process has provided an opportunity for the BRPs to continue operating the Business so as to preserve its goodwill through an effective moratorium in respect of all legal proceedings and claims against the Company and the Group. If the Group's ability to continue trading was in any way hindered, alternatively stopped, it would have resulted in the financial collapse of the Group, and an outcome that would have been detrimental to the interests of all Group stakeholders including Creditors and employees of the Group ("**Group Employees**").

- 8.2 The BRPs' main focus has been to stabilise the Business in order to ensure that the Company continues with the business operations as normal with minimal disruptions, and that the economic value of the Business is maintained, and that jobs are preserved.
- 8.3 Both Management and the BRPs have continuously engaged with suppliers and customers, all of whom have expressed support to the Company and the Group. This is demonstrated largely, by the fact that service providers continued providing goods and services on the same terms and conditions that existed before the commencement of Business Rescue proceedings.
- 8.4 In addition, tenants were engaged on a regular basis to ensure that their requirements were met in relation to, *inter alia*, capex, maintenance, lease extensions and placing of new tenants to maintain and increase revenue stream. In addition, key new tenants which include national blue-chip tenants were sourced during Business Rescue. The focus was mainly on the retention of current tenants and of bringing in new tenants.
- 8.5 It should be noted that since the commencement of Business Rescue, there has been a significant improvement on the rate of monthly rental collections. Some of the long outstanding arrear's accounts have been resolved through discount initiatives that have been introduced, resulting in recovery of necessary cash for the Business.

## **9. MATERIAL ASSETS OF THE COMPANY AS AT THE COMMENCEMENT DATE (INCLUDING ESTIMATED REALISATION VALUE ON LIQUIDATION)**

As required in terms of section 150(2)(a)(i) of the Companies Act, a complete list of all material assets of the Company at book value, as well as an indication as to which assets were held as security by Creditors as at Commencement Date, is attached hereto as **Annexure A**.

## **10. CREDITORS OF THE COMPANY AS AT THE COMMENCEMENT DATE**

- 10.1 A list of the Creditors, as reflected in the Company's records, as at the Commencement Date, is attached hereto as **Annexure B**.
- 10.2 As required in terms of the Companies Act, **Annexure B** indicates:
- 10.2.1 which Creditors have proved their Claims;

- 10.2.2 the Creditors' ranking in terms of the Insolvency Act;
- 10.2.3 the Creditors' voting interest determined and calculated in terms of the Companies Act, according to the Claim amount approved by the BRPs; and
- 10.2.4 which persons are Disputed Creditors, including the extent of their Disputed Claims.
- 10.3 The BRPs accept the Company records as being correct in respect of all Claims and Disputed Claims, unless proven otherwise in terms of the Dispute Resolution Mechanism.
- 10.4 All persons who believe that they have a Claim are referred to **Annexure B** and should treat **Annexure B** as the BRPs' notification of the Claims in this Business Rescue for purposes of the Dispute Resolution Mechanism contemplated in paragraph 33. If any person disagrees with the information provided in **Annexure B** (being a Creditor with a Disputed Claim), such persons should utilise the Dispute Resolution Mechanism set out in this Business Rescue Plan.
- 10.5 Any person who is not recognised as a Creditor in **Annexure B** must follow the Dispute Resolution Mechanism set out in this Business Rescue Plan.
- 10.6 **Payment waterfall in Business Rescue**
- 10.6.1 In terms of section 135 of the Companies Act, to the extent that there are funds available to pay categories of Creditors, the Distribution to Creditors will be made in the following order of priority in terms of the Business Rescue Plan and while the Company is under Business Rescue:
- 10.6.1.1 Pre-commencement secured claims (subject to the deduction of the costs and expenses (including BRP's remuneration and expenses) as provided for in 10.6.3 of the Business Rescue Plan);
- 10.6.1.2 the BRPs' remuneration and expenses, including but not limited to the Business Rescue Costs;
- 10.6.1.3 secured PCF Claims;
- 10.6.1.4 unsecured PCF Claims; and

10.6.1.5 Concurrent Creditors.

10.6.2 The proceeds from the Secured Properties will be Distributed as follows:

10.6.2.1 A Secured Creditor (including a PCF Creditor who holds security) will receive the net proceeds obtained from a sale of the realization of the Secured Property(ies) as set out in this Business Rescue Plan up to the security value of their claim after the deduction of such costs and expenses as authorized by the Business Rescue Plan or with the consent of the relevant Secured Creditor.

10.6.2.2 If the proceeds received are less than the value of the Claim, then any residual Claim shall be treated as a Claim forming part of the Claims of Concurrent Creditors. -The Secured Creditor Claim will only become concurrent in nature after all of the Properties encumbered in its favour have been sold.

10.6.3 The costs to be deducted from the proceeds obtained from the realization of Secured Property(ies) as set out in 10.6.1.1 and 10.6.1.2 include inter alia the following –

10.6.3.1 Transaction costs arising from the sale of the Secured Property;

10.6.3.2 Bond cancellations fees; and

10.6.3.3 Rates and clearance costs.

## 11 CREDITORS' VOTING INTEREST AND VOTING BY PROXY

11.1 In terms of the Companies Act and for the purposes of any vote by Creditors:

11.1.1 a Creditor recognised with a Claim in **Annexure B** has a voting interest equal to the value of the amount owed to that Creditor by the Company as reflected in **Annexure B**; and

11.1.2 a Creditor who would have a subordinated claim in liquidation has a voting interest, as independently and expertly appraised and valued at the request of

the BRPs, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of the Company.

- 11.2 A Creditor who has a Disputed, contingent, prospective, damages or unliquidated Claim will only be entitled to vote on the approval of this Business Rescue Plan to the extent determined by the BRPs in their discretion.
- 11.3 A Creditor with a Claim for PCF will have a voting interest in the Business Rescue of the Company for the amount owed by the Company to that Creditor.
- 11.4 Although the National State of Disaster and other regulations and measures implemented by the Government of the Republic of South Africa pursuant to the global outbreak of COVID-19 were lifted on 04 April 2022, the BRPs propose that the following process will apply in respect of the Section 151 Meeting (meeting to determine the future of the Company), voting called for in terms of section 152 of the Companies Act (consideration of the Business Rescue Plan) and voting called for in terms of section 143(3) of the Companies Act -
  - 11.4.1 As set out above, the BRPs have consulted with the Lenders, critical Creditors, Group Employees (in respect of the relevant Group companies), certain key Shareholders and other key role players on the development of the proposed Business Rescue Plan prior to the Publication Date. The BRPs have attempted to deal with all questions and/or suggestions prior to the Publication Date.
  - 11.4.2 Pursuant to the Publication Date, Affected Persons are requested to provide any further questions and/or proposed amendments to the BRPs prior to the Section 151 Meeting so that the BRPs can consider and address same prior to the meeting to [businessrescue@ascensionproperties.co.za](mailto:businessrescue@ascensionproperties.co.za).
  - 11.4.3 The Section 151 Meeting will be held electronically. A Microsoft Teams hyperlink providing access to the meeting will be circulated prior to the meeting.
  - 11.4.4 All voting will be conducted by way of proxy. A form of proxy will be included in the notice of the Section 151 Meeting. All forms of proxy given on behalf of a company, a legal entity or a trust must be accompanied by a valid and authorised resolution supporting the appointment of the proxy. Completed forms of proxy must be emailed to [businessrescue@ascensionproperties.co.za](mailto:businessrescue@ascensionproperties.co.za).

- 11.4.5 Creditors are encouraged to lodge their forms of proxy as soon as possible, however, will be afforded an opportunity to lodge their proxy forms by no later than 17h00 on Friday, 31 March 2023.
- 11.4.6 In the event that during the Section 151 Meeting further questions are raised and/or proposed amendments are moved, the BRPs will address such questions and/or proposed amendments and Creditors will be afforded an opportunity to amend their forms of proxy, should they so wish, during the Section 151 Meeting.
- 11.4.7 Creditors who provided forms of proxy prior to the Section 151 Meeting will be deemed to have accepted any amendments made to the Business Rescue Plan during the Section 151 Meeting, unless expressly advised otherwise in writing by way of an amended form of proxy submitted to the BRPs during the Section 151 Meeting and prior to the announcement of the outcome of the vote on the Business Rescue Plan.
- 11.4.8 Notwithstanding what has been stated in this paragraph, the BRPs have a discretion to accept any form of proxy submitted or change the process referred to above, which change will be notified to Affected Persons.
- 11.5 The voting interests of Creditors, as at the Publication Date, is set out in **Annexure B**.

## **12 PROBABLE DIVIDEND ON LIQUIDATION**

- 12.1 The BRPs have engaged Deloitte, as an independent expert, to calculate the potential dividend in a liquidation scenario as at the Commencement Date.
- 12.2 The calculation of a liquidation dividend as at the Commencement Date is based on an independent exercise undertaken by Deloitte. Affected Persons are encouraged to carefully consider the calculation presented by Deloitte and satisfy themselves as to the accuracy thereof. If any Affected Person requires a full copy of the liquidation and distribution report, please contact Matimu Mandlhazi of Genesis at [matimu@gcs-sa.co.za](mailto:matimu@gcs-sa.co.za). The report is available to Affected Persons on signature of a hold harmless letter, as detailed in paragraph 12.8.6.
- 12.3 Deloitte relied on financial and other information provided to it by the Company and discussions with the BRPs, for the purpose of calculating the liquidation dividend as



at Commencement Date, and the approximate realisation value is set out in the full liquidation calculation document prepared by Deloitte.

- 12.4 Deloitte was requested to undertake the liquidation calculation on the basis of a final liquidation order being granted against the Company. In a final liquidation, the value is expected to be significantly eroded and certain assets within the Company would need to be sold on a fire sale basis.
- 12.5 The probable dividend which Concurrent Creditors would receive if the Company was to be placed in liquidation, as at Commencement Date, is 0c (zero) cents in the Rand. The liquidation calculation is attached as **Annexure C**.
- 12.6 Based on the dividend calculation of Deloitte as at Commencement Date, the BRPs estimate that the probable dividend which Concurrent Creditors would receive if the Company was placed in liquidation, as at the Publication Date, would still be 0c (zero) cents in the Rand.
- 12.7 The figures in paragraphs 12.5 and 12.6 take into account the costs associated with liquidation, as calculated in terms of the Insolvency Act.
- 12.8 Deloitte further records the following in respect of its report:
- 12.8.1 the probable liquidation dividend may not necessarily meet the Affected Persons' requirements or objectives or address the specific circumstances of the purpose for which access to the probable liquidation dividend is required by the Affected Persons;
- 12.8.2 the probable liquidation dividend does not constitute tax, accounting or legal advice to any Affected Persons and Affected Persons are advised to consult an independent attorney, accountant or any other professional advisor;
- 12.8.3 Deloitte shall not be held responsible for any acts or omissions taken by an Affected Persons' reliance on the liquidation dividend. Any reliance by the Affected Persons on the probable liquidation dividend is entirely at the Affected Persons' own risk;
- 12.8.4 Deloitte does not warrant or represent that the information set out in the probable liquidation dividend calculation is sufficient or appropriate for the purpose for

which access to the probable liquidation dividend is required by the Affected Persons;

- 12.8.5 Deloitte neither owes nor accepts any legal duty to the Affected Persons whether in contract or in delict (including without limitation, negligence and breach of statutory duty), or howsoever otherwise arising, and shall not be liable in respect of any loss, damage or expense of whatsoever nature which is caused by the Affected Persons' use of (or conclusions drawn by it) the output, or upon any representation, statement, judgement, explanation or other information obtained from Deloitte or made in relation thereto; and
- 12.8.6 Deloitte requires that any Affected Person requesting a copy of the detail supporting the liquidation dividend sign a hold-harmless letter in favour of Deloitte. The liquidation estimated outcome statement, if supplied under a hold harmless letter, will be a redacted version due to the commercial sensitivity of the information contained therein and in order to protect the interests of all Affected Persons.

### **13 HOLDERS OF THE COMPANY'S ISSUED SECURITIES**

As required in terms of section 150(2)(a)(iv) of the Companies Act, the Shareholder referred to in 4.1 above is the holder of the Company's issued securities.

### **14 THE BRPs' REMUNERATION**

- 14.1 The regulations to the Companies Act prescribe an hourly tariff (inclusive of VAT) for the payment of the fees of a business rescue practitioner. This is contained in **Annexure D** to the Business Rescue Plan.
- 14.2 The BRPs' remuneration is based on the tariff in the Companies Act, in respect of a large-sized company. This is based on a company's public interest score as at Commencement Date. The Company's public interest score, calculated in terms of Regulation 26(2) of the Companies Act, as at Commencement Date, was 1702.
- 14.3 A company is regarded as a large-sized company if its public interest score is more than 500.

14.4 A success fee may become payable in respect of a sale of Secured Property such fee will be agreed between the BRPs and the relevant secured Creditor and will be paid by the Secured Creditor.

14.5 A separate meeting after the Section 151 Meeting will be convened to approve the proposed agreement in accordance with the provisions of section 143 of the Companies Act.

**15 STATEMENT ABOUT WHETHER THE BUSINESS RESCUE PLAN INCLUDES A PROPOSAL MADE INFORMALLY BY A CREDITOR**

15.1 As required in terms of section 150(2)(a)(vi) of the Companies Act, this Business Rescue Plan does not include any informal proposal made by a Creditor or Creditors of the Company.

**[END OF SECTION]**

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## PART B – PROPOSAL

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### 16 MORATORIUM

- 16.1 The moratorium imposed by section 133, read with section 150(2)(b)(i) of the Companies Act, prohibits any legal proceedings, including enforcement actions, against the Company, or in relation to any property belonging to the Company or lawfully in its possession, from being commenced or being proceeded with for the duration of the Business Rescue of the Company.
- 16.2 This means that no person is entitled to proceed in any forum against the Company for non-payment of debts during the Business Rescue of the Company unless *inter alia* the BRPs or the High Court of South Africa consent to any such proceedings.
- 16.3 The intention of a moratorium, within the context of a Business Rescue, is to give the Company breathing space and a window of opportunity while it establishes and publishes a Business Rescue Plan.
- 16.4 The moratorium in relation to the Company took effect from the Commencement Date and will remain in place until the termination of the Business Rescue of the Company in accordance with the provisions of the Companies Act.

### 17 OBJECTIVE AND PURPOSE OF BUSINESS RESCUE

- 17.1 The purpose of Business Rescue as outlined in Chapter 6 of the Companies Act, read with section 7(k) of the Companies Act, is to provide for the efficient rescue and recovery of Financially Distressed companies, in a manner that balances the rights and interests of all relevant stakeholders.
- 17.2 This Business Rescue Plan seeks to:
- 17.3.1 rescue the Company by implementing the Proposed Restructuring Plan;

- 17.3.2 provide Affected Persons with information reasonably required to facilitate them in deciding upon this Business Rescue Plan, including information upon which Affected Persons may:
- 17.3.2.1 assess the likely outcome of the dividend yield calculation under Business Rescue; and
  - 17.3.2.2 be reasonably assured of the likelihood of obtaining a better outcome under Business Rescue, when compared to a liquidation.

## **18 SUMMARY OF THE PROPOSED RESTRUCTURING PLAN**

- 18.1 The BRPs, together with Management and the Advisors, conducted an objective and independent assessment of the Company and the wider Group and evaluated various Business Rescue scenarios as part of the Group's restructure (which would also result in the rescue of the Company).
- 18.2 Pursuant to conducting the aforesaid assessment and evaluation, and after consultation with the relevant Affected Persons, the BRPs are of the view that the best available restructuring options under the prevailing circumstances to rescue the Company (which options will also be applicable to the remaining entities in the Group) (as contemplated in section 128 (1) (b) of the Companies Act) entails the Proposed Restructuring Plan as set out in paragraph 19 below.
- 18.3 In terms of the Proposed Restructuring Plan, the Company (and each other Group company which owns a Group Property) will offer for sale all the Properties (and the remaining Group Properties by the applicable Group companies) pursuant to a Public Sales Process (which process will be set out in the SENS Announcement) with the objective of repaying the Secured Debt of the Company (and each relevant Group Company) in accordance with 10.6, and after having regard to the Secured Properties which have not been disposed of, or been Taken Over by the relevant Secured Creditors of the Company (and of each applicable Group company), at the end of the Public Sales Process Period (i.e., the Remaining Group Property Portfolio), determining the viability of a Balance Sheet Restructure of the Company and the Group as set out in 19.3.1.2 and 19.6.

- 18.4 Secured Creditors of the Company and Group will have an election to Take Over any qualifying Secured Properties against their Secured Debt in accordance with the provisions of the Business Rescue Plan as set out in clause 19.5 below.
- 18.5 The Public Sales Process will endure for a period of 12 months unless extended in terms of the Business Rescue Plan (i.e., the Public Sales Process Period).
- 18.6 If it is determined in accordance with the provisions of the Business Rescue Plan (as set out in 19.6.2 below) that a Balance Sheet Restructure of the Company and the Group is viable, the BRPs shall implement the Balance Sheet Restructure in accordance with the provisions of the Business Rescue Plan, with the main objective of significantly reducing debt levels (if required) and bringing the Group out of Financial Distress.
- 18.7 A Balance Sheet Restructure which has been determined to be viable in accordance with the provisions of the Business Rescue Plan may involve a reduction of the Company's and the Group's debt by either or a combination of:
- 18.7.1 the issuance of new equity (in the Company and/or in Rebosis Property Fund, where applicable); and
- 18.7.2 a write-off of and/or restructure of debt by Creditors of the Company and/or Creditors of the Group);
- 18.8 Affected persons to take note that raising any significant equity for the Company or Rebosis Property Fund, whether by rights issue, conversion of debt to equity or another form of share issuance is likely to require an issuance of in excess of 30% of both classes of the Company's or Rebosis Property Fund's shares in issue, for which approval of the Company's or Rebosis Property Fund shareholders, by special resolution will be required in accordance with section 41(3) of the Companies Act. This will be in addition to any other regulatory approvals required for an equity issuance. In such circumstances, requisite prior approval from existing shareholders will need to be obtained.
- 18.9 The Wind Down Process contemplated in clause 19.7 below will apply as set out in 19.7.1.

- 18.10 The advantages of proceeding with this Business Rescue Plan are, *inter alia*, as follows:
- 18.10.1 Pursuant to the Public Sales Process, the sale of the Properties (and the remaining Group Properties) will be undertaken in an orderly and managed process that will seek to optimise value of Properties.
- 18.10.2 In the event of a viable Balance Sheet Restructure which is successfully implemented in respect of the Remaining Group Property Portfolio, this may result in:
- 18.10.2.1 retention of some Group Employees; and
- 18.10.2.2 the continuation of the business of the Company.
- 18.10.3 Group Employees who are retrenched would be in a better position than in a liquidation. Group Employees would receive their full retrenchment entitlement in Business Rescue.
- 18.10.4 The total costs will be less than the costs of liquidation.
- 18.11 Affected Persons are referred to paragraph 25 below for more information relating to the advantages of proceeding in terms of this Business Rescue Plan as opposed to a liquidation.
- 18.12 Nothing contained in the Business Rescue Plan shall oblige any PCF Creditor/Cessionary Lender to continue providing PCF for the duration of the Business Rescue Process (unless expressly required by a written agreement signed by the PCF Creditor/Cessionary Lender) and any PCF shall only be provided by such PCF Creditor/Cessionary Lender at the sole discretion of the PCF Creditor/Cessionary Lender.
- 18.13 Each Cessionary Lender shall be entitled to terminate the entitlement of the Company or any Group company to utilise the Ceded Rentals, whether such entitlement is pursuant to a Use Agreement, or any other agreement or arrangement reached between the BRPs and the Secured Creditor/Cessionary Lender.

18.14 The PCF Creditor/Cessionary Lender and the Secured Creditors shall not be liable for any loss caused to the Company and/or any Group Company and/or any Creditor which may arise as a result of any decision to discontinue providing PCF or to discontinue the use of the Ceded Rentals, as the case may be.

## 19 THE PROPOSED RESTRUCTURING PLAN

19.1 The Proposed Restructuring Plan seeks to achieve the following Distributions:

19.1.1 Payment of the Claims of Secured Creditors (including PCF Creditors) as set out in 10.6.2; and

19.1.2 An estimated possible dividend of 1.10 (one point one cents) in the Rand to Group Concurrent Creditors subject to the risks and assumptions set out in this Business Rescue Plan. This Distribution will be derived as a first charge from the Surplus Sales Proceeds derived from the Group Properties, if any, due to BVI subject to a maximum amount of R30 million (thirty million Rand) only and will be paid upon Substantial Implementation in relation to all Group Companies in Business Rescue. The Distribution to Group Concurrent Creditors is therefore subject to sufficient Surplus Sales Proceeds derived from the Group Properties being available.

19.2 Rebosis Positioning

19.2.1 Group Debt Levels:

19.2.1.1 The Company and the Group is financially distressed with liquidity constraints and high debt levels which resulted in the commencement of Business Rescue Proceedings in respect of certain entities within the Group.

19.2.1.2 The lack of liquidity and access to capital limits the Company and the Group's ability to, *inter-alia*:

19.2.1.2.1 undertake strategic capital expenditure necessary to secure new tenants to fill up existing vacancies; and

19.2.1.2.2 undertake critical capital expenditure necessary to satisfy and retain existing tenants; and



- 19.2.1.2.3 undertake necessary tenant installations for lease renewals upon renewing leases for existing tenants to prevent additional vacancies.
- 19.2.1.3 A significant reduction in total Group debt levels and the retention of a sustainable Remaining Group Property Portfolio is required to restore the Company and the Group to solvency.
- 19.2.1.4 This Proposed Restructuring Plan seeks to reduce the debt of the Company and the Group, and to determine (in accordance with the provisions of the Business Rescue Plan) whether the Company and the Group can be returned to solvency, and if not possible, ensure an outcome which is better than an immediate liquidation.
- 19.2.2 Intra-Group Debt Security Arrangements:
- 19.2.2.1 The Group operates on a consolidated basis and has used immovable property owned by various Group companies to provide different types of security to various secured lenders.
- 19.2.2.2 These cross-security arrangements have been implemented on an intra-Group basis.
- 19.2.2.3 In view of the structure of the Group and the intra Group arrangements the Business Rescue Plans of the relevant Group Companies will seek to implement the Proposed Restructuring Plan to benefit the Group as a whole, failing which to at least ensure a better outcome for each Group Company which is better than an immediate liquidation.
- 19.2.3 Group Debt Service Costs:
- 19.2.3.1 As a result of the unsustainable debt levels, and the liquidity constraints of the Company, the Company is unable to fund the debt service costs, which in turn exacerbates the liquidity issues of the Company and the Group.
- 19.2.3.2 A reduction in overall debt levels by the Group will result in reduced debt servicing costs.
- 19.2.3.3 A reduction in overall debt levels will be achieved, *inter-alia*:

19.2.3.3.1 By implementing the Public Sales Process; and

19.2.3.3.2 If viable, a Balance sheet Restructure.

19.2.4 Property Fundamentals:

19.2.4.1 In addition to the Company's balance sheet being over-gearred, the Property Portfolio faces various challenges which negatively impacts the income generating potential and value of the Property Portfolio, including:

19.2.4.1.1 high vacancy rates ~~at certain retail and commercial properties;~~

19.2.4.1.2 the prospect of substantial negative reversions in rental renewals for certain tenants;

~~19.2.4.1.3 a number of sovereign tenants currently on month-to-month leases;  
and~~

~~19.2.4.1.4~~ 19.2.4.1.3 capital expenditure requirements.

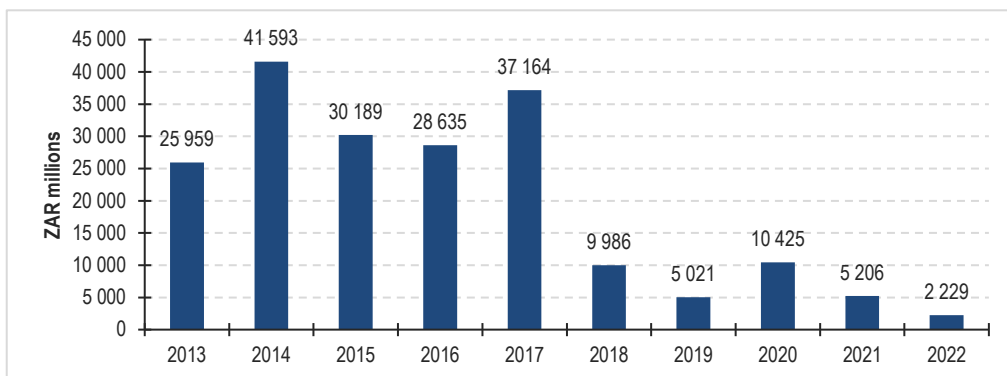
19.2.4.2 A significant reduction in total Group debt levels is an important component in freeing up operating cashflow and providing new borrowing headroom to enable the Company to undertake capital expenditure, which is required to retain existing tenants and secure new tenants.

19.2.4.3 Access to Equity Capital Markets - as a REIT listed on the JSE, the ability for the Group to raise equity is not only influenced by the historic financial performance of the Group and its future prospects, but also by the availability of equity capital for allocation to REITs generally and to the Company specifically.

19.2.4.4 Since the start of 2018, the JSE listed real estate sector has experienced depressed market conditions resulting in a significant decline in capital raised:

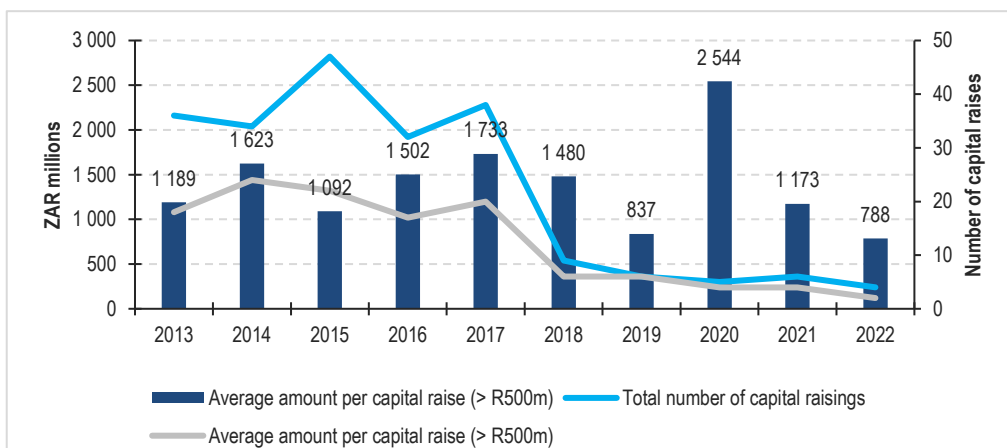
19.2.4.4.1

The total quantum of equity raised decreased by 73% from 2017 to 2018 and a further 50% from 2018 to 2019. The decline in these are subsequent years are illustrated in the table below:



19.2.4.4.2

The number of capital raises and the average quantum per capital raise has declined significantly as illustrated in the table below:



19.2.4.4.3

Demand from investors is affected by inclusion in domestic and global property indices that are benchmarks for asset managers and index trackers. As at 10 March 2023, entry into the SAPY requires, *inter alia*, a minimum free float adjusted aggregate market cap of approximately R5.1 billion.

19.2.4.4.4

With regards to planning an equity raise on the JSE, the following key factors must be considered:

9.2.7.4.4.1

Current Business Rescue status;

- 9.2.7.4.4.2 Significant size of a capital raise required to reduce debt to acceptable levels having regard to LTV and ICR metrics;
- 9.2.7.4.4.3 Prevailing equity capital raising environment affecting REITs;
- 9.2.7.4.4.4 Requisite timelines for an equity capital raise;
- 9.2.7.4.4.5 Existing Group cash flow pressures; and
- 9.2.7.4.4.6 Delays and uncertainty in obtaining the required shareholder approval.

19.2.4.5 Following on the above, it is considered unlikely that the Group is in a position to feasibly undertake a significant equity capital raise under current conditions.

### 19.3 Proposed Restructuring Steps

19.3.1 The proposed restructuring steps include the following:

19.3.1.1 **Property Portfolio Restructure** - which will be achieved through:

19.3.1.1.1 the Public Sale Process; and / or

19.3.1.1.2 Take-Over By Secured Creditors.

19.3.1.2 **Balance Sheet Restructure** – the viability of which will be determined based on the following factors:

19.3.1.2.1 the outcome of the Public Sales Process and an assessment of the Property remaining in the Company, and if applicable, as part of the Remaining Group Property Portfolio by the BRPs, ~~the BRPS of the other companies in the Group~~ ("Group BRPs") and the remaining Secured Creditors of the Company and, if applicable, by the Group ~~Group~~—whom have Secured Claims in respect of the Remaining Group Property Portfolio ("**Remaining Secured Creditors**").

19.3.1.2.2 the agreement by the Remaining Secured Creditors of the Company and Remaining Secured Creditors to allow their Secured Properties to be retained on terms and conditions acceptable to them.

19.3.1.2.3 the ability of Rebosis Property Fund (and to the extent required the Company) to issue equity taking into account any regulatory and Shareholders' approval by special resolution required in accordance with section 41(3) of the Companies Act to do so. The Secured Creditors of the Group will also need to agree to their remaining debt, or any part thereof being converted into equity.

19.3.1.2.4 the BRPs and the Group BRPs in so far as the wider Group is concerned being satisfied that there are reasonable grounds to believe that the Company and the Group will be solvent and liquid for a period of 12 months after the implementation of the Balance Sheet Restructure.

19.3.1.2.5 any other relevant factors as determined by the BRPs.

#### 19.4 Property Portfolio Restructure

19.4.1 Due to the size of the Group Property Portfolio and its high LTV and, in particular, the liquidity constraints of the Group, the BRPs would be required to raise a significant amount of equity to reduce current overall debt to a sustainable level.

19.4.2 It is therefore proposed that the Company and the Group disposes of the Sale Properties pursuant to the Public Sales Process and/or for Secured Creditors to Take Over their Secured Properties (in reduction of the secured debt owed to such Secured Creditor) to enable the BRPs to reduce the debt of the Company and the Group BRPs in respect of the Group, and depending on the outcome of the Property Portfolio Restructure, to consider the viability of implementing a Balance Sheet Restructure.

19.4.3 The Public Sales Process will endure for the Public Sales Process Period unless extended with the approval of 75% of the voting interests of the Secured Creditors of the Company in respect of any Properties which have not been disposed of or Taken Over ("**Remaining Company Secured Creditors**") taking into consideration the remaining Properties which have not been already disposed of, Taken Over or otherwise excluded or to be excluded from the extension of the Public Sales Process, and determined as at the date on which the vote is to be conducted, subject to the provisions of paragraph 19.4.6.

- 19.4.4 The Public Sales Process, as agreed to between the Secured Creditors and the BRPs, will be published in the SENS Announcement.
- 19.4.5 The Public Sales Process will include, inter alia, the following:
- 19.4.5.1 Any interested party who complies with the participation requirements as set out in [19.4.5.2](#)~~19.4.5.1~~ will be entitled to participate in the Public Sales Process on the terms contained in the SENS Announcement to be published by the Company upon initiation of the Public Sales Process and to be contained in the Sales Process Letter to be provided to interested parties.
- 19.4.5.2 Participants will be required to *inter alia* pay a non-refundable registration fee of R5 000 to the BRPs, conclude a standardised confidentiality agreement with each Group Company and provide information such as:
- 19.4.5.2.1 full name and/or registration number of the person who will be submitting any offers;
- 19.4.5.2.2 overview of any existing portfolio owned and/or managed by the prospective participant;
- 19.4.5.2.3 identity of prospective participant's intended banking and/or equity partners;
- 19.4.5.2.4 participant's rationale for seeking to participate in the Public Sales Process;
- 19.4.5.2.5 if available, a confirmation letter from intended debt and/or equity providers to state willingness to fund participation in the Public Sales Process and what approvals may be required in order to secure such funding;
- 19.4.5.2.6 overview from prospective participant on material internal and/or shareholder approvals which will be required in order for it to conclude a transaction pursuant to the Public Sales Process; and
- 19.4.5.2.7 whether the prospective participant is a related person as defined in the Listing Requirements.

- 19.4.5.3 All participants and/or preferred bidders will be required to submit EOIs, Binding Offers and/or Final Offers and/or conclude Final Sale Agreements as the case may be by specified dates which are set out below and as contained in the Sales Process Letter.
- 19.4.5.4 No participant and/or preferred bidder shall be entitled to have access to any EOI, Binding Offer and/or Final Offer submitted by any other participant and/or preferred bidder, as the case may be.
- 19.4.5.5 A table setting out the indicative Public Sales Process Timeline which will be used to determine the deadlines is set out below.

<i>SENS Announcement</i>	<i>Within 1 week of Adoption Date</i>
Registration of interest by participants ("Participation Registration Date")	Within 5 weeks of SENS Announcement
Submission of EOI ("EOI Submission Date")	Within 5 weeks of SENS Announcement
Notification of preferred bidders ("Preferred Bidder Notification Date")	Within 5 weeks of SENS Announcement
Due Diligence Phase ("DD Period")	7 weeks commencing from Preferred Bidder Notification Date
Submission of Binding Offers ("Binding Offer Date")	No later than 7 weeks commencing from Preferred Bidder Notification Date
Submission of Final Offers ("Final Offer Date")	Within 3 weeks of the Binding Offer Date
Selection of final purchaser and conclusion of Final Sale Agreement	As soon as selection of Final Purchasers has been made, but no longer than 1 week from submission of Final Offer Date

19.4.5.6 These deadlines are merely indicative and may be reduced in the discretion of the BRPs where necessary and required.

19.4.5.7 The Public Sales Process will be structured sequentially as follows –

19.4.5.7.1 EOI Phase (comprising the period from the Sens Announcement until the Preferred Bidder Notification Date);

19.4.5.7.2 Due Diligence and Offer Phase (comprising the period from the Preferred Notification Date until the Final Offer Date); and



- 19.4.5.7.3 Award Phase (comprising the period from the Final Offer Date until the Final Sale Agreement is concluded).
- 19.4.6 Outcomes:
- 19.4.6.1 All offers to acquire any Sale Property(ies) made pursuant to the Public Sales Process must be approved by the relevant Secured Creditor before the transaction may be implemented by the BRPs.
- 19.4.6.2 Where a sale has not been approved by the relevant Secured Creditor, the Final Sale Agreement may not be implemented by the BRPs and such Properties will remain in the Company-, subject to the Take Over rights of the relevant Secured Creditors in accordance with the Business Rescue Plan.
- 19.4.6.3 Where no EOI and/or Binding Offer and/or Final Offer is received in respect of a Property, or where no Final Sale Agreement is concluded, such Property will remain owned by the Company- subject to the Take Over rights of the relevant Secured Creditor in accordance with the Business Rescue Plan.
- 19.4.6.4 Nothing in the Public Sales Process or in the Business Rescue Plan will abrogate or diminish any of the security rights of the Secured Creditors.
- 19.4.6.5 The BRPs and relevant Secured Creditors will retain their discretion throughout the process not to proceed any further with any particular participant or preferred bidder or to adjust the Public Sales Process (provided that such adjustment is on an equitable basis) without having to provide reasons.
- 19.4.7 Public Sales Process Milestones:
- 19.4.7.1 If and to the extent that the Public Sales Process does not result in a sale of any Properties and no Take-Over is implemented in respect of such Properties, a Wind Down will ensue as set out in 19.7.
- 19.4.7.2 At the end of each phase set out in 19.4.5.6, the BRPs will consult with the relevant Secured Creditors to determine whether to:

- 19.4.7.2.1 proceed to the next phase in accordance with the provisions of the Public Sales Process;
- 19.4.7.2.2 proceed to a Wind Down in the circumstances contemplated in 19.7.1;
- 19.4.7.2.3 extend or revise the relevant Public Sales Process Timeline dates and/or the Public Sales Process Period on terms and conditions as agreed to by the BRPs and the Secured Creditors representing 75% of the Voting Interest of the Remaining Company Secured Creditors (determined as at the date on which the vote is to be conducted) taking into consideration the remaining Properties which have not been already disposed of, Taken Over or otherwise excluded or to be excluded from the extension of the Public Sales Process; or
- 19.4.7.2.4 proceed with a Wind Down Process as contemplated in 19.7.1, in the event that the Secured Creditors vote to decline to extend the Public Sales Process Timeline dates and/or Public Sales Process Period in respect of the Company as contemplated.
- 19.4.8 If any Secured Creditor wishes to exclude any of its Secured Property on notice to the BRPs (“**Excluded Secured Property**”) from the extension of the Public Sales Process Period, such Secured Creditor shall have the right to deal with the Excluded Secured Property in accordance with the Wind Down in 19.7.
- 19.4.9 Progress reports:
- 19.4.9.1 Monthly progress reports will be prepared by the BRPs for submission to Creditors and shareholders (communicated via SENS) in accordance with section 132(3)(a) of the Companies Act; and
- 19.4.9.2 The BRPs must hold regular engagements with the relevant Secured Creditors regarding the Public Sales Process.
- 19.4.10 JSE Dispensation:
- 19.4.10.1 The BRPs requested the JSE Equity Sponsor for Rebasis Property Fund to apply, on behalf of Rebasis Property Fund for a dispensation contained in Schedule 11 (Rescue Operations) (“Schedule 11”) of the JSE Listings Requirements to propose, publish and implement the Business Rescue

Plan and in particular the Proposed Restructuring Plan.<sup>7</sup> Disposals pursuant to a business rescue plan are regulated by the Companies Act, and the shares of Rebosis Property Fund listed, but currently suspended, on the securities exchange operated by the JSE reflect a greatly reduced market capitalisation for Rebosis Property Fund. This has the result that even very low disposal considerations would trigger category 1 transaction requirements in terms of section 9 of the Listings Requirements. The JSE has accordingly granted the dispensation sought.

## 19.5 Take Over of Secured Property by Secured Creditor

- 19.5.1 Any Secured Creditor may at any time by written notice to the BRPs ~~request~~ require the abandonment of any qualifying Secured Property to such Secured Creditor (or any party specified by the Secured Creditor) against the reduction of the Secured Claims of the Secured Creditor by an amount which is equivalent to the Take Over Value (as determined at ~~19.5.4~~19.5.2).
- 19.5.2 The Take Over and abandonment of any qualifying Secured Property to a Secured Creditor will either be implemented through either: (i) ownership and risk of the qualifying Secured Property being transferred immediately to the Secured Creditor or to a nominee of the Secured Creditor; or (ii) a Secured Creditor enforcing their rights in terms of their security during the Business Rescue. Should a Secured Creditor choose the latter, the Secured Creditor and the BRPs will agree on the Take Over requirements such as the process to be followed and the liability for costs.
- 19.5.3 A Secured Property shall become a qualifying Secured Property for purposes of this clause:
- 19.5.3.1 from the day immediately following the EOI Submission Date for the remainder of the Public Sales Process Period; and
- 19.5.3.2 between the date of the SENS Announcement and the EOI Submission Date in the following circumstances (i) the performance, outlook or commercial circumstances of a Secured Property materially deteriorate or change during the period in question and (ii) in the event that the EOI Submission Date is delayed or extended for any reason whatsoever.

- 19.5.4 The value by which the Secured Claims shall be reduced pursuant to a Take Over of a Secured Property by a Secured Creditor (“**Take Over Value**”) shall be determined based on the value of the affected Secured Property at the time of the Take Over taking into account the prevailing market conditions, valuations previously procured, the Public Sales Process insofar as the affected Secured Property is concerned and the circumstances of the Company.
- 19.5.5 The Take Over Value shall be agreed to between the BRPs and the applicable Secured Creditor, and failing such agreement within 5 (five) Business Days of receipt of a written notice from the Secured Creditor as contemplated above (or such extended period as agreed to by the Secured Creditor), the Take Over Value will be determined by an independent valuer appointed by agreement between the applicable Secured Creditor and the BRPs, or failing such agreement being reached within 10 Business Days of receipt of the aforesaid written notice, a valuer appointed by the Chairperson/President of the South African Council for the Property Valuers Profession, having regard to such circumstances and factors as the appointed considers appropriate to determining the Take Over Value of the Secured Property.
- 19.5.6 The Take Over of a Secured Property will be regarded as an enforcement of the security of such Secured Creditor.

## 19.6 Balance Sheet Restructure

- 19.6.1 After the expiry of the Public Sales Process Period (taking into account any extensions to the Public Sales Process Period), there may be a Remaining Group Property Portfolio including Property of the Company.
- 19.6.2 If the Remaining Group Portfolio includes a Property of the Company, the BRPs will be required to consider the viability of a Balance Sheet Restructure in respect of the Property remaining in the Company and if applicable, a Balance Sheet Restructuring in respect of the wider Group involving the Remaining Group Property Portfolio and tThe BRPs and the Group BRPs will be required to consider the viability of a Balance Sheet Restructure in respect of the Remaining Group Property Portfolio in accordance with the considerations set out in clause 19.3.1.2 above.

- 19.6.3 The BRPs (including the Group BRPs) will be required to submit a Balance Sheet Restructure proposal to the Secured Creditors (to consider in respect of the Company on a standalone basis and/or in respect of the wider Group) and the Remaining Secured Creditors within 14 days of the end of the Public Sales Process Period for consideration and approval (“**Balance Sheet Restructure Submission Date**”) and Secured Creditors to consider and, if acceptable, approve within 30 days of Balance Sheet Restructure Submission Date.
- 19.6.4 In the event that any Secured Creditor does not approve the Balance Sheet Restructure in so far as the Company is concerned (“**Non-Approving Secured Creditor**”), in circumstances where sufficient other Secured Creditors approved the Balance Sheet Restructure to be viable, the BRPs shall endeavour to reach an agreement with the Non-Approving Secured Creditor regarding the manner of dealing with the Non-Approving Secured Creditor’s Secured Claim and Secured Property.
- 19.6.5 If the Non-Approving Secured Creditor and the BRPs are unable to reach an agreement within 25 days of the date on which the Non-Approving Creditor notifies the BRPs of its decision not to approve the Balance Sheet Restructure (or such period as agreed to by the BRPs) as contemplated in clause 19.6.4. above, the provisions set out in paragraphs 19.6.6 and 19.6.7 below shall apply to the Non-Approving Secured Creditor (subject to the entitlement of the Non-Approving Secured Creditor to Take Over the Secured Property in accordance with the provisions of the Business Rescue Plan).
- 19.6.6 The Secured Property shall remain in the Company pending the disposal of the Secured Property by the Company in such manner as approved by the Non-Approving Secured Creditor.
- 19.6.7 Subject to the terms and conditions governing the Secured Claims of the Non-Approving Secured Creditor (which have been agreed to by the Secured Creditor) to be included in the proposed Balance Sheet Restructuring, the recovery of the Secured Claim of the Non-Approving Secured Creditor applicable to the affected Secured Property will be limited to the proceeds received from the affected Secured Property.

- 19.6.8 The Company may seek to reduce Group debt levels through the issuance of new shares in Rebasis Property Fund (and if applicable the Company) pursuant to either or a combination of, for example, a rights offer, a conversion of remaining debt to equity or the introduction of a strategic equity partner (“**Equity Raise**”).
- 19.6.9 Subject to clause 19.6.10. regarding the preparatory steps which can be taken by the BRPs (and the Group BRPs), the required approvals will be sought if, and when, an issuance of equity becomes necessary to implement a Balance Sheet Restructure.
- 19.6.10 The BRPs (in consultation with the Group BRPs) are authorised to consider what additional steps may be implemented in parallel with the Property Portfolio Restructure in their preparation and submission of the Balance Sheet Restructure proposal required in terms of 19.6.3.
- 19.6.11 Any conversion of all or part of the remaining Secured Debt or any write down of all or part of Secured Debt will require the express written approval of the affected Secured Creditor. The Secured Creditors will need to agree to a conversion of all or part of their remaining Secured Debt to equity and/or to write off a portion of the remaining Secured Debt.
- 19.6.12 Should an Equity Raise fail due to, *inter alia*, insufficient approval from Creditors (including Secured Creditors) and/or insufficient approval of Shareholders and/or failure to obtain required regulatory approval and/or or an inability reduce the Group debt to sustainable levels, the BRPs will be entitled to consult the Group BRPs and the remaining Group Creditors to explore a debt package which is suitable for the Group which will result in a viable Balance Sheet Restructure.
- 19.6.13 If the BRPs elect not to submit a Balance Sheet Restructure to the Secured Creditors (in accordance with clause 19.6.3 above) or if insufficient Secured Creditors (which are required to render the Balance Sheet Restructure viable) approve a Balance Sheet Restructure or if the Balance Sheet Restructure is approved by sufficient Secured Creditors but the BRPs determine (at any time thereafter) that the Balance Sheet Restructure is no longer viable, the Wind Down Process shall be commenced in respect of the Company. -

## 19.7 Wind Down Process

- 19.7.1 The Wind Down Process shall become applicable in the following circumstances:
- 19.7.1.1 If by the EOI Submission Date set out in 19.4.5.5:
- 19.7.1.1.1 No EOIs are received;
- 19.7.1.1.2 EOIs are received but none are compliant with EOI requirements to be set out in the SENS Announcement; and/or
- 19.7.1.1.3 EOIs are received, but consultation between BRPs and relevant Secured Creditor(s) determines that none are worth progressing to Due Diligence Phase and Offer Phase;
- 19.7.1.2 If by the Binding Offer Date set out in 19.4.5.5:
- 19.7.1.2.1 No Binding Offers are received;
- 19.7.1.2.2 Binding Offers are received but none are compliant with communicated requirements for Binding Offers; and/or
- 19.7.1.2.3 Binding Offers are received, but consultation between BRPs and relevant Secured Creditor(s) determines that none are worth progressing;
- 19.7.1.3 If by the Final Offer Date set out in 19.4.5.5:
- 19.7.1.3.1 No Final Offers are received; and/or
- 19.7.1.3.2 Final Offers are received but none are compliant with communicated requirements for Final Offers; and/or
- 19.7.1.3.3 Final Offers are received, but consultation between BRPs and relevant Secured Creditor(s) determines that none are worth progressing;
- 19.7.1.4 In accordance with any provision of the Business Rescue Plan which provides for the application of the Wind Down Process; or
- 19.7.1.5 In respect of any Excluded Secured Property contemplated in clause [19.4.8](#)~~19.4.2~~ above.
- 19.7.2 The Wind Down Process will entail the following:

- 19.7.2.1 each Secured Creditor shall determine in consultation, and with the consent of the BRPs, the manner in which such Secured Creditor's Secured Property shall be dealt with (including disposal by the Company with the consent of the Secured Creditor);
- 19.7.2.2 the Company, with the consent of the Secured Creditor, shall be entitled to dispose of any Secured Property by private treaty, public auction, board room auction or such other manner as agreed to between the BRPs and the affected Secured Creditor;
- 19.7.2.3 the terms and conditions relating to any disposal pursuant to the Wind Down Process shall be discussed and agreed to between the BRPs and the affected Secured Creditor;
- 19.7.2.4 the Wind Down Process shall be subject to the rights of any Secured Creditor to elect to Take Over the applicable Secured Property;
- 19.7.2.5 the BRPs may not appoint any broker, estate agent, auctioneer or other third party to dispose of any Secured Property without the consent of the affected Secured Creditor;
- 19.7.3 The BRPs will convene meetings with the respective committees to provide updates on the Wind Down Process.
- 19.7.4 The BRPs shall be entitled to pursue third parties and/or debtors of the Company for recovery of, *inter alia*, funds and/or damages, litigate and investigate the affairs of the Company in order to realise cash to pay Creditors in accordance with the provisions of this Business Rescue Plan: subject to the proviso that the BRPs may not use any funds or assets which are secured in favour of any Secured Creditor without the consent of the affected Secured Creditor.
- 19.7.5 The BRPs shall have the final say on all legal proceedings (including but not limited to, settlement of matters) and the disposal price of the assets subject to written consent by the Secured Creditors.
- 19.7.6 The advantages of proceeding with the Wind Down Process include the following:



- 19.7.6.1 allows any Secured Creditor to deal with an Excluded Secured Property without impacting the continuation of the Public Sales Process in respect of the other Secured Properties, thereby providing flexibility to the implementation of the Business Rescue Plan;
- 19.7.6.2 professional fees and administration costs would be lower compared to liquidation proceedings;
- 19.7.6.3 statutory Creditors who rank as Preferent Creditors in a liquidation claim will rank as unsecured creditors in the Business Rescue;
- 19.7.6.4 timing of Distribution/s should be faster than in liquidation proceedings; and
- 19.7.6.5 Secured Creditors will have the option to Take Over the remaining Secured Properties which will assist in expediting the Wind Down of the Company and the Group.

## **20 ONGOING ROLE OF THE COMPANY**

- 20.1 As required in terms of section 150(2)(b)(iii) of the Companies Act, if the Business Rescue proceeds in accordance with the Proposed Restructuring Plan, the end result may be that some of the Properties will be sold through the Public Sales Process with the balance remaining as the Remaining Portfolio and the Company restructured in accordance with the Balance Sheet Restructure. However, if the Business Rescue proceeds in accordance with the Wind Down Process, the Remaining Portfolio will be sold and/or be Taken Over by Secured Creditors and the Company will no longer operate as all the assets of the Company will be sold.
- 20.2 Insofar as a Remaining Company Property Portfolio is owned by the Company -
  - 20.2.1 A significantly smaller property management function will be housed within the Company;
  - 20.2.2 Basic property management functions may be outsourced to reduce costs; and
  - 20.2.3 Asset management to remain in house, with a reduced staff complement at Group level.

## 21 EFFECT OF THE BUSINESS RESCUE PLAN

### 21.1 Creditors, including Disputed Creditors

21.1.1 Save for the retention of any Secured Debt and thereby the retention of any corresponding Secured Claim, pursuant to the implementation of the Business Rescue Plan, once the Distribution is made to Creditors, all other Claims against the Company ("**Remaining Claims**") will be discharged in accordance with the provisions of section 154(1), read with section 152(4) of the Companies Act.

21.1.2 Any VAT liability arising as a result of a compromise of Creditor's Claims in terms of this Business Rescue Plan is not subject to a compromise and is payable in full to SARS. This liability will rank in terms of the waterfall as provided for in terms of section 135 of the Companies Act.

~~21.1.1 Section 22 of the Value-Added Tax Act will apply in respect of the Pre-commencement Claims of the General Concurrent Creditors which will be compromised in terms of this Business Rescue Plan, as provided for in paragraph 0.~~

~~21.1.2 Any claim due to SARS as a result of the application of section 22 of the Value-Added Tax Act will be treated as a Concurrent Claim, receive a portion of the dividend payable to Concurrent Creditors in accordance with this Business Rescue Plan and be compromised in terms of paragraph 0.~~

### 21.2 Holders of the Company's Issued Shares

21.2.1 As required in terms of section 150(2)(b)(vii) of the Companies Act, if the Business Rescue proceeds in terms of the Proposed Restructuring Plan, the rights of the Shareholders will not be altered.

21.2.2 The BRPs will obtain the approval of the Shareholders if required in implementing the Balance Sheet Restructure.

### 21.3 Concurrent Creditors

21.3.1 As set out at 19.1.2, a maximum amount of R30 million (thirty million Rand) (approximately, 1.10 cents (one point one cents) in the Rand) will be made available by BVI from the Surplus Sales Proceeds, if any, as a Distribution to be

allocated for payment of the Claims of the Group Concurrent Creditors. The payment of a Distribution to the Group Concurrent Creditors is therefore subject to Surplus Sales Proceeds being available.

21.3.2 Should the Group Concurrent Claims increase post the Adoption Date, there will be no increase in the amount available for Distribution and the R30 million (thirty million Rand) will be paid to the Group Concurrent Creditors pro *rata* their Claims, subject to the risks and assumptions and conditions referred to in paragraphs 26 and 27 below.

21.3.3 To the extent that the BRPs implement a Balance Sheet Restructure (in accordance with the provisions of this Business Rescue Plan) which includes a conversion of debt to equity, Concurrent Creditors of the Company will also be offered equity in the Company in proportion to their remaining debt after receipt of the Distribution in 21.3.1.

#### 21.4 Contracts

As required in terms of section 150(2)(b)(iii) of the Companies Act, in the event that the Business Rescue proceeds in terms of the proposed Business Rescue Plan, certain Contracts will have to be cancelled, modified or restructured. To the extent that Contracts are cancelled, Claims for damages will be limited as contemplated in paragraph 21.5.

#### 21.5 Damages

In the event that Creditors claim damages, whether contractual or delictual, against the Company, which damages Claim is accepted by the BRPs or proved by way of the Dispute Resolution Mechanism or by Court or similar proceedings, such damages Claims:

21.5.1 Will include any claim based on a guarantee or a suretyship given by the Company to any Creditor where the guaranteed debt (in the case of a guarantee), or the principal debt (in the case of a suretyship), comprises a damages claim arising from any Contract, including any delictual claim against the Company;

- 21.5.2 must be brought against the Company before the Final Claims Date, failing which, a Creditor in these circumstances will be precluded from bringing a damages claim against the Company;
- 21.5.3 shall be a Concurrent Claim, unless the Creditor holds security for such claim;
- 21.5.4 must be mitigated and can only be claimed if proven;
- 21.5.5 in respect of damages related to Contracts, will be deemed to be limited to general damages suffered over the lesser of 3 (three) months from the date on which the alleged claim for damages arose or the balance of the Contract duration;
- 21.5.6 for purposes hereof, general damages are those which, on an objective basis, would be reasonably foreseeable at the time of entering into the relevant Contract as a probable consequence of, and with a sufficiently close connection to, any breach by the Company of such Contract so as to be said to flow naturally and generally and not to be too remote;
- 21.5.7 will be deemed to exclude all consequential and indirect damages, loss of profit, penalty; and
- 21.5.8 if disputed, will be resolved in terms of the Dispute Resolution Mechanism, detailed in paragraph 33.

## **22 PROPERTY OF THE COMPANY AVAILABLE TO PAY CREDITORS AND ORDER OF DISTRIBUTION**

- 22.1 As required in terms of section 150(2)(b)(iv) of the Companies Act, the Business Rescue Plan contemplates the implementation of a Proposed Restructuring Plan which includes the Properties available to pay Creditors as listed in Annexure A.
- 22.2 As required in terms of section 150(2)(b)(v) of the Companies Act, the order of preference in which proceeds will be applied to pay Creditors if the Business Rescue Plan is adopted and Substantially Implemented is set out in paragraph 10.6.

## 23 COMPARISON OF THE BUSINESS RESCUE TO LIQUIDATION

- 23.1 The following table sets out a comparison of the outcomes that are likely to arise under the Business Rescue (in terms of the Proposed Rescue Plan) as compared to a liquidation (the liquidation calculation is based on the information provided in Deloitte's liquidation calculation). For sake of clarity the BRPs confirm that the below amounts are estimates and may differ from one secured and or PCF Creditors to the next:

	<b>Liquidation</b>	<b>Business Rescue (Based on Proposed Rescue Plan)</b>
<b>Secured Creditors</b>	14.6 cents/Rand	95 cents/Rand
<b>PCF</b>	N/A	39 cents/Rand
<b>Concurrent/unsecured Creditors of the Group</b>	0 (zero) cents/Rand	1.10 cents/Rand*
<u><b>Preferent</b></u>	<u>N/A</u>	<u>N/A</u>

## 24 PROOF OF CLAIMS BY CREDITORS

- 24.1 The exchange rate in respect of all Claims expressed in foreign currency will be determined as at the Commencement Date. Any balance due to a Secured Creditor after receiving payment of its Claim (including interest to the maximum limit of its security) as set out in paragraph 10.6.2 will be treated as a Concurrent Claim for which no interest will be entitled to be claimed.
- 24.2 Concurrent Creditors will not be entitled to charge interest on their Pre-Commencement Claims from the Commencement Date.
- 24.3 Creditors are required to lodge their Claims with the BRPs at [businessrescue@ascensionproperties.co.za](mailto:businessrescue@ascensionproperties.co.za) prior to the Final Claims Date for purposes of participating in the Distributions made by the BRPs.
- 24.4 The BRPs have a discretion as to whether to allow a Creditor to lodge any Claim after the Final Claims Date.

- 24.5 Creditors who have lodged Claims after the Final Claims Date, and whose Claims have been accepted by the BRPs in the exercise of the BRPs' aforesaid discretion, forfeit their right to participate in Distributions that have been made prior to the lodgement of their Claims.
- 24.6 The provisions in paragraph 21.5.1 to 21.5.8 will apply *mutatis mutandis* to Creditors asserting a claim for damages.
- 24.7 Claims, including claims for damages, shall be proved to the satisfaction of the BRPs.
- 24.8 In the event that the BRPs dispute a Claim or security, such disputed Claims will be dealt with in accordance with the Dispute Resolution Mechanism more fully dealt with in paragraph 36.

## **25 BENEFITS OF ADOPTING THE BUSINESS RESCUE PLAN COMPARED TO LIQUIDATION**

As required in terms of section 150(2)(b)(vi) of the Companies Act, the benefits to Creditors of adopting the Business Rescue Plan compared to a liquidation are as follows

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### **25.1 Continuity of Business**

- 25.1.1 If the Business continues operating in terms of the proposed Business Rescue Plan, and the Proposed Restructuring Plan is successfully implemented the Company's business, affairs, and debt will be restructured in a manner that will allow the Company to continue operating its Business on a solvent basis.
- 25.1.2 The trade creditors, many of whom rely on the Business for their goods and services will continue to have a sustainable customer to trade with going forward.

### **25.2 Quantum**

- 25.2.1 Creditors will receive a better dividend in Business Rescue than on a liquidation of the Company.
- 25.2.2 By way of illustration, please refer to paragraph 23.

### **25.3 Concurrent Creditors**

25.3.1 Group Concurrent Creditors will receive approximately 1.10 cents (one point one cents) in a Rand as set out in paragraph 19.1.2 subject to the availability of Surplus Sales Proceeds.

25.3.2 In addition, to the extent that the BRPs implement a Balance-Sheet Restructure (in accordance with the provisions of the Business Rescue Plan), Concurrent Creditors may be offered equity in the Company in proportion to their remaining debt after receipt of the Distribution.

25.3.3 Should such offer be accepted, this will result in Group Concurrent Creditors receiving a greater value for their Claims as the value of the equity would be greater than the dividend they would receive in liquidation. As set out in paragraph 23, Concurrent Creditors will receive 0 cents in liquidation.

#### 25.4 Timing

25.4.1 The Business Rescue Plan will be implemented in a far shorter time frame than liquidation proceedings.

25.4.2 The anticipated time estimated for completing the Business Rescue is approximately 18 months.

25.4.3 The average time it takes to conclude a liquidation process can be between 18 – 36 months, or longer depending on the complexity of the business and affairs of the company.

#### 25.5 Fees

25.5.1 The BRPs submit that the entire costs of the Business Rescue will be significantly lower than the entire costs associated with a liquidation process.

25.5.2 The estimated fees a liquidator would be entitled to in terms of the liquidation calculation prepared by Deloitte is approximately R8.6m based on realisation of the assets.

#### 25.6 General Benefits of Business Rescue

25.6.1 In General:

- 25.6.1.1 Secured Creditors' Claims will be paid and/or dealt with as set out in this Business Rescue Plan;
- 25.6.1.2 Creditors will receive a better outcome than the dividend of 0c (zero) cents in the Rand in the event of the liquidation of the Company;
- 25.6.1.3 payment of Claims to Concurrent Creditors will be achieved much quicker in business rescue;
- 25.6.1.4 the avoidance of the Company incurring administration costs associated with liquidation. In liquidation, the Company will be further burdened with costs of administration associated with liquidation and calculated in terms of the Insolvency Act; and
- 25.6.1.5 the implementation of the Proposed Restructuring Plan will result in continuity of existing business relationships between the Company and certain of its lessees/Creditors as well as contributions to the South African economy and tax fiscus.

## **26 RISKS OF THE BUSINESS RESCUE**

- 26.1 Notwithstanding what has been stated in this Business Rescue Plan, the Business Rescue and the amount which Creditors could receive in terms of the Business Rescue may be adversely affected by, *inter alia*, the following factors:
  - 26.1.1 Secured Creditors elect to terminate the use of the Ceded Rentals by the BRPs in the Business Rescue Proceedings in accordance with the Use Agreements or any other agreement or authority granted by a Secured Creditor to the BRPs to use the Ceded Rentals;
  - 26.1.2 Any PCF provider decides to discontinue providing PCF to the Company and/or any Group Company;
  - 26.1.3 delays in consummating and implementing any transaction contemplated in this Business Rescue Plan;
  - 26.1.4 there is insufficient Surplus Sales Proceeds to be utilised to pay Concurrent Creditors as contemplated in this Business Rescue Plan;



- 26.1.5 unforeseen litigation of any nature, howsoever arising, from any cause of action whatsoever;
- 26.1.6 deteriorating market conditions;
- 26.1.7 the revocation of support from any Affected Persons, service providers and/or suppliers;
- 26.1.8 unforeseen damages claims arising from the cancellation of any contracts or agreements of any nature whatsoever and howsoever arising;
- 26.1.9 any changes in legislation that impact Business Rescue;
- 26.1.10 any challenges to this Business Rescue Plan, the rejection thereof or any amendments thereto;
- 26.1.11 any regulatory challenges of any nature whatsoever and howsoever arising;
- 26.1.12 any unforeseen circumstances, outside of the control of the BRPs of any nature whatsoever and howsoever arising, that impacts on Business Rescue;
- 26.1.13 the final verification and agreement of the quantum of the Creditors' Claims takes longer than expected or if the records of the Company are irreconcilable with the Claims received; and
- 26.1.14 material discrepancies in the information made available to the BRPs by the Directors and Management.
- 26.1.15 It should be noted that, in the unlikely event of an immediate liquidation of the Company, the risks set out in this paragraph would still apply.

**[END OF SECTION]**

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## PART C – ASSUMPTIONS AND CONDITIONS

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### 27 CONDITIONS FOR THE BUSINESS RESCUE PLAN TO COME INTO OPERATION AND FULLY IMPLEMENTED

- 27.1 As required in terms of section 150(2)(c)(i)(aa) of the Companies Act, the Business Rescue Plan will come into operation upon the Adoption Date.
- 27.2 As required in terms of section 150(2)(c)(i)(bb) of the Companies Act, Substantial Implementation will be deemed to have occurred upon:
- 27.2.1 the disposal of all Sale Properties through the Public Sales Process and the conclusion of Sale and Purchase Agreements pursuant thereto becoming unconditional and all proceeds have been distributed to the applicable Creditors; alternatively
- 27.2.2 should all of the Sale Properties not be disposed of, and the Company has completed the implementation of a Balance Sheet Restructure (subject to all consents having been obtained as required in terms of the Business Rescue Plan) and the BRPs are satisfied that the Company can be discharged from Business Rescue.
- 27.3 Should the BRPs not be able to implement the Proposed Restructuring Plan as set out above Substantial Implementation will be deemed to have occurred upon the implementation of the Wind Down Process as set out in 19.6.13.
- 27.4 The assessment of the achievement of Substantial Implementation of this Business Rescue Plan will be determined by the Business Rescue Practitioners in consultation with the Remaining Secured Creditors, and Shareholders if the Company is to be discharged from Business Rescue pursuant to a Balance Sheet Restructure.
- 27.4.1 The amount and timing of the dividend payable to Creditors may be affected by, *inter alia* –

- 27.4.2 delays in implementing the Public Sales Process, Balance-Sheet restructure, or Wind Down Process;
- 27.4.3 litigation of any nature whatsoever, howsoever arising, from any cause of action whatsoever;
- 27.4.4 late Claims and unforeseen damages Claims arising from the cancellation of any contracts or agreements of any nature whatsoever, howsoever arising;
- 27.4.5 any changes in legislation that impacts business rescue;
- 27.4.6 any challenges to this Business Rescue Plan, the rejection thereof of any amendments thereto;
- 27.4.7 any regulatory challenges of any nature whatsoever, howsoever arising;
- 27.4.8 any unforeseen circumstances, outside of the control of the BRPs of any nature whatsoever howsoever arising that impacts on Business Rescue; and
- 27.4.9 material discrepancies in the information made available to the BRPs by the directors and Management.

## **28 EFFECT OF THE BUSINESS RESCUE PLAN ON EMPLOYEES**

As required in terms of section 150(2)(c)(ii) of the Companies Act, the Company has no employees and as a result the Business Rescue Plan has no effect on employees.

## **29 CIRCUMSTANCES IN WHICH THE BUSINESS RESCUE WILL END AND THE DURATION OF BUSINESS RESCUE**

29.1 As required in terms of section 150(2)(c)(iii) of the Companies Act, the Business Rescue will end in terms of section 132(2) of the Companies Act, when:

29.1.1 the Business Rescue Plan is:

29.1.1.1 proposed and rejected and the BRPs and Affected Person/s do not take any action to extend the Business Rescue in any manner contemplated by the Companies Act; or

- 29.1.1.2 adopted and implemented (with the conditions fulfilled) and the BRPs have filed a notice of substantial implementation of the Business Rescue Plan with CIPC (i.e., on the Substantial Implementation Date); or
  - 29.1.1.3 a High Court orders the conversion of the Business Rescue into liquidation proceedings; or
  - 29.1.1.4 the BRPs file a notice of termination of the Business Rescue with the CIPC.
- 29.1.2 The BRPs shall be required to terminate the Business Rescue Proceedings in the event the Company does not have sufficient liquidity to continue funding the costs of the Business Rescue Proceedings and the implementation of the Business Rescue Plan.

### **30 PROJECTED BALANCE SHEET AND PROJECTED STATEMENT OF INCOME AND EXPENSES**

- 30.1 In terms of section 150(2)(c)(iv) of the Companies Act, a projected balance sheet for the Company and statement of income and expenses for the ensuing 3 (three) years must be included in the Business Rescue Plan.
- 30.2 The projected balance sheet, income statement and cash flow in respect of this Business Rescue Plan is attached as **Annexure E**.
- 30.3 The projected balance sheet and income statement is based on the Company exiting Business Rescue after all Remaining Claims are discharged in accordance with the terms of this Business Rescue Plan.
- 30.4 It further postulates the Claims of the PCF Creditors and Secured Creditors being paid while the Unsecured Creditors or Concurrent Creditors will be compromised.

### **31 EXISTING LITIGATION**

All parties who have instituted legal proceedings, including any enforcement action, prior to the Commencement Date, in respect of any Claims against the Company in any forum will be subject to the provisions of paragraph 24 dealing with the proof of Claims.

## **32 CLAIMS AND RELEASE OF THE COMPANY FROM THE PAYMENT OF DEBTS**

If the Business Rescue Plan is implemented in accordance with its terms and conditions, save for the retention of Secured Claims in the Company, the Remaining Claims will be discharged, after having received any payment due in terms of this Business Rescue Plan and such Concurrent Creditor will lose its rights to enforce the relevant debt or part thereof against the Company in terms of section 154(1) of the Companies Act.

## **33 DISPUTE RESOLUTION MECHANISM**

33.1 Save as provided for in section 133 of the Companies Act, in respect of all or any Disputed Claims, which disputes include, but are not limited to, disputes on the existence or otherwise of a Claim, on quantum of the Claim, security Claimed by a Creditor, the nature of the security, the extent and value of the security and the like ("**the dispute**"), such dispute must be resolved in accordance with the Dispute Resolution Mechanism outlined below.

33.2 The Dispute Resolution Mechanism procedure will be as follows:

33.2.1 Disputed Creditors are required to contact and meet with the BRPs within 15 (fifteen) days of receipt of the notice contemplated in 10.4, or such longer period as the BRPs may agree, in an attempt to reach agreement on the Disputed Claim.

33.2.2 If the Disputed Creditor does not avail itself of the opportunity contemplated in 33.2.1 above, the Disputed Creditor will be deemed to have accepted the BRPs' position in regard to the Disputed Claim.

33.2.3 If the Creditor does avail itself of the opportunity contemplated in 33.2.1 above, but without any resolution within the 15 (fifteen) days period or such longer period as the BRPs may agree, and the Creditor persists with the dispute surrounding the Disputed Claim, the Creditor must propose and agree with the BRPs, within 7 (seven) days (reckoned from the date of expiry of the 15 (fifteen) days), to the appointment of the retired judge as an expert (not as an arbitrator) to preside over and to resolve the dispute.

- 33.2.4 Should the BRPs and the Creditor fail to reach an agreement on the expert as contemplated above, then the Arbitration Foundation of South Africa will be requested to make the appointment.
- 33.2.5 The appointed expert must endeavour to complete his/her mandate within 30 (thirty) days of his/her appointment or within such further time period as the expert in his/her sole discretion may determine.
- 33.2.6 The expert will in his/her sole and absolute discretion determine:
- 33.2.6.1 the venue at which the dispute is to be resolved;
- 33.2.6.2 the rules, regulations and procedures that will govern the determination of the dispute;
- 33.2.6.3 the date(s) for the determination of the dispute;
- 33.2.7 The expert will give his award/determination within 10 (ten) days of the completion of the process as determined by him/her and will give a costs award as he/she deems appropriate and which will include his/her costs, legal costs, venue costs, recording equipment (if applicable), transcript of evidence (if applicable) and the like.
- 33.2.8 Save for any manifest error the award/determination of the expert will be final and binding on the Creditor/s, the Company and the BRPs and will not be subject to any subsequent review or appeal application/procedure/process.
- 33.2.9 If the Disputed Creditor does not at any point avail itself of the opportunity contemplated in 33.2.3 to 33.2.8 above, the Disputed Creditor will be deemed to have accepted the BRPs' position in regard to the Disputed Claim.
- 33.3 To the extent necessary, should the BRPs be of the view that certain disputes may be settled or compromised, the BRPs shall be authorised at any point to settle and compromise such a dispute.
- 33.4 The BRPs may in their sole and absolute discretion decide that the Dispute Resolution Mechanism is not appropriate for resolving the disputes and/or that the application of the Dispute Resolution Mechanism may result in prejudice to other Creditors or the Company. In such event, the BRPs shall be entitled in terms of

section 133 of the Companies Act to refer the dispute to Court and if an expert has already been nominated, such nomination will lapse and be of no force or effect.

#### **34 ABILITY TO AMEND THE BUSINESS RESCUE PLAN**

- 34.1 Provided that an amendment is administrative in nature and will not be prejudicial to the rights of any of the Affected Persons as set out herein, the BRPs shall have the ability, in their sole and absolute discretion, to amend, modify or vary any provision of this Business Rescue Plan, provided that at all times the BRPs acts reasonably. The amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons.
- 34.2 Any amendment to a time frame which is not regulated by the Business Rescue Plan, will require the approval of 75% of the Creditors' Voting Interest.
- 34.3 Should an amendment be contemplated which would prejudice Affected Persons, then the BRPs shall be entitled to propose same for consideration and voting at a subsequent meeting of those Affected Persons who would be prejudiced thereby. Such amendment shall only be effective should it be adopted in the same manner as provided for in section 152 of the Companies Act.

#### **35 SEVERABILITY**

Any provision in this Business Rescue Plan which is or may become illegal, invalid or unenforceable shall be ineffective to the extent of such prohibition or unenforceability and shall be treated *pro non scripto* and severed from the balance of this Business Rescue Plan, without invalidating the remaining provisions of this Business Rescue Plan or affecting the validity or enforceability of such provision in any other jurisdiction.

#### **36 PRESERVATION OF CLAIMS AGAINST OTHERS**

- 36.1 The liability of Directors and/or prescribed officers for the Company's debts, under section 218 of the Companies Act, as read with sections 77(3)(b) and 22 of the Companies Act, is not affected by this Business Rescue Plan.
- 36.2 The liability of the Company's sureties for the Company's debt is not affected by this Business Rescue Plan, notwithstanding the discharge of debts provided for in this Business Rescue Plan in terms of section 154(1) of the Companies Act.

- 36.3 Any investigation of misconduct by Directors and Shareholders shall be funded by the Creditors requesting such investigation.
- 36.4 Similarly, to matters where section 103(4) of the Insolvency Act applies, no Creditor who was not a party to the funding of investigation proceedings shall derive any benefit from any monies or from the proceeds of any property recovered as a result of such proceedings before the claim and costs of every Creditor who was a party to such proceedings have its Creditors' outstanding claims and disbursements, including the cost of forensic investigators, accounts or lawyers.
- 36.5 The BRPs shall oversee these investigations and their costs will have to be paid by these Creditors and not the Company unless a surplus is available after Distribution.

### **37 CONTINUING TAX OBLIGATIONS**

The BRPs undertakes that the Company shall ensure that all future tax obligations arising after the Commencement Date (including the filing of returns and payment of outstanding taxes arising after the Commencement Date) will be met until proceedings have been terminated on any ground listed in terms of section 132 of the Companies Act of 2008.

### **38 ASSESSED LOSS FORFEITURE**

Any assessed loss will be subject to and dealt with in accordance with the provisions of the tax laws of South Africa and will be forfeited in proportion to the debt compromise affected by the Business Rescue Plan. Such reduction shall be without prejudice to any rights that the taxpayer may have in terms of in terms of the Tax Administration Act.

### **39 DEFAULT CLAUSE**

Any compromise contemplated in this Business Rescue Plan is conditional upon the Company fully meeting its obligations to Creditors as set out in this Business Rescue Plan. In the event of any material breach by the Company of its obligations to Creditors in terms of the Business Rescue Plan, which breach is not remedied within 21 days' notice of such breach or waived by Creditors holding at least 80% of the Creditors' voting interests, or in the event the Company is placed in liquidation, the full balance due to creditors in terms of their original claims against the Company shall immediately become



due, owing and payable by the Company to the Creditors. Business Rescue proceedings will, in such instance be deemed to have terminated.

### **3940 CONCLUSION**

For the reasons set out above, the BRPs are of the view that if the Business Rescue proceeds in terms of proposed Business Rescue Plan, same will result in an efficient rescue of the Company, in a manner that balances the rights and interests of all relevant stakeholders.

### **4041 BRPs CERTIFICATE**

40.1.41.1 We the undersigned, Phahlani Mkhombo and Jacques Du Toit, hereby certify to the best of our knowledge and belief that –

40.1.141.1.1 any actual information provided herein appears to be accurate, complete and up to date;

40.1.241.1.2 the BRPs have relied on financial information including opinions and reports furnished to us by Management and the Advisors;

40.1.341.1.3 any projections provided are estimates made in good faith on the basis of factual information and assumptions as set out herein; and

40.1.441.1.4 in preparing the Business Rescue Plan, the BRPs have not undertaken an audit or forensic investigation on the Company or the information provided to us by Management and by the Company's auditors, although where practical, the BRPs have endeavoured to satisfy themselves of the accuracy of such information.

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Date: 17 March 2023

**Phahlani Mkhombo**, in my capacity as the appointed  
Joint Business Rescue Practitioner (in terms of the Companies Act)

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Date: 17 March 2023

**Jacques Du Toit**, in my capacity as the appointed  
Joint Business Rescue Practitioner (in terms of the Companies Act)