

18 March 2024

**CIRCULAR 08 (Blue Crane)**  
&  
**CIRCULAR 08 (Proximitas)**  
&  
**CIRCULAR 08 (Tracto Trading)**  
&  
**CIRCULAR 08 (Steenbokvlakte)**  
&  
**CIRCULAR 05 (Blackie Swart Familie Trust)**

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **BLUE CRANE EXPORTS CC, PROXIMITAS INVESTMENTS (PTY) LTD, TRACTO TRADING CC AND STEENBOKVLAKTE (PTY) LTD** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT) & RELATING TO THE TURNAROUND PROCESS OF THE **BLACKIE SWART FAMILIE TRUST**.

**OUTCOME OF THE 3<sup>RD</sup> MEETING OF CREDITORS (BR ENTITIES) & OUTCOME OF THE 2<sup>ND</sup> MEETING OF CREDITORS (TRUST CREDITORS)**

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The business rescue practitioners<sup>1</sup> and the appointed proxy for the BSFT wish to advise all the affected parties the outcome of the meeting of creditors held on 14 March 2024.

Mr Pattinson gave a brief introduction of the Business Rescue team and welcomed all of the affected persons to the meeting. Mr. Pattinson briefly explained the purpose of having a combined meeting for the entire group of companies rather than individual meetings – being that the entities are effectively a single legal entity and has been treated as such. The business rescue team consists of Mr. Pattinson, Mr. Masterton (who is also the appointed proxy on the Trust) and Mr. Durandt.

\*It was noted that the Trust is of course not able to go into business rescue, however, to exclude the trust from the proposed rehabilitation is not possible as it must be considered as part of the group entity as a whole. To try and save just the companies and CCs and not the trust would be a practical impossibility.

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<sup>1</sup> Quinton Pat Pattinson, Senior Business Rescue Practitioner and David Masterton, Experienced Business Rescue Practitioner and Jaco Durandt, Junior Business Rescue Practitioner.

This meeting is not a compulsory meeting per the Companies Act, but some votes may take place during this meeting.

## **1. REQUEST FOR AN EXTENSION:**

1.1. Mr. Pattinson commenced the meeting by introducing the request for the additional extension of the proposed publication of the various Business Rescue Plans. The reason for this extension will form the basis of the rest of the creditors meeting. The vote on the extension will take place at the end.

1.1.1. Mr. Pattinson also briefly explained how the BRPs manage the request for extension.

1.1.1.1. As opposed to asking for a blanket 3–6-month extension at the commencement of the rescue process, we prefer to have monthly update meetings and then request an extension as and when needed until the next month's meeting. This is done to keep affected persons informed and to provide them with the opportunity to deny further extensions should they no longer support the process and progress made.

1.2. The vote was taken at the end of the meeting, but the results were as follows:

1.3. Based on the discussions had in this meeting, it is proposed that another meeting similar to this one is held on the 4<sup>th</sup> of April 2024 so that the practitioners can provide further feedback to the creditors.

1.4. A unanimous vote was achieved in this regard and therefore the next meeting will be on the 4<sup>th</sup> of April 2024 where a further update will be given, and further extensions be requested should it be necessary.

## **2. INFORMATION PROVIDED/REASONS FOR THE REQUESTED EXTENSION:**

2.1. Mr. Pattinson again at this point confirmed that the relevant information that would be required to publish a business rescue plan as per the Act<sup>2</sup> is simply just not available. At previous creditors meetings, the practitioners have confirmed how difficult it has been to obtain accurate information, or any information at all from the relevant businesses. The same

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<sup>2</sup> Section 150.

is still true and at this stage, the practitioners do not have sufficient information to publish the respective business rescue plans.

2.2. Some of the information that has been provided by the business, their accountants and auditors is currently being scrutinised by an independent external 3<sup>rd</sup> party (namely BDO) to provide factual finding reports.

2.3. In the pursuit of the required information, specifically relating to the financial aspects of the respective businesses, specifically relating to the intercompany loan accounts, the practitioner issued letters of demand to confirm the respective debt. The practitioners however received an email from an attorney stating that as practitioners, we are conflicted in that we would be acting as applicant and respondent in the same matter when it came to collection of loan accounts.

2.3.1. To be clear, the practitioners to date have merely been requesting the relevant information relating to these loan accounts – and other matters, to prepare the financial projections for the business rescue plans.

2.4. The practitioners have consulted with Fluxmans Attorneys on this matter and it is clear that case law determines that as practitioners, we are not conflicted but have an obligation to investigate these loan accounts and to collect any monies that are due to the business.<sup>3</sup>

2.4.1. At this stage, the practitioners have no intention of resigning as practitioners due to the allegation of conflict – as we believe that this request was made, only in an attempt to not allow us to complete our investigations in terms of the Act.<sup>4</sup>

2.5. The practitioners do not believe that this will be an inhibiting factor. However, we are not currently in a position to publish a business rescue plan, without this matter being resolved.

2.6. A question was posed by one of the attendees to the meeting as to whether the management was hostile with regard to the business rescue process.

2.6.1. Mr. Pattinson confirmed that this is not the case, the majority of the management are in full support of the process and the request stemmed from only a single person.

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<sup>3</sup> *Oakbay Investments (Pty) Ltd v Tegeta Exploration and Resources (Pty) Ltd and Others* (1274/2019) [2021] ZASCA 59 (21 May 2021)

<sup>4</sup> Section 141 of the Companies Act.

### **3. REASONS FOR THE FINANCIAL DISTRESS:**

3.1. The full detail of these reasons was discussed previously and are in the previous circulars. However, Mr. Pattinson did highlight again the more glaringly obvious reasons such as the issues with rain, black spot and transport problems, but stated that these were possibly as a result of financial distress and the resulting inability to farm as needed.

3.2. The real reasoning goes back a little further than as was mentioned previously. The reason why the problems arose such as the black spot is due to the fact that the farms were not being sprayed and maintained as they should have – amongst other things.

3.3. Similarly, the problems relating to the exports that were late – a client who only received their fruit after the season had effectively closed. The reason for the delay is the lack of funds to pay for the services needed. Again, the question becomes “why did the business not have the funds?”

3.3.1. This is the current focal point of the Section 141 investigations, and we are looking back over the last few years’ worth of financial information to answer these questions.

3.4. When we consider the future of the business and the intentions of the practitioners we can confirm that these inhibiting matters have been addressed and will not re occur.

3.5. These issues have been discussed with our clients, and we have received “wish lists” from these buyers as to what fruit they would like to buy from us this 2024 season.

3.5.1. Fortunately, the wish lists provided to us, is far more than we are able to produce. Meaning that we have secured buyers for all the fruit we are able to.

3.6. Based on the current (very conservative) estimates – we expect 338 000 cartons of citrus fruit for export this season. Which will yield approximately R130 000 000 in turnover (rounded values). With an expected R90 000 000 in costs to get us there. Leaving roughly R40 000 000 in profit.

3.6.1. The R40mil in profit shadows in comparison to the overall debt of the group and the purpose of this money will be to prepare the crops for next year’s harvest (2025).

3.6.2. We are expecting a substantial increase of available fruit for the 2025 season and this will result in much greater profits and dividends to creditors not yet settled.

3.6.3. By way of example - Previously, the farms were able to take off approximately 56 tonnes of fruit per hectare – currently the expectation for this harvest is only 14-16 tonnes per hectare because of the way these farms were treated. These are the matters being addressed operationally and we are hoping to achieve between 30-35 tonnes per hectare next year which should boost the turnover to over R200 000 000 with fewer farms.

3.7. Proportional to the wish lists provided, some of the buyers are willing to assist with advance funding to assist in getting through this harvest. However, additional funding will be required, and we are in discussions with financiers for this very purpose.

3.8. As above, the R40mil in profit this year will be put towards the development of next year's harvest. It is for this reason that the practitioners have identified approximately R224mil worth of immovable property that could be sold – and will be put into the market shortly.

3.8.1. It was confirmed that should any of these properties be bonded or be under security – these will not be removed, and should the properties be sold, the bonds will be settled, and securities will be honoured.

3.8.2. The sale of these properties will substantially decrease the total indebtedness of the group and will decrease the amount of interest that is currently being paid (in excess of R2.4mil per month).

3.8.3. A question was posed by an attendee of the meeting as to whether we expect there to be a profit from the sale of the immovable assets.

3.8.3.1. It is of course difficult to estimate this accurately. However, some of the properties that were identified, are entirely unbonded. Therefore, it could potentially yield a rather substantial profit in the region of R50-60mil. This profit will be used to assist in settling the debt in the entity from which the sale occurred.

3.8.3.2. We believe that with the profit from this year's harvest, the sale of the abovementioned properties and next year's harvest – we should be in a position to settle creditors and the hope is that it will be a full 100c in the Rand settlement over a period no longer than three years.

#### **4. RESCUE PROPOSAL (PROVISIONAL):**

4.1. The practitioners have, on many occasions, noted and confirmed that the five entities (4 businesses and 1 trust) effectively operate as a single entity. The practitioners are therefore currently investigating the possibility of having all the entities collapsed into one.

4.1.1. Currently, independent legal, tax and accounting advice is being sought on the matter as the goal would be to achieve the collapse of the entities into one, without prejudicing any rights of the affected persons.

4.1.1.1. BDO and Fluxmans have been tasked with assisting the practitioners in this regard.

4.1.1.2. Mr. Pattinson confirmed at this stage that we acknowledge that this will be an intricate process but assured that regardless of the manner in which the collapse of the entities will take place – all securities, bonds and commitments will be maintained and honoured within the collapsed entity.

4.1.1.2.1. A question was posed on this topic later in the meeting. The question was whether (at transfer of the properties as part of the collapsing of the entities) would the bonds be settled or transferred. At this stage, it is difficult to answer the question but it was confirmed that should the property be sold, the bond will be settled. If the property is transferred, the complexities of such a transfer of a bond will need to be investigated further and advice will be taken.

4.1.1.3. Part of our current investigation into the loan accounts – and what spurred the request for our resignations – is the fact that we need to be able to determine the accurate extent of these loan accounts so that we are able to subordinate them for the benefit of the creditors.

4.1.2. A question was asked regarding the timeline for the said collapse. During the meeting Mr. Pattinson confirmed that a meeting with Fluxmans was scheduled for later that day. However, the practitioners have every intention of concluding the matter and having the rescue plans published within a 60-day period as we cannot afford to drag out the rescue process.

4.1.2.1. It was further confirmed that the proposal would be that the Trust would remain in existence and effectively become the shareholding entity and that Proximitas will be the trading entity with all the others collapsing into Proximitas. Simply because Proximitas is currently the largest business, with the most amount of assets.

4.2.A further question was asked about the commencement of the sale of the immovable properties and when this would begin. Further, it was asked if the sale of these properties was subject to the publication and approval of a business rescue plan.

4.2.1. Mr. Pattinson confirmed that at the last round of creditor's meetings, the creditors unanimously gave their consent for the practitioners to commence with the sale of the properties. We are therefore in the process of and have identified a list of properties that we intend to sell and will actively start to look for buyers for these properties as soon as possible.

## 5. **IMPORTANT DATES:**

5.1. Below are the notable dates regarding the business rescue proceedings to date:

Board Resolution Submitted	: 28 November 2023 <sup>(133 Protection date)</sup>
	CIPC returned : 29 November 2023
Practitioner Submitted	: 29 November 2023
	CIPC returned : 1 December 2023
1 <sup>st</sup> Meeting of Creditors	: 11 December 2023
1 <sup>st</sup> Meeting with Staff	: Proposed 14 Dec 2023
2 <sup>nd</sup> Meeting of Creditors	: 12 February 2024
3 <sup>rd</sup> Meeting of Creditors	: 14 March 2024

## 6. **PROOF OF CLAIMS:**

6.1. The practitioner confirmed that Jaco Durandt has sent out the proof of claim forms and these proof of claim forms must be completed and returned to Jaco Durandt on the prescribed document. Same is also available – along with all other documentation relating to the business rescue – on the website of the practitioner at <https://pattinson.biz/> under the “Business Rescue” tab at the top right of the page.

6.2. Please provide us with these proof of claims as soon as possible as we would like to compare the claims received to those values contained in the books of the company. Below follows the lists of the claims received to date from the creditors in the various entities.

**Blue Crane Exports:**

ABSA
Proximitas (Loan)
Citrus Growers Association
Fruit Care Services
Genfin
GoReefers Logistics
Hearshaw and Kinnes Analytical Laboratory
Invictus Logistics
Strydom and Partners
Fruitprint
Veganis GmbH
Sunad Farms

**Proximitas Investments:**

ABSA Agri Loan Facility with Account Number 80-8069/9236
ABSA AVAF loan accounts: 9562-8210, 9562-8287, 9562-8376, 9562-9810 and 9563-0281
BSFT – (Loan)
ABSA Mortgage Loan Facility account number: 80-9081-3710
ABSA Overdraft Facility account number: 40-5972-7655
ABSA Term Loan Facility Account Number: 30-5282-3417
ABSA Term Loan Facility Account Number: 30-5335-7152
ABSA Term Loan Facility Account Number: 30-5382-6288
Baytrac
ESKOM
SARS
Strydom and Partners
Sunday's River Water Use Association
Humansdorp Co-Op
Charles Wooley
Kaap Agri

**Tracto Trading:**

Sundays River Water Use Association
ESKOM
SARS
Kaap Agri



## Steenbokvlakte:

Sundays River Water Use Association
SARS
Kaap Agri

## Blackie Swart Familie Trust:

ABSA Overdraft Facility account number: 40-6688-289
ABSA Term Loan Facility Account Number: 30-5242-5047
ABSA Term Loan Facility Account Number: 30-5873-4818
Arc Aqua
Baytrac
ESKOM
Gerhard Hattingh t/a Mafuta
LOWER SUNDAYS RIVER WATER USER ASSOCIATION
Nel's Distributors
QMS Technologies
Strydom and Partners
Vindex Advisory
Vindex Legal
Citrashine
Humansdorp Co-Op
Rangers Clutch and Brake
Clear Voice Communications
Collect a Debt (On behalf of TH Agencies)
SARS
C & AE Botha Boerdery and Lekkerbly Boerdery
Choice Decisions 1055 CC (T/A SMHART SECURITY)
SMHART 1992 (Pty) LTD (T/A SMHART SECURITY)
Patensie Sekuriteit BK (T/A SMHART SECURITY)
Kaap Agri
Bidvest Office t/a Bidvest Waltons
Arado Technologies
Citrowide
Harbron Quarries CC
TVH Parts
Criterion Equipment
Aramex
Startgrow
Nvirotech Laboratories
Kruisrivier Varsprodukte

Kind Regards

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