

8 April 2024

CIRCULAR 10 (Blue Crane)
&
CIRCULAR 10 (Proximitas)
&
CIRCULAR 10 (Tracto Trading)
&
CIRCULAR 10 (Steenbokvlakte)
&
CIRCULAR 07 (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 4TH MEETING OF CREDITORS (BR ENTITIES) & OUTCOME OF THE 3RD MEETING OF CREDITORS (TRUST CREDITORS)

The business rescue practitioners¹ and the appointed proxy for the BSFT wish to advise all the affected parties the outcome of the meeting of creditors held on 4 April 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 again noted and confirmed 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.

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

1. GENERAL UPDATE ON THE ENTITIES:

- 1.1. Mr. Pattinson confirmed that the conditions on the farms at present as opposed to a few months ago are two entirely different pictures. The farms are in great condition, and we expect to be able to have a successful harvest with good quality.
- 1.2. This has allowed us to project a successful harvest for the 2024 season we have received requests from clients for more fruit than we can produce, meaning we should have a sellout harvest which, all in all, is a positive for the group.
- 1.3. However, as mentioned before as per the above, the quantity of the harvest is not quite where we would like it to be. We were too late in the season to generate sufficient offtake. We are estimating that the farms will produce between 12-14 tonnes per hectare – this number should be closer to 30. Which is what we aim to achieve with the 2025 harvest.
 - 1.3.1. Meaning of course that the majority of the creditors of the business are likely to be paid during the course of next year's harvest.
- 1.4. 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.
 - 1.4.1. 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).
 - 1.4.2. 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.
 - 1.4.3. 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 12-14 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.

1.5. Creditors would of course like to be settled sooner than only next year and therefore, in addition to the changes made that will result in the better harvests - the practitioners have identified approximately R224mil worth of immovable property that could be sold – and will be put into the market.

1.5.1. 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.

1.5.2. 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).

1.5.3. The consent for the sale of these properties was granted by the creditors at previous creditors meetings. The sale of these properties and farms will be detailed in the proposed business rescue plans for the respective entities.

1.5.3.1. The reason why the final approval will be sought in the business rescue plans is that should the rescue processes be unsuccessful for whatsoever reason, we do not want any contracts to be reversed in terms of a liquidation process.

2. PROPOSED DATES FOR THE PUBLICATION OF THE RESCUE PLANS:

Four rescue plans to be published:

Blue Crane, Proximitas, Tracto, Steenbokvlakte.

- **1 plan per day respectively from the 7th of May till 10th of May**
 - **7, 8, 9, 10 May 2024 publish dates**
- **Votes to take place 10 business days later**
 - **Respectively 1 day apart starting on the 21st of May 2024 till 24th**

2.1. The business rescue plans will be published 1 day apart, starting on the 7th of May 2024 until the 10th of May 2024. Currently, we do not know in which order the plans will be published, but they will be published in a manner that all will flow into one another.

2.2. Per the Companies Act, the votes on the rescue plans must take place within 10 business days of the publication, but not less than 5 days after the publication. We have decided to allow for the maximum amount of time for creditors to fully consider the business rescue plans and to apply their minds and pose any questions prior to the voting meeting. This way, any questions or concerns can be addressed prior to the vote meeting.

2.3. The creditors accepted this proposal unanimously and therefore the proposed publication dates are as per the attached image. The publications will commence on the 7th of May 2024.

3. GENERAL UPDATE ON THE ENTITIES (CONTINUED):

3.1. Mr. Pattinson discussed the publication and voting dates at this stage, as a result of one of the key factors to consider for the 4 rescue plans to be published.

3.1.1. It is important to note that there will be a suspensive condition on the adoption of the rescue plans in that all 4 plans will need to be adopted, in order for the proposals to come into operation. The entities are so intertwined that we need to approach the rescue process wholistically, and we cannot give one plan any preference above another.

3.2. Similarly, the Trust, although it does not form part of the Business Rescue process – it does form part of the rehabilitation process of the group and agreements will need to be reached with the creditors of the trust as well.

3.3. A note at this point was that although the group of companies are intertwined, it does not entitle the practitioners to divulge intellectual property of one entity with the creditors of them all. Only once we publish the proposed business rescue plans will it become necessary to share certain information as per Section 150 of the Act.

3.3.1. Mr. Pattinson noted that on this point it was important to stress that on a daily basis the practitioners are being faced with enquiries into each of the entities. Some of which on the basis of a want to set the business rescue proceedings aside, or to go after the sureties of the business or even potential sequestration of the Trust. These are the daily battles being fought by the practitioners in these matters.

3.3.1.1. It is on this basis that the practitioners are not obliged to share each eventuality with all the creditors within the group as this hampers any potential defences that we may have in terms of the Companies Act.

3.3.1.2. For example, the practitioners are duty bound in terms of Section 7(k) of the Act to at all times take into account the best interests of all affected persons. Therefore, even if a liquidation scenario would be seen to benefit one creditor, we as the practitioners cannot entertain this unless we can be certain of the benefit to the greater body of affected persons.

3.3.1.3. To date, the practitioners have shown that the rescue process has merit and that it would result in a better outcome for the affected persons as opposed to a liquidation scenario.

3.3.1.4. Similarly, with a sequestration order against the trust – it must be proven that there will be a benefit to the general body of creditors not just a single creditor. This although not directly related, is similar to the requirement per Section 7(k) of the Companies Act which states that the greater body must be protected and benefit from the outcome. The trust however does not enjoy the protections of Business Rescue.

3.4. Mr. Pattinson at this point confirmed that the relevant information that would be required to publish a business rescue plan as per the Act² is available and the plans will be published as per the above suggested dates – however, with the sale of assets and the income of the harvests there will be some open-ended parts of the plans. Meaning simply that upon adoption of these plans, once the sale of property and the harvests have been completed the practitioners will publish a final report to the affected persons which will effectively be an Annexure to the rescue plan.

3.4.1. If we were to try and finalise the financial information such as the AFS and the loan accounts and any other information before we publish the rescue plans – it is likely that we would require an additional 4-6 months before we are able to publish.

3.4.2. It is not logical for us to leave these businesses in limbo for the next 4-6 months without an adopted rescue plan.

3.4.3. With the later publication of the abovementioned annexure or plan, there is unlikely to be any material change to the creditors in terms of the plan – except for SARS who would potentially see a change in their claim.

² Section 150.

4. PROOF OF CLAIMS:

4.1. 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.

4.2. 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.

4.3. Claims must be submitted by the 30th of April 2024 so that they can be considered prior to the publication of the plans.

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
Stargrow
Nvirotech Laboratories
Kruisrivier Varsprodukte
Hallack Consulting
MPact

Kind Regards

Quinton Pattinson

patp@businessrescue360.co.za

082 749 6462

David Masterton

davidm@businessrescue360.co.za

082 569 3813

Jaco Durandt

jacod@businessrescue360.co.za

076 773 4595