

6 October 2023

CIRCULAR 03

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **SABLE SAND 1014 CC** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE 1ST MEETING OF CREDITORS

The business rescue practitioners¹ wish to advise all the affected parties the outcome of the 1st meeting of creditors of **Sable Sand 1014 CC** (Herein after referred to as “Sable Sand” or “The Business”) - held on 5 October 2023.

Mr Durandt gave a brief introduction of the Business Rescue team and welcomed all of the affected persons to the meeting.

CONDITIONS FOR BUSINESS RESCUE

The practitioner explained the process of filing for business rescue and why a business would consider business rescue and the conditions of filing for business rescue.

1. The first question - Is the Company Financially distressed?

YES

- 1.1. Based on information at hand, yes, the business cannot pay its debts as and when they become due and payable, therefore it is clear that the business is in financial distress in terms of the Act² and has filed for Business Rescue in terms of the Act³.
- 1.2. Had the directors decided not to file for business rescue, they would be compelled in terms of the Act⁴ to deliver a formal written notice to every affected person detailing:
 - 1.2.1. That the business is in financial distress.
 - 1.2.2. The reasons for the financial distress.
 - 1.2.3. The reasons for the company's decision to not file for business rescue.

¹ Pat Pattinson, Senior Business Rescue Practitioner and Jaco Durandt, Junior Business Rescue Practitioner.

² Section 128(1)(f) of the Companies Act 71 of 2008.

³ Section 129 of the Companies Act.

⁴ Section 129(7) of the Act.

2. Second Question - Does a reasonable prospect of a rescue exist? YES

2.1. Based on the information provided to the practitioners to date.

2.1.1. At minimum a better outcome than traditional liquidation will be sought.

2.2. The practitioners believe there to be a reasonable prospect of success as will be discussed later in the meeting.

2.2.1. Further, should a rehabilitation of the business not be possible, the practitioners will be required to at the very least seek a better outcome for the affected persons than that which they would receive in an immediate and traditional liquidation. As provided for in terms of the Act⁵ and the judgment of *Carroll v Michael Carroll*.⁶

ABOUT THE BUSINESS:

Pat Pattinson & Jaco Durandt

BR500

About the Business

Mr Theo Scheepers started the Close Corp in 2002.

Member	%
Theo Scheepers	100

- Based in East London, Sable Sand operates as a pack house
 - Primarily packing for Nottinghill Farm (Connected Entity)
 - Major Clients with national footprint
 - Small batches for some other farms

⁵ Section 128(1)(b)(ii) of the Act.

⁶ *Carroll v Michael Carroll* CC In Re: In the application for the Liquidation of: Michael Carroll CC (under supervision) (2018/22808) [2019] ZAGPPHC 74.

REASONS FOR THE FINANCIAL DISTRESS:

1. The cause for the business' financial distress due to the fact that the interconnected entity (Nottingham Farm) – for which Sable Sand does packing of product – has been experiencing financial distress and there has also commenced with business rescue.
2. The cause of Nottingham Farm's financial distress was discussed during the Nottingham Farm meeting, the outcome of which is also available on the website of the practitioner. The main cause there is however primarily due to the moth plague that has been experienced and which has systematically gotten worse since 2021.
3. With the nature of Sable Sand's primary source of income – being the packing of Nottingham Farm's product – and the fact that Nottingham has been experiencing some difficulties; it seems natural that there would be a knock-on effect that has caused the troubles that Sable Sand has been experiencing.

IMPORTANT DATES:

Board Resolution Submitted	:	14 September 2023	(133 Protection date)
		CIPC returned	: 15 September 2023
Practitioner Appointment Submitted	:	15 September 2023	
		CIPC returned	: 15 September 2023
1 st Meeting of Creditors	:	05 October 2023	

FORMING A COMMITTEE

1. The Business Rescue Practitioners advised the attendees that they can form a committee of creditors in terms of the Act.⁷

1.1. The attendees voted against this proposal.

1.1.1. The business rescue practitioners will thus interact with all the creditors of the business directly.

REQUEST FOR AN EXTENSION

1. The plan is currently due to be published on the 19th of October 2023.
2. Based on the discussions had in this meeting, the practitioners confirmed that they will be seeking an extension of the time to publish the business rescue plan until at the latest, the 31st of October 2023.

⁷ Section 147.

3. The reasons for requesting an extension are as follows:

3.1. The practitioners require some time to arrange the Nottinghill Farm business rescue plan, as these two plans will be largely dependent on one another.

3.2. As discussed during the meeting, the larger of the two farm properties will be sold (the farm on which the packhouse is situated will be retained). The income generated from the sale will be used for payment of creditors in terms of the plans to be proposed – the exact breakdowns will be given once the practitioners have had more time to evaluate the exact financial position of the respective entities.

4. The proposed extensions was voted on during the meeting and the creditors unanimously accepted the proposed publication date for the proposed business rescue plan. Thus, the plan will be published by no later than the 31st of October 2023.

PROOF OF CLAIMS

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.

CLAIMS HAVE BEEN RECEIVED FROM THE FOLLOWING CREDITORS:

1. Should your name not be on the list below, this means that a claim has not been received by the practitioners and you should please submit one soonest, on the prescribed form as mentioned above.

- ABSA Bank – various accounts including Asset Finance
 - Provectus Labour Consulting
- Intermark – (Another connected entity)

Kind Regards

Quinton Pattinson
patp@businessrescue360.co.za
082 749 6462

Jaco Durandt
jacod@businessrescue360.co.za
076 773 4595