

August 2024

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **PROXIMITAS INVESTMENTS (PTY) LTD, TRACTO TRADING CC AND STEENBOKVLAKTE (PTY) LTD** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT)

OUTCOME OF THE MEETING OF CREDITORS OF THE 14TH OF AUGUST 2024

1. The business rescue practitioners¹ wish to advise all the affected parties the outcome of the meetings of creditors held on 14 August 2024.

PROXIMITAS INVESTMENTS 60 (PTY) LTD:

2. Mr Pattinson gave a brief introduction of the Business Rescue team and welcomed all of the affected persons to the meeting. Mr. Pattinson then handed the floor to Mr. Warren Parker, who is the attorney of the directors of the businesses in rescue and also for the Trust.
3. Mr. Parker briefly discussed an outline for a plan which they will present more formally to the practitioners so that same may be presented to the creditors, however, an excerpt of the proposed plan is as follows: as quoted by Mr. Parker:

"Below is a high-level summary.

An agricultural economist and banker have been appointed to assist with the formulation of an alternative plan for the consideration of creditors.

Consideration has been given to raising capital other than through the traditional means.

To this end, an impact farming initiative is being contemplated on the farm Boschkraal.

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

This initiative may result in the raising of between R250 million and R350 million within a period of as little as 3 months. This initiative does not have the traditional repayment obligations linked to traditional finance, but is based on a particular return to the individual investor. This is a fintech based funding.

Assuming R250 million is raised, ABSA will be settled in full which will release the properties encumbered to ABSA.

An amalgamation/restructure of the entities in business rescue will be implemented with a black shareholder, and which will include the collapsing of certain properties owned by the Blackie Swart Familie Trust into a new company (Newco). The secured creditors of the group will retain the security they hold save that the debt shall bear interest at an agreed rate. The concurrent creditors of the group will be given security for their debt in the properties that have been released from the ABSA funding. This debt will also bear interest at an agreed rate.

A repayment date will be fixed.

In addition, an incubator farm will be established. This will take 18 months to implement. A farm of this nature attracts significant grant funding which can be utilised to reduce the debt burden on the group as a whole.”

4. DISCUSSION:

4.1. Mr. Pattinson confirmed that the plan that had been previously presented to the creditors for consideration was based on information at hand at the time. The practitioners remain open to alternative plans and all options will be considered. The practitioners look forward to receiving the formal written proposal to be presented to the creditors for potential inclusion in the rescue plans.

4.2. It was however noted that Boschkraal in particular is of vital importance as there is currently an offer on the table for the farm, but it would be an integral part of the proposed plan as highlighted above.

4.2.1. The sale of the Boschkraal farm was discussed at length. The offer on hand is approximately R62mil meaning that ABSA would not be settled in full, also that there will be no further or additional income from that farm. Although that statement is correct, it was mentioned that for as long as the farm is still owned by Proximitas, the loan to ABSA needs to be maintained, the farm needs to be maintained and farmed on – these are the

ongoing expenses that the business cannot currently afford to undergo and thus the original consideration of sale.

4.3. Mr. Rob Parker confirmed that he acts for the Charles Wooley Family Trust and that they too are a secured creditor, not only ABSA. Their security is over property owned by Tracto Trading, but it is for the remaining R30mil on the sale price of Boschkraal. Mr. Rob Parker had some questions about the investors and the agricultural economist.

4.3.1. The economist is Anton Scheepers* but Mr. Warren Parker stated that at this stage, he is not at liberty to discuss the investor but confirmed that there is one at that when the plan is presented, the full details of the investor and the details of the investment would be contained therein.

4.3.2. Mr. Warren Parker confirmed that the plan was in the process of being developed and would be provided within the suggested 3-week time frame (a week of which had already lapsed as at the date of the meeting).

4.3.3. Mr. Pattinson also confirmed that in terms of the Act, business rescue plans cannot contain a “mystery” investor and thus would also include the full details of the proposed investor and the investment in the published plan.

4.4. A few more questions were posed as to the proposed impact farming initiative in an effort to better understand the proposal. However, with the economist not being in the meeting – it was not possible to answer all these questions, and more detail will be provided in the formal proposal to be presented by Mr. Warren Parker and his team.

4.5. An important question was raised with regards to the proposed capital raising and the total indebtedness of the businesses and the trust. Seeing that the proposal would raise around R250-R350mil – how would the funds be allocated? Assuming the bank is settled in full, it will not leave much for the remaining creditors and for continued farming.

4.5.1. Once ABSA is settled in full, the properties over which they have security will be released. Allowing the business to provide new securities to the remaining creditors over these properties – without infringing on any other already registered bonds. There would also be a set deadline for the repayment of the remaining creditors – per the above excerpt with an outline of the plan.

4.6. Furthermore, ABSA raised the question as to how the farm will be able to afford to operate in the interim period between now and the proposed initiatives coming into effect – seeing

as there is PCF provided by ABSA that is being repaid and the monthly costs related to running the farms is not getting less.

4.6.1. Mr. Pattinson herein confirmed that the repayment of the PCF is ongoing and is putting a cashflow constraint on the businesses. Hence why there was always a plan to sell off certain properties and this was always how the projections were done. Only now has the plan been presented as an alternative to selling of certain properties – but that again creates the problem of cashflow for the next 3 months.

4.7. An additional question, relating to the ongoing costs of the business was regarding the experts who have been appointed to draft this alternative plan to the plans already presented and how these people would be paid. Further clarification was also sought on how the new plan proposed to rank the creditors once ABSA was settled – giving cognisance to the already registered bonds etc. Furthermore, clarification was sought about the disposal of assets.

4.7.1. Mr. Warren Parker confirmed that the cost for the experts is not a cost of the BR entities. It was also confirmed that those who had security, will retain that security and the remaining concurrent creditors would be made secured creditors in terms of the plan.

4.8. For clarity, it was confirmed that the only secured creditor in Prox, is ABSA. Charles Wooley is a concurrent creditor in Prox and secured in Tracto. With regards to the Boschkraal farm ABSA has security to the value of approximately R80mil and the offer is currently around R62.5mil – should ABSA consent to the sale of the farm, what say would the other creditors have in that sale?

4.8.1. Much discussion was had in the meeting with regards to the sale of a property in business rescue in the absence of an adopted business rescue plan. Some were of the view that the secured creditor, in conjunction with the practitioners had the right to sell these properties in the ordinary course of business – others were of the opinion that these properties cannot be sold without an adopted plan.

4.8.1.1. It was not finalised in this meeting – the practitioners said that they are in the process of getting independent legal advice on the matter. The practitioner will also engage the potential buyer to see if they are willing to give the

two weeks for the proposal to be presented by Mr. Parker and his team. ABSA has of course, as the secured creditor already sanctioned the sale of the farm Boschkraal and are of the belief that their consent and the consent of the practitioners is all that is necessary. However, as mentioned, the practitioners will take advice on this and will confer with the potential buyer post-haste.

5. PROPOSED DATE FOR THE PUBLICATION OF THE RESCUE PLAN:

5.1. The business rescue plan will be published on the 2nd of September 2024.

5.2. 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. This way, any questions or concerns can be addressed prior to the vote meeting.

5.3. The creditors accepted the proposed publication date – however, the plans are heavily reliant on the receiving of the proposal from Mr. Parker and his team. In the absence thereof, it may prove difficult to provide the creditors with their options for consideration and the original plans will be altered and published without the inclusion of the new proposal.

TRACTO TRADING 100 CC & STEENBOKVLAKTE SITRUS ONTWIKKELING (PTY) LTD:

6. DISCUSSION:

6.1. For both the Tracto Trading and Steenbokvlakte meetings, the practitioners gave an update based on the outcome of the Proximitas meeting. The proposal as given during the Proximitas meeting was outlined again for the creditors of both entities and clarity was provided where necessary. There were no formal objections or matters of consequence.

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

7.1. After the practitioners had given the update and informed the creditors of the outcome of the Proximitas meeting and the decision to adjourn the publication of the Proximitas plan until the 2nd of September. It was proposed that the plans for Tracto Trading and Steenbokvlakte would be published on the 3rd and 4th of September 2024 respectively.

7.2. The creditors accepted the proposed publication dates – however, the plans are heavily reliant on the receiving of the proposal from Mr. Parker and his team. In the absence thereof, it may prove difficult to provide the creditors with their options for consideration and the original plans will be altered and published without the inclusion of the new proposal.

Kind Regards

Quinton Pattinson

patp@businessrescue360.co.za

082 749 6462

David Masterton

davidm@businessrescue360.co.za

082 569 3813

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