

26 June 2023

CIRCULAR 07

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **AFRICAN CAPITAL PROPERTY PORTFOLIO (PTY) LTD** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE 3RD MEETING OF CREDITORS

The business rescue practitioners wish to advise all the affected parties the outcome of the 3rd meeting of creditors of African Capital Property Portfolio (Pty) Ltd (Herein after referred to as "The Business") - held on 23rd of June 2023.

Mr Masterton gave a brief introduction of the Business Rescue team and welcomed all of the affected persons to the meeting and briefly outlined the agenda of the meeting.

UPDATE ON THE BUSINESS RESCUE PROCESS TO DATE AND PLAN GOING FORWARD:

1. Potential sale of the property
 - 1.1. One of the original options that were being evaluated was the sale of the commercial property belonging to the business. The practitioners were actively engaging with relevant stakeholders to find a buyer out of hand for the premises, however:
 - 1.1.1. It has since been decided that the property will be auctioned off in an effort to not cause the business or any other PCF lender additional funds and the auction will be arranged, and the details communicated as part of the proposed business rescue plan.
2. Practitioners JHB visit to the premises and trip to Cape Town to meet with other relevant stakeholders:
 - 2.1. During the travel to JHB the practitioners visited the building. During the visit the practitioners were able to also:
 - 2.1.1. Meet the current tenants of the building; and
 - 2.1.2. Meet with the African Capital attorney of record.
 - 2.2. Furthermore, the practitioners visited Cape Town to discuss certain matters with other relevant stakeholders and additionally they visited the storage facility in Cape Town.
3. The practitioners have further:
 - 3.1. Drafted a "bones" document containing some of the proposals for the consideration of the relevant stakeholders. Upon their feedback, this will likely form the basis for the proposed business rescue plan.
 - 3.2. Drafted and sent a letter to the previous tenant regarding a claim for a deposit. This letter was sent out on the same day of this meeting (23 June).

4. Regarding the property, the practitioners were able to ascertain the following during their visit to the property:
 - 4.1. The building needs maintenance if it would want to potentially promote for new tenants to move in, including but not limited to:
 - 4.1.1. Lifts not stable and not being used, there is a sign that notifies people to not use the lift as it is not in action.
 - 4.1.2. The building has a generator that requires a service. (The current tenants have agreed to pay for this maintenance in advance and the amount paid, will be deducted from their monthly rental over the next few months).

What comes next?

5. COC Litigation – the “Certificate of Compliance” is being investigated and there is a process that is ongoing. Further investigations into this process is required and this will take some time, the practitioners will provide an update as soon as is reasonably possible.
 - 5.1. The practitioners meeting with the creditor and an attorney to discuss the matter, this will be addressed further and will form part of the proposed rescue plan.
6. Annual financial statements of the business. The last set of signed financial statements is for the 2019 financial year and therefore the business needs to get the 2020, 2021, 2022 and 2023 financial information up to date and to make these submissions to SARS so that the practitioners are able to get a correct and formal claim from SARS.
 - 6.1. Quotes were received to get these financials up to date but the business currently has no funds to make these payments. Therefore, the business will likely need to secure some form of PCF in order to fund the completion of these statements.

CASH FLOW – INCOME AND EXPENSES (MAY 2023):

- Please note that these are very high-level overviews and not detailed. Also note that the practitioners have to date not taken any fees in terms of the Business Rescue.

AFRICAP in Business Rescue		
Income	:	R 187 311
Expenses		
Municipal	:	R 105 340
Building	:	R 55 079
Repairs	:	R 4 382
Administration	:	R 12 988
Net Income	:	R 9 522

IMPORTANT DATES:

Board Resolution Submitted : 31 March 2023, (133 Protection date)

Practitioners Appointed : 12 April 2023

1st Meeting of Creditors : 21 April 2023

2nd Meeting of Creditors : 19 May 2023

3rd Meeting of Creditors : 23 June 2023

EXTENSION:

1. Why an extension?
 - 1.1. The practitioners will require time to get the annual financial statements up to date and to submit same and get an accurate claim from SARS.
 - 1.2. The practitioners need to have discussions with the bank regarding the property and their indebtedness in terms thereof and the best potential avenues for the sale of the property.
 - 1.3. All litigation and potential litigation matters need to be concluded or addressed, including:
 - 1.3.1. COC Certificate: time is required to conclude the investigation into the COC matter as it is not possible to sell a property without this certificate. Therefore, it is imperative to resolve this matter prior to the possibility of publishing a business rescue plan.
2. Based on the discussions had in this meeting, it is proposed that another meeting similar to this one is held on the 24th of July 2023 so that the practitioners can provide further feedback to the creditors. It is recorded as same, and a meeting invite for that meeting of the 24th of July 2023 will accompany this circular.

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:

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.

CCI SA (Durban)

D360 Johannesburg

KNS Electrical & Data Solutions

Standard Bank Commercial Property Finance

Z Sisulu Trust

Kind Regards

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