





IFA FAIR-ZIM HOTEL AND RESORT (PTY) LIMITED

First Creditors' Meeting

29 September 2020

*Pierre Berrange – Business Rescue
Practitioner*

AGENDA

1. WELCOME
2. BUSINESS RESCUE PROCESS
3. REASONS FOR FINANCIAL DISTRESS
4. CURRENT FINANCIAL POSITION
5. OPINION OF THE BUSINESS RESCUE PRACTITIONER
6. PROOF OF CLAIMS
7. COMMITTEES
8. CONCLUSION

1 WELCOME

The main objectives of today's meeting are as follows:

- The Business Rescue Practitioner (“BRP”) needs to inform creditors as to whether or not the BRP believes there is a reasonable prospect of rescuing IFA FAIR-ZIM HOTEL AND RESORT (Pty) Ltd (in business rescue) (“Company” or “Fair-Zim”);
- The receipt of proof of claims by creditors; and
- The determination of whether or not a committee of creditors should be appointed.

The objectives are prescribed by Section 147 of the Companies Act 71 of 2008 (as amended) “the Companies Act”

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- Business Rescue involves proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for:
 - A temporary supervision of the company, and of the management of its affairs, business and property;
 - A temporary moratorium on the rights of claimants against the company or in respect of property in its possession; and
 - The development and implementation, if approved, of a Business Rescue Plan to rescue the company by either:
 - A** Restructuring its affairs, business, property, debt and other liabilities and equity in a manner that maximizes the likelihood of the company continuing in existence on a solvent basis; OR
 - B** A process that results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.

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THE BUSINESS RESCUE TIMELINE

Event	Date
Board resolution to commence Business Rescue Proceedings	15 September 2020
Commencement of Business Rescue Proceedings	16 September 2020
Appointment of BRP	16 September 2020
Notice published to all affected persons	22 September 2020
Notice of first meeting of creditors and employees	23 September 2020
First meeting of creditors and employees	29 September 2020
Publication of the business rescue plan	22 October 2020
Application to extend publication of business rescue plan	22 October 2020

The priority of claims is as follows:

1. Costs of business rescue (including BRP's remuneration and expenses)
2. Pre-Commencement secured creditors, in respect of such encumbered asset.
3. Employees for their employment during business rescue (Post-commencement finance employees).
4. Secured post-commencement finance creditors.
5. Unsecured post-commencement finance creditors.
6. Remuneration, reimbursement or expenses relating to employment prior to business rescue.
7. Pre-commencement concurrent creditors and unsecured claims.

2 DUTIES OF THE BUSINESS RESCUE PRACTITIONER

- Investigate the affairs of the Company including voidable transaction, reckless trading and fraud
- Report any transgressions and rectify, if possible
- Determine if there is a reasonable prospect of rescuing the Company
- Raise Post-Commencement Finance to preserve the business, pending a Plan to rescue the Company by restructuring its affairs, or do an orderly wind down which results in better return than liquidation
- Produce the Plan

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- The reasons for distress are detailed in the sworn statement delivered with the notice to commence Business Rescue Proceedings and are summarized below:
 - **COVID-19** was declared a National State of Disaster and various interventions were announced by Government on 15 March 2020, to curb the spread of the virus
 - The lockdown announced on 23 March 2020 resulted in the closure of the Fairmont Zimbali Hotel and the hotel has subsequently remained closed, having generated no income for more than 6 months
 - In light of the above and the continued Level 2 restrictions (at the time) on international travel and large conferencing, the Company took a decision to not re-open the resort as the predominant revenue stream comes from international travel, large groups and conferencing

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CURRENT FINANCIAL POSITION

Book value balance sheet as at 15 September 2020		Notes
	Rands	
Fixed Assets		
Hotel (99 Keys)	366,384,705	Secured against Nedbank liabilities
Condos (25units)	62,548,803	17 Condo units secured against Investec liabilities
Fairmont Heritage Place (56 shares)	26,701,276	Unpaid levies attach to shares
Zimbali Suites (1 unit)	3,632,165	
Penthouse	17,379,748	Secured against Investec liabilities
Vehicle	338,392	
Sub Total	476,985,089	
Current assets		
Deposits (Electricity)	72,000	
TOTAL ASSETS	477,057,089	
Secured liabilities		
Nedbank		
Property loan	-229,730,337	
Overdraft	-6,594,238	
Investec Bank		
IFA Zimbali Hotel and Resorts (P) L - Investec	-52,464,339	
Sub Total	-288,788,914	
Preferrent liabilities		
Fairmont Heritage Place	-2,600,920	Unpaid levies attach to shares
Employees	-7,433,765	Estimated retrenchment costs
Sub Total	-10,034,685	
Unsecured liabilities		
Trade and other	-64,871,802	
Related party	-122,741,426	
Subordinated shareholder	-113,097,168	
Sub Total	-300,710,395	
TOTAL LIABILITIES	-599,533,994	

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5 OPINION OF THE BUSINESS RESCUE PRACTITIONER

- It is the view of the BRP that, notwithstanding inevitable risks and challenges, there is a reasonable prospect of rescuing the Company, based on the following:
 - The Hotel is a 154 key luxury hotel situated within the Zimbali Coastal Resort, Ballito, KZN North Coast, one of the fastest growing areas in South Africa
 - It has a proven track record of hosting a large number of local & international guests & exclusive conference events
 - The performance of the business showed steady improvement over the last three years and exceeded budget expectations in the first 2 and a half months of 2020 before government lockdown.
 - The Hotel currently presents an ideal rebranding opportunity which could be attractive to a local or international operator
 - The Company owns additional bulk to enable expansion or new facilities which is part of the sales process
 - Prior to COVID-19, the shareholders commenced a “soft” disposal process of the Hotel to which there has been a positive response and indicative non-binding offers have been received. It is a very attractive asset in its segment.
 - The sales process will continue and be expedited with a more widespread and international exposure.
 - Post Commencement Funding (PCF) has been raised to enable the disposal process to continue
- We believe that the business rescue process will achieve a better outcome for all stakeholders than a liquidation

5 TERMINATION OF BUSINESS RESCUE PROCEEDINGS

The Business Rescue Proceedings can be terminated under the following circumstances:

- The Business Rescue Plan proposed is rejected and proceedings are not extended.
- The court orders the conversion of the business rescue proceedings into liquidation proceedings.
- The BRP concludes that the Company is no longer in financial distress and files a notice of termination of the business rescue proceedings.
- The BRP files a notice of substantial implementation of the approved business rescue plan.
- In terms of the Companies Act, should the BRP at any time conclude that there is no longer a reasonable prospect of rescuing the Company, the BRP must advise affected persons and apply to court for an order discontinuing the proceedings and placing the Company into liquidation.

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6 PROOF OF CLAIMS

- Outstanding amounts for services rendered and goods delivered prior to 16 September 2020, being the date of commencement of business rescue, are subject to the moratorium.
- A claim form will need to be submitted for such amounts - these claims will be reconciled to the Company's records and any discrepancies investigated.
- The claim form is available at the following link: www.zimbaliresort.com/en/business-rescue/
- Manual claims can be submitted to the BRP at BRcreditors@zimbaliresort.com
- The payment of these amounts will be dealt with in terms of the business rescue plan
- The Company will respond within a reasonable period on receipt of the claim forms
- Pending acceptance of a disputed or rejected claim, the Company will use its quantum for all calculations

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- A committee, appointed in terms of s147 of the Companies Act, may:
 - Consult with the BRP about any matter relating to the business rescue proceedings;
 - Receive and consider reports relating to the business rescue proceedings; and
 - Acts independently of the BRP to ensure fair and unbiased representation of creditors' interests.
- It is the view of the BRP that the input of a pro-active creditors' committee will add significantly to the process and will be helpful in achieving the goals set out in the business rescue plan.
- As the meeting is both "live" and virtual, nominations for the creditors' committee will be called for at the meeting, and such nominations are to be submitted to : BRcreditorscommittee@zimbaliresort.com
- The Committee will choose its chairperson and the details of the Committee will be displayed on the website
- It is proposed that an additional committee be formed for those creditors who paid for accommodation or conferences. Kindly submit nominations to : BRdepositscommittee@zimbaliresort.com

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- The BRP will communicate timeously with all stakeholders, in writing, as required by the Companies Act.
- This presentation will be uploaded onto the business rescue website: www.zimbaliresort.com/en/business-rescue/ as will all other important information.
- For any queries specifically related to business rescue, please do not hesitate to contact us at:
 - General enquires businessrescue@zimbaliresort.com
 - Creditor enquiries BRcreditors@zimbaliresort.com
 - Guest deposit enquiries BRdeposits@zimbaliresort.com