



# STUTTAFORDS

Date: 2 November 2016

## **Stuttafords International Fashion Company (Proprietary) Limited in Business Rescue ('the Company') Group Restructure and Reorganisation**

Dear Landlord

1. As you are now well aware, the Company was placed into business rescue on 28 October 2016.
2. Business rescue is a new concept. Unfortunately, from the feedback we are receiving from our stakeholders it appears there is a misconception as to its purpose or a stigma surrounding its proceedings.
3. The purpose of business rescue is set out in the Companies Act. Its stated purpose is *"provide for the efficient rescue and recovery of financially distressed companies in a manner that balances the rights and interests of all relevant stakeholders"*.
4. Business rescue by definition is a proceeding to facilitate the rehabilitation of a company that is financially distressed by providing for three things:
  - 4.1. the temporary supervision of the Company and of the management of its affairs, business and property;
  - 4.2. a temporary moratorium on the rights of claimants against the Company or in respect of property in its possession;
  - 4.3. the development and implementation, if approved, of a plan to rescue the Company by restructuring its affairs, business, property, debts and other liabilities and equity in a manner that maximizes the likelihood of the Company continuing in existence on a solvent basis OR if it is not possible for the Company to so continue in existence, result in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.
5. Thus a business rescue proceeding is very different from a liquidation.
6. Liquidations are permanent, it's the end of the Company whereas business rescue proceedings signal for us the start of a new lease of life for our Company.
7. In accordance with the definition of "business rescue" kindly note the following:
  - 7.1. John Evans (an experienced business rescue practitioner) and Neil Miller (also an experienced business rescue practitioner) have been appointed as the joint business rescue practitioners. The Company's affairs, business and property are now under their temporary supervision;



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7.2. Under their supervision, and with the support of management, the Company will continue to trade. Over this period all purchases made by the Company will be paid in full. The Company will pay all expenses relating to its tenancy and it will pay all its salaries and staff in full until presentation of the business rescue plan in early 2017

8. Development and implementation of a plan

8.1. As presently advised, and if our plans timeously fall into place, we hope to publish our business rescue plan in January 2017 or February 2017

8.2. The plan will include confirming, negotiating and/or amending our lease agreements with you. We are hoping, given our long and beneficial history with you and our stakeholders, we can rely on the goodwill built up over these years for your support, assistance and co-operation to enable us to achieve a successful rescue of the company.

8.3. Over the forthcoming weeks, management guided by our joint business rescue practitioners will commence discussions with you (and other affected parties) with a view to hopefully achieving a successful restructure of our company and business rescue.

8.4. The Company (and its board), as assisted by the business rescue practitioners, wish to manage this process in an open and ethical fashion, with as much support as is possible from all affected parties and landlords. This will enhance the probability of our success and the prosperity of our Company, its staff and other stakeholders.

9. We look forward to our future interactions and trust that we will receive your support and confirmation of our tenancy on either a) existing terms and conditions (if acceptable to the Company) or b) altered terms and conditions (if required to maintain our tenancy in this challenging retail climate).

10. You have our reassurance that our financial obligations to you in terms of our lease obligations, existing or altered by agreement, will continue to be paid in full during the business rescue process.

Regards

**ROBERT AMOILS**

**CEO**