



STUTTAFORDS

Date: 2 November 2016

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

Dear Supplier and Service Provider

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 creditors and suppliers 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:



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- 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;
- 7.2. Under their supervision, and with support from management, the Company will continue to trade. Over this period all purchases made by the Company will be paid for in full. The Company will pay all expenses relating to its tenancy (in its various premises) and it will pay all salaries and staff in full, this until presentation of the Business Rescue Plan in early 2017;

8. Temporary Moratorium

- 8.1. As a creditor and supplier, the indebtedness due by the Company to you, as at the 28th of October 2016, is impacted by a moratorium.
- 8.2. We are hoping to continue supporting you and purchasing product from you during the business rescue process, as stated above, on existing terms or on such new terms as may be negotiated between us.
- 8.3. At the end of January 2017, or in early February 2017 (which dates are subject to change) we intend publishing our business rescue plan. In this plan we will set out what quantum of dividend will be paid to you and when. As everyone is aware, it is impossible to project or estimate what will happen over the festive season in the current climate. The better the season is for the Company, the larger the pool of funds from which your dividends will be paid.

9. Development and implementation of a plan

- 9.1. 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.
- 9.2. We are hoping, given our long and beneficial history with you, our suppliers 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.
- 9.3. Over the forthcoming weeks management, guided by our joint business rescue practitioners, will commence discussions with you and other affected parties. This with a view of hopefully achieving a successful restructure of our company and business rescue.
- 9.4. 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. This will enhance the probability of our succeeding and the prosperity of our Company, its staff and other stakeholders.



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10. We look forward to our future interactions and trust that we can rely on your support throughout this process.

Regards

ROBERT AMOILS

CEO