

9 October 2024

Attention: **All Affected Persons of AutoZone Holdings Proprietary Limited**
(in business rescue)("AutoZone")

RE: REPORT ON THE PROGRESS OF THE BUSINESS RESCUE PROCEEDINGS OF AUTOZONE

Introduction

1. In terms of section 132(3) of the Companies Act 71 of 2008 ("Act"), if a company's business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the court, on application by the practitioner, may allow, the practitioner must –
 - 1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
 - 1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:
 - 1.2.1. Court, if the proceedings have been the subject of a court order; or
 - 1.2.2. Commission ("CIPC"), in any other case.
2. Therefore, as required, this **First Update Report** is being delivered by the business rescue practitioners ("BRPs") in terms of section 132(3) of the Act.
3. Reference is made in this First Update Report to the adopted business rescue plan ("Plan"). It is therefore important that this First Update Report be read in conjunction with the Plan.

Business Rescue Proceedings

4. Background
 - 4.1. On 1 July 2024, AutoZone was placed in business rescue pursuant to the filing of a resolution in terms of section 129 of the Act.
 - 4.2. On 1 July 2024, Piers Marsden and Jenna Osborne were appointed as the joint BRPs.
 - 4.3. On 2 September 2024, the BRPs published the Plan. The proposal in terms of the business rescue plan is the Sales Process (as defined therein).

- 4.4. On 11 September 2024, the Plan was adopted.
- 4.5. Since the commencement of AutoZone's business rescue proceedings, the BRPs have convened the statutory first meetings and several creditor committee meetings.
- 5. Update on the Accelerated Sales Process
 - 5.1. Affected persons are referred to paragraph 19 of the Plan for further details related to the Accelerated Sales Process.
 - 5.2. On 3 October 2024, AutoZone entered into a sale of shares and facility agreement (the "Agreement") with Metair Investments Limited ("Metair") to acquire the entire issued share capital of AutoZone and advance AutoZone a facility to be used by AutoZone to settle creditor claims and fund certain working capital requirements, in accordance with the implementation AutoZone's approved Plan.
 - 5.3. In terms of the Agreement, the maximum amount payable by Metair pursuant to the transaction is R290 million, payable in cash on the Closing Date, comprising the following:
 - 5.3.1. R200 million, payable to ABSA to settle their secured claim.
 - 5.3.2. R15 million, to settle pre-commencement unsecured creditors; and
 - 5.3.3. R75 million to fund the working capital requirements of AutoZone and provide AutoZone with the ability to trade as normal.
 - 5.4. In the event that AutoZone's actual working capital at the Closing date is less than R344 million, Metair has the right to terminate the Agreement.
 - 5.5. The implementation of the transaction is subject to the fulfilment or waiver (to the extent permitted) of, inter alia, the following conditions (the "Conditions") by an agreed long stop date, being 75 days from the signature date or such later date as agreed to by the applicable parties:
 - 5.5.1. the South African competition authorities approving the transaction;
 - 5.5.2. Metair's lenders consenting to the transaction; and
 - 5.5.3. Counter-parties to certain AutoZone contracts consenting to the transaction.

- 5.6. The Closing Date of the transaction in each case unless extended by the applicable parties by agreement in writing and subject to the parties agreeing on the applicable net working capital adjustments, shall be the third business day after the last of the Conditions has been fulfilled or waived ("Closing Date").
- 5.7. The BRPs expect the transaction to close the transaction in early December 2024, pending the fulfillment of the various Conditions.
- 5.8. It is contemplated that as soon as reasonably practicable following the Closing Date and distribution of the concurrent dividend of R15 million (estimated at 7.5 cents in the Rand), the BRPs will file a notice of substantial completion of the Plan with the Companies and Intellectual Property Commission and AutoZone shall exit business rescue proceedings.
6. Proof of Claims
- 6.1. Creditors who have yet to submit their claims need to do so before **11 October 2024**, being the final claims date as defined in the Plan.
- 6.2. Claims can be submitted via the online form, which can be found on www.matusonassociates.co.za/autozone. Should a manual claim form be required for those unable to complete the online form please request same from creditors@autozonebr.co.za.
- 6.3. AutoZone, together with the BRPs, are reconciling the claims received to date and will communicate with creditors, individually, regarding the status of their claims.

Conclusion

7. The BRPs will continue implementing the Plan in accordance with their statutory obligations.
- 7.1. All relevant notices in respect of the business rescue proceedings of AutoZone can be found on www.matusonassociates.co.za/autozone.
- 7.2. Please direct any queries to creditors@autozonebr.co.za.