

Group Five acted in bad faith, says Allan Gray

By [Mark Allix](#)

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Allan Gray says Group Five acted in bad faith on Friday in advising shareholders that an extraordinary general meeting (EGM) had been scheduled for 24 July, and not earlier, as called for by the fund manager.



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In May, Allan Gray, whose clients hold 25% of the construction and engineering company, stated it had "lost faith" in Group Five's board.

It called for an EGM to reconstitute the board, saying the company needed "a fresh start" after numerous executives and directors had left.

Since then, it said that Group Five chairwoman Philisiwe Mthethwa had given it an undertaking that if the two parties did not come to an agreement last week, a notice of meeting for the EGM would be released on Friday June 9.

"Unfortunately, the company just released a [stock exchange] announcement. They now say the notice will be released on June 23," Andrew Lapping, a director of Allan Gray, said on Monday, 12 June. "We sent them the meeting request on May 11 with the resolutions [for an EGM]. All they had to do was send the notice to shareholders. How this can take six weeks is beyond me," he said.

Mthethwa did not reply to requests for a response to Allan Gray's claims on Monday. Instead the group said given the duration of discussions with Allan Gray and the necessary input from other shareholders "it was unrealistic to meet an earlier timetable".

Mthethwa is CEO of the National Empowerment Fund and wife of Arts and Culture Minister Nathi Mthethwa. She is also the sister of Deputy Finance Minister Sifiso Buthelezi, who is now chairman of the Public Investment Corporation — which holds 15.67% of Group Five shares.

Most recently, nonexecutive director and audit committee chairman Babalwa Ngonyama resigned. She had succeeded executive director and remuneration committee chairman Mark Thompson and group executive committee member and head of investments and concessions Jon Hillary, among others. The resignations came after Group Five executive committee member and head of developments Themba Mosai was appointed as interim CEO.

This came a week after the company said on February former CEO Eric Verner would be leaving the group. Mosai was later confirmed as CEO.

Dexter Mahachi, an analyst at Momentum SP Reid Securities, said on Monday the parties would seek to gain support from other shareholders on their various positions.

Source: Business Day

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