Media release

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High Court Blocks Liquidation of R575m Property Portfolio Over R15.5m Debt

A landmark judgment delivered in the High Court has set a major corporate restructuring precedent, ruling that institutional lenders cannot use liquidation as a tactical "shortcut" to force asset fire sales when a company is structurally solvent but facing temporary liquidity constraints.

The judgment, handed down by Bezuidenhout J in the matter of *Great Lakes Consultancy (Pty) Ltd v Schoonspruit Development (Pty) Ltd & Others* (Case No. 2025-131798), rejected an aggressive winding-up campaign by commercial lender Business Partners Limited. The Court placed two major Western Cape property developers under business rescue, thereby protecting a combined land portfolio independently valued at nearly R575 million.

Severe asset-to-debt disparity highlighted

The legal dispute highlights the growing friction between commercial financiers and capital-intensive property developers during economic cycles. The two affected developers, Schoonspruit Development (Pty) Ltd and Agri Industria (Pty) Ltd, hold substantial land portfolios intended for large-scale subdivision and infrastructure development. Independent sworn valuations estimated the value of the land holdings at R96.3 million and R478.9 million, respectively.

Despite the group's total debt being manageable at R42.4 million, Business Partners Limited—the single largest creditor with a remaining loan claim of just R15.5 million—simultaneously pursued provisional liquidation proceedings in multiple High Court jurisdictions to force an immediate winding-up.

In valuing the lender's strategy, Bezuidenhout J noted that even if the court adopted the creditor's unverified, lowball asset appraisal of R66 million, a substantial equity surplus of approximately R50 million would remain after the full settlement of all company liabilities. The Court found that immediate liquidation would serve only the financier's recovery interests at the extreme expense of shareholders and broader economic stability.

Tactical creditor manoeuvres overturned

The case underscores the strategic value of Chapter 6 of the Companies Act in halting aggressive debt collection. Instructing Johan Victor Attorneys & Litigators, the majority shareholder launched a Section 131(1) business rescue application, triggering a statutory moratorium that automatically suspended the concurrent liquidation proceedings.

Crucially, court papers revealed that while the business rescue application was pending, Business Partners and its legal representatives attempted to transfer three serviced, subdivided properties from the developer's portfolio to an external entity, namely Vasar Properties. The High Court's order has brought these manoeuvres to a halt, adjourning the provisional liquidation indefinitely (*sine die*).

Protecting economic and infrastructure value

The High Court was satisfied that the developers met the statutory test for a "reasonable prospect of rescue," thereby overcoming short-term cash-flow constraints. Objective commercial indicators placed before the court demonstrated robust market demand. This included millions of rands in active reservation agreements, signed deeds of sale, and confirmed infrastructure milestones, such as the on-site installation of major Eskom transformers and electrical substations.

Turnaround specialists Dean du Toit and Kurt Knoop have been appointed as joint business rescue practitioners to oversee operations, finalise the pending property transactions, and systematically unlock the capital within the unencumbered portfolio.

Reflecting the heavy-handed nature of the liquidation campaign, the Court penalised Business Partners Limited by ordering it to pay the applicants' costs on the punitive Scale C, including the costs of two counsel.

Commercial implications for lenders and corporate entities

Johan Victor, principal attorney at Johan Victor Attorneys & Litigators, comments on the broader implications of this judgement for South Africa's business sector:

"The liquidation remedy was never intended to be weaponised as a tactical debt-collection shortcut for institutional lenders. Where an enterprise is fundamentally asset-rich, and its distress is purely a function of project timing and cyclical liquidity, forcing a fire-sale destroys genuine going-concern value."

This judgment sends an unambiguous signal to the commercial banking and financial sectors: South African courts will robustly intervene to protect equity, safeguard infrastructure delivery, and ensure equitable treatment for all stakeholders by properly deploying Business Rescue mechanisms.

The full judgment text is available via the High Court archives (*Great Lakes Consultancy v Schoonspruit Development*, Case No. 2025-131798).

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