

Wednesday  
20 January 2010

Our Ref: SMG/CMR/JAN2010/20-1/Edrei

**NOTICE TO EDREI INVESTORS**

1. This is an update on the notice issued by the liquidators to Edrei investors on 12 November 2009.
2. We submit herewith a short report in respect of each of the Edrei companies which own income-producing property:-

**2.1 Edrei Investments 1 (Pty) Limited (in Liquidation)**

- Owns a small commercial property in Goodwood.
- There are 2 tenants.
- One of the tenants is in arrears with rent and has been handed over to attorneys for collection.
- The property is 100% let.

**2.2 Edrei Investments 2 Limited (in Liquidation)**

- Owns a retail shopping centre in Durbanville.
- Anchor tenant is Shoprite Checkers.
- New leases have been entered into.
- On the instruction of the liquidators the property has undergone substantial repair and maintenance work.
- Various ex-tenants with outstanding accounts have been handed over to attorneys for collection.
- The centre is 93% let.

**2.3 Edrei Investments 3 (Pty) Limited (in Liquidation)**

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- Owns a commercial complex in Durbanville housing 2 tenants.
- One tenant in arrears was handed over to attorneys for collection resulting in substantial recoveries.
- The property is 100% let.

2.4 **Edrei Investments 4 (Pty) Limited (in Liquidation)**

- Owns a retail shopping complex known as The Atrium in Port Elizabeth.
- The anchor tenant is Virgin Active.
- This centre is almost 90% let.
- New leases have been entered into.

2.5 **Edrei Investments 5 Limited (in Liquidation)**

- Owns a retail complex in Durbanville.
- The anchor tenant is ABSA Bank.
- The centre is 75% let.

2.6 **Edrei Investments 7 Limited (in Liquidation)**

- Owns a retail shopping complex and vacant residential land in Hunters Retreat, Port Elizabeth. This property was purchased for re-development.
- The anchor tenant is Spar.
- An ex-tenant has been handed over to attorneys for collection.
- The centre is approximately 65% let.

2.7 **Edrei Investments 9 Limited (in Liquidation)**

- Owns Kings Court, corner Buffelsfontein and Titan Roads, Walmer, Port Elizabeth.
- Kings Court is a mixed use centre comprising retail outlets, offices, residential units, storage units and a medical centre.
- Many of the tenants struggle to pay their rentals and, where merited, have been granted rental relief.
- The major tenants are Dis-Chem Pharmacies (Pty) Limited, Pick 'n Pay and Intercare.
- After receiving notice from Dis-Chem of its intention to cease trading, the liquidators approached the Eastern Cape High Court in

Port Elizabeth for an interim interdict preventing this tenant from leaving and compelling them to comply with their obligations in terms of their lease agreement which included having to trade to the end of the lease period. The urgent application was opposed by Dis-Chem and on 18 January 2010 the High Court found in favour of the liquidators and granted the appropriate relief with costs. As soon as we receive same a copy of the High Court judgement will be posted on Independent Trustees' website ([www.corprecover.co.za](http://www.corprecover.co.za)).

- Many tenants and former tenants are substantially in arrear with their rental payments and many of the tenants and former tenants have been handed over to attorneys for collection.
- As at 31 December 2009 the centre had an occupancy of approximately 77%.

#### **2.8 Edrei Investments 12 Limited (in Liquidation)**

- Owns a mixed use centre known as Kings Mall, corner Main and Gullsway Roads, Gonubie, East London comprising retail outlets, storage units and a medical centre.
- The anchor tenant is Spar.
- Many tenants and former tenants owe arrear rental and many have been handed over to attorneys for collection.
- Certain tenants have, where merited, been granted rental relief by the liquidators.
- As at 31 December 2009 the centre had an occupancy of about 70%.

#### **2.9 Edrei Investments 13 Limited (in Liquidation)**

- Owns a property at 807 Gordon Road, Waverley, Pretoria.
- The only tenant is Checkers and the centre is accordingly 100% occupied.

3. Allegations have been made by some investors that the liquidators are not properly attending to the administration of the income-producing properties owned by the various Edrei companies. The liquidators can assure all investors that the properties are being looked after by the appointed administrators, Messrs Hermans and Roman Property Solutions, under the guidance of the liquidators. Regular meetings take place between the liquidators and Messrs Hermans and Roman Property Solutions and all issues are attended to as expeditiously and efficiently as possible.

4. The respective liquidators of the Edrei companies which have investor claims and investor equity are still investigating the validity of such investments and the proper allocation thereof. The investigation is time-consuming and complex and only once the liquidators are in receipt of all the relevant information relating to the King Group's dealings with investors (as also the internal allocation of investor funds), will they be able to obtain final legal opinion regarding the validity and allocation of claims and shares in relation to the various Edrei companies.
5. In the interim investors are urged to submit their claims to the liquidators care of Independent Trustees. Claim forms can be downloaded from the abovementioned website.
6. The liquidators will be drafting reports for each company in liquidation which will be submitted to general meetings of creditors which are to be convened over the following months.

Yours faithfully



**S M GORE**  
**For LIQUIDATORS**