



8 December 2009

**KING FINANCIAL SERVICES: KINGVEST 3 (PTY) LTD & RZT ZELPY 4619 (PTY) LTD (IN LIQ)
QUESTIONS FROM INVESTORS ON THE INDEPENDENT TRUSTEES BLOG**

I refer to the above company and the two properties which we auctioned. Herewith questions and answers.

QUESTION ONE: Why was the sale so poorly advertised? The Sunday Times, which very few of the investors seem to read, carried the only Alliance advertisement (to my knowledge) of the Heritage Hill auction planned for the 2nd Dec. It reflected no address or information other than the credentials of an auctioneer at Alliance and Mr. Geldenhuys cell phone no. The cell phone was not answered on Sunday (check missed calls). On Tuesday 1st December, it was answered and directions through the estate security were given.

ANSWER: The sales were not poorly advertised at all. In fact they were widely advertised as follows:

NEWSPAPER ADVERTISING

Newsprint Advertising: Marmer Street, Polokwane, Limpopo:

- The Cape Argus
- The Star Newspaper
- The Sunday Times
- The Business Day
- Die Beeld
- The Citizen

Newsprint Advertising: Louwlandia, Pretoria:

- The Star Newspaper
- The Sunday Times
- The Cape Argus
- The Business Day
- Die Beeld
- The Roodepoort Record
- The Citizen

Furthermore we advertised these sales in our dedicated publication, the Alliance Weekly, which was inserted in various newspapers as follows:

- Business Day Alliance Weekly insert: 20 November 2009. Distribution: 56 000
- Beeld Alliance Weekly: 20 November 2009. Distribution: 120 000
- Star Alliance Weekly: 13, 20 & 27 November 2009. Distribution: 190 000
- Sunday Tribune Alliance Weekly: 8, 15, 22 & 29 November 2009. Distribution: 101 000

AUCTIONS ▾ ASSET AND BUSINESS SERVICES ▾ FINANCE

DIGITAL MARKETING

The sale also had an extensive on-line advertising component. Over web site www.auction.co.za received 523 564 hits in November when the properties were being marketed. The following information about our digital campaigns are included:

- We had 1,765 hits on the two properties
- Our active database of 62 000 registered users received notification of the auction sale
- We had a comprehensive digital marketing including: e-mailers, text messages, social media messages on Facebook, Twitter, and multiple Search Engines.
- We listed the auction on several major commercial property portals in South Africa & internationally including [www. Realestateweb.co.za](http://www.Realestateweb.co.za)

PUBLIC RELATIONS

Various publications around the country reported the upcoming sale including:

- Business Day
- Rapport
- Sake 24 (Burger / Volksblad and Beeld)
- Personal Finance
- Real Estate Web
- Various Radio Stations

The Alliance Group then confirmed, in a further statement to the media, that we were neither mandated nor authorized by the liquidators to make any comment whatsoever in relation to the King Group of companies.

OTHER ABOVE THE LINE MARKETING

- Large boards were erected on both sites
- Marketing brochures were distributed at all Alliance Offices nationwide
- A due diligence pack was produced for buyer information.

THE INFORMATION IN THE ADVERTISEMENTS

it is absolutely incorrect that there was scant information in the advertisements. The advertisements reflected the following information:

- Size
- Zoning
- Parking
- Street Addresses
- Services available
- Other information
- Development sizes

AVAILABILITY BY TELEPHONE

Although Mr Geldenhuys is a religious person and he may not answer all his calls on a Sunday we

That said, on the Louwardia advertisements we had the telephone numbers and e-mail addresses of two people being Mr Geldenhuys and Mr Andreas Greeff.

DIRECT COMMUNICATION

We received a list of buyers who had expressed previous interest in the properties and both Mr Glaum of Sanek and our offices made contact with them advising them of the sale.

QUESTION 2: How much notice would you think is acceptable to buyers of multimillion rand properties? Nobody on the estate could answer financially important questions except for a backlog in levies, rates and taxes.

ANSWER 2: We ran a 3-4 week campaign and it is my view that this is ample time. We had a full due diligence pack available and every single question was answered and available to be answered by two people.

QUESTION 3: Were the apologies/explanations for the Burger and Rapport news releases a decoy to detract from the main issues which were the auctions happening 2 days later without any fanfare?

ANSWER: In an attempt to attain wide marketing of the properties we spoke to various media about the upcoming sale but we were not authorised to make any comment whatsoever in relation to the King Group of companies and we shouldn't have. This was no decoy; this was us stating the facts. That said, with all the marketing and PR, no-one can accuse the auctions of happening without any fanfare.

QUESTION 2: What were the properties sold for?

ANSWER: Louwardia was knocked down for R7,5m (excluding VAT) and the Polokwane site was sold for R9m (excluding VAT).

QUESTION 5: How was the auction attended considering the poor advertising?

ANSWER: It is my view that the property was well marketed and over 220 people attended the auction sale.

GENERAL COMMENTS ABOUT ALLIANCE GROUP'S INVOLVEMENT WITH THIS SALE

It is my view that both the liquidators and secured creditors have chosen the right auctioneers when it comes to selling these two properties. The Alliance Group are one of the largest agents of real estate in South Africa. When it comes

Over the last 12 months our company has been involved in the sale of many of the country's most high profile and sensitive matters including:

- Fidentia Holdings
- Genesis Property Group
- City Capital
- MKB Developments
- Nationwide Airlines
- Philken Developments
- Highland Gate Golf Estate

Alliance has sold over R5Billion worth of real estate in the last year alone and you can be rest assured that the King Group has my full personal attention and that I will do everything in my power to assist the liquidators secure maximum prices in a very tough property market.

Kind regards

A handwritten signature in black ink, appearing to read 'Rael Levitt', with a horizontal line underneath.

RAEL LEVITT
Chief Executive Officer