

5th November 2010

UPDATE

TO ALL KING INVESTORS AND CREDITORS

BIZ AFRICA 1332 (PTY) LIMITED [IN LIQUIDATION] ALSO KNOWN AS KING FINANCIAL HOLDINGS (PTY) LIMITED [IN LIQUIDATION] AND ITS SUBSIDIARIES ("the King Group")

Further to the circular to all investors dated 8 April 2010, the joint liquidators in the King Group advise as follows:-

1. Property Sales.

- 1.1. Most of the properties owned by the various liquidated companies within the King Group have been disposed of and are in the process of being transferred.
- 1.2. The shopping centres in Walmer and Gonubie owned by Edrei Investments 9 Limited (In Liquidation) and Edrei Investments 12 Limited (In Liquidation) respectively realised well below the amounts owing to the respective bondholders and highlighted the poor investment decisions made by the King Group when they decided to purchase land and build shopping centres in these areas.
- 1.3. In fact, these were the only shopping centres which were developed by the King Group, the others having been bought by them.
- 1.4. Sales of the other shopping centres have generally exceeded our expectations and we believe that this is, in part, due to the way in which these properties have been administered post liquidation.
- 1.5. Upcoming auctions are advertised on the website www.corprecover.co.za.
- 1.6. We annex hereto for your information a list reflecting the purchase prices achieved for the larger, income producing properties sold by the liquidators.
- 1.7. The proceeds of the sale of vacant development land purchased by the various companies in the King Group shortly before its demise will in most cases be insufficient to cover the claims of bondholders. It would therefore appear that there will be shortfalls in most of those companies.

2. Investor Claims.

- 2.1. Many hundreds of claims have been received from investors to date. We have been inundated with calls and e-mails from investors inquiring, inter alia, where their claims lie and when they can expect to receive a dividend etc.
- 2.2. As previously advised the liquidators appointed Price Waterhouse Coopers ("PWC") to investigate and report on the unusual methods adopted by the King Group in relation to the receipt and allocation of investments made.
- 2.3. PWC completed their initial investigations and, through the liquidators' attorneys, Senior Counsel was briefed to advise, inter alia, on the validity of the allocation of investor funds.
- 2.4. Due to the complexity of legal issues and as a result of ongoing instructions to Senior Counsel, the legal opinion is taking longer than originally anticipated. It is hoped that we should be in a position to express our opinion on the validity of the allocation of investor claims and where we believe such claims lie early in the new-year.
- 2.5. It should be borne in mind that the report prepared by PWC for the liquidators was prepared solely for the use of the liquidators and their legal representatives and was one of the primary documents upon which the opinion to be obtained from Senior counsel was based.
- 2.6. The opinion, once obtained, will guide the liquidators in regard to the validity and allocation of claims.
- 2.7. It should at this stage also be noted by creditors and investors that the opinion will be subject to legal professional privilege, which protects all communications between a professional legal adviser and his client, and the liquidators will not be obliged to disclose same.

3. Investigations.

- 3.1. Investigations by the joint liquidators are ongoing into the affairs of the various King Group companies in liquidation.
- 3.2. Matters under investigation include impeachable transactions, claims against third parties for the recovery of monies and investments made by the King Group which need to be realised.
- 3.3. Various enquiries have taken place where witnesses were subpoenaed and interrogated and, where necessary, further interrogations will be conducted with a view to recovering further assets. The authorities are conducting their own criminal investigations with the co-operation of the liquidators.

4. **General**

- 4.1. We will, as soon as possible after the registration of transfer of the various properties and receipt of the proceeds from the sale of such properties submit liquidation and distribution accounts with the Master of the High Court.
- 4.2. In instances where there are bondholders who have submitted claims we will pay an interim award from such proceeds to the bondholders upon registration of transfer to avoid interest accruing on those secured claims to the detriment of the general bodies of creditors.

Yours faithfully

THE JOINT LIQUIDATORS

(Sent electronically and therefore not signed)

EDREI PROPERTIES SOLD

No.	Company Name	Property Description	Selling Price
1	Edrei Investments 1 (Pty) Limited	Erf 36153 Goodwood Western Cape, " N1 City "	R 5 400 000
2	Edrei Investments 2 Limited	Erf 7248 Durbanville Western Cape, 38A Queen Street, " Checkers Midville "	R 34 000 000
3	Edrei Investments 3 (Pty) Limited	Erf 3764 Bellville, 255 Durban rd " Barlow World "	R 8 600 000
4	Edrei Investments 4 (Pty) Limited	Erf 2906 Port Elizabeth Eastern Cape, Norvic Drive, " The Atrium "	R 37 000 000
5	Edrei Investments 5 Limited	Erf 683 & 684 Durbanville Western Cape, " Oxford Street "	R 24 000 000
6	Edrei Investments 7 Limited	Erf 2410, 2411 & 2659 Port Elizabeth Eastern Cape, " Hunter's Retreat "	R 18 000 000
7	Edrei Investments 9 Limited	Erf 8799 Port Elizabeth Eastern Cape (including Kings' Terraces and Kings' Village units) " Kings Court "	R 70 780 000
8	Edrei Investments 12 Limited	Erf 3342 East London, Eastern Cape " Kings Mall "	R 62 000 000
			R 259 780 000