

SOUTHWICK PROPERTIES CC (In Liquidation)
REGISTRATION NO: 1996/03856/23
MASTER'S REFERENCE: G575/06

REPORT BY THE LIQUIDATORS, REINETTE KARSTEN, LDR VAN DER MERWE AND FM LEGOATHI, IN TERMS OF SECTION 79 OF THE CLOSE CORPORATIONS ACT, NUMBER 69 OF 1984, AS AMENDED, READ WITH SECTION 402 OF THE COMPANIES ACT, NUMBER 61 OF 1973, AS AMENDED, WHICH WILL BE SUBMITTED AT THE SECOND MEETING OF CREDITORS TO BE HELD BEFORE THE PRESIDING OFFICER, THE MAGISTRATE, GERMISTON, ON 18 AUGUST 2005 AT 09:30.

The abovementioned Close Corporation was finally liquidated on the 23rd of June 2006 in the High Court of South Africa (Witwatersrand Local Division) upon the application of Mr AL Knowles.

The Master of the High Court appointed Mrs R Karsten together with Mr LDR Van der Merwe and FM Legoathi as the liquidators on the 29th June 2006 and the first meeting of creditors was convened and held on the 4th August 2006.

No claims were submitted and proved at this meeting.

As at the date of liquidation it would appear that the only members were:

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| 1. | Mr Adrian Laurence Knowles
14A Tregoning Street
Linksfield Ridge
JOHANNESBURG | 50% interest |
| 2. | Lindsay Grant Welham
c/o Ramm Systems (Pty) Limited
8 – 7 th Avenue
EDENVALE | 50% interest |

The registered office of the Close Corporation as at the date of liquidation was No. 12 Seventh Avenue, Edenvale.

One application was lodged for the liquidation of:

Gressenturn Properties CC	First Respondent
No. 10 Seventh Avenue Edenvale CC	Second Respondent
Southwick Properties CC	Third Respondent
Agriscience Trading CC	Fourth Respondent

The Court wound up all four (4) Close Corporations in the same application due to there being a common identity of interest that existed between the Close Corporations.

The first respondent is still the registered owner of a fixed property, whereas the second- to the fourth respondent were the owners of certain fixed properties, which have subsequently been sold and transferred into the names of the new purchasers.

The buildings on the properties were converted to office buildings and were collectively known as Southwick Office Park.

The sole business of the Close Corporations was property owning and its income was derived from the rentals from tenants to such properties.

We report further as follows:

SECTION 79(a) - ESTIMATED AMOUNT OF THE CLOSE CORPORATION'S ASSETS AND LIABILITIES

According to the Notice of Motion and to our further investigations, the financial position of the estate would appear to be as follows:

The Close Corporation was the registered owner of Erf 67 Edenvale, situated at No. 12 Seventh Avenue, Edenvale. The property was marketed through an estate agent and subsequently sold in the amount of R875 000,00 and transferred. A portion of this amount was utilised to settle the outstanding bond and rates and taxes due in respect of the property. Allegedly certain of the Close Corporation's creditors in respect of which there was an agreement, have been paid from this amount. The balance in respect of the sale of the fixed property is paid into the trust account of the attorneys who acted for Mr Welham and must still be collected.

At this stage, the liabilities of the Close Corporation is unknown to us.

SECTION 79(b) - CAUSES FOR THE CORPORATION'S FAILURE

It would appear that Mr AL Knowles brought the application for the liquidation based on just and equitable grounds, essentially amounting to a deadlock existing between him and the other member, Mr LG Welham, as to what are the correct amounts (if any) that should be paid out to certain creditors and to themselves as members of the Close Corporation.

SECTION 79(c) - REPORT TO THE MASTER OF THE HIGH COURT IN TERMS OF SECTION 400(2) OF THE COMPANIES ACT, AS APPLIED BY SECTION 66 OF THE CLOSE CORPORATIONS ACT, NUMBER 69 OF 1984, AS AMENDED

We are not aware of any contraventions at this stage. Should we however become aware of any contraventions at a later stage, it will be reported directly to the Master of the High Court in a confidential report.

SECTION 79(d) - LIABILITIES OF ANY MEMBER OR FORMER MEMBER

We are not aware, at this stage, if the former members and/or employees and/or former employees of the Close Corporation could be liable to the Close Corporation in their personal capacity for the breach of trust or any other related matter.

SECTION 79(e) - LEGAL PROCEEDINGS BY OR AGAINST THE CLOSE CORPORATION

We are not aware of any legal action instituted by or against the Close Corporation save and except for the recovery of outstanding debt.

SECTION 79(f) - FURTHER ENQUIRY IN REGARDS TO ANY MATTERS RELATING TO THE PROMOTION, FORMATION AND/OR FAILURE OF THE CORPORATION OR THE CONDUCT OF ITS BUSINESS

We are of the opinion that it is necessary to conduct an enquiry into the affairs of the estate. Creditors are however requested to advise the liquidators accordingly.

SECTION 79(g) - ACCOUNTING RECORDS

It was necessary for the Close Corporation to keep books and records, but no books and records were handed to the liquidators.

SECTION 79(h) - PROGRESS AND PROSPECTS OF THE WINDING-UP

The outstanding matters are intensive investigations into the financial affairs of the Close Corporation and the collection of the balance of the purchase price.

SECTION 79(i) - ANY OTHER MATTERS AND/OR DIRECTIONS OF CREDITORS

Creditors are requested to advise whether there are any specific matters that they wish the liquidators to investigate or to enquire about.

DIVIDEND PROSPECTS

At this stage it is not possible to advise creditors whether there will be a danger of a contribution. The position will only be clear once the investigations are finalised.

Creditors are requested to adopt the draft resolutions, which are submitted in conjunction with this report, to enable the administration of the estate to continue.

SIGNED at PRETORIA on this 11th day of AUGUST 2006.


R. KARSTEN (MRS)
JOINT LIQUIDATOR

LDR VAN DER MERWE
JOINT LIQUIDATOR

FM LEGOATHI
JOINT LIQUIDATOR