



# Bluezone Group

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## SYNDICATION PROPERTY COMPANIES UNDER PROVISIONAL JUDICIAL MANAGEMENT

10 December 2009

The Shareholders/ Broker / Relevant Parties/Shareholders of Holding Companies

The High Court granted a provisional judicial management order, in terms of the Companies Act, on the 17<sup>th</sup> and 20<sup>th</sup> of November 2009 on one or more companies of which you are a stakeholder:

<b>Syndication Name</b>	<b>Property Company</b>	<b>Holding Company</b>	<b>Provisional Judicial Management Order Date</b>
Milestone Place - Route 21	Altivex 88 (Pty) Ltd	Sign & Seal Trading 68 (Pty Ltd)	17/11/2009
Property 259	Copper Moon Trading 248 (Pty) Ltd	Pacific Breeze Trading 128 (Pty) Ltd	17/11/2009
The Heights - TUT	Nungu Trading 472 (Pty) Ltd	Southern Palace Investments 335 (Pty) Ltd	17/11/2009
Madeline Street Properties	Madeline Street Properties (Pty) Ltd	Abrina 2617 (Pty) Ltd	17/11/2009
Africard Building	Quick Leap Investments 461 (Pty) Ltd	Pacific Breeze Trading 134 (Pty) Ltd	17/11/2009
Austin Crossing	Tropical Paradise Trading 335 (Pty) Ltd	Southern palace Investments 337 (Pty) Ltd	17/11/2009
Flextronics	Tropical Paradise Trading 334 (Pty) Ltd	Liberty Lane Trading 98 (Pty) Ltd	17/11/2009
Prospect Close	Mystic Blue Trading 511 (Pty) Ltd	Copper Sunset Trading 239 (Pty) Ltd	17/11/2009
Valley View (Lydenburg)	Copper Sunset Trading 201 (Pty) Ltd	N/A	20/11/2009
Castle Walk	Autumn Star 286 Trading (Pty) Ltd	Gemini Moon Trading 122 (Pty) Ltd	17/11/2009

Chambers 1	Proud Heritage Properties 131 (Pty) Ltd	Wellvest 17 (Pty) Ltd	17/11/2009
Celtis Plaza	Copper Moon Trading 249 (Pty) Ltd	Platinum Arch Investments 70 (Pty) Ltd	17/11/2009
Chambers Ground Floor	Tropical Paradise 324 (Pty) Ltd	Pacific Breeze Trading 12 (Pty) Ltd	17/11/2009
Bishops Court	Summer Season Trading 51 (Pty) Ltd	Pacific Breeze Trading 146 (Pty) Ltd	20/11/2009
Chambers 2&3	Tropical Paradise Trading 320 (Pty) Ltd	Northern Jungle Trading 104 (Pty) Ltd	20/11/2009
Letsatsi	Ladikela Game Lodge		20/11/2009

## Background

### When is a provisional judicial management order granted by the Master of the High Court?

The Court may, if it appears just and equitable, grant a judicial management order in respect of a company under Companies Act, 1973, (No. 61 of 1973) Sec427 when a company by reason of mismanagement or for any other cause is unable to pay its debts or is probably unable to meet its obligations; and has not become or is prevented from becoming a successful concern and there is a reasonable probability that, if it is placed under judicial management, it will be enabled to pay its debts or to meet its obligations and become a successful concern.

Where a company is wound up for financial reasons, it is sometimes the case that it could have been saved had it been managed well. Judicial management was introduced to assist companies to overcome a temporary setback without going out of business. A judicial management order usually gives a company a moratorium on its debts. Essentially, the court replaces the directors. Provisional judicial managers are appointed, to assume control until the final judicial managers can be appointed. Application for judicial management may be made by the company itself, a creditor or a member. If the provisional judicial managers cannot return the company to solvency, then they may recommend to the court that the companies are wound up.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
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*The goal of judicial management is therefore to assist a company to become a successful and financially viable concern.*

### **Who has custody of the property and assets of the company under provisional judicial management?**

Upon the granting of a provisional judicial management order all the property and assets of the company concerned shall be deemed to be in the custody of the provisional judicial managers as soon as they are appointed and have assumed office. The accounts of the companies are managed in such a way as to ensure financial independence of the companies on return date of the order. Steps are taken to improve liquidity within every enterprise. These could, for example, include giving certain creditors temporary preference over others and agreeing to compromise with creditors without the risk of committing an act of insolvency and thereby exposing the companies to liquidation.

### **What are the duties of the provisional judicial managers?**

*Duties of provisional judicial managers upon appointment*

- 1) The provisional judicial managers shall—
  - a) assume the management of the company and recover and reduce into possession all the assets of the company;
  - b) prepare and lay before the meetings convened under section 429(b)(ii) a report containing-
    - i) an account of the general state of the affairs of the company;
    - ii) a statement of the reasons why the company is unable to pay its debts or is probably unable to meet its obligations or has not become or is prevented from becoming a successful concern;
    - iii) a statement of the assets and liabilities of the company;
    - iv) a complete list of creditors of the company (including contingent and prospective creditors) and of the amount and the nature of the claim of each creditor;
    - v) particulars as to the source or sources from which money has been or is to be raised for purposes of carrying on the business of the company; and

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- vi) the considered opinion of the provisional judicial managers as to the prospects of the company becoming a successful concern and of the removal of the facts or circumstances which prevent the company from becoming a successful concern.

### **What is the expected time period of the provisional judicial management?**

- 1) The return date for the provisional judicial management orders of abovementioned companies is the 2<sup>nd</sup> of March 2010. On this date the provisional judicial managers report back to the Court with their findings.
- 2) On such return day the Court may after consideration of--
  - a) the opinion and wishes of creditors and members of the company;
  - b) the report of the provisional judicial managers under section 430;
  - c) the number of creditors who did not prove claims at the first meeting of creditors and the amounts and nature of their claims;
  - d) the report of the Master; and
  - e) the report of the Registrar,

grant a final management order if it appears to the Court that the company will, if placed under judicial management, be enabled to become a successful concern and that it is just and equitable that it be placed under judicial management, or may discharge the provisional order or make any other order it may deem just.

If, at any stage prior to the 2<sup>nd</sup> of March 2010, any of the abovementioned companies becomes profitable, any interested and affected party, including the shareholders, may bring an application before the Court to lift the provisional order.

### **What are the effects of provisional judicial management for me as shareholder?**

The effect of the syndication companies' provisional judicial management orders is that:

- management of these companies will become the responsibility of a provisional judicial managers appointed by the Master of the High Court on the 17<sup>th</sup> and 20<sup>th</sup> of November 2009,
- all liabilities, accounts, arrear payments and debts are settled as soon as possible according to legislative prescription applicable for companies under judicial management.

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- the provisional judicial managers will manage these companies until the 2<sup>nd</sup> of March 2010 when they will present to the court a report on the performance of the business;
- on or prior to the 2<sup>nd</sup> of March 2010 interested and affected parties may approach the court and provide reasons why the order should be dismissed or confirmed as final. If the order is confirmed, then a final judicial management order will be made by the Court.

The High Court was confident that judicial management offered the best possible prospect of preventing any of the companies' liquidations and of restoring the enterprises to financial health, all the while protecting the interests of all stakeholders.

**Important Notice:**

It is extremely important to note that only the property companies are currently under provisional judicial management. The investors' monthly income is however paid from the holding companies of every syndication project. The holding companies receive their income from the property companies AFTER all operational costs have been settled and then pay you, the shareholder.

The provisional judicial managers' obligations are to ensure financial solvency of the property companies by settling all outstanding debt BEFORE payment can be made towards the holding companies.

Although each company is a separate legal entity and must be administered as such the common factor in this group of companies, is ***Bluezone Property Investments (in liquidation)*** being the promoter of all the syndication companies.

In this report the provisional judicial managers will deal with each property company's financial situation separately and would like to remind you that the figures in this document are based on documentation found in the offices of Bluezone Properties Investments (Pty) Ltd (in liquidation) and that a forensic audit is also in process. Kindly be reminded that no information regarding the holdings companies is given because they are not under provisional judicial management.

As you may be aware, the demise of Bluezone Property Investments (Pty) Ltd (in liquidation) and the syndication companies was created by the liquidation of ***Spitskop Village Properties Limited (in liquidation)*** on the 21 August 2009. We suggest that you familiarize yourself with that application and especially the allegations made therein. You will find all the relevant documentation on a

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website [www.spitskoppropinliq.co.za](http://www.spitskoppropinliq.co.za). The liquidators of Spitskop Village Properties Limited (in liquidation) are in a process of a forensic audit to determine the monetary value (if any) of claims they might have against the companies under provisional judicial management.

*As reported in the media on Sunday 6<sup>th</sup> December 2009, many of these companies were subsidized on a monthly basis via interlinked company loans from the promoter Bluezone Property Investments (Pty) Ltd (in liquidation). These company loans became payable on date of liquidation and the provisional judicial managers are in the process of negotiating a monthly repayment with the liquidators of Bluezone Property Investments (Pty) Ltd (in liquidation).*

## Milestone

- Property Company Altivex 88 (Pty) Ltd (under provisional judicial management Master Ref Nr T 7651/09)

- Holding Company Sign & Seal Trading 68 (Pty Ltd)

Milestone	Altivex 88						
A	B	C	D	E	F	G	H
Description		Income	Description				
Tenants	Basic Construction CC	R 9,148.21	Expenses		Monthly Payment to Holding Co(Investors)	Once Off Capital Expenditures Dec 2009	
	Elle Staffing promotions (Pty) Ltd	R 14,114.63	Air-Conditioning	R 1,540.00	R 96,800.00	Commission Agent	R 23,000.00
	GAP Management	R 14,894.00	Insurance	R 1,160.39		Tenant Installation	R 28,500.00
	People Dimensions CC	R 15,337.51	Levies	R 4,821.32		Arrear Tax and VAT	NIL
	Pro Arnan (Pty) Ltd	R 14,693.20	Rates and Taxes	R 10,000.00			
	Spiral Soft (Pty) Ltd	R 15,657.97	Repairs and maintenance	R 1,000.00			
		<b>R 83,845.52</b>		<b>R 18,521.71</b>	<b>R 96,800.00</b>		<b>R 51,500.00</b>

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1. The company's current monthly income amounts to approximately R 84 000 with expenses of R 19 000 per month.
2. Note that in Column H an amount of R 51 500 is urgently required to settle an outstanding account. Under provisional judicial management the settling of debt is required before any "loan" account repayments can be made to holding companies.
3. There is an alleged amount of R 434 452.22 owed to Bluezone Property Investments (Pty) Ltd (in liquidation). The effect of this alleged claim is that no repayment of the loan account towards the holding company will be possible for the next 8 months until such time as the legitimacy of claim has been established.
4. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are payable by Milestone to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of the property company.
5. The current account is held with FNB under acc number 62071009487 and is showing a **debit balance** of R 48 700 as on the 4<sup>th</sup> of December 2009.

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## Property 259

- Property Company Copper Moon Trading 248 (Pty) Ltd

(under provisional judicial management Master Ref Nr T7652/09)

- Holding Company Pacific Breeze Trading 129 (Pty) Ltd

Property 259	Copper Moon Trading 248 (Pty) Ltd						
A	B	C	D	E	F	G	H
<b>Description</b>		<b>Income</b>	<b>Description</b>	<b>Amount</b>	<b>Monthly Payment to Holding Co(Investors)</b>	<b>Immediately payable</b>	
<b>Tenant</b>	SGS SA (Pty) Ltd	R 114,299.00	<b>Expenses</b>		<b>R 92,250.00</b>	<b>Debt once off</b>	
			Garden	R 1,123.96		Commission Agent	R 225,000.00
			Roof Maintenance	R 1,700.00		Tenant Installation	R 298,350.00
			Cleaning	R 2,900.00		Arrear Tax and VAT	R 46,703.07
			Security	R 12,560.00			
			Repairs and Maintenance	R 1,000.00			
			Rates and Taxes	R 13,500.00			
			Insurance	R 3,000.00			
		<b>R 114,299.00</b>		<b>R 35,783.96</b>	<b>R 92,250.00</b>		<b>R 570,053.07</b>

1. The total income per month amounts to approximately to R 114 000 per month with an expenditure of R 36 000 per month. In terms of Column H you will note that an immediate once off cost of R570 000 that must be paid.
2. In order to recoup this once off cost the provisional judicial managers will not be in a position to repay the "loan account" towards the holding company for at least 6 months based on this once off debt.
3. As far the provisional judicial managers could determine there is no alleged amount owed to Bluezone Property Investments (Pty) Ltd (in liquidation) and as a matter of fact, Bluezone Property Investments (Pty) Ltd (in liquidation) is a creditor against Property 259 to the amount of R 767 491.41 The provisional judicial managers are in the process of

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completing claim forms against Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.

4. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what if any monies are due from Property 259 to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of the property company.
5. The current account is held with FNB under acc number 62082492952 and is showing a credit balance of R 136 028.48 as on the 4<sup>th</sup> of December 2009.

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Provisional Judicial Managers

**PD KRUGER/EL BESTER** for all companies

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## The Heights (TUT)

- Property Company Nungu Trading 472 (Pty) Ltd (under provisional judicial management Master Ref Nr T 7649/09)

- Holding Company Southern Palace Investments 335 (Pty) Ltd

A	B	C	D	E	F	G	H
<b>The Heights TUT</b>	Nungu Trading 472						
<b>Description</b>		<b>Gross Income</b>	<b>Description</b>	<b>Expenses</b>	<b>Monthly Payment to Holding Co (Investors)</b>	<b>Immediately payable</b>	
<b>Tenant</b>	TUT	R 655,605.00	<b>Variable Monthly Expenses</b>		<b>R 446,659.90</b>	<b>Once Off Expense Dec 2009</b>	
			Water and Electricity	R 292,515.00		Arrears Water and Electricity	R 251,000.00
			Refuse Removal	R 13,791.28		Rates arrears	R -
			Insurance	R 8,700.00		Arrear Tax and VAT	
			Rates and Taxes	R 12,500.00			
			Repairs and Maintenance	R 13,800.00			
		<b>R 655,605.00</b>		<b>R 341,306.28</b>	<b>R 446,659.90</b>		<b>R 251,000.00</b>

1. The monthly income amounts to approximately to R 655 000 per month while the expenses amount to approximately R 341 000 per month.
2. This month the net rent received from the tenant after settlement of an outstanding electricity bill was only R 30 000.
3. In terms of Column H a once off payment of R 251 000 must be paid immediately and the provisional judicial managers expect the repayment of the holding company "loan" to decrease by at least R 300 000 in future due to arrear municipal services paid on behalf of Nungu Trading 472 (Pty) Ltd by the tenant.
4. From the information in our possession Nungu Trading 472 (Pty) Ltd allegedly owes Bluezone Property Investments (Pty) Ltd (in liquidation) R 1 165 337.62 In practical terms no repayment towards the holding company "loan" will be made for the next 6 months to settle this alleged claim. It is

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therefore prudent to pay no income until such date as the legitimacy of the loan can be established in order to avoid future financial insolvency of the company.

5. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what if any monies are due from The Heights - TUT to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of the property company.
6. The current account is held with FNB under acc number 62091294315 and is showing a credit balance of R 3 000 as on the 8<sup>th</sup> of December 2009.

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Provisional Judicial Managers

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## Madeline Street

- Property Company - Madeline Street Properties (Pty) Ltd

(under provisional judicial management Master Ref Nr T 7643/09)

- Holding Company - Abrina 2617 (Pty) Ltd

Madeline Street	Madeline Street (Pty) Ltd						
A	B	C	D	E	F	G	H
<b>Description</b>		<b>Gross Income</b>	<b>Description</b>	<b>Expenses</b>	<b>Monthly payment to Holding Co (Investors)</b>	<b>Immediately payable</b>	
<b>Tenant</b>	Gauteng Department Education	R 135,010.18	<b>Variable Monthly Expenses</b>			<b>Once Off Expense Dec 2009</b>	
			Toilet Hire	R 417.63	<b>R 108,768.55</b>	Arrears Water and Electricity	NIL
			Lifts	R 1,222.73		Arrear Tax and VAT	NIL
			Air-Conditioning	R 2,100.00			
			Insurance	R 2,173.74			
			Rates	R 3,341.63			
			Wages	R 1,980.00			
			Repairs and Maintenance	R 1,000.00			
			Water	R 2,765.05			
		<b>R 135,010.18</b>		<b>R 15,000.78</b>	<b>R 108,768.55</b>		<b>R -</b>

1. The company's current monthly income amounts to approximately R 135 000 with expenses approximately R 15 000 per month.
2. The tenant is the Gauteng Department of Education and is at the moment 3 month in arrears. It seems that this is an administrative problem due to changing their accounting system to SAP and the company has received a written intent per email from the tenant to settle all arrears by December 2009. No payments have however been received on date of this report.

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3. There is an alleged amount of R 468 188.55 owed to Bluezone Property Investments (Pty) Ltd (in liquidation). The effect of this alleged loan is that for the next 5 months no repayment towards the holding company's loan will be possible until such time as the legitimacy of loan has been established in order to avoid future financial insolvency of the company.
4. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what if any monies are due from Madeline Street Properties to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of the property company.
5. The current account is held with FNB under acc number 51230038030 and is showing a credit balance of R 255.10

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## Africard

- Property Company - Quick Leap 461 (Pty) Ltd (under provisional judicial management Master Ref Nr T 7650/09)

- Holding Company - Pacific Breeze Trading 134 (Pty) Ltd

Africard	Quick Leap 461						
A	B	C	D	E	F	G	H
Description		Gross Income	Description	Expenses	Monthly Payment to Holding Co (Investors)	Immediately payable	
Tenant	OBERTHUR Card Systems	R 175,965.51	Variable Monthly Expenses		R 150,237.33	Once Off Expense Dec 2009	
			Water	R -		Arrear Tax and VAT	R 72,344.20
			Rates	R -		Tenant Installation	R -
			Refuse	R -			
		R 175,965.51		R -	R 150,237.33		R 72,344.20

1. The company's current monthly income amounts to approximately R 175 000 with no expenses per month although the provisional Judicial Managers took a decision to retain 20% of the income on a monthly basis in order to provide for unforeseen expenses and/or legal costs. There is however an immediate amount payable to SARS of R 73 000.00 which includes arrear VAT payment, including penalties and interest.
2. There is no amount owed to Bluezone Property Investments (Pty) Ltd (in liquidation) and the company is in fact a debtor to Africard for the amount of R326 089.28. The provisional judicial managers are in the process of completing claim forms against Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.
3. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are due from Africard to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of the property company.

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4. The current account is held with FNB under acc number 62091297658 and is showing a credit balance of R 199 855.57 as on the 4<sup>th</sup> of December 2009.
5. Once the exposure of Africard to Spitskop Village Properties Limited (in liquidation) has been determined the provisional Judicial Managers will proceed with payment towards the holding company.

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## Austin Crossing

- Property Company - Tropical Paradise Trading 335 (Pty) Ltd

(under provisional judicial management Master Ref Nr T 7646/09)

- Holding Company - Southern Palace Investments 337 (Pty) Ltd

<b>Austin Crossing</b>	Tropical Paradise 335						
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>Description</b>		<b>Gross Income</b>	<b>Description</b>	<b>Expenses</b>	<b>Monthly Payment to Holding Co (Investors)</b>	<b>Immediately payable</b>	
<b>Tenant</b>	ABSA Bank	R 36,250.38	<b>Variable Monthly Expenses</b>		<b>R 61,366.67</b>	<b>Once Off Expense Dec 2009</b>	
	Dulux	R 14,064.55	Cleaning	R 447.37		Roof repairs	R 33,152.34
			Garden	R 462.00		Arrear Tax and VAT	NIL
			Insurance	R 1,160.94			
			Rates	R 1,360.10			
			Refuse	R 66.65			
			Repairs and Maintenance	R 1,000.00			
		<b>R 50,314.93</b>		<b>R 4,497.06</b>	<b>R 61,366.67</b>		<b>R 33,152.34</b>

1. The company's currently monthly income amounts to approximately to R 50 000 with R 5 000 expenses per month.
2. There is no amount owed to Bluezone Property Investments (Pty) Ltd (in liquidation) and the company is a debtor in favour of Austin Crossing for the amount of R745 474.42. The Provisional Judicial Managers are in the process of completing claim forms against Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.
3. A once off R 33 152 immediate cost needs to be paid. There are currently two vacancies due to be occupied in January 2010 which will increase the monthly income further with approximately R 15 000. The once off cost should be repaid in one month.

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 Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
 ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHABLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

4. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any are due from Austin Crossing to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of your company.
5. The current account is held with FNB under acc number 62084983967 and is showing a debit balance of R 29 529.55 as on the 4<sup>th</sup> of December 2009.
6. Once the company's exposure to Spitskop Village Properties Limited has been determined the provisional Judicial Managers will proceed with payment towards the holding company.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

## Flextronics

- Property Company-Tropical Paradise Trading 334 (Pty) Ltd

(under provisional judicial management Master Ref Nr T7655/09)

- Holding Company - Liberty Lane Trading 98 (Pty) Ltd

<b>Flextronics</b>	Tropical Paradise Trading 334						
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>Description</b>		<b>Gross Income</b>	<b>Description</b>	<b>Expenses</b>	<b>Monthly Payment to Holding Co (Investors)</b>	<b>Immediately payable</b>	
<b>Tenant</b>			<b>Variable Monthly Expenses</b>			<b>Once Off Expense Dec 2009</b>	
Aricent South Africa	R	160,493.47					
Bez Van Zyl and Ass Inc	R	1,800.00	Cleaning	R 13,208.85	<b>R 754,277.33</b>	Arrear Tax and VAT	R 187,164.48
FNB	R	217,081.33	Garden Wages	R 2,000.00			
Sitwala Technologies	R	93,294.31	Air- Conditioning	R 4,608.35			
			Lifts	R 2,700.00			
			Security	R 12,300.00			
			Insurance	R 7,825.86			
			Electricity	R 1,699.44			
			Repairs and Maintenance	R 1,500.00			
			Refuse	R 706.70			
			RATES	R 18,700.00			
			Water	R 926.96			
		<b>R 472,669.11</b>		<b>R 66,176.16</b>	<b>R 754,277.33</b>		<b>R 187,164.48</b>

- The company's current monthly income amounts to approximately R 472 000 with R 66 000 expenses leaving approximately R 390 000 available during normal business operations as payment of monthly income to investors. However a guarantee issued by Bluezone Property Investments (Pty) Ltd (in liquidation) to the investors amounted to a

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

“guaranteed and thus compulsory” payment of R 744 000 per month. This shortfall was subsidized by Bluezone Property Investments (Pty) Ltd (in liquidation).

In order to provide future liquidity of the company to settle an alleged R 3 037 260 loan to Bluezone Property Investments (Pty) Ltd (in liquidation) no repayment of the holding company’s loan will be possible for the next 8 months. It is prudent to retain funds in the company to ensure sufficient solvency should the alleged loan prove legitimate and becomes payable.

Furthermore, the Provisional Judicial Managers will have no choice but to renegotiate the terms of the guarantee payable towards the holding company and the provisional Judicial Managers will contact the directors of the holding company to negotiate various options and alternative contractual matters.

During the payment process for November 2009 the holding company encountered a system problem resulting in some investors receiving 166% of payment due, some investors receiving 66% and the remaining portion of investors receiving no payment at all. This has been brought under the attention of the holding company’s directors.

2. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are due from Flextronics to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of your company.
3. The current account is held with FNB under acc number 62084974908 and is showing a credit balance of R 242 094.06 as on the 8<sup>th</sup> of December 2009.
4. There is an amount of nearly R 188 000 outstanding towards SARS for arrear tax and VAT payments.

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 Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
 ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

## Prospect Close

- Property Company - Mystic Blue Trading 511 (Pty) Ltd

(under provisional judicial management Master Ref Nr T 7647/09)

- Holding Company - Copper Sunset Trading 239 (Pty) Ltd

Prospect Close	Mystic Blue 511						
A	B	C	D	E	F	G	H
Description		Gross Income	Description	Expenses	Monthly Payment to Holding Co (Investors)	Immediately payable	
Tenant	Beads Direct	R 57,311.41	Variable Monthly Expenses			Once Off Expense Dec 2009	
	New Dimension Imports	R 44,228.43	Levies	R 7,541.70	R 334,875.00	Arrear Tax and VAT	R 330,355.98
	Delphius Commercial	R 29,289.99	Garden Wages	R 2,798.40			
	Ginde Pipes	R 25,029.72	Air-Conditioning	R 2,000.00			
	Ipeco SA	R 66,880.09	Lifts	R -			
	JAJ Properties	R 23,451.65	Security	R -			
	Lechoba	R 24,899.04	Insurance	R 4,492.04			
	Toureupa	R 30,972.58	Electricity	R -			
	Umnyana Nkhu Sportsware	R 23,920.47	Repairs and Maintenance	R 1,000.00			
	Wild elements	R 28,595.93	Refuse	R 1,882.40			
			RATES	R 14,062.50			
			Water	R 4,699.36			
		R 354,579.31		R 38,476.40	R 334,875.00		R 330,355.98

- The current monthly income amounts to approximately R 355 000 with R 39 000 expenses per month.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
 ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHABLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

2. There is an amount of R 331 000 immediately payable to SARS for arrear tax and VAT payments.
3. There is no alleged amount owed to Bluezone Property Investments (Pty) Ltd (in liquidation) and the company is a debtor to Prospect Close for the amount of R 745 474.42. The provisional Judicial Managers are in the process of completing claim forms against Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.
4. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are due from Prospect Close to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of your company.
5. The current account is held with FNB under acc number 62148048764 and is showing a credit balance of R 260 667.25 as on the 8<sup>th</sup> of December 2009.
6. Once the exposure of Prospect Close to Spitskop has been determined the provisional Judicial Managers will proceed with payment towards the holding company.
7. One of Prospect Close's tenants being Messrs Bluezone Import and Export is in arrears with rental to the amount of R 220 000 and the provisional Judicial Managers are in the process to institute legal action against the company.
8. The provisional Judicial Managers are in possession of an offer to lease the premises currently occupied by Messrs Bluezone Import and Export for an amount of R 25 000 per month which is being considered and negotiated by the provisional Judicial Managers.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies

ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

## Castle Walk

- Property Company - Autumn Star Trading 286 (Pty) Ltd (under provisional judicial management Master Ref Nr T 7645/09)

- Holding Company - Gemini Moon Trading 122 (Pty) Ltd

Castle Walk	Autumn Star						
A	B	C	D	E	F	G	H
<b>Description</b>		<b>Gross Income</b>	<b>Description</b>	<b>Expenses</b>	<b>Bond Payment Per Month</b>	<b>Immediately payable</b>	
<b>Tenant</b>	BZ Property Investments	R 120,660.86	<b>Variable Monthly Expenses</b>		<b>Imperial Bank</b>	<b>Once Off Expense Dec 2009</b>	
			Management Fee	R 2,000.00	<b>R 43,798.74</b>	Arrear Tax and VAT	R 14,507.30
			Levies	R 6,435.08		Rates	R 30,000.00
			Insurance	R 2,000.00		Levies	R 16,000.00
			Repairs and Maintenance	R 1,000.00			
			Rates	R 8,250.00			
		<b>R 120,660.86</b>		<b>R 19,685.08</b>	<b>R 43,798.74</b>		<b>R 60,507.30</b>

1. The company's current monthly income amounts to approximately R 120 000 with expenses of approximately R 20 000 per month.
2. The only tenant in this building was Bluezone Property Investments (Pty) Ltd (in liquidation) and is in arrears with approximately R 1 300 000.
3. There is an urgent once off expense for December 2009 for arrear rates to the amount of R 30 000, levies to the amount of R 16 000 and arrear tax and VAT payments of R 15 000.
4. There is an alleged amount of R 434 542.22 owed to Bluezone Property Investments (Pty) Ltd (in liquidation) which the provisional judicial managers are investigating.
5. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are

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 Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
 ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

due from Castle Walk to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of the property company.

6. The current account is held with FNB under account number 6207101363 and is showing a **debit balance** of R 48 700 as on the 4<sup>th</sup> of December 2009.
7. There is an alleged transaction which took place between HCL Family Trust and SKT where 39.8% was purchased for an amount of R 2 000 000 which was already paid. The provisional Judicial Managers are in a process of investigating this transaction and are in negotiations with the legal representatives of the said company. SKT expressed an interest to offer an outright purchase of this building and provisional Judicial Managers will report to all shareholders as soon as this offer materializes.
8. The bond account is held with Imperial Bank account number 5024563 with an outstanding balance of R 1 836 992.57. The provisional Judicial Managers are investigating the bond account as well as outstanding balance and will report back with their findings in due course.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

## Chambers 1

- Property Company - Proud Heritage Trading 131 (Pty) Ltd

(under provisional judicial management Master Ref Nr T7653/09)

- Holding Company - Wellvest 17 (Pty) Ltd

Chambers 1	Proud Heritage						
A	B	C	D	E	F	G	H
Description		Gross Income	Description	Expenses	Bond Payment Per Month	Immediately payable	
Tenant	EON Consulting	R 65,531.97	Variable Monthly Expenses		Nedbank	Once Off Expense Dec 2009	
			Repair and maintenance	R 1,000.00	R 80,313.82	Arrear Tax and VAT	NIL
			Levies	R 16,982.45			
			Special Levies	R 16,149.13			
			Arrear Month Levies	R 26,963.19			
			Rates	R 7,789.96			
			Electricity	R 823.27			
		R 65,531.97		R 69,708.00	R 80,313.82		R -

1. The company's current monthly income amounts to approximately R 65 500 with expenses of R 70 000 per month EXCLUDING the bond repayment of R 80 000 per month.
2. There is an alleged amount of R 147 600 owed to Bluezone Property Investments (Pty) Ltd (in liquidation). It therefore seems that this company is currently unable to pay its debt. The provisional judicial managers are investigating the alleged claim and will report back in due cause.
3. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are due from Chambers 1 to Spitskop. This is an unknown variable that might

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
 ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

have a real impact on the solvency and liquidity of the property company.

4. The current account is held with FNB under acc number 62088187474 and is showing a credit balance of R 71 474.91 as on the 8<sup>th</sup> of December 2009.
5. The bond account is held with Nedbank under account number 30082593 with an outstanding balance of R 3 195 573.24 as on the 8<sup>th</sup> of December 2009. The provisional Judicial Managers are investigating the bond account as well as outstanding balance and will report back with their findings in due course. The bond payment is R80 313.82 per month and an initial investigation shows that the bond account is in arrears for at least 3 months.
6. It seems from documentation found in the offices of Bluezone Property Investments (Pty) Ltd (in liquidation) that the "loan" from the holding company was subordinated in favour of Nedbank.

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Provisional Judicial Managers

**PD KRUGER/EL BESTER** for all companies

ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

## Celtis Plaza

- Property Company-Copper Moon Trading 249 (Pty) Ltd

(under provisional judicial management Master Ref Nr T7654/09)

- Holding Company - Platinum Arch Investments 70 (Pty) Ltd

Celtis Plaza	Copper Moon Trading249						
A	B	C	D	E	F	G	H
Description		Gross Income	Description	Expenses	Bond Payment Per Month	Immediately payable	
Tenant	Afrigis	R 98,254.17	Variable Monthly Expenses		Nedbank	Once Off Expense Dec 2009	
	GTZ	R 44,385.12	Air-Conditioning	R 2,300.00	R 244,558.08	Balcony Wall Repair	R 27,650.00
	Habitat	R 71,249.90	Cleaning	R 12,000.00		Tenant Installations	R 75,000.00
	Nedbank	R 54,787.60	Gardens	R 962.50		Arrear Tax and VAT	R 42,390.00
	Stegmanns	R 84,827.97	Lifts	R 3,643.50			
			Security	R 9,170.00			
			Insurance	R 4,195.28			
			Rates	R 38,000.00			
			Repairs and Maintenance	R 1,000.00			
			Refuse	R 448.06			
		<b>R 353,504.76</b>		<b>R 71,719.34</b>	<b>R 244,558.08</b>		<b>R 145,040.00</b>

1. The company's current monthly income amounts to approximately R 353 000 with expenses of approximately R 72 000 per month.
2. There is a once off expense of R 145 040 immediately payable, including tenant installation and repairs as well as R 43 000 payable to SARS for arrear tax and VAT payments.
3. There is an amount of R 681 4525.93 owed by Bluezone Property Investments (Pty) Ltd (in liquidation) to Celtis Plaza. The provisional Judicial Managers are in the process of completing claim forms against

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

- Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.
4. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are due from Celtis Plaza to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of the property company.
  5. The current account is held with FNB under acc number 62082493489 and is showing a credit balance of R 238 462. 50 as on the 8<sup>th</sup> of December 2009. The bond account is held with Nedbank under bond account number 30082245 with an outstanding balance of R 13 655 187.96 as on the 8<sup>th</sup> of December 2009. The provisional Judicial Managers are investigating the bond account as well as outstanding balance and will report back with their findings in due course. The bond repayment per month amounts to R 244 558.02 and as far as could be determined the bond is not in arrears.
  6. It seems from documentation found in the offices of Bluezone Property Investments (Pty) Ltd (in liquidation) that the "loan" from the holding company was subordinated in favour of Nedbank.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies

ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

## Chambers Ground

-Property Company -Tropical Paradise Trading 324 (Pty) Ltd

(under provisional judicial management Master Ref Nr T7644/09)

- Holding Company - Pacific Breeze Trading 120 (Pty) Ltd

Chambers Ground	Tropical paradise 324						
A	B	C	D	E	F	G	H
<b>Description</b>		<b>Gross Income</b>	<b>Description</b>	<b>Expenses</b>	<b>Bond Payment Per Month</b>	<b>Immediately payable</b>	
<b>Tenant</b>	Curemed	R 15,812.28	<b>Variable Monthly Expenses</b>		<b>Nedbank</b>	<b>Once Off Expense Dec 2009</b>	
	Fitness World	R 15,138.79	Air-Conditioning	R 1,116.66	<b>R 87,494.06</b>		
	Ford Fin Services	R 19,762.14	Levies	R 13,453.85		Arrear Tax and VAT	NIL
	Ford Motor	R 30,499.73	Special Levies	R 26,247.37			
	Salon Rejuvenate	R 10,095.10	Repayment of Arrear levies	R 18,478.83			
	Susan Ellis	R 23,087.85	Repair and Maintenance	R 1,000.00			
		<b>R 114,395.89</b>		<b>R 60,296.71</b>	<b>R 87,494.06</b>		<b>R -</b>

1. The company's current monthly income amounts to approximately R 115 000 pm with expenses of R 61 000 per month, including a special levy of R 26 247.37 per month till the end of February 2010. The monthly expenses of R 61 000 EXCLUDES the bond payment of R 87 494.06.
2. There is an amount of R 203 612.99 owed by Bluezone Property Investments (Pty) Ltd (in liquidation). The provisional Judicial Managers are in the process of completing claim forms against Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.
3. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHABLELE/LM MOLOTO/ W  
YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

due from Chambers Ground Floor to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of your company.

4. The current account is held with FNB under account number 62084985252 and is showing a **debit balance** of R 56 165.54 as on the 8<sup>th</sup> of December 2009.
5. The bond payment is R 87 494.06 per month with bond account number 30082667 held with Nedbank. The outstanding bond balance is R 3 704 962.90 as on the 8<sup>th</sup> of December 2009. The company is not in a position to pay the bond for the next 3 to 4 months due to lack of sufficient rental income. The provisional Judicial Managers are investigating the bond account as well as outstanding balance and will report back with their findings in due course.
6. It seems from documentation found in the offices of Bluezone Property Investments (Pty) Ltd (in liquidation) that the "loan" from the holding company was subordinated in favour of Nedbank.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies

ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

## Chambers 2 & 3

- Property Company - Tropical Paradise Trading 320 (Pty) Ltd

(under provisional judicial management Master Ref Nr T 7751/09)

- Holding Company - Northern Jungle Trading 104 (Pty) Ltd

Chambers 2&3		Tropical Trading 320					
A	B	C	D	E	F	G	H
Description		Gross Income	Description	Expenses	Bond Payment Per Month	Immediately payable	
Tenant	Total Gas	R 117,297.88	Variable Monthly Expenses		Nedbank	Once Off Expense Dec 2009	
	BZPI Signage	R 25,101.56	Levies	R 28,639.46	R 161,256.80	Rental arrears	R 194,027.94
			Special levies	R 27,234.22		Arrear Tax and VAT	R 264,861.05
			Repayment of Arrear levies	R 54,557.98			
			Rates	R 6,802.69			
			Repair and Maintenance	R 1,000.00			
		<b>R 142,399.44</b>		<b>R 118,234.35</b>	<b>R 161,256.80</b>		<b>R 458,888.99</b>

1. The company's current monthly income amounts to approximately R 142 000 with expenses of R 118 000 per month. Two of the three tenants moved out without paying their rent and the rental arrears amount to R 194 027.94. The provisional Judicial Managers will institute legal action as soon as possible.
2. There is also an amount owed to SARS of R 265 000 for arrear Vat and tax payments.
3. There is an amount of R 248 050 85 owed by Bluezone Property Investments (Pty) Ltd (in liquidation). The provisional Judicial Managers are in the process of completing claim forms against Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.

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 Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
 ML MHLONGO/A MCQUARRIE/ADM MOHASOA/ MS MOTSHEKGA/SS MPHAHLELE/LM MOLOTO/ W  
 YZEL/ KC MOYELA/ PB MOKWENA/L MOARAKE/EM MOTLALA/NA MATLALA/ VT  
 MATSEPE/TSDS MATHEBULA/ MWH MATHIBEDI

4. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are due from Chambers 2 & 3 to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of your company.
5. The current account is held with FNB under acc number 62091295470 and is showing a credit balance of R 194 080.59 as on the 8<sup>th</sup> of December 2009.
6. The bond payment is R 161 256.80 per month with bond account number 30096213 held with Nedbank. The outstanding bond balance as on the 8<sup>th</sup> of December 2009 amounts to R 10 768 686.50 The provisional Judicial Managers are investigating the bond account as well as outstanding balance and will report back with their findings in due course.
7. It seems from documentation found in the offices of Bluezone Property Investments (Pty) Ltd (in liquidation) that the "loan" from the holding company was subordinated in favour of Nedbank.

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Provisional Judicial Managers  
**PD KRUGER/EL BESTER** for all companies  
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## Bishops Court

- Property Company - Summer Season Trading 51 (Pty) Ltd

(under provisional judicial management Master Ref Nr T7753/09)

- Holding Company - Pacific Breeze Trading 136 (Pty) Ltd

Bishops Court	Summer Season trading 51						
A	B	C	D	E	F	G	H
Description		Gross Income	Description	Expenses	Bond Payment Per Month	Immediately payable	
Tenant	Special Investigating unit	R 244,010.07	Variable Monthly Expenses			Once Off Expense Dec 2009	
			Air-Conditioning	R 2,155.00	R 151,482.26	Arrear Tax and VAT	NIL
			Rates	R 50,000.00			
			Levies	R 13,474.00			
			Repair and Maintenance	R 1,000.00			
		R 244,010.07		R 66,629.00	R 151,482.26		R -

1. The company's current monthly income amounts to approximately R 244 000 with expenses of R 67 000 per month.
2. There is an amount of R 64 999.97 owed by Bluezone Property Investments (Pty) Ltd (in liquidation). The provisional Judicial Managers are in the process of completing claim forms against Bluezone Property Investments (Pty) Ltd (in liquidation) and will submit those claims at the first meetings of creditors.
3. The liquidators of Spitskop Village Properties Limited (in liquidation) and Bluezone Property Investments (Pty) Ltd (in liquidation) are in a process of conducting a forensic audit to determine what monies, if any, are due from Bishops Court to Spitskop. This is an unknown variable that might have a real impact on the solvency and liquidity of your company.
4. The current account is held with FNB under acc number 62101811299 and is showing a credit balance of R 140 512.05 as on the 8<sup>th</sup> of December 2009.

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5. The bond payment is R 152 000 per month with bond account number 30089552 held with Nedbank. The outstanding bond balance amount to R 7 724 929.85 as on the 8<sup>th</sup> of December 2009. The provisional Judicial Managers are investigating the bond account as well as outstanding balance and will report back with their findings in due course.
6. It seems from documentation found in the offices of Bluezone Property Investments (Pty) Ltd (in liquidation) that the "loan" from the holding company was subordinated in favour of Nedbank.

## Conclusion

It is stated directly in law that a judicial managers is not allowed to pay out any dividends or interest from a company under provisional judicial management before all creditors are not paid in full. The law makes provision that a provisional judicial manager can approach a court at any time to extend their powers in order to fulfil his obligations towards the company. Such an application was lodged by the provisional judicial managers and the right to employ personnel in order to carry on business, institute legal action and/or defend it as well as make payments to the investors has been obtained. This order was granted and therefore the provisional judicial managers would in normal circumstances have the right to pay out dividends/interest portions to the various investors.

The provisional judicial managers are aware of the fact that the average investor is a Caucasian female of age 63 with this dividend/interest payment as only income. It was therefore felt that in especially this time of year every option must be explored in order to pay out a dividend/interest portion even if it is much less than the normal payment.

From the various financial information that you find above you will note that not one company is the same and the provisional judicial managers therefore deal with each company separately. A decision, after obtaining legal advice was taken, that the purpose of the provisional judicial managers is to stop a so called "scheme" and if continuance of dividends is undertaken the provisional judicial managers run the risk of being accused of furthering this existing scheme.

It is therefore decided that no dividends/interest portions will be paid out to any of the holding companies unless in circumstances where the provisional judicial

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managers are convinced that it is just and equitable to continue with the normal course of business.

We understand that - especially during this time of the year - the news must be devastating for most if not all of the investors. It is of utmost importance that everybody involved must act reasonable but also face the reality of the situation all are forced in. In short there are three options:

- 1) To withhold any dividends/interest portions payable to any investors for a specific period until all creditors have been paid, all statutory requirements fulfilled and deliver a "clean" company for the directors and shareholders to decide the future of the enterprise. This will allow the provisional judicial managers' orders to be uplifted by Court and the shareholders will be handed back possession of their own company. Bear in mind that although you might not receive a dividend/interest portion during this period at least your share in the growth of the value of the property/ company will be protected and improved.
- 2) To instruct the provisional judicial managers to sell the properties on the shareholders' behalf where after the shareholders will receive once off capital repayment based on the selling price of the property.
- 3) To liquidate the company now where after the appointed liquidators will sell the building/property. The shareholders will be required to provide proof of their individual claims and will receive their final dividend on the confirmation of the liquidation and distribution account by the Master of the High Court. With the exception of some obvious companies mentioned above the provisional judicial managers believe that they can manage the companies to successful and profitable concerns.
- 4) Prior to the companies being placed under provisional judicial management the various special resolution meetings were held and as far as we could establish, at least a 75% favourable vote was received to sell the properties on a basis of a share swop transaction to a listed company Bonatla Holdings. The provisional judicial managers are unsure about the legalities and legal implications of these meetings and therefore instructed Advocate Freek Terblanche SC to provide a written

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opinion regarding the validity of said meetings. Should this opinion state that the provisional judicial managers can accept said offers and the directors instruct the provisional judicial managers to secure court authorization in favour of these resolutions, these transactions may proceed if you as shareholder so desire.

None of the above options are ideal solutions but since the provisional judicial managers need to fulfil their obligations in terms of the law and above all safeguard your investment as shareholder, being most often an elderly investor, all possibilities must be explored.

The provisional judicial managers will report to you if any of the essential information change. You are welcome to contact the provisional judicial managers at any stage on [management@bluezonegroup.com](mailto:management@bluezonegroup.com).

Please note that the provisional judicial managers are NOT in a position to answer individual enquiries telephonically.

Further communications will follow as investigations are completed.

Yours Faithfully



**PD KURGER**

Provisional Judicial Manager



**EL BESTER**

Provisional Judicial Manager

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