

Friday
2 March 2012

Our Ref : SM/mb/MorganCreek

TO ALL CREDITORS

Dear Sir/s

MORGAN CREEK PROPERTIES 144 CC (IN LIQUIDATION) MASTER'S REFERENCE NUMBER C1292/2011

We advise that the General meeting of creditors and members has been convened to be held before the Magistrate, Wynberg at 09h00 on Thursday, 8 March 2012. We enclose the following document relating thereto:-

1. Copy of the Joint Trustees' Report.

Yours faithfully



S MOODLIAR
For : JOINT LIQUIDATOR

- Enclosures

**MORGAN CREEK PROPERTIES 144 CC
(IN LIQUIDATION)**

MASTER'S REFERENCE NO : C1292/2011

**REPORT OF THE JOINT LIQUIDATORS, S MOODLIAR, C HATHORN
AND J L JACOBS TO BE SUBMITTED AT THE GENERAL MEETING
OF CREDITORS AND MEMBERS CONVENED TO BE HELD BEFORE
THE MAGISTRATE WYNBERG, ON THURSDAY, 8TH MARCH 2012 AT
9H00.**

ORDER OF COURT AND MEETINGS

The Close Corporation was, at the instance of The Standard Bank of South Africa Limited, "Standard Bank", provisionally liquidated by Order of the Western Cape High Court, Cape Town on 6 December 2011, which Order was made final on 31 January 2012. The undersigned were appointed as Joint Liquidators by the Master of the Western Cape High Court, Cape Town, on 8 December 2012.

Five claims were admitted to proof and subsequently proved at the First Meeting of Creditors which was held before the Magistrate, Wynberg on 23 February 2012.

REGISTERED OFFICE

The registered office of the Close Corporation is at 75 Main Road, Diep River, Cape Town, Western Cape.

PRINCIPAL PLACE OF BUSINESS AND DESCRIPTION OF PRINCIPAL BUSINESS

The Close Corporation's principal place of business is situate at C26 Prime Park, Mocke Road, Diep River, Cape Town.

It conducted business as a property developer. It owns a number of immovable properties upon which it has built or intended to build residential housing for sale.

DATE OF INCORPORATION AND REGISTRATION NUMBER

The Close Corporation was incorporated on 25 January 2007, under Registration Number 2007/014472/23.

MEMBERS AT DATE OF LIQUIDATION

The Member of the Close Corporation at date of liquidation was Michael Grant Fenner-Soloman.

ASSETS AND LIABILITIES

Although the Statement of Affairs (CM100) has not been submitted, from our own investigations, we are able to report the approximate financial position of the Close Corporation as at the date of its winding up as follows:-

ASSETS

IMMOVABLE PROPERTIES	NOTES	ESTIMATED VALUATION
• Erf 10951, Constantia	1	10,500,000
• $\frac{1}{2}$ Share in Erf 12916, Constantia	2	6,950,000
• Erf 13170, Constantia	3	8,500,000
• Erven 8214 and 247 (Warbler's Way)	4	60,000,000
• Erf 2045 Stanford	5	6,600,000
• Erven 13515 and 13518 Constantia	6	24,000,000
• Erf 13570, Constantia	7	13,500,000
• Remainder of Erven 6557 and 8858, Constantia (Southern Cross Drive)	8	38,000,000
• Remainder Erf 841, Erf 842, Erf 878, Constantia	9	19,800,000
• $\frac{1}{2}$ Share in Erf 62 Constantia	10	<u>17,500,000</u>
<u>TOTAL ESTIMATED VALUE OF ASSETS</u>		<u>R205,350,000</u>

LIABILITIES	NOTES	
<u>Secured Creditors</u>		
• Standard Bank	1 to 9	180,806,742
• Absa Bank Limited	10	17,700,000
• Anthony Evatt Clinch	8	<u>8,950,000</u>
		Nil
<u>Preferent Creditors</u>		
<u>Concurrent Creditors</u>		
• Trade and Sundry Creditors		<u>21,719,652</u>
(including loans to Close Corporation)	11	<u>R229,176,394</u>

NOTES TO ASSET & LIABILITIES

1. This property is a house situated at No. 2 Avenue Provence, Constantia and is subject to a First and Second Mortgage Bond in favour of Standard Bank in the sum of R7 300 000 and R1 500 000 respectively. The property is leased to Mr Mark Fairclough until 31 March 2012. The lease agreement commenced on 13 December 2010 at a monthly rental of R40 000.
2. This property is jointly owned by the Close Corporation and Amanda Jane Fenner-Solomon. The property is a house situated at No. 3A Spilhaus Avenue, Constantia and is subject to a First and Second Mortgage Bond in favour of Standard Bank in the sum of R8 000 000 and R250 000 respectively. The property is leased to Matthew James and Rachel Ashling Twomey on a month to month basis at a rental of R44 000.
3. This property is a house situated at 8A Brommesvlei Road, Constantia and is subject to a First to fourth Mortgage Bond in favour of Standard Bank in the sum R3 200 000, R1 500 000, R10 000 000 and R2 300 000 respectively. The property is leased to MI Overseas (Pty) Limited. The lease agreement commenced on 1 March 2009 and terminated on 28 February 2012. The tenant is occupying the property on a month to month basis at a rental of R36 300.

4. These Erven were purchased by the Close Corporation in 2008. Erf 8214 is subject to a First Mortgage Bond in favour of Standard Bank in the sum of R5 750 000. Erf 247 is subject to a First to Third Mortgage Bond in favour of Standard Bank in the sum of R50 242 000, R18 958 000 and R38 000 000 respectively. The property was subdivided into 6 portions identified as unregistered erven 13580, 13583, 13584, 13616, 13617 and 13618. Erven 13616 and 13618 were sold and transferred to third parties prior to liquidation.
 - 4.1 Erf 8214 and the unregistered erven 13580, 13583, 13584 and 13616 are situated in the development known as Warbler's Grove, Constantia. The properties constitute 5 upmarket residential houses.
 - 4.2 Erf 8214 is currently vacant.
 - 4.3 Unregistered Erf 13616 is leased by Dudley Charles Horn until 30 November 2012. The lease commenced on 1 August 2011 at a monthly rental of R40 000.
 - 4.4 Unregistered Erf 13580 is incomplete. The cost to complete the property has been estimated at R1 963 000.
 - 4.5 Unregistered Erf 13583 is leased to Pernoid Ricard (Pty) Limited until 30 October 2013. The lease commenced on 1 November 2011 at a monthly rental of R57 500.
 - 4.6 Unregistered Erf 13584 is leased to Mr Saul Sacks until 31 March 2012. The lease commenced on 17 March 2011 at a monthly rental of R40 000.
5. Erf 2045 Stanford is a vacant residential Erf and is situated at Longmarket, Etienne and De Kleine Streets, Stanford. The property is subject to First and Second Mortgage Bonds in favour of Standard Bank in the sum of R3 780 000 and R7 700 000 respectively.
6. Erf 13515 and Erf 13518 are residential properties situated at 6A and 6 Spaarman Avenue, Contantia. The properties are subject to First and Second Mortgage Bonds in favour of Standard Bank in the sum of R 28 100 000 and R6 300 000 respectively.
 - 6.1 6A Spaarman Avenue is leased to Mr Hap Palmer on a month to month basis at a rental of R 40 000.
 - 6.2 6 Spaarman Avenue is leased to the State of the Nederlands at a monthly rental of R50 274. The lease commenced on 1 May 2009 and terminates on 31 July 2012.

7. This property is a house situated at 15 Spaarman Avenue, Constantia and is subject to First and Second Mortgage Bonds in favour of Standard Bank in the sum of R22 800 000 and R4 100 000. The property is leased to Brandhouse Beverages (Pty) Limited until 30 June 2012 at a monthly rental of R56 200.
8. Erf 6557 is subject to a First and Second Mortgage Bond in favour of Standard Bank in the sum of R5 290 000 and R13 850 000 respectively and a Third Mortgage Bond in favour of James Anthony Evatt Clinch in the sum of R9 500 000. Erf 8858 is subject to a First Mortgage Bond in favour of Standard Bank in the sum of R6 150 000.
 - 8.1 Erven 6557 and 8858 comprises four incomplete upmarket Villas in the development known as Southern Cross Drive, Constantia. The properties are described as unregistered Erven 13439, 13440, 13441 and 13442.
 - 8.2 Unregistered Erf 13439 was sold prior to date of liquidation for a purchase price of R 12 999 000. The purchaser has elected not to continue with the purchase of the property due to a pre liquidation breach by the Close Corporation.
 - 8.3 Unregistered Erf 13440, 13441 and 13442 are incomplete Villas. The cost to complete these Villas is estimated at R2 524,000.
9. Erven, 841, 842 and 878, Constantia is an incomplete residential property in Rhodes Drive, Constantia. The property is subject to a First Mortgage Bond in favour of Standard Bank in the sum of R60,000,000. The estimated cost to complete the property is estimated at R6 726 000.
10. The property is an upmarket house which is jointly owned by the Close Corporation and Amanda Jane Fenner-Solomon. The property is situated at 3 Spilhaus Avenue, Constantia and is currently occupied by Michael Grant Fenner-Solomon and his family. The property is subject to four Mortgage Bonds in favour of ABSA Bank Limited in the sum of R6,500,000, R8,500,000, R3,500,000 and R1,500,000 respectively.
11. The concurrent creditors includes a loan of approximately R17,000,000 made to the Close Corporation by a Mr Tom Taylor.

CAUSES OF THE FAILURE OF THE CLOSE CORPORATION

1. Standard Bank lent and advanced various amounts to the Close Corporation over a number of years.
2. The relationship between Standard Bank and the Close Corporation was governed in terms of a facility letter dated 29 November 2010.
3. In terms of the facility letter, a loan facility of approximately R 155 000 000 was granted to the Close Corporation by Standard Bank to enable the Close Corporation to continue its activities as a property developer.
4. Pursuant to the facility letter, a number of mortgage bonds were registered in favour of Standard Bank.
5. The Close Corporation breached the terms of the facility letter and the various mortgage bonds, and as a consequence, the full amount lent and advanced under the facility letter became due and payable by the Close Corporation.
6. Standard Bank demanded payment from the Close Corporation of the full amount due plus interest accrued thereon.
7. The Close Corporation conceded that it was unable to repay Standard Bank and attributed that the current market was the downfall of the business of the Close Corporation.
8. It became clear to Standard Bank that the financial position of the Close Corporation had deteriorated substantially due to the rapidly increasing interest rates, and due to the value of the properties which were substantially less than they were previously believed to be worth.
9. The above ultimately resulted in the application by Standard Bank for the winding up of the Close Corporation.

REPORT TO THE MASTER

The undersigned will attend to the submission of a report to the Master of the High Court in terms of the provisions of Section 400(2) of the Companies Act no 61 of 1973 as amended and read with Section 66 of the Close Corporations Act no. 69 of 1984, should it become necessary.

LIABILITY OF MEMBERS OR FORMER MEMBERS

Investigations are on-going in order to ascertain whether any liability attaches to any member or former member in respect of breach of trust or negligence, repaying the Close Corporation in terms of Section 72 or 73 or section 71(1) or (2) of the Close Corporations Act and whether any member or former member appears to be liable to either a creditor of the corporation or the corporation itself by virtue of any provision of part 8 of the Close Corporations Act. The required report will be lodged with the Master of the High Court, if necessary

LEGAL PROCEEDINGS

Other than in respect of legal action instituted for the recovery of debt, we are not aware of any legal proceedings pending as at the date of the commencement of the winding-up.

FURTHER ENQUIRY

The undersigned are not aware of any matter relating to the promotion, formation or failure of the Close Corporation or the conduct of its business which requires further enquiry.

ACCOUNTING RECORDS

It is unclear at this stage, whether the Close Corporation maintained adequate books and records and complied with all statutory requirements.

ESTIMATED DIVIDEND

Should the proceeds from the sale of the immovable properties and the nett rentals received during the course of the liquidation be insufficient to cover the claims of the bondholders, then a contribution may well be levied on concurrent creditors who prove claims. Accordingly no claims will yet be submitted for proof unless the undersigned are advised by any creditors, in writing, to the contrary.

FURTHER MATTERS

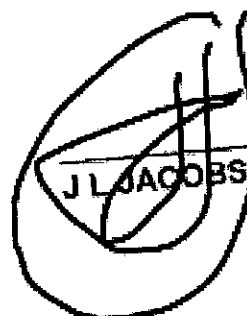
There is nothing further to report.


S MOODLIAR

DATED AT CAPE TOWN
ON 1 MARCH 2012


CHATHORN

DATED AT CAPE TOWN
ON 1 MARCH 2012.


J L JACOBS

DATED AT CAPE TOWN
ON 1 MARCH 2012.