

## **INVESTEC'S POSITION ON ISSUES RAISED IN THE MEDIA REGARDING THE BANK'S RELATIONSHIP WITH AUCTION ALLIANCE**

### **APPOINTMENT OF LIQUIDATORS**

As a matter of course all creditors in an insolvency matter support a liquidator with the necessary skills to attend to the administration of the estate. This is a process which is common in the entire industry and support is provided by means of a requisition. This in turn is sent to the Master of the High Court. The Master then makes an appointment of liquidators to deal with the estate. This process is governed by legislation and is a transparent process open to any creditor of the estate to challenge.

### **ALLEGATIONS OF LIQUIDATORS RECEIVING KICKBACKS FROM AUCTIONEERS**

Investec is not aware of any kickbacks being paid to any liquidators appointed in our matters. This type of conduct is not acceptable in terms of our internal policies and banking practice.

### **MEROBEX**

Investec has no relationship with Merobex. Investec understands that the payments made by Auction Alliance to Merobex relate to remuneration due to an individual who at that stage was employed by Auction Alliance.

Investec cannot comment further on this issue, save that in April 2011, the individual was employed by Investec Bank.

### **COMMISSION ON MKB PROPERTIES SOLD BY THE LIQUIDATORS OF MKB**

Please refer to the answers provided in Investec's replies to Carte Blanche.

### **ZUNAID MOTI'S INDEBTEDNESS TO BANK AND LINKS TO MKB**

The Bank's dealings with its clients are confidential and subject to legal and banking practice disclosure constraints.

## **GAIL ROAD AND BOUNDARY LANE MKB PROPERTIES**

Auction Alliance was mandated by the joint liquidators as the service provider to assist the liquidators (and in turn the creditors of the estate) to deal with the property realisation in an orderly fashion and with the intention of obtaining the maximum sale price taking into account the market conditions prevailing at that time.

At the time of sale, the half-completed Gail Road properties were valued at R6,7m.

The not yet fully completed Boundary Lane properties were valued at R18m.

The valuations were done by a professional valuer employed at Auction Alliance and to date we have had no reason to question the correctness thereof. The pictures of the Gail Road properties shown on Carte Blanche are recent post-completion portraits. The third party purchaser, who bid on and acquired the incomplete properties at the auction a number of years ago, subsequently completed them with a view to on-selling them. As far as we are aware, these properties are still on the market.

Carte Blanche, for reasons known only to its staff, failed to advise that the building works on the relevant properties were completed by the third party purchasers at significant cost to them, thus improving their current market value. The facts and Killik's comments were therefore presented out of context. As advised this matter is one where litigation is ongoing.

## **SALE OF MIKO RWAYITARE'S HOUSE**

While still alive, Mr Rwayitare was sued by a third party who provided architectural services to him. The architect attached the shares in the property owning entity which were sold by this creditor and acquired by him at a Sheriff's sale in execution.

As a result of various issues, particularly the attachment of the shares in the entity over which Investec had a mortgage bond, the matter became litigious. In September 2008, the Bank obtained a judgment against the property-owning entity, called Propro Investments (Pty) Ltd. The Sheriff of the Court conceded that due to the nature and value of the property, Auction Alliance could be mandated to assist the Sheriff with additional marketing to promote the sale of the property to the appropriate target market. This resulted in a successful sale and probably the best price achieved for a residential property in South Africa at that time. The costs and commissions paid to Auction Alliance were paid by the Bank for the service rendered and as agreed by the Bank.

Attorney John Oosthuizen (interviewed on Carte Blanche) was and is aware of the reason why Auction Alliance was mandated to assist the Sheriff with the sale. This was extensively dealt with in court affidavits to which he was a party as the representative of the executors of the estate. He has also



inexplicably elected to represent that he had no knowledge whatsoever of the reason for Auction Alliance's involvement.

### **ALLEGATIONS AGAINST SPECIFIC INVESTEC EMPLOYEES**

Investec was first made aware of allegations some months ago and despite several requests for evidence these were not forthcoming. Investec's policy prohibits conduct of this nature. If any staff member engages in such conduct, formal disciplinary steps will be taken.

The bank has appointed a team of forensic auditors to assist with a thorough investigation. Once complete, we will take appropriate action if necessary.

### **STATEMENTS ADDRESSED TO INVESTEC BANK SHOWN ON CARTE BLANCHE**

The statements shown on Carte Blanche are addressed to Investec Bank and marked for the attention of an Investec staff member. Statements from service providers are ordinarily addressed to a member of staff depending on their involvement in a particular matter. These statements do not, in themselves, support any suggestion of impropriety by the named Investec staff member.

The two auctions referred to in the statements are historical matters where properties were realised by way of auction in or about 2002. A full investigation into the specific matters has been initiated.

