

INSOLVENT ESTATE SATAAR TRUST (IT 126/2000)

MASTER'S REFERENCE NO.: C751/2020

PRELIMINARY REPORT

INTRODUCTION

The sequestration application against the Sataar Trust (IT 126/2000) "Sataar Trust" was instituted by The Standard Bank of South Africa Limited in the High Court of South Africa, Western Cape Division, Cape Town, under case number 9403/2020 on 21 July 2020. Sataar Trust was provisionally sequestrated on 4 November 2020. Jochen Eckhoff, Pierre De Villiers Berrange and Nandipha Madikizela were appointed provisional trustees by the Master of the High Court, Cape Town, on 17 November 2020.

The return day of the provisional sequestration order is 27 January 2021.

The honorable Mr Justice Erasmus ordered the provisional trustees to deliver a report on the affairs of the trust on the return day. In light of the aforesaid, please note our preliminary report hereunder.

ESTIMATED ASSETS AND LIABILITIES OF SATAAR TRUST

1. ASSETS:		
1.1 Immovable property:		
1.1.1 Market value	R 36,000,000.00	
1.1.2 Force sale value	R 29,000,000.00	
1.1.3 Estimated sale value	R 32,500,000.00	
1.2 Rental claim:		
1.2.1 Pre-liquidation claim	R 7,062,456.71	
1.2.2 Post-Liquidation claim	R 8,916,250.66	
1.3 Loans receivable	R 6,469,308.00	
1.4 Cash found in the estate	R 28,140.97	
• <u>TOTAL ASSETS:</u>	R 54,976,156.34	
2. LIABILITIES		
2.1 <u>SECURED CREDITORS</u>		
2.1.1 Absa Bank Limited (mortgage bond)		R 14,920,288.67
2.1.2 Investec Bank Limited (cession of rentals/debtors)		R 25,734,053.99
2.1.3 The City of Cape Town (municipality charges)		R 4,728,487.38
2.2 <u>PREFERENT CREDITORS</u>		
2.2.1 Employees		R 0
2.2.2 SARS		R 0
2.3 <u>CONCURRENT CREDITORS</u>		

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2.3.1	The Standard Bank of South Africa Limited	R 21,203,125.00
2.3.2	Loans from Trustees	R 1,798,008.00
2.3.3	Trade and other payables	R 4,668,671.00
	• TOTAL LIABILITIES	R 73,052,632.04
	• TOTAL SHORTFALL	-R 18,076,475.70

NOTES ON ASSETS

1. **The immovable property:** The provisional trustees obtained an independent valuation to determine the value of the immovable property. We are of the opinion that the property will sell for a price between the forced and market values. Please find attached hereto the valuation report marked as **annexure "A"**.
2. **Rental Income:** Green Tissue (Pty) Ltd (In Liquidation) which is the tenant of the immovable property is in liquidation. In light of the aforesaid, the provisional trustees divided the rental claim into pre- and post-liquidation claims. The quantum of the claim was established by using internal financial records. The monthly rentals are not being paid by the liquidators of the tenant because there is a business rescue application pending against the liquidated tenant which has suspended the liquidation process which in return has made it impossible for the liquidators to sell the assets of the tenant to pay, *inter alia*, the outstanding and monthly administration rentals.
3. **Loans receivable:** The loan was made to the AM Janjirker Family Trust. The loan account is confirmed in the financial records of the trust.
4. **Damages Claims:** The Sataar Trust has damages claims against Green Tissue (Pty) Ltd (In Liquidation) and Lion Match Company (Pty) Ltd. It is not possible for the provisional trustees to comment on the recoverability and true value of the claims. The claims will have to be investigated by the final trustees, preferably in consultation with legal representatives, in light of the complexity of the claims.

NOTES ON LIABILITIES

1. **General:** The calculation above does not include interest on claims or costs as defined in section 89 and 97 of the Insolvency Act No 24 of 1936. The liabilities of the trust were established by using internal and external financial information. The accuracy and validity of the claims will have to be fully investigated by the final trustees after they have been proven at a meeting of creditors, as required by section 45 of the Insolvency Act No 24 of 1936.
2. **The City of Cape Town:** The only "section 89 cost" which has been included in our calculation is the claim by the City of Cape Town. The provisional trustees were unable to obtain the two-year figures, secured portion, which must be paid to the transfer the immovable property. The quantum of the claim was established directly from The City of Cape Town.

CONTRIBUTION AND PROSPECT OF DIVIDENDS

There is no danger of contribution in the estate. Furthermore, if one takes into consideration the trust's assets, liabilities, including prospective capital gains tax, and the costs of administration as defined in section 89 and 97 of the Insolvency Act No 24 of 1936 it is probable that a notable dividend will be paid to the secured and concurrent creditors.

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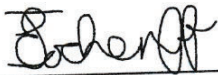
CAUSES OF INSOLVENCY

The Sataar Trust signed surety for Green Tissue (Pty) Ltd (In Liquidation) which has created substantial liabilities for the trust. Furthermore, Green Tissue (Pty) Ltd (In Liquidation) which is the sole tenant of the trust has not paid rentals or utilities for the past few years which has made it impossible for the trust to service its expenses as they become due and payable. It is unclear when the trust will again have an income to pay its expenses.

BOOKS AND RECORDS

At this early stage of our investigation, it appears as if the trust kept adequate books and records. Please find attached hereto unsigned financial statements for 2019 and 2020 and management accounts until 31 October 2020 marked as **annexures B1, B2 and B3**.

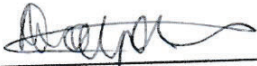
SIGNED ELECTRONICALLY ON 12 JANUARY 2021



JOCHEN ECKHOFF



PIERRE DE VILLIERS BERRANGE



NANDIPHA MADIKIZELA