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INVESTIGATION IN TERMS OF SECTION 258(2) OF THE COMPANIES ACT (NO
61 OF 1973) – CORPCAPITAL GROUP OF COMPANIES

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*contains objections
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*for
the
company*

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RADIO TRANSCRIPT?

STATEMENT OF KELLEY STARKE

1. Introduction

- 1.1 In 1998 Kensani Consortium (Pty) Limited ("**Kensani**") purchased 10 million shares in Fulcrum Bank.
- 1.2 Fulcrum Bank became CorpCapital Bank Limited ("**CorpCapital Bank**"). Kensani held 8.9% of CorpCapital Bank and was the largest minority shareholder.
- 1.3 I was the CEO of Kensani at the time of the merger.
- 1.4 I was a previous employee of African Merchant Bank Limited ("**AMB**") in the Corporate Finance Division, and AMB had been Kensani's advisor since Kensani's inception.
- 1.5 AMB were appointed to advise Kensani in opposing the merger.

2. The CorpCapital merger

- 2.1 I advised Errol Grolman of CorpCapital Bank ("**Grolman**") that Kensani was aware that a merger of the CorpGro Group of companies was anticipated ("**the merger**").
- 2.2 Kensani requested that Grolman involve Kensani in understanding the valuations and the resultant swap ratios which would impact on the value that Kensani could hope to achieve from the merger. Grolman agreed to involve Kensani by promising that the auditors of the various companies would show Kensani working papers and take Kensani through the values that would lead to the final swap ratios.
- 2.3 I called Grolman on numerous occasions during the lead up to the merger to ask why there was no information available to Kensani on the various company valuations. In each conversation Grolman agreed to provide me with information. Grolman did not make the valuations and working papers of the various company auditors valuations available to me at any time.

- 2.4 Grolman finally requested to meet with me at CorpCapital's offices after market closure on the night preceding the merger ratio announcement.
- 2.5 The Kensani board subsequently met on 13 June 2001, to consider the attitude of Kensani to the proposed merger ratios. The Kensani board, assisted by its advisors, AMB, estimated that the cash net asset value of CorpCapital Bank was approximately R6 / R7 per share. Kensani objected to the material dilution of net asset value per share that Kensani would endure as a result of the merger ratio of 1.715 Coprgro shares for 1 CorpCapital Bank share. The Kensani Board was of the view that the value placed on the Corpgro group for the purposes of determining the swap ratio was excessive as it was based on the capitalization of the earnings of those companies as opposed to their net asset value and the capitalization multiple assumed that the earnings were sustainable over the longer term ("**KS 30**").
- 2.6 The Kensani Board had been advised by AMB that the speculative nature of the earnings of the Corpgro companies concerned taken together with the reliance by those companies on earnings from one major transaction (Cytech) mitigated against these earnings being sustainable and warranting the capitalization rates applied. I was mandated by the Board to endeavor to achieve a more attractive swap ratio that was more reflective of the true values of the companies concerned ("**KS 27**").
- 2.7 AMB prepared a report for Kensani, which was also presented to Price Waterhouse Coopers ("**PWC**") ("**KS 1**"). As set out in 5.1.3, Peter Goldhawk of PWC was unwilling to provide Kensani with details to contradict AMB's findings in this report.
- 2.8 As a minority shareholder, Kensani attempted to object to the proposed merger on the basis of an unfair value being placed on CorpCapital Bank. Kensani believed that if one were to liquidate CorpCapital Bank, the break-up value achieved would be approximately R6 / R7 per share.
- 2.9 Kensani questioned the values of the Corpgro Group, but was unable to access current information. The only information available to Kensani as a shareholder was the previous year audit of year end August 2000. Despite numerous requests, the Corpgro group was not prepared to make

management accounts, the 2001 draft audit, or the auditors working papers, available to Kensani.

- 2.10 Kensani then canvassed the support of other minority shareholders, particularly Equinox Limited.
- 2.11 On 19 July 2001, I wrote a letter ("**KS 2**") on behalf of Kensani to Richard Connellan ("**Connellan**") of the Securities Regulation Panel ("**SRP**"). I requested that the SRP, on behalf of minority shareholders, scrutinise the report of the independent advisors to the board of CorpCapital Bank in order to ensure that the offer price correctly reflected the underlying value of CorpCapital Bank and took account of all factors which could influence this value. I stated that we believed that it would be in the interest of all minority shareholders, given the conflicts of interests associated with the transaction, to review the independence of the CorpCapital Bank Share Incentive Trust ("**the trust**") from any conflicting parties and to establish what commitments regarding voting on the transaction may have been given by the trust. I raised our concern that directors of CorpCapital Bank, who were also directors of Corpgro and/or CorpCapital, may have participated in the approval of the transaction by the CorpCapital Bank board.
- 2.12 On 31 July 2001, I wrote a letter ("**KS 3**") on behalf of Kensani to Connellan raising additional concerns that Kensani had with respect to the transaction. With the announcement of the transaction in the press, certain directors of Corpgro indicated that the Corpgro group of companies were already operating in a seamless manner. Kensani was concerned that transactions between the Corpgro group companies would be transacted on terms which were not market related so as to maximise group efficiencies and profitability, and such terms may be at the expense of the minority shareholders in CorpCapital Bank.
- 2.13 On 1 August 2001, I wrote a letter ("**KS 4**") on behalf of Kensani to Connellan, highlighting the 41% premium to the transaction offer price which was arrived at in terms of the comparable company valuation and raising concern over the apparent discount at which CorpCapital Bank shareholders were being swapped into Corpgro. I further noted that directors had bought in excess of 2 million shares in Corpgro since the announcement. I attached a comparable company valuation for CorpCapital Bank which was undertaken

on behalf of Kensani and a summary of the dealings of the directors of CorpCapital Bank and Corpgro in Corpgro shares subsequent to the announcement of the transaction.

- 2.14 Gerhard Le Roux wrote a letter ("**KS 5**") to Connellan on 7 August 2001, recording Kensani's dismay at being excluded from a meeting to be held that afternoon between the SRP and the independent advisors, inter alia, to the minorities involved in the transaction, and the continuing reluctance of the independent advisors to supply Kensani with the working papers used to arrive at the fair and reasonable opinions when it was believed that Corpgro / CorpCapital had been allowed access to these workings.
- 2.15 As a minority shareholder, I also approached the Financial Services Board ("**FSB**") and questioned the eligibility of the CorpCapital Bank Share Incentive Trust and Eric Ellerine ("**Ellerine**") being able to vote, as they were related parties. I believed that Ellerine was a related party because he was a director of Kensani, Corpgro, and CorpCapital Bank.
- 2.16 On 3 September 2001, Kensani wrote a letter to the directors of CorpCapital Bank, requesting information, in order to be able to make an informed decision prior to casting its vote in terms of section 228 of the Companies Act. This letter was attached to a letter to Connellan on 3 September 2001, advising Connellan that Kensani was of the view that the SRP was obliged in terms of its Rule 20.2 to require CorpCapital Bank to disclose the information requested, failing which the effected transaction should not be approved by the Panel. ("**KS 6**")
- 2.17 Certain confidential documents belonging to CorpCapital were delivered anonymously to the reception of Kensani. On 7 September 2001 I received a letter from CorpCapital Bank stating that they regarded our possession and use of the documentation to be wrongful and unethical. ("**KS 7**")
- 2.18 CorpCapital Bank undertook to provide Kensani with further information. On 18 September 2001, Kensani wrote a letter to CorpCapital Bank recording that notwithstanding their undertaking to provide further information, Kensani had received no further communication ("**KS 8**"). Kensani also requested further information in relation to the revaluation of profits in Corpgro Limited and the inter-group transfers between the three companies.

- 2.19 Corpcapital Bank finally undertook to provide information to AMB on a without prejudice basis which information would not be permitted to be disclosed to Kensani. 25 September " meeting between Jeff Liebesman, David Winkler and Gerard le Roux ("**KS 24**").
- 2.20 General meetings of the shareholders of Corpgro, CorpCapital and CorpCapital Bank were held on 1 October 2001 in order to consider a variety of resolutions required to approve and give effect to the merger. These resolutions were passed and the merger was approved by the requisite majority of shareholders in all three companies. I attended the CorpCapital Bank shareholders meeting. One of the major points discussed in the meeting was that a number of suspensive conditions were not met by Corpgro by 25 September 2001, possibly making the meeting invalid (see page 8 of the written agreement ("**KS 9**"). A replacement written agreement was prepared, changing the date by which the conditions precedent had to be fulfilled to 1 October 2001. My notes from the meeting are attached ("**KS 10**"). Lazarus stated that "[t]he correction of the error has no impact on the validity of the meeting or the outcome of the vote" ("**KS 11**").

3. **Kensani makes its concerns public**

- 3.1 Kensani made its concerns public via the media after it had made various attempts to negotiate a more favourable merger ratio directly with Benji Liebmann ("**Liebmann**") and Neil Lazarus ("**Lazarus**"). I made numerous attempts to offer the Corpgro Group a way out of the merger difficulties, including assisting with bridge finance. Liebmann and Lazarus were considered to be amused and obstructive during the negotiations. Liebmann and Lazarus arrived 90 minutes late, appeared to be unwilling to engage in a discussion on a higher price for minorities, and said that CorpCapital Bank was not prepared to alter the merger ratio to achieve a higher price for minorities.
- 3.2 Kensani's public position met with resistance from CorpCapital directors in the following way:
- 3.2.1 I was threatened with defamation letters;

- 3.2.2 Kensani and AMB received numerous letters advising them to desist from making defamatory statements, and from providing false and misleading information regarding the merger. This "false and misleading" information has subsequently proved to be correct. (31 July 2001: "KS 12"; 30 August 2001: "KS 13"; 31 August 2001: "KS 14"; 28 September 2001: "KS 15"; 3 October 2001: "KS 16");
- 3.2.3 Corpgro attempted to destabilise AMB's role in opposing the merger by attacking AMB's credibility and ability in its valuations of CorpCapital Bank;
- 3.2.4 Liebesman called the former CEO of AMB, Rob Dow ("Dow"), to enquire why AMB Corporate Finance Division ("CFD") was involved in advising Kensani, and advised him to cease the opposition to the merger or it would damage his reputation and AMB's;
- 3.2.5 I was engaged to be married to Dow. Liebesman publicly attacked this relationship in the presence of a number of journalists, in a public forum, accusing us of an unethical relationship.
- 3.3 After various unsuccessful attempts, (see letter from Lazarus to Werksmans dated 28 September 2001: "KS 15") I reached a settlement agreement with CorpCapital to the effect that CorpCapital would cease to tamper with Kensani Holdings and buy out founding shareholders, and I would stop talking to the press. The fact that they acknowledged that they were trying to buy out founding shareholders illustrates that they were flagrantly disregarding SRP rules. (*1/15 31*)

4. Unethical Actions by CorpCapital

- 4.1 Kensani was experiencing shareholder difficulties at the time of the merger, namely that the founding directors had requested a bonus payment from AMB for a recently concluded transaction. Their request had been declined by the Kensani Board, and the request had subsequently been directed at AMB as the transaction advisors.
- 4.2 It is alleged that Liebesman and Jonty Sandler (former business partner of Dr Ntatho Motlana) approached the Kensani founding directors to purchase their shares in Kensani Holdings (Pty) Ltd (the holding company of Kensani), and

in so doing, supposedly 'take control' of the Kensani group. (This can be verified by Reeva Forman, founding director of Kensani). This is apparently illegal and against the SRP code. Taking control of the Kensani group would enable CorpGro to stop Kensani's opposition to the merger. I have attached copies of correspondence between the unhappy shareholders and Kensani's attorneys ("KS 17"; "KS 18"; "KS 19"; "KS 20"; "KS 21"; "KS 22").

4.3 A CorpGro executive, Kevin Joselowitz denied that an offer had been made to the Kensani founding directors. A copy of the offer letter was subsequently provided to Dow by one of the Kensani founding directors, Reeva Forman. ("KS 23").

4.4 In addition, Liebesman allegedly encouraged the Kensani founding directors to attempt to remove the Kensani CEO. Either CorpGro or the founding directors of Kensani engaged a firm of attorneys to draft a board agenda for a meeting to be held on 28 September 2001 at 09h00 to achieve the following:

4.4.1 suspension of K Starke as CEO;

4.4.2 appointment of acting MD Ms Zanele Gama ("**Gama**");

4.4.3 withdraw mandate to AMB to advise on opposing the CorpGro merger;

4.4.4 withdraw mandate to Werksmans;

4.4.5 reconsideration of the CorpGro merger.

4.5 Gama was a Kensani representative on the board of CorpCapital Bank and a founding director of Kensani. Gama was represented by Rabin, Van den Berg & Pelkowitz. I attach a letter received from them regarding Gama and Ellerine's participation in the board meeting ("KS 25"). (KS 30)

4.6 CorpCapital believed that replacing the CEO with founding director, Gama, would ensure that the CorpGro merger would succeed as Gama^{was} one of the ladies approached to sell her shares to CorpCapital Bank.

4.7 In that board meeting of 28 September 2001 the Kensani ladies were questioned by the board as to why they agreed to the merger as it would reduce their value in Kensani. They were unable to provide an answer and subsequently abstained from voting on the proposed resolutions.

- 4.8 Kensani's objections and frustrations were based on the following:
- 4.8.1 the lack of information provided to minority shareholders despite numerous requests;
 - 4.8.2 the various company auditors appointed by the CorpGro Group were approached by Kensani. One set of auditors said it had been specifically advised not to talk to Kensani;
 - 4.8.3 Peter Goldhawk of Price Waterhouse Coopers ("**Goldhawk**") met with Kensani's advisors, AMB, and assured Kensani and AMB that it was satisfied with the valuations, specifically of Cytech. Goldhawk refused to supply any working papers or accounts;
 - 4.8.4 the lack of information regarding the Share Incentive Trust and information on its Trustees. Liebesman, in a radio interview on MoneyWeb of 28 August 2001 denied knowledge of who the trustees of the Share Incentive Trust were after previously stating that 'they' approved the merger. I alleged that the Share Incentive Trust was under the influence of the board of CorpCapital Bank. After the merger the Corpcapital accounts stated that the Share Incentive Trust was under the control of the board, exactly as I had previously alleged ("**KS 29**").
- 4.9 An analyst report done by Investec Securities confirmed our opinion that we were being prejudiced by the proposed merger swap ratios number ("**KS 26**").

5. Additional actions taken by CorpGro to ensure a successful merger

It is alleged that CorpGro coerced the Kensani founding directors to take the following actions to ensure the successful outcome of the merger:

- 5.1 They allegedly used the significant political influence of the Kensani founding directors to cause a section 6 and 7 Reserve Bank investigation into AMB and it's CEO, Rob Dow. The Reserve Bank focused its investigation on Kensani, and the CEO of Kensani was asked on numerous occasions by Dominic Romain and Kay Choto of the Reserve Bank to come to AMB for questioning. I was advised that the Reserve Bank had no jurisdiction over Kensani and did not meet with the Reserve Bank.

5.2 They used the founding director's significant political influence to discredit and defame myself and Dow. This letter was apparently distributed to the following:

5.2.1 President Thabo Mbeki;

5.2.2 Old Mutual (dropped at reception with no addressee);

5.2.3 Christo Wiese - Reserve Bank Governor;

5.2.4 Gill Marcus;

5.2.5 Don Ncube;

5.2.6 Israel Skosana;

5.2.7 other members of the South African business community.

6. Conclusion

6.1 It is unlikely that the Kensani founding directors would have agreed to support the merger without an external influence, as it reduced the value of their company by approximately R27 million, and ultimately their individual net worth. In addition they voted at the initial Kensani Board meeting to oppose the merger ("**KS 28**").

6.2 This draws the conclusion that what was promised to the Kensani founding directors by CorpCapital was more valuable than the loss resulting to them if the merger was successful;

6.3 The successful conclusion of the merger resulted in CorpCapital withdrawing its offer to purchase the founding director's shares.

6.4 Facts that are now coming to light have confirmed that our concerns at the time regarding the unjustifiably high valuation of CorpCapital were correct. Specifically, the unlisted investments, for example Cytech, Infinex, etc, have all been valued significantly downward.

6.5 Nigel Payne made no attempt to contact anybody at Kensani regarding his enquiry into the merger, and has subsequently not included any reference to the minority shareholder opposition in his report.

Strictly private and confidential

Presentation to

PRICE WATERHOUSE COOPERS
(“PWC”)

*Proposed acquisition of minority shareholding in Corpcapital Bank
Controlling Company Limited (“Corpcap Bank”) by Corpgro Limited
 (“Corpgro”)*



AFRICAN MERCHANT BANK LIMITED

August 2001

KSI

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- CONCERNS OF MINORITY SHAREHOLDERS
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 - Misleading presentation of financial effects of the proposed transaction on minority shareholders
 - Timing of the proposed transaction
 - Related party transactions
- CONCLUSION

Annexure 1: Comparative valuation of Corpcap Bank and Corpgro

Appendix 1 – Press announcement regarding the proposed transaction

Appendix 2 – Copy of page 11 of the Corpcap Bank August 2000 Annual Report

Appendix 3 – Copy of page 41 of the Corpcap Bank August 2000 Annual Report

Appendix 4 – Copy of Financial Mail article

INTRODUCTION



INTRODUCTION



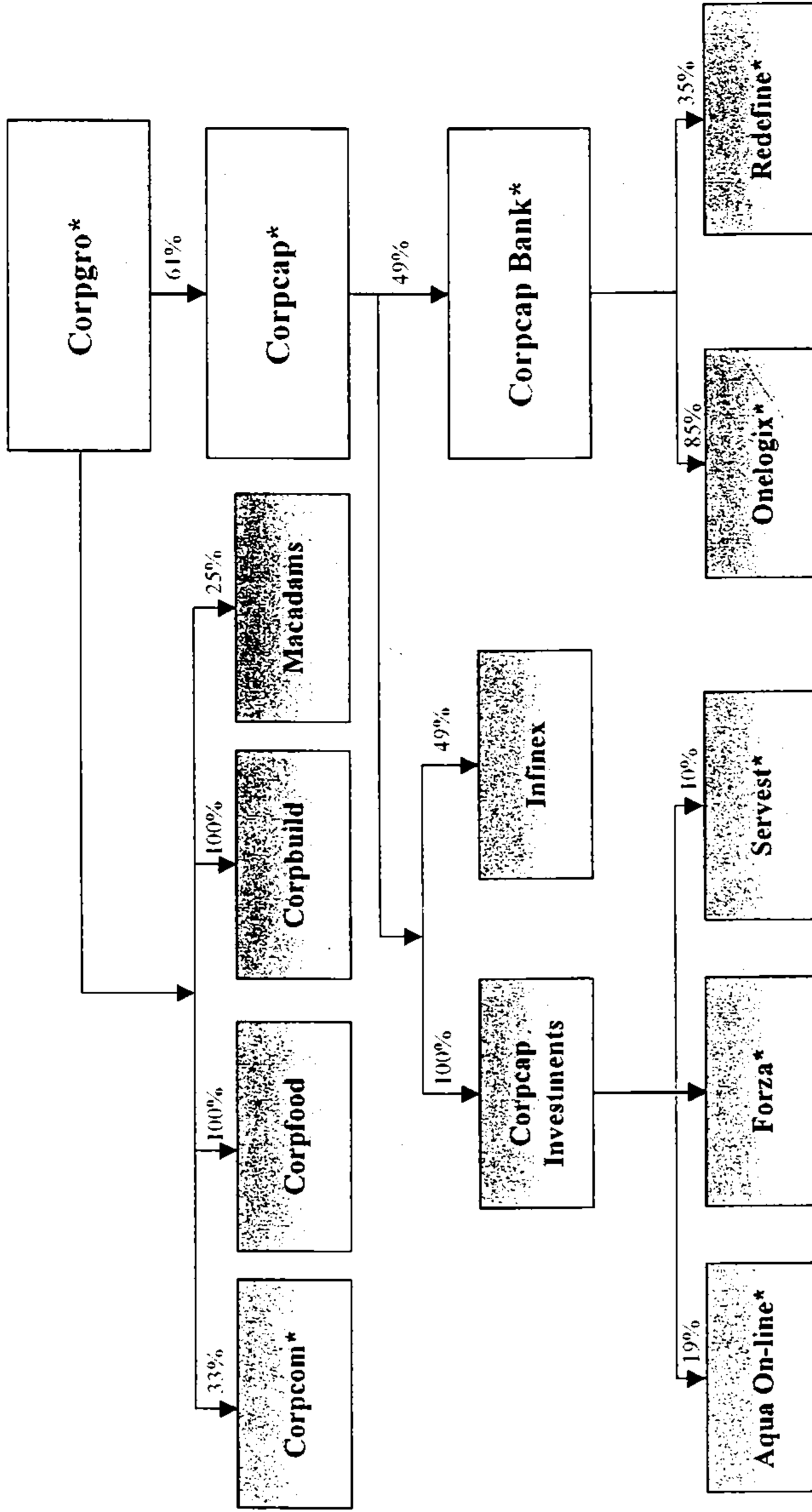
INTRODUCTION

- It was announced on 9 July 2001 that Corpgro intended acquiring the 51% interest in Corpcap Bank it does not already own ("proposed transaction")
- Terms of the proposed transaction is 3,1 Corpgro shares for every 1 Corpcap Bank share held
- The terms of the proposed transaction were reviewed by independent advisers and declared "fair and reasonable"
- Based on information received, the findings of the independent adviser was based on an earnings valuation of Corpcap Bank
- Minority shareholders of Corpcap Bank have certain reservations regarding the valuation method and, the treatment of related party transaction
 - A valuation based on publicly available information yields a significant higher swap ratio
 - It appears as if Corpcap Bank is funding group investment banking activities and transferring income to other group companies
- Minority shareholders of Corpcap Bank are requesting the SRP to:
 - Appoint a second independent adviser to Corpcap Bank shareholders
 - Allow significant minorities to appoint their own advisor and allow them insight into the workings of the Corpcap Bank appointed advisor

OVERVIEW OF THE CORPGRO GROUP

OVERVIEW OF THE CORPGRO GROUP

Corpgro group structure



* Listed on the JSE



OVERVIEW OF THE CORPGRO GROUP

Corpgro group activities

- Corpgro – holding company, intending to transform into an investment banking and financial service group
 - Corpcom – focused outdoor media communications group operating in Africa and Poland
 - Corp Food – owns, *inter alia*, a supermarket refrigerated display case manufacturer
 - Corpbuild – retailer of industrial and building supplies
 - Macadamans – manufactures and supplies baking systems
- Corpcap – involved in proprietary investments, corporate finance, transaction support and fund management
 - Aqua On-Line – provider of e-commerce enablement and administration support
 - Forza – an integrated e-commerce auto retail, watercraft, leisure retail and service company
 - Servest – focused support services company, concentrating on low-tech outsourcing
 - Infinex – provider of financial products and services to emerging markets
- Corpcap Bank – focuses on treasury activities, structured products and specialised finance
 - Onclogix – supply chain management and logistics service company (formerly Venmil)
 - Redefine – a listed property income fund

OVERVIEW OF THE CORPGRO GROUP

Directors of Corpcap Bank

	Nature of relationship
Eric Ellefse	Non-executive, founding director of Corpgro
Martin Sacks	Non executive, founding director of Corpgro
Errol Grolman	Non-executive, founding director of Corpgro
Zanele Gama	Non-executive
Alec Grant	Executive
Barry Kalkhoven	Executive – related party
Robert Parker	Non-executive
Ebenezer Moahlabi	Non-executive
Grietjie Verhoef	Non-executive
Neil Phillips	Executive – related party (?)
Estiaan Calitz	Non-executive

- The board of Corpcap Bank is dominated by individuals related to Corpcap
 - Independent executive directors reluctant to speak their minds
 - 6 directors apparently related to Corpgro
- Certain non-executive directors have no or a limited financial background
 - Zanele Gama (Kensani appointee) has lost the support of Kensani shareholders (asked to resign as an executive of Kensani)
- **Contrary to normal practice, there is no evidence that a Corpcap Bank board sub-committee consisting of independent directors was created to review the proposed transaction**
 - announcement of the transaction states “the negotiated swap ratios were then considered by the boards of the companies. In each case, the swap ratios were unanimously approved” (refer to the announcement of the transaction, page 2 of Appendix 1)

CONCERNS OF MINORITY SHAREHOLDERS

CONCERNS OF MINORITY SHAREHOLDERS

Terms of the proposed transaction

- Directors of Corpgro have been aggressively buying Corpgro shares (more than two million since the announcement of the proposed transaction) – why not Corpcap Bank shares?
 - Clear indication of who the beneficiaries of the proposed transaction are
- Corpgro requires Corpcap Bank in order to grow – Corpcap Bank does not require Corpgro
 - Chairman of Corpcap Bank reported last year that “the bank is well established to provide above-average real earnings growth”
 - Corpcap Bank is a vital source of funding to Corpcap/Corpgro
- Comparative valuations of Corpgro and Corpcap Bank yield the following values:

– Corpcap Bank	R6,83 per share
– Corpgro	R2,44 per share

CONCERNS OF MINORITY SHAREHOLDERS

Terms of the proposed transaction (Cont'd)

- ➔ Exchange ratio based on the above values should be 2,80 Corpgro shares for every 1 Corpeap Bank share held
 - Proposed 1,715 Corpgro shares for every 1 Corpeap Bank share held
 - Proposed exchange ratio values Corpeap Bank at R3,90
 - Absolute valuation of Corpeap Bank is significantly higher
- ➔ The proposed exchange ratio undervalues Corpeap Bank by 40%
- ➔ The reason for the above material difference appear to arise largely from Corpgro expecting Corpeap Bank minorities to pay a P/E multiple for once-off unrealised profits on revaluations of unlisted investments

Corpgro is opportunistically taking advantage of a temporary depressed market to acquire minority shareholdings in Corpeap Bank at a discounted price to the benefit of Corpgro shareholders

- ➔ Expecting Corpeap Bank shareholders to bear the cost of the proposed transaction while Corpgro shareholders benefit

CONCERNS OF MINORITY SHAREHOLDERS

Enhancement of Corpgro / Corpcap earnings at the expense of Corpcap Bank

- It has been widely reported in the press and in Corpcap Bank's August 2000 Annual Statements that the Corpgro group is run as a "seamless integrated entity" (for example refer to Appendix 2)
- This gives rise to significant concerns regarding inter-group transactions
 - Examples:
 - Loan exposure to Corpcap, Corpgro
 - Corpcap Bank has made funding available to Corpcap/Corgro to enable these entities to conclude investment banking transactions (example – delisting of Macadams by Corpcap)
 - Given the credit rating of Corpcap/Corgro – concern arises over the size of the exposure (in excess of R85 million) (refer to Appendix 3)
 - It would appear as if the authorised exposure to Corpcap exceeds that approved for significant counterparties such as Land Bank, BOE and Engen
 - The terms of the advance may not accurately reflect the risk – mechanism of enhancing earnings of Corpcap
 - No indication that common directors recused themselves when the loan was approved
 - Conflict of interests
 - Investment banking activities appears to be performed in Corpcap/Corgro and not in Corpcap Bank
 - » Commonality of directors, material directors interests are held in Corpgro
 - » Majority shareholder of Corpcap Bank is Corpcap and ultimately Corpgro
 - » Example Macadams investment housed in Corpcap – why not in Corpcap Bank
 - Corpcap Bank does not participate in any equity upside but has a significant risk exposure
 - Corpcap reported in excess of R100 million unrealised profit on revaluation of investments in the year to August 2000
 - There appears to be a transference of earnings from Corpcap Bank to Corpcap / Corpgro

CONCERNS OF MINORITY SHAREHOLDERS

Enhancement of Corpgro / Corpcap earnings at the expense of Corpcap Bank

- ➔ Group profit sharing arrangement
 - R14 million paid by Corpcap Bank to Corpcap during year ended 31 August 2001 – under a “profit sharing” agreement (refer to the extract from the Corpcap Bank Annual Report, Appendix 3)
 - This payment is believed to be compensation for services rendered / skills provided by Corpcap
 - Directors of Corpcap Bank have fiduciary duties to Corpcap Bank shareholders – obliged to ensure services rendered by Corpcap cannot be obtained cheaper through the direct employment of skilled personnel

It appears as if Corpgro / Corpcap may have been using the Corpcap Bank funding ability and asset base to capitalise on business opportunities and enhance earnings.

- ♦ A lack of transparency exists with regard to inter-group transactions and the treatment thereof in the determination by the independent adviser as to the fairness of the proposed transaction
- ♦ Minority shareholders have been denied access to the workings of the independent adviser despite Rule 16.1 of Securities Regulation Code on Take-overs and Mergers
- ♦ From the limited information available, significant concerns arise – full disclosure of inter-group transactions should be made to minority shareholders

CONCERNS OF MINORITY SHAREHOLDERS

Misleading presentation of financial effects of the proposed transaction on minority shareholders

→ The presentation of both the NAV and EPS effects of the proposed transaction on minority shareholders of Corpcap Bank is misleading

→ NAV effects

Corpco disposed of 50% of its interest in Corpcom Limited ("Corpcom") for approximately R157 million on 2 July 2001

- This sale is not unconditional
- Significant contingent liabilities were retained

The presentation of the financial effects of the proposed transaction as set out in the press announcement (refer to page 3 of Annexure 2) includes the enhanced net asset value ("NAV") of Corpco subsequent to the Corpcom disposal but does not include the current NAV of Corpcap Bank (refer to page 3 of Appendix 1)

- Anticipated that significant growth has occurred in the NAV of Corpcap Bank (estimated at R7 per Corpcap Bank share based on representations by directors)
- No information has been provided on the value increase of the unlisted assets of Corpcap Bank since February 2001
- Uncertainty also exists as to the proper treatment of related party transactions in the calculation of the financial effects
- **Minority shareholders have been denied access to the workings of the independent advisors despite Rule 16.1 of the Securities Regulation Code on Take-overs and Mergers which prescribes equality of information to all shareholders**

In order to calculate the financial effects of the proposed transaction on Corpcap Bank shareholders either of two approaches should be followed:

- Use reported Corpcap Bank and Corpco NAV prior to the Corpcom transaction (per 28 February 2001 interim results)
- Use increased NAV for both Corpcap Bank and Corpco

CONCERNS OF MINORITY SHAREHOLDERS

Misleading presentation of financial effects of the proposed transaction on minority shareholders (Cont'd)

→ Recalculated NAV effects on Corpcap Bank minority shareholders are as follows:

	Before (Rand per share)	After (Rand per share)	As per announcement (refer Annexure 2) (Rand per share)
→ Calculated using reported NAV of Corpcap Bank and of Corpgro excluding the effects of the Corpcom transaction	6,44	5,41	5,75
- Net asset value			(11%)
- % NAV loss for Corpcap Bank shareholders			
→ Calculated based on the estimated NAV of Corpcap Bank and of Corpgro	7,00	5,75	5,75
- Net asset value			(11%)
- % NAV loss for Corpcap Bank shareholders			

If the effect of the proposed transaction on NAV per Corpcap Bank share is calculated on a consistent basis, it is clear that Corpcap Bank shareholders actually face a loss of NAV materially larger than presented

CONCERNS OF MINORITY SHAREHOLDERS

Misleading presentation of financial effects of the proposed transaction on minority shareholders (Cont'd)

→ EPS effects

- Corpcap reported in excess of R100 million "Unrealised profit on restatement of investments and securities to fair value" - this was included in income and not taken to a NDR
- This does not constitute earnings
 - ♦ Not sustainable
 - ♦ No cash flow until realisation
 - ♦ Considered to be abnormal item
 - ♦ Should be taken into account in NAV - not earnings
- Financial effects should exclude revaluation profits to compare like-for-like
- Recalculated EPS affects on Corpcap Bank shareholders are as follows:

	<u>Before</u>	<u>After</u>	<u>As per</u>
	<u>(cents per</u>	<u>(cents per</u>	<u>announcement</u>
	<u>share)</u>	<u>share)</u>	<u>(cents per share</u>
Calculated including sustainable earnings only	97,3	82,9	103,1
- Earnings per share			
- % change		<u>(14,8%)</u>	<u>5,9%</u>

Calculated on a sustainable basis, Corpcap Bank shareholders in reality give up 15% of cash-backed earnings through the proposed transaction and do not benefit from an earnings increase

CONCERNS OF MINORITY SHAREHOLDERS

Timing of the proposed transaction is detrimental to minority shareholders

- Management of Corpcap Bank forecast that the majority of earnings will accrue in the second half of the year

	Interim results 28 February 2001 (R' million)	Budget year ending 30 August 2001 (R' million)	Management budget for second half of the year (R' million)
Total income	98,2	242,4	144,2
Operating expenses	(30,7)	(73,1)	(42,4)
Net income before tax	67,5	169,3	101,8
Increased net income in second half of the year			34,3
% increase in second half income over first half income			51%

Minority shareholders are excluded from participating in expected second half earnings growth by the timing of the proposed transaction. It is considered that the proposed transaction is being pushed through now to take advantage of the NAV enhancement resulting from the Corpcap transaction and prior to release of results for August 2001 year (will Corpcap again be able to report R100 million revaluation profits?)

CONCERNS OF MINORITY SHAREHOLDERS

Related party transactions

- Eric Ellerine is reported to be a founding member of Franklin (unlisted private equity house) - also a director of Corpcap Bank and Corpgro (refer to Appendix 4)
- Franklin acquired controlling stake in Smartec during March 1997
- Based on information provided to us, Corpcap Bank has apparently extended a loan in excess of R25 million to Smartec and a further R12 million to a director of Smartec
- Subsequently reported that this debt is irrecoverable
- It was apparently reported during November 2000 at a Corpcap Bank directors' meeting that "efforts to improve the imbalance between risk and reward required resolution - the bank had accepted the full risk without securing an equitable upside share"
- The realisation that the risk/reward profile was detrimental to Corpcap Bank only occurred after the loan extension - raises the question of Corporate Governance in dealings with related parties
- The question arises - is this the only such transaction?

Irrespective of the outcome of the proposed transaction, an independent investigation should be launched in terms of Section 258 into the application of accepted Corporate Governance procedures at Corpcap Bank specifically regarding related party transactions and the approval thereof

CONCLUSION



CONCLUSION

- ➔ Valuations of Corpcap Bank and Corpgro based on publicly available information yield the following results:

Corpcap Bank (R per share)	6.83
Corpgro (R per share)	2.44
- ➔ Based on the above valuations, the exchange ratio proposed by Corpgro undervalues Corpcap Bank shares by approximately 40%
- ➔ In addition it appears as if Corpcap Bank is providing the funding for Corpcap/Corpgro to perform investment banking transactions
 - Bears all the risk without participation in equity upside
 - Appears that transfer of earnings is taking place
- ➔ Other minority concerns include
 - Misleading presentation of financial effects
 - Related party transactions
 - Timing of the proposed transaction
- ➔ **Given the materiality of the valuation difference and of the minority shareholder concerns it is critical that minority shareholders be granted full access to the workings of the independent advisor under Rule 16.1 of the Securities Regulation Code**

**ANNEXURE 1: COMPARATIVE VALUATION OF CORPCAP
BANK AND CORPGRO**

ANNEXURE I

APPLICABLE VALUATION METHODS



APPLICABLE VALUATION METHODS

- ➔ Given different activities and based on accepted valuation practise it is believed the following valuation methods should be applied to Corpeap Bank and Corpgro:
 - Corpeap Bank
 - ◆ Value of operations based on a comparative company valuation
 - Corpgro
 - ◆ Sum of the parts valuation, valuing its attributable share of investments on a comparative company basis, less debt plus surplus cash at Corpgro level
 - Listed investments at market value
 - Applying a P/E multiple to the earnings of unlisted investments
- ➔ Financial information as at 30 August 2000 are used with market values as at 20 August 2001

ANNEXURE 1

VALUATION OF CORPCAP BANK



COMPARATIVE VALUATION OF CORPCAP BANK AND CORPGRO

Valuation of Corpeap Bank

→ Corpeap Bank comparable company valuation

<u>Company</u>	<u>Market cap</u> <u>(R' million)</u>	<u>Historic P/E</u> <u>multiple</u>	<u>Enterprise</u> <u>value/Net</u> <u>Income</u> <u>multiple</u>	<u>Price/NAV</u> <u>multiple</u>	<u>Average</u> <u>(R per</u> <u>share)</u>
African Harvest	954,4	6,9	3,9	1,1	
Brait	1 406,9	7,5	8,6	1,1	
AMB	1 139,1	7,1	3,8	0,8	
Mettle	402,3	4,5	6,9	1,2	
Cadiz	333,3	4,9	6,0	1,4	
NIB	4 910,0	6,5	4,1	1,4	
Average	1 524,3	6,2	5,6	1,2	
Implied value per Corpeap Bank share	461,5	6,00	6,20	7,73⁽¹⁾	6,64
				8,40⁽²⁾	6,90

Notes:

- Using reported NAV of R6,44 as at 28 February 2001
- Using estimated NAV of R7,00 based on directors' representations

COMPARATIVE VALUATION OF CORPCAP BANK AND CORPGRO

Valuation of Corpcap Bank

→ Sum of the parts valuation

Attributing a 5 P/E
multiple to banking
operations
(R' million)

Value of Corpcap Bank earnings (R112,2 million less income from associates plus fee paid to Corpcap times 5 P/E multiple) 536,5

Investment in Onelogix 57,2

Investment in Redefine 236,4

Sum of the parts value 830,1

Sum of the parts value per Corpcap Bank share 7,19

→ Net asset value

Net asset value per Corpcap Bank share : 28 February 2001 R6,44

: Estimated current NAV based on directors' representations R7,00

Average valuation per Corpcap Bank share R6,83

ANNEXURE I

VALUATION OF CORPGRO



COMPARATIVE VALUATION OF CORPCAP BANK AND CORPGRO

Valuation of Corpgro

→ Valuation methodologies to be applied

Investment

- Directly held investments
 - Corpcom
 - Corp Food / Corpbuild / Macadams
 - Corpcap operations and Infinex

Valuation method

- Value based on recently announced transaction
- Earnings based valuation
- Earnings based valuation excluding once-off profit on revaluations of investments, less fees received from Corpcap Bank, plus fees paid to Corpgro

- Indirectly held investments

- Aqua on-line
- Forza
- Servest
- Corpcap Bank

- Attributable market capitalisation
- Attributable market capitalisation
- Attributable market capitalisation
- Attributable value per valuation

COMPARATIVE VALUATION OF CORPCAP BANK AND CORPGRO

Valuation of Corpgro

	<u>R' million</u>	<u>R' million</u>
➤ Directly held investments		
- Corpcom (market value – R129 million)		
- Corpbuild / Corp Food / Macadams		
• Attributable profit of Corpgro	151,7	
→ Less: - Consolidated earnings of Corpcap	(81,3)	
- Consolidated earnings of Corpcom	(36,9)	
- Fees received from Corpcap (R18 million pre tax)	<u>(12,6)</u>	
• Revised earnings (Corpbuild/Corp Food/Macadams)	20,9	
• P/E multiple	5	
• Value	20,9 x 5	
		<u><u>104,5</u></u>

COMPARATIVE VALUATION OF CORPCAP BANK AND CORPGRO

Valuation of Corpgro

	<u>R' million</u>	<u>R' million</u>
→ Directly held investments (cont'd)		
Corpcap operations		
• Attributable profit of Corpcap	133,4	
→ Less: - Consolidated earnings of Corpcap Bank	(55,0)	
- Unrealised profit on revaluation (net of deferred tax provided)	(51,9)	
- Equity accounted earnings (after tax)	(14,7)	
- Fees received from Corpcap Bank (R14 million pre tax)	(9,8)	
→ Plus: - Fees paid to Corpcap Bank (R18 million pre tax)	<u>12,6</u>	
• Revised earnings (Corpcap operations)	14,6	
• P/E multiple	5	
• Value	14,6 x 5 x 61%	<u><u>73,0</u></u>
→ Indirectly held investments		
- Aqua on-line		
• Market capitalisation	191,3	
• Investment	19%	
• Value	191,3 x 19% x 61%	<u><u>22,2</u></u>

COMPARATIVE VALUATION OF CORPCAP BANK AND CORPGRO

Valuation of Corpgro

→ Indirectly held investments (Cont'd)

	<u>R'million</u>	<u>R'million</u>
Forza		
• Market capitalisation	60,6	
• Investment	20% (estimated)	
• Value	60,6 x 20% x 61%	<u>7,4</u>
Servest		
• Market capitalisation	220,9	
• Investment	10%	
• Value	220,9 x 10% x 61%	<u>13,5</u>
Corpcap Bank		
• Valuation	788,6	
• Investment	29,9% (49% x 61%)	
• Value	788,6 x 29,9%	<u>235,7</u>

COMPARATIVE VALUATION OF CORPCAP BANK AND CORPGRO

Summary of the values of Corpgro investments

<u>Investment</u>	<u>Value (R' million)</u>
→ Directly held investments	
-- Corpcom	157,0
-- Corp Food / Corpbuild / Macadamams	104,5
-- Corpcap operations including Infindex	75,0
→ Indirectly held investments	
-- Aqua on-line	22,2
-- Forza	7,4
-- Servest	13,5
-- Corpcap Bank	235,7
Total enterprise value of Corpgro	613,3
Number of issued Corpgro shares ('000)	251 588
Value per Corpgro share	2,44

Note: This valuation does not take account of debt, contingent liabilities or cash as it is believed these approximately cancel out

ANNEXURE 1

DETERMINATION OF EXCHANGE RATIO

DETERMINATION OF EXCHANGE RATIO

→ Value per Corpcap Bank share	-	R6,83	
→ Value per Corpgro share	-	R2,44	
Exchange ratio based on valuation = $6,66 / 2,25$			
	-	2,80	Corpgro share for every 1 Corpcap Bank share held
Exchange ratio offered by Corpgro			
	-	1,715	Corpcap shares for every 1 Corpcap Bank share held
Difference			
	-	1,09	Corpgro shares for every Corpcap Bank share held
	-	38,9%	undervalued

The reason for the above material difference appear to arise largely from Corpgro expecting Corpcap Bank minorities to pay a P/E multiple for once-off unrealised profits on revaluations of unlisted investments

**APPENDIX 1 – PRESS ANNOUNCEMENT REGARDING THE
PROPOSED TRANSACTION**

**APPENDIX 2 – COPY OF PAGE 11 OF THE CORPCAP BANK
AUGUST 2000 ANNUAL REPORT**



**APPENDIX 3 – COPY OF PAGE 41 OF THE CORPCAP BANK
AUGUST 2000 ANNUAL REPORT**



APPENDIX 4 – COPY OF FINANCIAL MAIL ARTICLE





Kensani Consortium (Pty) Ltd.

Suite 304, 3rd Floor, West Tower, Sandton Square - P O Box 783115 Sandton, 2146,
Tel (011) 783-5710, Fax (011) 883 2942

Mr Richard Connellan
Executive Director
Securities Regulation Panel
JCC House
1st Floor
Owl Street, Off Empire Road
Aucklandpark

19 July 2001

Per fax: 482 5635

Dear Mr Connellan

ACQUISITION OF THE ASSETS OF CORPCAPITAL BANK CONTROLLING COMPANY LIMITED ("CC BANK") BY CORPGRO LIMITED ("CORPGRO") ("THE TRANSACTION")

I refer to the above transaction, notice of which appeared in the press on 10 July 2001.

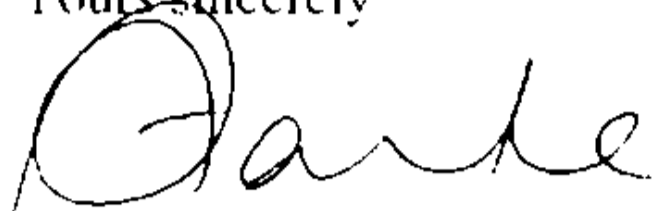
Kensani Consortium (Proprietary) Limited ("Kensani") which hold 10,2 million CC Bank shares and 1,67 million CC Bank share options, is the largest minority shareholder in CC Bank and is understandably concerned at the price per CC Bank shares at which CorpGro intends implementing the transaction.

Accordingly we hereby request that the Securities Regulation Panel ("SRP"), on behalf of minority shareholders, scrutinise the report of the independent advisors to the board of CC Bank in order to ensure that the offer price correctly reflects the underlying value of CC Bank and takes account of all factors which may influence this value. In addition we believe it is in the interest of all minority shareholders, given the conflicts of interests associated with this transaction, to review the independence of the CorpCapital Bank Share Incentive Trust ("the trust") from any conflicting parties and to establish what commitments regarding voting on the transaction may have been given by the trust.

We are of the opinion that, should the CC Bank shares held by the trust be voted by parties associated with either CorpGro or CorpCapital Limited ("CorpCapital"), this will result in an untenable unfairness to minority shareholders, and may result in the outcome of the shareholders meeting held to approve the transaction, not accurately reflect the will of the non-conflicted minority shareholders.

In addition we raise our concern that directors of CC Bank, who are also director's of CorpGro and/or CorpCap may have participated in the approval by the CC Bank board of the transaction. In our opinion this will again be a material conflict of interest of such directors.

Yours sincerely



KELLEY STARKE

Managing Director

cc: *Gerard le Roux*

African Merchant Bank



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Kensani Consortium (Pty) Ltd.

Suite 304, 3rd Floor, West Tower, Sandton Square - P O Box 783115 Sandton, 2146,
Tel (011) 783-5710, Fax (011) 883 2942

Richard Connellan
Executive Director
Securities Regulation Panel
1st Floor
JCC House
27 Owl Street
Auckland Park

31 July 2001

Facsimile: (011) 482-5635

Dear Richard

ACQUISITION OF THE ASSETS OF CORPCAPITAL BANK CONTROLLING COMPANY LIMITED ("CC BANK") BY CORPGRO LIMITED ("CORPGRO") ("THE TRANSACTION")

Further to my letter of 19 July 2001, I would like to point out the following additional concerns which Kensani Consortium (Proprietary) Limited ("Kensani") has with respect to the transaction.

With the announcement of the transaction in the press, certain directors of Corpgro have indicated that the Corpgro group of companies comprising Corpgro, CC Bank and Corpcapital Limited ("Corpcap") (collectively "Corpgro group") are already operating in a seamless manner by making statements such as: "we have been running the group as a seamless integrated bank". Being a minority shareholder in CC Bank, Kensani is concerned about the apparent seamless integration of the operations of the Corpgro group as this implies that transactions between Corpgro group companies may be transacted on terms which are not market related, so as to maximise Corpgro group efficiencies and profitability but such terms may be at the expense of the minority shareholders in CC Bank. As such, there is a risk that, inter alia, CC Bank funds have been made available to other companies in the Corpgro group at below market rates.

Furthermore, Kensani, as a significant minority shareholder, has closely followed all publicly released information on CC Bank, which for the period preceding the announcement of the transaction have been extremely positive and encouraging for CC Bank shareholders. Such information includes comments in the CC Bank annual financial statements for the year-ended August 2000 which stated:

- "the bank is confident that it has established a platform from which to grow its business significantly in the long term".
- "the bank is confident of its ability to deliver sustainable future real earnings growth".

I believe it to be appropriate that the issues detailed above be taken into account during your review of the independent accountants report and forecast earnings of CC Bank contained therein.

Yours sincerely



KELLEY STARKE
Kensani Consortium



KS 4
54

Kensani Consortium (Pty) Ltd.

Suite 304, 3rd Floor, West Tower, Sandton Square - P O Box 783115 Sandton, 2146,
Tel (011) 783-5710, Fax (011) 883 2942

Richard Connellan
Executive Director
Securities Regulation Panel
1st Floor
JCC House
27 Owl Street
Auckland Park

01 August 2001

Facsimile: (011) 482-5635

Dear Mr Connellan

ACQUISITION OF THE ASSETS OF CORPCAPITAL BANK CONTROLLING COMPANY LIMITED ("CC BANK") BY CORPGRO LIMITED ("CORPGRO") ("THE TRANSACTION")

With reference to the above transaction, notice of which appeared in the press on 10 July 2001. Please find attached herewith:

- A comparable company valuation for Corpcapital Bank which was undertaken on behalf of Kensani; and
- A summary of the dealings of the directors of Corpcapital Bank and Corpgro in Corpgro shares subsequent to the announcement of the transaction.

Kensani wishes to highlight the 41% premium to the transaction offer price which is arrived at in terms of the comparable company valuation attached. The apparent discount at which Corpcapital Bank shareholders are being swapped into Corpgro is particularly concerning when one considers the positive statements released by Corpcapital directors regarding the future earning prospects of Corpcapital Bank.

It is also important to note that directors have bought in excess of 2 million shares in Corpgro since the announcement. Surely this is an indication that Corpgro shareholders are the only ones benefiting at the expense of Corpcapital Bank shareholders.

I believe it to be appropriate that the issues detailed above be taken into account during your review of the independent accountants report and forecast earnings of CC Bank contained therein.

Yours sincerely



KELLEY STARKE
Managing Director

Corpro
Summary of directors dealings in shares

<u>Director</u>	<u>Date of transaction</u>	<u>Type of transaction</u>	<u>Price @</u>	<u>Quantity</u>	<u>Consideration (R)</u>
J Liebesman	23-Jul-01	Purchase	2.25	25,000	56,250
	18-Jul-01	Purchase	2.33	20,750	48,348
	18-Jul-01	Purchase	2.34	2,100	4,914
	18-Jul-01	Purchase	2.35	22,900	53,815
	17-Jul-01	Purchase	2.33	49,500	115,335
	16-Jul-01	Purchase	2.3	37,500	86,250
	16-Jul-01	Purchase	2.32	50,000	116,000
	13-Jul-01	Purchase	2.37	25,000	59,250
	13-Jul-01	Purchase	2.33	20,400	47,532
	13-Jul-01	Purchase	2.35	25,000	58,750
	12-Jul-01	Purchase	2.4	50,000	120,000
	12-Jul-01	Purchase	2.38	22,800	54,264
	11-Jul-01	Purchase	2.35	50,000	117,500
	11-Jul-01	Purchase	2.37	30,000	71,100
				<u>430,950</u>	<u>1,009,308</u>

Average Price 2.34

E Ellerin	23-Jul-01	Purchase	2.25	25,000	56,250
	18-Jul-01	Purchase	2.33	20,750	48,348
	18-Jul-01	Purchase	2.34	2,100	4,914
	18-Jul-01	Purchase	2.35	22,900	53,815
	17-Jul-01	Purchase	2.33	49,500	115,335
	16-Jul-01	Purchase	2.3	37,500	86,250
	16-Jul-01	Purchase	2.32	50,000	116,000
	13-Jul-01	Purchase	2.37	25,000	59,250
	13-Jul-01	Purchase	2.33	20,400	47,532
	13-Jul-01	Purchase	2.35	25,000	58,750
	12-Jul-01	Purchase	2.4	50,000	120,000
	12-Jul-01	Purchase	2.38	22,800	54,264
	11-Jul-01	Purchase	2.35	50,000	117,500
	11-Jul-01	Purchase	2.37	30,000	71,100
				<u>430,950</u>	<u>1,009,308</u>

Average Price 2.34

Corpcapital Bank

Corpcapital Bank Information

Number of shares in issue 115,379,200
 Net asset value 1,017,315,000
 Disclosed NAV per share (c) 644

Market cap/ Equity value

(ZAR)
 R Million

<u>Comparable Company</u>	<u>Historic P/E</u>	<u>Ev/Net Income</u>	<u>Price/NAV</u>
African Harvest	69	39	11
Brat	75	25	11
AMR Holdings	71	36	08
Mette	45	69	
Capuz	49	60	14
PSG	59	60	07
NIP	65	41	14
Unweighted avg	62	56	1

Source: Bloomberg

Indicative value

Results summary

<u>Valuation method</u>	<u>Comparative company multiple</u>	<u>Corpcapbank information for year ending 28 Feb 2001</u> R million	<u>Indicative value Corpcapbank</u> R million	<u>Value per share</u> Cents
Historic P/E valuation	62	973	6019	521.6
Ev/Net income	56	973	5463	473.5
Ev/NAV	1.1	7430	8050	697.7
Average equity value			6510	564.3

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AMB
AFRICAN MERCHANT BANK LIMITED

Registered Bank

111 Ficks, The Forum, One Mandela and 9th Streets, Sandton, South Africa
P.O. Box 26833, Sandton 2146
Tel: (011) 302-2000, Fax: (011) 334-8941
(Registration No. 26.16470-00)

FACSIMILE TRANSMISSION

DATE : 7 August, 2001

NO OF PAGES : 2 (two)
(including this page)

TO : Kelley Starke (883-2942)
Heiko van Wynngaarden (854-6201)
Ed Herr (888-6742)
Wildu du Plessis (484-3200)

FROM : Gerard le Roux

TEL NO : (011) 302-2032

Please see attached letter to Richard Connellan at the SRP.

Kind regards

GERARD LE ROUX

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AFRICAN MERCHANT BANK LIMITED

Registered Bank

9th Floor, The Plaza, 101, Market & Bath Streets, Sandton, South Africa
PO Box 756633, Sandton, 2046, South Africa
Tel: (011) 531-2300 Fax: (011) 531-9211
(Registration No. 1296/014/2006)

Richard Connellan
Executive Director
Securities Regulation Panel
1st Floor
ICC House
27 Owl Street
Auckland Park

07 August 2001

Facsimile: (011) 482-5635

Dear Richard

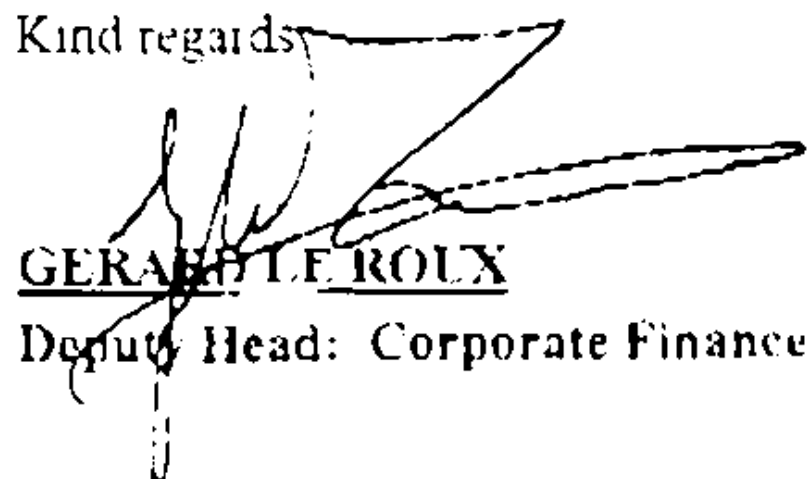
OFFER BY CORPGRO LIMITED ("CORPGRO") FOR THE ASSETS OF CORPCAPITAL BANK CONTROLLING COMPANY LIMITED ("CCBCC")

I have become aware that a meeting will be held this afternoon between yourselves and the independent advisers to, *inter alia*, the minorities involved in the above transaction. On behalf of Kensa Consortium (Proprietary) Limited and other material CCBCC shareholders, we wish to place on the record our strong dismay at being excluded from this meeting, and the continuing reluctance of the independent advisers to supply us with the working papers used to arrive at the fair and reasonable opinions when we believe that Corpgro/Corpcapital Limited ("Corpcapital") have been allowed access to these workings

As I am sure you are aware Rule 16.1 of the Securities Regulation Code on Take-overs and Mergers ("the Code") states: "Information about companies involved in an offer shall be made equally available to all shareholders as nearly as possible at the same time and in the same manner.....".

We are of the opinion that not only is the refusal to grant our client full and unrestricted access to the independent advisers working papers a breach of this rule, but under the provisions of this rule my client also demand a similar level of access to information regarding CCBCC as has been enjoyed by Corpcapital in the past.

Kind regards


GERARDO LE ROUX
Deputy Head: Corporate Finance

TELEFAX
COVER SHEET



KS 6
WERKSMANS
ATTORNEYS 60

PRIVATE BAG 10015 SANDTON 2146 RSA
155 5th STREET SANDOWN SANDTON 2196

PLEASE NOTE WERKSMANS' NEW
ADDRESS AND CONTACT DETAILS
FROM 27 AUGUST 2001

Private Bag 10015	Tel No
Sandton, 2146	535 8000
Docex 111, Sandton	Fax No
155 - 5 th Street	535 8600
Sandown, Sandton, 2196	

TELEPHONE (27)(11) 535 8000
TELEFAX (27)(11) 535 8600
DOCEX 111 SANDTON

WRITER'S DIRECT PHONE
535 8163

INTERNET
<http://www.werksmans.co.za>

WRITER'S EMAIL ADDRESS
jstock@werksmans.co.za

YOUR REFERENCE:

OUR REFERENCE: Mr J M Stock/yb/AFR 1566.8/001121yb doc

Date: 3 September 2001

ADDRESSEE'S NAME: MR GERHARD LE ROUX
ADDRESSEE'S FIRM: AFRICAN MERCHANT BANK
ADDRESSEE'S LOCATION: SANDTON
ADDRESSEE'S FAX: 784 8941

MATTER: MERGER OF CORPGRO, CORPCAPITAL AND CORPCAPITAL BANK

DOCUMENTS ATTACHED: COPIES OF LETTERS

NUMBER OF PAGES ATTACHED (including this cover sheet)

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MESSAGE:

PLEASE SEE ATTACHED

PARTNERS: DD STEIN (Senior Partner), AL AARON, AL BEHRMANN, JM BORTZ, TK BORTZ, LI CIVIN, AM COSTA, ADA COSTA, GW ORYER, WJ DUPLESSIS, D ELIAKIM, SR FISHER, L FLEISER, D GEMER, GF GRESSEL, VW HARRISON, D HERTZ, VR HOS OSKY, BE HOTZ, G JOHANNES, LR JOHANNES, DE KAHN, EM KEW, N KIRBY, M LEVENBERG, E LEVENSTON, AA LIPSHITZ, J LUTTIG, C MORATIS, DL PENKIN, F POOR GIES, JH SCHOLLES, MB SIMON, PO STEYN, JM STOCK, KJ TRUDGEON, J VAN DER MERWE, GA VERSFELD, RN WAKEFIELD, DG WALKER, DG WILLIAMS, PA WINTER, EXECUTIVE DIRECTOR OF BUTLER ASSOCIATES, E FERREIRA, NB NOON, AJ SIMPSON, AK VANAS, ER VAN GEDEN, DJ VAN WYK

COPY



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WERKSMANS
ATTORNEYS

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FACSIMILE

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The Securities Regulation Panel
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WRITER'S DIRECT PHONE
488 0163

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<http://www.werksmans.co.za>

WRITER'S EMAIL ADDRESS
jstock@werksmans.co.za

YOUR REFERENCE :

OUR REFERENCE : Mr J M Stock/yb/AFRI 1566.8/001100yb.doc

3 September 2001

Dear Richard

MERGER OF CORPGRO, CORPCAPITAL AND CORPCAPITAL BANK

- 1 I refer to the proposed merger between CorpGro Limited, CorpCapital Limited and CorpCapital Bank Controlling Company Limited ("CorpCapital Bank").
- 2 Attached please find a letter addressed to CorpCapital Bank dated 3 September 2001 the contents of which are self-explanatory.
- 3 The purpose of this letter is to advise you that it is our client's (being Kensani Consortium (Proprietary) Limited) view that the Securities Regulation Panel is obliged in terms of its Rule 20.2 to require CorpCapital Bank to disclose the information requested in the attached letter, failing which the affected transaction should not be approved of by the Panel.
- 4 I am instructed to advise you that should the Panel fail to so rule, our client reserves the right to make the appropriate application to the High Court compelling the Panel to comply with its obligations in terms of the Securities Regulation Code and in particular Rule 20.2 thereof.

Yours sincerely

JUSTIN STOCK

PARTNERS: GD STEIN (Senior Partner), AD AARON, AJ BEHRMANN, JM BORTZ, TK BORTZ, L OWIN, AM COSTA, A DA COSTA, BW DRIVER, WJ DU PLESSIS, D ELIAKIM, SR FISHER, L FLEISER, D GEWER, GF GRIESEL, VW HARRISON, D HERTZ, VR HOSIOSKY, BB HOTZ, G JOHANNES, LR JOHANNES, DB KAHN, BK KEW, K KRBY, M LEVENSBERG, E LEVENSTEIN, AA LIPSHITZ, U LUTTG, O MORATIS, DL PENKIN, F RODRIGUES, JH SCHOLES, NB SIMON, PO STEYN, JM STOCK, K TRUDGEON, M VAN DER MERWE, GA VERSFELD, RN WAKEFIELD, CC WALKER, DG WILLIAMS, PA WINER, EXECUTIVE DIRECTOR OF BUTLER ASSOCIATES, E FERREIRA, NE NOBIN, AJ SIMPSON, AK VAN AS, EP VAN EEDEN, JL VAN WYK



62

WERKSMANS
ATTORNEYS

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Rosebank
Johannesburg
2196

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WRITER'S EMAIL ADDRESS
mlevenberg@werksmans.co.za

YOUR REFERENCE :

OUR REFERENCE : Mr M Levenberg/Mr J M Stock/yb/AFRI 1566.8/00755yb.doc

3 September 2001

Dear Sir

PROPOSED MERGER BETWEEN CORPGRO, CORPCAPITAL AND CORCAPITAL BANK

- 1 We act for Kensani Consortium (Proprietary) Limited.
- 2 We refer to the proposed merger ("proposed merger") between CorpGro Limited ("CorpGro"), CorpCapital Limited and CorpCapital Bank Controlling Company Limited ("Corpcapital Bank") (collectively "the companies").
- 3 Our client holds and beneficially owns 10 200 000 ordinary shares in the issued share capital of CorpCapital Bank.
- 4 As the proposed merger materially affects our client, we are instructed to ask that our client is provided with the following information ("the specified information"), in order to be able to make an informed decision prior to casting its vote in terms of section 228 of the Companies Act, Act 61 of 1973, as amended ("the Companies Act") -

4.1 most recent management accounts for the year to date since 1 September 2000;

PARTNERS: CO STEIN (Senior Partner), AJ AARON, AL BEHRMANN, JM BORTZ, TK BORTZ, LL COVIN, AM COSTA, ADA COSTA, GW DRIVER, YD DU PLESSIS, D ELAKIM, SR FISHER, L FLEISER, D GEWER, GF GRIESEL, VW HARRISON, D HERTZ, VR HOSIOSKY, BB HOLTZ, G JOHANNES, JR JOHANNES, DE KAHN, BM KEW, NK KRY, M LEVENBERG, B LEVENSTEIN, AA LPSHTZ, J LUTTIG, CM MORATIS, DL PENKIN, F RODRIGUES, JR SCHOLES, MB SIMON, PO STEYN, JM STOCK, KJ TRUDGEON, M VAN DER MERWE, CA VERSPELD, RN WAKEFIELD, DO WALKER, DO WILLIAMS, PAWINER, EXECUTIVE DIRECTOR OF BUTLER ASSOCIATES, E FERREIRA, NE NOBIN, AU SIMPSON, AK VAN AS, EP VAN EEDEN, JL VAN WYK

- 4.2 budgets for the remainder of the year ending 31 August 2001;
- 4.3 minutes of board meetings for all such meetings held since 31 August 2000;
- 4.4 details of all loans extended to and deposits placed with CorpCapital Bank, including the convertible debentures;
- 4.5 full information on all related party transactions in the last twelve months;
- 4.6 information on the CorpCapital Bank Share Incentive Trust ("the trust"). It is our understanding that the trust is the beneficial holder of a substantial number of shares in CorpCapital Bank, although the shares may not be registered in its name. The trust is a functionary of CorpCapital Bank and is created to benefit employees of CorpCapital Bank under the directions of the board of directors. The information sought in relation to the trust is as follows -
 - 4.6.1 the full name of the trust together with the Master's reference number;
 - 4.6.2 the names of the trustees of the trust;
 - 4.6.3 the detail of how and why the shares of the trust were transferred to nominee companies and the detail of the shareholding and directors of such companies. Our client wishes to understand on what basis the directors of such companies have the authority to act for the trust;
 - 4.6.4 the detail of the beneficial and/or registered shareholding of the trust in CorpCapital Bank;
 - 4.6.5 the detail of what shares in CorpCapital Bank have been sold to participants of the share incentive scheme of the trust and what rights (if any) the trust has over the voting rights of such shares; and
 - 4.6.6 a copy of the trust deed constituting the trust, together with a copy of the Letters of Authority granted to the trustees of the trust by the Master of the High Court;
- 4.7 audit reports for the year ended, 31 August 2001; and



4.8 the management accounts of CorpCapital Bank for its year ending 31 August 2001. The shareholders of CorpCapital Bank are being asked to vote on the sale of the assets of CorpCapital Bank based on financial results that are one year old. As the transaction proposed by CorpGro will only take place after the 2001 financial year end, which is already past, this information is known to you and to PricewaterhouseCoopers ("PWC"), who have given or are to give a "fair and reasonable" report on the proposed transaction.

5 The above request is made on the following grounds -

5.1 **Promotion of Access to Information Act, Act 2 of 2000 ("Information Act") and Section 32(1)(b) of the Constitution of the Republic of South Africa, Act 108 of 1996 ("Constitution")**

5.1.1 CorpCapital Bank is a private body as defined in section 1 of the Information Act and as a result the request for the specified information is hereby made in terms of section 50 of the Information Act.

5.1.2 In addition to the request under section 50 of the Information Act, the request is further demanded in terms of section 32(1)(b) of the Constitution, which states -

"Everyone has the right of access to...any information held by another person and that is required for the exercise or protection of any rights."

The rights for which protection is sought are more fully set out in this letter.

5.1.3 All information requested is required to protect the rights of ownership of our client in its shares in CorpCapital Bank together with its rights which it has as a shareholder against a company in which it holds shares. Further reasons are set out below in this paragraph 5.1 and also in paragraph 5.3.

5.1.4 Our client requires that the information requested is made available in written document form at your offices and that you copy or allow our client to copy all such documentation at your offices, so that our client may retain such copies.

- 5.1.5 Our client's postal address is P O Box 783115, Sandton, 2146. Its facsimile number is (011) 883-2942.
- 5.1.6 In order to be able to properly consider the offer being made by Corpgro, in terms of which our client is to vote on the sale of all of the assets of CorpCapital Bank, in which it is a shareholder, the above information is needed. Based on the information currently available to our client, our client has arrived at a valuation of all the companies which is significantly different to that set out by yourselves. It is therefore our client's view that should the information be made available to it, it will be in a position to better understand the proposed merger and thereby exercise its rights on an informed basis. PWC have used such information (in particular information subsequent to the last published financial statements of CorpCapital Bank) in order to determine whether the offer made by Corpgro is fair and reasonable. It therefore follows that our client would at least need all the information made available by CorpCapital Bank to PWC, for it to be able to make such determination itself.
- 5.1.7 We attach a copy of a letter on the letterhead of our client confirming our authority to make the request set out herein on its behalf.
- 5.1.8 Our client will pay to yourselves any fees required in terms of section 54 of the Information Act for the information requested herein.
- 5.1.9 Your written response to this request should be made by not later than close of business on Tuesday 4 September 2001 to the writer or alternatively directly to our client, marked for the attention of the Managing Director at the facsimile number set out in 5.1.5 above.

5.2 **Rule 20.2 of the Securities Regulation Code on Takeovers and Mergers ("the Code")**

Your attention is drawn to Rule 20.2 of the Code which states that -

"Holders of relevant securities shall be given sufficient information and advice to enable them to reach a properly informed decision as to the merits or demerits



of an offer. Such information shall be available to holders of relevant securities early enough to enable them to make a decision in good time."

It is our client's view that the specified information is needed and should be made available to all shareholders of CorpCapital Bank as soon as possible to comply with the above Rule.

5.3 **The Companies Act**

5.3.1 It appears from your notice of the proposed merger dated 11 July 2001 that a circular to shareholders will be issued in terms of which a general meeting will be called for the purposes, inter alia of passing a resolution in terms of section 228 of the Act, by shareholders of CorpCapital.

5.3.2 Kindly ensure that the specified information is also contained in the notice of general meeting so as to enable shareholders in CorpCapital Bank to decide for themselves whether or not to attend the meeting and if attending how to vote on the resolutions to be proposed thereat. The specified information is required in order to allow a shareholder to participate in the right granted to it in terms of section 228 of the Companies Act, which grants every shareholder in a company a right to participate in a vote regarding the dissipation of assets in a company in which it holds shares. This right to intervene in a company dissipating its assets would be prejudiced if the information given to shareholders is not full and not misleading. A proper vote can therefore only be achieved if the notice contains information which is not misleading and provides the most up to date and relevant information. In this regard it is noted with some concern that the offer by Corpgro is being made so soon before the publication of the financial year end results of CorpCapital Bank.

5.3.3 Should insufficient information be contained in this notice we reserve the right to interdict the holding of the general meeting and/or to call for an adjournment of such meeting so that such notice can be rectified and the notice re-submitted to all shareholders.



6 **The Code**

- 6.1 In terms of Rule 18.1 of the Code "information about companies involved in an offer shall be made equally available to all shareholders as nearly as possible at the same time and in the same manner".
- 6.2 Kindly confirm that no shareholder (including the trustees of the trust and the nominee companies holding the trust's shares), other than the offeror, with the prior approval of the Securities Regulation Panel, has received any information other than that disclosed to all shareholders of CorpCapital Bank.
- 7 We request that the specified information be made available to us by not later than close of business on Tuesday 4 September 2001, failing which we reserve the right to take whatever action we believe necessary to enforce our rights, without further notice to you.
- 8 Our client respectfully suggests that the specified information should be made available to all shareholders in CorpCapital Bank to enable them to make an informed decision about the proposed transaction.
- 9 Kindly note that a copy of this letter is being sent to the Securities Regulation Panel with a request that they enforce their rule 20.2 to compel the disclosure of the specified information.

Yours faithfully

WERKSMANS

THIS FAX HAS BEEN ELECTRONICALLY TRANSMITTED WITH NO SIGNATURE.



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KST



CORPCAPITAL

F A C S I M I L E

The information transmitted with this facsimile is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information, by persons or entities other than the intended recipient is prohibited. If you receive this in error, please contact the sender and destroy the material or delete it from any computer.

TO: MAX LEVENBERG
/ JUSTIN STOCK

COMPANY: WERKSMANS

FAX NO: 535 8800

FROM: BENJI LIEBMANN

COMPANY: CORPCAPITAL LIMITED

TOTAL NO OF PAGE: 4

DATE: 7 SEPTEMBER 2001

RE: AMB / KENSANI

Dear Max & Justin

I enclose herewith for your information a copy of a letter which has been addressed to your clients. As the picture unfolds the unacceptability of their conduct is increasingly clear.

We do not want this matter to escalate beyond retrievability but frankly their conduct is increasingly making it difficult.

Yours sincerely

BENJI LIEBMANN
bliebmenn@corpcapital.com
Tel. 011 283 0115
Fax. 011 283 0088
Cell. 083 625 8761

CORPCAPITAL LIMITED (1994/0431468)

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TELEPHONE +27 11 283 0115 TELEFAX +27 11 283 0088 EMAIL bliebmenn@corpcapital.com INTERNET www.corpcapital.com

DIRECTORS: G. GROBLMAN (CHAIRMAN), S. M. LIEBMAN, G. B. LIEBMAN, M. J. SACKS, M. LAZARUS, W. Y. TEBERSON
COMPANY SECRETARY: CORPCEO MANAGEMENT SERVICES (PTY) LTD



Corpcapital Bank has an obligation to make this information public. If this is the position taken by AMB we, as a fellow bank subject to the regulation of the Registrar of Banks, find this outrageous. We invite a full explanation of your position on this subject.

As regards Ms Stark's contentions, which stretch the imagination, we ask:

- To whose reception were the documents delivered?
- Exactly when were the documents delivered?
- For whose attention were the documents marked?
- Why weren't the documents returned to us immediately?
- Who, representing AMB, received the documents?
- What if any steps were taken to establish that the documents were what they purported to be?
- What if any steps were taken to establish whether or not the documents could lawfully be used by either AMB or Kensani?
- Where are the originals of these documents?
- Why have you not now returned the originals of these documents to us?

The statements made by Messrs Dow and Stark do not in any way explain the representations made in the AMB Presentation to the effect that AMB relied on information furnished to it by a director of the bank, quite apart from the confidential documents. Precisely what information was furnished by such director? What is the name of the director? When precisely was the information given? To whom on behalf of either AMB or Kensani was the information given?

When the AMB Presentation was made to PriceWaterhouseCoopers Gerard Le Roux, on behalf of AMB and in the presence of Mr Dow, told PWC that the source of the information and confidential documents that AMB had relied on was apparent from the confidential documents themselves and that AMB would be prepared to inform PWC of the source by making the confidential documents available if PWC would sign a confidentiality undertaking. It was said that

whilst PWC would be given sight of the confidential documents if they signed the confidentiality undertaking, they would not be entitled to have the documents themselves.

This statement demonstrates the following:

- That AMB fully recognizes the confidentiality of the documentation and information.
- That AMB regards the source of the documentation and information as a secret.
- That accordingly AMB knows that its possession and use thereof is illegal.
- That Ms Stark's explanation of where the documents came from, referred to above, is contrived.
- That AMB's statements with regard to these documents as contained in Mr Dow's correspondence with Corpgro is a cover up.
- That the copies of the documents which you have sent to Corpgro stating that they are all of the documents in your possession are in fact not all of the documents belonging to Corpcapital Bank which are in your possession.

Your wrongful and unethical conduct regarding the possession and use of our confidential information and documentation is compounded by the dishonesty which you have displayed in seeking to explain and obfuscate your conduct.

We regard your actions in a most serious light and we are acting accordingly.

Yours faithfully
**CORPCAPITAL BANK CONTROLLING
COMPANY LIMITED**



ERROL GROLMAN



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WERKSMANS
ATTORNEYS

PRIVATE BAG 10015 SANDTON 2148 RSA
155 5TH STREET SANDOWN SANDTON 2196

FACSIMILE

Deneys Reitz Attorneys
82 Maude Street
Sandton

Facsimile Number: 883 4000

Attention: Mr M J Hart

DRAFT

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TELEFAX (27)(11) 535 8600
DOCFX 111 SANDTON

WRITER'S DIRECT PHONE
535 8155

INTERNET
<http://www.werksmans.co.za>

WRITER'S EMAIL ADDRESS
mlevenberg@werksmans.co.za

YOUR REFERENCE : 10/COR/134 - Mr M J Hart

OUR REFERENCE : Mr M I evenberg/Mr N Kirby/tmp2/AFRI1566.8/00822.doc

18 September 2001

Dear Sirs

CORPGRO CORPCAPITAL AND CORPCAPITAL BANK MERGER

- 1 We act for Kensani Consortium (Proprietary) Limited and African Merchant Bank Limited.
- 2 We refer to your letter dated 14 September 2001 in relation to the above matter. We record that notwithstanding your undertaking to provide us with further information on 17 September 2001, we have received no further communication from you.
- 3 We reserve our clients' rights to respond to this letter either directly to you or in any application which may be made as more fully set out in our letters dated 3 September 2001 and 12 September 2001, respectively.
- 4 In addition to the requests set out in abovementioned letters, our client has instructed us to ask for further information in relation to the revaluation of profits in Corpgro Limited and the intergroup transfers between the three companies involved in the proposed merger during the twelve month period ending 31 August 2000.
- 5 The request set out in paragraph 3 should therefore be incorporated in our request letters and the contents of this letter are therefore incorporated into such letters.
- 6 The rationale for the abovementioned request is more fully set out in the attached letter from African Merchant Bank Limited.

Deneys Reitz Attorneys
18 September 2001

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7 Our clients' rights remain strictly reserved.

Yours faithfully

WERKSMANS



WERKSMANS

ACQUISITION AGREEMENT

Between

**CORPCAPITAL BANK CONTROLLING COMPANY
LIMITED**

and

MICAWBER 200 (PROPRIETARY) LIMITED

and

CORPGRO LIMITED

DENEYS REITZ
ATTORNEYS

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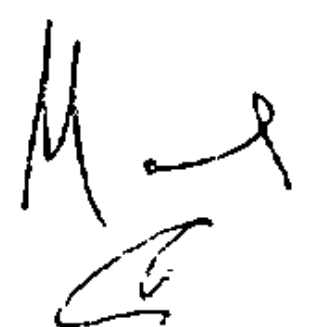
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at the Effective Date, including but not limited to:

- (i) the Contracts;
- (ii) the Intellectual Property; and
- (iii) the Sale Shares

“Business Day”

any day other than a Saturday, Sunday or public holiday in South Africa

“Business”

the business conducted by the Seller as at the Effective Date, comprising the Business Assets and the Liabilities

“Closing Date”

5 October 2001 provided that all of the Conditions have been fulfilled

“Conditions”

the suspensive conditions referred to in clause 3

“Consideration”

the consideration due by the Purchaser to the Seller in respect of the Business in accordance with clause 5.1, which consideration will be discharged for and on behalf of the Purchaser by Corpgro

“Consideration Shares”

197 875 327 (one hundred and ninety seven million eight hundred and seventy five thousand three hundred and twenty seven) ordinary shares in the share capital of Corpgro

“Contracts”

all agreements, whether written or oral, entered into by the Seller in the normal course of business in connection with the Business which are in force as at the Effective Date

“Corpcapital”

31/7/01
Corpcapital Limited (Registration No.

1946/023536/06), a public company with limited liability incorporated in accordance with the laws of South Africa

“Corpcapital Agreement”

the written agreement entered into or to be entered into between Corpcapital and Corpgro in terms of which agreement Corpcapital will dispose of its business to Corpgro under the provisions of Section 228 of the Companies Act, 1973

“Corpgro”

Corpgro Limited (Registration No. 1983/011384/06), a public company with limited liability incorporated in accordance with the laws of South Africa

“Corplife”

Corpcapital Life Insurance Limited (Registration No. 1999/024429/06), a long term insurance company duly incorporated and registered as such in accordance with the laws of South Africa

“Effective Date”

31 July 2001

“Employees”

all of the employees of the Business as at the Effective Date

“Intellectual Property”

any trade name, brand name, patent, copyright, design, trade mark or other property of a similar nature owned and used by the Seller in connection with the Business as at the Effective Date, whether registered or not, including without limitation, goodwill

“JSE”

the JSE Securities Exchange South Africa

"Liabilities"	the aggregate of all liabilities reflected in the published interim results of the Seller for the 6 months ended 28 February 2001, together with all liabilities incurred between that date and the Effective Date which were incurred in the usual and ordinary course of business and without negligence or dishonesty
"Parties"	the Purchaser, the Seller and Corpgro and "Party" shall, as the context requires, be a reference to any one of them
"Purchaser"	Micawber 200 (Proprietary) Limited (Registration No. 2001/006539/07), a private company with limited liability incorporated in accordance with the laws of South Africa
"Sale Shares"	the entire issued share capital in both the Bank and Corplife which are beneficially owned by the Seller
"Seller"	Corpcapital Bank Controlling Company Limited (Registration No. 1998/008346/06), a bank controlling company with limited liability duly incorporated and registered as such in accordance with the laws of South Africa
"South Africa"	the Republic of South Africa
"the Signature Date"	date of last signature of this Agreement;
"VAT"	value-added tax in terms of the Value-Added Tax Act, 1991



“Warranties” the warranties and indemnities given by the Seller to the Purchaser under the provisions of this Agreement

2.3 Unless inconsistent with the context, an expression which denotes:

2.3.1 any one gender includes the other gender;

2.3.2 a natural person includes an artificial person and *vice versa*; and

2.3.3 the singular includes the plural and *vice versa*.

2.4 The schedules to this Agreement form an integral part hereof and words and expressions defined in this Agreement shall bear, unless the context otherwise requires, the same meaning in such schedules.

2.5 When any number of days is prescribed in this Agreement, same shall be reckoned inclusively of the first and exclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the immediately following Business Day.

2.6 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

2.7 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question

that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.

2.8 Any reference to an enactment in this Agreement is to that enactment as at the Signature Date and as amended or re-enacted from time to time.

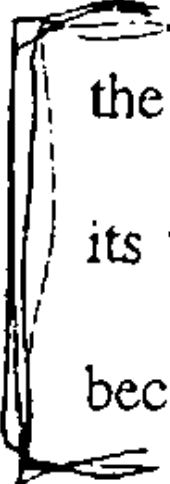
2.9 The rule of construction that the contract shall be interpreted against the Party responsible for the drafting or preparation of the Agreement, shall not apply.

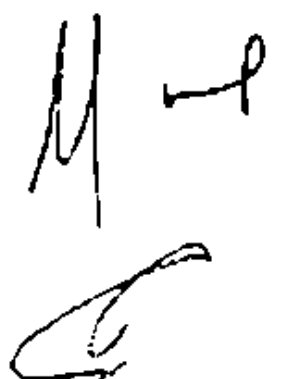
2.10 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

3. CONDITIONS

3.1 This entire Agreement, save for the provisions of this clause 3 and of clauses 16, 17, 18, 19 and 20 which shall be of immediate force and effect, is subject to the fulfilment of the following Conditions:



- 3.1.1 the approval in writing of the Registrar of Banks for the registration of the Purchaser as a bank controlling company, in terms of Section 43 of the Banks Act, 1990;
- 3.1.2 the unconditional approval of the terms and conditions of this Agreement by the boards of directors of the Seller and the Purchaser;
- 3.1.3 the requisite approvals (required under the listing requirements of the JSE) of the terms of this Agreement by the shareholders of the Purchaser in a general meeting;
- 3.1.4 the passing of a resolution in terms of Section 228 of the Companies Act, 1973 by the shareholders of the Seller authorising the transactions contemplated in this Agreement;
- 3.1.5 the requisite regulatory approvals being obtained in respect of the transactions contemplated in this Agreement;
- 3.1.6  the Corpcapital Agreement becoming unconditional in accordance with its terms except for the condition that the provisions of this Agreement become unconditional.
- 3.2 The Parties shall use their reasonable endeavours to procure the fulfilment of these Conditions as soon as reasonably possible after the Signature Date.



3.3 The Conditions may not be waived.

3.4 If all of the Conditions are not fulfilled on or before 25 September 2001 this Agreement, save for the provisions of this clause 3 and of clauses 16, 17, 18, 19 and 20 which shall remain of full force and effect, shall never become of any force and effect and no Party shall have any claim against any other Party as a result of such non-fulfilment.

Not valid

4. ACQUISITION

As one indivisible transaction and subject to the fulfilment of the Conditions, the Seller hereby sells to the Purchaser which hereby purchases the Business as a going concern, with effect from the Effective Date, subject to the terms and conditions of this Agreement. The Seller shall be deemed upon the fulfilment of all of the Conditions, to have been conducting the Business as the agent for and on behalf of and for the benefit of the Purchaser from the Effective Date to the Closing Date.

5. CONSIDERATION

5.1 The Consideration for the Business shall be the Consideration Shares and Corpgro has undertaken and shall be obliged to allot and issue the Consideration Shares to the Seller (or its nominee/s) on the Closing Date.

5.2 In terms of a resolution of the directors of the Seller dated 17 August 2001, a copy of which is attached hereto as Schedule 1, the Seller renounced its right,

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title and interest in and to the Consideration Shares in favour of its shareholders. Accordingly, Corpgro undertakes to issue the Consideration Shares directly to such shareholders. It is recorded for the sake of clarity, that Corpgro's right to be issued with Consideration Shares in itself in consideration for the transactions contemplated under this Agreement will terminate upon such distribution by merger and accordingly, Corpgro will not issue such shares to itself

5.3 The effect of the provisions of clause 5.3 will be that:

5.3.1 Corpgro will not issue any shares in itself to itself;

5.3.2 Corpgro will issue an aggregate number of 188 344 771 (one hundred and eighty eight million three hundred and forty four thousand seven hundred and seventy one) ordinary shares in itself to the shareholders of Corpcapital and the Seller, excluding Corpgro and Corpcapital;

5.3.3 each shareholder of the Seller, excluding Corpcapital, will receive 1 (one) Consideration Share for every 1,715 shares in the Seller registered in their respective names as at 28 September 2001.

5.4 It is recorded that the Consideration will be allocated as follows:

5.4.1 an amount equal to the book value of the Business Assets (excluding the shares in Corplife) and the Liabilities in respect thereof; and

*(What about
the banking licence)*

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G.P.

5.4.2 the balance in respect of the shares in Corplife.

6. VALUE ADDED TAX

- 6.1 Each of the Seller and the Purchaser warrants in favour of the other of them that it is registered as a vendor under the provisions of the Value Added Tax Act, 1991.
- 6.2 It is recorded and agreed that:
- 6.2.1 the disposal of the Business is a disposal of an enterprise as a going concern;
- 6.2.2 the Business will be an income-earning activity on the Effective Date and on the Closing Date;
- 6.2.3 the assets which are necessary for carrying on such Business are being disposed of by the Seller to the Purchaser in terms of this Agreement; and
- 6.2.4 the Consideration is inclusive of VAT at the rate of 0%.
- 6.3 Accordingly, the transaction will be zero-rated pursuant to the provisions of section 11(1)(e) of the Value-Added Tax Act, 1991. If the disposal of the Business is assessed by the South African Revenue Services as being liable

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for the levying of VAT at the standard rate, the Consideration shall be deemed to be exclusive of VAT and payment of such further amount in respect of VAT owing shall be made by the Purchaser to the Seller within five Business Days of the presentation of a VAT invoice by the Seller to the Purchaser in that respect.

7. **DELIVERY**

This Agreement constitutes, to the extent necessary, the irrevocable cession by the seller, in favour of the Purchaser of all its rights, title and interest in and to the Business Assets, with effect from the Effective Date. On the Closing Date, to the extent that it has not already done so, the Seller shall deliver to the Purchaser:

- 7.1 such documents, duly completed, as may be necessary to vest ownership in the Business Assets in the Purchaser with effect from the Effective Date;
- 7.2 certificates in respect of the Sale Shares together with a currently dated transfer form relating thereto, duly signed by the Seller and in blank as to transferee;
- 7.3 all books, documents and records of the Bank and Corplife.

8. **LIABILITIES OF THE BUSINESS**

8.1 On the Closing Date the Purchaser shall assume responsibility and liability for the due and proper discharge of the Liabilities according to their tenor.

8.2 The Purchaser indemnifies and holds the Seller harmless from and against all and any claims, loss, damage or expenses of whatsoever nature which the Seller may suffer or incur after the Effective Date in respect of the Liabilities.

9. **CONTRACTUAL OBLIGATIONS**

9.1 The Seller undertakes to use its best endeavours to procure the consent of the other party or parties to any of the Contracts to which the Seller is a party with a view to procuring the consent of such other party or parties to the cession and assignment by the Seller to the Purchaser, with effect from the Effective Date, of all of the Seller's rights and obligations under any such contracts.

9.2 To the extent that any contracting party to any of the Contracts does not agree to the cession and delegation by the Seller to the Purchaser of the Seller's rights and obligations under such Contract, the Parties shall co-operate in such ways as may be necessary and/or incidental or otherwise in carrying into effect the intent and import of such proposed cession and delegation and all

Buy a contract

benefits and risks emanating from any such Contract from the Effective Date shall be for the Purchaser's account.

9.3 As between the Seller and the Purchaser from the Effective Date, the Purchaser shall be entitled to and be responsible for the rights and obligations of the Seller arising under or by virtue of the Contracts.

9.4 Subject to the provisions of clause 3, failure to obtain any requisite consent under any of the Contracts shall not result in a breach by the Seller of any of its obligations under this Agreement, nor shall such failure entitle the Purchaser to terminate this Agreement by reason of that fact.

10. **OWNERSHIP, RISK AND BENEFIT**

10.1 Upon this Agreement becoming unconditional in accordance with its terms, the risk in and benefit attaching to the Business and the Business Assets shall pass to the Purchaser on the Effective Date, subject to clause 10.2.

10.2 From the Effective Date until the Closing Date, the Seller will be deemed to have conducted the Business on behalf of and for the benefit of the Purchaser, as agent for the Purchaser and the Purchaser authorises the Seller to do so. All profits earned and losses incurred in relation to the Business after the Effective Date shall, subject to fulfilment of the Conditions specified in clause 3, be the sole and exclusive property of the Purchaser.

- 10.3 During the period between the Effective Date and the Closing Date, the Seller undertakes:
- 10.3.1 to conduct and carry on the Business in the ordinary and regular course;
 - 10.3.2 that it will use its best endeavours to ensure there will be no material adverse change in the financial position in relation to the Business;
 - 10.3.3 that it will not enter into any transaction or incur any liability or dispose of any asset of or relating to the Business save in the ordinary and regular course of conduct of the Business.
- 10.4 Between the Effective Date and the Closing Date, representatives of the Purchaser will have reasonable access to the Business and during that period neither the Seller nor the Purchaser will be entitled to introduce any change of any nature in the trading style of the Business or to vary the nature of the Business without the prior written consent of the other Party, which consent will not be unreasonably withheld.

11. EMPLOYEES

- 11.1 The Parties agree that with effect from the Effective Date, section 197(2)(a) of the Labour Relations Act, 1995 ("the LRA") shall be applicable in relation to the Employees and that accordingly the employment of each Employee will



continue in force with the Purchaser as the "new employer" in terms of the LRA.

- 11.2 It is agreed that the provisions of this clause 11 do not constitute a stipulation for the benefit of any of the Employees capable of acceptance by them.

12. **UNDERTAKING TO DEREGISTER AS A BANK CONTROLLING COMPANY AND CHANGE OF NAME**

Subject to the requisite shareholder approvals being obtained the Seller undertakes that within 30 (thirty) days after this Agreement becomes unconditional in accordance with its terms, it will:-

- 12.1 change its name from "Corpcapital Bank Controlling Company Limited" and;
12.2 make application for its deregistration as a bank controlling company.

13. **WARRANTIES**

The Seller gives to the Purchaser the Warranties as set out in Schedule 3 hereto in respect of the Business, it being agreed that:

- 13.1 the Warranties shall also be deemed to be representations and undertakings by the Seller in favour of the Purchaser;

- 13.2 insofar as any of the Warranties is promissory or relates to a future event, it shall be deemed to have been given as at the due date for fulfilment of the promise of for the happening of the event, as the case may be;
- 13.3 each Warranty shall be a separate Warranty and in no way limited or restricted by reference to or inference from the terms of any other Warranty;
- 13.4 each Warranty shall continue and remain in force notwithstanding the completion of any or all of the transactions contemplated in this Agreement;
- 13.5 each Warranty is deemed to be material unless the contrary is proved and a material representation on the strength of which the Purchaser is entering into this Agreement; and
- 13.6 each Warranty shall, unless otherwise stated and notwithstanding the tense in which it is recorded, relate to the Effective Date, the Signature Date and the Closing Date.

14. **RELEASE FROM GUARANTEES**

- 14.1 The Purchaser shall procure the release of the Seller from any suretyships, guarantees and/or indemnities ("Suretyships") which the Seller may have undertaken in respect of Liabilities for which the Purchaser has accepted responsibility in terms of this Agreement and in respect of those liabilities of

the Business, the cause of which arose after the Effective Date, to the extent that such Suretyships cover such liabilities.

14.2 To the extent necessary to procure the release of any such Suretyships, the Purchaser shall:

14.2.1 not be obliged to discharge or fulfil or procure the discharge or fulfilment of any debt or obligation to which any Suretyship concerned may relate;

14.2.2 substitute its suretyship, guarantee and/or indemnity in place of the Suretyship concerned.

14.3 Pending the procurement of the release of any Suretyship as set out in clauses 14.1 and 14.2, the Purchaser hereby indemnifies the Seller against any claims which may be made against it in terms of the Suretyship concerned to the extent that any such claim relates to a cause of action which arises after the Effective Date.

15. INSOLVENCY NOTICES

No more assets

15.1 It is recorded that no publication of the disposal of the Business in terms of this Agreement will be made in accordance with the provisions of the Insolvency Act, 1936. Accordingly, the Seller indemnifies and holds the Purchaser harmless from and against all and any loss or damages which the

[Handwritten signature]

Purchaser may suffer or incur arising out of the failure to advertise the disposal of the Business in terms of the Insolvency Act, 1936.

15.2 The Purchaser shall be obliged to give written notice to the Seller as soon as he becomes aware of any proceedings to attach or take possession of any of the Business Assets by any persons against whom this transaction is void in terms of the Insolvency Act, 1936.

15.3 Should the Purchaser give notice to the Seller in terms of clause 15.2, and should the Seller fail, within 5 (five) Business Days of receipt by him of such notice to procure that the Business Assets concerned are released from attachment or are returned to the Purchaser, as the case may be, then the Purchaser shall be entitled to settle the liability and recover the amount thereof from the Seller or, at the Purchaser's discretion, to exercise the remedies conferred on the Purchaser by clause 16.

16. **BREACH**

Should either Party ("the Defaulting Party") commit a breach of any of the provisions of this Agreement, then the other Party ("the Aggrieved Party") shall, if it wishes to enforce its rights hereunder, be obliged to give the Defaulting Party 10 (ten) Business Days written notice to remedy the breach. If the Defaulting Party fails to remedy the breach within the period specified in such notice the Aggrieved Party shall be entitled to claim immediate payment and/or performance by the

Defaulting Party of all of the Defaulting Party's obligations whether or not the due date for payment and/or performance shall have arrived, in either event, without prejudice to the Aggrieved Party's right to claim damages. The foregoing is without prejudice to such other rights as the Aggrieved Party may have at law : Provided always that, notwithstanding anything to the contrary contained in this Agreement, the Aggrieved Party shall not be entitled to cancel this Agreement for any breach by the Defaulting Party unless such breach is a material breach going to the root of this Agreement and is incapable of being remedied by a payment in money, or if it is capable of being remedied by a payment in money, the Defaulting Party fails to pay the amount concerned within 10 (ten) Business Days after such amount has been finally determined.

17. NOTICES

17.1 Each Party chooses the address set out opposite his name below as his address at which all notices, legal processes and other communications must be delivered for the purposes of this Agreement.

17.1.1 **Purchaser:** 2 Arnold Road
Rosebank
JOHANNESBURG
2001
Telefax:

17.1.2 **Seller:** 2 Arnold Road
Rosebank
JOHANNESBURG
2001
Telefax:

17.1.3 **Corpgro:** 2 Arnold Road
 Rosebank
 JOHANNESBURG
 2001
 Telefax:

17.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax.

17.3 Any Party may by written notice to the other Parties, change his chosen address or telefax number to another physical address or telefax number, provided that the change shall become effective on the 10th (tenth) Business Day after the receipt of the notice by the addressee in respect of that Party's physical address and on the date set out in the notice in respect of that Party's telefax number.

17.4 Any notice to a Party contained in a correctly addressed envelope; and

17.4.1 sent by prepaid registered post to him at his chosen address; or

17.4.2 delivered by hand to a responsible person during ordinary business hours at his chosen address;

shall be deemed to have been received in the case of clause 17.4.1 on the seventh Business Day after posting (unless the contrary is proved) and, in the case of clause 17.4.2 on the day of delivery.

- 17.5 Any notice by telefax to a Party at his telefax number shall be deemed, unless the contrary is proved, to have been received on the first Business Day after the date of transmission.
- 17.6 Notwithstanding anything to the contrary contained in this clause 17, a written notice or communication actually received by a Party shall be an adequate written notice or communication to him notwithstanding that it was not sent to or delivered at his chosen address or telefax number.

18. CONFIDENTIALITY

Each of the Parties shall keep confidential and not without the prior written consent of the other Party disclose or divulge to any third party the contents of this Agreement or any agreement entered into pursuant to this Agreement except as may be required to comply with any applicable governmental or regulatory authority, rule, regulation or order or to enforce any of the terms of this Agreement.

19. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa. Furthermore, the Parties hereto hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa in regard to all matters arising from this Agreement

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20. **COSTS**

20.1 The Purchaser shall bear all costs of and incidental to the negotiation, preparation and execution of this Agreement.

20.2 All legal costs incurred by either Party in consequence of any default of the provisions of this Agreement by the other Party shall be payable on the scale as between attorney and client and shall include collection charges, the costs incurred by such Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgment awarded in favour of such Party in relation to his rights in terms of or arising out of this Agreement.

21. **GENERAL**

21.1 This document contains the entire agreement between the Parties in regard to the subject matter hereof.

21.2 No Party shall be bound by or have any claim or right of action arising from any express or implied term, undertaking, representation, warranty, promise or the like not included or recorded in this document whether it induced the contract and/or whether it was negligent or not.

21.3 No variation, amendment or consensual cancellation of this Agreement or any provision or term hereof and no settlement of any disputes arising under this

Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be binding or have any force and effect unless reduced to writing and signed by or on behalf of the Parties. Any such extension, waiver or relaxation or suspension which is so given or made shall be construed as relating strictly to the matter in respect whereof it was made or given.

21.4 No extension of time or waiver or relaxation of any of the provisions or terms of this Agreement shall operate as an estoppel against any Party in respect of his rights under this Agreement.

21.5 No failure by any Party to enforce any provision of this Agreement shall constitute a waiver of such provision or affect in any way such Party's right to require the performance of such provision at any time in the future, nor shall a waiver of a subsequent breach nullify the effectiveness of the provision itself.

21.6 If any clause or term of this Agreement should be invalid, unenforceable, defective or illegal for any reason whatsoever, then the remaining terms and provisions of this Agreement shall be deemed to be severable therefrom and shall continue in full force and effect unless such invalidity, unenforceability, defect or illegality goes to the root of this Agreement.

SIGNED at ROSEBANK on this the 28th day of AUGUST 2001.

For and on behalf of



CORPGRO LIMITED



Name: JEFFREY MICHAEL LUBBEN
Capacity: DIRECTOR
Who warrants his authority hereto

SIGNED at JOHANNESBURG on this the 20 day of AUGUST 2001.

For and on behalf of
**CORPCAPITAL BANK
CONTROLLING COMPANY
LIMITED**



Name: ALEXANDER JOHN GRANT
Capacity: DIRECTOR
Who warrants his authority hereto

SIGNED at ROSEBANK on this the 28th day of AUGUST 2001.

For and on behalf of
**MICAWBER 200
(PROPRIETARY) LIMITED**



Name: MARTIN HOWARD SACHS
Capacity: DIRECTOR
Who warrants his authority hereto



CORPCAPITAL BANK CONTROLLING COMPANY LIMITED

Registration number 1998/008346/06
("the Company")
(Incorporated in the Republic of South Africa)

RESOLUTION OF THE DIRECTORS OF THE COMPANY PASSED ON
17 AUGUST 2001

PROPOSED DISPOSAL OF THE BUSINESS OF THE COMPANY TO
MICAWBER 200 (PTY) LTD

IT WAS PROPOSED THAT:

WHEREAS the Company and Micawber 200 (Pty) Ltd ("Micawber") have agreed that the Company will dispose of its business ("the Business")

NOW THEREFORE IT IS RESOLVED THAT:

1. The Directors hereby unconditionally approve the terms and conditions of the proposed acquisition agreement between the Company and Micawber.
2. The Directors hereby approve the renunciation by the Company of its right to receive shares in Corpgro in consideration for the disposal of the Business, to the shareholders of the Company proportionate to their shareholding in the Company subject to the provisions of Section 90 of the Companies Act, 1973.
3. Any director of the Company, be and is hereby authorised and empowered to take all such steps and sign all such documents as may be required for the purposes of or in connection with the implementation of the disposal of the business of the Company and any step or matter connect with or incidental to the foregoing, with the authority to agree on behalf of the Company to such amendments to the proposed acquisition agreement as he deems fit.

Certified a true copy



CORPSERV (PTY) LTD - Secretaries
(per J. WELHAM)



SCHEDULE 2 { TC "SCHEDULE 2 : WARRANTIES" /L1 }

WARRANTIES

The Seller warrants to the Purchaser that:

1. On the Effective Date, the Signature Date and the Closing Date, the Seller is and will be the beneficial owner of the Business Assets and will be entitled to transfer unencumbered title thereto to the Purchaser.
2. On the Effective Date, the Signature Date and the Closing Date no person has or will have any right (including, inter alia, any option or right of first refusal) to purchase any of the assets of the Business, including any of the Business Assets, other than in terms of the Agreement.
3. The Seller will, on the Closing Date, give the Purchaser free and unencumbered ownership of the Business Assets.
4. To the best of the knowledge and belief of the Seller it has complied with all laws which are of a material nature in its operation and management of the Business.
5. The Seller is not, in regard to the Business, a party to any legal, criminal, labour, tax or other dispute, case, suit, proceeding, application, arbitration, mediation, official investigation or enquiry and the Seller is not aware of any pending or threatened matters of that type involving the Business or of any matters which may give rise

*no purchase
agreement*

thereto in the future other than undefended legal actions (if any) for the recovery of monies.

6. At the Signature Date, the Effective Date and the Closing Date the Seller owns and is entitled to use and to continue to use the Intellectual Property for the operation of the Business.
7. To the best of the knowledge and belief of the Seller it has not infringed and is not infringing the rights of any third party in regard to the Intellectual Property and to the best of the Seller's knowledge and belief, no third party has infringed or is infringing such Intellectual Property rights.
8. The Seller is in possession of all assets owned and/or used by it for the Business and none of the Business Assets is encumbered save as stated herein.
9. All the books and records of the Business have been properly maintained according to law, are and will be correct and will be capable of being written up within a reasonable time so as to record all the transactions of the Business.
10. The books of account and financial and other records of the Seller relating to the Business, where appropriate shall:
 - 10.1 be prepared in accordance with generally accepted accounting practice and principles on the same basis as in previous years;



- 10.2 fairly present the state of affairs of the Business and the profit and loss of the Business;
- 10.3 value all Business Assets on the basis of past practice;
- 10.4 depreciate Business Assets on the same basis as in the past;
11. All contributions to any pension or provident fund owing by the Seller in respect of Employees are up to date and paid to such fund.
12. All material information or reports relating to or in any way affecting or likely to affect the Seller, its assets, rights, obligations or its Business or affairs which have come to the attention of the Seller have been fully disclosed to the Purchaser.
13. The Seller has not withheld from the Purchaser any material information relating to the Business which is known to it and which would be material or of importance to the Purchaser in deciding whether or not to proceed with the conclusion of the Agreement.



Handwritten signature

CORPGRO SHAREHOLDER MEETING

MONDAY, 1 OCTOBER AT 10:00

Mr Chairman I have 4 specific points to raise today since we have not had the opportunity to have this transaction presented to us.

1. I'd like to know how much money belonging to shareholders has been used to fund SIT for it to acquire 13% and what the deficit over the current value of the shares is and how this deficit is going to be treated.

Assuming there is a deficit how can the SIT possibly be considered to be truly independent and disaffected in the decision making to vote on this transaction.

2. Shareholders are being asked to accept a share swap of R3.50 per odd share in a company with an NAV of approximately R7 - R8,00 per share. I would like to point out that the group despite its much vaunted intellectual capital is trading at a discount of over 50% of NAV and a PE hovering around 2 making CCB one of the most lowly rated companies on the JSE.

This market rating brings into question the economic justification for the continued existence of the group. I'd like to understand how the directors of this company have discharged their fiduciary duty to shareholders by proposing this transaction as opposed to a disposal of the company's assets and return of capital to shareholders.

3. I would like to point out at the analyst presentation last year that the prospects for the company were reported in glowing terms. The interims looked positive and to the best of my knowledge no profit warning has been put out. I would also like to note that the company has paid significant fees to other CorpGro entities presumably in exchange for significant profit generating opportunities. Logic says that the earnings performance for this company in the current financial year should be significantly enhanced over the previous year. Yet shareholders are being persuaded to accept this offer based on the earnings announcement of prior year figures. Surely shareholders should be provided information on the current financial year given the positive outlook put forward by management, therefore in my opinion if that earnings performance has been inline with positive expectations, then the deal is unfair, if the earnings are not what was anticipated then why did management not inform shareholders of a profit warning. In my opinion, based on the positive projections put forward at every opportunity, I believe that in order for this board to sustain its credibility it should put forward information on the current financial year before we vote. If clearly you do not intend to put this forward shareholders require an explanation.

4. Acceptance of this transaction can only be justified if performance of this bank in the current year was somewhat less than the rosy picture presented to shareholders in these presentations. I would therefore like to know what has been the performance of the bank in this current year and if so why

was no warning given to the market. Therefore why should shareholders accept a transaction in a short term profit aberration.

How does the board expect shareholders in future to place any creditability in its promises of future performance and on the assumption that the fortunes and prospects for the bank are not as positive now as they were in your presentations

How does the board expect creditability when it makes optimistic statements of future performance.

5. In light of the credibility gap between market rating and the positive future prospects has this board justify denying shareholders audited information in respect of the current financial year and expect shareholders to rely on the opinions of so called independent advisors who caveat their report as follows (quote)...

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KS II

Kelly Flinton

From: Jeff Liebesman [jliebesman@corpcapital.com]

Sent: 01 October 2001 02:46 PM

To: # Everyone

Subject: Corpgro Merger Proceeds

Corpgro Merger Proceeds

Shareholders of Corpgro, Corpcapital and Corpcapital Bank today voted in favour of their merger creating South Africa's tenth largest banking group with shareholders' funds exceeding R1.5 billion, total assets exceeding R6.5 billion and profits exceeding R350 million.

The merger was supported by an overwhelming majority of shareholders. Only 13.6% of the Corpcapital Bank shareholders voted against the merger. This represented only 200 000 votes apart from the votes of Kensa and Equinox, out of a total of 115 million shares.

Following the merger Corpgro has changed its name to Corpcapital. The Group's activities entail Proprietary Investments in a wide spread of industries, Corporate Finance Services, Property Asset Management and Finance investments and services, Structured Financial Products, Treasury and Specialised Finance, which includes its recent investment into M-Factors.

The Group is recognised for its innovative and professional approach to investments and product development. In extremely difficult markets for financial service providers the Group has excelled through its key contribution towards the rebuilding of the property investment sector, conceiving and partnering with the JSF and Gensec in the establishment of Satrix 40 South Africa's first listed index tracking security and by attracting close to R500 million of new investments into the South African media industry with the recent acquisition by Clear Channel and Independent Group's interest in Corpcom, Africa's dominant outdoor advertising exponent.

Since announcing its merger intentions the Group has taken centre stage in a campaign by a lone Corpcapital Bank minority shareholder to extract a better swap ratio or scuttle the merger. Kelly Starke, the managing director of Kensa Consortium (Pty) Limited a women's empowerment company, has lead the attack. Statements by her female co-director's, who have come out in support of the merger and who say that Starke acts without authority, show dissension in their ranks which is yet to unfold.

Jeff Liebesman CEO of Corpcapital says it is unfortunate that the benefits of the merger have been overshadowed by a very small but vocal minority. "We have tried our best to bring the dissenting minorities round to our way of thinking. Now that the votes have been cast we can concentrate our collective efforts to deliver the potential of our combined resources. We hope to work together with all our stakeholders including the dissenting minorities. This simply has to be in everybody's best interest."

Corpcapital (previously Corpgro) closed at 210 cents, an increase of 21% over the last year. Liebesman said he believed that the increased market capitalisation and trading liquidity would attract investor interest. The counter is trading at a substantial discount to its net tangible asset value. The uncertainty of the merger has been resolved. This, according to Liebesman, should have a beneficial affect both operationally and in the shares performance. "The construction of the merger followed by the unfortunate controversy around it, has been a distraction. We will see many benefits moving forward with these matters firmly behind us."

End press release

Post script

During the general meeting of Corpcapital Bank Kelly Starke, ostensibly representing African Merchant Bank, contended that the meeting was deficient due to a technical error in a document. The error was acknowledged and rectified. The meeting then proceeded. Neil Lazarus, an advisor to the meeting said "The correction of the error has no impact on the validity of the meeting or the outcome of the vote."

Company

Date

Refresh

Merger of Corp gro, Corpcapital and Corpcapital Bank; Results of

shareholders' meetings

CORPGRO LIMITED

(Registration number 1903/011384/06)

Share Code: CPC ISIN Code: ZAE000013074

("Corpgro")

CORPCAPITAL LIMITED

(Registration number 1946/023536/06)

Share Code: CPC ISIN Code: ZAE000016283

("Corpcapital")

CORPCAPITAL BANK CONTROLLING COMPANY LIMITED

(Registration number 1998/008346/06)

Share Code: CCB ISIN Code: ZAE000022604

("Corpcapital Bank")

Merger of Corp gro, Corpcapital and Corpcapital Bank

Results of shareholders' meetings

Corpcapital Corporate Finance is authorised to announce that, at the shareholders' meetings of Corp gro Limited, Corpcapital Limited and Corpcapital Bank Controlling Company Limited, held on 1 October 2001, all ordinary and special resolutions proposed in order to give effect to the merger of the businesses of the three companies, as detailed in the circulars posted to their respective shareholders on 8 September 2001, were passed by the requisite majority of shareholders.

Rosebank

1 October 2001

Corporate advisor and joint sponsor

Corpcapital Corporate Finance

Lead sponsor

BoE Securities (Pty) Ltd

Member of the JSE Securities Exchange South Africa

Co. Reg. No. 1995/012240/07

Date: 01/10/2001 02:33:00 PM Produced by the SENS Department

DENEYS REITZ

ATTORNEYS

Deneys Reitz Inc.
 Reg No: 1984/003085/21
 92 Waube Street
 Sandton 2196
 PO Box 784902
 Sandton 2146
 South Africa
 Telephone: (011) 685-8500
 Facsimile: (011) 883-4000
 Docek 215 Johannesburg
 email: info@deneysreitz.co.za
<http://www.deneysreitz.co.za>

110
 KS12

FAX

To: African Merchant Bank Limited
 Attention: Mr Rob Dow
 And To: Kersani Consortium (Pty) Ltd
 Attention: Ms Kelley Starke

Johannesburg
 Cape Town
 Durban

Fax No: 784 8941

And to Fax No: 883 2942

Our Ref: 70/COR/128
 Mr R Taplin/Mr A Visser/jmw

Date: 31 July 2001

Pg 1 of:

CONFIDENTIALITY CAUTION

If you have received this communication in error please note that it is intended for the addressee only, is privileged and confidential and dissemination or copying is prohibited. Please notify us immediately by telephone and return the original message to the above address at our cost.

cc Equinox Holdings Limited
 Attention: Mr Heiko van Wyngarden
 Fax: 884 6201

Dear Sirs

CORPGRO: GROUP RESTRUCTURING

We act for Corpgro Limited, Corpcapital Limited and Corpcapital Bank Controlling Company Limited and address this letter to you on their behalf and on behalf of their directors and managers.

Our clients have handed to us copies of a press release prepared and issued by you dated 27 July 2001 as well as various press reports in the *Beeld*, *the Star* and *Business Day* newspapers since that time. We are also instructed that you have made certain allegations to various regulators.

Our clients welcome debate around their proposed restructuring. A number of the statements made by you concerning the restructuring are, however, factually incorrect, inflammatory and contain argumentative material which suggests bad faith or fraud on the part of our clients and their directors or managers. These statements are evidently made with malicious intent to cause damage to our clients' reputations and businesses, as well as the reputations and credibility of the

ATTN: 000

Directors: MJ Hart (Chairman), MH Alexander, MS Ash, AF Barnidge, MH Bisset, GG Bower, PA Bracher, SM Browning, JHR Cabow, AJ Chappell, PM Chronis, A Conradie, CM Corke, JM Cresswell, AR Cron, MO Dale, EM Denny, Tude Wet, DD Dine, AGS Dixon, RF Duman, KL Gawith, MPFL Geromont, AP Gibbs, SWM Gule, AB Harde, MC Hatwe, DD Hayward, RG Hooker, RB Isaacs, M Jacobs, HJ vanse van Rensburg, DS Hapeius, MHapeius, JM Kron, MDE Lomax, TP Mabasa, AA Moodsajee, LA Morphet, JRM Motshabi, JM Misha, P Naude, JM Neaves, HC Neuwoudt, GL Noeth, RA Oty, AD Parsons, MBSG Patterson, L Reon, APR Robinson, RA Scott, LC Shaw, P Smkris, C Stevens, MT Steyn, AP Sties, AK Strachan, RRW Taplin, Ovan Loggerenberg, PDM van der Vliet, AV Visser, SHE Vogt, L Vorster, AP Vos, DA Warblad, STE Miken, RC Winstanley, CV Woolley, EA Young

African Merchant Bank Limited
Attention: Mr Rob Dow
Kensani Consortium (Pty) Ltd
Attention: Ms Kelley Starke
70 COR 128

Page 2
31 July 2001

directors and managers of our clients. By virtue of the publication of the statements by you our clients, their directors and managers may have already or may in the future suffer irreparable damage.

You (and any of your employees involved in publishing such statements) may be held liable for any such losses, including any legal costs incurred in prosecuting claims for those losses. Should you persist in making such damaging statements, with reckless disregard for the harm or potential harm you may cause, your liability will be aggravated.

Our clients have instructed us to demand from you, as we now do, that you desist from making defamatory statements of this sort. All our clients' rights in relation to damage which may already have been caused by you are strictly reserved.

We recommend that you take legal advice as to your position and that you advise your liability insurers of a potential claim against you and/or your employees.

Yours faithfully

DENEYS REITZ

THIS EMAIL IS AN ELECTRONIC TRANSMISSION, AND IS THEREFORE UNSIGNED

KS13
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CORPGRO

30 August 2001

Kelly Stark
Kensani Consortium (Pty) Limited
Suite 304 West Tower
Sandton Square
SANDTON

BY HAND

**STRICTLY PRIVATE AND CONFIDENTIAL
FOR THE EYES OF THE ADDRESSEE ONLY**

Dear Kelly

**CORPGRO LIMITED, CORPCAPITAL LIMITED & CORPCAPITAL BANK CONTROLLING
COMPANY LIMITED MERGER ("THE MERGER")**

- 1 This letter is addressed to you:
 - 1.1 as you claim to be the representative of Kensani in relation to its opposition to the merger; and
 - 1.2 in your personal capacity.
- 2 African Merchant Bank (AMB) in its campaign against the merger, states that it represents Kensani. For this reason the contents of a letter which I addressed to AMB, Rob Dow (in his personal capacity) and Gerhard Le Roux (in his personal capacity) are of equal application to Kensani. A copy of the letter is enclosed.
- 3 In a radio interview conducted between you and Moneyweb last night, you made a number of false, misleading and defamatory statements, including the following:

CORPGRO LIMITED (1983/011384/06)

2 ARNOLD ROAD ROSEBANK JOHANNESBURG 2196 PO BOX 471917 PARKLANDS 2121 SOUTH AFRICA
TELEPHONE

+27112830000TELEFAX+27112830088EMAILinfo@corpgro.comINTERNETADDRESSwww.corpgro.com

DIRECTORS N J FRANGOS (CHAIRMAN) J M LIEBESMAN (CHIEF EXECUTIVE OFFICER) E ELLERINE E GROLMAN
G B LIEBMANN M H SACKS COMPANY SECRETARY CORPGRO MANAGEMENT SERVICES (PTY) LTD



- 3.1 You said, "The independent advisors have been denied from speaking to us". This is patently untrue, AMB made both written and oral representations to PriceWaterhouse, the independent advisors to Corpcapital Bank minorities.
 - 3.2 You said, "..the trust document cannot be found". The document is not lost and has been submitted to the appropriate regulators.
 - 3.3 You accused me of being "selective" making statements which are "ridiculous" and "ludicrous". These remarks have no justification.
- 4 The purpose of this letter is to inform you that:
- 4.1 The companies involved in the proposed merger and I reserve our rights against Kensani and you.
 - 4.2 You are called upon to furnish an undertaking to desist from making false, defamatory and misleading statements about me and the companies involved in the merger.

Yours sincerely

JEFF LIEBESMAN

KS 14

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31 August 2001

Werksmans

ATTENTION: MAX LEVENBERG

Dear Sirs

CORPGRO LIMITED, CORPCAPITAL LIMITED, CORPCAPITAL BANK CONTROLLING COMPANY LIMITED MERGER ("MERGER")
YOUR CLIENT : AFRICAN MERCHANT BANK LIMITED ("AMB")

I refer to my letter dated 29 August 2001 addressed to AMB and your reply thereto of the same date.

As we have not received any substantive response to my letter we are left no alternative but to take the matter further through the appropriate formal channels.

Yours faithfully

JEFF LIEBESMAN

CORPGRO LIMITED 11825/011284/061
2 ARNOLD ROAD ROSSBANK JOHANNESBURG 2196 PO BOX 471917 PARKLANDS 2121 SOUTH AFRICA
TELEPHONE
+27 11 26300007 FAX +27 11 26300862 MAILING@corpgr.com INTERNET ADDRESS WWW.CORPGRO.COM

DIRECTORS M G FRANGOIS (CHAIRMAN) J M LIEBESMAN (CHIEF EXECUTIVE OFFICER) E ELLENF B BRODMAN
S B LIEBMAN M H SACKS COMPANY SECRETARY CORPGRO MANAGEMENT SERVICES (PTY) LTD

KS 15

CORPCAPITAL ¹¹⁵

Corporate Finance

**Facsimile
Transmission**

Attention	MAX LEVENBERG/JUSTIN STOCK
To	WERKSMANS
Fax No	535 8600
From	NEIL LAZARUS
Our Reference	SH/NL FAX COVER
Number of Pages (including this page)	1 plus 4
Date	28 SEPTEMBER 2001
Re	KENSANI

Confidentiality Notice :

This page and any accompanying documents contain confidential information which is private and protected by law. If you are not the person to whom this is addressed, you may not disclose, copy, distribute or take any action based on this information.

Corpro Capital (Proprietary) Limited (Reg No 98/001/0097)

A subsidiary of Corpcapital Limited (Reg No 05/23356/06)

2 Arnold Road Rosebank 2194; P O Box 2551 Bramley 2018 South Africa

Telephone +27 11 283-0279/20 Telefax +27 11 283-0065

Directors: S Gralman (Chairman) JM Lieberman GB Liebmann MH Stock NN Lazarus

Corporate Finance Executives : AC Brooking KW Jochowitz NN Lazarus GB Liebmann GB Leibowitz R Tolper



CORPCAPITAL

Corporate Finance

28 September 2001

Werksmans

FAX NO. 535 8600

ATTENTION: MAX LEVENBERG / JUSTIN STOCK

Dear Max & Justin

KENSANI PRESS RELEASE AND STATEMENTS TO THE MEDIA

1. It is regrettable that I find it necessary to address this letter to you.
2. On Wednesday at approximately 3 pm (and after Kensani had delivered its notice of withdrawal), I telephoned Justin with the sole purpose of establishing whether or not there was any impediment to the Corpcapital Group publishing the fact that Kensani had withdrawn its application and had tendered payment of the Corpcapital Group's costs. I informed Justin that the Corpcapital Group wanted to communicate the fact that the application had been withdrawn in order to avoid uncertainty (which was pervading the marketplace) about whether or not the merger meetings would proceed (in the light of the

CORPCAPITAL INVESTMENTS (PROPRIETARY) LIMITED (REG NO 1998/002100/07)
 A SUBSIDIARY OF CORPCAPITAL LIMITED (REG NO 1914/23554/06)
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 TELEPHONE +27 11 833 6150 TELEFAX +27 11 265 0040 EMAIL info@corpcapital.com INTERNET ADDRESS
www.corpcapital.com

DIRECTORS: E GROLMAN (CHAIRMAN), M LIEBESMAN, GJ LIEBEMANN, MH SACKS (MANAGING), NN LAZARUS, WH
 TLENGOVE
 CORPORATE FINANCE EXECUTIVES: AC BROOKING, EW DOBROWITZ, NN LAZARUS, GJ LIEBEMANN, DG LEIDOWITZ,
 H TALBERT COMPANY SECRETARY CORPGRO MANAGEMENT SERVICES (PTY) LTD

fact that the Kensani application for an interdict found its way into the public domain). I expressly asked Justin whether or not our publication of the withdrawal of the application could be in violation of any agreement or understanding with Kensani.

3 Justin informed me in no uncertain terms that there was no impediment whatsoever to the Corpcapital Group making such publication. My word (insofar as it needs corroboration) is supported by a number of members of our executive who were listening over the speaker phone at the time that I spoke to Justin.

4 It is clear from statements which have been made by Kensani to the media that:-

4.1 Kensani has made express reference to the without prejudice meeting which took place between AMB representatives and representatives of the Corpcapital Group.

4.2 Kensani has made speculative and irresponsible statements about the financial affairs of the Corpgro Group, which formed the subject matter of discussion at the without prejudice meeting.

4.3 Kensani has given an inaccurate and misleading account of the confidentiality agreement. It has said that the information was made available to them (which it was not) on the basis of an undertaking by the Corpcapital Group that such information would be made available to all shareholders (which is simply false);

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4.4 Kensani has made reference to an agreement allegedly concluded between itself and the Corpcapital Group, whereas in truth and in fact no such agreement was ever concluded.

4.5 Kensani has said that the Corpcapital Group is in violation of this non-existent agreement, giving the unequivocal impression that the Corpcapital Group is dishonest and violates agreements.

5 We require you to confirm by not later than 1 pm:-

5.1 the accuracy of what I have set out in relation to my telephone conversation with Justin;

5.2 the fact that no agreement was concluded;

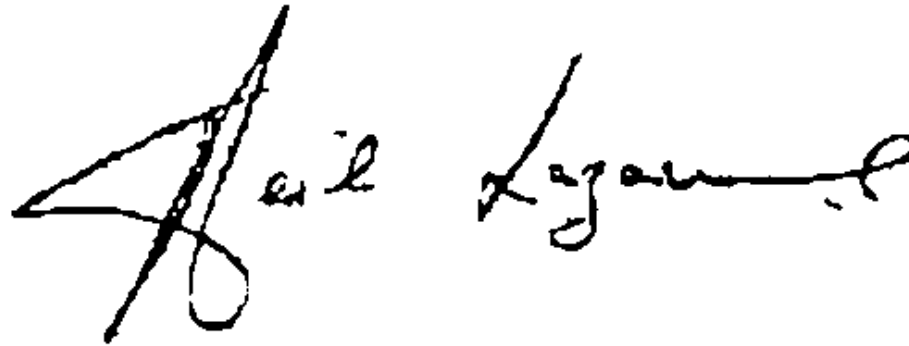
5.3 the fact that the Corpcapital Group obtained your permission (in your capacities as the authorized attorneys and representatives of Kensani) to make the press release;

5.4 the Corpcapital Group is not in violation of any agreement;

5.5 that Kensani will immediately correct the false information which has been disseminated in the media and amongst institutions and analysts by addressing a letter to everybody who received such information and by publication of an appropriate press release;

3.6 that Kensari undertakes not to make any reference to the without prejudice discussions, in compliance with the confidentiality agreement.

Yours sincerely

A handwritten signature in black ink, appearing to read "Neil Lazarus". The signature is fluid and cursive, with a large initial "N" and "L".

NEIL LAZARUS

nl/sjh/corp fin let to worksmans3.doc

DENEYS REITZ
ATTORNEYS

Deneys Reitz Inc.
Reg. No. 1984/003385/21
82 Maude Street
Sandton 2195
PO Box 784903
Sandton 2146
South Africa
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Facsimile [011] 883-4000
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email rwt@deneysreitz.co.za
<http://www.deneysreitz.co.za>

KS 16
120

FAX

To: **African Merchant Bank Limited**
8th Floor, The Forum
Cnr Maude & 5th Streets
Sandton
Attention: Mr R Dow
Fax No: 784-8941

Johannesburg
Cape Town
Durban

And to: **Kensani Consortium (Pty) Limited**
Suite 304, 3rd Floor
West Wing Tower, Sandton Square
Sandton
Attention: Ms K Starke
Fax No: 883-2942

And To: **Kelly Starke**
Suite 304, 3rd Floor
West Wing Tower, Sandton Square
Sandton
Fax No: 883-2942

And to: **CMB Nominees (Pty) Limited**
4th Floor, Avril Malan Building
cnr Commissioner & Sauer Streets
Johannesburg
Attention: Mr L P Botma
Fax No: 834 4746

Our Ref: 10/COR/134
Mr R Driman/Mr R Taplin/jmw
Date: 3 October 2001

Pg 1 of:

CONFIDENTIALITY CAUTION

If you have received this communication in error please note that it is intended for the addressee only, is privileged and confidential and dissemination or copying is prohibited. Please notify us immediately by telephone and return the original message to the above address at our cost.

ALSO BY HAND

10COR134 LETTER ON OR LETTERHEAD 03/10/01 (CLN) DOC

Directors: MJ Hart (Chairman) MH Alexander MS Ash AF Bembridge *HI Bisset GG Bouwer PA Bracher SM Browning
JNR Calbow AJ Chappel PM Chronis K Conradie CM Corke LM Cresswell KR Cron MO Dale BM Denny TJ de Wet D Dinnie
AGS Dixon RF Driman KL Gawith **PFL Geromont AP Gibbs SWM Gule AB Hardie MC Hartwell DD Hayward RG Hooker
RB Isaacs M Jacobs HJ Janse van Rensburg DS Kapelus M Kapeius JM Kron *RDE Lomax TP Mabasa BW Macgregor
AA Moosaiee LA Morphet JRM Mothibi P Naude JM Neaves HC Nieuwoudt GL Noetn RA Otty AD Parsons ***BG Patterson L Rech
APM Robinson RA Scott LC Shawe P Simkins CI Stevens MT Steyn AP Stiles AK Strachan RRW Taplin C van Loggerenberg
PC Viljoen A Visser SHE Voigt L Vorster AP Vos DA Wanblad S: E Wilken RC Winstain C Woolley BA Young
French Avocat: PFL Geromont *Brit.sh **German ***Irish

African Merchant Bank Limited
8th Floor, The Forum
Cnr Maude & 5th Streets
Sandton
10/COR/134

Page 2
3 October 2001

Dear Sirs and Madam

Corpgro Limited / Corpcapital Limited / Corpcapital Bank Controlling Company Limited

1. We write to you on behalf of Corpgro Limited ("Corpgro"), Corpcapital Limited ("Corpcapital") and Corpcapital Bank Controlling Company Limited ("Corpcapital Bank").
2. As you are aware, general meetings of the shareholders of all three of our clients were held on Monday, 1 October 2001 in order to consider a variety of resolutions required to approve and give effect to the merger of our clients' businesses.
3. As you are also aware, these resolutions were passed and the merger was approved by the requisite majority of shareholders in all three companies.
4. In this regard, we record the following:
 - 4.1 Ms K Starke ("Starke") attended the Corpcapital Bank shareholders meeting ("the meeting"), accompanied by a legal representative, both purportedly acting on behalf of African Merchant Bank Limited ("AMB"). We have, from previous dealings with Starke, been led to believe that she is or has been the Chief Executive Officer of Kensani Consortium (Pty) Ltd ("Kensani").
 - 4.2 At the meeting, another director and shareholder of Kensani appeared and recorded that:
 - 4.2.1 The 10 000 200 Corpcapital Bank shares purportedly represented by Starke at the meeting are in fact beneficially owned by Kensani; and
 - 4.2.2 Neither Starke nor AMB were authorised by Kensani to attend and speak at the meeting on its behalf or to vote its shares in respect of the relevant merger resolutions.
 - 4.3 During discussions at the meeting surrounding ordinary resolution number 1 (being the resolution to approve the disposal by Corpcapital Bank of its business pursuant to the provisions of section 228 of the Companies Act ("the resolution")) Starke raised an issue concerning clause 3.4 of the written agreement recording the disposal of the Corpcapital Bank business, a copy of which had been available for inspection in accordance with JSE requirements ("the written agreement"). It was pointed out to

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Sandton
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Page 3
3 October 2001

the meeting that certain conditions precedent referred to in the written agreement had to be fulfilled by 25 September 2001 and that they had not been so fulfilled. As at 25 September 2001 the only conditions precedent which remained unfulfilled were the respective approvals of shareholders of Corpcapital Bank and Corpcapital for the merger. This remained the position as at the date of the meeting (1 October 2001).

- 4.4 The written agreement was immediately reviewed by our client. Mr Lazarus, on behalf of the company, thanked Starke for pointing out the obvious error. A replacement written agreement was prepared incorporating all of the terms and conditions of the written agreement, save that the date by which the conditions precedent had to be fulfilled was changed to 1 October 2001. This new agreement was tabled and read to the meeting. Following extensive discussion on the merits of the proposed resolution shareholders were then asked to vote on the resolution (which had, in turn, been consequentially amended).
- 4.5 Starke contended that the meeting was "invalid" and that her rights in that regard were reserved. This contention and reservation of rights was duly noted.
- 4.6 The requisite majority of shareholders then voted upon and passed the resolution as amended.
5. Notwithstanding the passing of the resolution (and all other relevant resolutions required to implement the merger), Starke is reported in the Business Day of 2 October 2001, to be contending that Kensani is considering taking legal action to stop our clients' merger on the basis of the alleged invalidity of the meeting because of a technical error. According to that article, a copy of which is attached for your reference, Starke has alleged that "*Corpcapital had to fulfil its suspensive conditions by September 25, and they did not do this*", and that, for this reason, the meeting may be invalid. Certain of these allegations were again repeated in the Business Day of 3 October 2001 and on Summit TV on 2 October 2001.
6. The deliberate perpetuation of public uncertainty as to whether or not the merger will proceed is highly detrimental to the interests of our clients and their shareholders. Starke is well aware of this. It has caused and will continue to cause irreparable damage. A number of issues arise in this regard:
 - 6.1 Conflicting public statements have recently been made by Starke regarding the beneficial ownership of the 10 000 200 shares in Corpcapital Bank. At various times it has been stated that these shares are beneficially owned by Kensani, and at other times by AMB. Some of these statements have been made under oath by Starke and by others, including a representative of AMB.

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3 October 2001

- 6.2 At the same time, we are aware of the contention by shareholders and directors of Kensani to the effect that these shares are beneficially owned by Kensani and that Starke was and is not authorised to act on its behalf in relation to those shares.
- 6.3 In addition, Starke is reported to be representing Kensani in the expression of the views and contentions attributed to her in the media. Yet, at the meeting, she purported to represent AMB as the holder of the shares.
7. Starke's statements are viewed against a history of consistent conduct by her and her advisors AMB evidently designed to damage the interests of our clients. We do not propose to catalogue these comprehensively in this letter. We will do so as the need arises. It suffices to record by way of example:
- 7.1 They have disseminated what our client regards as false and misleading allegations regarding the merits of the merger, in particular the financial effects thereof and the fairness and reasonableness of the applicable swap ratio. Our clients' complaints in this regard appear more fully from prior correspondence.
- 7.2 Unauthorised and unfounded proceedings seeking delivery of information additional to that contained in the circulars were initiated and publicised and then unilaterally withdrawn, accompanied by a tender to pay our clients' attendant costs.
- 7.3 On numerous occasions, Starke has publicly accused our clients and their executives of dishonesty. This conduct was perpetuated as recently as in last night's television interview when she said that a press statement by Mr Lazarus was a dishonest expression of his opinion. Our client regards such statements as being without any justification.
- 7.4 AMB and Kensani have appropriated and used confidential documentation and information belonging to Corpcapital Bank.
8. In these circumstances, our clients require your unequivocal written response as to:
- 8.1 Whether (as a request under section 140A(5)(a) of the Companies Act, 1973), the 10 000 200 Corpcapital Bank shares in question were, at the date of the resolution, and are presently beneficially owned by Kensani or by AMB.
- 8.2 Whether, in attending the meeting, speaking at such meeting and voting those shares, Starke was representing the interests of Kensani or AMB.
- 8.3 Whether, in advancing the contention and threat of litigation relating to the alleged invalidity of the meeting, Starke was representing Kensani or AMB.

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3 October 2001

- 8.4 If Starke was indeed representing either AMB or Kensani in these actions, the precise basis for her authority to do so.
9. Our clients require to know these facts in order to determine:
- 9.1 the beneficial owners of such shares for the purposes of section 140A of the Companies Act;
- 9.2 the correct parties to cite in any court application as envisaged in 12 below;
- 9.3 the parties from whom our clients will be entitled to recover compensation for the damage being suffered by them.

We draw your attention to section 140A(9) of the Companies Act, which provides that any person who fails to make a disclosure as required under the section or who makes a false disclosure shall be guilty of a criminal offence. Unless we receive a clear response from you in regard to our clients' above demands by midday on 4 October 2001, our clients will assume that you confirm Starke's authority to represent both AMB and Kensani, and will hold both companies responsible accordingly.

10. The contention by Starke that the meeting was invalid amounts, at best, to a contention that improper notice was given to shareholders, since the resolution passed by them differed from the resolution published in the notice received by them. In this regard, we place the following on record:
- 10.1 In terms of the Companies Act and its Articles of Association, Corpcapital Bank is obliged to furnish its shareholders with timely notice of the business which it proposes conducting at a general meeting.
- 10.2 Having done so, the company may not validly require its shareholders to consider or vote upon any business other than substantially that business in respect of which notice has been given.
- 10.3 There is no prohibition, whether in the Articles of Association of Corpcapital Bank or the Companies Act, against effecting amendments to resolutions contained in a notice to shareholders after the date of dispatch of that notice, provided those amendments do not have the effect of altering the essence of the business sought to be conducted at the meeting and in respect of which the notice has been sent.
- 10.4 Corpcapital Bank furnished its shareholders with notice of all of the business intended to be conducted at the meeting. This notice was adequate and complied in all respects with the company's obligations in terms of its Articles of Association and

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Page 6
3 October 2001

in terms of the Companies Act and the JSE Listing Requirements. No reasonable shareholder could have laboured under any misconception as to the nature and effect of the resolutions sought to be passed by the shareholders at the meeting, and no resolution was in fact passed which in any material way differed from those contemplated in the notice sent to shareholders.

10.5 In particular, the agreement ultimately adopted and approved pursuant to the resolution was identical in every material respect to the written agreement which was referred to in the notice sent to shareholders.

10.6 No business other than that precisely contemplated in the notice to shareholders was conducted at the meeting, and the meeting considered and conducted all of the business contemplated in that notice.

11. In these circumstances, Starke's contentions, both at the meeting and to the media, are without any legal or factual foundation. These statements have created needless uncertainty surrounding our clients' merger and are thereby causing irreparable damage to our clients and their businesses. Our clients are obliged to take immediate action to eliminate any such uncertainty in the interests of their shareholders. If, in relation to the demand set out in 8 above, you have not disassociated yourself from all the actions of Starke set out in this letter, our clients require, by no later than midday on 4 October 2001:

11.1 A written undertaking from you that you will immediately desist from repeating any of these contentions or any threat to challenge the validity of the merger or the resolutions passed at the meetings on the basis of those contentions; and

11.2 A written retraction by you of the allegations and threats already made by Starke in that regard.

12. Should the undertakings sought not be furnished, our client will assume that you will continue to publicly dispute the validity of the resolutions adopted at the shareholders meeting of 1 October 2001. Our clients will, in the circumstances, have no option but to take such steps as are necessary to protect their interests. For obvious reasons, the resolution of this matter is required as a matter of extreme urgency. In the interim, all of our clients' rights, including their rights to claim damages, are reserved.

Yours faithfully

DENEYS REITZ

Corpcapital merger could be in jeopardy

Kensani may take action to stop the deal

Daniel Thöle
and Madeleine van Niekerk

THE creation of Corpcapital, which would rank as SA's 10th-largest banking group, was put in jeopardy yesterday when minority shareholder Kensani said it was considering taking legal action that could stop the merger.

Kelly Starke, MD of Kensani, a women's empowerment group which held 9% of the shares in merger component Corpcapital Bank, said the group reserved its rights to examine legalities surrounding the merger, as yesterday's shareholder meeting might have been invalid.

The meeting may be invalid because of a technical error on the part of Corpcapital. "Corpcapital had to fulfil its suspensive conditions by September 25, and they did not do this," Starke said.

One of the major points discussed in the meeting was that a number of suspensive conditions were not met by Corpagro by the date of the agreement, thereby possibly making the meeting invalid.

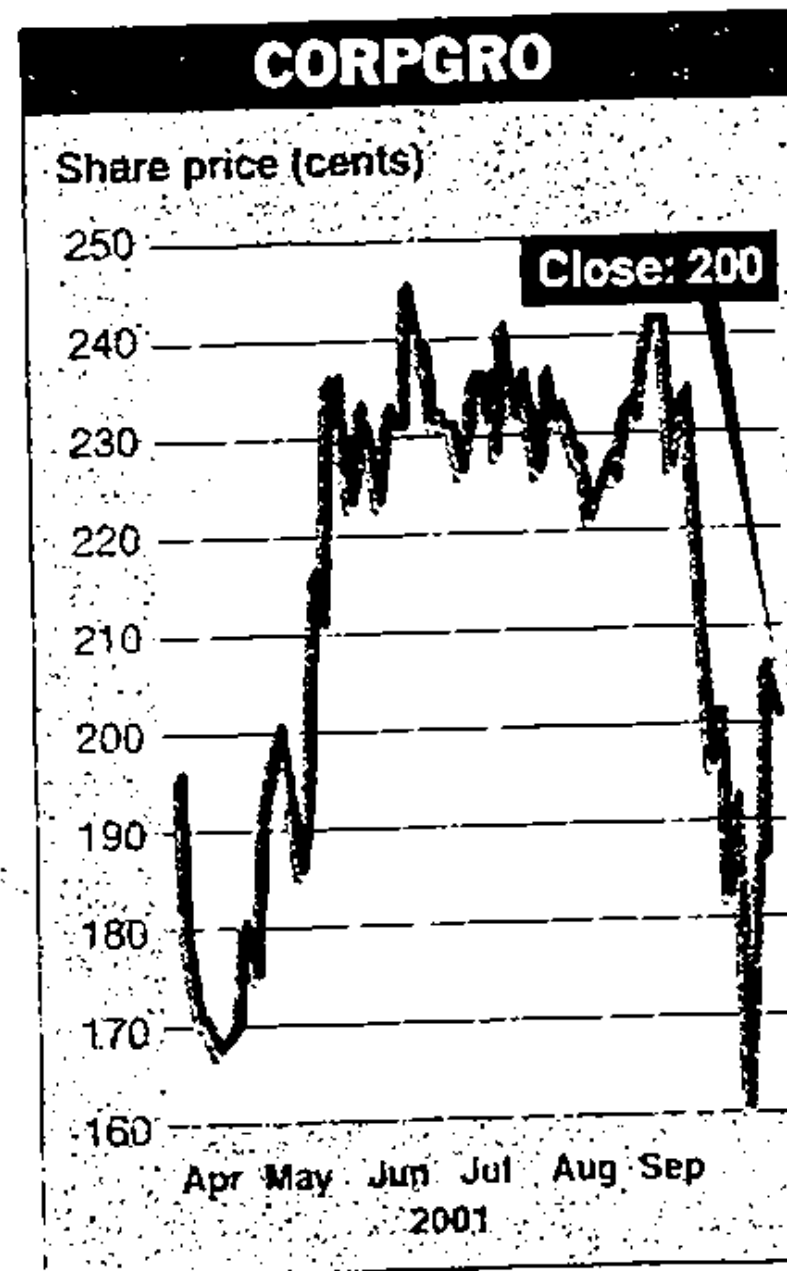
Other minorities raised the issue of information made available to AMB and requested to know why this information had not been made available to all shareholders. Other minorities raised this point, which meant that the securities regulation panel would have to investigate the availability of the information.

Starke said she would seek a mandate from her fellow directors to look at the legalities and had reserved her rights. She said it was fundamentally incorrect to state, as Corpagro had, that all Kensani's directors had voted for the merger, when in fact not one director had voted for it.

"The large amount of controversy was obviously a distraction. It has been a long difficult process, we need to get back to the business of business," Corpcapital CEO Jeff Liebesmann said yesterday.

Shareholders of Corpagro, Corpcapital and Corpcapital Bank yesterday voted in favour of the merger, which led to Corpagro changing its name to Corpcapital. The merger will create a banking group with shareholders' funds exceeding R1.5bn, total assets exceeding R6.5bn and profit exceeding R350m.

"At the Corpcapital Bank level, only 13.6% voted against the merger. This represented only 200 000 votes apart from the votes of Kensani and Equinox, out of a total of 115-million shares," he said.



"We as Corpcapital Ltd will continue to engage with our minorities. We have an open door approach to them," Liebesmann said.

However, another minority shareholder said about a third of shareholders who were eligible to vote voted against the merger today.

The shareholder expressed concern about the deal and asked, if the companies audited financial year-end results were due out in the next few weeks, why the company had to rush through the shareholders' meeting yesterday. "Why could the company not have waited and held the shareholders meeting after all the financial details were available?"

He also questioned the valuations at which the deal was done. Corpagro was placing a value of R7.20 on a Corpcapital Bank share, while it was trading at about R3.30 and they used that to do their swap, the shareholder said.

Starke echoed these concerns saying that Kensani had never opposed the merger, but merely the swap ratio Corpcapital had proposed for the merger.

Franco Pretorius, banking analyst at stockbrokerage PSG-Online Securities, said with the new structure, there would be less administrative costs and an increased market capitalisation and improved tradeability. This would lead to greater investor attraction, he said.

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155 5th STREET SANDOWN SANDTON 2196

FACSIMILE

Rabin, van den Berg & Pelkowitz Incorporated
Telefax no.: (011) 507 1094
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DOCEX 111 SANDTON

WRITER'S DIRECT PHONE
535 8155

INTERNET
<http://www.werksmans.co.za>

WRITER'S EMAIL ADDRESS
[mlievenberg@werksmans.co.za](mailto:mlevenberg@werksmans.co.za)

YOUR REFERENCE : S Read

OUR REFERENCE : Mr M Levenberg/hvr/AFR11566.8/00759hvr.doc

28 August 2001

Dear Sirs

KENSANI CONSORTIUM (PROPRIETARY) LIMITED

We act for Kensani Consortium (Proprietary) Limited and have been instructed to reply to your letter of the 27 August 2001 addressed to Lucro Consulting and Auditing.

We are instructed to advise as follows -

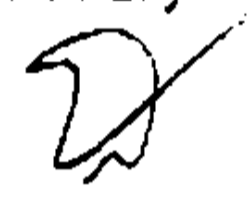
- 1 unless you provide details as to which of your clients are alleged to be shareholders in particular companies it is not possible for our clients to adequately to reply to many of the questions put forward by you. Insofar therefore as the letter does not deal with certain aspects of your letter these could not be followed up further until you advised more specifically which of your clients, in relation to which particular company, have given you a particular mandate. In this context our clients also record your clients have for sometime now been seeking to sell their shareholdings in the Kensani Group and that in view of that history our clients must challenge their bona fides in intervening in the present opposition by Kensani Consortium (Proprietary) Limited to the merger involving Corpcap Bank Limited and their bona fides as shareholders in now writing in this fashion.
- 2 you do not specify on what basis the shareholders are entitled in law "to conduct a due diligence investigation into the current shareholding structures of the Kensani Group". There is no agreement in existence under which your clients are entitled in relation to an acquisition "to conduct a due diligence investigation". Rights of shareholders in the company under the Companies Act do not entitle your clients to make this demand.
- 3 In relation to demands for shareholders agreements and funding agreements and securities held insofar as any individual client of yours is a party to any such agreements that client will

already have received copies of the documents to which that client was a party. Insofar as any client is not a party to any such agreements same would be confidential and individuals not involved therein would have no basis for being entitled to claim access thereto.

- 4 Insofar as you request memorandum and articles of association these are public documents and your clients must exercise their rights at law to obtain access thereto from the Registrar of Companies.
- 5 Insofar as your clients seeks details as to transfers of shares in the company and/or the issue of new shares therein and/or minutes of any shareholders meetings your clients may exercise their normal rights at law in terms of the Companies Act by reference to the statutory records of the companies. The secretaries of the companies concerned are Lucro Consulting of 402 Oak Park, 352 Oak Avenue, Ferndale.

All our clients' rights are reserved including the right to claim any damages suffered arising out of your clients' interference in the present situation relating to the Corpcap Bank merger.

Yours faithfully



MAX LEVENBERG





129
KS18

WERKSMANS
ATTORNEYS

PRIVATE BAG 10015 SANDTON 2146 RSA
155 6TH STREET SANDOWN SANDTON 2198

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WRITER'S EMAIL ADDRESS
[mlievenberg@werksmans.co.za](mailto:mlevenberg@werksmans.co.za)

YOUR REFERENCE : S Read

OUR REFERENCE : Mr M Levenberg/hvr/AFRI1566.8/00760hvr.doc

29 August 2001

Dear Sirs

KENSANI CONSORTIUM (PROPRIETARY) LIMITED

- 1 We write to you on the instructions of our clients Kensani Consortium (Proprietary) Limited in reply to your letter of the 24 August 2001 written on behalf of four directors of the company to African Merchant Bank Limited ("AMB").
- 2 Our instructions are to comment thereon as follows -
 - 2.1 a board meeting of Kensani Consortium (Proprietary) Limited took place on the 13 June 2001. At that meeting the question of the attitude of Kensani Consortium to the proposed Corpcap Bank merger was considered. Three of your clients were present at that meeting namely Zanle Gama, Dorothy Magerman and Reeva Forman. Your fourth client Edna Dingake was absent from that meeting. Of the eight directors present two directors being certain Eric Ellerine and your client Zanle Gama recused themselves from this issue. The remaining directors unanimously voted against acceptance of the merger offer and instructed the management to use its best endeavours achieve a higher exit price from that being offered. Your clients Dorothy Magerman and Reeva Forman voted for the unanimous decision. Following upon that board decision, the management of Kensani Consortium gave a mandate to AMB under which mandate AMB have since been acting. We record further that on approximately the 9 July 2001 our clients' managing director Ms K Starke discussed the matter telephonically with your client Ms Reeva Forman bringing her up to date on certain interim events. Your client Ms Reeva Forman then again expressed her support for the attitude taken by Kensani Consortium in opposing the merger. Ms Reeva Forman also undertook to bring your other clients up to date on the matter and later confirmed that she had done so. In the context of these circumstances our clients cannot accept that your clients are

PARTNERS CD STEIN (Senior Partner) AD AARON AJ BEHRMANN JM BORTZ TK BORTZ LJ COVIN AM COSTA ACA COSTA GW DRIVER
W DU PLESSIS D EL AKIM SR FISHER J FLEISER D GEYER GF GRESSEL JW HARRISON D HERTZ VR HOS OSKY BB HOTZ G JOHANNES
JR JOHANNES DB KAHN BV KOW N KIRBY M LEVENBERG E LEVENSTEIN AA LIPSHITZ J LUTTIG O VORATIS DL PERKIN F RODRIGUES
JH SCHOLTS MB SIMON PO STEYN JV STOCK KJ TRUDGEON M VAN DER MERWE CA VERSFELD RN WAKEFIELD DC WALKER DW WILLIAMS
RAWINER EXECUTIVE DIRECTOR OF BUTLER ASSOCIATES E FERRE RAINE NOBIN AJ SIMPSON AK VAN AS EP VAN ESDEN JJ VAN WYK

making the requests now put forward in the interest of the company and in a bona fide exercise of their fiduciary rights as directors and accordingly our clients challenge the motivation behind your requests;

- 2.2 the contentions relating to Kensani Holdings (Proprietary) Limited are not understood inasmuch as although Kensani Holdings (Proprietary) Limited is a shareholder of Kensani Consortium (Proprietary) Limited the ratification of Kensani Holdings (Proprietary) Limited to the opposition by Kensani Consortium (Proprietary) Limited is not required in law.
- 3 Our clients do not see on what basis your clients as directors of Kensani Holdings (Proprietary) Limited and Kensani Consortium (Proprietary) Limited have any individual rights to individual independent advice in regard to the proposed merger nor upon what basis they can purport to seek and make demands of the nature now submitted.
- 4 Your clients rights as directors under section 284 (3) of the Companies Act are limited to access to the accounting records only and then only on the basis that the right exists for the benefit of the company and can otherwise only be claimed by a director as a personal right only in the sense that he may invoke it so as to enable him to discharge his personal obligations to the company and his statutory obligations. In accessing such accounting records the director can be assisted by an accountant provided that the company has no objection to the individual accountant suggested. There is no basis under that section for your clients to demand access for yourselves as attorneys.
- 5 Various other questions set out in your letter are not items in respect to which your clients are entitled to make the demands they now make and therefore such demands are repudiated.

All our clients' rights are reserved including the right to claim damages from your clients to the extent that their current actions, in contrast to their previous actions, affects our clients enforcement of their rights as shareholders in Corpcap Bank Limited.

Yours faithfully



MAX LEVENBERG

1st Floor 9 Frickeer Rd
Illovo Boulevard Illovo 2196
PO Box 757
Northlands 2116
Docex 603 Johannesburg



**RABIN, ^{van den}BERG
& PELKOWITZ
INCORPORATED**

Tel: +27 (011) 507 1650
Fax: +27 (011) 507 1094
Office E-mail: attorneys@rvp.co.za

TELEFAX

Worksmans Attorneys
Attention: M Levenberg
(011) 535 8600

No of Pages : 3

Your Ref : Mr M Levenberg/hvr/AFR11566 2/00760hvr.doc
Our Ref : Shaun Read/t/L01205
Individual E-mail : shaun@rvp.co.za
Private Phone : +27 (011) 507 1074

31 August 2001

Dear Sirs

KENSANI CONSORTIUM (PTY) LIMITED AND KENSANI HOLDINGS (PTY) LIMITED

We refer to your two faxes of 28 August 2001 and our request for information contained in faxes dated 24 and 27 August 2001.

Our clients were somewhat surprised at the exceedingly paranoid and defensive attitude adopted by your clients in respect of legitimate requests for information. Particularly in light of the fact that your clients now feign ignorance in relation to which of our clients are directors and shareholders of which companies. The response of your client to the requests for information and their subsequent actions clearly amount to no more than delaying tactics designed to frustrate our clients in their enquiries.

Notwithstanding, we are instructed to respond to your faxes as follows --

1. As your clients are aware, our clients are shareholders in respect of the following companies --
 - 1.1 Morella Investments (Proprietary) Limited - Zanele Gama and Edna Dingake;
 - 1.2 Kensani Holdings (Proprietary) Limited - Dorothy Magemman, Reeve Forman and Jabu Mogsadima;

Directors: Shaun Read ▲ Pau Botha ▲ Saranne Thomas

Consultants: Derek H Rabin ▲ Howard Pelkowitz ▲ PJ Hope ▲ Mark Phillips ▲ Quinton Dicko ▲ Andrew Cederman ▲ Betzie Graydon

Rabin van den Berg & Pelkowitz Incorporated, Reg No 2000/222021/21

1.3 Kensani Consortium (Proprietary) Limited - Delyce West.

2. In addition, and by reason of the structure of the Kensani group, the shareholders of Morelia Investments are indirect shareholders of Kensani Holdings which in turn is a shareholder of Kensani Consortium.
3. In our letters requesting information, we had requested information in respect of all three companies and, to the extent that it is not yet clear to you, such information is requested for and on behalf of the shareholders in respect of the companies of which they are shareholders.
4. Whilst it is correct that our clients had evidence and intention to dispose of their shares, they are unable to determine the value of their shares or whether they should in fact be disposing of their shares until such time as they are fully informed as to their rights and obligations as shareholders. To this end, we were approached for the purposes of giving them such advice. The documentation is being requested on the basis that our clients do not have this information to hand in order for us to properly advise them in relation to their shareholding and to enable our clients to make an evaluation of the value of their shareholding. In this regard, our instructions are that our clients -
 - 4.1 do not have copies of the audited financial statements of any of the companies concerned for 1999, 2000 or 2001. No annual general meetings or other shareholders' meetings appear to have been called for the past three years in respect of the above companies;
 - 4.2 our clients also do not have any share certificates or details of transactions and issues of shares which have taken place and are not certain to what extent pre-emptive rights which may have been applicable, have been honoured in relation to the transfer of these shares;
 - 4.3 our clients do not have details of any funding arrangements which may have been entered into in relation to any of the respective companies which affects their shareholdings in those companies.
5. Although our clients may be party to certain of the documents requested, the fact of the matter is they do not have access to this information which is currently being denied to them.
6. With regard to the current opposition by the Kensani Consortium to the merger of the Corpgru/CorpCapital group, those of our clients who have been identified and are known to your clients as directors of Kensani Consortium and the Kensani Group have to date not mandated us to intervene in any opposition to the aforesaid merger. As matters stand, we have simply been requested by our clients in their capacity as directors to obtain information which has hitherto been denied to them as directors as to the actions of African Merchant Bank. Whether or not some or all of our clients, who are directors of Kensani Consortium, participated in the decision to appoint AMB to oppose the merger, does not mean that our clients, as the members of the board, are thereafter

not entitled to access to the information which has been requested, nor does it mean that our clients are not entitled to seek independent advice as to the actions of AMB, provided that they do not require Kemsani Consortium to effect payment for such independent advice. The actions of your client in denying access to the information requested raises serious concerns relating to corporate governance which is of direct interest to our clients who are directors of Kemsani Consortium and Kemsani Holdings.

- 7. Of further concern would appear to be certain statements that are being made by AMB (we presume on the instructions of your client) in relation to one of our clients, Zanele Gama. In documentation which is being circulated to a number of persons, including the Corpgro/CorpCapital companies, it is stated that "Zanele Gama (Kemsani appointee) has lost the support of Kemsani shareholders (asked to resign as an executive of Kemsani)". Not only are these remarks untrue, they are defamatory in nature.

In the circumstances, we would urge your client to simply adhere to the requests for information which have been directed to them and/or AMB and to provide us with the information and the documentation without further delay.

Finally, it has come to our clients' attention that Kemsani Consortium has transferred its shares in CorpCapital Bank to AMB, as per the share register of CorpCapital Bank. This is obviously of extreme concern to our clients and we have been instructed, as we hereby do, to demand from your client confirmation of whether this transfer has in fact occurred and if so, the circumstances under which Kemsani Consortium disposed of a significant portion of its assets.

To the extent that we have not dealt with the entire contents of your faxes of 23 August 2001, same should not be taken as an admission thereof and all our client's rights are reserved.

Yours faithfully

RABIN VAN DEN BERG & PELKOWITZ INC.

1st Floor 9 Fricker Rd
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PO Box 757
Northlands 2116
Docex 603 Johannesburg



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TELEFAX

Gerard le Roux
African Merchant Bank
(011) 784 8941

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No of Pages

2

Your Ref : G Le Roux
Our Ref: : Shaun Read/ML01205
Individual E-mail : shaun@rvp.co.za
Private Phone : +27 (011) 507 1074

11 September 2001

Dear Mr le Roux

THE KENSANI GROUP

We refer to our telephonic discussion yesterday, 10 September 2001.

We confirm that various discussions have been held in relation to the possibility of our clients disposing of their shares in the Kensani Group. In this regard, we again confirm that our clients are prepared to seriously consider a formal offer in this regard but are unable to give any consideration thereto until such time as such formal offer is forthcoming. In the circumstances, we confirm we await any formal offer that you may have in regard to the sale of our client's shares.

Finally, it has been brought to our attention that AMB have sought to exercise their rights under the funding agreements in respect of Morella Investments (Pty) Ltd and Sambrook Investments (Pty) Ltd. In this regard, we have been placed in possession of a letter from Messrs Coetsee & van Rensburg. We would request that you provide us with copies of the funding agreements in terms of which you purport to exercise your rights.

Directors: Shaun Read ▲ Paul Botna ▲ Saranne Thomas

Consultants: Derek H Rabin ▲ Howard Pelkowitz ▲ PJ Hope ▲ Mark Phillips ▲ Quinton Dicks ▲ Andrew Cadman ▲ Betsie Strydom

Rabin van den Berg & Pelkowitz Incorporated, Reg No 2000/022080/21

Please contact our offices once copies of these funding agreements are available.

Yours faithfully



RABIN VAN DEN BERG & PELKOWITZ INC.

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TELEFAX

Gerard le Roux
African Merchant Bank
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No of Pages : 2
Your Ref : G Le Roux
Our Ref: : Shaun Read/t/L01205
Individual E-mail : shaun@rvp.co.za
Private Phone : +27 (011) 507 1074

19 September 2001

Dear Sirs

THE KENSANI GROUP

We refer to the above matter.

We confirm that AMB is not prepared to put an offer to our clients in regard to their current shareholding as you are concerned that our clients will simply utilise their shareholding to obtain other offers. Instead, you have invited our clients to make an offer to you. In this regard, our instructions are that our clients are hamstrung in their ability to formulate any offers by the information that has, to date, been denied to them and which they are entitled to, either in their capacities as directors and/or shareholders of the various companies within the Kensani group. In addition, our clients are being asked to put an offer under circumstances where you have sought to invoke your rights under funding agreements to which our clients have to date been denied access. Under the present circumstances, we are not in a

Directors: Shaun Read ▲ Paul Botha ▲ Saronne Thomas

Consultants: Derek H Rabin ▲ Howard Pelkowitz ▲ PJ Hope ▲ Mark Phillips ▲ Quinton Dicks ▲ Andrew Cadman ▲ Betsie Strydom

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position to formulate any offers and urge you once again to procure the disclosure of the documentation which we have requested on behalf of our clients.

Yours faithfully



RABIN VAN DEN BERG & PELKOWITZ INC.

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TELEFAX

Werksmans Attorneys
Attention: M Levenberg
(011) 535 8600

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No of Pages : 1

Your Ref : Mr M Levenberg/hvt/AFRI1566.8/00760hvt.doc
Our Ref: : Shaun Read/tl/L01205
Individual E-mail : shaun@rvp.co.za
Private Phone : +27 (011) 507 1074

20 September 2001

Dear Sirs

KENSANI CONSORTIUM (PTY) LIMITED AND KENSANI HOLDINGS (PTY) LIMITED

As you are aware, we represent Zanele Gama, Dorothy Magerman and Edna Dingake, all of whom are directors of the above companies.

2. On 13 June 2001 at a board meeting of Kensani Consortium it was purportedly resolved that:
 - 2.1 Kelly Starke be mandated to represent Kensani Consortium in responding to the Corpgro merger;
 - 2.2 AMB be appointed to advise Kensani Consortium on its response to the Corpgro merger.
3. These resolutions were passed after Eric Ellerine and Zanele Gama had been asked by Starke to leave the meeting ostensibly because they were conflicted in that Eric Ellerine is a director of Corpcapital Bank and Corpgro and Zanele Gama is a director of Corpcapital Bank.

Directors: Shaun Read ▲ Paul Botha ▲ Saranne Thomas
 62158888: Derek H Rabin ▲ Howard Pelkowitz ▲ Pi Hope ▲ Mark Phillips ▲ Quinton Dicks ▲ Andrew Cadman ▲ Betsie Strydom
 Rabin van den Berg & Pelkowitz Incorporated, Reg No 2000/022080/21

4. In the result neither Zanele Gama nor Eric Ellerine participated at all in the discussions of the Kensani Consortium board leading to the passing of the resolutions referred to in 2.
5. We have advised Zanele Gama that her exclusion from participation in these discussions was unlawful and that the advice she received that she was obliged to recuse herself from the meeting was without foundation. The same applies to the exclusion of Eric Ellerine from the meeting.
6. In addition and of equal importance, the resolution was passed in contravention of Article 12 of the Articles of Association of Kensani.
7. In the circumstances the aforesaid resolution passed at the meeting is invalid and of no force and effect.
8. Aside from the validity of the resolution appointing AMB, the conduct of the "mandate" by Starke and AMB is a cause of great concern to our clients inter alia in that -
 - 8.1 rather being reasoned, the public opposition to the Corpgro merger are vitriolic and emotional and contain material defamatory to Zanele Gama;
 - 8.2 the opposition does not adequately take into account the fair and reasonable opinions of the independent advisors to the merger, who have stated that they have taken account of the detailed representations of AMB;
 - 8.3 Zanele Gama is, to your clients' knowledge, aware of detailed information relevant to the merger and is Kensani Consortium's representative on the Corpcapital Bank board, but despite this your clients have not once asked her opinion on the subject;
 8. your clients have failed to take into account the views of Eric Ellerine.
9. The above has led our clients to conclude that the opposition to the Corpgro merger is motivated by factors other than the best interest of Kensani Consortium. The opposition is not achievement orientated because Corpgro has made it clear publicly that it will not improve its offer and they may well be precluded by the SRP rules from doing so. Even if it was possible to succeed in preventing Corpcapital Bank's inclusion in the merger may leave Kensani Consortium in a worse position than if the merger proceeded.
10. The improper conduct in the opposition is compounded by suggestions that, in its campaign against the merger, your client has appropriated and used confidential documentation belonging to Corpcapital Bank and confidential information apparently obtained from a director of Corpcapital Bank. If this is so, we require confirmation of this and details as to how this information came into your client's possession. By virtue of Zanele Gama's directorship of Corpcapital Bank as a representative of Kensani Consortium and your clients

purported use of the confidential information and information on behalf of Kensani Consortium, the suspicion will inevitably be that Zanele Gama is that source. This brings Zanele Gama into disrepute. As you clients know Zanele Gama is not the source, yet they have taken no steps to protect her interests by making an appropriate public disclosure.

11. Our clients also intend to move for the suspension of Kelly Starke as an executive director of Kensani Consortium pending the outcome of further investigations and an appropriate disciplinary hearing, if considered necessary to the board, into her conduct in this regard our clients are investigating *inter alia*:
 - 11.1 the circumstances under which preference shares in various Kensani group structures were issued to members of the AMB group on extremely onerous terms and which are designed to result in Kensani Holdings shares being delivered to AMB in discharge of the redemption of the preference shares;
 - 11.2 the granting of a mandate to AMB in violation of Article 12 of the Articles of Association of Kensani;
 - 11.3 the circumstances under which Kensani Holdings' shareholding in Kensani Consortium was reduced to below 50%;
 - 11.4 why Kelly Starke has withheld material information about the affairs of Kensani from her co-directors and the board;
 - 11.5 the manner in which Kensani's empowerment objectives and strategies have been undermined.

To this end, our clients intend to convene a board meeting.

12. Finally, our clients have been advised of the threat of Kensani Consortium to launch legal proceedings in relation to the Corpgro merger. In this regard, our instructions are that -
 - 12.1 There was no authority granted by the Board to launch such proceedings on behalf of Kensani Consortium or to represent Kensani Consortium in such proceedings. No resolution has been passed by Kensani Consortium to institute any proceedings. The purported resolution referred to in 3 above did not extend to the institution of legal proceedings;
 - 12.2 Article 12 prohibits the institution of such proceedings without the appropriate approval of shareholders;
 - 12.3 you do not have any mandate or instructions from Kensani Consortium to institute such proceedings;
 - 12.4 you are called on to give our clients, through us, full particulars of any proceedings which you are considering or have advised Kensani Consortium to launch or which your clients, ostensibly representing Kensani Consortium, have instructed you to launch or consider;

- 12.5 Article 19.7 of the Articles of Association of Kensani prohibits the institution of such proceedings without the prior written approval of the board of directors;
- 12.6 if notwithstanding this letter, proceedings are launched in the name of Kensani Consortium, our clients will interdict those proceedings and claim from all concerned such damages as Kensani Consortium will have suffered as a consequence thereof;
- 12.7 Kensani Consortium will not bear the costs of any action that is instituted without proper authority.

Yours faithfully

RABIN VAN DEN BERG & PELKOWITZ INC.

REEVA FORMAN (PTY) LIMITED

2 Sherborne Road
Parktown, 2193 Johannesburg
P O Box 31425 Braamfontein
South Africa 2017

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*File - Leased
Agreements*

FACSIMILE TRANSMISSION

TO :	AFRICAN MERCHANT BANK
ATTENTION :	MR ROB DOW
FAX NO. :	784 7826
FROM :	REEVA FORMAN
TELEPHONE NO. :	(011) 482 1570
SUBJECT :	AGREEMENT - CORPCAPITAL INVESTMENTS
TOTAL NO. OF PAGES (Including cover sheet) :	9

Dear Rob

As discussed, please find herewith agreement between Corpcapital Investments and myself.

→ 24 September

Best wishes.

Reeva Forman
REEVA FORMAN

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Agreement

entered into between

Corpcapital Investments (Proprietary) Limited
(Registration No. 1998/000100/07)
2 Arnold Road, Rosebank 2196
Fax: (011) 283-0065
Marked for the attention of: **B Liebmann**

("Corpcapital")

and

Reeva Forman
REEVA FORMAN
(Identity No. 4307060129099)

Fax: (011) 726 3507

("the seller")



1. Recordal

It is recorded that, subject to the fulfilment (or, where appropriate, waiver) of the conditions precedent set out in clause 2 below (the "conditions"):

- 1.1. Corpcapital has granted to the seller a put option entitling the seller to require Corpcapital to buy the seller's 230 ^{TWO HUNDRED AND} ~~THIRTY~~ shares (the "relevant shares") in the issued share capital of Kensani Holdings (Proprietary) Limited (Registration No. 1977/010155/07) ("the company") on the terms set out in clause 3 below; A
- 1.2. the seller has granted Corpcapital a call option entitling Corpcapital to require the seller to sell to Corpcapital the relevant shares on the terms set out in clause 4;
- 1.3. the parties wish to reduce the terms of their agreement to writing.

2. Conditions precedent

- 2.1. This agreement, save for the provisions of this clause 2 and clause 6 (which shall be of immediate force and effect) is subject to the following conditions, namely:
 - 2.1.1. if and to the extent that the relevant shares are subject to any existing pre-emptive rights in favour of a third party/ies, such third party/ies waive such pre-emptive rights or decline the offer to it/them to acquire the relevant shares being the subject matter of such third party/ies' pre-emptive rights;
 - 2.1.2. the conclusion and the becoming unconditional of agreements pursuant to which Corpcapital (or its nominee) will acquire at least:
 - 2.1.2.1. 624 (six hundred and twenty four) ordinary shares in the capital of company; and
 - 2.1.2.2. 70 (seventy) shares in Kensani Consortium (Proprietary) Limited.
- 2.2. The condition in clause 2.1.2 has been stipulated for the benefit of Corpcapital. Corpcapital shall accordingly be entitled to waive fulfilment of such condition by giving written notice to that effect to the seller.



- 2.3. The seller undertakes to use her best endeavours to procure the timeous fulfilment of the condition precedent set out in clause 2.1.1 above.
- 2.4. Unless the conditions are fulfilled (or where appropriate, waived) by not later than 45 (forty five) days from the date on which this agreement is signed by the last of the parties (or such later date as may be agreed to in writing) this agreement (save for the provisions of this clause 2 and clause 6 which shall continue to be of force and effect) shall never become effective.

3. Put option

The seller shall be entitled at any time after the later of (i) 1 October 2001 and (ii) the date of fulfilment or, appropriate, waiver of the conditions and until midnight on 30 November 2001, to put the relevant shares and any claims on loan account against the company, to Corpcapital by giving written notice to Corpcapital, in which event a sale of such shares and claims shall be deemed to have been concluded on the following terms and conditions:

- 3.1. the shares and claims shall be acquired with effect from the date on which the notice was given;
- 3.2. the purchase price of the shares and claims shall, subject to clause 5 below, be R 1135774 ~~ONE THOUSAND ONE HUNDRED AND THIRTY FIVE THOUSAND~~ ^{ONE MILLION SEVEN HUNDRED AND SEVENTY FOUR} (rand);
- 3.3. the purchase price shall be payable in cash against delivery of the relevant documents of title for the shares and claims;
- 3.4. the shares and claims shall be purchased subject to the following warranties or representations which are hereby furnished by the seller, namely:
- 3.4.1. the seller is the beneficial as well as the registered owner thereof;
- 3.4.2. no person has any rights of any nature whatsoever to acquire the shares and claims in question;
- 3.4.3. on delivery of the shares to Corpcapital, Corpcapital will acquire unencumbered and full ownership in and to the shares and claims in question.



[Handwritten signature or mark]

4. Call option

Corpcapital shall be entitled at any time after the later of (i) 1 October 2001 and (ii) the date of fulfilment or, appropriate, waiver of the conditions but until midnight on 30 November 2001, to call on the seller to sell to Corpcapital the relevant shares and the seller's claims on loan account against the company, by giving written notice to such effect to the seller, in which event a sale of such shares and claims shall be deemed to have been concluded on the terms and conditions set out in clause 3.1 to 3.4 above.

5. Price adjustment

- 5.1. The purchase price of the relevant shares and claims has been based on the assumption that the net asset value attributable per share in the company as at 10 September 2001 (being the date upon which African Merchant Bank Limited prepared its net asset valuation schedule attached marked Annexure A) was R4 938,15 (four thousand nine hundred and thirty eight rand and fifteen cents) per share.
- 5.2. If the net asset value per share in the company as at 10 September 2001 was less than or greater than R4 938,15 (four thousand nine hundred and thirty eight rand and fifteen cents), the purchase price per share comprising the relevant shares shall be reduced or increased accordingly; it being the intention that Corpcapital will acquire the relevant shares as at the net asset value of the relevant shares as at 10 September 2001.
- 5.3. In the event of there being a dispute as regards the net asset value per relevant share as at 10 September 2001 or the purchase price payable by Corpcapital to the seller in terms of this agreement, such dispute shall be referred to Fisher Hoffman PKF (Jhb) Inc Chartered Accountants who, in resolving the dispute, shall act as an expert and not as an arbitrator and whose decision shall (in the absence of manifest error) be final and binding on the parties.

6. Confidentiality

The seller undertakes not, without the prior written consent of Corpcapital, to disclose the fact that this agreement has been concluded or to disclose the contents of any of the provisions of this agreement to any third party/ies and then such disclosure shall be subject to the prior written approval of Corpcapital, provided that nothing contained



herein shall prevent or restrict the seller from making such disclosures in order for the seller to comply with her obligations under any existing pre-emptive rights provisions in favour of any third party/ies.

7. Domicilium citandi et executandi

The parties hereby choose as their *domicilia citandi et executandi* for all purposes and for the furnishing of any notices under this or pursuant to this agreement, the address set out on the front cover of this agreement. A party shall on 10 (ten) days' written notice to the other be entitled to amend or change the details of its *domicilium citandi et executandi*.

8. Breach

If any party breaches any material provision or term of this agreement and fails to remedy such breach within 7 (seven) days of giving of written notice requiring her to do so then the aggrieved party shall be entitled without notice, in addition to any other remedy available to her at law or under this agreement, including obtaining an interdict, to cancel this agreement or to claim specific performance of any obligation whether or not the due date for performance has arrived, in either event without prejudice to the aggrieved party's right to claim damages.

9. Whole agreement

- 9.1. This agreement constitutes the whole agreement between the parties.
- 9.2. No amendment or consensual cancellation of this agreement or any provision or term thereof and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this agreement shall be binding unless recorded in a written document signed by the parties. Any such extension, waiver or relaxation or suspension which is so given or made shall be strictly construed as relating strictly to the matter in respect whereof it was made or given.
- 9.3. No extension of time or waiver or relaxation of any of the provisions or terms of this agreement shall operate as an estoppel against any party in respect of its rights under this agreement, nor shall it operate so as to preclude such party thereafter from exercising its rights strictly in accordance with this agreement.



SIGNED by the parties and witnessed on the following dates and at the following places respectively:

DATE	PLACE	WITNESS	SIGNATURE
		1. _____	
		2. _____	
<u>24/9/01</u>	<u>Johannesburg</u>	1. <u>[Signature]</u>	<u>[Signature]</u>
		2. <u>[Signature]</u>	

For: **Corpcapital Investments (Proprietary) Limited**

1. _____

2. _____

1. [Signature]

2. [Signature]

24/9/01

Johannesburg

[Signature]



Annexure A - Net Asset Valuation Schedule



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1

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AGREEMENT

between

JEFF LIEBESMAN
(on behalf of himself and The Corpcapital Group of companies)

and

DAVID WINKLER

and

GERARD LE ROUX

It is agreed that -

- 1 the meeting is held on a without prejudice basis;
- 2 the holding of the meeting and information exchanged at the meeting (all of which is on a without prejudice basis) may not be disclosed to anyone and may not be used for any purpose whatsoever (save for any information which is in the public domain and/or is already held by any of them);

3. *nothing contained in paragraph 2 above will preclude Winkler and Le Roux from advising Kearsavi provided that in doing so they will not disclose information to Kearsavi which they obtained at the meeting*

Signed at

2001
Jeff Liebesman

Jeff Liebesman

Signed at

JWB

on *24th* *Sept* 2001

David Winkler

David Winkler

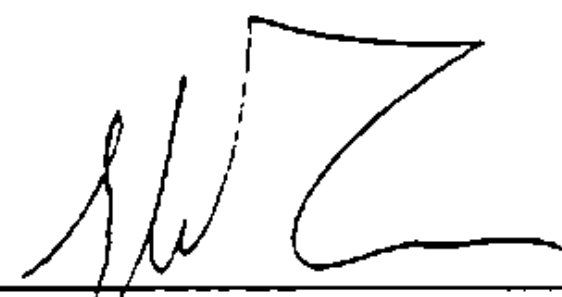
Signed at

Sutton

on

25/9/01

2001



Gerard le Roux

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153

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& PELKOWITZ
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No of Pages : 8
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21 September 2001

URGENT

Dear Sir

KENSANI CONSORTIUM (PROPRIETARY) LIMITED

Kindly see attached notice requisitioning an urgent meeting of the board of directors of Kensani Consortium (Proprietary) Limited.

Yours faithfully

RABIN VAN DEN BERG & PELKOWITZ INC.

:\kinred\erica\Kensani fax to Z Lusenga.doc

154

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BY HAND

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Individual E-mail : shaun@rvp.co.za
Private Phone : +27 (011) 507 1074

21 September 2001

Dear Sir/Madam

REQUISITION OF AN URGENT MEETING OF THE BOARD OF DIRECTORS OF KENSANI CONSORTIUM (PROPRIETARY) LIMITED

We enclose herewith a notice convening a meeting of the board of directors of Kensani Consortium (Proprietary) Limited, scheduled to be held on Friday, 28 September 2001. Please be advised that notice of this meeting is given in terms of the provisions of article 21 of the articles of association of Kensani Consortium (Proprietary) Limited.

Please acknowledge receipt hereof by signing the copy provided for this purpose.

Yours faithfully

RABIN VAN DEN BERG & PELKOWITZ INC.

1:14:46:01:00:Kensani letter to Kensani2.doc


NOTICE TO DIRECTORS OF KENSANI CONSORTIUM CONVENING AN EXTRAORDINARY MEETING OF THE BOARD OF KENSANI CONSORTIUM (PROPRIETARY) LIMITED

BE PLEASED TO TAKE NOTICE that the undersigned directors hereby convene an urgent and extraordinary meeting of the board of directors of Kensani Consortium in terms of the provisions of paragraph 21 or the articles of association of Kensani Consortium.


BE PLEASED TO TAKE NOTICE FURTHER that the purpose of the meeting will be for considering and passing resolutions attached to this notice and that the motivations for such resolutions appear from the letter addressed to attorneys Werksmans for and on behalf of the undersigned directors.

In terms of the provisions of paragraph 21.4 of the articles of association, the meeting will be held at the offices of Brait Merchant Bank Limited, First Floor, Brait Building, 9 Fricker Road, Boardroom 1B, on Friday, 28 September 2001 at 09h00 and that you are entitled to be present thereat in person or by proxy. If you are not able to be present in person or proxy, you may, in terms of the provisions of paragraph 21.12.2 join in the board meeting by teleconference.


DATED at JOHANNESBURG on this 21st day of SEPTEMBER 2001.



ZANELE GAMA



EDNA DINGAKE



DOROTHY MAGERMAN

RESOLUTIONS FOR ADOPTION AT THE MEETING OF DIRECTORS OF KENSANI CONSORTIUM TO BE HELD ON FRIDAY 28 SEPTEMBER 2001

RESOLUTION NO. 1

That Kelly-Anne Starke be and is hereby suspended as managing director of the company on full pay and benefits pending a resolution into the conduct as managing director of the company.

RESOLUTION NO. 2

That Zanele Gama and/or any other person nominated by the majority of the board of directors, be and is hereby appointed as acting managing director until such time as the position of Kelly-Anne Starke has been finally determined by the board of directors.

RESOLUTION NO. 3

That the company immediately withdraw any mandate under which AMB purports to act for and on behalf of the company in relation to the Corpgro/CorpCapital merger.

RESOLUTION NO. 4

That the company immediately withdraw any mandate granted to Werksmans attorneys.

RESOLUTION NO. 5

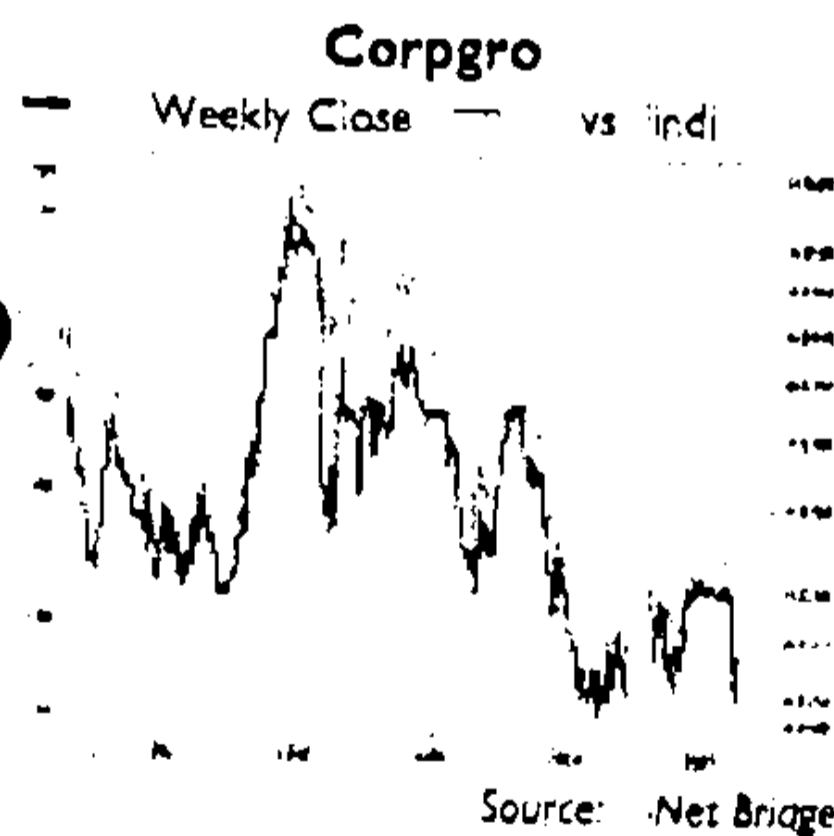
That the board, in light of the circular to shareholders of CorpCapital Bank, reconsider its opposition to the Corpgro/CorpCapital merger and determine how it is to vote at the meeting of the shareholders of CorpCapital Bank to be held on 1 October 2001.

Sector: Financial Services
 Current price: 205c
 Market cap: R503m
 Avg monthly trade: R7.4m

Hold

The counter is trading at an attractive discount to its sum-of-the-parts valuation. However, due to dependence on opportunistic transaction flows and non-cash income statement activity, we believe the counter is fairly valued in the market.

Years to Aug	2000	2001	2002f
EPS (c)	60.1	68.0	74.8
EPS growth (%)	25	1	10
DPS (c)	10.5	12.0	13.2
DPS growth (%)	17	1	10
PE (x)	3.0	2.1	2.5
Divl yield (%)	5.8	6	7.1



Hennie Strauss

1 October 2001

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Issue No F101175

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CorpGro

Demanding earnings basis

Summary

In this report we explore the valuation dynamics and aim to substantiate why the market is placing a discount to the sum of the parts of the Group. More specifically:

- We retrace the rationale for relative valuation between the participating entities and note that the level of unlisted investments has been a key determination in the exchange ratios.
- Earnings remain dependent on opportunistic investment gain and major movements in non-cash income statement activity.
- We adjust the group's earnings basis for such items and note some scope for the improvement in quality of earnings.
- Adjusting for this, we value new CorpCapital shares at 235c using price/book ROE valuation methodology.
- Using a sum-of-the parts valuation methodology, we arrive at a value of 327c per share.
- We expect the counter to trade at a discount to its sum-of-the-parts valuation to reflect concerns about the quality of the group's earnings and exposure to riskier investments.

Substantiating the exchange ratios

In Appendix 1 we have set out the respective valuations of CorpGro, Corpcapital and Corpcapital Bank used to justify the exchange ratio. To arrive at these valuation tables we have used company financial statements market data (market prices at 7 September 2001) and representations from management. (Please note that due to limited information available these valuations do not represent our own estimate of relative value.)

Table 1: Valuation Tables vs. Circulars

	Appendix 1	Circulars
Corpcapital Bank	7.10	7.20
Corpcapital	1.34	1.35
CorpGro	4.00	4.20

Source: Company Financial Statements, Bloomberg Financial Markets

In table 2 we list the outcome of the participating shareholder groups (CorpGro shareholders, Corpcapital and Corpcapital Bank minorities) pursuant to the published exchanged ratios compared to the valuations as set out in Appendix 1. From this analysis we notice that R20m of value is transferred from Corpcapital and Corpcapital Bank minorities to CorpGro level.

Table 2: Impact of Proposed Merger on Shareholder Interest Group's

(000's)	Total	Minorities		CorpGro
		CorpCap	Bank	
CorpGro	491,262			491,262
CorpCapital	487,203	204,625		282,578
CorpCapital Bank	819,110	175,453	417,746	225,910
Valuation pre -Merger	1,797,575	380,079	417,746	999,751
Valuation post merger	1,797,575	365,897	412,283	1,019,401
Difference	(0)	14,187	5,463	(19,650)

Source: Investec Securities Research, Financial Statements, Management

Corpcap valuation is dependent on revaluation of unlisted portfolio

Heavy reliance is required on management valuation data

We demonstrate how sensitive the relative valuations are to unlisted investments

Cashflow's shareholders

These differences are not material however, we are sensitive that the valuations of CorpCapital and CorpGro are more dependent on unlisted investments than CorpCapital Bank. For instance in CorpCapital unlisted assets have been marked up to justify approximately R180m in unrealised gains in the past two reporting periods. Management responded to our observation by maintaining that consistent accounting (revaluation) policies are applied throughout the group and valuation methodology is externally reviewed by the group's auditors.

Valuing unlisted investments are complex and limited information made to investors relating to these investments could detract from gaining comfort in respect of their inclusion in the exchange ratio equation. In this regard investors are dependent on management's estimation data.

The dissatisfaction of some minority shareholders (mostly CorpCapital Bank shareholders) with the exchange ratio has been well publicised. We believe the significance unlisted portfolio could explain such caution. For example: in table 3 we highlight the transfer of value from the bank minority shareholders to the rest of the group given three different levels of value for the unlisted investments. Hypothetically this means that for every R1m overvaluation of unlisted shares Bank minorities are set to sacrifice over R300,000.

Table 3: Valuation Sensitivity Relative to the Unlisted Portfolio's Value

Scenario (R 000)	1	2	3
Value of Unlisted shares	450,000	380,000	320,000
Fair Valuation CorpGro	403c	373c	353c
Fair Valuation CorpCap	134c	118c	115c
Valuation Bank	712c	710c	710c
Bank Minority sacrifice	8c	53c	76c
Implied exchange ratio (Bank vs CorpGro)	1.74	1.90	2.01

Source: Investec Securities Research

Our review is hampered by insufficient data

We do not have sufficient detail on the unlisted investments to express an opinion on the appropriateness the unlisted investment valuation and hence are reliant on management- and independent advisors acceptance of values. More specifically, in the past two years the revaluation of CorpCapital's unlisted portfolio has been extraordinary. This revaluation result has been attained despite mediocre performance of CorpCapital's listed portfolio.



CorpCapital's unlisted investment portfolio is made up of major investments like:

Infinex and

Netainment

40% of non-interest income is generated internally

Clear majority of CorpCap's value highlights that its unlisted portfolio - mainly Infinex, Netainment and its corporate finance operation, represents 37% of its value. Infinex consists of payroll-based lenders (Grand Finance, Izwelethu) and a credit agency (Norman Bisset).

This business funds its lending book by paying a market premium (Prime plus 7%) to CorpCapital Bank and other entities within the group. In addition to the margin on the wholesale funding, the group expects to earn approximately R21m from these investments. Using the value of R70m in Appendix 1 places the combined investment on a price /earnings multiple of 3.3X. This appears to be an undemanding valuation however, due to regulatory changes in the payroll lending industry the market value of like investments (ABIL, Unifer) has lost between 26-28% of its value in the past two years. It is reasonable to assume that (apart from Norman Bisset) little of the unrealised profit related to the micro finance business of Infinex.

This leaves that most of revaluation came from Netainment, an on-line gaming operator. CorpCap invested R30m in 1998 and the present management valuation amounts to some R150m - an aggregate return of 250% p.a. This is an extraordinary return and is not likely to be repeated or sustainable going forward.

Prospects and Quality of Earnings

Internal corporate transactions ^{relating to 1998} have stood the group in good stead in the past few reporting periods, however (as is with most like operations) from a quality of earnings perspective, such revenue flows, represent opportunistic gain which would be difficult to assume as part of the group's recurring earnings base. Of the R314 m revenues earned by the group from investment, trading and fee income almost 40% related to related-party revenue flows and unrealised revaluations.

In table 4 below, we summarise the constituent deconsolidated revenue streams of participating entities for the year ended 31 August 2000.

Table 4: Deconsolidation of CorpGro Group 31 August 2000

	TOTAL	Bank	CorpCap	CorpGro
Margin	26,295	21,507	2,157	2,631
Investing Trading & Fee	314,423	148,281	146,142	20,000
Equity Accounted Earnings	26,272	21,066		5,206
CorpGro Subsidiaries	318,703			318,703
Total Revenues	685,693	190,854	148,299	346,540
Expenses	(334,794)	(62,818)	(34,465)	(237,511)
NPBT	350,899	128,036	113,834	109,029
Tax	(72,490)	(15,324)	(36,131)	(21,035)
NPAT	278,409	112,712	77,703	87,994

Source: Investec Securities Research Company reports

In table 8 below we adjust the after tax contribution to take into account related party transactions, opportunistic revenue flows and material unlisted investment revaluations.

Table 5: Adjustment to After-tax Earnings

	TOTAL	Bank	CorpCap	CorpGro
NPAT - as in table 4	278,409	2,712	77,703	87,994
Adjustments:				
Redefine Structure sell off Note 1	(26,951)	(26,951)		
Capital Structure Note 2	(13,290)	(13,290)		
Revaluation Note 3	(68,500)		(82,500)	
Attr earnings Note 3	48,000		48,000	
CorpCom: Note 4 Earnings (incl Cash)	25,710			25,710
Attributable Earnings	(35,042)			(35,042)
	211,636	82,271	50,703	78,662
	100%	38.9%	24.0%	37.2%

Adjustments explained:

- 1- Structures sold on to create Redefine (R62 million pre-tax profit).
- 2- 2nd tier Capital structure contributes R13 m p.a. to the bottom line and the structure comes to an end in November 2003.
- 3- We have reversed the revaluation of unlisted investments and replace such revenue with our estimate of earnings from this source.
- 4- Elimination of attributable earnings relating to CorpCom's sale, replacement of the cash earnings.

Source: Investec Securities Research

Sustainable earnings stream is 75% of historically declared earnings

To sustain earnings momentum, 2001 earnings are dependent on approximately R 80m of opportunistic revenues

Hence, we build in modest growth assumptions of earnings going forward

The above adjustments reduce the comparable earnings for Corpgro from the disclosed 60.4 cents per share to 48.1 cents per share for the 2000 reporting period. This means that more than 24% of the group's 2000 earnings base came from non-recurring or opportunistic earnings sources. This results in a sustainable ROE for the group of 20.9% compared to the disclosed 27.5%.

Highly opportunistic - non-recurring

Corpgro earned R144m (before minority interest) for the interim period ended 28 February 2001, which is 15% ahead of the 2000 numbers. To produce 15% growth, group increased its investment income by 32% year-on year (and we estimate the unrealised revaluation and realised investments to be in excess of R40m). To produce a 15% increase on full year numbers, we calculate that the group needs to produce earnings in 2H2001 R160m. This result would be R62 m higher than the group's normalised earnings as set out above.

More importantly, we believe establishment of an overly demanding earnings base could place undue pressure on performance going forward. For purposes of our earnings estimate for the combined group, we have built in modest growth of 10-13% on its high earnings base for near-term earnings. Investors should however, take cognisance that disclosed earnings could well be higher on the strength of unrealised revaluation profits that are recognised to attain such an outcome. We will update our expectation of earnings growth once Corpgro reports final earnings on 23 October.



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Securities

Corpgro

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Sum of the parts places a value of 327cents per share

Valuation

To arrive at the sum-of-the-parts valuation below, we have replaced management valuations with our estimate of fair value for individual assets. We have done this using the limited information available and building in some margin of conservatism. On this basis we arrive at a sum-of-the-parts valuation of 327c per share.

Table 6: Sum of the Parts Valuation: Combined Group

	Attr Earnings	P/E	Valuation
Financial Services			
Corcap Bank	82,000	5.0	410,000
Corporate Finance	47,500	2.0	95,000
Listed Investments			
Aqua on Line	6,300	7.9	50,000
Forza	5,500	2.0	11,000
Servest	2,700	3.3	9,000
Redefine*	16,939	13.2	224,000
Onelogix	11,000	4.4	48,500
Unlisted Investments			
Cash	10,000	14.3	143,000
Value of Corpcom	15,000	10.5	157,000
Corpbuild	24,000	4.0	96,000
CorpFood/ Other	11,000	3.0	33,000
Other unlisted	22,000	4.0	88,000
Infinex	21,000	3.5	73,000
TOTAL	274,939	5.2	1,437,500
Shares in Issue			440,265
Valuation (Cents)			327

Source: Investec Securities Research

Which is 40% higher than the ROE/Price: Book valuation

Investors adjust for the "riskiness" of the investment

And believe the counter is fairly valued at 210-230c level

Using the sustainable earnings base as set out above, we arrive at a value per Corpgro share of 235cents per share using our ROE / P:Book valuation methodology.

However, we believe that the discount between the market value and the sum-of-the-parts valuation is mostly due to the inherent risk relating to some of the group's investments. A number of these investments are technology venture capital investments. Although the potential upside could be rewarding, investors could also be subjected to business model redundancy as winners and losers emerge. Judging by the robust unrealised gains recorded by the group to date, management is confident that they are backing a portfolio of winners. The application of a discount by the market would indicate that investors are not as confident.

** See 11/05 - share price reflecting market discount*

Under these circumstances we would expect the present discount between the market value and the sum-of-the-parts to persist and is likely to diminish only once management demonstrates to investors that earnings



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Corpgro

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**Corpcapital Bank appears to
be the cheaper entry level**

growth is less dependent on non-cash income statement activity. We would use the ROE/Price:Book valuation as a more accurate measure of valuation and hence we believe the present market price is reflective of the group's value and we would expect the respective counter (s) to perform in line with the market from present levels.

Investors have until 12 October to seek exposure via the alternate investment vehicles (Corpcapital and Corpcapital Bank), should the merger be approved by shareholders today. However, at present market levels it appears that Corpcapital Bank is trading at less demanding levels than the other two entry levels.

Table 7: Current Market Price vs. Valuation

	Current Market Price	Valuation	(Discount) /Premium
ROE/ Price: Book			
Corpgro	205c	235c	(13%)
Corpcapital	70c	76c	(8%)
Corpcapital Bank	330c	403c	(18%)
Sum of the parts			
Corpgro	205c	327c	(37%)
Corpcapital	70c	106c	(34%)
Corpcapital Bank	330c	561c	(41%)

Source: investec Securities Research

Note

In re-constructing the elements of valuation of the intended merged group we have used the financial data as presented on 31 August 2000. Apart from the movement in reserves (we have adjusted the respective NAV for earnings growth as presented in the interim reporting period to 28 February 2001), we have not been able to usefully apply the interim numbers. This is due to balance sheet and cash flow numbers not being set out in adequate detail to analyse the constituent businesses. Hence, our conclusions could be distorted had the financial position of any of the participating companies changed significantly in the last full reporting period. We endeavour to update this view once such detailed numbers are available.

Appendix I**Valuation of Corpcapital Bank**

(Numbers are in 000's)	% Holding	Valuation
NAV - Bank - Excl. Investments		483,975
2000/01 Earnings		54,492
Listed Investments		
Redefine	58%	225,733
Onelogix	33%	54,910
Total Valuation - Group		819,110
Shares in Issue (000's)		115,379
Valuation Per Share		7.10

Source: Company Financial Statements, Bloomberg Financial Markets

Valuation of Corpcapital

(Numbers are in 000's)	% Holding	Valuation
NAV - Corpcap		(19,299)
2000/01 Earnings		76,845
Listed Investments		
Corpcapital Bank	49%	401,364
Aqua on Line	33%	70,200
Forza	25%	13,843
Servest	10%	15,365
Unlisted Investments		
Netainment	47%	150,000
Infinex	100%	90,250
Other Investments		30,000
Onelogix Structure		(10,000)
Corporate Finance		70,000
Total Valuation - Group		888,567
Shares in Issue (000's)		661,044
Valuation Per Share		1.34

Source: Company Financial Statements Management, Bloomberg Financial Markets



Valuation of Corpgro		
(Numbers are in 000's)	% Holding	Valuation
NAV - Corpgro		(38,148)
Cash		143,000
2000/01 Interim Earnings		77,608
Listed Investments		
CorpCap	58%	515,369
CorpCom	33%	135,338
Unlisted Investments		
Value of CorpCom Put		22,000
Corpbuild	100%	96,464
CorpFood	100%	55,000
Total Valuation - Group		1,006,631
Shares in Issue (000's)		251,588
Valuation Per Share		4.00

Source: Investec Securities Research, Financial Statements, Management

Investec Securities Limited

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KS 27

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ANNEXURE "RR"

KENSANI CONSORTIUM (PROPRIETARY) LIMITED ("KENSANI")

**EXTRACT OF MINUTES OF MEETING OF THE BOARD OF DIRECTORS
OF KENSANI HELD ON 13 JUNE 2001****"6. REVIEW OF INVESTMENTS**

- **Corpcapital Bank Limited**

EE and ZG were recused. CorpCap Bank had been granted ministerial approval. Erol Grolman had said Kensani would receive shares in the new collapsed structure. Kensani is a minority. The board resolved that Kensani should try and exit at a minimum price of R7,00 per CCB share and request cash instead of shares. The board agreed unanimously that KS / management should use best endeavours to achieve a deal at NAV or more and exit if possible or alternatively agree to receive shares at NAV if no choice."

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ANNEXURE "E"

KENSANI CONSORTIUM (PROPRIETARY) LIMITED ("KENSANI")

**EXTRACT OF MINUTES OF MEETING OF THE BOARD OF DIRECTORS
OF KENSANI HELD ON 28 SEPTEMBER 2001**

- 10.2 The Chairman asked Z Gama to address the board and give them reasons why she felt that the board should reconsider a unanimous decision taken to oppose the Corpgro/CorpCapital merger.
- 10.3 Z Gama was asked to excuse herself for a portion of the previous board meeting and therefore did not have any information to base her vote on the merger.
- 10.4 R. Dow advised the board that the merger was said to be fair and reasonable. As CEO of AMB he had privileged information which could not be disclosed. He confirmed that the merger was reasonable, however, he personally did not believe that it was fair because relevant information should be circulated to all shareholders.
- 10.5 Mr Sabier explained that the company had invested 50 million and to date had lost a total of 18 million rand. As a minority shareholder, Kensani Consortium wants to make a statement that they do not agree to the merger.
- 10.6 After further deliberation, Z Gama confirmed that she would vote against the Corpgro/CorpCapital merger in line with the previous board decision.
— pressure from board.
- 10.7 The board unanimously agreed that they would not change the previous resolution to vote against the Corpgro/CorpCapital merger.
- 10.8 **RESOLVED THAT K. Starke, in her capacity as Managing Director, be and is hereby authorized to attend the meeting of the shareholders of CorpCapital Bank to be held on 1 October 2001 on behalf of Kensani Consortium and vote against the merger."**

KS 29

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> Jeff Liebesman: CEO, Corpgro and Kelley Starcke, CEO, Kensani

By: Alec Hogg

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MONEYWEB: Bruce Whitfield has been following the action that's been going on between Corpgro, Corpcapital Bank, Corpcapital itself and Kensani, which is an investment company, black-owned, and in particular owned and managed by women. Now what has happened Bruce will tell you in a moment, but we have in the studio Jeff Liebesman and also listing on the line Kelley Starcke, who is the chief executive of Kensani. Bruce, fill us in.

BRUCE WHITFIELD: Well the whole fight is over the price Corpgro is prepared to pay for the merger with Corpcapital and Corpcapital Bank. The three boards have approved the merger, but a group of minority shareholders has been making life difficult for them. There's been a massive row between that group of minority shareholders in Corpcapital Bank. They've been saying that Corpgro's not playing fair and not offering enough for the business. They've offered the bank shareholders one Corpgro share for every 3.1 Corpcapital shares they own, and some minorities are saying that this isn't enough. Leading the battle has been the empowerment group Kensani, with the support of African Merchant Bank. They've been trying to drum up support to defeat the proposal. Corpgro's offer is worth about R4 per share and Kensani MD Kelley Starcke has said on this programme before, a couple of weeks ago, that they place a value of R5.60 on the shares. So there has been a big gap between what Corpgro's prepared to pay and what Kensani's prepared to accept. Corpgro's independent advisers insist the price is fair, though, and now shareholders will have to have the final say. Interestingly enough, also a couple of weeks ago on the programme Jeff Liebesman did say that he would not up the offer if his effort to merge the companies was defeated.

MONEYWEB: Thanks to Bruce Whitfield in the Moneyweb News Centre. Well Jeff, the last time you were on this programme you said what you really wanted was buy-in from all parties. Are you getting it?

JEFF LIEBESMAN: Alec, we're getting it from the majority of the parties, yes. There's been tremendous support. Obviously, the dissenting minority is restricted to those shareholders - essentially it's Kensani and Equinox,

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IT'S A PIECE OF CAKE



Graphics



Jeff Liebesman: CE, Corpgro



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as we understand, in the main.

MONEYWEB: How much do they control?

JEFF LIEBESMAN: Between the two I think 15%. A little bit less possibly than 15%.

MONEYWEB: Is that enough to block the deal?

JEFF LIEBESMAN: No, in fact the SRP advised us today that they'd received external opinion and have ruled that there are no grounds to stop the share trust from voting. The JSE has also ruled likewise. So, it would appear now that the voting will go ahead.

MONEYWEB: So that was the issue - the share trust. What is in the share trust?

JEFF LIEBESMAN: I think it's about 13%.

MONEYWEB: And who controls that? The company?

JEFF LIEBESMAN: No, no, there are independent trustees who were actually appointed to the share trust before we took over the Fulcrum Bank as it was then.

MONEYWEB: And who are those trustees?

JEFF LIEBESMAN: To the best of my knowledge, I know it's Estlan Galtz - Alec, I don't know who the other two are. There are three.

MONEYWEB: But they have given you their support for this deal?

JEFF LIEBESMAN: They have indicated their support, yes. After careful consideration.

MONEYWEB: The other bit of news that came out today was there has been a proposal put together by African Merchant Bank which was given to PricewaterhouseCoopers, the auditing firm, to consider. African Merchant Bank didn't feel that this was a fair offer. What did they actually have in that proposal that they didn't like?

JEFF LIEBESMAN: Yes, I don't think it was a proposal. It was a presentation. It was quite specific. I've had sight of it. I think the answer is quite profound in that the independent advisers yet again ...

MONEYWEB: That's Pricewaterhouse.

JEFF LIEBESMAN: Correct. And also it had to go back to the other two for their peer review as well. They have come back quite clearly and definitively in, after having duly considered the presentations made by AMB, and as you've seen today on SENS, re-affirmed their swap ratios, and now have in fact indicated that the fair and reasonable will be presented in the circular, which hopefully now we can get on with putting

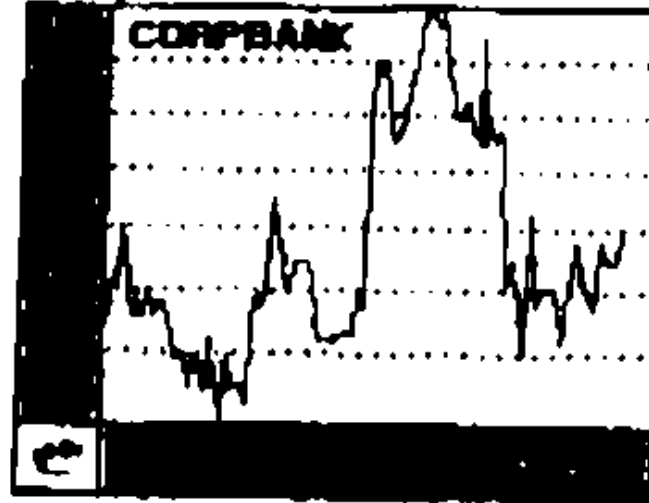
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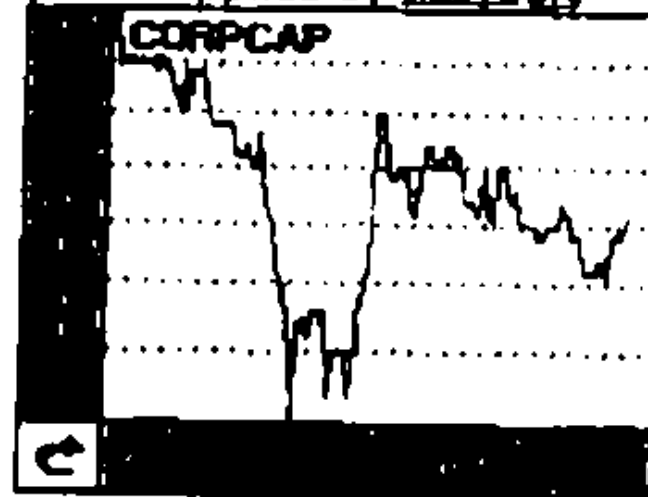
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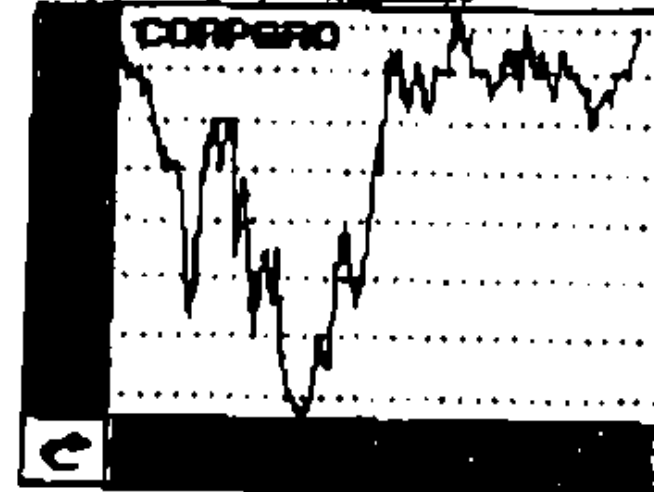
Graphs



Corpcapital Bank - daily share price supplied by EasySoft



Corpcapital - daily share price supplied by EasySoft



CorpGro - daily share price supplied by EasySoft

Quotable

"In fact the SRP advised us today that they'd received external opinion and have ruled that there are no grounds to stop the share trust from voting." : Jeff Liebesman:



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out by the 7th of September.

MONEYWEB: You didn't answer my question. What did AMB not like about this? What was their argument?

JEFF LIEBESMAN: Well, I think essentially their argument is silly. I mean their documentation - you know it's not nice to criticise a competitor, but quite frankly it's glaring in its weaknesses. I can tell you, for example, they leave out in excess of R250m of the value of Corpcapital's proprietary investments, unlisteds, which is absolutely obtainable from the accounts. They leave out some R90m-odd of net cash proceeds to be derived from the Corpcor transaction in Corpgro. They double-count the bank's value in certain of its investments, by several hundred million. Now I've only deal with three, if you wish, killer points. It's littered with other inaccuracies.

MONEYWEB: And the auditors at this point in time said they're not prepared to accept what AMB have presented, and in fact they are continuing in their original proposal - i.e. what you're offering is fair.

JEFF LIEBESMAN: Yes. Admittedly it isn't a comprehensive analysis of the document, but what I've just described to you more than puts paid to this inappropriate information going out into the market, which is incorrect. And I think what the auditors have now considered is that document in its completeness. And I think that it is answered in the SENS announcement. So we, I think, should let shareholders get on with considering the merits of the deal. We would be absolutely delighted for Kensani to come back in, and we would love to spend time with them.

MONEYWEB: Have you, since you were last on this programme, have you got together with Kelley Starcke?

JEFF LIEBESMAN: I've been unable to do that. We have obviously made attempts, but I'm sure Kelley is also tied up at this time.

MONEYWEB: So where to from here?

JEFF LIEBESMAN: Well, we get the circular out and we get the show on the road. We get the shareholders to the vote. We want to get on and build the group. We want to merge it. We want to move forward. This has been debilitating, make no error. Across the platform. It's time-consuming. It's unfortunate, notwithstanding that we do welcome shareholder active participation into the affairs of the company - we really do. We'd like it to be based on correct fact, not necessarily incorrect fact. And by the way, the fact that I'm talking about, these items, are absolutely available from public information. Totally available from audited accounts, from circulars that have been sent out over this time. Nothing that I have referred to cannot be got from public information.

MONEYWEB: When will the vote be held?

JEFF LIEBESMAN: Alec, I don't have the timetable. If we do get the circular out by the 7th of September, I guess it's about 21 days thereafter.

MONEYWEB: So by the end of the year, at least?

JEFF LIEBESMAN: Oh, I sincerely hope this is done and dusted long before that.

MONEYWEB: And what percentage of the vote do you need?

JEFF LIEBESMAN: The way we're going we would need to have the majority of the minority.

MONEYWEB: So how big is the majority?

JEFF LIEBESMAN: It's 51%. You need 25.5%, if everybody comes to the vote.

MONEYWEB: Kelley Starcke - you've heard what Jeff Liebesman had to say. Have you anything to add?

KELLEY STARCKE: I think so, Alec. As far as Kensani is concerned, what Jeff is saying doesn't change anything, from our perspective. I think a number of points he's made tonight are extremely selective. We have up to now been denied access to the independent reports. We have not had the courtesy of a response from Jeff, nor from them. In fact, we understand that the independent advisers have been denied from speaking to us. And there is nothing that we have seen that changes what was originally proposed from Jeff Liebesman's side.

MONEYWEB: Sorry, you say that the independent advisers have been denied from speaking to you. Surely you can pick up the phone and call Pricewaterhouse?

KELLEY STARCKE: We understand that they have not been allowed to speak to us.

MONEYWEB: On what grounds?

KELLEY STARCKE: They wouldn't say.

MONEYWEB: But they just said to you "we cannot speak to you".

KELLEY STARCKE: Yes, they did.

MONEYWEB: How do you react to what Jeff Liebesman has said just now about the AMB report?

KELLEY STARCKE: Alec, I think Jeff is being extremely selective in his response. There are a number of issues in this report. There are unrealised gains that have been accounted for as real profits. Questions remain with related party transactions. There's been funding provided by Corpcapital Bank to related companies. There's been fees paid by the

Jeff Liebesman: CEO, CorpGro and Kelley Starcke, CEO, Kensani

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Kensani. It's an issue of corporate governance. Jeff believes he's done everything right, Kelley is not so keen. But, as both parties say, let's put it to the vote. David Shapiro? This is going to be exciting. Down to the wire.

DAVID SHAPIRO: I think so, and I think you need an intimate knowledge actually to comment on this one. Perhaps just to protect the independent advisers - I think when you do nominate an independent adviser they make their statement through the circular. I don't think they go out and say "this is why we did it". That's what auditors are there for and, just being an auditor myself, I know that's the full extent of their association or communication with outsiders.

MONEYWEB: That's a very good point. Jeff, did you tell Pricewaterhouse that they're not allowed to speak to Kensani?

JEFF LIEBESMAN: Oh, no, not at all. I did hear Kelley's comment on that, but the answer's no. But I think David's point is right - that hopefully the circular will give the shareholders sufficient information. The one point I should make in all the things that Kelley was saying, is that I have no doubt that the auditors, the independent advisers, considered all the facts material, relevant to deriving yet again the confirmation of the swap ratios. I have knowledge of most of what Kelley was saying, and I can tell you that they have all been considered and have been dealt with appropriately, and there are no issues of related party transgressions. There are no issues, absolutely, of inter-company non-compliance in the proper fashion. In fact CorpGro and Corpcapital have been more than generous in passing down business opportunity to Corpcapital Bank, in building it - for example giving it the property side, in passing down very generous fees on transactions for example on the Macadam deal, in passing down loans that are very rich to the bank, in support of building up an annuity income stream to allow the bank to develop systems procedures and controls, which are expense-consuming in the beginning. I think that Gro and Capital have been very generous in this regard, and I think it's sad that it would be suggested in fact that it's the other way around. Now, all these facts have been at the independent advisers for weeks and weeks and weeks. Even before the AMB intervention. With the AMB intervention, it's heightened their need to look at it more closely. Today we still find this coming through.

MONEYWEB: As you say, let's put it to the vote.

JEFF LIEBESMAN: Yes, it is compelling.

MONEYWEB: Jeff Liebesman, talking there about the CorpGro proposed acquisition of Corpcapital Bank. Well, we said last time it's not going to go away. Doesn't look like it will either.

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bank to related companies. There've been losses suffered by loans made to related parties, and there are a number of things in the documents that are not available to us.

MONEYWEB: So it's far from over as far as you're concerned?

KELLEY STARCKE: It's far from over as far as we're concerned, Alec. In fact, a number of the things that Jeff is saying are ridiculous to us. He's saying that he doesn't know who the trustees are. Currently the trust document cannot be found. And there are a number of things that are being said that we find ludicrous in what Jeff is saying tonight. There are questions that we are asking, like why have the year-end results not been included in this transaction. The year-end is now. Jeff is saying that there are not enough shares to block. We have in excess of 20% minority objection to this. Jeff is saying there are a couple of shareholders that are objecting. We've had an overwhelming flood of calls from minority shareholders.

MONEYWEB: So you're confident that you'll be able to vote it down?

KELLEY STARCKE: If Corpcapital Bank or the group play fair in this transaction, yes, we would vote it down.

MONEYWEB: But the news today that the share trust, roughly 13% of the equity, will be able to vote and clearly will be voting in Corpgro's favour - does that still give you a chance of winning?

KELLEY STARCKE: Well, there are a number of questions that have not been answered with regard to the share trust. And there is no definitive answer that the share trust at this stage is allowed to vote. And that's according to the SRP.

MONEYWEB: Well, that's Kelley Starcke from Kensani. Jeff, she's coming out fighting, that's for sure.

JEFF LIEBESMAN: No, I hear what she's got to say. I'm not too sure of the purpose, or where it's all going in the interests of the company or the shareholders. But you know, at the end of the day the vote must be put before the shareholders and let them decide. The circular must get out and let the shareholders make the vote on the day.

MONEYWEB: But you said earlier that the SRP, the Securities Regulation Panel, the official body, has said that your share trust can vote in this issue. And clearly they're going to vote the Corpgro way. Kelley has now said that that's not the case.

JEFF LIEBESMAN: Yes, I didn't quite follow Kelley's comment in that regard, but we have been advised today that there are no grounds to stop the trust from voting. And that's confirmed by the JSE as well.

MONEYWEB: Jeff Liebesman and before him Kelley Starcke from

Extract of Minutes of meeting of the board of directors of
Kensani held on 13 June 2001

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6.	The Chairman read and proposed each of the following resolutions in terms of the annexure to the notice of the meeting:
6.1	<p>RESOLUTION NO. 1 - Suspension of K. Starke as Managing Director "That Kelley Anne Starke be and is hereby suspended as managing director of the company on full pay and benefits pending a resolution into the conduct as managing director of the company."</p>
6.2	The Chairman asked Z. Gama, E. Dingake and D. Magerman to give the board reasons why they believe that K. Starke deserved to be suspended.
6.3	D. Magerman raised allegations that K. Starke had attended an overseas conference with a colleague at the company's expense and as a direct result, the company's travel budget of R30 000 was exceeded by R50 000.
6.4	R. Dow advised the board that the issue of travelling was interrogated at the previous board meeting and that executive directors are entitled to be reimbursed for legitimate expenses incurred in the proper course of business.
6.5	R. Dow noted that he believed this meeting was unlawful and of no cause and effect and he reserved his rights to contest any decision taken.
6.6	G. West advised that the core problem was that some of the directors had problems getting basic information from K. Starke.
6.7	As managing director, K. Starke was obliged to let them have statutory information (memorandum and articles of association), financial information (financial statements) and general information (details of agreements).
6.8	G. West noted that numerous requests over a period of three months had proven futile, and therefore led to the request to suspend K. Starke.
6.9	R. Dow asked for details of the requests and the specific documentation that was not supplied.
6.10	S. Read confirmed that he had submitted a request on 24 August 2001 and 31 August 2001 for copies of the company's memorandum and articles of association, share register, shareholders minutes and sale of share agreements, all funding agreements and audited financial statements.
6.11	IT WAS NOTED THAT S. Read was referred to the company secretary Lucro Consulting & Auditing, and subject to clarity on the capacity of the representation, S. Read was provided with copies of the share register and the companies memorandum and articles of association.
6.12	The Chairman noted that the financial statements were included in previous board packs and copies of the various agreements had also been supplied in previous board packs.
6.13	J. Stock asked S. Read what legal obligations K. Starke had to comply with to provide information which was previously circulated to the entire board and approved unanimously by the board.
6.14	J. Stock reiterated that K. Starke was under no legal obligation. In terms of her fiduciary duty, K. Starke had extinguished her obligation by providing the board with the information initially.

6.15	The Chairman called the meeting to order. He explained that the course of events was over a 4 – 6 week period, and noted that K. Starke was "tied up" with numerous business commitments.			
6.16	G. West confirmed that the company had not had an annual general meeting since 1997.			
6.17	IT WAS RECORDED THAT the company secretary should call an annual general meeting as soon as possible.			
6.18	After further discussions, the Chairman called the meeting to order and put the decision to the board to vote.			
6.19	G. Le Roux circulated a schedule of the shareholding.			
6.20	S. Read queried whether the N ordinary shares had the same voting powers as the ordinary shares.			
6.21	J. Stock referred the board to section 21.5 of the company's articles of association and quoted the provisions thereof. He added that in previous sections, the articles made specific reference to N ordinary and ordinary shares and therefore the reference to shares in section 21.5 shall be seen as all shares (ordinary and N ordinary).			
6.22	S. Read stated that on behalf of E. Ellerne, he reserved the right to contest the interpretation of section 21.5 of the company's articles of association, and in so doing, contest the outcome of the final voting rights.			
6.23	The proposed resolution was rejected by a majority vote.			
6.24	For the record the voting was noted as follows:			
6.25	<table border="0"> <tr> <td style="vertical-align: top;">FOR 1876 ordinary 151 N ordinary <u>2027 shares</u></td> <td style="vertical-align: top;">AGAINST 1235 ordinary 6674 N ordinary <u>7909 shares</u></td> <td style="vertical-align: top;">ABSTAIN nil nil</td> </tr> </table>	FOR 1876 ordinary 151 N ordinary <u>2027 shares</u>	AGAINST 1235 ordinary 6674 N ordinary <u>7909 shares</u>	ABSTAIN nil nil
FOR 1876 ordinary 151 N ordinary <u>2027 shares</u>	AGAINST 1235 ordinary 6674 N ordinary <u>7909 shares</u>	ABSTAIN nil nil		
6.26	R. Dow noted that he believed this meeting was unlawful and of no cause and effect and he reserved his rights to contest any decision taken.			
7 7.1	<p>RESOLUTION NO. 2 – Appointment of Acting Managing Director "THAT Zane'e Gama and/or any other person nominated by the majority of the board of directors, be and is hereby appointed as acting managing director until such time as the position of Kelley-Anne Starke has been finally determined by the board of directors."</p>			
7.2	This resolution was not applicable, as the board did not agree to suspend K. Starke who is still the company's Managing Director.			
8 8.1	<p>RESOLUTION NO. 3 – Withdraw Mandate to AMB "THAT the company immediately withdraw any mandate under which AMB purports to act for and on behalf of the company in relation to the Corpgrd/CorpCapital merger."</p>			

8.2	R. Dow advised the board that the mandate had lapsed and no further work had been done for the company therefore this resolution would not be applicable.												
8.3	The board unanimously agreed that this resolution was not applicable.												
9	RESOLUTION NO. 4 – Withdraw Mandate to Werksmans												
9.1	"THAT the company immediately withdraw any mandate granted to Werksmans Attorneys"												
9.2	J. Stocks assured the board that should the Mandate to Werksmans be withdrawn or found invalid, then all work will be suspended and final accounts submitted to the company for settlement and all files would be returned.												
9.3	The Chairman concluded the discussion by noting that the issue was not to decide if Werksmans had a valid mandate or not – by virtue of the resolution being passed the board acknowledges that a mandate was validly given to Werksmans Attorneys. The decision, was whether or not to withdraw the mandate already given to Werksmans Attorneys?												
9.4	The proposed resolution was rejected by a majority vote.												
9.5	For the record, the voting was tabled as follows:												
9.6	<table> <thead> <tr> <th>FOR</th> <th>AGAINST</th> <th>ABSTAIN</th> </tr> </thead> <tbody> <tr> <td>1876 ordinary</td> <td>1235 ordinary</td> <td>nil</td> </tr> <tr> <td>151 N ordinary</td> <td>6674 N ordinary</td> <td>nil</td> </tr> <tr> <td><u>2027 shares</u></td> <td><u>7909 shares</u></td> <td></td> </tr> </tbody> </table>	FOR	AGAINST	ABSTAIN	1876 ordinary	1235 ordinary	nil	151 N ordinary	6674 N ordinary	nil	<u>2027 shares</u>	<u>7909 shares</u>	
FOR	AGAINST	ABSTAIN											
1876 ordinary	1235 ordinary	nil											
151 N ordinary	6674 N ordinary	nil											
<u>2027 shares</u>	<u>7909 shares</u>												
10.	RESOLUTION NO. 5 - Opposition to the Corpgra/CorpCapital merger												
10.1	"THAT the board, in the light of the circular to shareholders of CorpCapital Bank, reconsider its opposition to the Corpgra/CorpCapital merger and determine how it is to vote at the meeting of the shareholders of CorpCapital Bank to be held on 1 October 2001."												
10.2	The Chairman asked Z. Gama to address the board and give them reasons why she felt that the board should reconsider a unanimous decision taken to oppose the Corpgra/CorpCapital merger.												
10.3	Z. Gama was asked to excuse herself for a portion of the previous board meeting and therefore did not have any information to base her vote on the merger.												
10.4	R. Dow advised the board that the merger was said to be fair and reasonable. As CEO of AMB he had privileged information which could not be disclosed. He confirmed that the merger was reasonable however, he personally did not believe that it was fair because relevant information should be circulated to all shareholders.												
10.5	Mr Sabier explained that the company had invested 50 million and to date had lost a total of 18 million rand. As a minority shareholder, Kensani Consortium wants to make a statement that they do not agree to the merger.												
10.6	After further deliberation, Z Gama confirmed that she would vote against the Corpgra/CorpCapital merger in line with the previous board decision.												

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10.7	The board unanimously agreed that they would not change the previous resolution to vote against the Corpgro/CorpCapital merger.	
10.8	RESOLVED THAT K. Starke, in her capacity as Managing Director, be and is hereby authorised to attend the meeting of the shareholders of CorpCapital Bank to be held on 1 October 2001 on behalf of Kensani Consortium and vote against the merger.	
10.9	FURTHER RESOLVED THAT R. Dow be and is hereby authorised, in his capacity as an alternate director to K. Starke, to attend the meeting of the shareholders of CorpCapital Bank in place of K. Starke, should she not be in good health to do so.	
11.	Closing	
11.1	The Chairman, thanking all present closed the meeting at 11:10am.	

SIGNED AS A TRUE RECORD ON _____ DAY OF _____ 2001

CHAIRMAN
D. Msibi

WORLDWIDE BANKING CORPORATION
INTERNATIONAL BANKING CORPORATION
AFRICAN MERCH BANK
PUBLIC COMPANY LIMITED

CORPCAPITAL BANK CONTROLLING COMPANY LIMITED

and

CORPCAPITAL LIMITED

and

CORPORA LIMITED

and

KENSANI CONSORTIUM (PROPRIETARY) LIMITED

and

KELLEY STARKE

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2001/06/01

1. Introduction
- 1.1 Corpcapital Bank Limited ("Bank"), Corpcapital Limited ("Corpcapital") and Corpgro Limited ("Corpgro") (together "the Corpgro Parties") are currently involved in a series of transactions in terms of which all of the shares and options in both Bank and Corpcapital held by parties other than the Corpgro Parties will ultimately be exchanged, for shares in Corpgro Limited ("New Corpgro Shares") and options in Corpgro Limited ("the Merger").
- 1.2 Kensaani Consortium (Proprietary) Limited ("Kensaani") is the beneficial owner of 10 000 200 ordinary shares in the capital of Bank which shares are registered in the name of CMB Nominees (Proprietary) Limited.
- 1.3 AMB Holdings Limited ("AMB") is the sole shareholder of African Merchant Bank Limited ("AMB Bank"), which is the financial advisor to Kensaani.
- 1.4 Kelley Starke ("Starke") is the chief executive officer of Kensaani.
- 1.5 Kensaani, Starke (in her capacity as chief executive officer of Kensaani) and AMB Bank have, over the past few weeks, raised various objections to the proposed transaction in the Merger, insofar as that transaction relates to Kensaani as a shareholder in Bank.
- 1.6 In addition, Kensaani has raised certain procedural issues relating to the validity of the general meeting of Bank shareholders held on 1 October 2001 ("the Meeting") and/or certain resolutions passed at the Meeting ("the Resolutions") and/or the validity of any agreements ratified at the Meeting ("the Agreement").
- 1.7 Kensaani has, prior to the date of this agreement, instituted action in order to obtain an interdict deferring the date of the Meeting; prior to the holding of the Meeting such action was withdrawn.
- 1.8 The Corpgro Parties believe that they and/or their directors, employees or advisors have certain actions against, *inter alia*, Kensaani and/or Starke and/or AMB and/or AMB Bank arising out of the publicity, press (both printed and electronic) coverage, and other public information relating to the Merger emanating from, *inter alia*, or allegedly emanating from Kensaani and/or Starke.



STATE OF MISSISSIPPI
RECORDS SECTION

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3.

1.8 The parties wish to settle all claims or potential claims that they may have against one another arising out of or in connection with the Merger and accordingly wish to enter into this agreement.

2. Settlement

2.1 The Corporate Parties (on their own behalf and on behalf all of their respective directors, employees, advisors), agree that they will:

2.1.1 not institute any action, of any nature whatsoever, against any or all of Kensani, its directors, Starke, and their respective advisors or employees, arising out of or related in any way to the Merger, including but not limited to arising out of any statements made by such parties in the press (printed or electronic), which relate in any way to the Merger;

2.1.2 forthwith withdraw all letters of demand, demands or actions of any nature whatsoever against Kensani, its directors, Starke, their respective advisors, or employees arising out of or related in any way to the Merger, including but not limited to arising out of any statements made by such parties in the press (printed or electronic), which relate in any way to the Merger

2.2 Kensani (on its own behalf and on behalf of its directors and employees) and Starke agree that they will not, whether directly or indirectly, in an advisory or in any other capacity, proceed with or commence or promote or participate in any legal or similar action of any nature whatsoever in relation to the Merger, including but not limited to,

2.2.1 any action relating to the validity or otherwise of the Meeting, the Resolutions or the Agreement; or

2.2.2 any action relating to the validity or otherwise of the Merger.

2.3 Kensani and Starke agree to support the Merger

2.4 Kensani (on its own behalf and on behalf of its directors and employees) and Starke agree neither now or in the future raise any issue relating to the Merger (or the merits of the Merger) or related issues arising from the Merger

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either through the media or with any shareholders or potential shareholders of any of the Corpgro Parties.

3 Shareholding in Kensaani group

The Corpgro Parties (on their own behalf and on behalf of their respective directors, employees and advisors) undertake that for a period of 120 days from the date of signature of this agreement, they shall not, directly or indirectly, acquire and/or provide funding to any third party to acquire any shares in the capita of Kensaani or Kensaani Holdings (Proprietary) Limited ("Kensaani Holdings") (collectively "Kensaani Shares") unless the relevant number of Kensaani Shares were first offered in writing to all of Kensaani's current institutional shareholders (other than AMB or any of its subsidiaries) (collectively the "Institutional Shareholders") by way of a written offer stating only the price (which shall sound in money in South African currency) and the terms of payment required by the vendor of the relevant shares, and such Institutional Shareholders do not, within 21 days after receipt of the offer (during which period the offer shall be irrevocable) accept the offer in writing in respect of all of the shares so offered, in which event the Corpgro Parties shall be entitled to purchase all such shares at the same price as was offered to the Institutional Shareholders, within a period of 21 days thereafter.

4 Placing of New Corpgro shares

For a period of 30 days following the Merger being implemented, the Corpgro Parties undertake to use their best endeavours to place all of the New Corpgro Shares which Kensaani will receive on the implementation of the Merger with a third party placee/s at a price to be agreed to between Kensaani and the proposed placee/s. Kensaani will, if so requested from time to time by the Corpgro Parties, indicate the price at which it will be willing to dispose of its New Corpgro Shares.

6 Good faith

The parties undertake that for so long as Kensaani is a shareholder in any of the companies in the Corpgro group, or any successor to those companies, that they will deal with one another and one another's executives in good faith; the parties shall endeavour in good faith to resolve all queries, disputes and disagreements

between them in private and amicably, in particular, no party shall make any press statement (printed or electronic), or communicate with any third party in relation to the shareholding of Kansani in the Corpgro group, unless and until the parties have, on a good faith basis, endeavoured to resolve any differences between themselves in private and directly.

6. Public statements

6.1 The parties agree to the wording of the joint announcement attached to this agreement marked Annexure A (the "Joint Announcement"). The Joint Announcement will be released as soon as practicable after the execution of this agreement on the Stock Exchange News Service and in any other appropriate media.

6.2 Each of the Corpgro Parties undertakes not to make any announcement, statement or disclosure or issue any documentation relating to the Merger that makes any reference to Kansani, or any of its employees, directors or advisors or Starke, whether in their personal or professional capacities, without the prior approval of Kansani and Starke.

6.3 Each of Kansani and Starke undertake not to make any announcement, statement, comment or disclosure or issue of any documentation relating to the Merger, the Corpgro parties and/or their executives without the prior written approval of Corpgro.

7. Confidentiality

7.1 The parties wish to retain strict confidentiality regarding the negotiations and subject matter and content of this agreement.

7.2 Accordingly, each of the parties undertakes to one another to treat the negotiations, the substance and form of this agreement, and all other confidential matters relating to this agreement in the strictest confidence, not to make disclosure thereof to any third party outside of their respective groups, except to their advisors and in except where such disclosure may be necessary to comply with any law or with any regulation of the JSE.

WAVE CORP DEPT 211 892 5100
AFRI VERON BANK

8.1.3.3 be sent by telefax (if the domicile includes a telefax number) to the domicile chosen by the party concerned.

8.1.4 A notice given as set out above shall be deemed to have been duly given:-

8.1.4.1 if delivered, on the date of delivery; or

8.1.4.2 if sent by post, 7 business days after posting; or

8.1.4.3 if sent by telefax, on the day that the telefax is transmitted, except that any telefax transmitted after 18:30 shall be deemed to have been received on the following business day.

8.2 entire contract

This Agreement constitutes the entire contract between the Parties with regard to the matters dealt with in this Agreement and no representations, terms, conditions or warranties in respect of the matters dealt with in this Agreement not contained in this Agreement shall be binding on the Parties

8.3 variations and cancellation

No agreement varying, adding to, deleting from or cancelling this Agreement shall be effective unless reduced to writing and signed by or on behalf of the Parties

8.4 indulgences

No indulgence granted by any party to any other party shall constitute a waiver of any of that party's rights under this Agreement; accordingly, that party shall not be precluded, as a consequence of having granted such indulgence, from exercising any rights against the other party or Parties which may have arisen in the past or which may arise in the future.

8.5 no representations

No party may rely on any representation which allegedly induced that party to enter into this Agreement, unless the representation is accorded in this Agreement.



WWW.MIRMAVCA.BVA67.Compassi.Korea.Agnames.BR.com
210,390

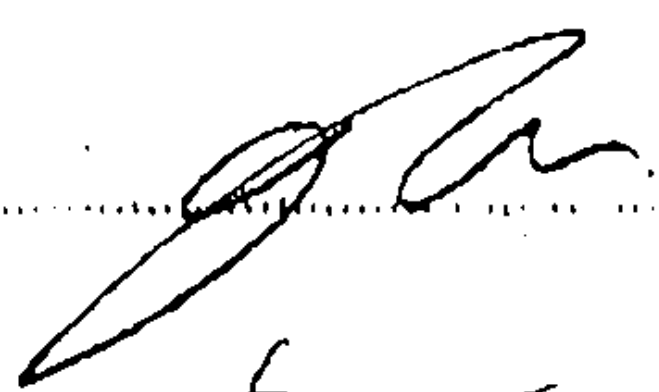
Signed at *Fairways*

on *5 October*

2001

Witness

for **Corpcapital Bank Controlling
Company Limited**





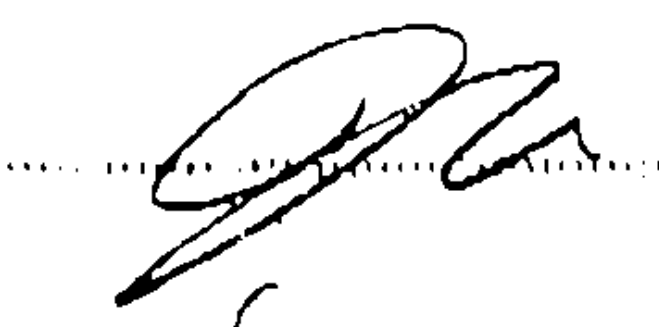
Signed at *Fairways*

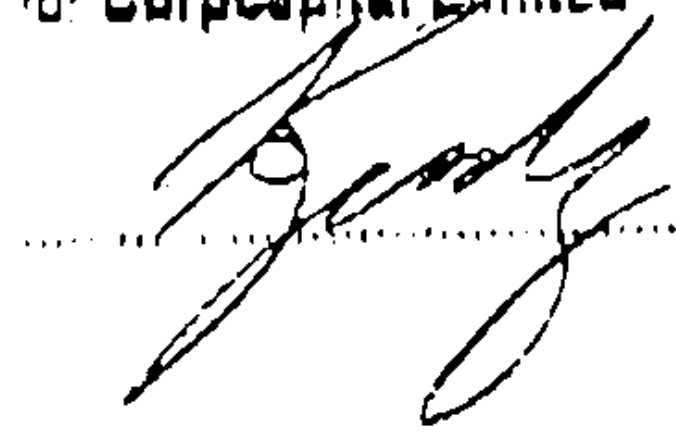
on *5 October*

2001

Witness

for **Corpcapital Limited**





Signed at *Fairways*

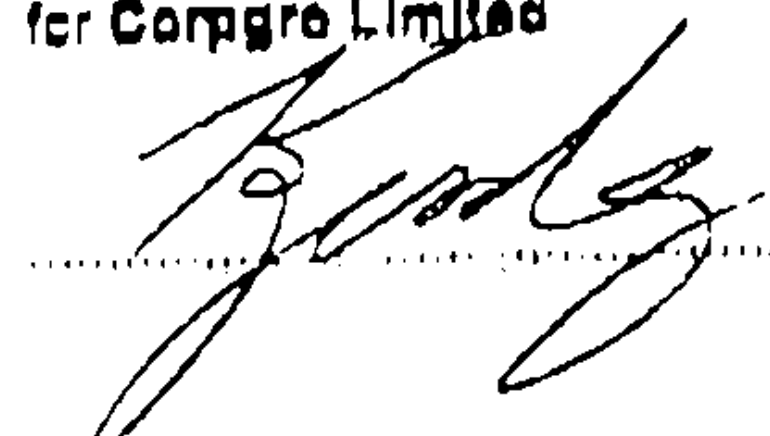
on

2001

Witness

for **Corpro Limited**





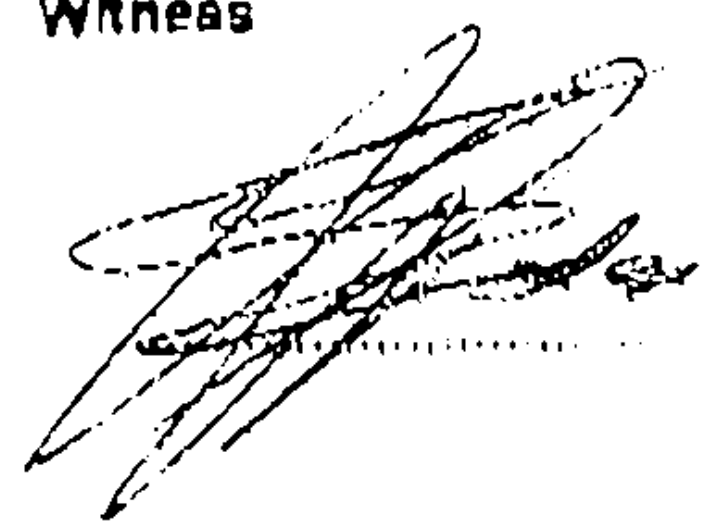
Signed at *Seoul City*

on *5 October*

2001

Witness

for **Kensanl Consortium (Proprietary)
Limited**





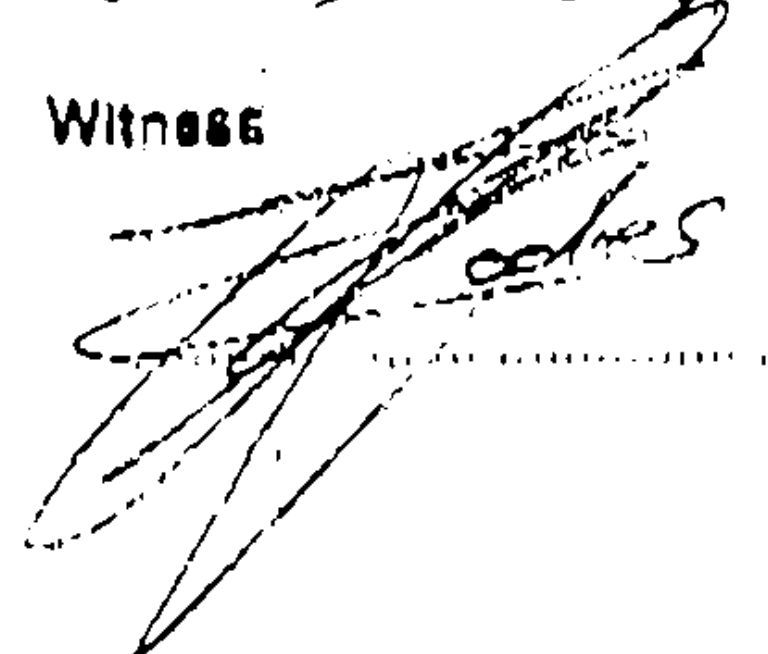
Signed at *Seoul City*

on *5 October*

2001

Witness

Kelley Starke





- Logo -
Corpro Limited
(Registration number
1983/0) 1354/06)
Share code:
'Corpro'

- Logo -
Corpcapital Limited
(Registration number
1946/023536/06)
Share code:
'Corpcapital'

- (Logo) -
Corpcapital Bank
Controlling Company
Limited
(Registration number
1998/08346/06)
Share code:
'Corpcapital Bank'

- (Logo) -
Kensani Consortium
(Proprietary) Limited
(Registration number)
'Kensani'

Joint announcement: Corpcapital group merger ("merger")

1. Corpcapital Corporate Finance on behalf of Corpro, Corpcapital and Corpcapital Bank ("the Corpcapital group") and Africa Merchant Bank Limited on behalf of Kensani are pleased to jointly announce that:
 - 1.1 the Corpcapital group and Kensani have agreed to withdraw all allegations made by either of them against the other in relation to the merger;
 - 1.2 the Corpcapital group and Kensani recognise that Kensani has consistently supported the merger with its endeavours to influence in favour of shareholders of Corpcapital Bank the share ratios at which the merger was prepared;
 - 1.3 the terms of the merger are no longer subject to change. Kensani has withdrawn its objections to the meeting of shareholders of Corpcapital Bank on 1 October 2001 and to the validity of the resolutions passed at that meeting and accepts the result of the meeting; and
 - 1.4 the Corpcapital group and Kensani have agreed to co-operate with one another to implement the merger and to work together in order to enhance shareholder value in the Corpcapital group and in Kensani.
2. The Corpcapital group and Kensani have agreed that the announcement of shareholder value is best served if no further statements are made to the media in regard to the above.

Korobank
1 October 2001

Corporate advisor and joint sponsor to the
Corpcapital Group
- Logo -
Corpcapital Corporate Finance

Joint sponsor to the Corpcapital Group
- Logo -
J&B Securities (Proprietary) Limited

Corporate advisor to Kensani
- Logo -
Africa Merchant Bank Limited

Gerrard
The flexibility on timing of release that we agreed telephonically is important. Please confirm the content - I confirm that you will sign off on logo's etc before this is released.

Arden *J* *By*