

**EMAIL FROM AGRIZZI TO MARTIN NASSER - AGRIZZI EITHER WISHES TO TAKEOVER AGO WITH CREARIS TEAM OR SEE IT LIQUIDATE** 224

**From:** Angelo Agrizzi <angelo@angeloagrizzi.com>

**Date:** Thursday, 15 March 2018 at 20:07

**To:** [REDACTED]

**Subject:** FW: Discussions with Gavin Potential Management Take Over

[REDACTED]

Thanks for the interest and effort.

I'm glad to hear you had a good session with Gavin – he does need sound advice, and it's interesting to hear he admits he was given the wrong advice previously – a sad... sad state of affairs.

I have given the matter due consideration, and sentiment for the 3,000 families cannot overrule common sense and good business practice.

I understand Gavin's quandary and trying to deal with a defunct and volatile board, perhaps that is why we tried to make a suggestion we speak to the board individually in terms of the strategic plan, but having said that it seems the problem is somewhat larger, which then would make any potential offering stillborn, especially if the board doesn't want to adhere to their fiduciary duties when warned of an impending crisis.

Just to comment on the business opportunities in Swaziland and Zambia as well as Uganda and even other African States, quite simply I looked into it when I was approached by the same people, the UAE funding is so prescriptive it just isn't worth it, and I have experienced first-hand how the local intent is rather to get into ones pocket rather than actually develop the countries, so the little experience I have and the money I've spent has already taught me a valuable

I understand that opportunities do exist outside the borders, but my intention was never to work together with Gavin or his board, it wouldn't serve any purpose, the intellectual base resides with the team at Crearis, Hamptons, Pixelwise and PropertyMatcher, My Virtual Business and Crowdsourcing.com. My intent was to potentially rescue the business and assist the families impacted.

I am sure that you've spoken to Julius about the developments now with PropertyMatcher being potentially bought out by Ooba / Mortgage SA are just astounding and will take a lot of our time, so I have no need for work to keep me occupied.

The initial idea was that we look at doing a comprehensive takeover of the business unit known as African Global, which will allow Gavin the freedom of not having to fund the cash flow and opex from the Ntsibinthe dividends that pay on a six month basis, and allow him to try something new.

You will note that the period trading till February 2017 (during my tenure) will reflect an adjust profit of R50,000,000 on the AFS, but if you look at the returns submitted for period ending Feb 2018, you will effectively have a trading loss of (R50,000,000.00), based on the flash forecast I've always kept up to date, as well as the overdraft in the bank, so the fact is it clearly shows that the business turned by an effective R100,000,000 into a loss situation, obviously still to incur further losses to end up at about (R90,000,000) by end Feb 2019, unless the strategy is drastically changed.

I've spoken to various banking and funding specialists, the suggestion is that it serves little purpose in debating with Gavin further to take over the business as this will merely serve to save him the embarrassment, and would in effect mean that we would have to take on a liability of at least R98,000,000.00 to R120,000,000.00 exposure to staff termination and retrenchment costs. With the actual discount nett asset value perhaps now standing at R 400,000,000.00 (Excluding Ntsibinthe)– at best we could unbundle the assets – most of them being property, Copper plant, goodwill and software which will never be used or sold, and recover maybe R120,000,000.00 but the fact remains that the viability of paying more that R100,000,000 for the business is questionable at best.

The fact remains the balance sheet is riding on all the previous year's good trading profits, the actual assets that are usable might be at best say R100,000,000 so in fact if you take the contingent liability for staff off it at an average R120,000,000 you left with an overdraft and seriously wanting – You cannot at this stage take Ntsibinthe into account, sure the asset is valued at an estimated R300,000,000 but at the end of the day that would be for Gavin to have anyway and would be unbundled. This coupled with a massive risk exposure of R300,000,000 in SARS penalties is a considerable risk.

I also doubt the banks are going to let African Global pass the liquidity tests, so from what I hear Gavin is doomed if he doesn't get in a rescue team such as us, more so than if he does, and chances upsetting the likes of Papa and Jackie, who won't have a job come August 2018 anyway.

So the answer is simply, as we were advised today, we wait till the business is liquidated and pick up the contracts by offering assistance during the process, that's if Gavin doesn't relinquish the business as this stage, that way I am also released from any restraint, something that has kept me from pursuing other ventures in Catering, one of the reasons I wanted to get involved. I still am of the opinion that if we do fix the contracts, with the correct branding etc. it will make for a viable saleable basket to Bidvest or Sodexo, and that is where we could make some money.

I am not adverse to meeting with him and yourself next week – I don't know if it would be worth it seeing he is set on the path of he has chosen, its interesting he is excluding the attorney in the process. I don't think he will change his mind on the matter seeing he is being held ransom as he insists by Papa and Jackie.

■, once more Grazie Mille – I really appreciate your advice, it gives me clarity and comfort knowing I still can call on the best brains in the world, supported by McMillan – what more could a good Catholic like me ask for.

Ciao and Buono Notte



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