

RMB CORVEST

Newsletter



Issue number 02 December 2009

As this rather tumultuous year draws to a close we would like to update you on what we have been up to over the past two years or so. Since we last spoke, there have been some changes to the Corvest family, as well as a move to fantastic new offices in Johannesburg. We moved to our existing premises in The Reserve, 54 Melville Road, Illovo in January last year and have been very happy here. We couldn't resist sharing our new offices with you – see the picture of them below...

Staff members come and go and in the last two years we've...

- bid a sad farewell to Gary Macdonald who has moved to Cape Town
- welcomed Genevieve Alberts who has replaced Gary, and Samantha Elliott both of whom join us with private equity experience
- also welcomed Athol Williams, who has joined us to look after our BEE investments
- and congratulated Philile Maphumulo on the birth of her baby girl, Nandi

We've been very busy on the BEE front, having launched Shalamuka Capital in conjunction with The Shalamuka Foundation, a trust whose beneficiary is the Penreach Whole School Development Programme; and Zico Capital, a BEE private equity fund which RMB Corvest is funding with Sandile Zungu as its head.



Over the past two years, RMB Corvest has been involved in a number of deals which include:

Chemimpo

June 07: Chemimpo is a chemical distribution business, supplying the food, construction, plastic, coatings and rubber industries. Corvest initially invested in Chemimpo through one of its BEE funds, Safika Investments, and in January 2009 Corvest purchased 10% directly.

Davita Trading

March 08: Davita Trading manufactures and distributes powdered fruit juices and powdered stock to many countries in Africa. Corvest invested alongside the Desilet brothers, who originally started the business in 1999. Tragically, Brian Desilet passed away suddenly on 3 November 2009. The Corvest team extends its most sincere

Micros

June 07: Micros distributes hospitality information systems in South Africa to restaurants, fast food outlets and hotels. Corvest was initially invested in Micros until October 1999, but sold out when the overseas principal purchased the South African operations. The opportunity to invest in the business arose again in 2007, and Corvest and Safika Investments invested alongside management.

Diamonds Discount Liquor

July 07: Diamonds is a chain of more than 30 retail liquor stores in the Western Cape which Corvest purchased from the two brothers that owned it. Corvest head hunted a new managing director to take over from the brothers. A new operations manager has also been employed.

Ecocleen

September 07: Ecocleen is a contract cleaning services business based in the UK. Ecocleen is co-owned and managed by a team of Brits, South Africans and Zimbabweans. Its focus is on the retail cleaning sector and is based in Bury St Edmunds, Suffolk, approximately 1 ½ hours' drive north-east of London. Corvest has invested in it with Servest, part of whose strategy is to grow its business in the UK and this investment was made as part of this strategy.

Millennium Socks

December 07: Millennium Socks is a sock manufacturer with factories in Pietermaritzburg and Cape Town. It sells to the major fashion retailers in South Africa including Woolworths, Mr Price, Foschini and Edgars. Corvest invested to provide funding for an acquisition.

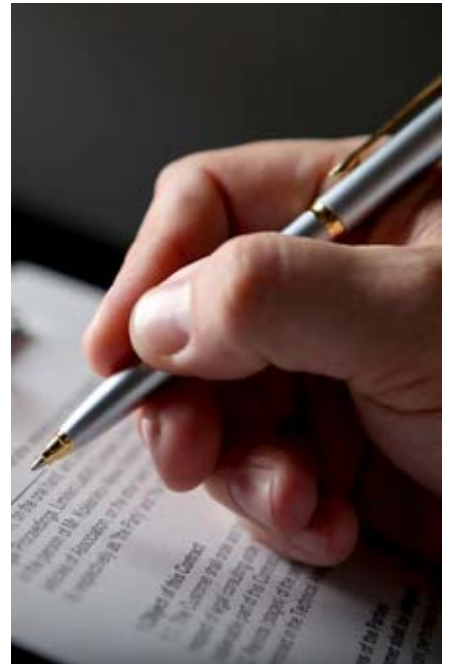
SA Die

Feb 08: SA Die manufacturers and supplies a number of components to OEM's in the South African motor industry. Key components include handbrakes, and brake and clutch pedals, with Toyota being its most significant customer. Corvest funded management to enter into an MBO of the company. Ukuvula Investment Holdings, a BEE company based in Port Elizabeth, is the BEE partner which has other related motor industry investments.

condolences to his family. Brian will be deeply missed.

Dynamic Bedding

Oct 08: Dynamic Bedding manufactures bed bases and mattresses which it distributes through a network of independently owned franchises, Bed Shop and Bed City. Corvest invested in Dynamic Bedding with management in an MBO.





Look & Listen Group

Nov 08: Look & Listen is a retailer of CD's, DVD's, gaming hardware and software products, and consumer electronics such as Apple and Bose. The Group also owns Spilhaus, a luxury retailer of cutlery, crystal stemware, giftware and jewellery, and Whitehouse, a supplier of bedroom and bathroom merchandise. Corvest has purchased 25% of the Group.

Global Fish

January 09: Global Fish is a tuna trading business based in Cape Town. Some tuna is purchased from Namibian fisherman and the balance from fisherman fishing off the South African coast. All tuna is exported to Europe and Middle East for canning. Corvest is invested in the company alongside management and Equicap, an "investment branch" of Corvest situated in Cape Town.

Seesa

March 09: Seesa provides labour-related legal services to small and medium enterprises in South Africa and operates nationwide through 19 offices. Services include drafting of employment contracts, representing

employers in dispute resolutions, compiling relevant labour litigation documentation, assistance with disciplinary hearings, retrenchments, strike management and negotiations. It also provides advice to companies on their BEE accreditation process. Corvest invested alongside management in an MBO of this asset.

NCF Financial Services

May 09: NCF Financial Services is a provider of first and second tier short term mortgage bonds in Australia and is based on The Gold Coast. Corvest acquired a shareholding and is providing development capital.

Special opportunities in property

June 09: Corvest has partnered with a property entrepreneur, Rob Alexander, to establish a property related private equity fund to take advantage of special opportunities in the commercial and industrial property market. The intention is for this fund to provide the equity required by the financiers in purchasing property.

Deals concluded by Shalamuka Capital include:

Bedrock

June 09: Bedrock is the largest mining timber supply company in the country. Corvest invested in it in November 2004 and funded two black empowerment partners to acquire a stake in the company. In June 09, one of these black empowerment companies wished to realise its stake in Bedrock and sold it to Shalamuka Capital.

West Rand Engineering

August 09: West Rand Engineering manufactures and distributes fluid transfer and other equipment to the underground hardrock mining industry. It was a division of Ozz Industries in which Corvest was invested until February 2008. The purchasers of Ozz did not buy West Rand Engineering so Corvest, together with Ethos and Kagiso, remained shareholders in the company. This year Kagiso and Ethos decided to exit West Rand Engineering as they were winding up the funds which were invested in the company. Therefore Shalamuka bought Ethos and Kagiso's stake so that the company would remain black empowered.



As you can see we have been fairly busy! Although private equity activity, like the rest of the financial services sector, has declined due to the downturn in the economy RMB Corvest has been involved in a number of deals, especially those in the black economic empowerment space. We continue to seek out good quality deals, in order to complement our already established and broad base of quality investments.

Despite the hard work this year, we managed to find some time to compete in the team leg of one of the BSG Energade Triathlon events held in Germiston in November. We managed to enter three teams which, for a modest sized company such as ours, is no mean feat! One of our teams, despite little training, won third place in the team category: Neil Page powered his way through the 600m swim in cold, murky water; Martin Coetzee did us proud in the pivotal cycle leg and Francois Cilliers, not to be outdone, was commendable in the 5km run, coming home with a team time of 1 hour 26min 30 sec. Congratulations guys!

Congratulations also go to ourselves as Corvest celebrated its 20th birthday on 27 November this year! It's been quite a ride and we've had great fun and learned many lessons - but most importantly, we couldn't have done it without all of you.

We'd like to take this opportunity to wish you and your families a happy, safe and prosperous festive season and new year. We sincerely thank our management teams and associates for your tenacity and hard work during this difficult year, and look forward to sharing the excitement around the 2010 World Cup and the economy's upturn next year and beyond.

Thank you
The RMB Corvest team

For further information on RMB Corvest, Shalamuka Capital or Zico Capital, or if you wish to discuss your needs with one of the RMB Corvest executives, please call +27 11 380 8300 or visit www.rmbcorvest.co.za