

PRESS RELEASE

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RMB CORVEST & TANDEM CAPITAL TO FUND CHEMSPEC MANAGEMENT BUYOUT AND BEE INVESTMENT

RMB Corvest, a private equity business in the FirstRand Group, and Tandem Capital today confirmed they will fund a R205 million management buy out (MBO) of and BEE investment into one of SA's leading paint manufacturers, Chemical Specialities (Pty) Ltd (Chemspec).

Chemspec is the third largest paint manufacturer in South Africa, behind Plascon and Dulux. It manufactures and distributes paint in the industrial, automotive and decorative markets. The company's biggest contributor to turnover is its supply of coatings to the furniture wood finishes market in the industrial sector, followed by its supply of coatings to the automotive refinish market. Chemspec is also growing aggressively into the decorative coatings market.

Chemspec is better known by its retail network of 'House of Paint' stores. It is the only paint manufacturer to own a retail division, with 40% of its turnover being derived from these stores. It is currently investigating the concept of franchising these retail stores.

RMB Corvest will back existing management, together with a BEE component through Tandem Capital, to buy the business from the Dykins family. The deal follows a decision by Tim Dykins and his father Peter to retire from the business.

Tandem Capital is an empowerment investment group owned by RMB Corvest, Safika Holdings and the Olwethu Trust, the beneficiaries of which are the employees of companies in which RMB Corvest and Tandem has invested. 40% of these beneficiaries are black women. Safika manages Tandem, which has already concluded numerous empowerment transactions.

RMB Corvest executive and Tandem director, Stephen Brown, said the group was attracted to the deal due to Chemspec's strong growth potential. "Chemspec has an established brand in the retail sector, and a strong market share in the industrial and automotive sectors. These factors, coupled with the parastatal, OEM and construction tenders that will now be available to the company through the BEE deal, puts the company in a very strong position in the coatings industry," Brown said.

Chemspec has also expanded its distribution, mainly of automotive products, into Botswana, Namibia, Tanzania and Australia.

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Notes to editors

RMB Corvest is a private equity company in the FirstRand Group. It was established in 1989 by Neil Page, Dick Merks and Dave Rissik with the aim of investing in established, well-managed businesses with a demonstrable record of performance. It has completed more than 100 deals to date and has a professional staff complement of nine people with collective experience in investment banking of about 90 years.

The company specialises in orchestrating and funding private equity deals in the medium enterprise sector, especially those with a BEE component. RMB Corvest provides specialist services including funding for BEE consortiums to secure equity stakes and providing BEE solutions to companies. RMB Corvest initiatives include Tandem Capital, a broad-based black managed and controlled investment company that is 40% owned by RMB Corvest; and 8.5% by Safika Holdings, one of SA's leading empowerment investment companies, with whom RMB Corvest co-invests in selected empowerment deals.
