

Dear Mr / Mrs / Ms / Investor

NB: The official Highveld Syndication Action Group (“HSAG”) notices are the only official source of information where investors can find information regarding the HSAG and we invite you to visit the website at www.hsaction.co.za. E-mails are also sent out from time to time. The onus is always on investors to ensure that their application form for the HSAG has been completed correctly and that they keep us up to date with any amendments with regards to their contact details as well as email addresses. Kindly visit our website and complete the HSAG Questionnaire on Survey Monkey.

FOREWORD

As attorneys of the HSAG, Theron & Partners would like to thank each and every loyal supporter of the HSAG for their dedication and continuing moral and financial support. We can assure all that without this support it would not be possible to carry on with this process to recover investors’ claims. We and our advocates are doing everything in our power to recover your capital as soon and quickly as possible and we would like to assure you that our personnel are working around the clock in order to protect your interests.

The well-known author James Clear once said: “ROME WASN’T BUILT IN A DAY, BUT THEY WERE LAYING BRICKS EVERY HOUR.” With various court decisions already in our favour we are still on a road to success, notwithstanding many efforts of our opponents to derail the process. Sometimes it feels as if you take two steps forward and one step back, but we would like to give you our assurance that the wheels of justice continue turning slowly but surely.

Your legal team is still positive about the merits of this case. Indeed, both Judges Ismail and Murphy in recent High Court Cases, as well as Judge Spilg in previous decisions, stated in their judgments that Mr Nic Georgiou and Orthotouch are misusing the legal processes in order to frustrate the interest of justice. It is for this reason that we want to request our supporters to distance themselves from any communication with the agents and sympathisers of Mr Nic Georgiou, such as Elna Visage, Helgard Hancke, Herman Lombaard and others and to disregard social media and Whatsapp groups operated by them.

Those members whose registration and legal costs are in arrears are urgently requested to bring these costs immediately up to date in order for us to be able to protect investors’ interests and withstand the continuous onslaughts against the HS class action. To date membership contributions had been nominal and have we previously mentioned that we will not be in a position to manage a case of this magnitude on a contingency basis. We can only successfully continue with your case if we have the necessary financial and other support.

ADMINISTRATIVE CUT-OFF DATE FOR REGISTRATION AT THE HSAG

PLEASE TAKE NOTE that 31 March 2017 was the cut-off date for late-registrations to join the HSAG. Any further applications would only be considered on an *ad hoc* basis with specific requirements.

All further requests and enquiries must be submitted in writing to hsagenquiries@gmail.com.

1. THE HSAG CLASS ACTION

The HSAG has recently received favourable judgments by two High Courts and also the Supreme Court of Appeal.

As mentioned previously, we confirm that the HSAG brought two urgent Applications in the High Courts of Pretoria and Johannesburg against *inter alia* Mr Nic Georgiou, Orthotouch and former HSAG Applicants for the irregular withdrawal of the Application for the Certification of the Class Action (Pretoria) and the Setting Aside of the Section 155 Ruling Scheme (Johannesburg).

On 17 March 2017 the Johannesburg High Court made a ruling in favour of the HSAG with costs. The Johannesburg High Court considered both applications to be urgent in light of the stratagem (“plot”) employed by the former HSAG Applicants and their new attorney. The Setting Aside Application was reinstated and the new HSAG Applicants were formally joined as Applicants in the Johannesburg matter. The Judge condemned the plot of Mr Nic Georgiou and the former HSAG applicants’ attorney, Mr Jeff Donnenburg.

On 7 April 2017 the Pretoria High Court has also ruled in favour of the HSAG against Orthotouch, Mr Nic Georgiou and the former HSAG Applicants. As in the Johannesburg Application, the Pretoria High Court viewed this matter as urgent and made the appropriate cost order. This favourable judgment made by Judge Murphy makes it possible for the HSAG to continue with the Application for the Certification of the Class Action.

These matters are purely interlocutory (interim) and non-appealable but Mr Nic Georgiou and others indicated that they would like to appeal against the Johannesburg ruling and we are expecting a similar stance in the Pretoria matter.

The Supreme Court of Appeal in Bloemfontein also ruled in favour of the HSAG with costs, and specifically ruled in an attempted appeal by Orthotouch against a previous judgment of Judge Spilg in Johannesburg that the matter was purely interlocutory and that, in any event, there is no prospect of success in the appeal and no other compelling reason why an appeal should be heard. Business Rescue Practitioner Hans Klopper withdrew his application for appeal.

Orthotouch and Hans Klopper are now obliged to supply the attorneys of the HSAG with a list of all persons who were entitled to vote in respect of the S155 Scheme of Arrangement and to whom notice thereof was given. The Receiver of Orthotouch, Derek Cohen, is also obliged to provide the HSAG Attorneys with a list of all persons who voted in favour or against the approval of the S155 Scheme of Arrangement.

All judgments are available on our website at www.hsaction.co.za under *Media, Press releases and notices* and we would like to invite you to read them.

2. SETTLEMENT NEGOTIATIONS

Earlier this year, Mr Nic Georgiou solemnly undertook to make the first payment on the 30th of April 2017 to those persons who indicated their willingness to settle. He furthermore undertook that the settlement documentation would be signed on or before 31 March 2017. A venue in Stellenbosch was reserved for the signing on 30th and 31st of March 2017. The approximate 800 written Settlement Negotiations were tendered to Mr Nic Georgiou for his signature.

However, at the meeting of the 30th and 31st of March 2017, Mr Nic Georgiou refused to sign the settlement documentation. According to Mr Nic Georgiou there is no benefit for him if he only settles a portion of the class action and he indicated that he would only be able to acquire financial backing if he was going to settle the class action as a whole. He wanted an opportunity to make a more favourable offer to the class action as a whole. A final due date for an improved offer was established for April 2017. This offer would entail that a larger portion of each investor's capital together with costs to be repaid. Once we have such an offer from Mr Nic Georgiou we would communicate the essence thereof with members of the HSAG via our website.

A lot of effort has been put into the process of reaching a meaningful settlement and we would not easily entertain or allow any further extensions or delays in this matter and would the HSAG seriously consider to permanently withdraw from the settlement negotiations if Mr Nic Georgiou does not honour his word for a better settlement offer.

Despite the continuous delays and extensions in the settlement process which can solely be contributed to Mr Nic Georgiou, we are continuing with the litigation process, and are the favourable judgments proof thereof.

During the settlement negotiations on 30 & 31 March 2017 Mr Nic Georgiou confirmed that he wants to settle all HSAG members' claims. It was reiterated that the existing favourable settlement agreement as was acceptable to Mr Nic Georgiou and the erstwhile HSAG Steering Committee on 11 August 2016, be retained.

Mr Georgiou enquired about the approximate amount/amounts payable by him and/or for which he has to provide for, in addition to the claims of the HSAG

members (for instance the refunding of HSAG members' legal and other costs). In the event that all the HSAG members be settled, the claims would amount to approximately R2,5 billion (as opposed to a total value for a certified class action for HS15-22, including non-HSAG members, of approximately R4,8 billion). These are the amounts that Mr Nic Georgiou would have to weigh up and consider when doing his calculations for settlement.

Mr Nic Georgiou was furthermore advised that, in the event that a HSAG settlement is not reached and signed before the end of April 2017, he would have to pay further legal costs for more than 6 688 HSAG members that have been estimated at R2 000 per person.

The HSAG aims at all times for the opposing parties to pay all legal costs and is it the goal that the HSAG members would have to contribute as little as possible towards legal costs and for the opposing parties to pay as much as possible thereof to the credit of the HSAG members. This would at the end of the case effectively mean that all or as much as possible of the costs will be paid back.

In terms of paragraphs 5.2.3 and 15 of the settlement agreement, Mr Nic Georgiou is responsible for the payment of the HSAG members' registration and legal costs as well as all costs pertaining to the settlement negotiations. This settlement would then have the effect that Mr Nic Georgiou would pay such costs from his own pocket thus not costing the HSAG members any money.

Theron & Partners do not work on a contingency commission basis. Such commission is allowed by law in terms whereof legal representatives can work on risk and charge up to either double their usual fees or 25% of the Claimants claim, whichever is the lesser of the two amounts. We only charge the normal legal tariffs and expenses for all work done, which fees are verified by independent cost consultants and audited by independent auditors. With regards to the drafting, negotiations and eventual completion of the agreements (that will stretch over 40 months from date of signature) a rough estimate of approximately R250 per contract per month was given to Mr Nic Georgiou.

If all HSAG members had paid up their contribution towards costs (which is unfortunately not the case) Mr Nic Georgiou has to refund the investors between R2 000 and R2 500 per syndication. The further amount that would have been payable by Mr Nic Georgiou in the event that the members of the HSAG's claim were settled in full, would include, amongst others, the contributions of the HSAG members towards administration and legal costs and the further contribution of R2 000 per person (that would be levied as from May 2017).

Mr Nic Georgiou also indicated that apart from the above costs he offered 1% commission as negotiation commission. Theron & Partners Attorneys are not part of this agreement. Any negotiation commission does not in any way form part of the settlement agreements and is payable by Mr Nic Georgiou from his own funds (whichever percentage HSAG members may accept).

All costs payable by Mr Nic Georgiou would, provided that he complies with the terms of the settlement, not impact on any of the members of the HSAG's contribution and would the costs be for the account of Mr Nic Georgiou. As mentioned previously the contributions towards registration, legal and administration costs would be held on trust in order to ensure the fulfilment of the settlement agreement by Mr Nic Georgiou.

Once received, the "new" settlement agreement of Mr Nic Georgiou would be communicated to the members of the HSAG for further instructions as soon as we receive such proposal.

3. COSTS

We have informed HSAG members from the outset that, depending on the support and co-operation from prospective HSAG Claimants, it could be expected that annual financial contributions will be requested from HSAG members. At this stage, only one request for a contribution towards legal costs have been made since inception of the HSAG in August 2014. In effect members of the HSAG have therefore been contributing approximately R1,00 per day per syndication towards legal costs. Regardless of the abovementioned there are still many members that are not up to date with their contributions, which naturally increases the liability on the paid-up members of the HSAG. Even though the non-paying members are being subsidised, it has been decided that members of the HSAG who are not complying or fully paid up, are in danger of having their membership terminated or suspended.

Earlier this year it was decided that the HSAG management would in due course ask for a further contribution for administrative and legal costs for 2017. The amount of R 2000 is to be levied per person/investor (and not per syndication as with the previous request) in order to accommodate investors with more than one syndication. The basis and amounts of contributions will be reviewed from year to year, depending on the financial support that we receive.

Due to the large number of HS investors currently registered with the HSAG, it makes it possible for investors to only pay a fraction of the costs and not to surrender up to 25% of their claims.

The average claim (in size) of individual Investors/prospective Claimants is approximately R250 000. If we were to work on a contingency basis (commission) it would boil down to each such claim with a maximum amount of R62 5000 plus VAT. With a successful conclusion of the matter it would therefore entail that a maximum amount of between R70 000 and R80 000 would have to be paid by Investors/proposed Claimants to the legal representatives, which is much more than the previous and current contributions required.

For 2017, persons with a total investment value of R20 000 or less would, with prior written application to Theron & Partners, be accommodated and would not be expected to contribute towards administration or legal costs.

Please note that no registration, administration or legal costs are refundable.

4. INDIVIDUAL CLAIMS (HS 21 – 22)

Our offices had on various occasions invited investors to notify us if they wanted to issue summons against Mr Nic Georgiou on the basis of the buyback clause. However, because of the small number of requests received and the consequential high costs that such action would entail, we, on the advice of counsel, decided not to continue with the issuing of such individual Summons, as those members are already part of the HSAG class action. The HSAG counsel advised that all HSAG members that are part of the class action, especially the members that invested in HS21 and HS22 are covered by the proposed class action and will enjoy the protection of the HSAG.

5. OPTION 2 – PAYMENTS

Many investors indicated that they have received payment in terms of Option 2 (40% pay out). Option 2 is one of the 3 options that investors could choose from in terms of the Ruling Scheme in 2014. Orthotouch is obliged in terms of a court judgment, to pay out the monies to persons who elected Option 2.

It is our counsel's advice that by choosing such Option, the investors did not automatically abandon their rights to be part of the HSAG class action. Thus investors that received payments have done so in terms of Option 2, without any amendments to, or infringements of their rights concerning the HSAG class action. Even though it could at a later stage be argued by Mr Nic Georgiou and Orthotouch that the election of Option 2 meant that such an investor could not be a member of the class action, the acceptance of such monies at this stage (in terms of Option 2) would not change or negatively influence the position of the investor. In the event that there was any abandonment of their rights to be part of the HSAG class action, this would have been when Option 2 was elected – and not with the receipt of the monies. The receipt of the money now, is the necessary result of the erstwhile election of Option 2.

Any new settlements with Mr Nic Georgiou and/or Mr Helgard Hancke and other persons outside of the HSAG (referred to as the so-called new Orthotouch "Option 4") would in all possibility contain a condition meaning that the investor would waive all his/her rights to join the HSAG class action and all persons that are being acted against. Should you settle on these terms it would have the effect that the investor cannot partake in the HSAG class action and would thus

have waived his/her rights to settle for the balance of the claim. Kindly take legal advice before you sign any further documents with Orthotouch, Mr Nic Georgiou or their agents, as Elna Visagie, Herman Lombaard or anyone else such as Helgard Hancke.

6. WHISTLE HERE FOR FALSE AND UNDERMINING INFORMATION

Our offices have received positive reaction from investors informing us of third parties (i.e. Mr Helgard Hancke and Mrs Elna Visagie) that are actively busy with smear campaigns and suspicion mongering against the HSAG, pretending to be acting in the good interest of the HSAG members, and would like to thank you for bringing the information to our attention. We encourage members to send such information to this email address anonymously.

We invite investors and supporters of the HSAG to send us any relevant or important information concerning the HSAG or the class action, or those who want to disclose documents to hsagwhistle@gmail.com. The HSAG would at all times endeavour to protect such whistle blowers.

7. USE OF CORRECT EMAIL ADDRESSES

It is of utmost importance that investors use the correct email addresses (as indicated on the website and emails) for all communication as well as their reference numbers (i.e. identity number etc.). Should an investor send an email to the wrong email address such correspondence might not be attended to ending up to be time consuming and costly.

Email addresses are as follows:

- hsactiongroup@gmail.com and hsagenquiries@gmail.com for all enquiries concerning the class action and settlement procedures.
- hsagregister@gmail.com for the registration of new members of the class action.
- hsagsettle@gmail.com for all settlement agreements and relevant documentation.
- hsagwhistle@gmail.com for all confidential information that you would like to send to us anonymously.
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8. STATEMENT FOR PARTICIPATION IN THE HSAG

Please find attached your Statement for participation in the HSAG.

Kindly take note of the following:

1. Since the beginning of 2016 our firm has started with trust requisitions for a contribution towards legal costs towards the Highveld Syndication court cases and related matters, driven by the HSAG. By doing so the

HSAG members' individual and HSAG group's interests are protected. This amount will be reflected on your statement. If no trust requisition regarding legal costs appears on your statement, it means that you are in a group which has not yet been processed and/or allocated and will the said amount only reflect on a later statement. The requested amount for 2016 legal costs was R1000,00 per syndication. A once-off registration fee per syndication was also levied and should also be reflected on your statement. Please be advised that the personal information on our system was gathered from the application forms. If your application form is faulty or incomplete you may not receive statements or emails from us. Kindly complete the HSAG Questionnaire (Monkey Survey) on our website in order to update your information.

2. Please click on the link to enter the "Customer Zone" where you will see all your trust requisitions for registrations and legal costs, as well as all payments made.
3. Due to the continuous high volume of enquiries, registrations, the amendment of personal information and allocations it is possible that your payment/s and/or registration/s will not yet appear on the attached Statement but on a later Statement. Please ensure that your information is correct.
4. Automated statements will be sent out from time to time (normally monthly), but your link to the Customer Zone will stay active and you may therefore view your future payments and transactions as they are being allocated.
5. If there are any outstanding amounts you are kindly requested to pay such outstanding balances as soon as possible to prevent unnecessary administration and/or further costs and further to prevent such members' membership from being suspended from the HSAG.
6. Registration surcharges are payable on all new and arrear (90 days and older) registrations. Registration cost currently amount to R1 500,00 per syndication and, if further registrations are allowed beyond the deadline, it is probable that there will be a further levy for registration costs per syndication for new registrations, in order to relieve the financial contributions made by our current HSAG members.
7. Participation in the HSAG is voluntary, however, persons that do not belong to the HSAG or who are not up to date with their payments, would not be able to claim any rights or privileges that faithful members of the HSAG can. Persons that refuse or neglect to pay their membership fees, would be removed as members of the class action.
8. We thank you for your loyal support without which the HSAG and class action would not have been possible. At the same time you can be sure of our undivided loyal support to the members and associates of the HSAG.
9. All enquiries must be sent to hsagenquiries@gmail.com.

Kind regards

Theron & Partners

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