

* AFRIKAANSE TEKS HIERBO

MONTHLY NEWSLETTER: JULY 2017

Dear Mr / Mrs / Ms [Customer Name]

NB: The official Highveld Syndication Action Group (“HSAG”) notices are the only official source of information where investors can find information regarding the HSAG. Kindly visit the website at www.hsaction.co.za. Emails are also sent out from time to time. Investors must ensure that their HSAG application forms have 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.

The newsletter has been abbreviated at the request of some HSAG members and it is possible that a more comprehensive version may be published on the website in due course for you to view.

1. ADMINISTRATIVE CUT-OFF DATE FOR REGISTRATION AT THE HSAG

Due to various requests the cut-off date for late-registrations to join the HSAG has been extended to 31 August 2017 at 24:00. Registration forms are available on our website at www.hsaction.co.za or can be requested from us at hsagregister@gmail.com. All requests and completed registration forms must be sent to hsagregister@gmail.com.

2. MOTIVES AND OBJECTIVES OF THE HSAG

The main objective of the HSAG is to approach the High Court of South Africa by means of application to obtain orders for leave on behalf of the investors in HS15 – 22 to institute a Class Action(s) against Mr Nic Georgiou, his sons, their entities and other Respondents for the recovery of damages and losses incurred by investors in the failed Highveld Syndications Companies 15 – 22 and ancillary matters.

The two immediate cases that the HSAG are involved in, is the certification of the abovementioned Class Action as well as the setting aside of the Scheme of Arrangement in terms of Section 155 of the Companies Act, inter alia in terms whereof Mr Nic Georgiou, his sons, their entities and other Respondents have been indemnified of all personal liability.

The Section 155 Scheme of Arrangement currently limits investors’ claims against Orthotouch, which is a Georgiou property company that only owns two adjacent properties and excludes the Georgiou empire. The purchase price of the two Orthotouch properties were R 143 341 466.00, against which a bond of R 72 million was secured in favour of Accelerate Security S P V (Pty) Ltd, with a residue value of R 71 million.

Should the Section 155 Scheme of Arrangement be set aside, the Highveld Syndication Companies 15 – 22 would revert to business rescue, and Mr Hans Klopper would be requested to resign, alternatively an application will be lodged for his removal as business rescue practitioner as HSAG members are of the opinion that he did not

act in their best interest. If a new business rescue practitioner is appointed such person would be requested to take the necessary steps in order to serve the companies' best interests and would the HSAG be able to continue with the certification application of the Class Action.

The HSAG is in no way opposed to an acceptable and workable settlement with Mr Nic Georgiou and others, but the HSAG Steering Committee has suspended all settlement negotiations in May 2017 in expectation of an improved settlement offer by Mr Nic Georgiou. In the event of a settlement, the rights of the HSAG members will be protected in so far that should Mr Georgiou/Orthotouch not honour the agreement, the members will fall back into the HSAG and continue with the Class Action.

Until such time that the Section 155 Scheme of Arrangement has been set aside, Mr Georgiou/Orthotouch is obliged in terms of a Court Order to pay the monthly interest to investors and can they therefore not summarily stop making such payments.

3. MEMBERSHIP CONTRIBUTIONS & REGISTRATION COSTS (ECONOMIES OF SCALE)

Up and until May 2017 the trust requisitions for the contributions to legal costs of HSAG members were minimal and less than R1 per syndication per day. Recently false allegations were spread by Mr Helgard Hancke that the attorneys of the HSAG would have received R28 million during the past three years. These allegations are false and the legal costs of the attorneys have only been paid in full up to the end of December 2014, and only partially paid for 2015, 2016 and 2017. Furthermore, all funds are verified by an independent bookkeeper, auditors and cost consultants.

Mr Helgard Hancke, erstwhile trusted and confidant member of the HSAG Steering Committee, has in the meantime crossed over to the Georgiou/Orthotouch side. He, in a secret manner, tried to establish a countermeasure against the HSAG (under the banner of "HSIF"), on which platform he has been making defamatory and vexatious allegations against the HSAG Steering Committee and attorneys. The HSIF newsletter, as expected, was published on the website of Orthotouch (Mr Georgiou's company).

The membership of the HSAG currently stands at nearly 7000 members. However, at this stage only hundreds of members (and not thousands) of the HSAG are fully paid-up due to various reasons (including financial inability, which we understand). Members are urgently requested to show their loyalty to the HSAG and its process of recovering the losses by making their contributions, even if it is paid in instalments. At the request of various members we are currently investigating the possibility of implementing a debit order system.

4. CREATION OF SUSPICION OF THE HSAG STEERING COMMITTEE AND ATTORNEYS

Erstwhile HSAG Steering Committee Member, Mr Helgard Hancke, was recently caught out (within a day) after he published a disparaging website about the HSAG and dispatched similar nameless letters to HSAG Members. Ultimately, again aimed

to entice credulous HSAG members to settle with Mr Nic Georgiou/Orthotouch (through Hancke and probably for financial reasons), outside of the HSAG and to the detriment of its members.

Previously HSAG members reacted positively when they realised that Hancke was not acting in their best interests and after the risks of conducting business with Orthotouch was pointed out to them.

Since Mr Hancke joined Mr Georgiou/Orthotouch he has been conducting a smear campaign against the HSAG and its legal team, in order to serve the interests of Mr Nic Georgiou/Orthotouch. He is furthermore using the confidential database of members illegally (that was entrusted to him as part of his portfolio as steering committee member of the HSAG) and even information from the database of Messrs Hans Klopper and Derek Cohen (both of whom have been refusing to deliver the list of the HSAG in terms of an existing court order) in order to strengthen his campaign. Persons that are not members of the HSAG have contacted us about the defamatory allegations and are the rights of the HSAG and its attorneys herein strictly reserved.

5. COURT CASES AND TIMING THEREOF

For a High Court case (with a value of R400 000 or more) and where two parties are litigating against each other, it usually takes three to five years to be finalised. The protectable interest of the HSAG cases amount to 18 300 potential claimants with an estimate claim value of up to R 4 800 000 000.

Currently the court cases are mainly delayed by Mr Nic Georgiou, his agents, (Elna Visagie, Herman Lombaard, Helgard Hancke etc.) Mr Hans Klopper, Mr Derek Cohen and Orthotouch, who are also trying to confuse the investors.

On a previous Court appearance on 7 June 2017 in the Pretoria High Court, the case had to be postponed to 2 August 2017 due to the fact that the court documents of Mr Georgiou that were not submitted to the Court, and due to Mr Helgard Hancke (who concluded a secret agreement with Mr Georgiou but who was not an investor in the HS companies) who indicated that he intended to intervene in the proceedings. To this date no documents had been served or filed by Mr Hancke and is it clear that, if he wanted to join the proceedings, he would do so at the last instance. He has already had the opportunity for nearly two months to join the proceedings but to date has not done so.

A date has been requested in the High Court of Johannesburg for 3 August 2017, but Mr Georgiou's legal team indicated that they would not be prepared on that date and would rather continue in September 2017. The HSAG would however still persist that the case continue on 3 August 2017.

Both the High Courts of Johannesburg and Pretoria ruled in favour of the HSAG, but the respondents are attempting to appeal against these decisions, even though the High Court of Appeal ruled that they cannot appeal against an interim order.

The HSAG will not be distracted and shall continue with the cases until they have been heard. The legal team is positive about the favourable rulings in all the Courts thus far, and is seriously considering requesting punitive cost orders against Messrs

Nic Georgiou, Helgard Hancke and any other party unnecessarily trying to delay and frustrate the matter.

6. SETTLEMENT

The HSAG is not opposed to settling with Mr Nic Georgiou/Orthotouch, but would only do so if the interests of the HSAG members are being protected, so that in the event that Mr Georgiou/Orthotouch does not adhere to the agreement, the Class Action can be continued with.

Currently this is not the case with the settlement of Mr Helgard Hancke on behalf of Mr Nic Georgiou/Orthotouch, as the investors would compromise their rights. The HSAG members are once again warned to be very cautious (and even to obtain legal advice from their own attorneys) when conducting business or settling with Orthotouch as this could be to the detriment of their rights and be very risky.

On 24 July 2017 the HSAG attorneys conducted a property search on properties registered to Orthotouch, and can it be confirmed that presently Orthotouch only owns one shopping mall on two adjacent properties and has already sold 48 of its properties.

It is thus clear that Orthotouch is not in a position (and cannot from its own earnings) pay the interest to 18 300 investors, and is it probable that all payments are funded by a third party.

The directors of Orthotouch are under strict statutory provisions and obligations to manage a company in terms of the provisions of the Companies Act, and can personally be held liable in the event that they manage the business under insolvent circumstances.

Investors are cautioned to insist on being provided with the financial statements of Orthotouch before doing business with Orthotouch or its agents.

If anyone (including Mr Nic Georgiou or his sons) would provide Orthotouch with funds in order to pay the monthly interest, then they do so at their own risk.

On social media Mrs Elna Visagie and Mr Hancke is confusing the investors by stating that they would have to repay the monies received from Orthotouch, if Orthotouch were to be liquidated.

In the event of the liquidation of Orthotouch, the HSAG would continue to vehemently persist with its members' claims against the failed HS Companies, which include but is not limited to damages suffered, directly from Mr Nic Georgiou, his sons and other Respondents.

7. HSIF

During July 2017 the members of the HSAG (and probably also all other persons on the database of Messrs Hans Klopper and Derek Cohen) received an anonymous email and newsletter from a secret group, the HSIF, that was reportedly started by so-called "dissatisfied" HSAG members. However, Mr Helgard Hancke was caught

out within a day after he published a disparaging website with false information about the HSAG and after he dispatched similar nameless letters to HSAG members it was established that he was in fact the owner of the website. The newsletter, as published on the website of Orthotouch, was probably written at the behest of someone employed by Mr Nic Georgiou and/or Orthotouch.

Ultimately, again it aimed to entice credulous HSAG members to settle with Mr Nic Georgiou/Orthotouch through Hancke (probably for financial reasons), outside of the HSAG and to the detriment of its members.

HSAG members immediately smelled something fishy when they received nameless letters, disparaging to the HSAG, its legal representatives, committee members and leading them to a website called HSIF. This is a website set up and anonymously run by Mr Helgard Hancke.

Previously, during 2016, Mr Hancke was a trusted member of the HSAG Steering Committee but it was established that he was leaking out information and in his own interest, negotiated a secret deal with Mr Nic Georgiou in conflict with the HSAG.

After he was exposed and asked to resign from the HSAG Steering Committee, he openly sided with Mr Nic Georgiou. It was known to the HSAG that in the time he was approached by Mr Georgiou he was faced with financial constraints and personal challenges.

8. STATEMENT FOR PARTICIPATION IN THE HSAG

Please find attached your statement for contribution in the HSAG.

Kindly take note of the following:

- i. Since the beginning of 2016 the HSAG's legal firm has started with trust requisitions for a contribution for legal costs towards the HSAG, Supreme 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 should be reflected on your periodical statement.
- ii. If no trust requisition regarding registration, legal or administration costs or a credit 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.
 - a. The requested amount for 2016 legal costs was R1 000 per syndication.
 - b. In May 2017 a further requisition for contribution towards legal and administration costs of R2 000 per person were made.
 - c. A once-off registration fee per syndication was also levied and should also be reflected on your statement.
 - d. If a credit balance appears on your statement, you are a registered member, but we have not received your completed application form. Kindly download same from our website or request same from hsagregister@gmail.com.

- iii. Please be advised that the information on our records was gathered from the application forms.
 - a. If your application form is faulty, vague or incomplete there is a possibility that you may not receive statements or emails from us.
 - b. Kindly complete the HSAG Questionnaire in the Monkey Survey that is posted from time to time on our website in order to update your information or send an email to hsagregister@gmail.com.
- iv. Please click on the email link to enter the “Customer Zone” where you will see all your trust requisitions for registration and legal costs, as well as all payments made.
- v. 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.
- vi. Automated statements will be sent out from time to time (usually 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.
- vii. 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 also to prevent such members’ membership from being suspended from the HSAG.
- viii. Registration surcharges are payable on all new and arrear (90 days and older) registrations. Registration cost currently amount to R1 500 per syndication and, if further registrations are allowed beyond the deadline, it is probable that there will be a further requisition for registration costs per syndication for new registrations, in order to relieve the financial contributions made by our current HSAG members.
- ix. Participation in the HSAG is voluntarily, however, persons that do not belong to the HSAG or who are not up to date with their requested payments, would not be able to claim any rights or privileges that faithful members of the HSAG can. Persons’ who persistently refuse or neglect to pay their membership contributions membership will be suspended.
- x. We thank you for your loyal support without which the HSAG and class action would not have been possible.
- xi. At the same time you can be sure of our undivided loyal support to the members and associates of the HSAG.
- xii. All enquiries must be sent to hsagenquiries@gmail.com.

Kind regards

HSAG Steering Committee

Contact the HSAG Attorneys at:

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