



ENGLISH TEXT BELOW

MAANDELIKSE NUUSBRIEF: SEPTEMBER 2019

Hierdie nuusbrieff word aan u gerig as lid van die Hoëveld Sindikasie Aksiegroep (“HSAG”) op grond van u belegging in die Highveld Sindikasiemaatskappye 15-22 en/of u ondersteuning van die HSAG.

Hierdie e-pos is vertroulik en uitsluitlik vir die geadresseerde bedoel. As u dit per ongeluk / verkeerdlik ontvang het, stel asseblief die versender by hsagenquiries@gmail.com onmiddellik in kennis en vernietig dit. U mag nie 'n e-pos, of enige deel daarvan, wat foutiewelik ontvang aan enigiemand anders stuur, kopieer of openbaar nie. HSAG se webmeester gebruik antivirus-programmatuur om virusse en ander kwaadwillige kodes te voorkom. Hierdie sagteware kan egter nie so 'n kode altyd voorkom of uitwis nie. Die HSAG of sy verteenwoordigers sal nie aanspreeklik wees vir enige verlies of skade wat voortspruit uit ontvangs of gebruik van hierdie e-pos of andersins, of dit voortspruit uit die nalatigheid van HSAG, sy lede, bestuurskomitee en agente of andersins nie.

Alhoewel e-posse, HSAG Nuusflitse en HSAG Inligtingsbrokkies van tyd tot tyd uitgestuur word, is die www.hsaction.co.za webtuiste die primêre plek waar u HSAG inligting, onderhewig aan die vrywaring daarin vervat (en ook hierop van toepassing) kan bekom.

Die verpligting rus op u as HSAG lid om ons op hoogte van enige veranderinge van u persoonlike en/of kontakbesonderhede.

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1. **DIGITALE UURGLAS – BESPREEK NOU JOU PLEK OP DIE BUS!**

Ten einde lede behulpsaam te wees met die oog op die komende Aansoek vir Sertifisering asook moontlike skikkingsonderhandelinge, het die HSAG 'n nuwe digitale uurglas op die HSAG webtuiste aangebring. Hierin word 'n afsnydatum van 31 Januarie 2020 aandui vir lede om hul bydraes en registrasiekoste op datum te bring en is daar nog net vyf maande oor.

LET WEL:

- Ten einde billik en regverdig te wees teenoor almal wat steeds kan en wil voortgaan met die litigasie was destyds ses maande gracie verleen aan HSAG-lede om hul vrywillige opvragings op datum te bring.
- Hierdie gracie periode sal ongelukkig streng toegepas word en geen uitsonderings sal gemaak kan word nie.

Die Sperdatum vir Finale Vereffening en om op datum te kom is 31 Januarie 2020.

DAE VOOR HOFSAAK: 45

2. **KORT AGTERGROND EN GESKIEDENIS**

Die HSAG wil eerstens sy opregte dank uitspreek vir elke persoon wat daarvan deel was en bygedra het tot die suksesse tot dusver bereik om HS beleggers se beleggings te vorder. Diegene sal ook besef dat dit tot dusver geen maklike taak was nie.

Die groot toets vir die individuele HSAG lede is egter tans of hulle wil volhard deur enkele duisende rande in hul eie saak te betaal vir die regsproses ter vordering van miljard rande, en of hulle ander prosesse en ooreenkomste buite die howe kan vertrou. Nodeloos om te meld beskik die HSAG nie oor R4.6 miljard nie en in besonder nie oor die luuksheid en middele om, sonder eie befondsing, die regsproses te dryf nie. Hierdie boodskap was die afgelope jare male sonder tal herhaal. Die proses is hartseer, maar ongelukkig op sy eie lede se insette en ondersteuning aangewese. Daarsonder kan dit nie voortgaan nie, selfs al is die regspan baie positief oor die meriete van die saak.

In die lig van die ongelukkige geskiedenis en ernstige bewerings van onetiese en oneerlike optrede deur Georgiou en die Respondente, word dit ernstig betwyfel of enigiemand anders, buiten beleggers en hul naastes, sal bydra tot die befondsing van so 'n saak. Die feit van die saak is egter dat miljard rande betaal is vir eiendomme wat nie gelewer is nie en dat daardie gelde terugbetaal moet word. Baie mense het reeds moed opgegee en is die voornemende eisers nie meer tienduiseende nie, maar enkele duisende.

Van die begin af is voornemende eisers ingelig en deurlopend versoek om klein bydraes te maak, maar ongelukkig het slegs 'n klein hoeveelheid persone daaraan gehoor gegee. Dit is egter nou die tyd om 'n finale oproep te doen om aan boord te kom of nie. Lede moet nou besluit of hulle in of uit is in die komende HS21&22

sertifiseringsaansoek omdat niemand meer outomaties daarby ingesluit word as die saak voortgaan nie.

Vir etlike jare is daar elke maand nuusbriewe uitgestuur waarin lede op hoogte van sake gebring is, asook 'n staat van finansiële opvragings en betalings. SMS'e en Whatsapp boodskappe word gestuur en inligting word op die HSAG webtuiste geplaas.

Georgiou het egter van die begin af elke moontlike strategie, en selfs onetiese optrede, gebruik om die hofsake af te weer. Hy kon dit gelukkig nie reggekry nie en gaan die sake teen hom steeds voort. Aanvanklik was hy en sy frontmaatskappy, Orthotouch, deur Mnre. Hans Klopper, Connie Myburgh en Derek Cohen ondersteun in 'n georkestreerde poging om die hofsake te ontspoor, maar die HSAG regsplan het elke aanslag aangedurf en die sake suksesvol op koers gehou. Huidig is dit net Georgiou wat oor is in Orthotouch.

Nadat die uitrek van sake; agterbakse afkoop van applikante; gepoogde terugtrek van sake en mislukte verandering van prokureurs; omkoop van HSAG Bestuurslede; smeer-veldtogte en onetiese optredes nie gewerk het nie, het Georgiou hom daartoe gewend om onskuldige beleggers in ooreenkomste te lei, onder andere die verkryging van Accelerate Property Fund aandele, 'n genoteerde maatskappy onder die stuur van sy seun Michael, wie se sake vandeeweek ook in die pers ontbloot is. Sien hieronder 'n verdere bespreking daarvan.

3. **“OPT-IN”: MAAK SEKER OF JY DEEL IS VAN DIE SAAK, DIS IMMERS JOUNE**

Die HSAG het een kans om die klas-aksie gesertifiseer te kry. Slegs persone wat uitdruklik kies om deel te wees van die verrigtinge sal egter kwalifiseer om binne die klas te val. Persone wat nie die vereiste finansiële bydraes lewer nie, kan ongelukkig nie deel wees van die eerskomende versnelde HS21&22 sertifikasie aansoek van die klas-aksie nie. Dit mag ook beteken dat hul nooit in die toekoms 'n eis sal kan instel nie.

Tydens 'n onlangse vergadering voor die Saakbestuurder, Regter Tolmay, was die boodskap duidelik: Die versnelde HS21&22 saak gaan voort op 11-14 November. Die regsplan is onverpoosd besig om daarvoor voor te berei (sien verder op die webtuiste en in vorige nuusbriewe). Die versnelde saak fokus op sekere kontraktuele aspekte in terme waarvan Georgiou en sy entiteite aanspreeklik gehou word. 'n Groot aantal HSAG-lede het ten volle of gedeeltelik in HS21&22 belê.

Dit is een van die redes waarom daar, verál onder lede wie in ander sindikasies belê het (bv. waar die sertifikasie aansoeke nog nie uitgereik is nie) versoeke ontstaan het dat sodanige lede 'n ekstra heffing moet betaal, en was dit deur die bank ook 'n versoek dat persone met groter eise meer moet betaal.

In gemelde lig, noodsaaklikheid- en billikheidsoorwegings, asook die befondsing van die verhoor, het die HSAG Bestuur besluit om spesiale verhoorheffings by alle HS21&22 lede te vorder. Hierdie heffing word gehou van alle lede wie in daardie

sindikasies belê het. Eise van R100 000 en hoër sal ook 'n addisionele nominale heffing betaal volgens hul eisbedrae. Dit sal op eersvolgende state verskyn.

4. **KAN HSAG-LEDE SE EISE STEEDS GESKIK WORD?**

Die HSAG voel sterk oor sy meriete en dat 'n hof in sy lede se guns sal beslis. Skikkingsonderhandelinge is altyd moontlik maar verg dit ongelukkig dat beide partye daartoe ter goede trou optree en daar 'n meganisme is om te verseker dat hul ooreenkomste nagekom word. Tot dusver het dit ongelukkig duidelik geblyk dat Georgiou in die afgelope dekade nie by 'n enkele ooreenkoms gehou het nie en is die HSAG ook nie bereid om sy lede in ooreenkomste, sonder streng voorwaardes met 'n hofbevel wat afdwinging daarvan sal verseker, te laat aangaan nie.

By internasionale hofsake is dit ook nie ongewoon dat die partye kort voor die sertifikasie aansoek in skikkingsonderhandelinge betrokke raak nie, omdat 'n negatiewe beslissing in litigasie, in meeste van die gevalle vir die spreekwoordelike Goliat, miljoene of miljarde rande se werklike en reputasieskade kan besorg. Indien daar dus skikkingsonderhandelinge is, wil die HSAG ook bemaagtig wees om namens ander opbetaalde lede (wat nie in HS21&22 is nie) te onderhandel. In effek sal dit neerkom dat, indien 'n skikking bereik word, alle hofsake en litigasie tot 'n einde gebring word. Dit sal ook vir die teenkant 'n einde aan uitmergelende litigasie wees.

Op hierdie stadium lyk dit egter asof slegs een uit vyf HSAG lede hiervoor sal kwalifiseer en sal dit 'n hartseer saak wees indien die Respondente wegkom met 'n skikking, al sou dit 100% kapitaal, rente en koste wees vir daardie enkele lede wees. Die HSAG Bestuur wil dit baie duidelik stel dat die hofsake oor ongeveer ses weke plaasvind en dat mense, na 'n verloop van vyf jaar se nominale bydraes nie hul lot kan bekla indien hulle nie deel van die HSAG se sake of onderhandelinge is nie.

5. **UIT DIE PEN VAN 'N OPBETAALDE BELEGGER, FINANSIËLE ADVISEUR EN HSAG BESTUURSLID**

Beste Belegger

Die HSAG is in die lewe geroep deur 'n Mandaat aan Theron en Vennote te gee, om julle te verteenwoordig in 'n groepsGEDING. Ons is nou in die finale stadium van die tersydestelling van die Reëlinskema en die sertifisering van 'n klas-aksie. Die feit van die saak bly dat meeste van die lede en nie-lede (draadsitters) van die HSAG, nie die voordele en nadele van die saak besef nie.

As 'n opbetaalde HSAG-lid, geniet jy die beskerming om deel van 'n klas-aksie te wees. Die nie-opbetaalde lede en draadsitters, wat nie HSAG-lede is, of wil word nie, het 'n geweldige invloed op die finansiële bestuur van die litigasie.

Hier is nou basies drie finale opsies:

1. *Jy aanvaar Georgiou se Accelerate Property Fund aandele aanbod, verwys na skrywe gedateer 4 September 2019.*

Die aanbod is as volg:

- *Veronderstel jy het 'n R100 000 belegging.*
 - *Sy aanbod is 25% van jou oorspronklike kapitale belegging, dus: R100 000 x 25% = R25 000.*
 - *Dan bied hy vir jou Accelerate aandele aan, teen 'n netto batewaarde van R7,50 per aandeel.*
 - *Jy kry dus 3 313 Accelerate aandele.*
 - *Die aandeelprys, soos op Donderdag 19 September 2019, was R1.80 per aandeel.*
 - *Sou jy dus jou aandele wil verkoop, voor makelaarskoste (wat die transaksie hanteer) is die bruto kontant in jou hande R5 963.40 wat jy in effek terugkry op jou destydse R100 000 belegging.*
2. *'n Spesiale opvraging ten aansien van die komende HS21&22 sertifikasie-aansoek word na hierdie nuusbrieffe gehef teen HS21&22 lede se state. Hierdie opvraging sal op u Oktober state verskyn.*
 3. *Indien ons geen finansiële hulp van julle as HSAG-lede en nie-HSAG lede ontvang nie, sal ons gedwing wees om onmiddellik alle litigasie te staak en vir alle praktiese doeleindes skryf jy jou geld af!*

Dit is die realiteit waarmee ons nou te doen het, en kan ons nie doekies omdraai oor die stand van sake nie!

Bring asseblief jou kant, of wil jy verder verwoes word deur die belaglike aanbod wat Orthotouch nou op die tafel sit?

Vriendelike groete,

Francois Strauss

6. OUTOMATIES DEEL VAN DIE KLAS-AKSIE AS JY OPBETAAL IS

Tot onlangs het die HSAG in sy Kennisgewing van Mosie vir die hof gevra om die sogenaamde “opt-out” metode te volg, waar alle persone outomaties deel vorm van die klas-aksie, tensy hulle spesifiek aandui om nie deel te wees nie.

Soos in die vorige Nuusbrieffe verduidelik het die HSAG Bestuur in oorlegpleging met hul regsadviseurs, en versoeke van opbetaalde lede, besluit om hierdie bedeling te wysig.

Die klas word aansienlik verklein en vir praktiese doeleindes sal slegs diegene wie se rekeninge opbetaal is outomaties deel vorm van die klas-aksie. Dit sal beteken dat slegs diegene wat finansiëel daartoe in staat is en deel van die klas-aksie wil wees daarby sal baat. Dit is in ooreenstemming met die huidige opbetaalde lede se siening.

Ter verfrissing van u geheue, behels die “opt-out” bedeling dat, waar ’n Hof ’n klas sertifiseer, al die lede van die klas outomaties ingesluit word as eisers in die klas en hul moet dus uitdruklik kennis gee indien hul nie deel van die klas wil wees nie.

Die “opt-in” bedeling beteken egter dat eisers slegs deel sal vorm van die klas as hul uitdruklik kennis gee daarvan, en dus geensins hoef op te tree indien hul nie in die gesertifiseerde klas ingesluit wil word nie. Dit vereis dus positiewe optrede vanaf diegene wat wel ingesluit wil word by die gesertifiseerde klas.

Die “opt-in” bedeling sal uiteraard voordeel inhou vir die HSAG en sy lede, aangesien die HSAG kan verseker wees dat sy lede wel wil deel vorm van die gesertifiseerde klas en dat hul, deur aan te sluit by die HSAG en deur bydraes te lewer, reeds aandui dat hul ingesluit wil word by die gesertifiseerde klas. Dit beteken ook dat die HSAG die wyse waarin persone kan “opt-in”, kan voorskryf ten einde administratiewe nagmerries te voorkom.

’n Verdere voordeel van die “opt-in” bedeling is dat dit die klas vernou om die lede daarvan meer identifiseerbaar en bepaalbaar te maak. Indien die klas-aksie suksesvol sou wees, of selfs indien daar skikkings beklank word, sal die persone aan wie betalings moet geskied met sekerheid vasgestel kan word deur die HSAG en Georgiou, en sal dit dus die proses bespoedig en vergemaklik. In die vorige bedeling moes Georgiou 18 300 eise van altesame R4.6 miljard ontmoet. Slegs ’n klein persentasie van HSAG lede is tans opbetaal, en indien Georgiou hierdie eise moet ontmoet, sal dit ’n fraksie van die oorspronklike eisbedrag uitmaak om te betaal/skik.

Die “opt-in” bedeling se doelwit is nie om enige persone met moontlike eise uit te sluit nie. Dit plaas wel op eisers wie wel wil voortgaan met hul eise ’n verantwoordelikheid om stappe in eie hande te neem ten einde deel te vorm van die HSAG se doelwitte.

Die HSAG eis steeds 100% van beleggers se kapitale beleggings plus rente en koste.

Georgiou se regsplan het die HSAG meegedeel dat hul nie die bogenoemde wysiging na “opt-in” gaan teenstaan nie.

HSAG-lede moet dus dringend op datum kom met hul bydraes om sodoende hul buskaartjies te kry vir die eerskomende sertifiseringsaansoek. Indien die Hof die wysiging aanvaar, sal persone wie nie binne die definisie van die gesertifiseerde klas val nie, uitgesluit wees van enige eise in die HS 21 en 22 bespoedigde sertifiseringsaansoek.

Indien lede enige navrae het, moet hul ’n e-pos stuur aan die HSAG by hsagenquiries@gmail.com.

7. **SO BERIG DIE MEDIA OOR DIE PICVEST-BELEGGINGS – DEEL 4**

’n Finansiële joernalis van Moneyweb het ’n reeks artikels geskryf oor die Picvest-saga.

Die gemelde artikels gee vir lesers ’n goeie agtergrond en begrip oor presies wat oor tyd gebeur het in die Picvest-saga, sedert Georgiou betrokke geraak het.

In die volgende paar HSAG-Nuusbriefe gaan ons, soos in die afgelope drie Nuusbriefe, steeds voort om vertaalde opsommings van die artikels te gee, maar ons wil u graag uitnoui om die artikels, wat op die amptelike HSAG-webblad by www.hsaction.co.za verskyn, te lees.

DEEL 4 van die reeks artikels: “The peculiar case of the Picvest billions: Part 4” gaan voort om die ingewikkelde geskiedenis van die Hoëveld Sindikasie (HS) skemas sedert hul ontstaan te verduidelik.

Die Moneyweb ondersoek het bevind dat bykans al 79 eiendomme, nadat dit gesindikeer is aan die voormalige Highveld Sindikasie (“HS”) maatskappye, verkoop is aan derde partye voor-en-na die skemas in finansiële nood verval het.

Omtrent 18 000 beleggers het R4.6 miljard betaal vir die eiendomme, welke eiendomme die middelpunt van die HS skemas was. Dit was gekoop met die beleggers se geld, en die eiendomme, sonder enige verbande, is gegee aan professionele persone om bestuur te word en om bogemiddelde maandelikse inkomste aan beleggers te genereer.

Die eiendomme het ook gedien as onderliggende sekuriteit vir beleggers.

Die ondersoek het 14 eiendomme identifiseer wat deur die HS maatskappye self verkoop is, en ’n addisionele sewe eiendomme wat deur Zephan verkoop is voor die aanvang van die sakereddingsproses.

Hierdie sewe eiendomme is moontlike “twee keer” verkoop. Eerste aan beleggers vir R450 miljoen via die suksesvolle sindikasies, maar die eiendomme is nooit oorgedra nie, en ’n tweede keer toe dit verkoop is aan derde partye vir R347 miljoen.

Hierdie artikel analiseer die verkoopstransaksies van die 21 eiendomme.

Eiendomme verkoop voor die HS maatskappye in sakeredding geplaas is.

Die oorspronklike HS prospektusse het hulself bemark as eiendom belegginsvoertuie wat sou toesien dat beleggers aandeelhouers sou word in maatskappye wat onbeswaarde eiendomme besit.

Moneyweb het egter ontbloot dat die HS maatskappye 14 eiendomme verkoop het aan derde party vir omtrent R393 miljoen, wat ’n verlies van R72 miljoen vir die HS maatskappye ingehou het.

Alhoewel die Maatskappyyewet toelaat dat direkteure van maatskappye die onderliggende bates van die maatskappye koop en verkoop, het die HS prospektusse nie uitdruklik aangedui dat dit sal plaasvind nie. In teendeel, die eiendomme is bemark as spesifiek uitgesoek om voldoening aan die HS voorwaardes te verseker.

’n Opsomming van hierdie transaksies verskyn in die tabel hieronder:

| Eiendomme verkoop voor sakeredding | | | | |
|---|--|--|--|----------------------------------|
| | Eiendom naam | HS prospektus waardasie | Prys waarteen verkoop aan derde party | Derde party |
| 1 | 110 Hamilston Straat - kantoorgebou (HS20) | R 43 023 578 | R 33 000 000 | Epipax |
| 2 | ABSA Potgietersrus (HS18) | R 25 600 000 | R 17 000 000 | TP Hentiq 6256 (Pty) Ltd |
| 3 | Caltex House (HS18) | R 28 600 000 | R 33 500 000 | Elatiglo (Pty) Ltd |
| 4 | Constantia Square (HS16) | R 26 090 000 | R 15 100 000 | Friedcorp 549 CC |
| 5 | Edgars Pietersburg (HS19) | R 44 665 219 | R 32 000 000 | Jason & Amy Prop Developing |
| 6 | Fourways Mall (HS15) | R 68 260 000 | R 53 000 000 | Balvest CC |
| 7 | Jacqueline Mall (HS16) | R 29 160 000 | R 26 500 000 | Dashing-Anglo Direct Division CC |
| 8 | Jeanlen Shopping Centre (HS15) | R 24 965 000 | R 20 950 000 | VVHHD Investments (Pty) Ltd |
| 9 | Panorama Shopping Centre (HS16) | R 35 925 000 | R 35 989 536 | Zephan |
| 10 | Pick n Pay Centre (HS17) | R 27 660 000 | R 10 571 520 | Blue Horison Investments 23 |
| 11 | Rock Cottage Shopping Centre (HS16) | R 48 135 000 | R 48 086 412 | Zephan |
| 12 | Sabie Spar (HS16) | R 18 315 000 | R 15 000 000 | Magaliesboom Eiendomme Ses CC |
| 13 | The Village (HS18) | R 14 000 000 | R 12 250 000 | Readam SA (Pty) Ltd |
| 14 | Wierda Square (HS15) | R 31 840 000 | R 41 000 000 | Vresthena (Pty) Ltd |

HS direkteure se antwoord

Moneyweb het vrae gerig aan Ben van der Linde en Morkel Steyn, direkteure van die HS maatskappye, ten opsigte van die verkoopstransaksies.

Van der Linde het reageer namens beide direkteure en gesê dat die verkoop van eiendomme onderdanig aan die Maatskappywet geskied het. Hy het ook ’n e-pos, wat hy aan Georgiou en ander partye gestuur het gedurende Mei 2011. gedeel waarin hy die verkoop van eiendomme van die sindikasies bevraagteken het en gevra het hoe die opbrengste aangewend sou word. Volgens Van der Linde het hy nooit ’n skriftelike antwoord ontvang nie. Hy sê dat hul vergadering na vergadering gehad het, maar dat niks gebeur het nie, en dat dit aangehou het vir jare tot die HS maatskappye in sakeredding geplaas is.

Dit is duidelik uit die e-pos dat direkteure nie ten volle ingelig is van die redes en omstandighede verwant aan die verkoop van die eiendomme nie.

Individuele transaksies:

Die verkoop van twee van die bogenoemde eiendomme, Panaroma en Rock Cottage, verg verdere analise. Beide eiendomme is gesindikeer as deel van HS16, maar kort voor HS16 in sakeredding geplaas is, is die eiendomme terugverkoop aan Zephan, wat dit toe verkoop het aan derde partye teen aansienlike winste.

Panorama

Die Panorama inkopiesentrum is oorspronklik gesindikeer in 2006 as deel van HS16 teen ’n waarde van R35.9 miljoen. Die titelakte dui aan dat Bosman & Visser (“B&V”) die eiendom vir R43 miljoen gekoop het by High Adventure Investments Twenty in 2006, en dit onmiddellik verkoop het aan HS16 vir R51.8 miljoen.

Daarna is die eiendom in 2011 verkoop aan Zephan vir R35.9 miljoen. Zephan het die eiendom in 2014 verkoop aan Oaktree Inv (Pty) Ltd vir R101 miljoen.

Die feite rondom hierdie transaksies is interessant. B&V het die eiendom verkry vir omtrent R8 miljoen meer as die sindikasiewaarde, en dit verkoop aan HS16 vir R16 miljoen meer as die R35.9 miljoen sindikasiewaarde.

HS16 het die eiendom verkoop aan Zephan teen die oorspronklike sindikasiewaarde, en die sindikasie het dus 'n verlies gelei van omtrent R16 miljoen. Zephan het 'n wins van R65 miljoen gemaak toe die eiendom verkoop is aan Oaktree drie jaar later.

Rock Cottage

Nog 'n interessante transaksie is die Rock Cottage inkopiesentrum in Randpark Ridge.

Na B&V die eiendom in 2006 gekoop het vir R44.3 miljoen, is dit aan HS16 verkoop vir R48.08 miljoen, effens minder as die sindikasiewaarde.

In 2011 het HS16 die eiendom aan Zephan verkoop teen dieselfde bedrag as wat HS16 vyf jaar tevore betaal het aan B&V.

Twee jaar later, het Zephan die eiendom direk verkoop aan Accelerate vir R63 miljoen, en het Zephan 'n wins van bykans R15 miljoen gemaak. (Hierdie is een van die min eiendomme wat Zephan direk verkoop het aan Accelerate en nie deur rug-aan-rug transaksies waarin Orthotouch betrokke was nie.)

Sewe eiendomme wat “twee keer” verkoop is

Ten minste sewe eiendomme is moontlik twee keer verkoop deur Zephan, Die sewe eiendomme is oorspronklik gesindikeer vir R450 miljoen deur verskeie HS sindikasies, maar is nooit oorgedra aan die relevante HS maatskappye nie.

Zephan het hierdie sewe eiendomme aan derde partye verkoop vir R347 miljoen. Dit dui daarop dat Zephan die eiendomme verkoop het aan die HS maatskappye en derde partye vir 'n totale bedrag van bykans R800 miljoen.

***Vertaal en verkort**

Kyk gerus uit vir **DEEL 5** van die reeks in die volgende HSAG-Nuusbrief.

8. SO BERIG DIE MEDIA OOR DIE PICVEST-BELEGGINGS DEEL 6 – VOORSMAKIE

Die nuutste hoofstuk in die Moneyweb reeks artikels, “The peculiar case of the Picvest billions: Part 6”, is op 25 September 2019 gepubliseer.

Alhoewel die artikel in die November nuusbrief weergegee sal word, is skrywer hiervan van mening dat dit, veral na aanleiding van die Accelerate aandele opsie wat tans aan

beleggers gestuur word, nodig is om die inhoud bondig op te som in hierdie weergawe van die Nuusbrief.

DEEL 6 van die reeks artikels fokus op die verkoop van 31 Orthotouch eiendomme aan Accelerate Property Fund in 2013.

Hierdie transakies behels volgens Moneyweb die grootste enkele afverkoop van HS eiendomme na die HS maatskappye in sakeredding geplaas is. Ondanks die versekering dat dit beleggers sou bevoordeel, het die afverkoop egter ontaard in die effektiewe plundering van die historiese HS bates.

Moneyweb het bevind dat, met die uitsluiting van twee eiendomme, bykans elkeen van die 76 voormalige HS eiendomme verkoop is aan derde partye, en dat nie 'n enkele eiendom oorgedra is aan die sogenaamde sakereddingsvoertuig van die HS maatskappye, Orthotouch, nie.

Die verkoop van die 31 eiendomme aan Accelerate het ook daartoe gely dat Orthotouch 'n rekeningkundige verlies van omtrent R 782 miljoen gely het, terwyl slegs R 30 miljoen van die R 1 323 miljard opbrengs na Orthotouch gevloei het.

Die balans is aangewend om verbande af te betaal, nie net op die 31 eiendomme self nie, maar ook die van ander eiendomme wat verwant is aan Orthotouch en die Georgiou familie.

Volgens Moneyweb se ondersoek is dit duidelik dat die HS beleggers geen voordeel getrek het uit die verkoop van eiendomme aan Accelerate nie. Dit was net 'n voortsetting van die afverkoop van voormalige HS eiendomme verwant aan Orthotouch aan derde partye, en die noemenswaardige verliese wat Orthotouch gely het stel voor dat beleggers ernstige finansiële skade gely het.

U kan die gemelde artikel lees by <https://www.moneyweb.co.za/in-depth/investigations/the-peculiar-case-of-the-picvest-billions-part-6/>

9. **HUIDIGE STAND VAN SAKE**

9.1 **Versnelde Sertifikasie Aansoek (HS 21 & 22)**

Die Aansoek vir Sertifisering van HS 21 & 22 word op 11 tot 15 November 2019 in Pretoria aangehoor.

Dit is uiters belangrik dat HSAG lede hul finansiële bydraes maak en hul uitstaande bydraes en registrasiekoste op datum kry ten einde te verseker dat die HSAG die bes moontlik regsverteenvoordinging by die Hof het.

Die HSAG se Kennisgewing van Mosie, asook die verklarings ter ondersteuning van die Kennisgewing van Mosie, is op die HSAG se webblad by www.hsaction.co.za geplaas en ons nooi u uit om dit deur te lees.

9.2 Beleggers met eise in HS 15 tot 20

Al is die partye in litigasie dieselfde, berus die eisoorake van HS 15 tot 20 breedweg op ander feite, omstandighede en regsbeginsels. Byvoorbeeld, onder andere ook bedrog en wanvoorstellings (deliktuele eise) teenoor die kontraktuele eise in HS 21 & 22.

Beleggers in HS 19 tot 20 se eise is reeds ingestel deur middel van die Sertifikasie-Aansoek en hierdie aansoek stuit die verjaring van eise.

Tot op datum was dit nog nie dienlik om beleggers in HS 15 tot 18 se eise in te stel deur middel van die Sertifikasie-Aansoek nie weens gepaardgaande kostes en aangesien verjaring, op advies van ons advokatuur, nog nie ter sprake is nie.

Ten einde kostes te bespaar sal die Sertifikasie-Aansoek van HS 15 tot 18 derhalwe uitgereik en beteken word sodra die HSAG se advokatuur adviseer dat dit gedoen word. Die HSAG beplan dus sy prioriteite fyn en werk sistematies daarvolgens.

Die HSAG is steeds van voorneme om die Reëlinskema tersyde te stel omdat dit onder andere vir Georgiou en ander respondente vrywaar van eise teen hulle.

Georgiou se prokureurs het intussen hul antwoordende verklaring ten opsigte van die HSAG se Aansoek vir Tersydestelling van die Reëlinskema beteken en liasseer. Die antwoordende verklaring het ook gepaardgegaan met 'n voorwaardelike teenaansoek in terme waarvan Georgiou die Tersydestelling van die Reëlinskema ondersteun. Sy voorwaardes bepaal egter onder andere dat die HSAG se applikante die aansoek namens al 18 300 HS beleggers bring, en dat alle beleggers die rentes wat hul in terme van die Reëlinskema ontvang het, terugbetaal. Die HSAG sal alles tot sy beskikking gebruik om sy lede se belange te beskerm, maar sal ongelukkig nie vir persone wat nie kwalifiseer kan optree nie.

Die HSAG Bestuur het besluit dat dit in die beste belange van die HSAG is om die aansoek te opponeer, aangesien Georgiou se voorwaardes verregaande is en negatiewe gevolge inhou vir alle HS beleggers.

Tot tyd en wyl is Orthotouch in terme van die Reëlinskema verplig om maandelikse rente aan HS-beleggers te betaal, maar doen dit nie. Georgiou is steeds besig om die Reëlinskema te minag.

9.3 Aansoek om Tussenbeidetrede

Die HSAG Bestuur het aangedui dat Van der Sandt se tussenbeidetrede nie meer geopponeer gaan word nie ten einde enige risiko te vermy dat die komende Sertifikasie-aansoek uitgestel word en onnodige kostes aangegaan word.

Die HSAG se opponering is gevolglik teruggetrek en Van der Sand toegelaat om tussenbeide te tree met voorbehoud van al die HSAG se regte.

10. BELANGRIKE DATUMS

Na aanleiding van die saakbestuurder vergadering voor Regter Tolmay op 12 September 2019, is die volgende verdere belangrike tydtafel neergelê:

- **30 September 2019** – Georgiou en Van der Sandt moet hul antwoordende verklaring ten aansien van die HSAG se aanvullende verklaring van 16 September op die HSAG beteken en liasseer (Pretoria);
- **4 Oktober 2019** – Die HSAG se prokureurs van rekord moet hul repliserende verklaring ten aansien van Van der Sandt se Opponerende Verklaring beteken en liasseer (Pretoria);
- **7 Oktober 2019** – Die HSAG moet hul repliserende verklaring ten aansien van Georgiou en Van der Sandt se Antwoordende Verklarings van 30 September beteken en liasseer (Pretoria);
- **11 Oktober 2019** – Georgiou moet sy repliserende verklaring ten aansien van Van der Sandt se Opponerende Verklaring beteken en liasseer (Pretoria);
- **14 Oktober 2019** – Die HSAG moet sy aanvullende Hoofde van Betoog beteken en liasseer (Pretoria);
- **21 Oktober 2019** – Georgiou moet sy Hoofde van Betoog beteken en liasseer (Pretoria);
- **11 – 15 November 2019** – Aanhoor van Gedeelte B van die Aansoek vir Sertifisering van HS 21 & 22.

11. **BELANGRIKE ALGEMENE TERME EN VOORWAARDES:**

Die HSAG het verskeie versoeke ontvang om die nuusbriewe korter te maak. Dit is egter nie altyd moontlik nie maar word die algemene en herhalende terme, voorwaardes en ander algemene inligting wat voorheen in die Nuusbriewe vervat was, nou beskikbaar gestel op die HSAG se webtuiste by www.hsaction.co.za onder die September 2019 kennisgewings. In die alternatief kan dit besigtig word by die volgende skakel:

<http://hsaction.co.za/wp-content/uploads/2019/09/HSAGTsCs.pdf>

Die HSAG Bestuur wil iedere en elke lid alle voorspoed en sukses toewens met die afsienbare toekoms.

Vriendelike groete

HSAG-Bestuurskomitee

Kontak die HSAG en prokureurs by:

Tel: (021) 887 7877

hsactiongroup@gmail.com



AFRIKAANS HIERBO

MONTHLY NEWSLETTER: SEPTEMBER 2019

This newsletter is addressed to you as a member of the Highveld Syndication Action Group (“HSAG”) on account of you having made an investment in the Highveld Syndication Companies 15-22 and/or support of the HSAG.

This email is confidential and is exclusively meant for the addressee. If you have received it in error/ wrongly, please notify the sender immediately at hsagenquiries@gmail.com and delete it. You may not copy, disclose or deliver any email received in error or any part of it to anyone else. HSAG’s webmaster uses antivirus software to prevent viruses and other malicious code. However, such software cannot prevent or eradicate all such code. The HSAG or its representatives will not be liable for any loss, harm or damage whatsoever arising from receipt or use of this email or otherwise, whether arising through negligence of the HSAG, its members, steering committee, and agents or otherwise.

The www.hsaction.co.za website is the primary place where you will find HSAG information, subject to the disclaimer contained therein (and also applicable hereto), although emails are also sent out from time to time.

The obligation to keep us up to date of any changes to your personal and/or contact details rests on you as HSAG member.

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1. **DIGITAL TIMER – BOOK YOUR SEAT ON THE BUS NOW!**

In order to help investors with the upcoming Application for Certification in mind as well as possible settlement negotiations, the HSAG has set up a new digital hourglass on the HSAG website. It indicates the cut-off date of 31 January 2020 for members to settle their outstanding contributions and registration fees and there is only 5 months left.

TAKE NOTE:

- In order to be fair and reasonable towards everyone that still wishes to proceed with the litigation, a 6-month grace period was granted to HSAG members to settle their outstanding contributions.
- This grace period will unfortunately be strictly enforced and no exceptions will be made.

The deadline for final settlements is 31 January 2020.

DAYS BEFORE COURT CASE: 45

2. **SHORT BACKGROUND AND HISTORY**

Firstly, the HSAG would like to express its sincere gratitude to every person that has been part of, and contributed to, the successes that were reached thus far in claiming investors' capital. These persons will also understand that it has not been an easy task.

The big test for individual members is however if they want to persevere by paying single thousands of rands in their own case (for a legal processes in which billions are claimed), or if they want to trust other processes and agreements outside court. Needless to say, the HSAG does not have the R4.6 billion, and in particular the luxury and means, to without funding, drive the legal process. Over the past few years this message has been repeated endlessly. The process is sad, but unfortunately dependant on the input and support of its members. Without that we will not be able to continue, even if the legal team is very positive about the merits of the matter.

In light of the unfortunate history and serious allegations of unethical and dishonest conduct by Georgiou and the Respondents, it is seriously doubted that anyone else, except investors and those close to them, will be willing to contribute to the funding of such a case. The fact of the matter remains that millions were paid for properties that were not delivered, and that the capital must be paid back to investors. Many people have already lost their courage and the prospective claimants are no longer tens of thousands in number, but only several thousand.

From the beginning, prospective claimants were informed about the funding model and continuously requested to make small contributions. Unfortunately only a small number of people acted upon those requests. It is now the time to make a final call to come on board, or not to. Members must now decide whether they are in or out in the

upcoming HS21&22 certification application, as no one will be automatically included if the case proceeds.

For several years, monthly newsletters, in which members were brought up to date on the cases, were sent out, as well as a statements of contributions and payments. SMSs and Whatsapp messages are sent and information is placed on the HSAG website.

Georgiou has from the beginning used every possible strategy, and even unethical conduct, to ward off the court cases. Luckily he did not succeed and the cases against him continue. Initially he and his front company, Orthotouch, were supported by MESSRS Hans Klopper, Connie Myburgh and Derek Cohen in an orchestrated attempt to derail the court cases, but the HSAG faced every onslaught and kept the cases on course. Currently, Georgiou is the only one left in Orthotouch.

After the stretching-out of cases; underhanded buying-off of Applicants; attempted withdrawal of cases and failed change of attorneys; bribing of HSAG Steering Committee members; smear-campaigns and unethical conduct were unsuccessful, Georgiou resolved to leading innocent investors into agreements, amongst others the procuring of Accelerate Property Fund shares, 'n listed company under the leadership of his son, Michael, whose Accelerate affairs were exposed in the media this week. See a further discussion of this below.

3. **“OPT-IN” MAKE SURE THAT YOU ARE PART OF THE CASE, IT IS INDEED YOURS**

The HSAG has one opportunity to certify the class action. Only people who expressly choose to be part of the proceedings will qualify and fall within the class. Persons who do not make the required financial contributions will unfortunately not be part of the upcoming HS21&22 fast track certification application of a class action. This may also mean that they will never be able to institute a claim in the future.

During a recent meeting before the Case manager, Judge Tolmay, the message was clear: the fast track HS21&22 case will go ahead on 11-14 November. The legal team is, without interruption, busy preparing for it (see further on the website and in previous newsletters). The fast track case focuses on enforcing certain contractual aspects in terms of which Georgiou and his entities are being held accountable. A large number of HSAG members invested in HS21&22, partly or in full.

This is one of the reasons why, especially amongst members who invested in other syndications (e.g. where certification applications have not been issued), requests were made that such members make an extra contribution, and throughout it was also a request that persons with bigger claims pay more.

In light of the aforementioned, necessity and fairness considerations, as well as the funding of the trial, the HSAG Steering Committee decided to request a special trial contribution from all HS21&22 members. This contribution will be levied against all members who invested in those syndications. Claims of R100 000 and more will also

pay an additional nominal contribution in accordance with their claim amounts. This will appear on your future statement.

4. **CAN HSAG MEMBERS' CLAIMS STILL BE SETTLED?**

The HSAG feels strong about its merits and believe that a Court will decide in favour of its members. Settlement negotiations are always possible, but unfortunately it requires that both parties conduct themselves in good faith, and that a mechanism is in place to ensure that the agreements are honoured. Thus far it has unfortunately been clear that Georgiou has not honoured a single agreement in the past decade and the HSAG is also not willing to lead its members into agreements without strong conditions and a Court order that will ensure enforcement thereof.

In international class action court cases it is not unusual for parties to become involved in settlement negotiations shortly before certification, as a unfavourable decision in litigation (in most cases for the proverbial Goliath) may result in millions or billions of rands worth of real and reputational damage. Therefore, in the event that there are settlement negotiations, the HSAG wants to be able to also negotiate on behalf of other paid-up members (that are not in HS21&22). In effect it entails that, if settlement is reached, all court cases and litigation will be brought to an end. It will also be the end to gruelling litigation for the opposition.

At this stage it does however appear that only one out of five HSAG members will qualify and it will be unfortunate if the Respondents get away with settlement, even if it will be a recoupment of a 100% of an investor's capital, with interest and costs for those few members. The HSAG Steering Committee wants to state clearly that the court case will take place in approximately six weeks and that people cannot, after five years of nominal contributions, complain about their destiny if they are not part of the HSAG's cases or negotiations.

5. **FROM THE PEN OF A PAID-UP INVESTOR, FINANCIAL ADVISOR AND HSAG STEERING COMMITTEE MEMBER**

Dear investor

The HSAG was called into life through a mandate that was given to the Theron and Partners to represent you in a group dispute. We are now in the final phase of the application to set aside the Scheme of Arrangement as well as the registration of a class action. The fact of the matter remains that most members and non-members of the HSAG do not realise the advantages and disadvantages of the case.

As a paid-up HSAG member you enjoy forming part of a group dispute. The non-paid-up members, and those sitting on the fence that are not members of the HSAG, or who do not want to become members, have an immense influence on the financial management of the litigation.

There are now basically three final solutions:

1. *You accept Georgiou's Accelerate Property Fund share offer, with reference to a letter dated 4 September 2019.*

The offer is as follow:

- *Suppose you have an investment of R100 000.*
 - *His offer is 25% of your original capital investment, thus:
R100 000 x 25% = R25 000*
 - *He then offers you Accelerate shares at a Net Asset Value of R7.50 per share.*
 - *Thus, you get 3 313 Accelerate Property Fund shares.*
 - *The share price, as on Thursday 19 September 2019, was R1.80 per share.*
 - *Should you sell these shares before brokerage costs (for facilitation of the transaction) the gross capital in your pocket would amount to R5 963.40 that you can in effect recover from your former R100 000 investment.*
2. *A special contribution in relation to the coming HS21&22 certification application is levied against members' accounts after this Newsletter. This contribution will appear on your October statement.*
 3. *In the event that we receive no financial assistance from you as HSAG members and non-HSAG members, we will be forced to immediately cease all litigation and for all practical purposes you right off your money!*

This is the reality that we now have to deal with and we cannot beat around the bush and take the current state of affairs lightly!

Please bring your side or do you want to be further destroyed by the offer that Orthotouch has now touch put on the table?

Kind regards,

Francois Strauss

6. **AUTOMATICALLY PART OF THE CLASS ACTION IF YOU ARE PAID-UP**

Until recently the HSAG asked the court to follow the so-called "opt-out" dispensation in its Notice of Motion, where all persons automatically form part of the class action, unless they specifically indicate not to be included.

As explained in the previous newsletter the HSAG Steering Committee, in consultation with their legal advisers and requests from paid-up members, decided to change this the dispensation.

The class has been narrowed considerably and for all practical purposes only those whose contributions have been paid in full will automatically be part of the class action.

This will mean that only those persons or are financially able and who want to be part of the class action will benefit from it. This is in accordance with the current paid-up members' view.

To refresh your memory, the opt-out dispensation entails that, where a Court certifies a class, all the members of the class will automatically be included as claimants in the class and they have to expressly give notice that they do not want to be included in the class.

The opt-in dispensation however entails that only claimants who expressly give notice will be included in the class, and thus no steps have to be taken if you do not want to be included in the certified class. Thus, it requires positive steps from those who want to be included in the certified class.

The opt-in dispensation will be advantageous to the HSAG and its members, as the HSAG Will be certain that its members will form part of the certified class and that, by joining the HSAG and the delivering contributions, they already indicate that they want to be included in the certified class. This also means, in order to avoid administrative nightmares, the HSAG can prescribe the manner in which claimants opt-in.

A further advantage of the opt-in dispensation is that the class will be narrowed to make the members more identifiable and determinable. If the class action is successful, or even if settlements are reached, the investors who must receive payments will easily be determined by the HSAG and Georgiou, and it will accelerate and simplify the process. Under the previous dispensation Georgiou would have to meet 18 300 claims, to a total value of R4.6 billion. Only a small percentage of HSAG members are currently paid-up, and if Georgiou would have to meet these claims, it will be a fraction of the original amounts claimed that he would have to pay/settle.

The opt-in dispensation's goals are not to exclude any persons with possible claims. It does however place an obligation on claimants who want to continue with their claims to take matters into their own hands by taking certain steps to be part of the HSAG's goals.

The HSAG is still claiming 100% of investor's capital investments plus interests and costs.

Georgiou's legal team informed the HSAG that he will not oppose the abovementioned opt-in amendment.

HSAG members must therefore urgently bring their contributions up to date to get their bus tickets for the upcoming certification application. If the Court accepts the amendment, persons who do not fall within the definition of the certified class, will be excluded from any claims in the HS21&22 fast track application.

If members have any enquiries, they must send an e-mail to the HSAG at hsagenquiries@gmail.com

7. WHAT THE MEDIA REPORTS ON PICVEST-INVESTMENTS – PART 4

A Moneyweb financial journalist wrote a series of articles covering the Picvest saga.

The articles provide readers with a comprehensive background and understanding of the precise events that took place in the Picvest saga, ever since Georgiou became involved.

As in the past two Newsletters, we continue to provide you with a short and concise summary of the articles in the following few HSAG Newsletters. However, we invite you to read the articles on the official HSAG website at www.hsaction.co.za.

PART 4 of the series: “The peculiar case of the Picvest billions: Part 4” proceeds to explain the complicated history of the Highveld Syndication (HS) schemes since its inception.

The Moneyweb investigation found that nearly all 79 properties, after it was syndicated to the former Highveld Syndication (“HS”) companies, were sold to third parties before and after the schemes fell into financial distress.

Approximately 18 000 investors paid R4.6 billion for the properties that formed part of the epicentre of the HS schemes. The properties were bought with investors’ money and the properties, without any mortgages, were given to professionals to manage and to generate an above average monthly income for investors.

The properties also served as underlying security for the investors.

The investigation identified 14 properties that were sold by the HS companies, and an additional seven properties that were sold by Zephan before the inception of the business rescue process.

These seven properties were possibly sold “twice”. Firstly, to investors for R450 million via the successful syndications, but the properties were never transferred, and secondly, when it was sold to third parties for R347 million.

This article analyses the sale transactions of the 21 properties.

Moneyweb send detailed questions to Georgiou and Klopper in November 2018, as well as thereafter, in which it was requested to provide background and motivation for the business rationale for many individual transactions, but no answers were forthcoming. Moneyweb also directed numerous requests to interview Georgiou and Klopper, but these requests were either ignored or declined.

Properties sold before the HS companies were put into business rescue

The original HS prospectors marketed themselves as property investment vehicles that would see investors become shareholders in companies that owned unencumbered properties.

However, Moneyweb’s investigation reveals that the HS companies sold 14 properties to third parties for around R393 million, realising a loss of R72 million for the HS companies.

Although the Companies Act allows directors of companies to buy and sell the underlying assets of the company, the HS prospectuses did not empathetically state that such trading would occur. In fact, the properties were touted as hand-picked to ensure fulfilment of the HS conditions.

A summary of these transactions appear on the table hereunder:

| Properties sold before business rescue | | | | |
|---|--|--------------------------------|---|----------------------------------|
| | Property name | HS prospectus valuation | Price at which sold to third party | Third Party |
| 1 | 110 Hamilston Straat - kantoorgebou (HS20) | R 43 023 578 | R 33 000 000 | Epipax |
| 2 | ABSA Potgietersrus (HS18) | R 25 600 000 | R 17 000 000 | TP Hentiq 6256 (Pty) Ltd |
| 3 | Caltex House (HS18) | R 28 600 000 | R 33 500 000 | Elatiglo (Pty) Ltd |
| 4 | Constantia Square (HS16) | R 26 090 000 | R 15 100 000 | Friedcorp 549 CC |
| 5 | Edgars Pietersburg (HS19) | R 44 665 219 | R 32 000 000 | Jason & Amy Prop Developing |
| 6 | Fourways Mall (HS15) | R 68 260 000 | R 53 000 000 | Balvest CC |
| 7 | Jacqueline Mall (HS16) | R 29 160 000 | R 26 500 000 | Dashing-Anglo Direct Division CC |
| 8 | Jeanlen Shopping Centre (HS15) | R 24 965 000 | R 20 950 000 | VVHHD Investments (Pty) Ltd |
| 9 | Panorama Shopping Centre (HS16) | R 35 925 000 | R 35 989 536 | Zephan |
| 10 | Pick n Pay Centre (HS17) | R 27 660 000 | R 10 571 520 | Blue Horison Investments 23 |
| 11 | Rock Cottage Shopping Centre (HS16) | R 48 135 000 | R 48 086 412 | Zephan |
| 12 | Sabie Spar (HS16) | R 18 315 000 | R 15 000 000 | Magaliesboom Eiendomme Ses CC |
| 13 | The Village (HS18) | R 14 000 000 | R 12 250 000 | Readam SA (Pty) Ltd |
| 14 | Wierda Square (HS15) | R 31 840 000 | R 41 000 000 | Vresthena (Pty) Ltd |

HS directors' response

Moneyweb put questions related to these sale transactions to Ben van der Linde and Morkel Steyn, directors of the HS companies at the time.

Van der Linde responded on behalf of both directors and said that the sale of properties were in accordance with the Companies Act, which allows the directors to sell assets. He also shared an email, which he sent to Georgiou and others during May 2011, with Moneyweb. In the email he questioned the sale of the properties from the syndications, and asked how the proceeds were to be used. He was never answered in writing. "We had meeting upon meeting, but nothing happened" Van der Linde said. According to him, this continued for years until the HS companies were put into business rescue.

It is also clear from the email that the directors were not fully informed of the reasons and circumstances related to the sale of the properties.

Individual transactions

The sale of two properties listed in the table above, Panorama and Rock Cottage, require further analysis. Both properties were syndicated as part of HS 16, but shortly before HS 16 was put into business rescue in December 2011, the properties were sold back to Zephan, that in turn resold them to third parties at a significant profit.

Panorama

The Panorama Shopping Centre is situated in Mulbarton in the south of Johannesburg. It was originally syndicated in 2006 as part of HS 16 at a value of R35.9 million. The title deed shows that Bosman & Visser (B&V) acquired the property for R43 million from High Adventure Investments Twenty in 2006, and immediately sold it to HS 16 for R51.8 million.

HS 16 remained the owner until 2011, when the property was sold back to Zephan for R35.9 million. Zephan then sold Panorama to Oaktree Inv (Pty) Ltd in 2014 for R101 million.

There are many interesting facts related to these transactions. B&V acquired the property at nearly R8 million more than the syndication value, and sold it to HS for R16 million in excess of the R35.9 million syndication value.

HS 16 sold the property to Zephan at the original syndication value. The syndication suffered losses of nearly R16 million. Zephan earned a profit of R65 million when the property was sold to Oaktree three years later.

Rock Cottage

Another interesting transaction involves the Rock Cottage Shopping Centre in Randpark Ridge as part of HS 16 for R48.13 million. After B&V acquired the property in 2006 for R44.3 million, it was sold to HS16 for R48.08 million, slightly less than the syndication value.

In 2011, HS 16 sold the property to Zephan at the same amount HS 16 paid to B&V to acquire it five years earlier.

Two years later Zephan sold the property directly to Accelerate for R63 million, earning Zephan a profit of nearly R15 million. (This is one of few properties Zephan sold directly to Accelerate and not through back-to-back transactions involving Orthotouch.)

Seven Properties sold “twice”

The Moneyweb investigation also reveals that at least seven properties were possibly sold twice by Zephan, Georgiou’s property company. The seven properties were originally syndicated for R450 million through several of the HS syndications, but were never transferred to the relevant HS companies.

Zephan sold these seven properties to third parties for R347 million. This suggests that Zephan sold the properties to the HS companies and third parties for a total amount of nearly R800 million.

***Shortened**

Look out for **PART 5** of the series of articles in the next HSAG Newsletter.

8. **WHAT THE MEDIA REPORTS ON PICVEST-INVESTMENTS – PART 6 – TEASER**

The latest chapter of the Moneyweb series, “The peculiar case of the Picvest billions: Part 6”, was published on 25 September 2019.

Although the article will be reported in the November newsletter, writer hereof is of the opinion that, especially following the Accelerate share option that is currently being circulated to investors, it is necessary to shortly summarise the contents thereof in this edition of the newsletter.

PART 6 of the series focuses on the sale of 31 Orthotouch properties to Accelerate Property Fund in 2013.

According to Moneyweb, these transactions represent the largest single sell-off of HS properties after the companies were put into business rescue. Notwithstanding the assurance that it would benefit investors, the sell-off degenerated into the effective looting of the historical HS assets.

Moneyweb found that, with the exception of two properties, nearly every one of the 76 former HS properties were sold to third parties, and that not a single property was transferred to the so-called business rescue vehicle of the HS companies, Orthotouch.

The selling of the 31 properties to Accelerate also lead to Orthotouch suffering an accounting loss of about R 782 million, while only R30 million of the R1 323 billion proceeds flowed to Orthotouch.

The balance was utilised to pay off mortgages, not only on the 31 properties, but also that of other properties that are related to Orthotouch and the Georgiou family.

According to the Moneyweb investigation it is clear that the HS investors received no benefit from the sale of properties to Accelerate. It was a continuation of the selling-off of former HS properties related to Orthotouch and third parties, and the considerable losses that Orthotouch suffered suggests that investors suffered serious financial harm.

You can read the mentioned article at <https://www.moneyweb.co.za/in-depth/investigations/the-peculiar-case-of-the-picvest-billions-part-6/>

9. **THE CURRENT STATE OF LITIGATION**

9.1 Fast Track Certification Application (HS 21 & 22)

The Certification Application for HS 21 & 22 will be heard from 11 to 15 November 2019.

It is of utmost importance that HSAG members make their financial contributions en bring their outstanding amounts and registration costs up to date to ensure that the HSAG will have the best possible legal representation in Court.

The HSAG's Notice of Motion, as well as the affidavit in support thereof, is available on the HSAG website at www.hsaction.co.za, and we invite you to read through it.

9.2 Investors with claims in HS 15 to 20

Although the parties in litigation are the same, the claims of HS 15 to 20 are broadly based on different facts, circumstances and legal principles. For example, amongst other things, fraud and misrepresentation (delictual claims) as opposed to the contractual claims of HS 21 & 22.

Investors with claims in HS 19 to 20 have already been instituted by way of the Application for Certification and this application suspends the running of prescription claims.

To date it has not been viable to institute a certification application on behalf of HS 15 to 18 investors as a result of the coupled costs and as prescription is, according to the HSAG's counsel, not yet of concern.

To save costs, the certification application in relation to HS 15 to 18 will therefore be issued and served as soon as the HSAG's counsel advises the same is done. The HSAG determines its priorities accordingly and proceeds systematically.

The HSAG still intends to set aside the Sec 155 Scheme of Arrangement as it indemnifies Georgiou and other Respondents from claims.

Georgiou's attorneys of record subsequently served and filed his answering affidavit in relation to the Application to Set Aside the Scheme of Arrangement. The answering affidavit was accompanied by a conditional counter application in terms of which Georgiou supports the Setting Aside of the Scheme of Arrangement. His conditions are however that the HSAG's applicants make the application on behalf of all 18 300 HS investors, and that all investors' interest payments received in terms of the Scheme are paid back. The HSAG will do everything in its disposal to protect its members, but will unfortunately not be able to act on behalf of persons who do not qualify.

The HSAG Steering Committee decided that it would in the best interests of the HSAG to oppose this counter application as Georgiou's conditions are outrageous and have prejudicial consequences for all HS investors.

In the meantime, Orthotouch is, in terms of the Scheme of Arrangement, obliged to make monthly interest payments to investors. Georgiou remains in contempt of the Scheme of Arrangement.

9.3 Application to Intervene

The HSAG Steering Committee indicated that Van der Sandt's intervention will no longer be opposed to prevent any risk that the coming certification application is postponed and unnecessary costs are incurred.

The HSAG's opposition was consequently withdrawn and Van der Sandt is allowed to intervene with reservation of all the HSAG's rights.

10. **IMPORTANT DATES**

Following the case management meeting before Judge Tolmay on 12 September 2019, the following further timetable was put forth:

- **30 September 2019** – Georgiou and Van der Sandt have to serve and file their answering affidavit in relation to the HSAG's supplementary affidavit of 16 September on the HSAG (Pretoria);
- **4 October 2019** – The HSAG attorneys have to file and serve their replying affidavit in relation to Van der Sandt's opposing affidavit (Pretoria);
- **7 October 2019** – The HSAG attorneys have to file and serve their replying affidavit in relation to Georgiou and Van der Sandt's answering affidavits of 30 September (Pretoria);
- **11 October 2019** – Georgiou has to file and serve his replying affidavit in relation to Van der Sandt's opposing affidavit (Pretoria);
- **14 October 2019** – The HSAG has to file its supplementary Heads of Argument (Pretoria);
- **21 October 2019** – Georgiou has to file and serve his Heads of Argument (Pretoria);
- **11 – 15 November 2019** – Hearing of Part B of the Application for Certification of HS 21 & 22 (Pretoria).

11. **IMPORTANT GENERAL TERMS AND CONDITIONS**

The HSAG received numerous requests to shorten the newsletters. This is not always possible, however the general and repetitive terms, conditions and other general information that was previously contained in the Newsletter, is now available on the HSAG website at www.hsaction.co.za under the September 2019 Notices. In the alternative, it can be directly accessed via the following link: <http://hsaction.co.za/wp-content/uploads/2019/09/HSAGTsCs.pdf>

The HSAG Steering Committee wishes prosperity and success to each and every member for the foreseeable future.

Kind regards

HSAG Steering Committee

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