

18. The plan was nevertheless published on 30 November 2011 and adopted at a meeting in terms of the Act on 14th December 2011 as is mentioned above.
19. During the ensuing months the BRP and other role players made numerous approaches to most of the major banks on behalf of Orthotouch in South Africa for assistance and for additional funding in order to meet its monthly commitments. Since December 2011 the monthly shortfall was approximately R9m and which Zephan continued to advance as PCF. All approaches to the banks were to no avail as none of the banks approached expressed an interest in assisting Orthotouch and the investors.
20. During this process it became apparent to the BRP that Orthotouch's only source of funding was Zephan. At approximately R9m per month Zephan therefore funded a further amount of approximately R63m as PCF for the next seven months.
21. Having regard to the R107,4m in PCF provided until December 2011 and taking into consideration that a further R63m had been advanced by Zephan since then Zephan also had to provide some comfort to its own financiers.
22. When the opportunity presented itself to sell Southdale for R175m (which would net an amount of some R150m after payment of commission, clearance certificates, VAT and other expenses) and considering that Orthotouch's only source of funding is Zephan something had to be done to secure future funding for Zephan and, as a consequence, for Orthotouch. It was then decided that the proceeds of the Southdale sale had to be utilised reduce the PCF and to secure future funding for the benefit of the investors.
23. Investors are requested to bear in mind that if a bank was providing the funding for the business rescue process and a PCF loan of some R170m had accrued with a bank post the commence date such a bank would already have exerted much more pressure and would also have insisted upon some form of security. The Southdale proceeds would have been the only such immediate security available to a bank for settlement of the PCF and before even considering further funding.
24. As Zephan is effectively the "bank" providing PCF and the only party prepared to assist with PCF and as Zephan needs to secure future funding for purposes of on-lending such funding as PCF it was therefore necessary that the proceeds of the

sale of Southdale be appropriated sensibly and in the utmost best interest of the investors. Hence the agreement that proceeds of the Southdale sale could be utilised to pay related costs and expenses.

25. The balance remaining was made available to Zephan to reduce the PCF and Zephan in made such funding available to financial institutions as was alluded to in the Orthotouch letter. In the Othotouch letter it is also mentioned that:

25.1. the financial arrangements involve a number of entities including Orthotouch;

25.2. this will have the effect of introducing more sustainable properties to reinforce the Orthotouch business plan and unlocking further funding and value for the benefit of Orthotouch and the investors.

25.3. It will assist in enabling Orthotouch to meet its commitments going forward and increase value.

25.4. this process involves other entities and confidentiality is important

26. It should be realised that Orthotouch in its present format and with its present portfolio of properties is probably not sustainable in the long run and the steps envisaged in 25 above ensure long term sustainability.

27. Investors should take note of recent press reports relating to an investment scheme based in the Cape where the RAAF trust was sequestrated (in essence the same as liquidation) and where investors will receive no further income and where they will wait for quite a while before it is known as to what insolvency dividend, if any, they will receive. Whilst, in respect of the companies, investors have since September 2011 until the end of June 2011 thus far, albeit mostly late, been receiving their monthly interest.

Kind regards,

HANS KLOPPER

(sent electronically and therefore not signed)

Bbm.



"RA 9"

KORRESPONDENSIE VIR ALLE BELEGGERS

12 Oktober 2012

Geagte Meneer / Me.

HIGHVELD SYNDICATION 15 BEPERK: REG.NOMMER : 2003/031064/06
HIGHVELD SYNDICATION 16 BEPERK: REG.NOMMER : 2003/031129/06
HIGHVELD SYNDICATION 17 BEPERK: REG.NOMMER : 2003/025913/06
HIGHVELD SYNDICATION 18 BEPERK: REG.NOMMER : 2003/030778/06
HIGHVELD SYNDICATION 19 BEPERK: REG.NOMMER : 2003/030144/06
HIGHVELD SYNDICATION 20 BEPERK: REG.NOMMER : 2005/029425/06
HIGHVELD SYNDICATION 21 BEPERK: REG.NOMMER : 2005/027601/06
HIGHVELD SYNDICATION 22 BEPERK: REG.NOMMER : 2005/027390/06

1. Ons verwys na ons vorige korrespondensie in hierdie verband en meer spesifiek ons korrespondensie gedateer 13 Augustus 2012.
2. Daar was verskeie navrae oor vordering ten opsigte van die inwerkingstelling van die ondernemingreddingsplan wat ingevolge die bepalings van Artikel 150 van die Maatskappywet, 1971 (Wet 71 van 2008) ("die Wet"), deur alle geaffekteerde persone aanvaar is.
3. Neem asseblief uit die staanspoor kennis dat die ondernemingreddingsproses feitelik en regtens verwys na die tydperk vandat die ondernemingreddingspraktisyn in September 2011 aangestel is, totdat die ondernemingreddingsplan op 14 Desember 2011 aanvaar is.
4. Ná die aanvaarding van die plan is die ondernemingreddingspraktisyn as 'n direkteur van Orthotouch Beperk ("Orthotouch") aangestel, met die doel om toesig te hou oor die proses en in beleggers se belang op te tree. Ná die aanstelling as direkteur van Orthotouch moes sekere fidusiêre pligte teenoor Orthotouch se belange, m.a.w. sy aandeelhouers en ander belanghebbers, ook in ag geneem word. Gevolglik kon die skrywer nie altyd só optree dat hy vertroulike inligting wat van tyd tot tyd aan hom voorgelê is, kon deurgee nie. Dit geld veral in situasies waar daar vertroulik oor die belange van Orthotouch onderhandel word met ander partye, met inbegrip van instellings.
5. Dit beteken hoegenaamd nie dat daar enige botsende belange was tussen die skrywer se posisie as die ondernemingreddingspraktisyn wat toesig hou oor die plan se inwerkingstelling en die belange van die aandeelhouers nie. Albei partye se belange is trouens 100% onlosmaaklik verweef.
6. Navrae oor die ondernemingreddingsproses is duidelikheidshalwe geopper, en die kwessie oor verslagdoening daaroor aan geaffekteerde persone deur die skrywer as die ondernemingreddingspraktisyn. Die stand van sake is dat ondernemingreddingsverrigtinge ingevolge die Wet eindig sodra 'n ondernemingreddingsplan aanvaar word, en 'n kennisgewing van wesenlike inwerkingstelling daarna ingedien word. Die Wet vereis voorts dat 'n

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ondernemingreddingspraktisyn op 'n maandelikse grondslag aan die Kommissie en aan alle geaffekteerde persone moet verslagdoen, tensy daar 'n Hofbevel bestaan wat hom van hierdie vereiste vrywaar. Volgens die skrywer se advies oor die bepalings van die Wet, verwys die vereiste dat verslagdoening aan geaffekteerde persone op 'n maandelikse grondslag moet geskied, na omstandighede waar 'n ondernemingreddingsplan nog nie ingedien is nie. Dit is uiteraard nie hoe sake staan in hierdie geval nie.

7. 'n Ondernemingreddingsplan is betyds, binne drie maande, gepubliseer en ingevolge die Wet deur alle geaffekteerde persone aanvaar, soos wat blyk uit die stemuitslae. Teen hierdie agtergrond is die Kennisgewing Van Wesenlike Inwerkingstelling nog hangende, aangesien die skrywer tans wag vir die betaling van rente aan beleggers in Highveld Syndication 22 om gefinaliseer te word, waarna daar oorweeg sal word of 'n Kennisgewing van Wesenlike Inwerkingstelling by die Kommissie ingedien moet word.
8. Die bepalings van Artikel 158 van die Wet wat bepaal dat daar te alle tye op die gees en die letter van die wetgewing gelet moet word, moet in ag geneem word. Dit sal uit die aard van die saak onprakties en dwaas wees om maandeliks teen uiters hoë kommunikasiekoste aan beleggers verslag te doen onder omstandighede waar daar reeds 'n ondernemingreddingsplan aanvaar is.
9. Wat die kwessie van die laat betaling van rente betref, bly die maatskappy en sy beamptes daartoe verbind om die maatskappysake op só 'n manier te administreer dat die gereelde betaling van beleggers 'n roetinedeel daarvan uitmaak. Tot dusver was dit vir die maatskappy om verskeie redes moeilik om te oorleef in omstandighede waar finansiële instellings nie die nodige fondse verskaf om 'n maatskappy van hierdie grootte te bedryf nie. Die befondsingskwessies is in besonderhede bespreek in ons vorige korrespondensie, gedateer 13 August 2012.
10. Die behoorlik aangestelde ouditeurs onderneem tans 'n audit van Orthotouch; kwessies soos die befondsing van Orthotouch deur Zephan Properties (Edms) Beperk sedert die aanvaarding van die plan, die waardasies van die eiendomme en al Orthotouch se finansiële sake word tans geaudit.
11. Daar is tans onderhandelinge met 'n aantal beduidende rolspelers aan die gang met die oog daarop om 'n proses in werking te stel wat die beleggers se posisie sal versterk en verbeter, en hul vrese en risiko's sal besweer.
12. Hou in gedagte dat die ondernemingreddingsbepalings, wat vroeg in 2011 gepromulgeer is, die skrywer in staat gestel het om moedswillige pogings om die maatskappye te laat likwedeer, wat baie nadelig vir beleggers sou wees, af te weer. Beleggers sou aan die kortste ent van 'n baie duur, tydrawende likwidasiëproses getrek het. Dit is ten volle uiteengesit in die ondernemingreddingsplan. Beleggers word weer eens gevra om dit te raadpleeg.
13. Ons vra beleggers voorts om geduldig te bly en ons te help deur die proses toe te laat om op 'n manier te ontvou wat vir alle beleggers 'n behoorlike oplossing sal bied.

14. Ons is bewus daarvan dat verskeie partye sekere korrespondensie aan beleggers stuur met die doel om die proses te ontspoor en om die ondernemingreddingsproses se oogmerk skipbreuk te laat ly.
15. Ons vra beleggers vriendelik om sulke negatiewe korrespondensie met groot omsigtigheid te hanteer, aangesien dit die proses 'n finale nekslag kan toedien en die partye wat waarlik geaffekteer is, die beleggers, kan benadeel en slegs 'n klein groepie wat hul eie belange probeer bevorder, sal bevoordeel.

Die uwe

Ondernemingreddingspraktisyn

ELEKTRONIES GESTUUR EN NIE ONDERTEKEN NIE

"RA 10"

AAN ALLE GEAFFEKTEERDE PERSONE

12 Desember 2012

Geagte Meneer / Me.

HIGHVELD SYNDICATION 15 – 22 BEPERK ("ALMAL ONDER ONDER-
NEMINGREDDING")

("DIE SINDIKASIEMAATSKAPPYE")

JONGSTE INLIGTING AANGAANDE DIE ONDERNEMINGREDDINGSPROSES
DEUR DIE ONDERNEMINGREDDINGS PRAKTISYN ("ORP")

1. Amper 'n jaar het verloop sedert die goedkeuring van die Ondernemingsreddingsplan. Ons kondig met genoë aan dat die Direksie van Orthotouch Beperk deur die aanstelling van twee bykomende direkteure, mnr. Cas De Villiers en mnr. Heynie Van Loggerenberg, versterk is. Hul CV's sal op die Orthotouch-webblad beskikbaar gestel word.
2. Mnr. De Villiers is aangestel as Orthotouch se Direksievoorsitter, en mnr. Van Loggerenberg as 'n lid van die Ouditkomitee.
3. Ons is dankbaar om verslag te kan doen dat alle rentebetalinge vir HS 15 – 21 tot en met 7 November 2012 op datum is, ten spyte van die uitdagings wat ons die afgelope jaar ervaar het.
4. Ons werp tans alles in die stryd om te verseker dat die beleggers in HS 22 se agterstallige rente en die rente vir Desember 2012 so gou moontlik betaal word.
5. Ons doen alles in ons vermoë om te verseker dat beleggers in 2013 deurlopend hul maandelikse rente stiptelik sal ontvang.
6. Ons bevestig ook dat die rentekoerse vanaf Januarie 2013 met 0,25% per jaar verhoog sal word.
7. Ons wil dit graag op rekord plaas dat ons rentebetalinge heeltemal op datum sou wees, as dit nie was vir die feit dat 'n groep beleggers of adviseurs in 'n anonieme hoedanigheid ons onderhandelinge met 'n bank beduiwel het nie. Hierdie individue, wat voorgee om die belange van beleggers op die hart te dra, poog voortdurend om ons soeke na 'n blywende oplossing deur slinkse metodes

in die wiede te ry. Ons glo egter dat hulle sal misluk en dat die belange van beleggers beskerm sal word ten spyte van hul smeerveldtogte en ander geheime aktiwiteite.

8. Ingevolge die hersiene sakeplan wat onlangs deur Orthotouch se Direksie goedgekeur is, het Orthotouch besluit om deel te neem aan 'n strategiese skuif van die Georgiou-groep om 'n portefeulje van ongeveer R7.6 miljard op die Johannesburgse Effektebeurs (JEB) te noteer. Hierdie kommersiële eiendomsportefeulje sluit Fourways Mall (een van die land se voorste kommersiële ontwikkelings in die Noorde van Johannesburg) en R2.9 miljard van Orthotouch se eiendomme in. Die notering sal D.V. in April 2013 plaasvind. Die doel van hierdie transaksie is om Orthotouch in staat te stel om likiede (verhandelbare) aandele te bekom, wat die Highveld Sindikasiemaatskappye *pro rata*-eienaars in 'n likiede, verhandelbare en JEB-genoteerde aandeleportefeulje sal maak.
9. As gevolg van hierdie transaksie, sal 'n groot gedeelte van Orthotouch se bates in aandele in die genoteerde entiteit omskep word, wat goed gereguleerd sal wees, aangesien die JEB een van die bes geregleerde aandelebeurse in die wêreld is.
10. Fourways Mall en die eiendomme wat ingesluit is in die Fourways Distrik is die vlagskip-eiendomme agter die notering en sal beduidende belangstelling onder beleggers wek. Die nuwe transaksie se verwagte opbrengs is meer as 8.0%.
11. Die notering op die JSE bied groot voordele ten opsigte van likiditeit, aangesien Orthotouch se bates, in die vorm van genoteerde aandele, meer bemerkbaar sal wees en dus makliker wees om mee handel te dryf. Daar word verwag dat kapitaal van plaaslike en internasionale beleggers maklik verkry sal word en dat 'n notering op die JEB – weens sy status as 'n reguleerder van wêreldgehalte – ekstra sekuriteit aan beide plaaslike en internasionale beleggers sal gee.
12. Die balans van Orthotouch se bates, wat hoofsaaklik uit ontwikkelingseiendomme bestaan, sal binne Orthotouch behou word. Die oordrag van die eiendomme na Orthotouch sal gereguleer word as aanvullend tot die formele noteringsproses. Hierdie eiendomme sal onbeswaard wees en hul groeipotensiaal sal aktief nagestreef word – wat hul waarde verder sal verbeter, tot die voordeel van beleggers.

13. Die direkteure van Orthotouch sal u op die hoogte hou van verwickelinge met hierdie aangeleentheid. Ons sien uit na die moontlikhede wat die transaksie bied en is van mening dat dit die beste moontlike resultaat vir beleggers bied.

Die uwe

J F KLOPPER

Ondernemingsreddingspraktisyn van Highveld Syndication-maatskappye

BBM.

28

"ZA II"

ORTHOTOUCH

Postnet Suite 634 Private Bag X29 Gallo Manor 2052
Tel: 011 262 3833 ~ Fax: 011 262 2656

Geagte Belegger

Ek is 'n paar maande gelede as 'n nie-uitvoerende direkteur van Orthotouch Beperk aangestel, en het die Voorsitterskap van die maatskappy aanvaar.

Op 14 Desember 2011 het verreweg die meeste beleggers in die Highveld Syndication-maatskappy (meer as 99% van die teenwoordiges wat gestem het) ten gunste van 'n Ondernemingsreddingsplan gestem. Ingevolge hierdie plan het die maatskappy die eiendomme en reg daartoe by die Highveld Syndication-maatskappy gekoop.

Die Ondernemingsreddingsplan stel beleggers in staat om hul kapitaalbelegging binne 5 jaar terug te kry en intussen rente te verdien. Die rente word bereken teen 6% per jaar in die eerste jaar, en styg daarna met .25% per jaar. Die Plan is aanvaar bó die alternatief om waarskynlik in die geval van 'n likwidasië 'n groot gedeelte van beleggers se geld in die Highveld Syndication-maatskappy te verloor, soos wat – tragies genoeg – met ander eiendomsindikasies gebeur het.

Die maatskappy, in samewerking met Mnr Hans Klopper, die Ondernemingsreddingspraktisyn, is verbind tot die reuse-uitdaging om duisende beleggers, onder wie baie pensionarisse, se beleggings te beveilig. Hierdie uitdaging is volgens sommige mense onhaalbaar as 'n mens die verwagte, geprojekteerde beleggingsopbrengste in 'n kwesbare, globale finansiële omgewing wat voortdurend verander in ag neem. Ons het gesien wat in die laaste deel van 2007 met die markte gebeur het, en die daaropvolgende uitwerking op die wêreld ekonomie. Ons almal weet dus dat verrassings nie uitgesluit kan word in onsekere finansiële omstandighede nie; dit saai verwoesting wat selde beheer of beperk kan word.

Ek het die Voorsitterskap van Orthotouch voorwaardelik aanvaar, sonder dat ek toegang gehad het tot al die inligting oor die Highveld Syndication-maatskappy se geskiedenis. Ek kan dus nie pa staan vir die gebeure wat tot die huidige situasie gelei het nie.

Wat ek wel weet en met my eie oë sien, is 'n voortdurende spanpoging deur almal by die maatskappy om die beloftes wat ons aan meer as 18 000 beleggers gemaak het, na te kom.

Ek het gesien hoe hard daar gepoog word om finansiering te bekom, en hoe onderhandelinge met 'n prominente finansiële instelling teen Oktober verlede jaar beloop het om vrag af te werp. Hierdie uitkoms is egter ter elfder ure slinks in die wiele gery deur individue wat kwansuis die beleggers se belange op die hart dra, maar wat hulle voortdurend benadeel deur knaende verdagmakery oor die manier waarop die maatskappy en ander betrokkenes sake hanteer.

Okkupasie het gedaal, onderhoudskoste is hoog en die Maatskappy kon nog nie daarin slaag om fondse te kry om die rente betyds te betaal nie. Dit is tans die hoofrede vir onmin, en veroorsaak om verstaanbare redes ongelukkigheid onder beleggers. Die lang skadu's wat oor ongenoteerde eiendomsbeleggings hang – wat maklik met die Sharemax-debakel en die gepaardgaande ontugtering vergelyk word – boesem nie vertrou in nie. Die maatskappy werk deurlopend daaraan om die kontantvloei probleem wat tans ondervind word die hoof te bied. Die maatskappy besef dat die nakoming van geprojekteerde betaaltye 'n voorvereiste vir die herstel van vertrou is.

My beskeie mening is dat dit 'n fout was om aanvanklik presiese datums vir rentebetaling vas te stel, hoewel dit gebaseer was op die destydse aanduidings dat finansiering reeds verkry was. Ek het hierdie punt by my eerste maatskappydireksievergadering benadruk. Die genoemde groep kwaadstokers het hierdie aspek ongelukkig ook gebruik vir verdere verdagmakery onder beleggers, sonder om ruimte te laat vir die feit dat dit iets onvoorsiens was wat gebeur het, en dat daar geldige verduidelikings vir die laat betalings verskaf is.

Die verkoop van 'n gedeelte van die maatskappy se Portefeulje aan die voorgestelde notering van die

Accelerator Eiendomsfonds sal positiewe kontantvloei skep om gereelde betalings en 'n toename in kapitaal te verseker. Sover ek kan vasstel, is groot vordering met die verwesenliking hiervan gemaak.

Ek het voorgestel dat 'n omsendbrief aan aandeelhouers gestuur word om te verduidelik dat die situasie taai, maar nie wanhopig is nie, en om enige vrese oor wanpraktyke ten opsigte van finansiële bestuur te besweer. Hoewel ek nog net 'n paar maande as Voorsitter dien, het nie ek, mnr Klopper of mnr Heynie van Loggerenberg van die Ouditkomitee enige insidente teëgekome wat verkeerde vermoedens oor die finansiële bestuur van u belange laat ontstaan nie. Dit is duidelik dat die pogings van die kwaadstokers vererger soos die notering 'n werklikheid word.

Hoe dit ook al sy, ek het deur baie lewenservaring in die algemeen – en in die sakewêreld spesifiek – geleer dat daar niks erger is nie as iemand wat sy eie belange saboteer deur gerugte te versprei voordat ongerymdhede bewys kan word en rooi vlam sigbaar is. Totdat dit gebeur, sal ek en die ander mense wat onlangs betrokke geraak het, voortgaan om die maatskappy se pogings te ondersteun om sy verpligtinge na te kom, en meer doeltreffend en meer gereeld met u kommunikeer.

Ek doen 'n beroep op u om nie tou op te gooi nie, en verseker u dat die maatskappy alles in sy vermoë doen om die agterstallige rente wat aan u verskuldig is te delg. Intussen werk ons hard aan die notering. As ons suksesvol is, sal dit die nodige fondse inbring om ons verpligtinge tot op datum na te kom.

Buiten die vertroulikheidskwessies wat vir enige onderneming belangrik is, word die vloei van sekere inligting beperk, aangesien die maatskappy en die betrokke persone 'n aantal hofgedinge voer teen die kwaadstokers en hul trawante.

Ons wens u sterkte toe en vertrou dat ons almal binnekort na hierdie episode kan terugkyk met hernieuwe vertroue in diegene wat verantwoordelik is vir die beveiliging van ons beleggings en die verwesenliking van ons verwagtings.

Vriendelike groete
Cas de Villiers

Pretoria
6 Maart 2013

BBM.

"RAID"

4 June 2013

Dear Investor

ORTHOTOUCH LIMITED ("ORTHOTOUCH") & HIGHVELD SYNDICATIONS 15 – 22 LIMITED ("UNDER BUSINESS RESCUE") ("THE HIGHVELD SYNDICATION COMPANIES" OR "THE HS COMPANIES" OR "HS15-22")

- 1 Shortly after my last communication to you, the interest payments in HS15 to HS21 were brought up to date to the end of February 2013, and half the interest to that date for HS22 was paid. I am pleased to advise that interest payments on HS15 to 21 up to 31 March 2013 (which was due and payable on 7 April 2013) is up to date and we are working towards bringing interest payments completely up to date in all the HS Companies.
- 2 The impending listing of a new entity ("Listco") has caused some confusion and even some consternation amongst the investors in the HS Companies ("the HS Investors"). It has also presented the persons seeking our ruin ("detractors") with an opportunity to try and further their malevolent intentions. Consequently, we have had comments and questions such as the following:
 - When will I get my shares in the listed company?
 - If the listing happened in April, why have I not been paid?
 - They have reduced our assets to advance their listing.
 - The listing is a ploy to buy time and will never happen.
- 3 It is therefore prudent that I again explain the listing and how it impacts on Orthotouch and benefits all the HS Investors.
- 4 It is important to clarify at the outset that it is not the HS Companies or Orthotouch which is in the process of listing, but Listco.
- 5 At the risk of repeating what was clearly stated in the Business Rescue Plan, and explained in various communications since, here follows a synopsis of events:
 - 5.1 The HS Companies and related companies got into financial difficulty during the early part of 2011 as a result of which the continued payment of interest to investors became a problem;
 - 5.2 The difficulties had come about primarily as result of a dispute relating to the payment of funds on account of properties sold to a company known as Bosman & Visser (Pty) Limited ("B&V") by Zephan Properties (Pty) Limited ("Zephan"), as was fully explained in the Business Rescue Plan;
 - 5.3 A great risk existed that B&V might be liquidated, which could in turn have led to the liquidation of the HS Companies and would definitely have led to substantial loss of interest and capital to the HS Investors;
 - 5.4 In March 2011 an agreement was concluded between all the roleplayers in terms whereof a shelf company, Orthotouch Limited, would acquire (as one indivisible transaction) all the properties from the HS Companies on the basis that the purchase price would be paid at the end of a 5 year period and interest, albeit at a reduced rate, would be paid to the HS Investors on a monthly basis;
 - 5.5 This plan constituted a bail-out to avoid the devastating losses which would have resulted in the event of a liquidation;
 - 5.6 Although a liquidation could never have been to the benefit of the HS Investors the detractors with their self-serving agendas tried to take that route. In fact, they persist in their endeavours to derail the process to this day;
 - 5.7 The "Orthotouch deal" was subject to approval from the then Securities Regulation Panel and the HS Investors in General Meeting;

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- 5.8 Before approval could be obtained, an application for the liquidation of HS 19 was brought and in September 2011, to avoid liquidation and its calamitous consequences, the directors of the HS Companies placed them under Business Rescue Proceedings;
- 5.9 Mr Hans Klopper was appointed as Business Rescue Practitioner ("the Practitioner") and with a committee comprised of advisors and investors negotiated a deal with Orthotouch substantially on the same terms as the "Orthotouch deal";
- 5.10 That transaction was presented by the Practitioner to the HS Investors on 14 December 2011 and was sanctioned by an overwhelming majority;
- 5.11 Despite the obvious benefits to the HS Investors the detractors have not ceased in their endeavours which together with the prevailing weak economy have made it difficult for Orthotouch to maintain regular payments on time;
- 5.12 This notwithstanding, the HS Investors have been paid all their interest in terms of the Orthotouch deal for a period of 26 months. To date an amount well in excess of R500,000,000.00 (five hundred million rand) has been paid to the HS Investors.
- 6 In terms of the Business Plan which forms a part of the Business Rescue Plan, it was always envisaged that Orthotouch would need freedom to develop, sell, purchase and redevelop properties in order to grow the Property Portfolio value sufficiently to pay the investors their capital. There has been constant interference and innuendo from the detractors with regard to Orthotouch's dealings, which has hindered the ability of Orthotouch to optimise the portfolio and obtain the necessary funding. This notwithstanding, the directors of Orthotouch are proud to announce that the asset value has not diminished.
- 7 The proposed listing of Listco created an opportunity for Orthotouch to dispose of a number of properties which were difficult to manage and to convert a portion of its assets to cash or shares in a listed company, thereby increasing its liquidity and ability to grow its portfolio.
- 8 The benefits of the Listco deal, which will result in interest being brought and kept up to date and a better prospect for succeeding to attain the end-goal, clearly does not suit the detractors.
- 9 Lately there has been more activity from the detractors and an increased attempt to motivate investors to adopt an aggressive stance towards Orthotouch.
- 10 HS Investors are requested to look at the bigger picture and to compare the results so far with the consequences which would have followed, had the detractors been successful.
- 11 The listing process itself has been delayed for a number of reasons, not least of all the change in legislation, but is being pursued and will be finalised. We are advised that the target date is around the end of July 2013.
- 12 Until that happens, we will continue with our best endeavours to bring payments up to date and to keep you as fully informed as possible.
- 13 In closing, I would ask you to bear in mind that there are in excess of 18 000 investors in the HS Companies which makes it difficult for all your queries to be dealt with telephonically. I would therefore ask you (as far as possible) to let us have your queries in writing by post to Postnet Suite 1132, Private Bag X9, Benmore, 2010 or e-mail to theo@4sytebusiness.co.za.
- 14 We thank you for your patience and cooperation.

Yours sincerely

CAS DE VILLIERS

Chairman

EBM. 

"RA13"

TO ALL AFFECTED PERSONS

10 JUNE 2013

Dear Sir / Madam

HIGHVELD SYNDICATION 15 - 22 LIMITED ("ALL UNDER BUSINESS RESCUE")
("THE HS COMPANIES")

UPDATE ON THE BUSINESS RESCUE PROCESS BY THE BUSINESS RESCUE PRACTITIONER
("BRP")

1. The business rescue process in respect of the HS Companies is ongoing and it seems necessary to remind affected persons and interested parties of the background to the matter and to clarify certain issues which have been addressed in communications over many months.
2. It is apparent that certain individuals who purport to be "experts" continuously spread deliberate falsehoods (often perpetuated by the media) in what appears to be an attempt to promote their own hidden agendas.
3. The HS Companies were placed under Business Rescue in September 2011 following a dispute between Zephan Properties Proprietary Limited ("Zephan") and Bosman & Visser Proprietary Limited ("B&V"), after the South African Reserve Bank ("SARB") appointed inspectors to investigate the activities of Pickvest Syndications Proprietary Limited ("Pickvest") in September 2008. Zephan cancelled the agreements with B&V and consequently the head lease agreement between them and the HS Companies following a dispute between B&V and Zephan regarding the payment for properties and allegations that B&V were conducting the "business of a bank".
4. Investors should keep in mind that the cloud of the SARB investigations over this group and the entire property syndication industry had existed for approximately 3 years before the business rescue of The HS Companies.
5. As a consequence of the B&V dispute and other problematic issues in Pickvest, the HS Companies found themselves in a position where they were unable to service interest to their investors since the early part of 2011.
6. As a result a very real risk emerged that B&V and in turn the HS companies might be liquidated which would have had catastrophic results for the investors in the HS Companies.
7. In March 2011, some six months before this writer got involved in the affairs of the HS Companies as the Business Rescue Practitioner ("BRP"), a meeting was held between all the stakeholders and a solution was reached. In terms of this plan, investors were to receive interest at a reduced rate, and receive their full capital at the end of a 5 year period through a new entity, Orthotouch Limited ("Orthotouch"). The plan was subject to the consent of the shareholders.
8. The Agreement did not materialise due to delays which hindered the process of getting shareholder consent. An application was brought to liquidate HS19, and since the whole HS Group was under threat of liquidation, the HS Companies were placed under Business Rescue with this writer as the duly appointed BRP.
9. In terms of the relevant provisions of the Companies Act 71 of 2008 ("The Companies Act") pertaining to business rescue proceedings, the BRP was afforded a very short period of time within which to investigate the matter and to submit a Business Rescue Plan ("the Plan").

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10. To this end the writer harnessed the assistance of the attorney representing the HS Companies, Mr Connie Myburgh, the Non-Executive Directors Messrs Des Hudson and FP van Outshoorn, the Executive Directors Messrs Morkel Steyn and Ben Van Der Linde and a Creditors' Committee comprised of financial advisors and investors.
11. With the assistance of these parties the writer managed to renegotiate an agreement with Orthotouch and to publish the Plan on 30 November 2011. The Plan was adopted by an overwhelming majority of shareholders in all the HS Companies on 14 December 2011.
12. Although a number of problems have been experienced, interest payments to date have been maintained not only since the implementation of the Plan, but since the original conclusion of the Orthotouch Deal in March 2011. Save for HS22, interest payments are only 1 (one) month in arrears and every effort is being made to eradicate even that in the near future.
13. In addition, the asset value of the HS Companies has been improved despite said difficulties, and Orthotouch is working towards its objective which is to service interest and repay capital.
14. From the time that the writer became involved in the affairs of the HS Companies, it became apparent that there had been sustained efforts by various persons to liquidate the HS Companies long before the original Orthotouch transaction. The intent of those individuals is clearly to lay their hands on the assets of the HS Companies through liquidators by any means and without any care or consideration for the devastating loss and effect it would have on investors.
15. Whilst one had hoped that the formal adoption of the Plan would have thwarted the efforts of those individuals, it has not done so, In fact, the closer Orthotouch gets to resolving the problems of the HS investors, the more intense and underhanded their efforts become.
16. It is trite in our law that a director serves the best interests of a company and its stakeholders as a whole and not necessarily the singular objectives of the shareholder/s who appoint him. There have been accusations that the writer has a conflict of interest, since he serves both as a director of Orthotouch and as the BRP. Nothing could be further from the truth, as the objectives of Orthotouch are directly aligned with the objectives outlined in the Plan. Suggestions in this regard emanate from the very people referred to above who seek to derail the Plan to suit their own ends.
17. What has become of particular concern lately, is that certain people who were involved in engaging with the BRP and Mr Connie Myburgh initially have now surfaced in the ranks of those making threats and seeking to derail the process. Some of these people seem credible, due to the position they might have held or the role they might have played in the past. We do not think they are credible at all!
18. The purpose of this letter is to:
- 18.1. reassure investors that everything is being done to best serve their interests and to realise the objectives of the Plan as adopted;
- 18.2. caution investors against taking advice from the individuals referred to above who (despite what they may say) have no concern for the well-being of investors, but seek to enrich themselves instead; and
- 18.3. suggest to investors that they enquire from these individuals (if they are approached by them) why they make allegations and allude to issues which they must have known about prior to the Business Rescue.
19. Investors are kindly requested to communicate any queries regarding the above in writing.

Yours faithfully,

BBM.



J F KLOPPER

Business Rescue Practitioner: Highveld Syndication Companies



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"RA14"

COMMUNICATION TO INVESTORS

14 FEBRUARY 2014

IN RE: HIGHVELD SYNDICATIONS 15- 22 LIMITED (UNDER BUSINESS RESCUE) ("HS COMPANIES") AND ORTHOTOUCH LIMITED ("ORTHOTOUCH")

1. It is common cause that the HS Companies were placed under business rescue during September 2011.
2. The history and background relating to the events that led to business rescue resolutions being passed in respect of the HS Companies are recorded in the Business Rescue Plan ("the Plan") that was adopted on 14 December 2011 and which may be found at our website at www.corprecover.co.za
3. On 24 March 2011, some six months before business rescue proceedings commenced, an agreement was entered into between Orthotouch (then a dormant shelf company) and all role players in the HS Companies, Bosman & Visser and Pickvest in terms of which Orthotouch was to acquire the properties and claims owned by the HS Companies. That agreement was subject to the fulfillment of certain conditions precedent which were not fulfilled by September 2011, when the HS Companies were placed under Business Rescue, with the result that the agreement lapsed and became void. During the period between March 2011 when the agreement was signed and September 2011 when the HS Companies were placed under Business Rescue, Orthotouch advanced to the HS Companies funds to pay interest to the HS investors..
4. In September 2011 when the HS Companies were placed under business rescue and upon his appointment as Business Rescue Practitioner ("BRP") the writer was subject to the very tight timelines provided in terms of the business rescue

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provisions as contained in Chapter 6 of the Companies Act 71 of 2008 ("the Act") in that the writer/the HS Companies had:-

- 4.1. an obligation to give notice to some 18500 investors within 5 (five) days from the date of filing of the Business Rescue Resolution;
- 4.2. to convene first meetings of creditors within 10 (ten) days of his appointment; and
- 4.3. to publish a Business Rescue Plan within 25 days of his appointment.
5. At the first meetings of creditors held during September 2011, the affected persons unanimously adopted a resolution extending the date for the publication of a Business Rescue Plan to 30 November 2011.
6. When the HS Companies were placed under business rescue the Orthotouch agreement referred to in paragraph 3 above lapsed and Orthotouch was invited to commence with negotiations with the BRP afresh.
7. Pursuant to these negotiations an amended offer was submitted by Orthotouch to the BRP in or around October 2011.
8. The shareholders of Orthotouch had at that stage commenced with negotiations with a commercial bank to advance some R 200m, initially to the HS Companies as post business rescue commencement finance as is envisaged in terms of Section 135 of the Act. A term sheet was presented by the bank which led both the Orthotouch directors and the BRP to believe that the obtaining of the post commencement funding was achieved.
9. It was envisaged that, upon the adoption of the Plan (referred to in paragraph 2 above), Orthotouch would assume this liability to the relevant bank and that this amount would enable Orthotouch to immediately commence with a cash base of R200 million, which would have served as:-
 - 9.1. working capital;
 - 9.2. funding of the initial tranches of interest payable; and
 - 9.3. generally, to cover the costs of commencing with the registration of transfer of immovable properties from the HS Companies to Orthotouch pursuant to the Plan, once adopted.
10. The BRP was introduced to the commercial bank and participated in discussions with the bank, on 17 November 2011, some 2 weeks before the date upon which the Plan was due for publication.
11. During these discussions, the bank's officials were informed by the BRP that the requisite funding be would partially utilised to pay the interest payments for No-

- ember 2011 and would thereafter be utilised for the funding of the activities mentioned in paragraph 9 above.
12. It was made abundantly clear to the aforesaid bank's officials during the discussions that it would serve no purpose to only provide funding for an initial tranche of R30 million, if the bank would thereafter not continue with the process of up to the full amount of R200 million.
 13. This was discussed specifically with the bank officials during a meeting held on Thursday, 17 November 2011. The next morning (18 November 2011) the bank provided sufficient funds to enable the HS companies pay interest to the investors for November 2011.
 14. During the week that followed the BRP made numerous unsuccessful attempts to communicate with the bank. No telephone calls were returned and the BRP was effectively ignored.
 15. During the morning of 25 November 2011 (a week later) and 5 days before the Plan was due to be published as mentioned in 5 above, the BRP was telephoned by two officials from the bank who informed him that the balance of the promised funding mentioned in paragraph 8 above would not be forthcoming.
 16. Despite this severe setback, the Orthotouch role players insisted that the Plan (which was at that stage in an advanced stage of completion) be published in its present format.
 17. The rationale for this was that Orthotouch and its shareholders were still of the opinion (which, in the fullness of time, turned out to be incorrect) that other banks would, without any difficulty, come to the aid of Orthotouch early in 2012.
 18. It is now common cause that this never materialised, and is the main reason why Orthotouch has remained cash-strapped and, *inter alia*, unable to take transfer of the immovable properties, as envisaged in the Plan, to date. It is to be noted in this regard that:-
 - 18.1. the directors of Orthotouch have done everything in their power to obtain cash flow into Orthotouch which could be used to procure transfers of the properties into Orthotouch, but to no avail;
 - 18.2. the solution to the difficulties of obtaining cash flow and transfers has been accepted as being a listing process of a combination of properties owned by the Georgiou Group on the one hand and due to be owned by Orthotouch on the other hand;

- 18.3. this listing process of an entity, Accelerate Property Fund Limited, had been ongoing for more than a year and was delayed due to, *inter alia*, reluctance of the SA Banking Industry to provide funding;
- 18.4. the planned listing however took place successfully on 12 December 2013.
19. The listing enabled Orthotouch to clear substantially all bank debt over the all properties earmarked for transfer to the Orthotouch portfolio and, pursuant to the listing, the value of the portfolio of unencumbered properties that Orthotouch has the right to take transfer of, is approximately R3 billion.
20. The process of registering the portfolio in the name of Orthotouch will now be embarked upon, bearing in mind that only such properties that Orthotouch wish to retain in the long term, will be transferred. Properties earmarked for sale will be realised in order to utilize the proceeds for:
- 20.1. working capital;
- 20.2. improvement; and
- 20.3. development of those properties mentioned in paragraph 20 above.
21. The Plan provides for the administration of the Orthotouch portfolio of properties to be administered by a company as defined in the Plan as "JPA Admin".
22. The Plan furthermore provides for that a secretarial services agreement between the HS Companies and a company defined in the Plan as "JPA Secretarial" be entered into.
23. The Orthotouch Board of directors have, on 11 February 2014, resolved that Orthotouch acquires the shares in the companies referred to in paragraphs 21 and 22 above and as a consequence Orthotouch will from now on administer its own property portfolio.
24. Orthotouch's auditors informed the board of directors on 21 January 2014 that owing to their workload, they found it difficult to schedule the Orthotouch audit into their schedule and as consequence terminated their appointment. The Orthotouch board has already identified new auditors and discussions to finalise their appointment took place on 11 February 2014. It is anticipated that this will finalised shortly and that the new auditors will commence with their work immediately thereafter.
25. The positive effect of the listing was that all Orthotouch's bank debt which arose by virtue of cross collateralization, where Orthotouch properties served security

for other loans, and almost the entire loan by Zephan Properties (Pty) Limited to Orthotouch has now been repaid.

26. Orthotouch will now be able to, without interference of financiers, transact with various parties with a view to unlocking cash as described in paragraphs 20.1 to 20.3 above. This ought to make Orthotouch cash positive within the next three months. Efforts to alleviate the interim plight of investors sooner are however ongoing.
27. Affected persons in the HS Companies are however reminded that interest payments have since March 2011, as described in paragraph 3 above, continued and investors should bear in mind that some R600m has been paid to investors since March 2011 which must surely demonstrate a commitment to:
- 27.1. the rescue process; and
 - 27.2. find a long term solution.
28. What is described above is manifest in that there is a determination to make the process work and we once again remind investors that this is the only process of this nature in the recent South African legal history relating to property investment schemes where investors are being paid on a regular basis as opposed to liquidation scenarios where investors effectively lost their entire investments.
29. We therefore request that investors assist us by remaining positive and supporting the ongoing rescue process.

JF KLOPPER

BUSINESS RESCUE PRACTITIONER

HS COMPANIES

AND:

BOARD OF DIRECTORS

ORTHOTOUCH LIMITED

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