

Your ref

Our ref

Date

W Zwiegers/ZC231

4 August 2017

Writer's Direct Fax Line: 086 619 6422

TO THE INVESTORS

Dear Sirs

HIGHVELD SYNDICATION SCHEME OF ARRANGEMENT

We represent Mr Derek Cohen, the duly appointed Receiver in the abovementioned scheme of arrangement.

Allegations have been published by one Mr Theron and the HSAG Steering Committee on the HSAG website alleging inter alia that our client is delaying litigation and it further creates the impression that our client may be under the influence of Mr Nic Georgiou of Orthotouch.

The purpose of this letter is to inform you that these allegations as well as any innuendo that our client is not acting properly within the parameters of the scheme of arrangement are totally devoid of the truth. The allegations relating to our client are in fact patent demonstrable lies and are per se defamatory. It is our view that it is in your interest that you take notice of the fact that Petrus Hanke a former member of the Steering Committee of the Highveld Syndication Action Group ("HSAG") has applied to intervene in proceedings presently before court in a case brought by Mr Theron on behalf of some members of the HSAG. Details of these proceedings are not material for purposes hereof but Mr Hanke has made the following allegations on oath which may be important to you:

- "As stated above, I was part of the HSAG Management Team / Steering Committee, and I have personal knowledge about the settlement negotiations between Theron, other role players and the 1st respondent ("Orthotouch") on one side and the investors on the other side."
- "Many investors joined the HSAG and paid the registration fee together with R1 000.00 legal fee per syndicate investment in order to qualify for settlement which would be facilitated by Theron even although they were not interested to be part of the class action. I am now of the view that Theron was not to settle the class action as a whole but that he was more interested in the sum of R2 500.00 settlement fee per syndicate investment."
- *"It became clear to me that the class action had no prospect to succeed as propagated by Stander and I started to inform investors that in their individual best interest to negotiate settlements directly with the respondents."*
- *It became clear to me that Theron no longer had the interest of the investors at heart, and that he was merely involved in the class action for the income it generated for his firm."*

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- *I recall a specific meeting in Benoni, arranged by Stander and Theron where Theron proposed a commission of R25 million from the 1st respondent in order to settle the class action. These payments later escalated to as much as R66 million."*
- *I am aware that Theron requested a commission of 1% of the settlement reached on behalf of any investor and the 1st respondent... by negotiating with the 1st respondent the payment of 50% of the capital invested was made over a much shorter period of time and it was not necessary to pay further commission as well as the class action registration legal fees to Theron. I further assume that it is for this reason that Theron did everything in his power to bring life to certification of the class action which was withdrawn."*

The above I believe goes a long way to explain why the proposers of the scheme and other parties are subjected to what now appears to be unnecessary litigation driven by Mr Theron.

For as far as the allegations relating to Hanke in the abovementioned application is concerned, Hanke on oath denies the bulk of the allegations relating to actions attributed to him by Theron, in particular he denies that he "jumped ship" and declares this allegation to be farfetched nonsense and not the truth. He states that the reason he had distanced himself from HSAG was because he changed his opinion in respect of Theron and the prospect of the success of the proposed class action. Hanke further records:

- *"Mention being made of contributions of up to R15 million in just three years, however Theron refused to furnish audited financial statements of his trust account."*
- *"I was informed by investors that when they requested such statements Theron's office said that it was confidential and cannot be given to investors although these investors are the contributors of such money and by right should know what happened to their money."*

The affidavit deposed to by Theron and one Sharon Ann Vlok and Esme Jordaan, a former applicant in a related application contains a wealth of further information and should you so wish, you can obtain a copy thereof from the High Court of South Africa, Gauteng Division, Pretoria filed under case number 80811/2014.

The recent HSAG newsletter deserves some comment with respect to the lies which it contains regarding our client.

You are aware and we formally record our client has refrained from getting involved in litigation initiated by Theron. Incidentally we have it on good authority that Mr Theron has already spent a substantial amount of the investors' money on litigation. Our client has to date assured that the scheme of arrangement be implemented in terms of his duties and responsibilities.

Our client is of the view that the lie that he is an agent of Mr Georgiou is designed to create confusion relating to the scheme. Mr Theron and the HSAG steering committee are making allegations without being privy to correspondence or records of meetings by my client with Orthotouch and these lies can therefore only have been manufactured to create panic amongst investors. Of particular importance to our client is to assure you that he is not in contempt of any court order as alleged by Theron. As yet Mr Theron has not provided a court order in this regard.

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We have now advised our client to, in the light of the abovementioned, launch an application to interdict Mr Theron and the HSAG Steering Committee from publishing lies about him and to sue these parties for damages. It is further interesting to note that I called upon Mr Theron to demonstrate his authority to act on behalf of certain of his "clients" in proceedings in Pretoria some 18 months ago. To date he has been unable to do so.

A translation of this letter in Afrikaans will be circulated early next week.

Yours faithfully



ZWIEGERS ATTORNEYS