

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

HIGHVELD SYNDICATION NO 15 LIMITED: REGISTRATION NUMBER (2003/031034/06)

HIGHVELD SYNDICATION NO. 16 LIMITED REGISTRATION NUMBER: (2003/031129/06)

HIGHVELD SYNDICATION NO. 17 LIMITED, REGISTRATION NUMBER: (2003/025913/06)

HIGHVELD SYNDICATION NO. 18 LIMITED, REGISTRATION NUMBER: (2003/030778/06)

HIGHVELD SYNDICATION NO. 19 LIMITED, REGISTRATION NUMBER: (2003/030144/06)

HIGHVELD SYNDICATION NO. 20 LIMITED, REGISTRATION NUMBER: (2005/029425/06)

HIGHVELD SYNDICATION NO. 21 LIMITED, REGISTRATION NUMBER: (2005/027601/06)

HIGHVELD SYNDICATION NO. 22 LIMITED, REGISTRATION NUMBER: (2005/027390/06)

(“THE HIGHVELD SYNDICATION COMPANIES”)

1. If you are in any doubt as to the action you should take, please consult your broker, banker, legal adviser, accountant or other professional adviser immediately.
2. If you are unable to attend the meetings of the Highveld Syndication Companies, to be held **on the date, at the times and at the venue** stipulated in the **Important Dates, Times and Venue** schedule of this Circular in respect of the business rescue meetings pertaining to the Highveld Syndication Companies, please complete and return the proxy and other forms forming part of the page of this Circular in accordance with the instructions contained therein, to the Company Secretarial Services Provider, **Pickvest Investments (Pty) Limited, 875 Schoeman Street, Arcadia** or fax same to **0862254011** or **012 342 2522**, or email same to proxies@pickvest.co.za to be received not later than the dates and times stipulated in the **Important Dates, Times and Venue** schedule of this Circular.
3. If a proxy form for a relevant meeting is not received by the time set out above, it may nevertheless be handed to the Chairman of the meetings up to 30 minutes before the commencement of the relevant meeting, together with an affidavit stating adequate reasons for lateness.

(THIS BUSINESS RESCUE PLAN WAS SIGNED AND PUBLISHED ON 30TH NOVEMBER 2011. THIS VERSION IS THE UPDATED VERSION AS AT 13TH DECEMBER 2011 AFTER RECTIFYING TYPOGRAPHICAL AND ERRORS WITH NUMBERING)

BUSINESS RESCUE PLAN

This document is a Circular to creditors and shareholders relating to a Business Rescue Plan ("the plan") in terms of Section 150 of the Companies Act, Act 71 of 2008, as amended ("Companies Act")

and incorporates

- Important Dates, Times and Venue schedule, stipulating the dates, times and venue of the meetings;
- relevant information in terms of Section 150 of the Companies Act;
- proxy forms for investors/creditors;

IMPORTANT DATES, TIMES, VENUE AND CORPORATE INFORMATION

MEETINGS IN TERMS OF SECTION 151 AND 152 OF THE COMPANIES ACT

HIGHVELD SYNDICATION COMPANIES

2011

Last day to lodge form of proxy for the creditors' meeting by 12:00 on

Monday, 12 December

Creditors' meeting for providing general information at 11:00 on

Wednesday 14 December

Creditors' meeting in respect of HS 15 to be held immediately thereafter on

Creditors' meeting in respect of HS 16 to be held immediately thereafter on

Creditors' meeting in respect of HS 17 to be held immediately thereafter on

Creditors' meeting in respect of HS 18 to be held immediately thereafter on

Creditors' meeting in respect of HS 19 to be held immediately thereafter on

Creditors' meeting in respect of HS 20 to be held immediately thereafter on

Creditors' meeting in respect of HS 21 to be held immediately thereafter on

Creditors' meeting in respect of HS 22 to be held immediately thereafter on

(All on Wednesday 14
December)

Notes:

1. If a form of proxy is not received by the time and date shown above, it may be handed to the chairperson of the meeting no later than 30 (thirty) minutes before the commencement of the meeting, together with an affidavit stating adequate reasons for lateness.
2. These dates, times and venue are subject to change. Any such change will be published to all affected persons.
3. Notice is hereby given in terms of Section 150 of the Companies Act of the Business Rescue Plan which is being convened under the Chairmanship of the Business Rescue Practitioner, Johannes Frederick Kloppe ("the Chairman") at the place, date and time fixed by the Chairman, namely at the **FULL GOSPEL CHURCH CAMPING GROUNDS, 3C, 8 JAN SMUTS AVENUE, IRENE CENTURION** on **Wednesday, 14 December 2011**, commencing at 11:00 with the meeting of creditors of HS 15, the meetings of HS16, HS17, HS18, HS19, HS20, HS21 and HS22 following for purposes of considering and, if deemed fit, approving with or without modification, the business rescue plan published by the Business Rescue Practitioner.
4. The agenda for the meeting is as follows:

- 4.4 to introduce the business rescue plan;
 - 4.5 to consider whether the practitioner continues to believe that there is a reasonable prospect of the company being rescued;
 - 4.6 invite discussion, and entertain and conduct a vote, on any motions to:
 - 4.6.1 amend the proposed plan, in any manner moved and seconded by holders of creditors' voting interests, and satisfactory to the practitioner; or
 - 4.6.2 direct the practitioner to adjourn the meeting in order to revise the plan for further consideration; and
 - 4.7 call for a vote for preliminary approval of the proposed plan, as amended if applicable.
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Business rescue plan prepared and to be published to affected persons for:

**HIGHVELD SYNDICATION NO 15 LIMITED: REGISTRATION NUMBER
(2003/031034/06)**

**HIGHVELD SYNDICATION NO. 16 LIMITED REGISTRATION NUMBER:
(2003/031129/06)**

**HIGHVELD SYNDICATION NO. 17 LIMITED, REGISTRATION NUMBER:
(2003/025913/06)**

**HIGHVELD SYNDICATION NO. 18 LIMITED, REGISTRATION NUMBER:
(2003/030778/06)**

**HIGHVELD SYNDICATION NO. 19 LIMITED, REGISTRATION NUMBER:
(2003/00144/06)**

**HIGHVELD SYNDICATION NO. 20 LIMITED, REGISTRATION NUMBER:
(2005/029425/06)**

**HIGHVELD SYNDICATION NO. 21 LIMITED, REGISTRATION NUMBER:
(2005/027601/06)**

**HIGHVELD SYNDICATION NO. 22 LIMITED, REGISTRATION NUMBER:
(2005/027390/06)**

In terms of section 150 of the Companies Act 71 of 2008

1. DEFINITIONS

- 1.1. **"The Act"** means the Companies Act 71 of 2008;
- 1.2. **"Acquittance"** means a document executed by a creditor in terms of which that creditor advises the BRP that such creditor will not look to any relevant company or the BRP for any payment or benefit under the Business Rescue Plan, to the extent of the amount stated in the acquittance;
- 1.3. **"Affected persons"** means affected persons as defined in Section 128 (1) of the Act and in relation to each company means a shareholder, creditor and employees of the company.
- 1.4. **"Assets"** means all assets of each company as reflected in the books of account of such company as at the commencement date;
- 1.5. **"Auction value"** means an estimate of the realisable value of the company's assets on a public auction where a sale is concluded on a forced sale, upon the fall of the hammer, to the highest cash bidder during an auction which was reasonably well advertised and attended by members of the public;
- 1.6. **"BRP"** means Klopper as a senior business rescue practitioner as defined in Regulation 126 to the Act;
- 1.7. **"B&V"** means Bosman and Visser (Pty) Ltd, Registration Number 1983/003314/07;
- 1.8. **"Business Rescue Plan"** means this document which is a business rescue plan prepared in terms of Section 150 of the Act published by Klopper on 30th November 2011 effective from the commencement date;
- 1.9. **"Creditors"** means all legal entities, including natural persons, having secured, preferent and/or concurrent claims against the companies as at the commencement date as envisaged in the Insolvency Act ;
- 1.10. **"Companies"** means **HS15, HS16, HS17, HS18, HS19, HS20, HS21 and HS22**, public companies having a share capital, duly incorporated in accordance with the company laws of the Republic of South Africa;

- 1.11. **"Claims"** means secured, preferent or concurrent claims as envisaged in the Insolvency Act, against the company, the cause of action in respect of which arose, prior to or on the commencement date, of whatsoever nature and from whatsoever cause, including claims, arising from contract or delict, actual and contingent, prospective, conditional and unconditional, liquidated and unliquidated, assessed and unassessed and whether or not due for payment of performance, specific or otherwise, and including all claims arising out of any agreements entered into by the companies on or prior to the commencement date, all such claims to be determined, calculated and admitted as secured, preferent or concurrent in accordance with the same ranking, as envisaged in the Insolvency Act, that attached to them upon the issue of a winding up order in respect of the company, whether or not such claims are proved
- 1.12. **"Commencement date "** means 7th September 2011 in respect of HS15, HS 16, HS17, HS18, HS 20, HS21 and HS 22, and 14th September 2011 in respect of HS19 which are the dates upon which the resolutions beginning proceedings were filed with the Commission;
- 1.13. **"Commission"** means the Company and Intellectual Property Commission;
- 1.14. **"Concurrent creditors"** means creditors having concurrent claims as envisaged in the Insolvency Act;
- 1.15. **"the final date"** means the date upon the business rescue plan is adopted at a meeting envisaged in terms of section 151 and 152 of the Act.
- 1.16. **"HS 15"** means Highveld Syndication No. 15 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2003/031034/06;
- 1.17. **"HS 16"** means Highveld Syndication No. 16 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2003/031129/06;
- 1.18. **"HS 17"** means Highveld Syndication No. 17 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2003/025913/06;

- 1.19. **"HS 18"** means Highveld Syndication No. 18 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2003/030778/06;
- 1.20. **"HS 19"** means Highveld Syndication No. 19 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2003/030144/06;
- 1.21. **"HS 20"** means Highveld Syndication No. 20 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2005/029425/06;
- 1.22. **"HS 21"** means Highveld Syndication No. 21 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2005/027601/06;
- 1.23. **"HS 22"** means Highveld Syndication No. 22 Limited, a public company, duly incorporated and registered in terms of the Company Laws of South Africa under Registration Number: 2005/027390/06;
- 1.24. **"Insolvency Act"** means the Insolvency Act 24 of 1936;
- 1.25. **"Inspection Documents"** means documents relevant to this Business Rescue Plan which for the sake of brevity have not been included in this circular but which are available for inspection on the websites: www.pickvest.co.za and www.highveldcompanies.co.za
- 1.26. **"JPA Admin"** means Golden Ribbon Trading 403 (Pty) Ltd, Registration Number 2008/024891/07, trading as JPA Property Administration;
- 1.27. **"JPA Secretarial"** means Golden Ribbon Trading 402 (Pty) Ltd, Registration Number 2008/0248954/07, trading as JPA Secretarial Services;
- 1.28. **"Klopper"** means Johannes Frederick Klopper of Blaauwklip Office Park 2, Webersvallei Road, Jamestown, Stellenbosch and Unit 5B, Clearview Office Park, Wilhelmina Avenue, Constantia Kloof, Roodepoort.
- 1.29. **"Market Value"** means the estimated amount for which a property should exchange on the date of valuation between an educated buyer and a reasonably motivated seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without undue influence.

- 1.30. **"the Offer"** means the offer submitted by Orthotouch as set out herein annexed as **Annexure "A"**;
- 1.31. **"Orthotouch"** means Orthotouch Limited, a public company duly incorporated and registered in terms of the Company laws of South Africa, under registration number 2010/004096/06.
- 1.32. **"Preferent creditors"** means creditors having preferent claims as envisaged in terms of the Insolvency Act;
- 1.33. **"Pickvest"** means Pickvest Investments (Pty) Limited (formerly Pickvest Syndications (Pty) Limited), a company duly incorporated and registered in terms of the Company laws of South Africa, under registration number 2002/00736/07.
- 1.34. **"Proceedings"** means business rescue proceedings as provided for in Chapter 6 of the Act
- 1.35. **"the Properties"** means the immovable properties owned by the Companies which are listed in herein and which are assets of the Companies.
- 1.36. **"Post commencement finance"** means post commencement finance as provided for in terms of section 135 of the Act
- 1.37. **"SARS"** means the South African Revenue Services;
- 1.38. **"Secured creditors"** means creditors having secured claims as envisaged in the Insolvency Act;
- 1.39. **"Syndication Prices"** the amount at which the Properties were acquired or deemed to have been acquired by the company.
- 1.40. **"TPFA accounts"** means an account in terms of Section 78 (2)(A) of the Attorneys Act Trust Account at a registered bank known as a Third Party Fund Administration Account.
- 1.41. **"Valuator"** means a reputable valuator of immovable property, Mr Robert Vallance of R Vallance and Associates CC, Property Valuers and Consultants of 342 Equestrian Road, Ruimsig, 1732;
- 1.42. **"Zephan"** means Zephan Properties (Proprietary) Limited (formerly Zelpy 2095 (Proprietary) Limited), a private company duly incorporated and registered in terms of the Company laws of South Africa, under registration number 2003/020174/07;

2. BACKGROUND AND HISTORY

- 2.1. The BRP has since the commencement date investigated the companies' affairs, business, property and financial situation by conducting interviews with directors, third parties and various role players involved in the companies' affairs.
- 2.2. What follows below is a summary of the information on the companies' history and background that the BRP could reasonably have ascertained during the limited time available since the commencement date.
- 2.3. Pickvest commenced with the activities as a promoter of property related syndications during or about 1998. Since 1998, Pickvest has successfully introduced about 120 commercial properties to the public.
- 2.4. Since its inception in 1998 Pickvest's business was conducted by a certain Mr J. J. D. Botha who acted as the sole director of Pickvest, the property syndication promoter.
- 2.5. In March 2008, Pickvest was taken over by Mr Rikus Myburgh, a chartered accountant and businessperson who occupied the position as Chief Executive Officer and owner of Pickvest until his resignation 1n June 2011
- 2.6. The BRP was informed that Pickvest had a well-established network of investment consultants nationally and a marketing network of approximately 800 accredited financial advisers who marketed the purchasing of shares linked to a loan account by members of the public in that it, through this agency network, arranged for the soliciting of purchasers interested in the acquisition of shares linked to a loan account,
- 2.7. It would appear that the intended syndication structure was that the investor would buy shares in a public company and the properties were then to be registered debt free in the same public company. The shareholder would receive the necessary a shareholder's certificate as proof of ownership.

- 2.8. The BRP was informed that it was also intended that with this structure, buildings in the companies could not be taxed or encumbered without the permission of the investors by virtue of the provisions of the old Companies Act 61 of 1973.
- 2.9. The marketing of property syndications since 1998 took place by means of published registered prospectuses which allegedly complied with the legal requirements as set out in the old Companies Act, 61 of 1973, as well as with the published Public Service Regulations of March 2006. The BRP does not express an opinion about the prospectuses.
- 2.10. As far the BRP was able to ascertain, it was intended that a Headlease and Buyback agreement with Zephan, as the seller and supplier of the commercial property, would ensure a stable monthly income over a specific period and secure capital growth in the property investment after a fixed investment term and investors would have been able to do better planning regarding their monthly expenditures and potential capital growth.
- 2.11. A prospectus was issued and handed to the intermediary agent, Pickvest, as Promoter, who accommodated a marketing network to introduce the product to prospective purchasers of shares. Each prospective shareholder and purchaser received a prospectus and an application form.
- 2.12. The BRP was assured that (but have not yet been able to verify this) in compliance with the FAIS Act by the intermediary, the purchaser of the shares, linked to the compulsory loan account, was alerted to the nature of the transaction.
- 2.13. It has been alleged, but which could not as yet verified by the BRP, that funds were received in an attorney's trust account and then transferred to TPFA (third party fund administrator) accounts. From the TPFA accounts funds were transferred at the request of Pickvest to the attorney's trust account. From here it was transferred to the specific Highveld companies' current accounts. From the current account of each of the companies the funds were then, at the request of Pickvest, transferred to B&V who utilized funds to pay the seller of the properties according to the purchase

agreements and for defraying of agent's commissions and other operational costs.

- 2.14. The funds were transferred from the accounts of HS 15 – HS 22 to the bank account held by B&V who purchased the properties from the registered property owners.
- 2.15. It has been alleged in documentation that it was the intention that B&V acquire the property with a view to its enhancement before transferring it to any one of the syndication companies.
- 2.16. It has also been stated in documentation that this was historically necessary when B&V required the property to be in a particular condition for the purchase of syndication.
- 2.17. The relationship was established with Zephan which developed an expertise in identifying properties that with or without development have a potential to generate an income.
- 2.18. The vast majority of properties which form part of the portfolios acquired by the companies have been purchased from Zephan.
- 2.19. Head lease agreements or agreements which purported to be head lease agreements supported by a guarantee had been entered into between Zephan and the Highveld Companies.
- 2.20. HS 19 – HS 22, in terms such Headlease agreements, notwithstanding the fact that registration of properties into the names of HS 19- HS22 had not been registered, had been given occupation of the properties that were to be transferred to HS 19-HS22.
- 2.21. On 4th September 2008 the South African Reserve Bank appointed inspectors to investigate the activities of Pickvest. This appointment was in terms of the South African Reserve Bank Act, 1998 (Act 90 of 1998) in terms of which Messrs N Alant and J Spies had been appointed as temporary inspectors to, *inter alia*, inspect the affairs of Pickvest and/or any related person or entity to establish whether "the business of a bank" is/was being conducted in contravention of the provisions of the Banks Act and/or the Mutual Banks Act.
- 2.22. Pursuant to the allegations that the companies were conducting "the business of a bank" Zephan cancelled the Headlease agreement between them and the companies. According to the Memorandum of Agreement it

was stated that *"A dispute has arisen between the relevant Zephon Group members and B&V in regard to the amounts payable by B&V to the various Zephon Group members in order to complete the various Sale Agreements to enable B&V to take transfer of the relevant properties referred to the said Sale Agreements."* This statement was also published on the Ishelp website.

- 2.23. This process carried on for a period of almost three years prior to the business rescue of the company. From information provided to the BRP by financial advisors it is alleged by such financial advisors that neither they, nor their clients, the investors, were aware of this process.
- 2.24. The possible illegality of the business structure of the companies by virtue of the alleged transgressions of the Banks Act having given rise to the involvement of inspectors presents a difficulty which necessitates an overall restructuring process of the affairs of the group and to remove the possible illegality referred to above. This is dealt with hereunder.
- 2.25. It is in the opinion of the BRP of **utmost importance** to in the interest of investors to avert the liquidation of the companies and the serious negative effects of loss of value for investors which may be the consequence of a liquidation of the companies or any one of the companies.

3. EVENTS IMMEDIATELY BEFORE PROCEEDINGS

- 3.1. The companies conduct business as investors in commercial, retail and industrial property for which it outsources management and which it hires with the intention of making a profit.
- 3.2. During or about March 2011 the companies entered into an agreement in terms of which, inter alia, they were to sell the properties to Orthotouch. ("the Initial Orthotouch Agreement")

- 3.3. The Initial Orthotouch Agreement was subject to the due fulfilment of two conditions precedent namely:-
 - 3.3.1. the approval of the transaction by the then Securities Regulation Panel ("SRP"); and
 - 3.3.2. the subsequent approval of the transaction by the shareholders in General Meeting.
- 3.4. Orthotouch, by virtue of the commencement of the proceedings, withdrew the initial Orthotouch agreement.
- 3.5. The companies were placed under proceedings in terms of section 129 of the Act by virtue of a resolution adopted by the companies which was filed with the Commission on the commencement date.
- 3.6. The Commission issued a certificate in terms of which Klopper was licensed to serve as BRP and he was appointed as BRP to the companies.
- 3.7. The first meetings of creditors in respect of the companies were held on 21st September 2011 in respect of HS 15- HS 18 and HS20-HS22 and on 30th September 2011 in respect of HS19. Upon conclusion of the meetings referred to above the BRP formed the view that there is a reasonable prospect of publishing a plan which would result in a better return than would result from the immediate liquidation of the company.
- 3.8. In terms of the provisions of section 128 of the Act proceedings also include proceedings to facilitate, if it is not possible for the companies to so continue in existence, a better return for the companies' creditors or shareholders than would result from the liquidation of the company.
- 3.9. For a number of reasons the companies are in financial distress and the purpose of this business rescue plan is to propose a plan that would put

the companies in a better position than that which the companies would be in if the companies were to be placed in liquidation at this stage.

- 3.10. Orthotouch has resubmitted an offer to acquire the properties which offer is included in the Inspection Documents and the details of which are reflected in **Annexure "A"** hereto together with its Appendices. Based on the offer received from Orthotouch the BRP formed the view that there is a reasonable prospect of publishing a plan which would result in a better return than would result from the immediate liquidation of the company.
- 3.11. Pursuant to the provisions of section 150 (1) of the Act and after consultation with the creditors, other affected persons and the shareholders of the companies this business rescue plan will be submitted for consideration and possible adoption at a meeting held in terms of section 151 and considered in terms of section 152 of the Act.

4. BUSINESS RESCUE PLAN : PART A – BACKGROUND

- 4.1. Pursuant to the provisions of Section 150 (2) (a) of the Act the business rescue plan is required to contain certain background information which, in compliance with this section of the Act, are contained therein.
- 4.2. The companies are public companies that conduct business from 875 Schoeman Street, Arcadia, Pretoria.
- 4.3. The companies had entered into lease agreements with tenants of the buildings which the companies own and the lease agreements provided for an average escalation of 8,5% per annum on the monthly rentals.
- 4.4. The dramatic downturn in the economy over the past 3 years has adversely affected the companies in that numerous lease agreements have been cancelled, creating vacancies in the Properties and tenants

have sought and obtained rental reductions. The future prospects of the companies, should they remain invested in a small portfolio of properties, are not good.

- 4.5. It is evident that the prospects of the Investors recovering their Capital without the Offer being accepted are bleak whereas the recovery prospects, should the Offer be accepted, are considerably improved.
- 4.6. No material contracts have been entered into by the companies which contain material obligations or settlements, other than those entered into in the ordinary course of business.

5. THE COMPANIES' ASSETS

5.1. HS15 – HS 18- INVESTMENTS

- 5.1.1. Details of the various commercial properties owned by HS 15 -18 are contained in Appendix II to Annexure A hereto.

5.1.2. HS 19 -22 INVESTMENTS

- 5.1.2.1. As result of a dispute that arose between B&V and Zephan under circumstances where it is alleged by Zephan that B&V owes some R883 million in respect of the purchase consideration of the properties forming the subject matter of the agreement of sale between Zephan and B&V, HS 19 – HS 22 were unable to take transfer of the properties that HS19 – HS22 purchased from B&V. As this dispute relates to Zephan and B&V nothing contained herein must be construed that the BRP expresses an opinion about the accuracy of amount of the alleged indebtedness or the veracity of the allegations by the respective parties to the dispute.

- 5.1.2.2. B&V however denies the indebtedness and persists to allege that it paid the full purchase consideration in respect of the properties. The BRP does not express an opinion about this denial.
- 5.1.2.3. The consequence of investors adopting a confrontational approach with regard to a claim that HS 19 – HS 22 may have against B&V and the consequent legal action that will ensue should action be instituted against B&V and in turn by B&V against Zephan may, in the opinion of the BRP, have the effect of an ultimate liquidation of HS 19 – HS 22 as the only realistic forum for conducting enquiries would be in terms of the Laws of Insolvency read with the provisions of the Companies Act , 61 of 1973.
- 5.1.2.4. This will however have the devastating effect of a complete destruction of value and loss most of or almost all the investments by investors who have invested the sum of approximately R3 463 550 000,00 **(Three Billion Four Hundred And Sixty Three Million Five Hundred and Fifty Thousand Rand)** in HS 19 – HS 22.
- 5.1.2.5. In summary, HS19-HS22 will, in a liquidation scenario, have mere concurrent claims against B&V or a claim against B&V to give transfer of the relevant properties which has been paid in full by HS19-22 to B&V.
- 5.1.2.6. Under the circumstances the plan proposed herein is to procure that the affairs of the companies be orderly restructured by entering into the agreement with Orthotouch.

5.1.3. **Creditors**

- 5.1.3.1. By virtue of the fact that some 19000 investors are exposed the personal details of the investors are not divulged in this plan. The list of

the investors is the same as the list of shareholders referred to hereunder.

5.1.3.2. The aggregate amount invested by investors in the companies is approximately R4 603 150 000.00 (**Four Billion Six Hundred and Three Million One Hundred and Fifty Thousand Rand**).

5.1.3.3. The companies are also indebted in respect of loans and trade creditors in the aggregate amount of **R 146 105 201.00. (One Hundred And Forty Six Million One Hundred And Five Thousand Two Hundred And One Rand)**

5.1.3.4. All claims by creditors against the company would rank as concurrent as is provided for in terms of the Laws of Insolvency.

5.1.4. **The probable dividend in a liquidation scenario**

5.1.4.1. Valuations of the companies' properties were obtained during the first half of 2011 in order to obtain the market value of the companies' properties.

5.1.4.2. The probable dividend that creditors would receive based on the expert opinion of the Valuator, if the companies were to be placed in liquidation and the companies properties were to be sold at market value in an orderly fashion during a liquidation process, is as follows:

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	Nr 15	Nr 16	Nr 17	Nr 18	Nr 19	Nr 20	Nr 21	Nr 22
ASSETS								
Debt recovery (@20% recovery)					120 800 000.00	129 889 851.60	264 400 000.00	177 600 000.00
Immovable property	143 275 000.00	196 029 000.00	182 071 000.00	267 340 000.00				
Rental income (Project: two year)	26 768 612.00	43 024 415.00	64 717 753.00	58 768 245.00				
	170 043 612.00	239 053 415.00	246 788 753.00	326 108 245.00	120 800 000.00	129 889 851.60	264 400 000.00	177 600 000.00
Less: Liquidation costs	71 081 637.47	93 679 190.90	97 205 462.38	107 598 149.52	96 576 161.86	107 792 463.54	238 404 729.86	21 198 129.86
Liquidators' fees	7 899 160.29	11 524 647.26	13 477 805.25	15 727 422.17	13 771 200.00	14 807 443.08	30 141 600.00	20 246 400.00
Master's fees	25 000.00	25 000.00	25 000.00	25 000.00	25 000.00	25 000.00	25 000.00	25 000.00
Bond of security	816 667.50	1 117 365.30	1 037 804.70	1 523 838.00	688 560.00	740 372.15	1 507 080.00	1 012 320.00
Legal costs/ liquidation	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00
Valuation fees	-	-	-	-	-	-	-	-
Auction Advertising cost and	207 088.11	283 338.16	263 163.42	386 410.30	-	-	-	-
Auctioneers' Commission	3 266 670.00	4 469 461.20	4 151 218.80	6 095 352.00	-	-	-	-
Estate Advertising costs	1 423.70	1 423.70	1 423.70	1 423.70	1 423.70	1 423.70	1 423.70	1 423.70
Allowance postage and petties	399.00	399.00	399.00	399.00	399.00	399.00	399.00	399.00
Provisions/ bank charges	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00	114 000.00
Provisions/ advertising	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00
Bond of sec renewal (2nd year)	816 667.50	1 117 365.30	1 037 804.70	1 523 838.00	688 560.00	740 372.15	1 507 080.00	1 012 320.00
Rental expenses	10 979 414.00	28 486 522.00	38 082 588.00	29 993 476.00	-	-	-	-
Capital Improvements	9 727 576.00	416 187.00	795 039.00	-	-	-	-	-
Interest paid	34 226 150.00	41 801 900.00	31 412 300.00	46 780 250.00	81 439 325.00	91 842 450.00	207 658 600.00	-
Business rescue fees	227 681.00	227 681.00	227 681.00	227 681.00	227 681.00	227 681.00	227 681.00	227 681.00
Legal fees	983 720.00	983 720.00	983 720.00	983 720.00	1 380 427.00	1 193 720.00	1 193 720.00	1 193 720.00
VAT Payable/recoverable	1 675 890.37	2 996 050.97	5 481 384.81	4 101 209.35	-1 874 543.84	-2 014 527.55	-4 085 983.84	-2 749 263.84
Available for distribution	98 961 974.53	145 374 224.10	149 583 290.62	218 510 095.48	24 223 838.14	22 097 388.06	25 995 270.14	156 401 870.14
Cents in the Rand:	37.08	35.39	60.01	60.89	4.01	3.40	1.97	17.61
Available to Investors	93 719 970.04	109 767 128.10	139 159 984.66	209 996 349.68	24 223 838.14	22 097 388.06	25 995 270.14	156 401 870.14
Available: other liabilities	2 287 584.66	33 644 157.89	8 306 598.33	4 614 215.88	0.00	0.00	0.00	0.00
Available: Trade creditors	2 954 419.83	1 962 938.12	2 116 707.63	3 899 529.92	0.00	0.00	0.00	0.00

5.1.4.3. The following should be noted with regard to the above:

5.1.4.3.1. it therefore is clear that, should the company be placed in liquidation and the liquidation process is completed to its final conclusion and on the understanding that the companies' properties be sold at market value in an orderly fashion, which, has been calculated on the basis that the liquidation process would at take least some 2 years to be finalised that concurrent creditors would receive:

5.1.4.3.1.1. in **HS15** a dividend of **37.08 cents** in the rand.

5.1.4.3.1.2. in **HS16** a dividend of **35.39 cents** in the rand

5.1.4.3.1.3. in **HS17** a dividend of **60.01 cents** in the rand

- 5.1.4.3.1.4. in **HS18** a dividend of **60.89 cents** in the rand
- 5.1.4.3.2. by virtue of the nature of this companies' present position it is quite possible, in the experience of the BRP, that the liquidation process, especially where there may be delays as consequence of litigation, could take at some 4 to 5 years which may deplete the estimated liquidation dividend even further after taking further costs to be incurred in the event of lengthy litigation into consideration.
- 5.1.4.3.3. The BRP was unable within the short timeframe since the commencement date to procure more recent valuations of the properties auction values but have been advised that auction values of the properties, in the present market, may very well be some 50% of the present valuation of the market values which were obtained earlier in 2011. The cost of procuring such valuations would however have been exorbitant.
- 5.1.4.3.4. The assets of HS 19 – HS 22 consist of claims against B&V which, based on the investigations by the BRP, could only be pursued by instituting legal action against B&V. For this purpose the BRP or the liquidators of HS19 –HS22, as the case may be, will have to be placed in possession of sufficient funds to litigate against B&V which funds will have to provided by investors as it would be their interests which will be pursued and this may lead to B&V being placed in liquidation. In the BRP's experience funding of at least R 10m will required to commence with litigation of this nature.
- 5.1.4.3.5. B&V's liquidators, in turn, will have to pursue with legal action against Zephan and Zephan will undoubtedly defend such action and institute a counterclaim claim for damages against B&V.
- 5.1.4.3.6. The estimated liquidation dividend calculated in HS19-HS22 is based, merely for illustrative purposes, on the assumption that 20% of the claim against B&V is recovered which is based on the understanding that the liquidators of B&V will also be placed in sufficient funds by investors to fund that litigation.
- 5.1.4.3.6.1. in **HS19** a dividend of **4.01 cents** in the rand
- 5.1.4.3.6.2. in **HS20** a dividend of **3.40 cents** in the rand

5.1.4.3.6.3. in **HS21** a dividend of **1.97** cents in the rand

5.1.4.3.6.4. in **HS22** a dividend of **17.61** cents in the rand

5.1.4.3.7. However, even in the event a successful recovery of 100% of the claim against B&V the estimated liquidation scenario would be as follows:

5.1.4.3.7.1. in HS19 a dividend of 74.50 cents in the rand

5.1.4.3.7.2. in HS20 a dividend of 73.90 cents in the rand

5.1.4.3.7.3. in HS21 a dividend of 72.77 cents in the rand

5.1.4.3.7.4. in HS22 a dividend of 88.28 cents in the rand

5.1.4.3.8. This scenario will entail complete success with all litigation and will take at least 5 -7 years taking into consideration the time that it takes to be successful with litigation of this nature to the Highest Court of Appeal.

5.1.4.3.9. The calculation of the dividends in a successful litigation scenario is as follows:

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	Nr 19	Nr 20	Nr 21	Nr 22
ASSETS				
Debt recovery (@100% recovery)	604 000 000.00	649 449 258.00	1 322 000 000.00	888 000 000.00
Immovable property	0.00	0.00	0.00	0.00
Rental income (Projection: Next two years)	0.00	0.00	0.00	0.00
	604 000 000.00	649 449 258.00	1 322 000 000.00	888 000 000.00
Less: Liquidation costs	154 024 214.86	169 477 661.41	360 027 649.86	104 142 969.86
Liquidators' fees	68 856 000.00	74 037 215.41	150 708 000.00	101 232 000.00
Master's fees	25 000.00	25 000.00	25 000.00	25 000.00
Bond of security	3 442 800.00	3 701 860.77	7 535 400.00	5 061 600.00
Legal costs/ liquidation	114 000.00	114 000.00	114 000.00	114 000.00
Valuation fees	-	-	-	-
Auction Advertising cost and	-	-	-	-
Auctioneers' Commission	-	-	-	-
Estate Advertising costs	1 423.70	1 423.70	1 423.70	1 423.70
Allowance for postage and petties	399.00	399.00	399.00	399.00
Provisions/ bank charges	114 000.00	114 000.00	114 000.00	114 000.00
Provisions/ advertising	130.00	130.00	130.00	130.00
Provision/ Bond renewal (2nd year)	3 442 800.00	3 701 860.77	7 535 400.00	5 061 600.00
Unspecified rental expenses	-	-	-	-
Capital improvements	-	-	-	-
Interest paid	81 439 325.00	91 842 450.00	207 658 600.00	-
Business rescue fees	227 681.00	227 681.00	227 681.00	227 681.00
Legal fees	5 000 000.00	5 000 000.00	5 000 000.00	5 000 000.00
VAT Payable/recoverable to SARS	-8 639 343.84	-9 288 359.24	-18 892 383.84	-12 694 863.84
Available for distribution	449 975 785.14	479 971 596.59	961 972 350.14	783 857 030.14
Cents in the Rand:	74.50	73.90	72.77	88.27
Available to investors	449 975 785.14	479 971 596.59	961 972 350.14	783 857 030.14
Available: other liabilities	0.00	0.00	0.00	0.00
Available: Trade creditors	0.00	0.00	0.00	0.00

5.1.5. Issued shares

5.1.5.1. Details of the companies' authorised and issued share capital at the time of the preparation of this business rescue plan is may be obtained from the Inspection Documents.

5.1.5.2. The Shareholders of the Company are reflected in the schedule of Shareholders, which is included in the Inspection Documents.

5.1.5.3. No other shares have been issued.

5.1.5.4. The shares have, in view of the companies' present financial position, no commercial value at this stage.

5.1.6. **Practitioner's Remuneration in terms of the Provisions of Section 143 (2) of the Act**

- 5.1.6.1. The BRP will be entitled to his remuneration at R2000. 00 plus VAT per hour as is provided for in the regulations to the Act.
- 5.1.6.2. In addition, the BRP may propose an agreement providing for further remuneration on the basis of a contingency on the basis of the successful adoption the business rescue plan but it is proposed that the BRP shall continued to be paid, until the conclusion of the adoption of this plan at his professional rate as provided for in the Regulations to the Act.
- 5.1.6.3. This Business Rescue Plan contains no proposals informally made by a creditor.

6. **BUSINESS PLAN : PART B-PROPOSALS.**

- 6.1. As is required in terms of Provisions 150 (2) (b) of the Act the following are further proposals which are contained in this business rescue plan:
- 6.2. **Moratorium**
 - 6.2.1. It is proposed that the business rescue plan makes provision for a moratorium until 31 December 2016.
- 6.3. **Release from the payments of debts**
 - 6.3.1. The companies are not released from the payment of debts to investors. The payment plan to the investors is however dealt herein and in **Annexure 'A'**.

- 6.3.2. Orthotouch shall take over the responsibility for the post commencement finance provided to the company by Zephan and guaranteed by the company.

6.4. **Property of the Companies to be available to creditors**

- 6.4.1. The intended sale of the company's properties in order to procure payment to creditors from the proceeds are dealt with in the Orthotouch agreement

6.5. **Payment to investors**

- 6.5.1. Subject to the terms of this business rescue plan, and in consideration for the investors adopting this plan in terms of section 152 of the Act, in terms of the Offer the investors shall be paid on the 5th anniversary of the date of adoption of this plan.

- 6.5.2. Pending payment of the Purchase Prices the Orthotouch will pay the companies the following net interest calculated on the total purchase price:

6.5.2.1. 1st year 6.00% per annum

6.5.2.2. 2nd year 6.25% per annum

6.5.2.3. 3rd year 6.50% per annum

6.5.2.4. 4th year 6.75% per annum

6.5.2.5. 5th year 7.00% per annum

Interest payments will be made by no later than the seventh day of each month.

6.6. **Effect on shareholders**

- 6.6.1. The effect of this business rescue plan upon shareholders is that the owners of the linked units on the fifth anniversary of the acceptance of the offer and adoption of this plan, against payment to them of the amount of their investment shall transfer to Orthotouch all their shares and cede to Orthotouch all their claims in and against the companies.

7. **BUSINESS PLAN: PART C- ASSUMPTIONS AND CONDITIONS,**

- 7.1. As is required in terms of Section 150 (2) (c) the following are the conditions which must be satisfied for the business rescue plan to come into operation:
- 7.1.1. The proceedings must be allowed to continue until at least 31 December 2016 in respect of the companies.
- 7.1.2. In terms of **Annexure "A"** the companies shall cede, assign, transfer and make offer to and in favour of the Offeror all and any claims of whatsoever nature and howsoever arising which any of them may have against any entity in the Pickvest Group of Companies and/or the Zephan Group of Companies and/or any of their Directors, Managers, Attorneys and/or Representative relating to or arising from any dealings which such entities and/or persons might have had with any of the Syndication Companies. Acceptance of this offer in writing shall be deemed to constitute a cession of any such claims.
- 7.1.3. The cession above shall however lapse if Orthotouch breaches any obligation of Orthotouch in terms of this agreement, and not rectify such breach within 30 (thirty) days after being called upon by the companies to

rectify such breach (save in the case of non-payment of interest in which event the period for rectification shall be 14 (fourteen) days) after being called upon by the Syndication companies to rectify such breach.

- 7.1.4. Investors are specifically urged to consider the content of clause 8.1 of **Annexure "A"** carefully, as same specifically restructures and regulates the future right, title and interest of investors in and to the companies, the properties and Orthotouch, to the exclusion of any and all other right, title and interest of investors against the companies and/or Orthotouch, prior to and after the commencement date, and consequently, prior to and after the proposed approval of the business rescue plan, in respect of their shareholder interests .
- 7.1.5. The attention of investors is drawn to the fact and content of the possibility that the property syndication related business having been conducted by the companies may, be deemed illegal, following which, investors may well be deemed to have participated in such illegality, and by virtue of which investors may be required to repay portions of investment returns received by them prior to the effective date, should such property syndication business indeed be found by any relevant Court or other Authority to have been illegal.
- 7.1.6. The business rescue plan proposed and contained herein does not at this stage envisage any effect on the number of employees and the terms and conditions of their employment. It is recorded however that to the best of the knowledge of the BRP, the companies have no employees.
- 7.1.7. The proceedings will end in respect of the companies upon the arrival of the 5th anniversary date of the adoption of this business rescue plan.
- 7.1.8. A projected balance sheet for Orthotouch and a projected income statement for the ensuing five years as annexed as **Annexure "B"**.

8. FEATURES OF THE ORTHOTOUCH OFFER

- 8.1. The offer is submitted for the purchase of the properties and certain rights of the abovementioned companies.
- 8.2. The offer is made on the basis that if same is accepted same will constitute an indivisible transaction. It should be noted from the Orthotouch Business Plan (which is attached as Appendix I to **Annexure "A"** that Orthotouch needs to acquire all the properties and rights owned by the companies to make the transaction viable for Orthotouch and to enable Orthotouch to grow the overall portfolio over the next 5 years to enable it repay the investors monies in full.
- 8.3. In terms of the offer Orthotouch offers to purchase on the terms and on conditions contained in **Annexure "A"** :
 - 8.3.1. From HS15 the properties listed on Appendix II to **Annexure "A"** hereto next to HS15 ("defined as the HS15 Properties") for a purchase price of R253,000,000.00 (Two Hundred and Fifty Three Million Rand).
 - 8.3.2. From HS16 the properties listed on Appendix II to **Annexure "A"** next to HS16 ("defined as the HS16 Properties") for a purchase price of R309,000,000.00 (Three Hundred and Nine Million Rand).
 - 8.3.3. From HS17 the properties listed on Appendix II to **Annexure "A"** next to HS17 ("defined as the HS17 Properties") for a purchase price of R232,200,000.00 (Two Hundred and Thirty Two Million and Two Hundred Thousand Rand).
 - 8.3.4. From HS18 the properties listed on Appendix II to **Annexure "A"** next to HS18 ("defined as the HS18 Properties") for a purchase price of

R345,800,000.00 (Three Hundred and Forty Five Million Eight Hundred Thousand Rand).

- 8.3.5. From HS19 the properties listed on Appendix II to **Annexure "A"** next to HS19 ("the HS19 Properties") and to the extent that same have not yet been transferred into the name of HS19, their rights in and to same for a purchase price of R604,000,000.00 (Six Hundred and Four Million Rand).
- 8.3.6. From HS20 the properties listed on Appendix II to **Annexure "A"** next to HS20 ("defined as the HS20 Properties") and to the extent that same have not yet been transferred into the name of HS20, their rights in and to same for a purchase price of R678,900,000 (Six Hundred and Seventy Eight Million Nine Hundred Thousand Rand).
- 8.3.7. From HS21 the properties listed on Appendix II to **Annexure "A"** next to HS21 ("the HS21 Properties") and to the extent that same have not yet been transferred into the name of HS21, their rights in and to same for a purchase price of R1,332,000,000.00 (One Billion Three Hundred and Thirty Two Million Rand).
- 8.3.8. From HS22 the properties listed on Appendix II to **Annexure "A"** next to HS22 ("the HS22 Properties") and to the extent that same have not yet been transferred into the name of HS122, their rights in and to same for a purchase price, subject to 5.2 in **Annexure "A"** and 8.7 below, of R1,400,000,000.00 (One Billion and Four Hundred Million Rand).
- 8.3.9. From Zephan the properties listed on Appendix I to **Annexure "A"** next to Zephan ("defined as Zephan Properties") and to the extent that same have not yet been transferred into the name of Zephan their rights in and to the same for a purchase price of R1,547,615,103.00 (One Billion Five Hundred and Forty Seven Million Six Hundred and Fifteen Thousand One Hundred and Three Rand)
- 8.4. All the properties referred to in 8.3.1 to 8.3.9 above will be transferred at the values reflected in Appendix II being the current value, notwithstanding that the amount to be paid will be the syndication amounts as reflected above.

- 8.5. Zephan has entered into agreements with various of the Georgiou Group of Companies to procure that the properties reflected next to its name in Appendix II to Annexure A will be duly transferred to Orthotouch.
- 8.6. Pending payment of the Purchase Prices the Offeror will pay the Syndication Companies the following net interest calculated on the total purchase price:
- 8.6.1. 1st year 6.00% per annum
 - 8.6.2. 2nd year 6.25% per annum
 - 8.6.3. 3rd year 6.50% per annum
 - 8.6.4. 4th year 6.75% per annum
 - 8.6.5. 5th year 7.00% per annum;
- Interest payments will be made by no later than the seventh day of each month.
- 8.7. The original investment of R888,000,000.00 of the investors in HS 22 will be increased to an amount of R1,000,000,000 on the date of acceptance hereof. The investors in HS 22 will be afforded the option to either receive interest on such amount calculated at the rates reflected in 5.1 of Annexure A and 8.6 above; or to receive capital growth on such an amount resulting in a payment of R1,400,000,000.00 on the fifth anniversary of the acceptance hereof.
- 8.8. As security for the payment of the Purchase Prices aforesaid, the shareholders of the Orthotouch shall pledge the total issued shares in the Orthotouch to companies pro rata as provided for 6.1 of Annexure "A".
- 8.9. As additional security Nic Georgiou Trust and Zephan will jointly and severely bind themselves as sureties for and co-principal debtors *in solidum* with Orthotouch for all its obligations in terms of the offer.
- 8.10. As mentioned is 7.1.2 above as part of the transactions the companies shall cede, assign, transfer and make offer to and in favour of the

Orthotouch all and any claims of whatsoever nature and howsoever arising which any of them may have against any entity in the Pickvest Group of Companies and/or the Zephan Group of Companies and/or any of their Directors, Managers, Attorneys and/or Representative relating to or arising from any dealings which such entities and/or persons might have had with any of the Syndication Companies. Acceptance of this offer in writing shall be deemed to constitute a cession of any such claims.

- 8.11. In terms of 8.2 of Annexure A the cession referred to in 8.1 of Annexure A and 8.10 above shall however lapse if Orthotouch breaches any obligation of Orthotouch in terms of Annexure "A", and not rectify such breach within 30 (Thirty) days after being called upon by the companies to rectify such breach (save in the case of non-payment of interest in which event the period for rectification shall be 14 (fourteen) days) after being called upon by the Syndication companies to rectify such breach.
- 8.12. In addition the owners of the linked units on the fifth anniversary of the acceptance of **Annexure "A"** against payment to them of the amount of their investment shall transfer to Orthotouch all their shares and cede to Orthotouch all their claims in and against the company
- 8.13. Upon acceptance of the offer Orthotouch irrevocably undertakes to procure that properties referred to in 8.3.9 above to an equity value of R500,000,000.00 shall be introduced into the Orthotouch as and by way of a loan by Zephan.
- 8.14. Zephan's loan of R500, 000,000.00 will be subordinated so as to rank behind all other creditors of whatsoever nature.
- 8.15. The loan of Zephan is afforded as security, and shall therefore be forfeited in favour of the investors pro rata in the event of a default.

- 8.16. The companies acknowledge that they understand that for Orthotouch to be able to build up the value of the property portfolio sufficiently from its current low value to an amount sufficient to pay the full purchase prices timeously within 5 years, Orthotouch shall have to deal in its discretion with the properties in the manner detailed in the Business Plan annexed to Annexure "A".
- 8.17. To enable Orthotouch to operate successfully a management committee consisting of 5 persons will be appointed to manage the day to day operations of the business within the ambit of the business plan which will be presented to the board for its reasonable approval on an annual basis.
- 8.18. The investors shall be entitled to appoint two additional persons to serve on the board with the existing directors reflected on Appendix I.
- 8.19. In terms of **Annexure "A"** Orthotouch irrevocably undertakes that for so long as any amounts are owing to the companies, all funds generated from the letting or sale of any properties or from any other source will be utilized for the further development of the Orthotouch property portfolio and will not under any circumstances be lent to any other entity or be invested.
- 8.20. It is a condition of **Annexure "A"** that the Secretarial Agreement and the Admin Agreement remain extant subject to the terms and conditions contained in each of them. It is recorded that the Syndication Companies have entered into agreements with:-
- 8.20.1. JPA Secretarial to act as Company and Transfer Secretary ("the Secretarial Agreement");
- 8.20.2. JPA Admin to manage and administer the properties ('The Admin Agreement');

- 8.21. To avoid the financial statements of Orthotouch reflecting an insolvent position, the loans of the companies shall be subordinated so as to rank after all other creditors (save for Zephan) of whatsoever nature.
- 8.22. Orthotouch has made offers the properties of HS15, HS16, HS17, HS18, HS19, HS20, HS21 and HS22. Orthotouch has made all the offers on the basis that the transactions envisaged thereby are indivisible. It is therefore a condition of this offer that the offers made to HS15, HS16, HS17, HS18, HS19, HS20, HS21 and HS22 are also accepted.

I the undersigned:

JOHANNES FREDERICK KLOPPER

hereby certify that the information provided herein is, subject to the qualifications contained herein, accurate and projections provided herein are made on the basis of good faith based on factual information that the BRP has been able to ascertain since the commencement date.

SIGNED AT JOHANNESBURG ON THIS 13th DAY OF DECEMBER 2011.



J F KLOPPER

BUSINESS RESCUE PRACTITIONER

"A"

29 November 2011

**ATTENTION: MR HANS KLOPPER
THE BUSINESS RESCUE PRACTITIONER**

Highveld Syndication No. 15 Limited, Registration Number 2003/031034/06
Highveld Syndication No. 16 Limited, Registration Number 2003/031129/06
Highveld Syndication No. 17 Limited, Registration Number 2003/025913/06
Highveld Syndication No. 18 Limited, Registration Number 2003/030778/06
Highveld Syndication No. 19 Limited, Registration Number 2003/030144/06
Highveld Syndication No. 20 Limited, Registration Number 2005/029425/06
Highveld Syndication No. 21 Limited, Registration Number 2005/027601/06
Highveld Syndication No. 22 Limited, Registration Number 2005/027390/06

Blaauwklip Office Park,
Block 2, Webers Valley Road
Jamestown
Stellenbosch
7600

Dear Sir

**OFFER BY ORTHOTOUCH LIMITED TO THE BUSINESS RESCUE PRACTITIONER TO
ACQUIRE PROPERTIES AND RIGHTS FROM THE HIGHVELD SYNDICATION GROUP OF
COMPANIES**

1. INTRODUCTION

The hereinafter contained offer is submitted to you for the purchase of the properties and certain rights of the abovementioned companies ("the Syndication Companies") which have been placed under business rescue.

2. BASIS OF OFFER

Our offer is made on the basis that if same is accepted same will constitute an indivisible transaction. You will note from our Business Plan (which is attached as Appendix I hereto) that we need to acquire all the properties and rights owned by the Syndication Companies to make the transaction viable for us and to enable us to grow the overall portfolio over the next 5 years to enable us to repay the investors monies in full.

3. DEFINITIONS

In this document unless the context shall clearly indicate a contrary intention the following words and expressions shall have the following meanings assigned to them:

- 3.1 "HS15" means Highveld Syndication No. 15 Limited, Registration Number 2003/031034/06;
- 3.2 "HS16" means Highveld Syndication No. 16 Limited, Registration Number 2003/03 1129/06;
- 3.3 "HS17" means Highveld Syndication No. 17 Limited, Registration Number 2003/025913/06;
- 3.4 "HS18" means Highveld Syndication No. 18 Limited, Registration Number 2003/030778/06;
- 3.5 "HS19" means Highveld Syndication No. 19 Limited, Registration Number 2003/030144/06;

- 3.6 "HS20" means Highveld Syndication No. 20 Limited, Registration Number 2005/029425/06;
- 3.7 "HS21" means Highveld Syndication No. 21 Limited, Registration Number 2005/027601/06;
- 3.8 "HS 22" means Highveld Syndication No. 22 Limited, Registration Number 2005/027390/06;
- 3.9 "Orthotouch" means Orthotouch Limited, Registration Number 2010/004096/06;
- 3.10 "the Offeree Companies" and/or "the Offeree" means HS15, HS16, HS17, HS18, HS19, HS20, HS21 and HS22 collectively;
- 3.11 "the Offeror Company" and/or "the Offeror" means Orthotouch;
- 3.12 "the Act" means the Companies Act, 2008 (Act 71 of 2008), as amended or replaced from time to time;
- 3.13 "the Regulations" means the Companies Regulations, 2011 issued pursuant to Section 223 and Item 14 of Schedule 5 of the Act;
- 3.14 "the Business Rescue Proceedings" means proceedings under which companies are placed under supervision in terms of Section 129 of the Act;
- 3.15 "the Business Rescue Practitioner" and/or "BRP" means Johannes Frederick Klopper the duly appointed Business Rescue Practitioner of the Offeree Companies;

- 3.16 "the Offer" and/or "this Offer" means the Offer made by the Offeror to the Business Rescue Practitioner in terms of the hereinafter contained provisions;
- 3.17 "VAT" means Value Added Tax payable in terms of the VAT ACT;
- 3.18 "the VAT Act" means the Value Added Tax Act 1991, as amended;
- 3.19 "Zephan" means Zephan Properties (Pty) Ltd (formerly Zelpy 2095 (Pty) Ltd, Registration Number: 2003/020174/07;
- 3.20 "JPA Secretarial" means Golden Ribbon Trading 402 (Pty) Ltd, Registration Number 2008/0248954/07, trading as JPA Secreterial Services;
- 3.21 "JPA Admin" means Golden Ribbon Trading 403 (Pty) Ltd, Registration Number 2008/024891/07, trading as JPA Property Administration;
- 3.22 "the Conveyancer" means Connie Myburgh & Associates Inc. of Sandton.
- 3.23 "NGT" means the N Georgiou Trust Registration Number TMP 757.

4. PURCHASE OF PROPERTIES

The Offeror Company hereby offers to purchase on the terms and on conditions hereinafter contained:-

- 4.1 from Highveld Syndication No. 15 Limited, Registration Number 2003/031034/06 ("HS15") the properties listed on Appendix II hereto next to HS15 ("the HS15 Properties") for a purchase price of R253,000,000.00 (Two Hundred and Fifty Three Million Rand).

- 4.2 from Highveld Syndication No. 16 Limited, Registration Number 2003/031129/06 ("HS16") the properties listed on Appendix II hereto next to HS16 ("the HS16 Properties") for a purchase price of R309,000,000.00 (Three Hundred and Nine Million Rand).
- 4.3 from Highveld Syndication No. 17 Limited, Registration Number 2003/025913/06 ("HS17") the properties listed on Appendix II hereto next to HS17 ("the HS17 Properties") for a purchase price of R232,200,000.00 (Two Hundred and Thirty Two Million and Two Hundred Thousand Rand).
- 4.4 from Highveld Syndication No. 18 Limited, Registration Number 2003/030778/06 ("HS18") the properties listed on Appendix II hereto next to HS18 ("the HS18 Properties") for a purchase price of R345,800,000.00 (Three Hundred and Forty Five Million Eight Hundred Thousand Rand).
- 4.5 from Highveld Syndication No. 19 Limited, Registration Number 2003/030144/06 ("HS19") the properties listed on Appendix II hereto next to HS19 ("the HS19 Properties") and to the extent that same have not yet been transferred into the name of HS19, their rights in and to same for a purchase price of R604,000,000.00 (Six Hundred and Four Million Rand).
- 4.6 from Highveld Syndication No. 20 Limited, Registration Number 2005/029425/06 ("HS20") the properties listed on Appendix II hereto next to HS20 ("the HS20 Properties") and to the extent that same have not yet been transferred into the name of HS20, their rights in and to same for a purchase price of R678,900,000 (Six Hundred and Seventy Eight Million Nine Hundred Thousand Rand).

- 4.7 from Highveld Syndication No.21 Limited, Registration Number 2005/027601/06 ("HS21") the properties listed on Appendix II hereto next to HS21 ("the HS21 Properties") and to the extent that same have not yet been transferred into the name of HS21, their rights in and to same for a purchase price of R1,332,000,000.00 (One Billion Three Hundred and Thirty Two Million Rand).
- 4.8 from Highveld Syndication No.22 Limited, Registration Number 2005/0273890/06 ("HS22") the properties listed on Appendix II hereto next to HS22 ("the HS22 Properties") and to the extent that same have not yet been transferred into the name of HS122, their rights in and to same for a purchase price, subject to 5.2 hereunder, of R1,400,000,000.00 (One Billion and Four Hundred Million Rand).
- 4.9 from Zephan the properties listed on Appendix I hereto next to Zephan ("Zephan Properties") and to the extent that same have not yet been transferred into the name of Zephan their rights in and to the same for a purchase price of R1,547,615,103.00 (One Billion Five Hundred and Forty Seven Million Six Hundred and Fifteen Thousand One Hundred and Three Rand)
- 4.10 All the properties referred to in 4.1 to 4.9 above will be transferred at the values reflected in Appendix II being the current value, notwithstanding that the amount to be paid will be the syndication amounts as reflected above.
- 4.11 Zephan has entered into agreements with various of the Georgiou Group of Companies to procure that the properties reflected next to its name in Appendix II will be duly transferred to Orthotouch.

- 4.12 Zephan shall be entitled to encumber the properties to an amount of R1,047,615,105.00 thereby leaving an equity amount of R500,000,000.00 in Orthotouch thereby discharging its obligations in terms of 9.1 hereunder.

5 PURCHASE PRICES

- 5.1 The Purchase prices payable to the Syndication Companies in terms of 4.1 to 4.8 above shall be paid on the 5th anniversary of the date of acceptance of this offer. Pending payment of the Purchase Prices the Offeror will pay the Syndication Companies the following net interest calculated on the total purchase price:

5.1.1 1st year 6.00% per annum

5.1.2 2nd year 6.25% per annum

5.1.3 3rd year 6.50% per annum

5.1.4 4th year 6.75% per annum

5.1 .5 5th year 7.00% per annum

Interest payments will be made by no later than the seventh day of each month.

- 5.2 The original investment of R888,000,000.00 of the investors in HS 22 will be increased to an amount of R1,000,000,000 on the date of acceptance hereof. The investors in HS 22 will be afforded the option to either receive interest on such amount calculated at the rates reflected in 5.1 above; or to receive capital growth on such an amount resulting in a payment of R1,400,000,000.00 on the fifth anniversary of the acceptance hereof.

6 SECURITY

6.1 As security for the payment of the Purchase Prices aforesaid, the shareholders of the Offeror shall pledge the total issued shares in the Offeror to the Syndication Companies *pro rata* as follows:-

6.1.1 HS15 – 4.91%

6.1.2 HS16 – 6.00%

6.1.3 HS17 – 4.51%

6.1.4 HS18 – 6.71%

6.1.5 HS19 – 11.68%

6.1.6 HS20 – 13.18%

6.1.7 HS21 – 25.85%

6.1.8 HS22 – 27.17%

6.2 To perfect the Pledge the Offeror shall execute documents in the format contained in Appendix III hereto attached.

7 ADDITIONAL SECURITY

As additional security NGT and Zephan will jointly and severally bind themselves as sureties for and co-principal debtors *in solidum* with Orthotouch for all its obligations in terms hereof.

8 CESSION OF CLAIMS

- 8.1 As part of the transactions the Syndication Companies shall cede, assign, transfer and make over to and in favour of the Offeror all and any claims of whatsoever nature and howsoever arising which any of them may have against any entity in the Pickvest Group of Companies and/or the Zephan Group of Companies and/or any of their Directors, Managers, Attorneys and/or Representative relating to or arising from any dealings which such entities and/or persons might have had with any of the Syndication Companies. Acceptance of this offer in writing shall be deemed to constitute a cession of any such claims.
- 8.2 The cession above shall however lapse if Orthotouch breaches any obligation of Orthotouch in terms of this agreement, and not rectify such breach within 30 (thirty) days (save in the case of non-payment of interest in which event the period for rectification shall be 14 (fourteen) days) after being called upon by the Syndication companies to rectify such breach.
- 8.3 In addition the owners of the linked units on the fifth anniversary of the acceptance of this Offer against payment to them of the amount of their investment shall transfer to Orthotouch all their shares and cede to Orthotouch all their claims in and against the company.

9 ADDITIONAL PROPERTIES

- 9.1 Upon acceptance of this offer the Offeror irrevocably undertakes to procure that properties to an equity value of R500,000,000.00 shall be introduced into the Offeror as and by way of a loan by Zephan.
- 9.2 Zephan's loan of R500, 000,000.00 will be subordinated so as to rank behind

all other creditors of whatsoever nature.

- 9.3 The loan of Zephan is afforded as security, and shall therefore be forfeited in favour of the investors pro rata in the event of a default.

10 TRADING IN PROPERTIES

- 10.1 The Offerees acknowledge that they understand that for Orthotouch to be able to build up the value of the property portfolio sufficiently from its current low value to an amount sufficient to pay the full purchase prices timeously within 5 years, the Offeror shall have to deal in its discretion with the properties in the manner detailed in the Business Plan.

- 10.2 To enable Orthotouch to operate successfully a management committee consisting of 5 persons will be appointed to manage the day to day operations of the business within the ambit of the business plan which will be presented to the board for its reasonable approval on an annual basis.

- 10.3 The investors shall be entitled to appoint two additional persons to serve on the board as non- executive directors with the existing directors reflected on Appendix I.

- 10.4 Orthotouch irrevocably undertakes that for so long as any amounts are owing to the Syndication Companies, all funds generated from the letting or sale of any properties or from any other source will be utilized for the further development of the Orthotouch property portfolio and will not under any circumstances be lent to any other entity or be invested therein.

11. COMPANY & TRANSFER SECRETARY / PROPERTY ADMINISTRATION

It is recorded that the Syndication Companies have entered into agreements with:-

- 11.1.1. JPA Secretarial to act as Company and Transfer Secretary ("the Secretarial Agreement");
- 11.1.2. JPA Admin to manage and administer the properties ('The Admin Agreement');
- 11.2 It is a condition of this Offer that the Secretarial Agreement and the Admin Agreement remain extant subject to the terms and conditions contained in each of them.

12. **SUBORDINATION OF CLAIMS**

To avoid the financial statements of Orthotouch reflecting an insolvent position, the loans of the Syndication Companies shall be subordinated so as to rank after all other creditors (save for Zephan) of whatsoever nature.

13. **PROPERTY SALE AGREEMENTS**

If this offer is accepted, individual property sale agreements shall be concluded in regard to each of the properties for ease of reference for the Conveyancer. Sale agreements shall contain the following provisions which shall be handing over the parties and deemed to constitute an integral part of this offer:-

- 13.1.1 *The parties warrant to one another that they are both vendors within the meaning of the VAT Act.*
- 13.1. 2 *The parties record and agree that:*

- 13.1.2.1 *the enterprise is capable of separate operation;*
- 13.1.2.2 *the enterprise is disposed of as a going concern;*
- 13.1.2.3 *the enterprise will remain active and operating until its transfer to new ownership;*
- 13.1.2.4 *the enterprise will be an income earning activity on the date of its transfer to new ownership;*
- 13.1.2.5 *all the assets which are necessary for carrying on the enterprise are disposed of by the Seller to the Purchaser; and*
- 13.1.2.6 *by reason of the provisions of Section 11(1)(e) of the VAT Act, this transaction is subject to the payment of VAT at a rate of 0% (zero percent).*
- 13.1.3 *If, notwithstanding the provisions of 12.1.2 VAT is or becomes payable by the Seller in respect of this transaction at a rate other than 0% then the Purchaser shall pay to the Seller an amount equal to the VAT so payable forthwith on demand against delivery by the Seller to the Purchaser of the documentation required in terms of the VAT Act to permit the Purchaser to claim a deduction in respect of such VAT in terms of Section 16(3) of the VAT Act.*
- 13.2.1 *Transfer of the property into the name of the Purchaser shall be effected by the Conveyancer as soon as possible after the Purchaser shall have complied with its obligations in terms of this agreement.*
- 13.2.2 *The Purchaser shall be responsible for and shall pay forthwith on demand the agreed costs of registration of transfer of the property into its name.*

13.3.1 *The enterprise is sold voetstoots and the Seller gives no warranty with regard hereto whether express or implied. The property is furthermore sold subject to such conditions as may be mentioned or referred to in the Seller's Title Deed and/or the relevant diagram or General Plan.*

13.3.2 *The Seller shall not be responsible to point out any survey beacons or boundaries of the property to the Purchaser. The Seller shall not be responsible to the Purchaser for any deficiency in extent of the property that may be found upon the measurement thereof and in like manner the Purchaser shall be entitled to the benefit of any excess.*

13.4 Should there be any difference between any provisions of the property sale agreements and the provisions of this offer, the provisions of this offer shall prevail.

14 **INDIVISIBLE OFFER / APPRAISAL**

Orthotouch has made offers similar in nature to acquire the properties of HS15, HS16, HS17, HS18, HS19, HS20, HS21 and HS22. Orthotouch has made all the offers on the basis that the transactions envisaged thereby are indivisible. It is therefore a condition of this offer that the offers made to HS15, HS16, HS17, HS18, HS19, HS20, HS21 and HS22 are also accepted.

Should the offers be accepted by the required majority in all the Syndication Companies, any dissenting shareholders shall nevertheless have rights of appraisal in terms of Section 164 of the Act, the relevant provisions of which are attached as Appendix IV hereto.

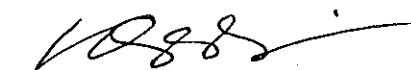
15 **ACCEPTANCE**

This offer shall remain open for inclusion in a business rescue plan by the BRP until the close of business on **2 December 2011** where after same shall be withdrawn and of no further force or effect. If this offer is timeously included in a business rescue plan by the BRP, same shall remain open for acceptance by creditors/investors in a meeting in terms of section 151 of the Act for the purpose of considering the BRP's business rescue plan until **15 December 2011**.

16 **CONCLUSION**

We trust that our offer will meet with your approval and look forward to your early and favorable response.

Yours faithfully



ORTHOTOUCH LIMITED

per : N GEORGIU

APPENDIX I

ORTHOTOUCH BUSINESS PLAN

1 BACKGROUND

- 1.1 Orthotouch was registered as a public shelf company on 2 March 2010 under Registration Number 2010/004096/06. On registration Orthotouch had 1000 Ordinary Shares of R1.00 each, 70 of which were issued.
- 1.2 Orthotouch was acquired as a shelf company specifically for the purposes of doing the Highveld Syndication transaction in regard to which an offer has been made.
- 1.3 If the offer is accepted:-
 - 1.3.1 the authorised and issued share capital of Orthotouch will be increased to 100,000 Ordinary Shares of R0.01, each which will be registered as to :-
 - 1.3.1.1 99,940 in the name of the NAG Trust, Registration Number; IT4469/09;
 - 1.3.1.2 10 in the name of Michael Kyriakides;
 - 1.3.1.3 10 in the name of Dorotheos Koutsoudis;
 - 1.3.1.4 10 in the name of Byron Koutsoudis;
 - 1.3.1.5 10 in the name of Lisa Roberts;

1.3.1.6 10 in the name of Michael Roberts; and

1.3.1.7 10 in the name of Nicolas Georgiou.

1.3.2 Orthotouch will have its registered office at 27 Park Road, Bloemfontien, 9301.

1.3.3 The Auditors of Orthotouch will be Newtons of 27 Park Road, Bloemfontien, 9301.

1.3.4 The Directors of Orthotouch will be two persons to be appointed by the Syndication Companies and the following parties whose resumés appear below their names:

1.3.4.1

JOHANNES JACOBUS (JANNIE) NEL

IDENTITY NUMBER 6301055106088

Jannie obtained his B Comm LLB from the University of Stellenbosch in 1988 and his MBA from the University of Stellenbosch Business School in 1996. In 1991 he was admitted as attorney, notary public and conveyancer to the High Court of South Africa and in 2008 as solicitor to the Supreme Court of England and Wales. He was employed as Group Legal Advisor at KVV and Legal Advisor at MWeb before opening a practice specialising in property related legal work.

Jannie will serve the Orthotouch Board as the Non-Executive Chairman.

1.3.4.2

NICOLAS GEORGIU

IDENTITY NUMBER 4409195104086

Nic was born in Cyprus and emigrated to South Africa at the age of 17. After a short spell in retailing Nic bought his first property 40 years ago and has since then been actively and passionately involved in the property industry. The Georgiou family group today owns numerous properties including Fourways Mall, Cedar Square, Loch Logan Mall, Parow Centre and various other prestige properties.

Nic will bring to Orthotouch vast experience in sourcing prime properties developing and redeveloping same and the letting thereof to optimise returns.

Nic will serve the Orthotouch Board as the Executive Managing Director.

1.3.4.3

PANAGIOTIS (PANOS) KLEOVOULOU IDENTITY NUMBER 5910075145081

After completing his matric in 1977 Panos attended lectures for 2 years at Wits University for a B.Comm Degree. Panos worked as an accounts clerk until 1985 when he joined Nedfin Bank as a Corporate Business Development Officer.

From 1987 to 1998 Panos was employed as a Property Finance Consultant by Investec Bank where he started in the Professional Lending Division before moveing to Property.

From 1999 to present Panos has been involved in his own businesses which include recruitment (First Time Placements) and Property Broking and Consultanting.

Panos is an Associate of the Chartered Institute of Business Management (ACIBM)

Panos will be an Independent Non-Executive Director of Orthotouch.

1.3.5 **Agreement signed 24 March**

1.3.5.1 On 24 March 2011 Orthotouch concluded an agreement with the Syndication Companies and other affected parties which was a "firm intention to make an offer" ("the Principal Agreement") but same failed due to the inability to fulfil the conditions precedent.

1.3.5.2 The Principal Agreement was subject to the due fulfilment of certain conditions precedent namely:-

1.3.5.2.1 ratification of the terms of the Principal Agreement being obtained from the SRP and the Investors (Shareholders) in General Meeting; and

1.3.5.2.2 to the extent necessary consent being obtained from the Competition Commission.

By virtue of the change in legislation the condition precedent referred to in 1.3.5.2.1 now required approval from the TRP but this is academic as the conditions were not met before

the company went under BRP.

- 1.3.6 The Principal Agreement having failed, Orthotouch resolved to make the current offer.

2 PLAN OF ACTION

- 2.1 Orthotouch has offered to acquire the properties of the Syndication Companies at the Purchase Prices reflected in the table hereunder, such prices being payable after a period of 5 years.

- 2.2 The properties will be transferred to Orthotouch at the current Market Value reflected in the table hereunder.

Syndication	Market Value	Syndication Value	Purchase Price	%
15	93,217,720	253,000,000	253,000,000	4.91
16	201,610,756	309,000,000	309,000,000	6.00
17	164,192,090	232,200,000	232,200,000	4.50
18	258,161,603	345,800,000	345,800,000	6.71
19	365,518,272	602,000,000	602,000,000	11.68
20	432,148,788	678,900,000	678,900,000	13.18
21	643,975,334	1,332,000,000	1,332,000,000	25.85
22	439,189,235	888,000,000	1,400,000,000	27.17
Total	2,598,013,798	4,640,900,000	5,152,900,000	100.000

- 2.3 The objective of Orthotouch is to maximize the investment return of shareholders and all stakeholders in Orthotouch by selling off the non-performing properties and utilizing the proceeds to redevelop primary shopping centres, such as Southdale in Johannesburg South, Piazza in Randburg, Forum in Sasolburg, Saveways in Witbank and Lyttelton Manor in Centurion. In addition Orthotouch will retain certain retail and commercial properties such as those in Charles Crescent in Sandton, Cell C in Sandton and Ethos in Parktown.

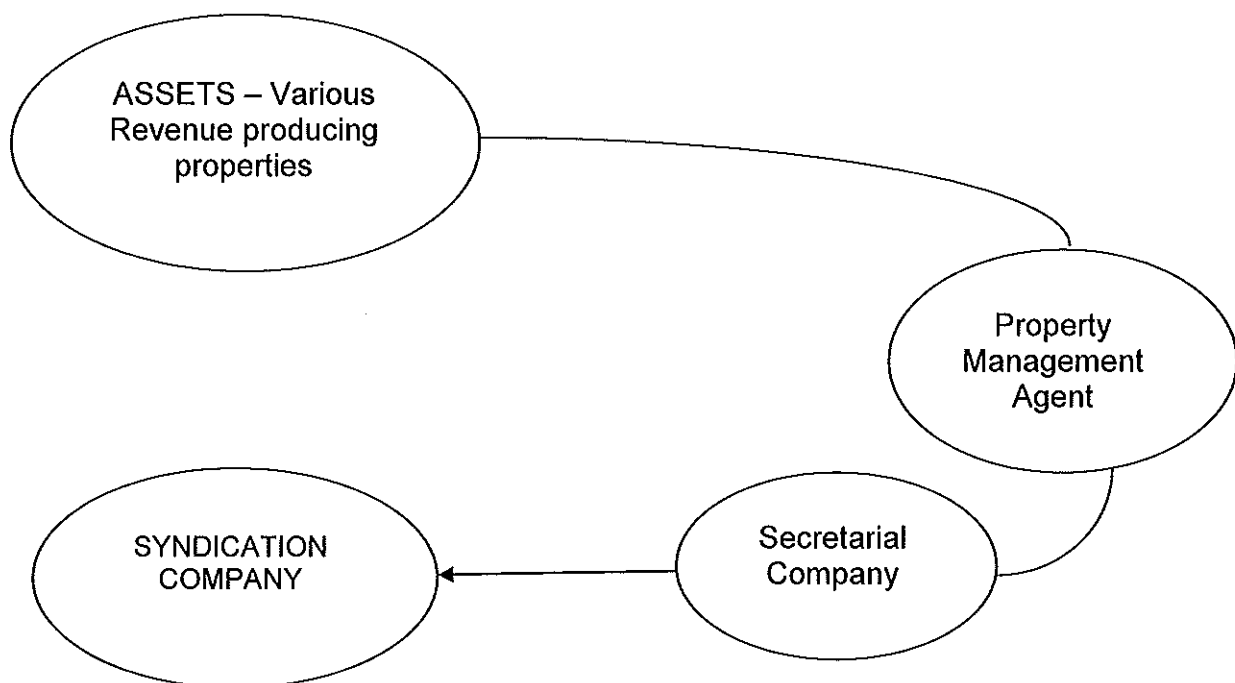
- 2.4 The broad plan of Orthotouch based on current circumstances and on its evaluation of the Syndication portfolios to date is to:

- 2.4.1 Sell non- performing properties;

- 2.4.2 Redevelop the primary shopping centres referred to in 2.3 and others as may be acquired;
 - 2.4.3 Employ necessary resources and skills to position Orthotouch as a highly respected developer of shopping centres specifically identified as having potential for improvement;
 - 2.4.4 Professionally manage the investment property portfolio.
 - 2.4.5 Invest the cash generated from the sale of the non-performing assets to the maximum benefit of shareholders and stakeholders.
- 2.4 Taking account of current market conditions, the management of Orthotouch are confident of achieving the success required to enable the repayment of the Syndication loans in full.

3 ASSETS AND REVENUE FLOWS OF SYNDICATION COMPANIES PRIOR TO AND AFTER THE PROPOSED TRANSACTION

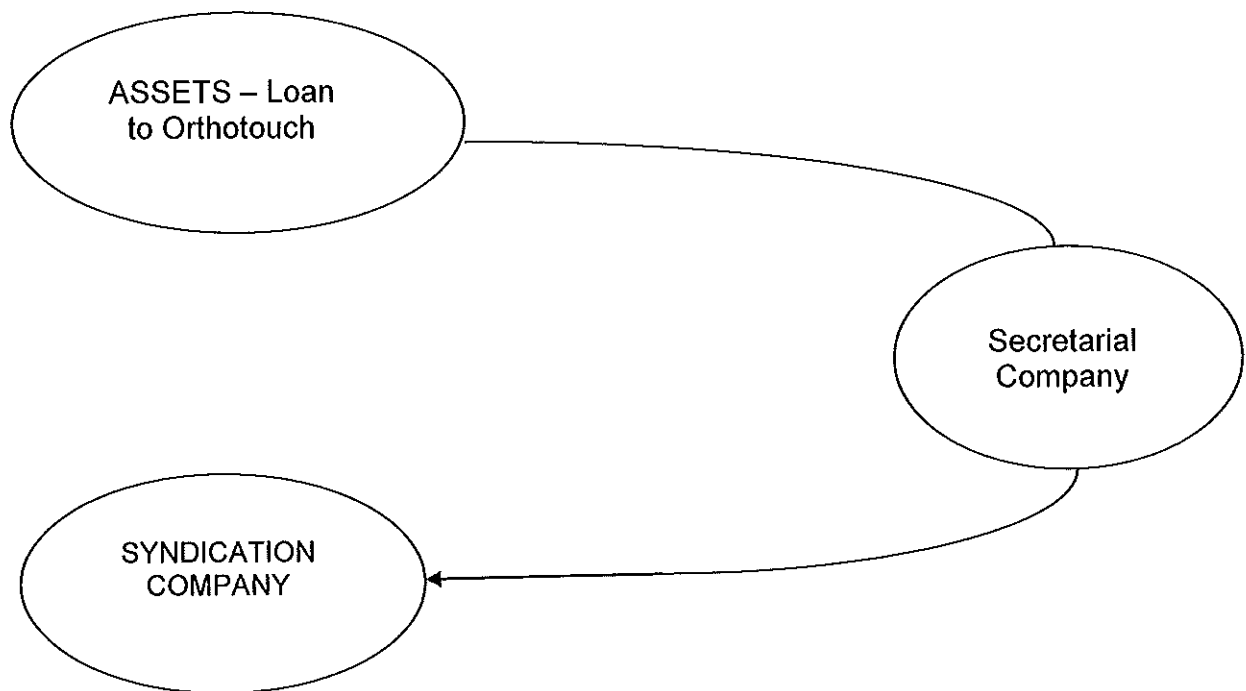
Prior to:



- 1 Rental is generated from the properties and may vary according to vacancies, delinquencies etc. – paid to Property Management Agent (PMA)

- 2 After deduction of all expenses and its management fee, PMA pays net rentals to Secretarial Company (SC)
- 3 After deduction of administration fee, SC pays net balance to HS Co.

After:



- 1 Interest on the loan at a fixed rate is paid by Orthotouch to the Secretarial Company (SC)
- 3 After deduction of administration fee, SC pays net balance to HS Co.

_____ OOOOO _____

4 **CORPORATE GOVERNANCE**

The Orthotouch Board will at all times endorse the King Report and Code and fully support the Code of Corporate Practice and Conduct contained therein. Orthotouch is committed to the highest standards of Corporate Governance and will at all times apply the principles of the King Report and Code in full.

5 **SERVICE LEVEL AGREEMENTS**

SLA's will be with the Orthotouch Director's in terms whereof, *inter alia*, such Directors will undertake to comply with their respective obligations arising from the Companies Act, the King Code and the Articles of the Company.

6 **MATERIAL LOANS**

Orthotouch has not previously traded and therefore has not concluded any loans.

7 **LITIGATION STATEMENT**

The Company is not a party to any legal or arbitration proceedings (including any such proceedings which are pending or threatened,), which may have or have had in the previous 12 months, a material effect on the Orthotouch's financial.

8 **MATERIAL CHANGE STATEMENT**

There have been no material changes in Orthotouch since its formation as the company has conducted no trade of whatsoever nature prior to the submission of the offer.

9 **MATERIAL CONTRACTS**

No material contracts have been entered into by Orthotouch which contain material obligations or settlements, other than those entered into in the ordinary course of business.

APPENDIX II

SPREADSHEETS REFLECTING PROPERTIES PROPERTY VALUES AND 5 YEAR PROJECTIONS

APPENDIX II

Sheet Index:	description	Property name	Rent Income	valuation	cap rate	Value	debt
Sheet1	15	Forum	8 648 587	valuation	0.23	38 000 000	
Sheet1	15	Key Largo	4 871 184	valuation	0.125	38 969 472	
Sheet1	15	Safeside	2 031 031	valuation	0.125	16 248 248	
			15 550 802			93 217 720	
Sheet15	16	Cascades	1 730 922	valuation	0.12	14 424 350	
Sheet16	16	Edenterace	3 733 074	valuation	0.11	33 937 036	
Sheet17	16	Goldwin	841 704	valuation	0.13	6 474 616	
Sheet18	16	Waterford	4 385 346	valuation	0.105	41 774 724	
Sheet19	16	The Piazza	10 500 000	valuation	0.1	105 000 000	
		Total	21 192 046			201 610 758	
Sheet110	17	Southdale	16 419 209	valuation	0.1	164 192 090	
			16 419 209			164 192 090	
Sheet111	18	11 Main Road Melville	Included in 9 Main Rd				
Sheet112	18	12 Main Road Melville	545 153	valuation	0.13	4 193 485	
Sheet113	18	14 Main Road Melville	838 288	valuation	0.12	6 985 733	
Sheet114	18	5 Main Road Melville	746 599	valuation	0.12	6 221 658	
Sheet115	18	7 Main Road Melville	1 807 589	valuation	0.12	15 063 242	
Sheet116	18	9 Main Road Melville	3 101 342	valuation	0.11	28 231 291	
Sheet117	18	Abra Witbank	850 000	no sheet	0.11	7 727 273	
Sheet118	18	Beacon Isle	2 428 543	valuation	0.11	22 077 664	
Sheet119	18	Lytelton Shopping mall	6 975 644	valuation	0.115	60 657 774	
Sheet121	18	Wilgate	7 928 629	valuation	0.07409	107 013 484	
			25 224 787			258 161 603	
Sheet20	19	Basil Green	3 973 498	valuation	0.11	30 565 369	
Sheet21	19	Corporate Park	2 335 501	valuation	0.115	20 308 704	
Sheet22	19	Fruit & Vegetable City Klerksdorp	1 432 726	valuation	0.12	11 939 383	
Sheet24	19	Highway Gardens	3 793 455	valuation	0.12	31 612 125	
Sheet25	19	Mesochips Edenburg	3 927 764	valuation	0.13	30 231 569	
Sheet27	19	Spar Plaza Potgietersrus	3 055 395	valuation	0.11	27 776 318	
Sheet28	19	Storegate	3 674 240	valuation	0.105	34 992 762	
Sheet29	19	Storegate Vacant Land (bulk 2000m²)				6 000 000	
Sheet30	19	Witopark Centre	1 100 293	valuation	0.125	8 802 344	
Sheet31	19	Leaping Frog	11 276 415	valuation	0.08	140 330 188	
Sheet31	19	Joshua Door	1 263 763	valuation	0.055	22 977 509	
			35 783 050			365 518 272	
Sheet32	20	Abra Bralpan	1 843 467	valuation	0.11	16 758 791	
Sheet33	20	Banbury Crossing	5 740 111	valuation	0.1	57 401 110	
Sheet34	20	Blaisgowille	8 093 084	valuation	0.025	85 190 358	
Sheet35	20	Eastlynne	3 816 839	valuation	0.11	34 971 264	
Sheet36	20	Flora	9 944 967	valuation	0.13	82 874 725	
Sheet37	20	Game Passi	2 664 860	valuation	0.09	29 009 556	
Sheet38	20	HQ House	967 106	valuation	0.09	10 745 632	
Sheet39	20	Marlinor House	1 927 311	valuation	0.1	19 273 110	
Sheet40	20	Mecor Germiston	1 532 277	valuation	0.12	12 769 975	
Sheet41	20	Standard Bank Helipoint	2 867 233	valuation	0.11	26 065 755	
Sheet42	20	Witpark Conference Centre	3 858 345	valuation	0.11	35 075 861	
Sheet43	20	Wonderboom Plaza	2 141 366	valuation	0.1	21 413 660	
			45 476 966			432 148 788	
Sheet44	21	Bruma	3 199 992	valuation	0.11	29 090 836	
Sheet45	21	Ormonde	3 062 500	valuation	0.11	27 440 909	
Sheet46	21	Home Affairs PE	5 209 323	valuation	0.11	47 357 482	
Sheet46	21	Lifestyle on Kloof	9 205 460	valuation	0.09	102 282 859	
Sheet47	21	Tyger Manor	4 690 145	valuation	0.085	55 178 176	
Sheet48	21	Millhouse	2 114 922	valuation	0.075	28 198 960	
Sheet49	21	Vast	2 048 034	valuation	0.075	27 307 120	
Sheet49	21	Group 5	1 246 110	valuation	0.075	17 948 133	
Sheet50	21	Everite	5 083 260	valuation	0.08	63 540 750	
Sheet51	21	Glen Gables	5 663 260	valuation	0.095	59 613 263	
Sheet52	21	Highveld Centurion	6 059 209	valuation	0.095	63 781 147	
Sheet53	21	Park Plaza II	6 991 666	valuation	0.09	77 685 178	
Sheet53	21	Pembury	4 415 049	valuation	0.1	44 150 490	
			59 048 930			643 975 314	
Sheet55	22	Priestville Park	5 269 845	valuation	0.07	75 283 500	
Sheet56	22	12 Charles Crescent	2 248 192	valuation	0.115	19 696 600	
Sheet57	22	1 Charles	10 704 463	valuation	0.1	107 044 630	
Sheet58	22	9 Charles Crescent	3 022 401	valuation	0.1	30 324 040	
Sheet59	22	10 Charles	1 759 318	valuation	0.09	19 547 978	
Sheet60	22	Cell C	10 233 887	valuation	0.09	127 923 588	
Sheet61	22	Ethos	4 141 809	valuation	0.07	59 168 700	
			37 429 858			439 189 235	107 459 028 Loan to BRP for Syndications
			256 115 648			2 518 019 799	
Sheet63	Zephah	Panorama	8 171 189	valuation	0.105	77 820 848	
Sheet64	Zephah	Rock Cottage	6 790 876	valuation	0.1	67 908 760	
Sheet65	Zephah	Kyalami Downs	13 800 674	valuation	0.1	138 006 740	
Sheet66	Zephah	Cherry Lane	12 201 400	valuation	0.1	122 014 000	
Sheet67	Zephah	Ekom	955 366	valuation	0.1	9 553 660	
Sheet68	Zephah	Rietfontein	2 837 200	valuation	0.1	28 372 000	
Sheet69	Zephah	Riverview	1 722 331	valuation	0.1	17 223 310	
Sheet70	Zephah	Venter Centre	7 148 341	valuation	0.1	71 481 410	
Sheet71	Zephah	Bosveld Pick n Pay	7 992 148	valuation	0.1	79 921 480	
Sheet72	Zephah	Wilsons shopping centre	8 021 626	valuation	0.08	100 270 325	
Sheet73	Zephah	Edgars Kroonstad	3 462 312	no sheet	0.1	34 623 120	
Sheet74	Zephah	safeways	46 415 951	valuation	0.1	464 159 510	
Sheet75	Zephah	safeways bulk (50 000m²)				150 000 000	
Sheet76	Zephah	Belhar	11 558 212	valuation	0.1	115 582 120	
Sheet77	Zephah	Capitel Protea	2 476 873	valuation	0.1	24 768 730	

sheet12

Zephon	Initial	4 540 909	0.1	45 409 090			
		138 145 208		1 547 615 103	1 047 615 103	500 000 000	equity
		394 260 856	9.51%	4 145 628 901	1 155 074 131		28% LTV
	facility for improvements on the properties in (HS 15-18) resulting in an increase in value of R400mil plus increase on income of 10% of increased value.	40 000 000	10%	400 000 000	200 000 000		
		434 260 856		4 545 628 901	1 355 074 131		30% LTV

Summary of Income vs Payments

Income as above	434 260 856
6.5% Interest Payable to Investors R3 800 000 000.00	-247 000 000
Interest on Loan Facilities from Bonds @ 8%	-103 405 930
Nett projected income after interest payments	78 854 926

Analysis of amount owing by BRP for syndications as above:

Loan raising re Zephon loan	18 353 808
Amount owing re September Interest	21 761 592
Amount owing re October Interest	19 035 014
Amount owing re November Interest	22 129 307
Amount owing re December Interest	22 129 307
Loan raising fee	4 000 000
Total owing by BRP re syndications	107 459 028

APPENDIX III

FORM OF PLEDGE

We the undersigned

ORTHOTOUCH LIMITED

do hereby pledge unto

HS..... (full name of syndication company) ("the Creditor")

..... (number of shares) Ordinary Shares in the capital of Orthotouch Limited. ("the Pledged Shares") *in securitatem debiti* for all amounts owing by us to the Creditor.

To perfect the Pledge aforesaid we undertake simultaneously with the signing hereof to deliver to Attorney Connie Myburgh ("the Attorney"):-

- 1 the share certificate/s representing the Pledged Shares;
- 2 a Securities Transfer Form in regard to the Pledged Shares duly signed by the holder of the Pledged Shares but otherwise undated and in blank; and
- 3 a letter addressed to the Attorney instructing him to hold the shares on behalf of

the Creditor and to transfer same to the Creditor if any default in the agreement between us and the Creditor should arise and failing such default to return the Pledged Shares to us upon all our obligations to the Creditor having been performed or fulfilled.

APPENDIX IV

SECTION 164 OF THE COMPANIES ACT 2008

Dissenting shareholders appraisal rights

164. (1) This section does not apply in any circumstances relating to a transaction, 45 agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to—
- (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this 55 section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who—
- (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither—
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair

value for all of the shares of the company held by that person if—

- (a) the shareholder—
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
- (b) the company has adopted the resolution contemplated in subsection (2); and
- (c) the shareholder—
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within—
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must state—
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless—
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the

shareholder's 45 rights in respect of the shares are reinstated without interruption.

- (11) Within five business days after the later of—
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11)—
 - (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12)—
 - (a) the shareholder must either in the case of—
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and—
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has—
 - (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14)—
 - (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

- (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
- (c) the court—
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may—
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (iv) must make an order requiring—
 - (aa) the dissenting shareholders to either withdraw their respective demands, in which case the shareholder is reinstated to their full rights as a shareholder, or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months—
 - (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that—
 - (i) is just and equitable, having regard to the financial circumstances of the company; and

- (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to—
 - (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.

Orthotouch

		Year 1	Year 2	Year 3	Year 4	Year 5
Statement of assets & liabilities						
Properties purchased		5 645 628 902	8 263 124 584	9 862 177 234	11 665 078 308	13 704 441 353
Original cost / revaluation @ Cap rate	8%	2 598 013 799	6 928 260 700	8 263 124 584	9 862 177 234	11 665 078 308
Extra properties given by Zephan Properties		1 547 615 103				
Value released from extra borrowings raised, as per below, value increased by x % of loan raised.	150%	1 500 000 000	750 000 000	750 000 000	750 000 000	750 000 000
New properties acquired			133 213 572	188 002 683	263 926 895	356 158 981
Property growth at average escalation	8%		451 650 312	661 049 967	788 974 179	933 206 265
Bonds raised:		-2 047 615 103	-2 547 615 103	-3 047 615 103	-3 547 615 103	-4 047 615 103
Original		-1 047 615 103	-2 047 615 103	-2 547 615 103	-3 047 615 103	-3 547 615 103
New loan raised		-1 000 000 000	-500 000 000	-500 000 000	-500 000 000	-500 000 000
Net asset value		3 598 013 799	5 715 509 481	6 814 562 131	8 117 463 205	9 656 828 450
Income statement						
Net property income:		554 260 856	661 049 967	788 974 179	933 206 265	1 096 355 484
Existing properties		434 260 856	554 260 856	661 049 967	788 974 179	933 206 265
On new developments		120 000 000	106 789 111	127 924 212	144 232 086	163 149 220
Less interest payable:		-421 047 284	-473 047 284	-525 047 284	-577 047 284	-629 047 284
Investors amount		-247 000 000	-256 500 000	-266 000 000	-275 500 000	-285 000 000
Investors percentage:		6.50%	6.75%	7.00%	7.25%	7.50%
Bonds amount		-174 047 284	-216 547 284	-259 047 284	-301 547 284	-344 047 284
Bonds percentage		8.50%	8.50%	8.50%	8.50%	8.50%
Net income		133 213 572	188 002 683	263 926 895	356 158 981	467 308 201
Key indicators:						
Loan to value		36%	31%	31%	30%	30%
Interest cover		1.32	1.40	1.50	1.62	1.74
Above returns based on investing in sustainable large projects, instead of small convenience shopping centres.						