

16 November 2018

Moneyweb Holdings
Attention: Mr Ryk van Niekerk
Per email: ryk@moneyweb.co.za

Your Ref: Ortotouch
Direct Tel: +27 11 286 3755

Our Ref: GM/14001-0130/299117553V2/20181116
Direct email: bfrank@glynmarais.co.za

Dear Sir

MONEYWEB

- 1 We refer to your letter dated 7 November 2018.
- 2 We are instructed by our client to reply to your letter as follows –
 - 2.1 **Ad paragraph 1**

Orthotouch acquired the letting enterprises, referred to in the Pre-Listing Statement in Annexure 16 as the “Orthotouch Properties”, from the registered owners in accordance with the provisions of the Business Rescue Plan.¹ Although the transfers of the Orthotouch Properties was not registered in the names of each successive purchaser in the relevant Deeds Office, these sales were effective date transactions such that, with effect from 15 December 2011,² all risk and benefit arising from the Orthotouch Properties and the letting enterprises conducted thereon was transferred to Orthotouch. On this basis, although Orthotouch was not the registered owner of the Orthotouch Properties, it was the party capable of passing title to our client.

¹ The business rescue was plan accepted pursuant to the business rescue proceedings held on 29 November 2011, which offer was accepted by Mr Johannes Frederick Klopper (the Business Rescue Practitioner) and ratified by investors on 14 December 2011.

² Being the effective date set out in the sale agreements in respect of the Orthotouch Properties.

2.2 Ad paragraph 2

The acquisition of the Orthotouch Properties was disclosed as a related-party transaction. In this regard, you are referred to –

2.2.1 paragraph 7.3 (Strategic Buying and Selling of Properties) on page 51 of the Pre-Listing Statement which provides that “*Any letting enterprise acquired by Accelerate from Mr Michael Georgiou or his associates as defined in the Listings Requirements will be recognised as a related party transaction in terms of Section 10 of the Listings Requirements*”; and

2.2.2 Annexure 16 on page 156 of the Pre-Listing Statement, which lists Mr Nicolas Georgiou as a director of Orthotouch. Mr Nicolas Georgiou is an associate of Mr Michael Georgiou.

2.3 Ad paragraphs 3(a) and 3(b) and paragraph 4

2.3.1 The prices at which Orthotouch acquired the Orthotouch Properties, and which is reflected in the title deeds referred to in your letter under reply, were in accordance with the prices offered and accepted pursuant to the Business Rescue Plan, in which process our client was not involved. The reference to the “*current owner*” disclosed in Annexure 16 of the Pre-Listing Statement refers to the then *registered* owner of the Orthotouch Properties.

2.3.2 The consideration paid by our client for the Orthotouch Properties was agreed with Mr Johannes Frederick Klopper, the Business Rescue Practitioner, who, at the time of the listing, was a director of Orthotouch. In the three-year period between the date upon which the Orthotouch Properties were valued for the purposes of the Business Rescue Proceedings and the date of listing, there would necessarily have been a change in the valuation of the Orthotouch Properties. This resulted from a number of factors including but not limited to the state of the buildings, vacancies, the amount of capital expenditure required, differences in rental profiles and the like. For the purposes of the listing therefore, an independent valuation process was undertaken to establish the fair market value of the Orthotouch Properties and the letting enterprises conducted thereon.³ This was undertaken by Mills Fitchet (Tvl) CC, Promax Valuation Services and MDK Consulting CC, as JSE-approved Independent Valuers (the “*Valuers*”).

2.3.3 The Orthotouch Properties, valued as at 1 October 2013 by the Valuers, in aggregate amounted to R1 488 700 000. The valuations raised by the Valuers were based on certain assumptions including vacancies, the capital expenditure required to maintain and to repair the Orthotouch Properties, the lease profiles and other assumptions. After taking into account the actual lease profiles, the actual vacancies and the actual cost of capital expenditure and repairs and maintenance required, certain of the Orthotouch Properties were found to be worth less than the valuations placed upon them by the Valuers. This resulted in the Orthotouch Properties

³ Our client acquired the entire property portfolio as set out in the Pre-Listing Statement for an aggregate purchase consideration of between R5 441 474 071 and R5 592 533 840, which was at a discount to the Independent Valuers’ valuations of between 6% – 9%.

being purchased by our client for an amount of R16 525 947 less than the total valuation of the Orthotouch Properties submitted by the Valuers.

2.4 Ad paragraph 5(a)

We refer to the telephone conversation on 12 November 2018 and 13 November 2018 respectively between our Mr Brian Frank your Mr Ryk van Niekerk and confirm that this information may only be obtained from the trustees of the Michael Family Trust and as such, our client is not at liberty to disclose this information to you. The information is, in any event, not relevant to the Orthotouch / Highveld Syndication matter.

2.5 Ad paragraph 6(a)

Please refer to the schedule attached to this letter marked as **Appendix 1**.

2.6 Ad paragraph 6(b)

We take it you require information as to the names of the mortgagees and not the mortgagors. The mortgage bonds registered over the Orthotouch Properties were registered in favour of the mortgagees listed in the schedule attached to this letter marked as **Appendix 1**.

2.7 Ad paragraphs 6(c), 6(d) and paragraphs 7(a), 7(b), 7(c), and 7(d)

2.7.1 No shares were issued by our client to Orthotouch. The "*Consideration Shares*", contemplated in the Pre-Listing Statement and the sale agreements, were not issued to Orthotouch and were not "*renounced to the Michael Family Trust*" by Orthotouch, contrary to what is stated in the Pre-Listing Statement and in the sale agreements.

2.7.2 The reason for this is that Orthotouch's existing financiers would not agree to release the Orthotouch Properties from the operation of their respective mortgage bonds unless and until all of the amounts then owing to the existing financiers had been paid in full, including the settlement of amounts secured under the mortgage bonds passed by Orthotouch over land and letting enterprises which did not form part of the Orthotouch Properties purchased by our client for the listing. As a result, the balance of the properties forming part of the Orthotouch portfolio, which did not constitute the Orthotouch Properties forming part of the listing, received the benefit of having their loans to the aforesaid banks paid in full and being unencumbered. If Orthotouch was issued shares in our client's company, then Orthotouch would not have had the cash resources to settle the amounts due to Orthotouch's financiers and/or to cancel the existing mortgage bonds registered against its properties, including the Orthotouch Properties. For this reason, the Michael Family Trust agreed to make payment to the financiers of the full amount required to settle the Orthotouch facilities.⁴ Shares in our client's company were then issued to the Michael Family Trust in exchange for making this payment.

⁴ An additional amount of approximately R157 million was paid by the Michael Family Trust in this regard.

2.7.3 Approximately R30 million was paid in cash by our client to Orthotouch, in lieu of the issue of the Consideration Shares, which amount was calculated at the price at which our client's shares were listed on the JSE on 12 December 2013.

2.8 **Ad paragraph 8**

2.8.1 With regard to the document requested in paragraph 8(a), see our response in paragraph 2.7.

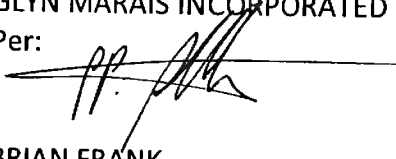
2.8.2 Copies of the requested documents listed in paragraph 8(b) to 8(f) of your letter under reply are enclosed with this letter.

3 Kindly acknowledge receipt.

Yours faithfully

GLYN MARAIS INCORPORATED

Per:

A handwritten signature in black ink, appearing to be 'B. Frank', is written over a horizontal line.

BRIAN FRANK

PHILIPPA BRUYNS



APPENDIX 1*

	ORTHO TOUCH PROPERTY	INDEPENDENT VALUATION (R)	ACQUISITION PRICE (R)	SETTLEMENT AMOUNT (R)	LENDER	BORROWER OWNER	MORTGAGE BOND NUMBER	CASH PAYMENT	**SHARE PAYMENT
1	Beacon Isle	20,000,000	17,683,711	-	Unencumbered	Highveld Syndication No 18	-	17,683,711	
2	14 Main Road Melville	8,300,000	8,215,845	-	Unencumbered	Highveld Syndication No 18	-	8,215,845	
3	9 Main Road Melville	31,500,000	27,338,745	-	unencumbered	Highveld Syndication No 18	-		
4	11 Main Road Melville			-	Unencumbered	Highveld Syndication No 18	-	27,338,745	
5	7 Main Road Melville	15,500,000	7,790,107	-	Unencumbered	Highveld Syndication No 18	-	7,790,107	
6	Eden Terrace	38,000,000	32,000,000	-	Unencumbered	Highveld Syndication No 18	-	32,000,000	29,304,690
7	Waterford Shopping Centre	36,000,000	39,270,044	-	Unencumbered	Highveld Syndication No 16	-	39,270,044	
8	Cascades	15,000,000	14,000,000	-	Unencumbered	Highveld Syndication No 16	-	14,000,000	
9	Flora Office Park	73,000,000	71,374,495	-	Unencumbered	Zephan	-	71,374,495	
10	Leaping Frog	148,000,000	147,121,010		Cidnet No 664 Proprietary Limited	Fourways Precinct	B174060/2006	147,121,010	
11	Glen Gables	46,000,000	32,556,543	-	Nedbank Limited	Zephan	B163412/2002	32,556,543	
12	Highveld Centurion	46,500,000	43,459,756	-	Nedbank Limited	Zephan	B163413/2002	43,459,756	
13	Meshcape Edenvale	35,000,000	32,554,905	-	Nedbank Limited	Zephan	B92824/2006	32,554,905	



	ORTHO TOUCH PROPERTY	INDEPENDENT VALUATION (R)	ACQUISITION PRICE (R)	SETTLEMENT AMOUNT (R)	LENDER	BORROWER OWNER	MORTGAGE BOND NUMBER	CASH PAYMENT	**SHARE PAYMENT
14	Wilropark Shopping Centre	12,000,000	9,000,000	-	Nedbank Limited	Basfour 2296	B60060/2006	9,000,000	
15	9 Charles Crescent	34,300,000	17,099,946	-	Nedbank Limited	Salestalk 231	B108274/2007	17,099,946	
16	Wilrogate Shopping Centre	72,000,000	58,974,904	34,793,512	Investec Bank Limited	Zephan	B42886/2008		
17	1 Charles Crescent	119,400,000	110,808,516	92,045,219	Investec Bank Limited	Zephan	B49444/2008		
18	Cherry Lane	102,000,000	80,475,677	80,725,129	Investec Bank Limited	Zephan	B31014/2008		
19	10 Charles Crescent	15,600,000	20,844,885	12,005,156	Investec Bank Limited	Zephan	B20842/2008		
20	Kyalami Downs	132,000,000	130,000,000	91,842,017	Investec Bank Limited	Zephan	B21021/2008		
21	Mill House	22,700,000	22,979,381	22,979,381	Investec Bank Limited	Schaeffer Trust/Zephan	B41737/2008	516,891,594	
22	Primovie Park	93,000,000	83,090,314	90,947,513	Investec Bank Limited	Zephan	B49443/2008		
23	Rietfontein	28,000,000	24,378,811	12,349,189	Investec Bank Limited	Zephan	B6944/2008		
24	Tyger Manor	51,400,000	48,832,608	43,000,000	Investec Bank Limited	Zephan	B121471/2006		
25	Venter Centre	59,000,000	53,059,875	44,334,528	Investec Bank Limited	Zephan	B6432/2008		
26	ABSA Brakpan	12,000,000	10,291,057		FirstRand Limited	Zephan	B94622/2006		
27	Corporate Parking Shopping Centre	29,500,000	9,227,480		FirstRand Limited	Zephan	B12716/2008		
28	East Lynne	33,000,000	30,499,213	505,356,059	FirstRand Limited	Zephan	B19111/2006	505,356,059	
29	Highway Gardens	29,000,000	18,773,699		FirstRand Limited	Zephan	B65836/20006		
30	Rock Cottage	64,000,000	63,000,000		FirstRand Limited	Zephan	B7497/2011		



	ORTHOTOUCH PROPERTY	INDEPENDENT VALUATION (R)	ACQUISITION PRICE (R)	SETTLEMENT AMOUNT (R)	LENDER	BORROWER OWNER	MORTGAGE BOND NUMBER	CASH PAYMENT	**SHARE PAYMENT
31	Willows Centre Shopping Centre	65,000,000	58,739,013		FirstRand Limited Bank	Zephan	B19649/2008		

* These are the figures which we have on record and which are based on the figures which we received from our client's sponsors as at 5 December 2013. Please note that these figures may differ from what appears in the bank's records given the actual listing date. This would need to be confirmed with the relevant bank itself.

** Being the "Consideration Share Portion" of the Purchase Price paid to Orthotouch in cash (see paragraph 2.7.3)