



REGIMENTS CAPITAL™

BY EMAIL

Ms V Molino
General Counsel
McKinsey and Company
1200, 19th Street, Northwest
Washington
United States

22 August 2014

Dear Ms Molino

REGIMENTS CAPITAL (PTY) LTD / ASSURANCE LETTER

1. I refer to your letter dated 7 August 2014 and wish to advise that we have now had an opportunity to consider the contents a request made to agree to certain trms. Despite your deadline, thank you for the indulgence of further time extended.
2. We are mindful of the concerns expressed and wish to reassure you of our commitment to maintain and enhance our working relationship
3. The allegations in the media have no doubt created an impression of improper conduct on the part of Niven Pillay ("Niven"), an executive director of Regiments Capital (Pty) Ltd ("**Regiments**") and the Regiments Group. It has equally cast negative aspersions on Regiments.
4. Our law, like that in the United States has a presumption of innocence until proven guilty. Whilst these press allegations have cast aspersions, please be mindful of the fact that these articles had been prepared on information selectively obtained. Attempts by both Regiments as well as Niven to engage directly with the law enforcement authorities are ongoing to address the allegations.
5. Whilst you may not be aware, Regiments has over the last decade worked tirelessly in order to build its business brand and reputation. The press reports are therefore of huge concern to us as a business and to Niven, one of its founding members.
6. Before dealing with your request that we agree to certain terms, I feel that it is necessary to share with you certain information so that you are also aware of the steps being taken by Regiments and Niven.
7. Having conducted an initial internal investigation, both parties remain of the view that the allegations in the press are baseless and ill-conceived. However, to ensure that these allegations are objectively and independently considered, Regiments is in the process of appointing a legal firm and a forensic investigation firm to independently conduct a review in respect of the allegations and advise the Regiments Board accordingly. Such investigation will take into consideration the press reports as well as the Court papers involving the Special Investigations Unit's investigation. This investigation is to commence shortly and we anticipate that it will take 2 – 3 weeks for completion.
8. We further wish to advise that independent of steps being taken by Regiments, that Niven is also seeking independent counsel in order to take steps to exonerate his name and standing which has been impaired as a consequence of the press reporting.
9. In relation to my email exchange with Norbert Dorr and Vikas Sagar dated 28 July 2014 the contents set out therein are self-explanatory and I reconfirm the contents to the extent that your bullet points (1 to 7 on pages 1 and 2) in your abovementioned letter accurately records this.

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Regiments Capital (Pty) Ltd is an authorised financial services provider: FSP No 16831



10. In addition to the above, we also wish to further reassure you and state categorically and unequivocally that no company within the Regiments Group has paid any monies to Mr Hlongwa.
11. In relation to your request (set out in your numbered paragraphs) to accept certain terms as set out on page 2, we set out below our response:
 - 11.1. Regiments already has a framework in place governing the promotion of honest and ethical behavior. In this regard, its corporate governance framework specifically addresses issues such as bribery, corruption, conflict of interest and disclosure of interest. Should you seek to review any of the above, Regiments does not have any objection in this regard. In respect to the US Foreign Corrupt Practices Act as well as the UK Bribery Act, due to the nature and focus of our opportunities locally in South Africa, there has never been a need to incorporate aspects of the above legislation into our corporate governance framework. However, in the light of the escalating collaboration with other international entities, specifically those based in the US, we will be conducting a review of our framework to ensure its incorporation in respect of our standard policies and procedures as well as in relation to our commercial and transaction agreements involving affiliates, agents, sub-contractors and other third parties.
 - 11.2. In recent months Niven has been playing an increasingly minor role in the Consortium and on the Executive Committee following on the writer replacing Niven. In relation to your request, we wish to inform you that in terms of clause 6.3 of the Consortium Agreement, that Niven will step down from the Executive Committee of the Consortium. In relation to the Consortium Agreement, the writer will assume the lead role on the part of Regiments.
 - 11.3. Regiments is unaware of any decision taken by Transnet to remove it from the Consortium. To the contrary, Regiments has very recently been mandated on additional work by the client. Should Transnet take a view that Regiments be removed from the Consortium, we assume that we would be engaged either by Transnet and/or yourself as to the reasons. Should our exit be the outcome after any interaction, we assume that the termination provisions as set out in the Consortium Agreement will take effect. We are cognizant of the fact that should Transnet make such decision, that it would likely result in the termination of the Consortium Agreement and the parties will seek out an amicable separation.
 - 11.4. Regiments cannot acquiesce to your request for an indemnity in the terms set out in your letter for various reasons including that neither Regiments nor Niven have been charged and/or found guilty of any improper conduct. Your so called reference to "*Regiments or Mr Pillay's improper activities*" is with all due respect ill conceived and presumptuous.
12. The steps taken in 11.2 above should in no way be construed as any admission of wrongdoing or impropriety on the part of Niven or Regiments. For reasons set out above as well as ensuring a constructive relationship, we have considered the above steps to be the most prudent at this stage whilst the legal and investigative processes unfold. Regiments reserves its rights to review its position in relation to Niven's involvement once this issue has been resolved. In this event, further interaction will take place with McKinsey, should we desire that Niven resumes a role in the Consortium.
13. We trust that you will find the above satisfactory in meeting your concerns. We will also keep you updated both as to our own investigation and the outcome of the interaction with the SIU.
14. Should you have any queries or wish to discuss any aspect further, please do not hesitate to contact me directly.





Yours faithfully

Mr Eric Wood
Executive Director

