

**LETTER FROM ATTORNEYS OF AGRIZZI AND VAN TONDER SHOWING
THEIR DESIRE TO OPERATE THE DCS CONTRACT**

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15 December 2017

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[REDACTED]

RE: AFRICAN GLOBAL (PROPRIETARY) LIMITED – BOSASA GROUP

1. We refer to the meeting held on Monday the 27th of November 2017 together with yourself, Advocate Witz, Ms. D Berman, Mr. L van Tonder, Mr. A van Tonder, Mr. F Vorster and Mr. A Agrizzi.
2. The parties agreed that a proposal would be submitted to you for your client's consideration. A proposal was made at the meeting, to which you responded via email. We further place on record that no proposal has been forthcoming from your client.
3. Despite your email response, our clients confirm that they have taken up the aspects of BEE and other factors raised as concerns at the meeting and in your email and they are now in a better position to deal with a detailed commercial proposal as discussed at the meeting to ensure that they are in a position to take over the relevant contracts.
4. We have been instructed as follows in regard the background provided to us by our clients:
 - 4.1 Government is specifically moving away from politically motivated contracts and is focusing on service delivery and fair pricing structures, which our clients are in a position to offer.

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Directors: D. Witz, P. Calicchio, C. Shapiro, C. Thomson, C. Datnow, G Brand, M. Gerber

- 4.2 The current contract is not profitable under the management of the current operator, evidenced by a recent rejected price review.
 - 4.3 The volatility of employees may compromise the Department of Correctional Services and African Global (Proprietary) Limited ("African Global") and a strike may occur at Westville, which could spread to all current operations.
 - 4.4 Government's objective is to create new entries to the market and to further develop emerging BEE Companies and SMMEs.
5. Should the proposal discussed at the meeting be accepted by your client, our client has instructed us that:
- 5.1 They will have full *bona fide* level 1 compliance.
 - 5.2 Bosasa, African Global and the Department of Correctional Services will be perceived as sharing in the development of BEE Companies and SMMEs.
 - 5.3 It will create a risk aversion to instances that may lead to strikes.
 - 5.4 The contingent liabilities such as those owing to the South African Revenue Services is minimized.
 - 5.5 There will be a team of highly skilled and trained operation staff, management and leadership backing the project.
 - 5.6 There will be financial stability and annuity income for Bosasa and African Global through continued service delivery and improved benchmarking.
 - 5.7 An employee share incentive participation scheme will be established.
 - 5.8 Established BEE partners have agreed to their involvement in the project.
6. The proposed venture partners who will support the project are:
- 6.1 Mandela Group;
 - 6.2 Crearis Inc Group;

- 6.3 Hospitality Training Authority;
 - 6.4 MK Veterans; and
 - 6.5 South African Chefs Association.
7. In terms of the synopsis alignment of the companies, we have been instructed as follows:
- 7.1 A working understanding will be established and an engagement letter will be negotiated and signed, which will outline the parameters regarding the discussion to be held with the Department of Correctional Services.
 - 7.2 Mutual meetings will be conducted with the Department of Correctional Services, African Global and Mandela Group.
 - 7.3 Facilitators with National Treasury will be engaged.
 - 7.4 The parties will jointly present the benefits of the relationship, the BEE compliance as well as negotiating and entering into formal agreements and agreeing to the administrative logistics.
 - 7.5 The parties will jointly ensure that a seamless transition takes place in that no jobs will be lost during the takeover and full compliance will occur with the relevant employee representative bodies.
8. If regard is had to the commercial interests of the respective parties involved, our client believes that the above is a fair commercial resolution to the present situation. It will be in best interests of all parties to reach an amicable and practical resolution of the issues.
9. We await to hear from you in this regard.

Yours faithfully

WITZ, CALICCHIO, ISAKOW & SHAPIRO ATTORNEYS INC.

*This letter has been sent electronically
and is not signed by the writer*