

CONSOLIDATED INFRASTRUCTURE GROUP (in business Rescue)
BUSINESS RESCUE PRACTITIONERS REMUNERATION AGREEMENT AS
CONTEMPLATED IN SECTION 143 OF THE COMPANIES ACT 71 OF 2008

SUMMARY OF AGREEMENT

February 2021

1. BACKGROUND

- 1.1. On 09 November 2020 ("**Commencement Date**") the Board resolved that Consolidated Infrastructure Group ("**the Company**") voluntarily commence business rescue proceedings, and appointed PF van den Steen ("**van den Steen**") and MDT Liebenberg ("**Liebenberg**") as the Business Rescue Practitioners ("**BRPs**") of the Company.
- 1.2. The BRPs and the Company subsequently negotiated and settled a remuneration agreement, as contemplated in section 143(2) of the Companies Act 71 of 2008, as amended ("**Companies Act**")
- 1.3. The regulations to the Companies Act prescribe an hourly tariff (exclusive of VAT) for the payment of the fees of a business rescue practitioner.
- 1.4. The Company is classified, in terms of regulation 26(2) read with regulation 127(2)(b)(i) of the Companies Act, as a large company in that it has a public interest score greater than 500 points.

2. BRPS REMUNERATION

- 2.1. In terms of section 143(1) of the Companies Act, the BRPs are entitled to charge an amount to the Company for the remuneration and expenses of the BRPs in accordance with the tariff prescribed in the Companies Regulations.
- 2.2. The remuneration payable by the Company to the BRPs in terms of the remuneration agreement shall comprise:
 - 2.2.1. the tariff as specified in the Companies Regulations; and
 - 2.2.2. the further remuneration as contemplated in the remuneration agreement;

- 2.3. In addition to the BRPs' remuneration, the Company shall reimburse the BRPs for any reasonable costs, expenses and disbursements incurred by either of them in the discharge of their duties and responsibilities such as:
 - 2.3.1. travelling costs and expenses;
 - 2.3.2. accommodation costs and expenses;
 - 2.3.3. any other costs and expenses reasonably incurred by the BRPs to the extent required in order for the BRPs to discharge their duties and responsibilities.
- 2.4. The fees payable to the BRPs under and in terms of the remuneration agreement are exclusive of all reasonable costs and expenses which may of necessity be incurred by the BRPs and/or the Company, as the case may be, in relation to the employment and/or the engagement of all professionals or other service providers advising and/or providing services to the BRPs and/or the Company for the purposes of the Business Rescue .

3. BASIC REMUNERATION

- 3.1. Section 143(2) of the Companies Act entitles the BRPs to propose an agreement with the Company providing for further remuneration additional to that contemplated in section 143(1) of the Companies Act.
- 3.2. In terms regulation 128(1)(c) of the Companies Act, a business rescue practitioner appointed for a large company is entitled to charge an amount of R2 000.00 an hour inclusive of VAT (R1 739.13 excluding VAT) and up to an amount of R25 000.00 a day inclusive of VAT (R21 739.13 excluding VAT).
- 3.3. In accordance with section 143 of the Companies Act, the BRPs will charge the following hourly rates ("**Tariff Fees**"):
 - 3.3.1. van den Steen an amount of R1 739.13 excluding VAT (R2 000 including VAT); and
 - 3.3.2. Liebenberg an amount of R1 739.13 excluding VAT (R2 000 including VAT);
- 3.4. The Company recognises that the hourly rate prescribed by the tariff in the regulations (as determined during the drafting of the Companies Act in 2008) is not market related and does not cater for annual escalations, accordingly, the Company concluded a remuneration agreement with the BRPs in terms of which the Company

agreed that upon approval of an extension of the date by when the business rescue plan is to be published pursuant to the provisions of section 150(5)(b) of the Companies Act, the following additional remuneration will be paid to the BRPs effective from the business rescue Commencement Date ("**Further Remuneration**"):

3.4.1. Peter van den Steen an additional amount of R2 210.87 (excluding VAT) per hour; and

3.4.2. Martin Liebenberg an additional amount of R910.87 (excluding VAT) per hour.

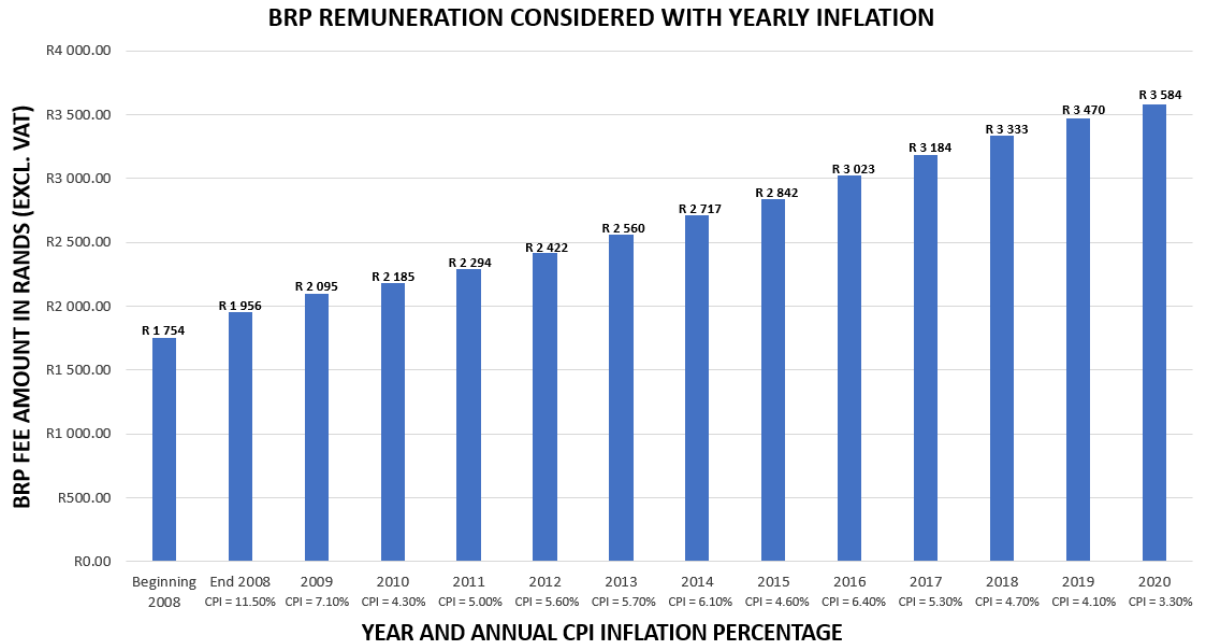
3.5. The aggregate of the Tariff Fees and the Further Remuneration is thus contemplated as the BRPs **Basic Remuneration**.

3.5.1. van den Steen a Basic Remuneration of R3 950.00 (excluding VAT) per hour; and

3.5.2. Liebenberg a Basic Remuneration of R2 650.00 (excluding VAT) per hour.

4. FEE CONSIDERATIONS

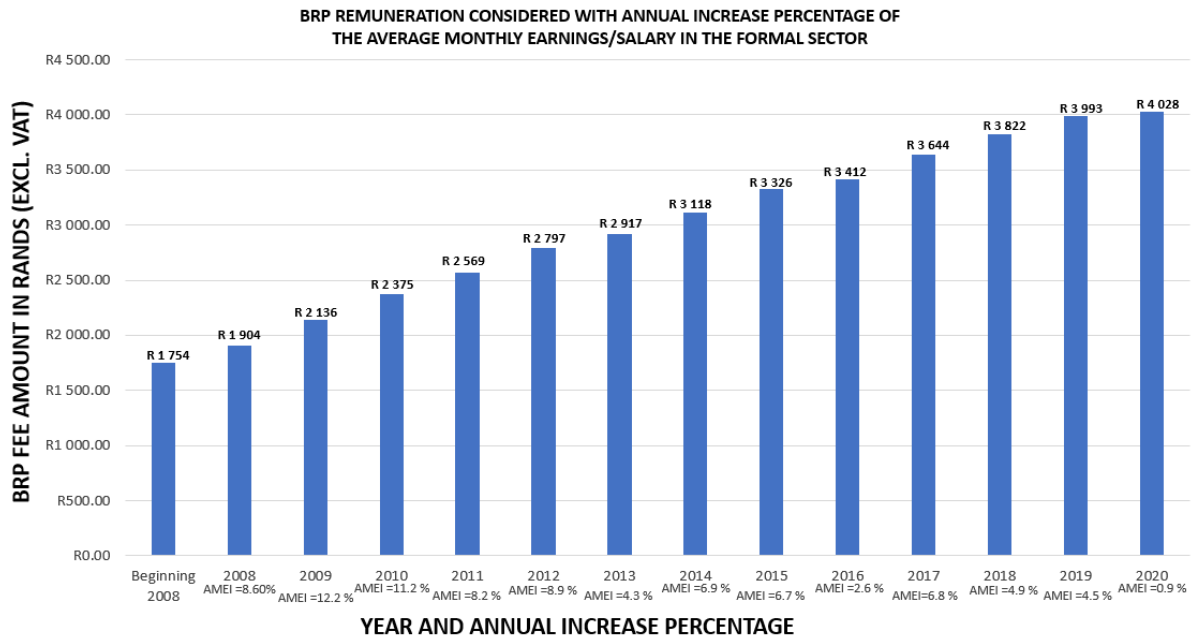
4.1. The graph below illustrates how the regulated fee of R1 754.39 per hour exclusive VAT – which equated to R2 000.00 per hour inclusive of VAT in 2008 (14% VAT from 2008 – March 2018 and 15% VAT from April 2018 onwards), would have increased, year on year, based on the average annual CPI inflation percentage.



*Annual CPI Inflation data sourced from the Consumer Price Index statistical releases published by Stats SA and available to view and download on the Department of Statistic Stats SA website accessible via the link: <http://www.statssa.gov.za/?s=CPI&sitem=publications>

4.2. The Graph above demonstrates that the 2020 equivalent of the 2008 fee of R1 754.36 (excl. VAT) per hour, is R3 584.44 (excl. VAT) per hour (present value based on annual CPI inflation escalations).

4.3. Further to the above, the additional graph provided below illustrates how the 2008 regulated fee of R1 754.39 per hour exclusive of VAT – which equated to R2 000.00 per hour inclusive of VAT in 2008 (14% VAT from 2008 – March 2018, 15% VAT from April 2018 onwards), would have increased, year on year, based on the annual increase percentage of the average monthly earnings/salary in the formal sector.



*Annual percentage increases in average monthly earnings/salary sourced from the Quarterly employment statistics statistical releases published by Stats SA and available to view and download on the Department of Statistic Stats SA website accessible via the link: <http://www.statssa.gov.za/?s=quarterly+employment&sitem=publications>

4.4. The Graph demonstrates the 2020 equivalent of the 2008 fee of R1 754.36 (excl. VAT) per hour is approximately R4 028.00 (excl. VAT) per hour (present value based on the annual increase percentage of the average monthly earnings/salary in the formal sector).

4.5. Thus, it is evident that the agreed upon Basic Remuneration amount rate of R3 950.00 (excl. VAT) per hour for van den Steen and R2 650.00 (excl. VAT) per hour for Liebenberg, is combined and on aggregate, below inflation and the annual increase percentage of the average monthly earnings/salary in the formal sector, over the period 2008 to 2020. The board of the Company have considered this, have found it to be fair and have thus approved the remuneration agreement on behalf of the Company.

4.6. Further to this, in a meeting of the creditors of the Company, in terms of section 143(3)(a), convened by the BRPs on 28th January 2021, the creditors also found the agreement to be fair and voted overwhelmingly in support thereof.

5. CONCLUSION

5.1. In order for the remuneration agreement to be final and binding on the Company it requires the support of:

5.1.1. The holders of a majority of the creditors' voting interests present and voting at a meeting called for the purpose of considering the proposed Remuneration Agreement; and

5.1.2. The holders of a majority of the voting rights attached to any shares of the Company that entitle the shareholder/s to a portion of the residual value of the company on winding-up, present and voting at a meeting called for the purpose of considering the proposed agreement.

5.2. It is the opinion of the Company and the BRPs that the remuneration agreement concluded between the parties is fair and should be considered favourably by the shareholders of the Company.