

20 August 2020

Attention: Neil Miller and Byron Chevalier
The Business Rescue Practitioners
Genesis Capital (Pty) Ltd

By: E-mail

Dear Neil / Byron

Proposal in relation to the Repurchase of the Genesis Capital (Pty) Ltd (“Genesis”) Shareholding in Calculus Capital (Pty) Ltd (“Calculus”)

1. Background

- 1.1 Post the repurchase of certain Calculus shares held by Genesis in terms of the Pledge and Cession of Shares Agreement between Genesis and Calculus dated 26 September 2019 (“Pledge Agreement”), Genesis currently holds 78,417 shares in Calculus (“the Remaining Genesis Shares”), constituting 5.69% of the total issued share capital of Calculus;
- 1.2 In addition, there are payments that Calculus made to Genesis, as specifically instructed by various third parties, in discharge of Calculus’ obligations to such third parties (“Secured Obligations”), which Secured Obligations total an amount of approximately R41,853,310;
- 1.3 In terms of the Pledge Agreement, Genesis has indemnified Calculus against any liabilities or losses incurred or suffered by Calculus in relation to the Secured Obligations, which indemnity obligations are secured by way of a pledge of the Remaining Genesis Shares in favour of Calculus;
- 1.4 Discussions have been held between Calculus and the Business Rescue Practitioners of Genesis in relation to the possible repurchase by Calculus of the Remaining Genesis Shares;
- 1.5 Calculus hereby proposes the repurchase of the Remaining Genesis Shares on the basis as set out below.

2. Proposed Repurchase

- 2.1 It is proposed that, subject to the fulfilment of the conditions precedent as set out in clause 4 below within the stipulated time period, Calculus repurchases the Remaining Genesis Shares for a consideration of R15,768,521 ("the Genesis Repurchase"), to be paid within 3 business days of the Genesis Repurchase becoming unconditional, by way of an electronic bank transfer into Genesis's bank account as nominated in writing.
- 2.2 In addition, Genesis shall be paid an amount equal to 5.69% (being Genesis' pro rata current shareholding in Calculus) multiplied by the contingent liabilities that don't materialise between the effective date and 30 June 2023 ("the period") i.e. R68,254,680 less the amount of such contingent liabilities that are claimed and paid, whether by means of an agreed settlement (to be reached in Calculus' sole and absolute discretion) or a final order of court, by Calculus during the period including, if applicable, the costs incurred by Calculus in the defence of any claim lodged against Calculus.

3. Additional Payments

- 3.1 It is proposed that, subject to the fulfilment of the conditions precedent as set out in clause 4 below within the stipulated time period, Calculus pays an amount of R4,231,479 to Genesis ("the Additional Payment"), which is a contribution by Calculus towards the debts of Genesis, provided that 100% of the Additional Payment is paid to the unsecured creditors of Genesis in terms of the business rescue plan as approved by the requisite majority of creditors.
- 3.2 The Additional Payment shall be paid to Genesis within 3 business days of the Genesis Repurchase and Additional Payment becoming unconditional, by way of an electronic bank transfer into the same bank account as indicated by Genesis in terms of clause 2.1 above.
- 3.3 In addition, as an adjustment to the valuation of the shares repurchased in terms of clause 9.1.7 of the Pledge Agreement, Genesis shall be paid an amount equal to 14.57% multiplied by the contingent liabilities that don't materialise between the effective date and 30 June 2023 i.e. R68,254,680 less the amount of such contingent liabilities that are claimed and paid, whether by means of an agreed settlement (to be reached in Calculus' sole and absolute discretion) or a final order of court, by Calculus during the period including, if applicable, the costs incurred by Calculus in the defence of any claim lodged against Calculus.

4. Conditions Precedent

The Genesis Repurchase and Additional Payments are subject to the fulfilment of the following suspensive conditions by no later than 30 September 2020, failing which the agreement will be of no further force and effect –

- 4.1 The approval of the business rescue plan to be published by the business rescue practitioners of Genesis, as required in terms the Companies Act, provided that such business rescue plan results in all creditors of Genesis claims being compromised to nil upon payment of the Genesis Repurchase consideration and thereby such creditors having no further claims whatsoever against Genesis itself or against any other party (save for security provided by a third party). For the avoidance of doubt, the only claim that Genesis' creditors will retain is their right to a dividend arising from the adopted business rescue plan. Such waiver of claims by the creditors must be irrevocable and absolute and not capable of any future legal challenge;
- 4.2 The entering into of a detailed legal agreement between Calculus and Genesis governing the Genesis Repurchase and the Additional Payment and such agreement becoming unconditional in accordance with its terms;
- 4.3 The approval of the above agreement by the board of directors of Calculus;
- 4.4 The approval of the above agreement by the shareholders of Calculus as required in terms of the Companies Act 71 of 2008 (“the Companies Act”);
- 4.5 Any other approvals as may be required by any relevant regulatory authority;

We look forward to your response on the above proposal.

Yours sincerely,



Darren Shur

Managing Director

On behalf of the Board of Directors of Calculus Capital (Pty) Ltd

Accepted for and on behalf of Genesis Capital (Pty) Ltd

Neil Miller and Byron Chevalier

Business Rescue Practitioners of Genesis Capital (Pty) Ltd

Date: