

**EFFICIENT GROUP LIMITED**

Incorporated in the Republic of South Africa  
(Registration number 2006/036947/06)  
Share code: EFG ISIN: ZAE000151841  
("EFG" or "the Company")

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**SMALL RELATED PARTY TRANSACTION**

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**1. INTRODUCTION**

The board of directors of EFG ("**the Board**") wishes to advise shareholders that Efficient Capital Proprietary Limited ("**Efficient Capital**"), a wholly-owned subsidiary of EFG, has entered into a sale of a letting enterprise agreement ("**Agreement**") with Midnight Storm Investments 299 Proprietary Limited ("**Midnight Storm**") to purchase certain properties located in the province of Gauteng ("**Rental Enterprise**") ("**the Transaction**"). Mr Heiko Weidhase, the Chief Executive Officer of EFG, is also a director of Midnight Storm and Efficient Capital.

**2. THE TRANSACTION****2.1 Nature of Midnight Storm**

Midnight Storm is a property investments company.

**2.2 Purchase consideration**

The purchase consideration for the Transaction is an amount of R9.6 million.

**3. BACKGROUND TO AND RATIONALE FOR THE TRANSACTION**

Since its inception, EFG has rented offices from Midnight Storm at market-related rates. However, as the current offices no longer meet the needs of EFG in terms of quality, parking and facilities, the Board has approved the acquisition of the Rental Enterprise (on which properties EFG's Head Office is currently located) from Midnight Storm, through Efficient Capital. It is the Board's intention to upgrade the existing properties in order to fulfil the requirements of EFG.

After evaluating various alternatives, and considering the current location of EFG's Head Office, the Board considers that the Transaction is the most cost effective long-term solution for the Company.

**4. CLASSIFICATION OF THE TRANSACTION AND FAIRNESS OPINION**

The Transaction is considered to be a small related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements ("**Listings Requirements**"). Consequently, the Transaction requires a fairness opinion ("**Opinion**") from an independent professional expert acceptable to the JSE ("**Independent Expert**") confirming that the terms thereof are fair as far as shareholders of EFG are concerned.

The Company has appointed Merchantec Capital as the Independent Expert.

Taking into consideration the terms and conditions of the Transaction, the Independent Expert is of the opinion that the Transaction is fair to EFG shareholders. The Opinion will be available for inspection at the Company's registered office for a period of 28 days from the date of this announcement.

#### **5. CONDITIONS PRECEDENT AND EFFECTIVE DATE**

All suspensive conditions to the Transaction have been fulfilled.

Per the Agreement, the effective date of the Transaction shall be the date of registration of the transfer of the Rental Enterprise into the name of Efficient Capital.

#### **6. FINANCIAL INFORMATION PERTAINING TO THE TRANSACTION**

The carrying value of the net assets that are the subject of the Transaction as at 28 February 2016 was R5.7 million. The profit after tax attributable to the net assets that are the subject of the Transaction for the year ended 28 February 2016 was R225 000.

The Board, who has considered the impact of the Transaction, confirms that the implementation thereof will have an insignificant impact on the financial information of EFG.

Johannesburg  
18 October 2016

**Sponsor**  
Merchantec Capital