



EFFICIENT GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number: 2006/036947/06)
JSE share code: EFG ISIN: ZAE 000151841
("the company" or "Efficient")

CATEGORY 1 ACQUISITION BY EFFICIENT OF VERSO INVESTMENT SERVICES PROPRIETARY LIMITED ("VIS") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Introduction

Efficient shareholders are referred to the cautionary announcement dated 17 October 2013 and are advised that Efficient has concluded an agreement with Christoffel Philippus Burger, Nicolaas Elmar Burger, Walter William Borthwick, the trustees for the time being of the Burger Family Trust, the trustees for the time being of the Arend De Waal Trust, the trustees for the time being of the Aliko Trust, the trustees for the time being of the MJK Family Trust (the "sellers"), VIS, Verso Multimanager Proprietary Limited, Verso Securities Proprietary Limited, Verso Fiduciary Services Proprietary Limited, Martin James Kift, Paul Kirsten Louw and Arend Egbertus De Waal dated 18 November 2013 ("the acquisition agreement") in terms of which, *inter alia*, with effect from the effective date, as defined below, Efficient, as the purchaser, has purchased from the sellers, all of the issued shares of VIS for an aggregate purchase price of R72 061 856 (the "purchase price") ("the transaction").

Business of VIS

VIS is a financial advisory business with 19 financial planners servicing more than 5 000 clients through offices in Cape Town, Port Elizabeth and Gauteng. VIS has R4.5 billion of assets under advice.

Verso Multi Manager (Pty) Ltd, a wholly-owned subsidiary of VIS, is a multi-manager managing R5.3 billion of assets in 8 unit trust portfolios.

Rationale for the transaction

The transaction is in line with Efficient's acquisitive growth strategy.

The impact of the transaction on Efficient as a business can best be illustrated as follows:

	<i>Before transaction</i>	<i>After transaction</i>
Financial planners	56	75
Assets under advice	R2.3bn	R6.8bn
Assets under management	R2.5bn	R8bn
Assets under administration	R2.3bn	R8bn

Efficient will also be able to roll-out its extended and comprehensive value proposition, including private wealth management, life and risk products as well as short term insurance to this enlarged client base.

Terms and conditions of the transaction

Efficient is acquiring all of the issued shares in VIS from the sellers for an aggregate purchase price of R72 061 856, subject to the fulfilment and/or waiver of the conditions precedent, set out below, but with

retrospective effect to and from 1 December 2013 (“**the effective date**”). The purchase price for the sale shares is to be settled on the first business day following fulfilment and/or waiver of the conditions precedent (“**the completion date**”) by a cash payment of R45 780 927 (“**the cash consideration**”) and the balance of R26 280 929 by way of the allotment and issue of 16 425 580 new Efficient shares at an issue price of R1.60 per share (“**the consideration shares**”). The cash consideration is to be funded by Efficient raising some R28 million in terms of a rights offer, the details of which will be published in due course, with the balance to be funded from internal cash resources. In this regard, Efficient has received irrevocable undertakings from shareholders holding 94.8% of Efficient’s issued share capital to follow their rights in terms of the rights offer. Efficient management together with certain shareholders have undertaken to underwrite the balance of the rights offer to the extent it is not fully subscribed.

The transaction is conditional upon the fulfilment or waiver, if applicable, of the following suspensive conditions precedent by no later than 31 March 2014 or such other date as the parties to the acquisition agreement may agree in writing on or before that date:

- the completion of a legal and regulatory due diligence by 21 November 2013 to the satisfaction of Efficient;
- confirmation that VIS’s internal restructuring has been successfully concluded in terms of such restructuring agreement and all applicable regulatory requirements have been met;
- written confirmation by Investec Bank Limited that the loan agreement entered into between Investec Bank Limited and VIS has been fully complied with since conclusion thereof;
- written confirmation from Investec Bank Limited that it agrees to the terms and conditions of the acquisition agreement;
- Efficient and Investec Bank Limited reaching agreement on the nature and extent of any security to be provided by Efficient in respect of funds borrowed by VIS from Investec;
- VIS and its subsidiaries having sufficient cash resources to ensure compliance with the solvency and liquidity requirements prescribed in terms of the Financial Advisory and Intermediary Services Act, 2002, with effect from the effective date;
- all retained earnings less an amount equal to the cash resources, referred to above, at the close of business on the last business day preceding the effective date being declared as a dividend to the sellers and all loan accounts being settled, subject to the approval of Investec Bank Limited;
- the parties agreeing on an effective date balance sheet;
- all regulatory approvals being obtained by the parties to the agreement to the extent required by law; and
- the transaction being approved, to the extent necessary, at a general meeting of shareholders of Efficient. In this regard, Efficient has received irrevocable undertakings from shareholders holding 94.8% of Efficient’s issued share capital to vote in favour of all resolutions required to give effect to the transaction.

The transaction is categorised as a Category 1 acquisition in terms of the JSE Listings Requirements and accordingly a circular will be issued to Efficient shareholders in terms of paragraph 9.20(b) of the JSE Listings Requirements.

Efficient shall ensure that the MOIs of VIS and VIS’s subsidiaries are amended, if necessary, in order to ensure compliance with the JSE Listings Requirements.

Following the conclusion of the transaction Christoffel (Christo) Philippus Burger will be appointed to the Efficient board as an executive director and Fred Liedtke will be appointed as his alternate.

Financial effects

The *pro forma* financial effects of the transaction on Efficient’s net asset value and net tangible asset value per share, earnings per share and headline earnings per share for the year ended 31 August 2013 are set out below.

The *pro forma* financial effects are the responsibility of the directors of Efficient and have been prepared for illustrative purposes only, to provide information on how the transaction may have impacted on the historical financial results of Efficient for the year ended 31 August 2013.

Due to its nature, the pro forma financial effects may not give a fair reflection of Efficient's financial position, changes in equity, results of operations and cash flows subsequent to the transaction.

The *pro forma* financial effects have not been reviewed or reported on by the company's reporting accountants. The reporting accountants report on the *pro forma* financial information of the transaction will be contained in the Category 1 circular which will be sent to shareholders in due course.

The table below reflects the *pro forma* financial effects of the transaction on an Efficient shareholder:

	<i>Before the transaction</i>	<i>After the transaction</i>	<i>% change</i>
Net asset value per share (cents)	174.25	179.65	3.1%
Net tangible asset value per share (cents)	72.38	(11.08)	-115.3%
Earnings per share (cents)	6.18	28.72	364.5%
Headline earnings per share (cents)	13.04	31.96	145.1%

Notes and assumptions:

- The numbers in the "*Before the transaction*" column have been extracted, without adjustment, from Efficient's audited financial results for the year ended 31 August 2013.
- The numbers in the "*After the transaction*" column reflected the impact of the transaction on Efficient's audited financial results for the year ended 31 August 2013, assuming the transaction was implemented on 1 September 2012 for purposes of earnings and headline earnings per share and on 31 August 2013 for purposes of net asset and net tangible asset value per share.
- The numbers in the "*After the transaction*" column are based on VIS's audited financial results for the year ended 30 June 2013 and take into account Efficient's funding of the transaction (as detailed above).

Withdrawal of cautionary announcement

Following the publication of the financial effects of the transaction shareholders are no longer required to exercise caution when dealing in their shares in the company.

20 November 2013

Corporate advisor and sponsor

JAVACAPITAL