



## EFFICIENT GROUP LIMITED

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

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### DISTRIBUTION OF CIRCULAR, NOTICE OF GENERAL MEETING AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

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#### 1. DISTRIBUTION OF CIRCULAR

Shareholders are referred to the "Cancellation of profit share agreement and renewal of cautionary announcement" released on SENS on 5 July 2018 ("**Terms Announcement**"). Using the terms defined therein, unless otherwise stated, shareholders of the Company ("**Shareholders**") are hereby advised that the circular to Shareholders ("**Circular**") containing full details of the cancellation by Efficient of the Main Agreement and the payment of all amounts due and payable in terms of the Cancellation Agreement, and the associated agreement to incentivise RW, the Nominees, the Employees and the Participating Partners in accordance with the provisions of the Incentive Payment Agreement and the payment of all amounts due and payable in terms thereof ("**the Transaction**"), and incorporating:

- the fairness opinion from the independent expert on the Transaction, and the Convertible Loan as set out in paragraph 4.1.2 below; and
- a notice to convene a general meeting of Shareholders ("**General Meeting**") in order to consider and, if deemed fit to pass, with or without modification, the resolutions necessary to approve, *inter alia*, the Transaction and the Specific Issue as set out in paragraph 4.1.2.1.2 below,

has been distributed today, 3 August 2018.

The Circular is available on the Company's website at <https://www.efgroup.co.za/investor-relations/reports>.

#### 2. NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting will be held at 10:00 on Friday, 31 August 2018 at the registered office of the Efficient Group, 81 Dely Road, Hazelwood, Pretoria, 0081, to consider, and if deemed fit, to pass, with or without modification, the business stated in the notice of General Meeting, which is contained in the Circular.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, ("**Companies Act**") the record date for the purposes of determining which Shareholders are entitled to participate in and vote at the General Meeting is Friday, 24 August 2018. Accordingly, the last day to trade Efficient shares ("**Shares**") in order to be recorded in the Company's securities register to be entitled to vote will be Tuesday, 21 August 2018.

#### 3. VARIATION OF CONDITIONS PRECEDENT

Shareholders are advised that, subsequent to the publication of the Terms Announcement, the Cancellation Agreement was amended on 20 July 2018 by way of an addendum thereto ("**Addendum**") as signed by the parties to the Cancellation Agreement ("**Parties**").

In terms of the Addendum, the conditions precedent as set out in the Terms Announcement, have been amended as follows:

### 3.1 Conditions precedent and resolutive condition

The Transaction is subject to the fulfilment or waiver, as the case may be of the following conditions precedent by no later than the Effective Date, being 31 August 2018, or such later date as agreed to in writing by the Parties:

- 3.1.1 Efficient receiving confirmation that the required funding to finance the payment of the Cancellation Fee has become unconditional;  
*Shareholders are referred to paragraph 4 below for information pertaining to the financing of the payment of the Cancellation Fee.*
- 3.1.2 Efficient obtaining the requisite approvals, including Board, Shareholder and any other relevant approvals, including JSE approval, that may be required to conclude the transactions provided for in the Cancellation Agreement; and
- 3.1.3 each of the Efficient Invest Companies obtaining the necessary approvals to conclude the transactions provided for in the Cancellation Agreement.

The conditions precedent set out in paragraphs 3.1.1 to 3.1.3 above are for the benefit of Efficient and any condition may be waived (in full or in part) (unless the condition is incapable of waiver) by the Company in its discretion by written notice to the other Parties to be received on or before the Effective Date, whereupon such condition shall be deemed to be fulfilled.

The Parties have, in terms of the Addendum, agreed as a resolutive condition that Efficient shall, as soon as practical after the date of signature of the Cancellation Agreement, obtain a tax ruling from SARS confirming that the Cancellation Fee will qualify as a tax-deductible expense and that RW will be able to reclaim the tax portion on the Invested Portion ("**Positive Tax Ruling**").

To the extent a Positive Tax Ruling is not obtained, the Parties shall meet and negotiate in good faith to determine an alternate or new cancellation fee acceptable to RW and Efficient. In the event that the Parties cannot agree on an alternative cancellation fee, the Cancellation Agreement (and consequently the Convertible Loan Agreement as set out in paragraph 4.1.2 below) shall lapse and be of no force and effect and the Parties shall be restored to the status quo ante, provided that the Parties agree that such failure shall not terminate the obligations on the Parties to negotiate to terminate the Main Agreement.

## 4. FINANCING OF THE PAYMENT OF THE CANCELLATION FEE

Efficient Shareholders are advised that the funding to finance the payment of the Cancellation Agreement will be secured by way of:

- 4.1.1 the "**Debt Raise**", being R240 million debt funding which Efficient has, at the date of issue of the Circular, secured with The Standard Bank of South Africa Limited ("**Standard Bank**") subject to:
  - Efficient issuing Shares to the value of R158 183 000, which condition is satisfied through the Convertible Loan as set out in paragraph 4.1.2 below;
  - the Convertible Loan being subordinated to the R240 million debt funding from Standard Bank; and
  - the Transaction becoming unconditional;
- 4.1.2 the "**Convertible Loan**", being an aggregate amount of R158 183 000 for all loans to be made, or as the case may be, made by RW, certain of the BCI Nominees and certain of the BIC Nominees (as the "**Lenders**") to Efficient.

The Convertible Loan, which is governed by the written agreement entered into between Efficient and the Lenders on 24 July 2018 ("**Convertible Loan Agreement**"), will be used by Efficient to partially fund payment of the Cancellation Fee.

Pursuant to the Convertible Loan Agreement, the Lenders will, subject to the necessary board and shareholder approvals being obtained, as the case may be, advance their respective loan amounts ("**Convertible Loan Amounts**") on 31 August 2018 ("**the Advance Date**") to Efficient by allowing Efficient to retain an amount equal to the respective Convertible Loan

Amounts from the respective cancellation fees payable to the Lenders or their nominees under the Cancellation Agreement. Interest shall accrue on each Convertible Loan Amount at the Prime Rate less 1% and shall be payable on each of the following interest payment dates:

- 30 November 2018;
- 28 February 2019;
- 31 May 2019; and
- 30 August 2019,

provided that if the Convertible Loan Amounts are repaid in accordance with paragraph 4.1.2.1.1 below, the last interest payment date shall be the date on which the Convertible Loan Amounts are repaid in accordance therewith.

4.1.2.1 The Convertible Loan will be repaid by Efficient in one of the following ways:

4.1.2.1.1 If the Board resolves to implement an equity capital raise by way of the issue of Efficient Shares for cash in order to raise the funds to settle the Convertible Loan ("**Potential Issue of Shares for Cash**"), and such Potential Issue of Shares for Cash occurs before 30 August 2019 ("**the Conversion Date**"), the Convertible Loan Amount of each Lender shall be repaid in cash to that Lender within two Business Days of the date on which Efficient receives full payment of the subscription price for the Shares issued.

The Potential Issue of Shares for Cash, should it occur, will be effected in accordance with the provisions of the Listings Requirements, and accordingly, Shareholders will receive a circular, including, *inter alia*, a notice of general meeting in order to provide Shareholders with the relevant information relating to the Potential Issue of Shares for Cash, and to give notice of a general meeting in order for Shareholders to consider and, if deemed fit, to pass, *inter alia*, the resolutions necessary to approve and implement the Potential Issue of Shares for Cash in accordance with the Listings Requirements.

4.1.2.1.2 If a Potential Issue of Shares for Cash does not occur before the Conversion Date, Efficient will settle the Convertible Loan Amount of each Lender on 31 August 2019 by way of issue of R158 183 000 worth of Efficient Shares, at a price of R5.30 per Share, with such number of Efficient Shares being allotted and issued to each Lender as will settle the Convertible Loan Amount of such Lender ("**Specific Issue**").

## 5. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this announcement, Shareholders are advised that caution is no longer required when dealing in the Company's securities.

Pretoria  
3 August 2018

**Sponsor and Joint Corporate Advisor to the Efficient Group**  
Merchantec Capital

**Joint Corporate Advisor to the Efficient Group**  
Bravura Capital

### Media Contact

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