

**EFFICIENT GROUP LIMITED**

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

SPECIFIC ISSUE OF SHARES AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Efficient shareholders ("**Shareholders**") are referred to:

- the circular distributed to Shareholders on 3 August 2018 regarding, *inter alia*, the cancellation by Efficient of a profit share agreement with a related party ("**Cancellation of Profit Share Circular**"). Terms defined in the Cancellation of Profit Share Circular shall, unless otherwise stated, bear the same meaning in this announcement; and
- the cautionary announcement released on SENS on 13 February 2019 and to the subsequent renewal of cautionary announcements, the last of which was dated 2 July 2019 (collectively referred to hereinafter as the "**Cautionary Announcements**"), wherein Shareholders were advised that the Board had entered into negotiations with a third party regarding the raising of capital in order to settle the Convertible Loan.

The Board is pleased to advise Shareholders that Efficient has entered into a subscription agreement with Apis Growth 12 Ltd ("**Apis**") in terms of which, subject to the fulfilment of the conditions set out in paragraph 5 below, Apis intends to subscribe for, and Efficient intends to issue, 27 777 778 Efficient Shares, representing, after their allotment and issue, approximately 23.75% of the issued Shares of the Company ("**Subscription Shares**"), for an amount equal to R125 000 001 ("**Subscription Amount**") ("**Specific Issue**").

The Subscription Amount is calculated as the total number of Subscription Shares multiplied by a price per Share of R4.50, payable by Apis to Efficient for the Subscription Shares.

2. RATIONALE AND INTENDED USE OF FUNDS

As set out in the Cancellation of Profit Share Circular, Shareholders were advised that part of the funding required to finance the payment of the Cancellation Agreement, being an amount equal to R158 183 000, would be secured by way of, *inter alia*, the Convertible Loan. Additionally, Shareholders were advised that the Convertible Loan could be repaid or settled by Efficient either:

- 2.1 via 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. In terms of the Convertible Loan Agreement, as amended, repayment is due prior to 31 December 2020; or

- 2.2 by way of a specific issue, being the allotting and issuing by Efficient of such number of Shares in its share capital at an issue price of R5.30 per Share to each Lender as will settle the Convertible Loan Amount of the Lender.

Accordingly, Efficient will use the proceeds from the Specific Issue for the partial repayment of its obligations pursuant to the provisions of the Convertible Loan Agreement, as amended, and the “**Term Loan Agreement**”, being the terms facility agreement entered into between the Company and The Standard Bank of South Africa Limited (“**Standard Bank**”) dated 6 September 2018.

Efficient will use the proceeds of the Subscription Amount to repay R25 000 001 of the outstanding balance of the Term Loan Agreement and the remainder thereof, being R100 000 000, to repay a portion of the outstanding balance owed under the Convertible Loan Agreement, as amended.

3. NATURE OF APIS

Apis is a company incorporated under the laws of Mauritius (Registration number C153777) and a wholly-owned subsidiary of Apis Growth Fund I L.P., (an English limited partnership), Apis Growth I (B) L.P., (an English limited partnership) and Apis Growth I Africa L.P., (a Mauritius limited partnership) (collectively referred to as “**Apis Growth Fund I**”). Apis Growth Fund I is a private equity fund managed by Apis Partners LLP, a London-based private equity fund manager, which is authorised and regulated by the UK Financial Conduct Authority (authorisation number 628289). Apis Partners LLP is a private equity asset manager that supports growth stage financial services and financial infrastructure businesses in Africa and Asia by providing them with catalytic growth equity capital.

4. DETAILS OF THE SPECIFIC ISSUE

- 4.1 The Specific Issue is an issue of Shares for cash in terms of paragraph 5.51 of the Listings Requirements of JSE Limited (“**JSE**”) and as such, will require Shareholder approval by way of an ordinary resolution requiring the support of at least 75% of Shareholders present or represented by proxy at a general meeting of the Company.
- 4.2 In terms of the Specific Issue, Efficient will issue 27 777 778 Shares, at an issue price of R4.50 per Share, to Apis. The issue price represents a premium of 7% to the 30-day VWAP of Efficient Share as at 25 July 2019, being the last Business Day prior to signature of the Subscription Agreement.
- 4.3 The Shares to be issued in terms of the Specific Issue are of a class of securities of the Company that are already in issue.
- 4.4 The proposed Specific Issue is not to a related party as defined in the JSE Listings Requirements. Currently, Apis is not a Shareholder of Efficient.

5. CONDITIONS AND EFFECTIVE DATE

The Specific Issue is subject to the fulfilment of the following conditions precedent by no later than 17:00 on 30 September 2019, or such later date as agreed to in writing by the parties to the Subscription Agreement:

- 5.1 all applicable resolutions having been passed by Shareholders approving the transaction contemplated in the Subscription Agreement, including but not limited to, resolutions in accordance with section 41(3) of the Companies Act, sections 44 and 45 of the Companies Act (to the extent required) and any required approval in terms of the JSE Listings Requirements;
- 5.2 Standard Bank providing such written consents, waivers or approvals in relation to the transaction contemplated in terms of the provisions of the Subscription Agreement, as may be required under the Term Loan Agreement or any other applicable debt agreements, in order for the transaction contemplated in terms of the provisions of the Subscription Agreement to be able to be effected without triggering any event of default or any other potential adverse consequence under such debt agreements; and

5.3 any and all regulatory requirements being fulfilled, including but not limited to approval by the JSE of the application for the issue and listing of the Subscription Shares by the Company, and the circular referred to in paragraph 6 below.

The implementation date of the Specific Issue shall occur not later than the 20th business day following the date of fulfilment of the last of the conditions precedent.

6. CIRCULAR AND GENERAL MEETING

A circular containing, *inter alia*, full details of the Specific Issue will be distributed to Shareholders in due course. The circular will contain a notice of general meeting of Shareholders to vote on the Specific Issue.

7. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the Cautionary Announcements and are advised that, following the release of this announcement, caution is no required when dealing in the Company's securities.

Pretoria
29 July 2019

Sponsor to Efficient
Merchantec Capital

Corporate Advisor to Efficient
Bravura Capital

Legal Advisors to Efficient
Adams & Adams

Legal Advisors to Apis
Cliffe Decker Hofmeyr