

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this section.

If you are in any doubt as to what action you should take in relation to this Circular, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.

Action required:

- If you have disposed of all your Shares, this Circular should be handed to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom such disposal was effected.
- The General Meeting will take place at 230 Jan Smuts Avenue, Dunkeld West, Johannesburg at 15:00 on Thursday, 5 September 2019 in order for Shareholders to vote on the Proposed Transaction.
- If you are a Certificated Shareholder or an Own-Name Dematerialised Shareholder and are unable to attend the General Meeting and wish to be represented thereat you are requested to complete and return the attached Form of Proxy for Certificated Shareholders and Own-Name Dematerialised Shareholders to the Transfer Secretaries, to be received preferably by no later than 15:00 on Tuesday, 3 September 2019. Forms of Proxy not lodged with the Transfer Secretaries may be handed to the chairperson of the General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting.
- If you are a Dematerialised Shareholder other than with Own-Name registration, then your CSDP or Broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the General Meeting, and thereafter cast your vote in accordance with your instructions. This should be done in terms of the agreement entered into between you, as a Dematerialised Shareholder, and the CSDP or Broker. If you wish to attend the General Meeting in person, via electronic participation or wish to be represented thereat, you should inform your CSDP or Broker, as the case may be, of your intention to attend and vote at the General Meeting or to be represented by proxy thereat in order for your CSDP or Broker to issue you with the necessary letter of representation to do so. If you, as a Dematerialised Shareholder, have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker, as the case may be, as soon as possible and furnish them with your instructions in the manner and by the cut-off time stipulated in the aforesaid agreement between you and the CSDP or Broker.



Transaction Capital

Transaction Capital Limited

(Incorporated in the Republic of South Africa)

(Registration number 2002/031730/06)

(Share code: TCP) (ISIN: ZAE000167391)

("Transaction Capital" or the "Company")

CIRCULAR TO SHAREHOLDERS

Regarding:

- the further allocation of funds by Transaction Capital (through TCRS) for investment in the Joint Venture between TCRS International and Genki Group Limited, pursuant to the Agreement (and in addition to the Initial Allocation Amount of €20 million allocated to the Joint Venture as announced on SENS on 19 December 2018) and the approval of the Agreement;

and incorporating a:

- notice of the General Meeting; and
 - Form of Proxy (**to be completed by Certificated Shareholders and Own-Name Dematerialised Shareholders only**).
-

Sponsor



Legal Advisor



Independent Reporting Accountants and Auditors

Date of issue: Tuesday, 6 August 2019

This Circular is available in English only and copies thereof may be obtained from Tuesday, 6 August 2019 to Thursday, 5 September 2019 from the Registered Office of Transaction Capital during normal business hours at the addresses set out in the 'Corporate information' section of this Circular. An electronic version of this Circular will also be made available on the Company's website (www.transactioncapital.co.za).

CORPORATE INFORMATION

Company Secretary, Registration number and Registered office

Company Secretary

Theresa Palos

Registration number

2002/031730/06

Registered office

230 Jan Smuts Avenue

Dunkeld West

Johannesburg

2196

Date of incorporation: 18 December 2002

Place of incorporation: South Africa

Website: www.transactioncapital.co.za

Independent Reporting Accountants and Auditors

Deloitte & Touche

(Practice number 902276)

Deloitte Place

The Woodlands, 20 Woodlands Drive

Woodmead

Sandton, 2196

(Private Bag X6, Gallo Manor, 2052)

Sponsor

Rand Merchant Bank

(A division of FirstRand Bank Limited)

(Registration number: 1929/001225/06)

1 Merchant Place

Corner Fredman Drive and Rivonia Road

Sandton

2196

(PO Box 786273, Sandton, 2146)

Legal adviser

Edward Nathan Sonnenbergs Incorporated

t/a ENSafrica

(Registration number 2006/018200/21)

129 Rivonia Road

Sandton

2196

(PO Box 783347, Sandton, 2146)

Transfer Secretaries

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Rosebank Towers

15 Biermann Avenue

Rosebank

2196

(PO Box 61051, Marshalltown, 2107)

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IMPORTANT DATE AND TIMES

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this section.

Record Date for posting the Circular	Friday, 26 July 2019
Circular incorporating notice of General Meeting posted to Shareholders on or about	Tuesday, 6 August 2019
Last day to trade in order to be eligible to attend and vote at the General Meeting	Tuesday, 27 August 2019
Record Date for attending and voting at the General Meeting	Friday, 30 August 2019
Recommended day to lodge Forms of Proxy in respect of the General Meeting preferably by 15:00	Tuesday, 3 September 2019
General Meeting of Shareholders to be held at 230 Jan Smuts Avenue, (Corner Bompas Road), Dunkeld West, Johannesburg at 15:00 for the purpose of considering and, if deemed fit, approving, with or without modification, the Resolutions proposed thereat	Thursday, 5 September 2019
Results of General Meeting released on SENS	Thursday, 5 September 2019

Notes:

1. The dates and times indicated in the table above are subject to change. Any such changes will be released on SENS.
2. All times referred to in this Circular are references to South African standard time.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this section.

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

Certificated Shareholders and Own-Name Dematerialised Shareholders

Voting, attendance and representation at the General Meeting

If you are a Certificated Shareholder or an Own-Name Dematerialised Shareholder, you may attend, speak and vote at the General Meeting in person. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy and returning it to the Transfer Secretaries so as to reach them preferably by no later than the recommended time, being 15:00 on Tuesday, 3 September 2019. If you do not lodge or post the Form of Proxy to reach the Transfer Secretaries by the relevant time, you will nevertheless be entitled to have the Form of Proxy lodged with the chairman of the General Meeting immediately prior to the proxy exercising his/her right to attend, speak and vote at the General Meeting.

Dematerialised Shareholders other than with Own-Name registration

Voting at the General Meeting

If you are a Dematerialised Shareholder other than with Own-Name registration, you should not complete the Form of Proxy. Your CSDP or Broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the General Meeting, and thereafter cast your vote in accordance with your instructions. This should be done in terms of the agreement entered into between you and your CSDP or Broker. If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker, as the case may be, as soon as possible and furnish them with your instructions in the manner and by the cut-off time stipulated in the aforesaid agreement between you and your CSDP or Broker.

Attendance and representation at the General Meeting

If you wish to attend the General Meeting in person, via electronic participation or you wish to be represented thereat, you should inform your CSDP or Broker, as the case may be, of your intention to attend and vote at the General Meeting or to be represented by proxy thereat in order for your CSDP or Broker to issue you with the necessary letter of representation to do so.

Electronic participation

Shareholders or their proxies may participate in the General Meeting by way of electronic means. Note that Shareholders or their proxies will be able to participate in the General Meeting, but not vote on the Resolutions, via electronic communication. Such Shareholder (or proxy) will need to contact the Transfer Secretaries or the Company Secretary at Transaction Capital on theresap@transactioncapital.co.za as soon as possible but in any event, by no later than 09:00 on Tuesday, 3 September 2019 so that Transaction Capital can provide for a teleconference dial-in-facility. Where such Shareholder intends to participate via teleconference, it is recommended the voting proxies are sent through to the Transfer Secretaries by no later than 15:00 on Tuesday, 3 September 2019. By no later than 14:00 on Wednesday, 4 September 2019, Shareholders or their duly appointed proxies will be advised by email, telephone call or text message of the relevant telephone number and access code to allow them to dial in and participate electronically at the General Meeting.

Identification of Shareholders

Shareholders are entitled to attend, speak and vote at the General Meeting. In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as a Shareholder, or as a proxy for or a representative of a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid identity document, driver's licence or passport.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, the words in the first column shall have the meanings assigned to them in the second column; the singular includes the plural and *vice versa*; an expression which denotes one gender includes the other gender; a natural person includes a juristic person and *vice versa* and cognate expressions shall bear corresponding meanings:

“Additional Allocation Amount”	means €80 million;
“Aggregate Allocation Amount”	means €100 million;
“Agreement”	means the Joint Venture agreement dated 29 July 2019 entered into between Genki and TCRS International which sets out the terms upon which, among other things, the Joint Venture Parties will regulate the Joint Venture; A summary of the salient terms of the Agreement is attached to this Circular as Annexure B;
“Associates”	for the purposes of the JSE Listings Requirements, shall bear the meaning ascribed thereto in the JSE Listings Requirements; and for the purposes of the Agreement and the Joint Venture, means: <ul style="list-style-type: none">• in relation to an individual:<ul style="list-style-type: none">– a relative that is that individual’s children, grandchildren, step-child, spouse, civil partner, brother, sister or parent; and– an undertaking which is, or may be, directly or indirectly controlled (within the meaning given in section 1124 Corporation Tax Act 2010) by that individual or a relative (as defined above) of that individual, or by two or more of them;• and in relation to an undertaking, a subsidiary undertaking or parent undertaking of that undertaking, and any other subsidiary undertaking of any parent undertaking of that undertaking;
“Board” or “Directors”	means the board of directors of Transaction Capital, as set out on page 9 of this Circular;
“Broker”	means any person registered as a “broker member equities” in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
“Business”	means the business of investing directly or indirectly, in whatever form and/or structure necessary or appropriate (including equity, debt or hybrid instruments in the relevant Prescribed Ratio) in Target Assets in Europe initially and such other jurisdictions as the Joint Venture Parties may unanimously agree in writing should be covered and/or carried on by the Joint Venture from time to time;
“Business Day”	means any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
“Certificated Share”	means a share represented by a share certificate or other physical documents of title, which has not been surrendered for dematerialisation in terms of the requirements of Strate and which may not be traded on the JSE;
“Certificated Shareholder”	means a Shareholder who holds Certificated Shares;
“Circular”	means this circular, dated 6 August 2019, including the annexures, notice of General Meeting and the Form of Proxy attached hereto;
“Companies Act”	means the Companies Act, 71 of 2008, as amended;

“CSDP”	means a central securities depository participant as defined in the Financial Markets Act;
“Dematerialise”	means the process whereby physical share certificates are replaced with electronic records evidencing ownership of Shares for the purpose of Strate, as contemplated in the Financial Markets Act;
“Dematerialised Shares”	means Shares that have been Dematerialised in accordance with the rules of Strate, evidencing ownership of shareholding in electronic format, which Shares may be traded on the JSE;
“Dematerialised Shareholder”	means a Shareholder who holds Dematerialised Shares;
“Entity”	includes any association, business, close corporation, company, concern, enterprise, firm, partnership, joint venture, person, trust, undertaking, voluntary association or other similar entity whether corporate or unincorporate;
“Everglen”	means Everglen Capital Proprietary Limited, registration number 2015/021973/07, a private company duly incorporated in accordance with the laws of South Africa, the shares of which are held equally by STT and RT;
“EUR” or “€”	means Euro, the official currency of 19 of the 28 member states of the European Union;
“Exchange Control Regulations”	the Exchange Control Regulations, promulgated in terms of section 9 of the Currency and Exchanges Act, 9 of 1933, as amended;
“Financial Markets Act”	means the Financial Markets Act, 19 of 2012, as amended;
“Form of Proxy” or “Proxy Form”	means the form of proxy attached to and forming part of this Circular;
“Founders”	means Jawno, Mendelowitz and Rossi or, if the context is appropriate, any one or more of them;
“General Meeting”	means the general meeting of Shareholders to be held at 230 Jan Smuts Avenue, Dunkeld West, Johannesburg at 15:00 on Thursday, 5 September 2019, to be convened in connection with the Proposed Transaction, for the purpose of considering and if deemed fit, passing the Resolutions;
“Genki”	means Genki Group Limited, registration number 198 3821, a company duly incorporated in accordance with the laws of the British Virgin Islands, the shares of which are held equally by three foreign trusts of which each respective Founder is a contingent discretionary beneficiary;
“Initial Allocation Amount”	means €20 million;
“Jawno”	means Jonathan Michael Jawno, an executive director of Transaction Capital;
“Joint Venture”	means the joint venture arrangement between Genki and TCRS International (or an Associate of TCRS International or Genki as contemplated in the Agreement) in order to pursue the Business pursuant to the Agreement;
Joint Venture Entity	means any Entity established from time to time by the Joint Venture Parties and the first such entity being TC Global Finance;
Joint Venture Group	means each Joint Venture Entity and all its Subsidiaries from time to time;
“Joint Venture Parties”	means initially Genki and TCRS International, any permitted assignee or transferee under the Agreement that has executed a deed of adherence to the Agreement, and any Joint Venture Entity or person who has executed a deed of adherence to the Agreement;

“JSE”	means JSE Limited, registration number 2005/022939/06, a public company duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act;
“JSE Listings Requirements”	means the JSE Listings Requirements, as amended from time to time by the JSE, whether by way of practice note or otherwise;
“KIT”	means the trustee/s for the time being of the Kimberley Investment Trust, Master’s reference number IT 7138/97, which trustees have been duly issued with letters of authority by the Master of the High Court of South Africa, the beneficiaries of which are some or all of the family members of the Founders;
“Last Practicable Date”	means the last practicable date prior to the finalisation of this Circular, being Friday, 26 July 2019;
“Legal Advisor” or “ENSAfrica”	means Edward Nathan Sonnenbergs Incorporated, registration number 2006/018200/21, a company duly incorporated in accordance with the laws of South Africa;
“Mendelowitz”	means Michael Paul Mendelowitz, an executive director of Transaction Capital;
“Miller”	means Paul Miller, a non-executive director of Transaction Capital, who has been appointed by Genki as its director of TC Global Finance;
“Own-Name Dematerialised Shareholders”	means Dematerialised Shareholders who have instructed their CSDP to hold their Dematerialised Shares in their own name on the sub-register maintained by the CSDP and forming part of the Register;
“Prescribed Ratio”	means a 50%/50% prescribed ratio basis in respect of TC Global Finance and any other Joint Venture Entity;
“Proposed Transaction”	means the related party transaction involving the allocation of the Additional Allocation Amount by Transaction Capital (through TCRS) for investment in the Joint Venture, pursuant to the Agreement;
“Record Date”	means the date established in terms of section 59 of the Companies Act on which a company determines the identity of its shareholders and their shareholdings for the purposes of the Companies Act;
“Recused Directors”	means the Founders having declared personal financial interest pursuant to section 75(5) of the Companies Act and having recused themselves from participating in the evaluation and decision-making in respect of the Proposed Transaction and Miller, having been recused by virtue of his appointment by Genki as its director of TC Global Finance;
“Register”	means the register of Certificated Shareholders maintained by the Transfer Secretaries on behalf of Transaction Capital and the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs;
“Related Party”	shall bear the meaning ascribed thereto in the JSE Listings Requirements;
“Resolutions”	means the ordinary resolutions required to approve the Proposed Transaction and the Agreement set out in the notice of General Meeting attached to and forming part of this Circular;
“Rossi”	means Roberto Rossi, a non-executive director of Transaction Capital;
“RT”	means the trustee/s for the time being of the Rutland Trust, Master’s reference number IT 7137/97, which trustees have been duly issued with letters of authority by the Master of the High Court of South Africa, the beneficiaries of which are some or all of the family members of the Founders;

“SA Taxi”	means SA Taxi Holdings Proprietary Limited, registration number 2004/001531/07, a private company duly incorporated in accordance with the laws of South Africa, the equity share capital of which is held 73.9 % by Transaction Capital, 1.1% by the Empire Family Trust and 25% by The South African National Taxi Association (SANTACO);
“SA Taxi Group”	means SA Taxi and its Subsidiaries from time to time;
“SENS”	means the Stock Exchange News Service of the JSE;
“Shareholder(s)”	means a registered holder of Shares;
“Share”	means an ordinary share in the issued share capital of Transaction Capital listed on the main board of the JSE;
“South Africa”	means the Republic of South Africa;
“Special Situations Opportunities”	means opportunities offered by circumstances to make value driven credit related investments;
“Sponsor” or “RMB”	means Rand Merchant Bank, a division of FirstRand Bank Limited, registration number 1929/001225/06, a public company duly incorporated in accordance with the laws of South Africa;
“STT”	means the trustee/s for the time being of the Sugar Tube Trust, Master’s reference number IT 885/97, which trustees have been duly issued with letters of authority by the Master of the High Court of South Africa, the beneficiaries of which are some or all of the family members of the Founders;
“Strate”	means Strate Proprietary Limited, registration number 1998/022242/07, a private company duly incorporated in accordance with the laws of South Africa and a registered central securities depository in accordance with the Financial Markets Act;
“Subsidiary”	shall, depending on the context, bear the meaning ascribed thereto in the Companies Act, or any other applicable jurisdiction;
“TC Global Finance ”	means TC Global Finance Limited (formerly “Turicum Ventures Limited”), registration number 1983819, a company duly incorporated in accordance with the laws of the British Virgin Islands and the first Joint Venture Entity set up for the Joint Venture’s first investment;
“Target Assets”	means credit-orientated alternative assets. ‘Assets’ include but are not limited to bilateral and multi-lateral loans, corporate and consumer related distressed debt, non-performing loans, insolvency claims, and other Special Situation Opportunities, as well as equity, partnership, securitisation or other interests in any of the foregoing or in any business with a principal focus on any of the foregoing;
“TCRS”	means Transaction Capital Risk Services Holdings Proprietary Limited, registration number 2016/399014/07, a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Transaction Capital;
“TCRS Group”	means TCRS and its Subsidiaries from time to time;
“TCRS International”	means Transaction Capital Risk Services International Proprietary Limited, registration number 2016/403162/07, a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of TCRS;
“Transaction Capital” or “the Company”	means Transaction Capital Limited, registration number 2002/031730/06, a public company duly incorporated in accordance with the laws of South Africa;

“Transaction Capital Group” or “Group”	means Transaction Capital and all its subsidiaries or other entities, the financial results of which are or are required to be consolidated in Transaction Capital’s annual financial statements in accordance with Transaction Capital’s accounting policies from time to time;
“Transfer Secretaries” or “Computershare”	means Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company duly incorporated in accordance with the laws of South Africa;
“VAT”	means South African value-added tax, as per the Value-Added Tax Act, 89 of 1991, as amended; and
“ZAR”, “R” or “Rand”	means South African Rand, the lawful currency of South Africa.



Transaction Capital

Transaction Capital Limited

(Incorporated in the Republic of South Africa)

(Registration number 2002/031730/06)

(Share code: TCP) (ISIN: ZAE000167391)

("Transaction Capital" or the "Company")

Directors

Independent non-executive

Christopher Seabrooke (*Chairman*)

Buhle Hanise

Phumzile Langeni

Kuben Pillay

Diane Radley

Non-executive

Paul Miller

Roberto Rossi

Executive

Sean Doherty (*Chief Financial Officer*)

David Hurwitz (*Chief Executive Officer*)

Mark Herskovits

Jonathan Jawno

Michael Mendelowitz

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

Shareholders are referred to the announcement released on SENS on 19 December 2018, in terms of which, amongst other things, Shareholders were advised that Transaction Capital has, through its wholly-owned Subsidiary, TCRS, entered into a Joint Venture with Genki, a company owned by the respective foreign trusts of the Founders, in order to invest in Target Assets. Each of Transaction Capital and Genki have allocated an Initial Allocation Amount of €20 million to the Joint Venture.

The transaction in respect of the Initial Allocation Amount was categorised as a small related party transaction in terms of section 10.7 of the JSE Listings Requirements.

2. UPDATE ON JOINT VENTURE ARRANGEMENT

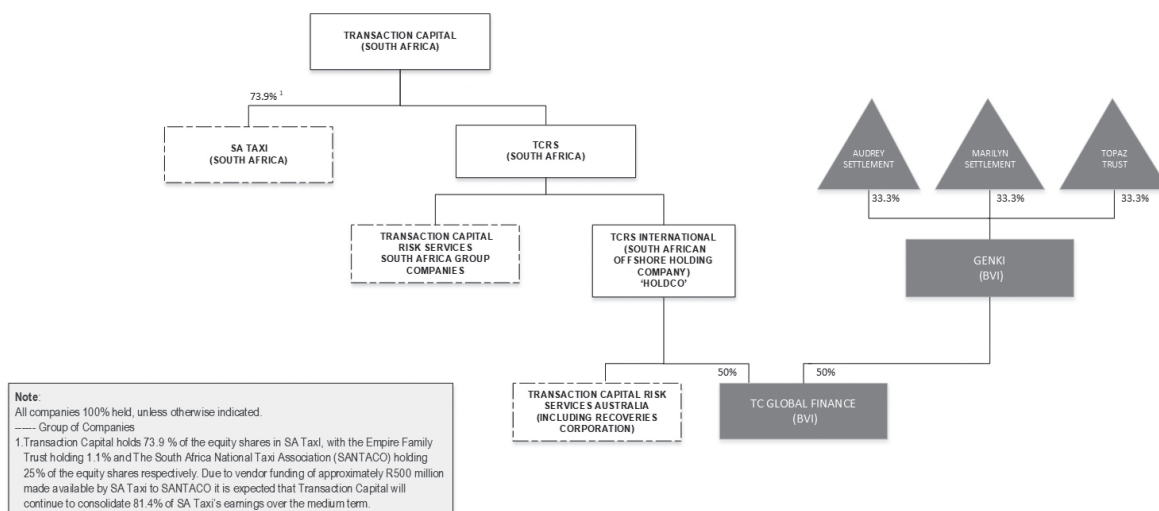
TCRS is the holding company of the TCRS Group companies held by Transaction Capital. TCRS International, a wholly owned Subsidiary of TCRS, is the company identified by Transaction Capital to be the initial Joint Venture partner. In terms of Exchange Control Regulations, Transaction Capital has obtained approval from the South African Reserve Bank to establish TCRS International as a 'Holdco' under section B.2(E)(ii) of the Currency and Exchange Manual for Authorised Dealers, to hold offshore operations that will not be subject to any restrictions up to R2 billion per calendar year, and which will be used for purposes of pursuing the Business. The first Joint Venture Entity has been set up in a newly formed entity, TC Global Finance, and is held in the 50%/50% Prescribed Ratio between TCRS International and Genki.

As at the Last Practicable Date and by way of the first deployment of part of the Initial Allocation, the Joint Venture has committed €6 million to a niche credit fund focused on Western Europe (i.e. a €3 million commitment to the Joint Venture by each of Genki and TCRS International). In this regard, 40% of the €6 million commitment (being an amount equal to €2.4 million) has already been called for by the said

fund. TCRS International's share of this tranche, being €1.2 million, was paid to TC Global Finance on 30 January 2019. The next deployment of approximately €1.2 million is expected to be made during August 2019. The underlying fund has invested in a non-performing loan portfolio secured on commercial properties, with initial returns on this investment being in line with expectations. Other than the said investment, the Joint Venture has not, as at the Last Practicable Date, committed or invested in any Target Assets.

2.1 Structure

An organogram of the Transaction Capital Group (including the Joint Venture) as at the Last Practicable Date is set out below:



2.2 Related parties

The parties to the Proposed Transaction (being Transaction Capital and TCRS International on the one hand, and Genki on the other hand) are considered to be related parties as defined in the JSE Listings Requirements as more fully described below.

As at the Last Practicable Date, the families of the Founders of Transaction Capital hold their interests in Transaction Capital as follows:

- STT holds 9.69% of the issued ordinary share capital in the Company. Rossi, a founder of Transaction Capital, and a non-executive director of the Company, is a trustee and contingent discretionary beneficiary of the STT.
- RT holds 9.69% of the issued ordinary share capital in the Company. Mendelowitz, a founder of Transaction Capital, and an executive director of the Company, is a trustee and contingent discretionary beneficiary of the RT.
- KIT holds 9.69% of the issued ordinary share capital in the Company. Jawno, a founder of Transaction Capital, and an executive director of the Company, is a trustee and contingent discretionary beneficiary of KIT.

Note: With effect from 11 July 2019 and as announced on SENS on 12 July 2019, the families of Rossi and Mendelowitz advised the Company that Everglen had disposed of its 19.38% shareholding in Transaction Capital to STT and RT by way of a distribution in kind. As Everglen is held equally by STT and the RT, this rearrangement of ownership in Transaction Capital does not change the ultimate shareholding in Transaction Capital.

In addition, the shareholders of Genki are three foreign trusts of which each individual Founder (and some or all of whose family members) is respectively a contingent discretionary beneficiary. In each case, an independent professional firm has been appointed as the sole trustee of the trust.

3. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

- describe the rationale for and benefits of the Proposed Transaction and provide general information relating to the Proposed Transaction;
- advise Shareholders of the Board's recommendation regarding the Proposed Transaction; and

- (c) convene the General Meeting in terms of the notice of General Meeting forming part of this Circular, to consider and, if deemed fit, to approve the Resolutions required to implement the Proposed Transaction.

4. **PROPOSED TRANSACTION**

In terms of the Proposed Transaction and in addition to the Initial Allocation Amount, the Board has, subject to obtaining Shareholder approval, approved a further allocation to TCRS up to a maximum of €80 million (in aggregate) (being an amount equal to R1,256 million as at the Last Practicable Date) pursuant to the Agreement for additional investment in the Joint Venture. The Additional Allocation Amount of €80 million together with the Initial Allocation Amount of €20 million totalling €100 million (being an amount equal to R1,571 million as at the Last Practicable Date) comprises approximately 11.1% of Transaction Capital's market capitalisation as at the Last Practicable Date. The Aggregate Allocation Amount will be funded by a combination of cash, equity or debt funding, as is considered appropriate at the time of the particular investment in a Target Asset, and is more fully dealt with in paragraph 9.3 below.

The Company wishes to emphasize that the quantum for the Additional Allocation Amount that has been set at €80 million is not a target, but rather a maximum approved amount to enable investment into the opportunities that are identified, and to assist in categorising the Proposed Transaction as a Related Party transaction under the JSE Listings Requirements.

It is important to note upfront that the Aggregate Allocation Amount will be invested by TCRS cautiously and over time, and in line with a considered strategy to focus on investment in high yielding Target Assets and which Transaction Capital considers will provide compelling opportunities for attractive foreign currency returns and providing an effective Rand hedge for Transaction Capital.

5. **CATEGORISATION OF PROPOSED TRANSACTION**

The Proposed Transaction is classified as a Category 2 transaction in terms of paragraph 9.5(a) of the JSE Listings Requirements, as well as a Related Party transaction in terms of paragraphs 10.1(a) and (b) (i-ii) of the JSE Listings Requirements. The Related Party relationship between (i) Transaction Capital and (ii) the Founders and their related entities is more fully described in paragraph 2.2 of this Circular. As a Related Party transaction, the Proposed Transaction requires the approval by ordinary resolution of the Shareholders at a General Meeting prior to the implementation of the Proposed Transaction. STT, RT and KIT will be taken into account in determining a quorum at the General Meeting but the votes of STT, RT and KIT will not be taken into account in determining the results of the voting in relation to ordinary resolution number 1 and ordinary resolution number 2 set out in the notice of General Meeting attached to this Circular.

6. **BACKGROUND**

6.1 **Transaction Capital Strategy**

Transaction Capital is an active investor in and operator of credit-orientated alternative assets. Central to its business model is the identification of value assets, the application of its specialist expertise to assess, mitigate, underwrite and price the inherent credit risk of these alternative assets, and the funding of their growth with an optimal balance of equity appropriately leveraged with debt according to its well-regarded capital management approach.

Our ability to identify, assess, develop and partner with entrepreneurial, innovative and experienced founders, owners and managers of focused businesses, in building and scaling sustainably competitive and efficient technology-driven operational platforms underpins this business model. Our track record for generating resilient risk-adjusted returns from value assets, enhanced by capital appreciation in the value of our operating platforms, has been proven over nearly two decades.

Strong decentralised divisional management teams manage these assets within its well-governed and highly effective operational platforms. These business platforms, being the SA Taxi Group and the TCRS Group operate in specialised, under-served segments of the South African financial services market, with the TCRS Group recently expanding into the Australian financial services markets. Both divisions are strategically positioned in relation to the socio-economic dynamics in their markets and are highly defensive, delivering shared value through good commercial returns and meaningful social impact, even in low-growth environments.

To drive future earnings growth, Transaction Capital continues to identify opportunities to leverage the high IP, leading technologies and low-cost operational infrastructure established in its South African operations into alternative credit-orientated asset classes in adjacent market segments and larger geographic markets.

6.2 **TCRS positioning and book buying activities**

TCRS is a technology-led, data-driven provider of customer management solutions, operating predominantly in South Africa and Australia. TCRS's scalable and bespoke fintech platform, combined with its technology and propriety data, enables it to mitigate risk and maximise value for clients throughout the customer engagement lifecycle.

TCRS provides a comprehensive range of structured credit risk management, debtor management, data management, collections, customer engagement, call centre and capital solutions to its customers. Within its most significant business activity, collection services (comprising Transaction Capital Recoveries in South Africa and Recoveries Corporation in Australia), TCRS acts as both a principal in acquiring and then collecting on non-performing loan portfolios, and as an agent on an outsourced contingency or fee-for-service basis. Whereas TCRS historically focused on acquiring portfolios of written-off unsecured retail debt, it has extended its focus to non-performing consumer portfolios in alternative asset classes, such as secured loans, debt review portfolios and consumer debt prior to write-off, with the latter typically sold on a private bilateral basis. Investments in its legal collection division are supporting TCRS's ability to grow market share in this sector.

Since TCRS's acquisition of the Recoveries Corporation business in December 2016, the Australian business has started to acquire non-performing portfolios. Although the Australian debt collection market is highly fragmented, it is estimated that the annual aggregated purchases of non-performing portfolios at A\$600 million,¹ many times larger than the South African market. This gives some indication of the growth opportunity for TCRS. However, as TCRS's acquisition of non-performing portfolios in Australia gains traction, underpinned by its analytics and pricing expertise and capital raising capabilities, TCRS will remain cautious and selective.

In South Africa, TCRS acquired 33 portfolios with a face value of R13.4 billion for R639 million during the 2018 financial year and Recoveries Corporation in Australia invested a further R23 million in portfolios during that period.

In the first half of 2019, TCRS acquired 13 portfolios with a face value of R2.1 billion for R404 million in South Africa, and invested a further R33 million into Australian portfolios. As at 31 March 2019, it owned 254 principal portfolios with a face value of R23.5 billion, valued at R1.7 billion, up 68% from R1.0 billion a year ago. Estimated remaining collections stood at R3.6 billion, up 62% from R2.2 billion a year ago. The acceleration in book acquisition is expected to continue over the financial year, supporting future revenue growth.

7. **RATIONALE OF THE PROPOSED TRANSACTION**

7.1 **International specialised credit market**

Transaction Capital believes that the fragmented segment of the international, and in particular the European, specialised credit market, which is many times larger than the South African and Australian markets, presents an attractive growth opportunity.

The Founders of Transaction Capital have been active in the global specialised credit market, particularly in Europe, and via an established London office, have already set-up an associated infrastructure and IP base to identify and assess related investment opportunities in these markets and expand their network of specialist credit managers and related opportunities. The network of relationships with highly skilled expertise will allow Transaction Capital to accelerate its entry into this market.

In order to explore opportunities in this market, with its initial focus being in Europe, TCRS initiated the Joint Venture with the Founders to co-invest alongside and capitalise on these opportunities to acquire a diversified portfolio of specialised credit related assets over time.

As mentioned above and depicted in the graph set out in paragraph 7.5 below, the European specialised credit market is many times larger than the South African and Australian markets in which TCRS currently operates. TCRS's intention is initially to establish a position in a niche segment

¹ Kessler Financial Services Australia (Pty) Ltd Research Presentation to Subscribers – Kessler Financial Services Australian Market Update 19 September 2018

of the European distressed debt market, which shows compelling opportunities for double-digit Euro-denominated returns and as such will provide an attractive Rand hedge. In pursuing its growth, the Joint Venture will target smaller portfolios of higher-yielding credit-orientated alternative assets, originated in the corporate and consumer sectors. This will usually be done in partnership with private specialist credit managers or platforms which typically acquire and manage these niche portfolios via bespoke, off-market sales processes.

The more mature, institutional segment of this market is highly competitive, with participants including large credit management and collection platforms, asset managers or private equity funds. Current dynamics in this segment of the market, where the size of non-performing or distressed debt books for acquisition is upward of €20 million, are generally unfavourable with a glut of liquidity, high book prices and declining yields. Whilst opportunities in this segment may arise on a case by case basis, it is obvious that Transaction Capital does not have the legitimacy, distinctive competitive edge or the risk appetite to target this segment of the market.

However, TCRS's analysis shows that the more fragmented entrepreneurial segment of the European specialised credit market presents a more attractive opportunity. TCRS's aim therefore is to target smaller portfolios of higher-yielding alternative assets originated within the corporate and consumer sectors. These portfolios are typically acquired via bespoke, off-market sales processes, by niche specialist credit managers which either own or outsource to small collection operators in the region.

TCRS's experience and expertise will enable it to identify the more attractive investment prospects presented by the international credit markets and assess the various asset classes, originators of these assets, platforms and geographic regions which make up this opportunity, and will inform its assumptions in respect of the underlying risk and pricing of its investment into Target Assets.

Besides the TCRS Group's deep skills and experience in specialist credit markets, the operational scale of TCRS underpins the Joint Venture's credibility in identifying, investigating and negotiating with local partners. TCRS's operational platform in South Africa is large by European standards and provides the Joint Venture the potential to provide high-IP, lower-cost services to its European partners, including best-of-breed technology, data analytics and back-end processing. This has proven highly effective in the TCRS Group's Australian operations.

7.2 **Approach to the investment and shareholder approval**

Transaction Capital's strategy over the short term will prioritise investment by the Joint Venture with identified entrepreneurial specialist credit managers or platforms, to acquire a diversified spread of Target Assets with an initial focus on the European corporate and consumer sectors. In this way, our entry into this market will be made over time, and will be cautious and well considered. This strategy will give Transaction Capital and its Shareholders access to niche European specialist credit managers, and should result in a diversified portfolio of specialised credit related assets without concentration risk in any particular portfolio, asset class, asset originator, collection platform or geographic market.

To enable investment in this opportunity, and given that the Joint Venture is a 'Related Party transaction' as defined under the JSE Listings Requirements, the Company is seeking advance approval from Shareholders to invest a further allocation of up to €80 million over time for investment by the Joint Venture in Target Assets, thus allowing the Joint Venture to pursue the Business without needing to revert to the Shareholders for approval ahead of reaching that threshold.

This advance approval from Shareholders will enable the Company (through TCRS and ultimately through the Joint Venture) to proactively pursue opportunities in Target Assets presented, without the need to revert to Shareholders as each tranche of capital is deployed. The Joint Venture partner, Genki has similarly allocated an additional €80 million to the Joint Venture.

In time, the TCRS Group intends to build a scalable business platform to manage its international assets, leveraging off TCRS's high IP, leading technologies and low-cost collection infrastructure in South Africa. Growing the value of this business will add capital appreciation to the total shareholder return expected from this venture.

Given that both parties to the Joint Venture will allocate funds to investment opportunities and related working capital, this should facilitate scalability with a higher capital deployment in this market and should ultimately result in a greater number of opportunities, with a lower risk to the Joint Venture, and thus to the Company. The initial focus of this opportunity will be in Europe. However, in time,

as the Business develops, the intention is to grow the Business in other jurisdictions. As the TCRS Group gains a foothold in the more fragmented segment of the market, it will be positioned to capitalise on pockets of opportunity that arise with any recalibration of the region's credit markets.

Although the capital earmarked for this growth opportunity is modest in proportion to Transaction Capital's asset base, it will diversify TCRS's earnings base further and we expect it to deliver low double-digit hard currency risk-adjusted interest returns. This strategy will enable the Joint Venture to benefit by gaining a deeper understanding of the international credit oriented alternative assets sector, with the potential to participate in emerging opportunities.

As reported in the Company's results for the six-month period ended 31 March 2019, the Group has more than R1 billion of excess cash available for deployment. It is important to note that the Aggregate Allocation Amount will be partially funded over time from available excess cash, appropriate equity or debt funding and/or cash generated from operating activities. The current R1 billion excess cash is not specifically earmarked for this opportunity and Transaction Capital continues to pursue other strategic initiatives as set out in the 2018 Annual Integrated Report and the results announcement for the six-month period ended 31 March 2019.

7.3 **Investment mandate**

As mentioned above, the Aggregate Allocation Amount will be invested cautiously over time by the Joint Venture in Target Assets, in line with a rigorous value-led investment approach. This approach emphasizes exhaustive due diligence investigation, data analysis and risk quantification, enabling TCRS to ensure that risk is maintained within agreed tolerance levels, thereby unlocking value for Shareholders in a disciplined manner. In line with a considered strategy to focus on high yielding Target Assets, the investment should provide compelling opportunities, attractive foreign currency returns and an effective Rand hedge for Transaction Capital.

Whilst it is intended that the Joint Venture will pursue the business in partnership with private specialist credit managers, platforms or intermediaries, and will seek to leverage the expertise and scale of the TCRS Group, it will also seek to develop further substance in its own operations and in time may deploy capital in directly sourced opportunities. The Joint Venture may also establish strategic partnerships or other forms of collaboration with industry participants in order to expedite market penetration and/or improve access to quality opportunities.

Core to the Company's considered and cautious strategy for this platform is the intention to deploy capital subject to progress being made in identifying and capitalising on opportunities which meet the Joint Venture's mandate. If the identified opportunities do not present the required risk adjusted returns, the total Aggregate Allocation Amount will not be deployed. In this case, TCRS anticipates that it could exit the investments over time, thereby minimising down-side risk. Transaction Capital will report back to shareholders on progress at half-year and year-end results presentations.

7.4 **Governance of the Joint Venture**

In light of the fact that the Proposed Transaction is a Related Party Transaction that will result in an ongoing relationship between the Joint Venture Parties, the following measures are being implemented:

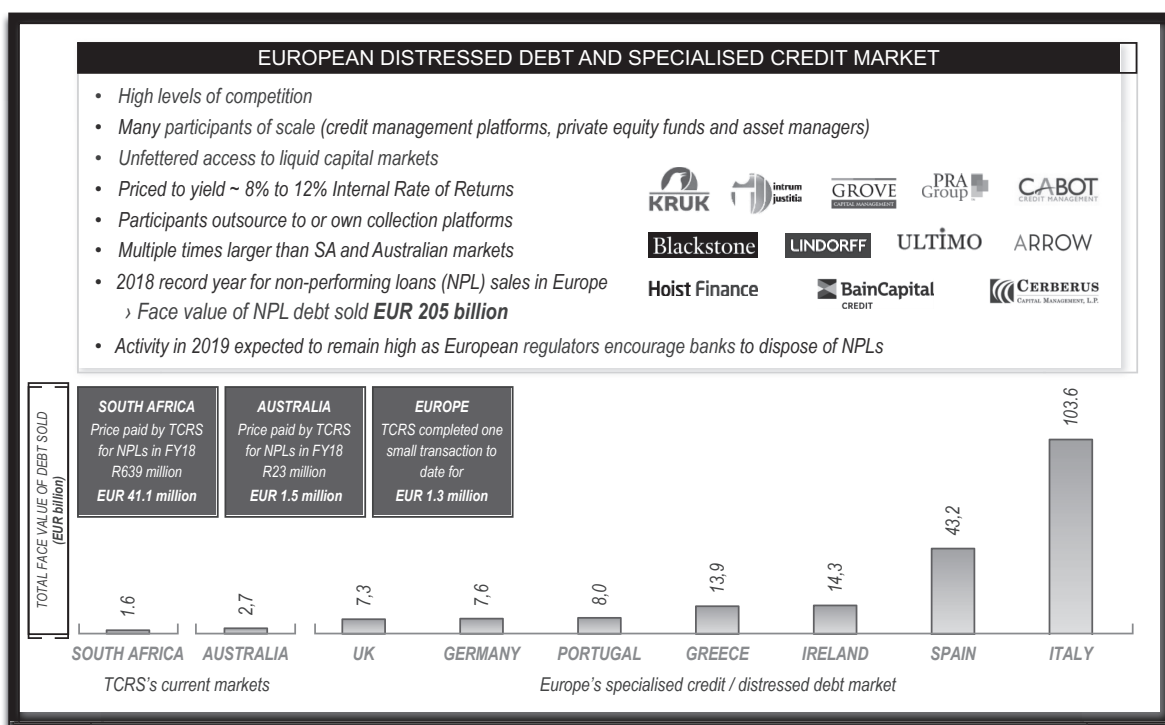
- The terms of the Joint Venture Agreement have been specifically approved by the Audit, Risk and Compliance Committee;
- In respect of any investment by TCRS into the Joint Venture that will require the approval of the Transaction Capital Board under the authority framework, the Recused Directors will not take part in the consideration of the matter and will not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and will be precluded from executing any document on behalf of the Company in relation to the matter unless specifically requested or directed to do so by the Board, but are to be regarded as being present at the meeting for the purpose of determining whether sufficient directors are present to constitute the meeting; and
- As part of the strategy to maintain the overall balance of power of the Board, the Board, in conjunction with the Nominations Committee, will at its forthcoming meetings consider the need to appoint additional independent non-executive directors.

7.5 Context of the European Distressed Debt Market

The following graph sets out a snapshot of the potential global distressed debt market and the opportunity that has been identified by Transaction Capital and the Founders.

TCRS STRATEGIC INITIATIVE TO CREATE VALUE

OPPORTUNITY TO ENTER FRAGMENTED SEGMENT OF INTERNATIONAL SPECIALISED CREDIT MARKET



Source: European NPLs 2018 report by Debtwire | Kessler Report 2018 | TCRS internal data
All amounts reflected in EUR billions unless stated otherwise

7.6 Poised to take advantage of opportunities in the global market

As explained above, the initial focus of this opportunity will be in Europe. However, in time, as the business develops, the intention is to grow the business in other jurisdictions as opportunities arise. In light of this potential, the Proposed Transaction has been presented to create the scale and flexibility with which to grow this portfolio and pursue strategic opportunities in Target Assets in the global market.

8. DETAILS OF THE PROPOSED TRANSACTION

All investments to be made by the Joint Venture in relation to the Proposed Transaction will be made pursuant to the provisions of the Agreement entered into between TCRS International and Genki. The Agreement is already effective with regard to the Initial Allocation Amount. The Agreement provides that investments made by the Joint Venture Parties in respect of the Additional Allocation Amount are subject to a suspensive condition requiring Shareholders' approval of the Proposed Transaction and the Agreement at a General Meeting. Once the Aggregate Allocation Amount has been fully exhausted and/or deployed, Shareholder approval will be required in order to approve an allocation in excess of the Aggregate Allocation Amount, subject to the JSE Listings Requirements.

The Proposed Transaction will be effective immediately following the approval of Shareholders at the General Meeting.

8.1 Salient terms of the Agreement

The Joint Venture Parties have entered into the Agreement to govern the arrangement between them. A summary of the salient terms of the Agreement is set out in Annexure B. In addition to such terms, the Agreement contains customary terms and conditions relevant to a joint venture agreement of this nature.

9. REGULATORY REQUIREMENTS IN RESPECT OF THE PROPOSED TRANSACTION

9.1 Categorisation of the Proposed Transaction

The Proposed Transaction is a 'Related Party transaction' in terms of the JSE Listings Requirements as Transaction Capital will be transacting with Related Parties, being the Founders. The Related Party relationship between (i) Transaction Capital and (ii) the Founders and entities related to the Founders is more fully described in paragraph 2 of this Circular.

The Proposed Transaction further constitutes a Category 2 transaction in terms of the JSE Listings Requirements as the Additional Allocation Amount (together with the Initial Allocation Amount) equates to 5% or more but less than 30% of Transaction Capital's market capitalisation as at the Last Practicable Date.

In terms of the JSE Listings Requirements, the Proposed Transaction therefore requires, amongst other things:

- the approval by Shareholders of an ordinary resolution in General Meeting prior to the implementation of the Proposed Transaction, provided that STT, RT and KIT will be taken into account in determining a quorum at the General Meeting but the votes of STT, RT and KIT will not be taken into account in determining the results of the voting in relation to such ordinary resolution; and
- the Board (excluding the Recused Directors) confirming that the transaction is fair insofar as the Shareholders are concerned.

9.2 Fairness opinion

The Proposed Transaction is not an acquisition or disposal of assets, but rather an allocation of a defined cash amount to TCRS for investment by the Joint Venture (which in turn would acquire and or dispose of various investments) in Target Assets. Given that Shareholders are approving the Agreement in terms of which the risks and rewards of the Joint Venture are shared equally between the Joint Venture Parties and based on the fact that no fees are payable to either Joint Venture Party, the JSE has dispensed with the requirement to provide a fairness opinion.

9.3 *Pro forma* financial effects of the Proposed Transaction

Given that the Proposed Transaction is an allocation of cash to the Joint Venture, the JSE has determined that only the Statement of Financial Position be disclosed.

As the approval being sought is an advanced approval to allocate cash to the Joint Venture for future investments, the *pro forma* financial information has been presented showing three possible scenarios whereby Transaction Capital funds the allocation either through (i) a combination of cash and equity funding in the ratio of 62% to 38% or (ii) a combination of cash and debt funding in the ratio of 62% to 38%, or (iii) a combination of cash, equity funding and debt funding in the ratio of 31% to 38% to 31%. At this stage there is no clear indication of where within the three scenarios presented the final funding may materialise.

The *pro forma* financial information is based on Transaction Capital's published unaudited interim results for the six-month period ended 31 March 2019.

The *pro forma* financial information presented below is the responsibility of the directors of Transaction Capital and has been prepared for illustrative purposes only, in order to provide information about the financial position of Transaction Capital assuming the Proposed Transaction has been implemented on 31 March 2019, and because of its nature it may not fairly present the financial position, changes in equity, results of operations or cash flows.

The *pro forma* Statements of Financial Positions are presented in a manner consistent with IFRS, in accordance with the accounting policies that were used in the preparation of the Group's published interim results for the six-month period ended 31 March 2019 and the SAICA guide on *pro forma* financial information.

The Independent Reporting Accounts' Report on the *pro forma* financial information is set out in Annexure A.

(i) **Cash and equity funding scenario**

	Unaudited Rm	Investment in joint venture Rm	Note	Pro forma Rm
ASSETS				
Cash and cash equivalents	1 539	(1 002)	1&4	537
Tax receivables	22	–		22
Trade and other receivables	1 158	–		1 158
Inventories	611	–		611
Loans and advances	10 246	–		10 246
Purchased book debts	1 727	–		1 727
Other loans receivable	39	–		39
Investment in joint venture	19	1 626	2	1 645
Intangible assets	285	–		285
Property and equipment	173	–		173
Goodwill	1 155	–		1 155
Deferred tax assets	202	–		202
TOTAL ASSETS	17 176	624		17 800
LIABILITIES				
Bank overdrafts	316	–		316
Tax payables	12	–		12
Trade and other payables	522	–		522
Provisions	128	–		128
Interest-bearing liabilities	10 313	–		10 313
Senior debt	9 758	–		9 758
Subordinated debt	552	–		552
Finance leases	3	–		3
Deferred tax liabilities	377	–		377
TOTAL LIABILITIES	11 668	–		11 668
EQUITY				
Ordinary share capital	1 083	626	3	1 709
Reserves	150	–		150
Retained earnings	3 724	(2)	4	3 722
EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
	4 957	624		5 581
Non-controlling interests	551	–		551
TOTAL EQUITY	5 508	624		6 132
TOTAL EQUITY AND LIABILITIES	17 176	624		17 800
NUMBER OF SHARES IN ISSUE (m)	612	33	3	645
WANOS (m)	611	33	3	644
NET ASSET VALUE PER SHARE (CENTS)	810			866
TANGIBLE NET ASSET VALUE PER SHARE (CENTS)	575			642

Notes:

1. R1.000m of the investment in the JV purchased through existing cash
2. Investment of EUR100m at an exchange rate to the ZAR of R16.26 in the JV, equity accounted per IAS 28
3. R626m of the investment in the JV purchased through issuing 33.0m ordinary shares at a value of R19 per share
4. Once-off transaction costs of R1.6m have been accounted for
5. There are no other post balance sheet events which need adjustments to the *pro formas*

(ii) **Cash and debt funding scenario**

	Unaudited Rm	Investment in joint venture Rm	Note	Pro forma Rm
ASSETS				
Cash and cash equivalents	1 539	(1 002)	1&4	537
Tax receivables	22	–		22
Trade and other receivables	1 158	–		1 158
Inventories	611	–		611
Loans and advances	10 246	–		10 246
Purchased book debts	1 727	–		1 727
Other loans receivable	39	–		39
Investment in joint venture	19	1 626	2	1 645
Intangible assets	285	–		285
Property and equipment	173	–		173
Goodwill	1 155	–		1 155
Deferred tax assets	202	–		202
TOTAL ASSETS	17 176	624		17 800
LIABILITIES				
Bank overdrafts	316	–		316
Tax payables	12	–		12
Trade and other payables	522	–		522
Provisions	128	–		128
Interest-bearing liabilities	10 313	626		10 939
Senior debt	9 758	626	3	10 384
Subordinated debt	552	–		552
Finance leases	3	–		3
Deferred tax liabilities	377	–		377
TOTAL LIABILITIES	11 668	626		12 294
EQUITY				
Ordinary share capital	1 083	–		1 083
Reserves	150	–		150
Retained earnings	3 724	(2)	4	3 722
EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
	4 957	(2)		4 955
Non-controlling interests	551	–		551
TOTAL EQUITY	5 508	(2)		5 506
TOTAL EQUITY AND LIABILITIES	17 176	624		17 800
NUMBER OF SHARES IN ISSUE (m)	612	–		612
WANOS (m)	611	–		611
NET ASSET VALUE PER SHARE (CENTS)	810	–		810
TANGIBLE NET ASSET VALUE PER SHARE (CENTS)	575	–		575

Notes:

1. R1.000m of the investment in the JV purchased through existing cash
2. Investment of EUR100m at an exchange rate to the ZAR of R16.26 in the JV, equity accounted per IAS 28
3. R626m of the investment in the JV purchased through raising debt at an average rate of 11.7%, consistent with HY19
4. Once-off transaction costs of R1.6m have been accounted for
5. There are no other post balance sheet events which need adjustments to the *pro formas*

(iii) **Cash, equity funding and debt funding scenario**

	Unaudited Rm	Investment in joint venture Rm	Note	Pro forma Rm
ASSETS				
Cash and cash equivalents	1 539	(502)	1&5	1 037
Tax receivables	22	–		22
Trade and other receivables	1 158	–		1 158
Inventories	611	–		611
Loans and advances	10 246	–		10 246
Purchased book debts	1 727	–		1 727
Other loans receivable	39	–		39
Investment in joint venture	19	1 626	2	1 645
Intangible assets	285	–		285
Property and equipment	173	–		173
Goodwill	1 155	–		1 155
Deferred tax assets	202	–		202
TOTAL ASSETS	17 176	1 124		18 300
LIABILITIES				
Bank overdrafts	316	–		316
Tax payables	12	–		12
Trade and other payables	522	–		522
Provisions	128	–		128
Interest-bearing liabilities	10 313	500		10 813
Senior debt	9 758	500	3	10 258
Subordinated debt	552	–		552
Finance leases	3	–		3
Deferred tax liabilities	377	–		377
TOTAL LIABILITIES	11 668	500		12 168
EQUITY				
Ordinary share capital	1 083	626	4	1 709
Reserves	150	–		150
Retained earnings	3 724	(2)	5	3 722
EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Non-controlling interests	551	–		551
TOTAL EQUITY	5 508	624		6 132
TOTAL EQUITY AND LIABILITIES	17 176	1 124		18 300
NUMBER OF SHARES IN ISSUE (m)	612	33	4	645
WANOS (m)	611	33	4	644
NET ASSET VALUE PER SHARE (CENTS)	810			866
TANGIBLE NET ASSET VALUE PER SHARE (CENTS)	575			642

Notes:

1. R500m of the investment in the JV purchased through existing cash
2. Investment of EUR100m at an exchange rate to the ZAR of R16.26 in the JV, equity accounted per IAS 28
3. R500m of the investment in the JV purchased through raising debt at an average rate of 11.7%, consistent with HY19
4. R626m of the investment in the JV purchased through issuing 33.0m ordinary shares at a value of R19 per share
5. One-off transaction costs of R1.6m have been accounted for
6. There are no other post balance sheet events which need adjustments to the *pro formas*

9.4 No further announcements for investments up to the Aggregate Allocation Amount

Further, the JSE has confirmed that following the approval of the Proposed Transaction by Shareholders at the General Meeting, no further Shareholder approval and/or categorisation announcements will be applicable as and when separate and independent investments are identified and funds are drawn down for investment into the Joint Venture, until such time that the Aggregate Allocation Amount of €100 million is drawn down for investment (directly or indirectly into investees). The Company will however, assess, as and when an investment is made, whether the circumstances/information could be regarded as being 'price sensitive information' in terms of section 3.4 of the JSE Listings Requirements and if so, a relevant SENS announcement will be made. In addition, the Company will report back to Shareholders on progress made as regards investments by the Joint Venture at half-year and year-end results presentations.

10. LITIGATION STATEMENT

As at the Last Practicable Date, there are no legal or arbitration proceedings, including any pending proceedings or threats of such proceedings, that the Directors are aware of, which may have, or would have had in the last 12 months, a material effect on the financial position of the Transaction Capital Group.

11. MAJOR SHAREHOLDERS

Insofar as is known to Transaction Capital, the following Shareholders other than Directors, beneficially held, directly or indirectly, an interest of 5% or more of the Shares in issue as at 28 June 2019:

Shareholder	28 June 2019	
	Shares	%
Everglen Capital	118 666 667	19.38
Old Mutual Investment Group	73 940 463	12.07
KIT	59 333 333	9.69
Visio Capital Management	35 947 027	5.87
Public Investment Corporation	31 743 618	5.18

* The above table is based on 612 346 145 shares in issue as at 28 June 2019

** With effect from 11 July 2019 as announced on SENS on 12 July 2019, Everglen Capital disposed of its shares in Transaction Capital to STT and RT by way of a distribution in kind, such that as at 12 July 2019 STT owns 59 333 334 and RT owns 59 333 333 shares representing 9.69% of Transaction Capital, respectively.

12. MATERIAL CHANGES

There have been no material changes in the financial or trading position of the Company and its Subsidiaries since the publication of the 2019 unaudited interim report.

13. MATERIAL CONTRACTS AND RESTRICTIVE FUNDING ARRANGEMENTS

Other than the transaction announced on the Stock Exchange News Service on 19 November 2018 whereby Shareholders were advised that the South African National Taxi Association has acquired 25% interest in SA Taxi (which transaction became effective on 6 February 2019) and the Agreement, no material contracts, other than in the ordinary course of business, have been entered into within two years prior to the date of this Circular or have been entered into at any time and which contains an obligation or settlement that is material to the Group at the date of this Circular.

The table below sets out the restrictive funding arrangements for the Group as defined by the JSE Listings Requirements which were:

- (i) entered into within two years prior to the date of this Circular; or
- (ii) entered into prior to this two-year period containing an obligation or settlement as at 30 June 2019.

Lender	Borrower	Loan value 30/06/2019 (Rm)	Effective date	Restrictive conditions
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO)	Transaction Capital Business Solutions Proprietary Limited	–	26/03/2015 Settled in full on 26/03/2019	<ul style="list-style-type: none"> – The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.
Investec Asset Management Proprietary Limited	SA Taxi Development Finance Proprietary Limited	100	05/06/2015	<ul style="list-style-type: none"> – The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.
Investec Asset Management Proprietary Limited	SA Taxi Development Finance Proprietary Limited	65	16/02/2018	<ul style="list-style-type: none"> – The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.
Futuregrowth Asset Management Proprietary Limited	SA Taxi Finance Solutions Proprietary Limited	200	08/06/2018	<ul style="list-style-type: none"> – The borrower may not enter into certain corporate actions, activities and/or events without prior written consent of the lender; and – Early settlement of the loan is not permissible.

14. DIRECTORS' SHAREHOLDING IN TRANSACTION CAPITAL

Insofar as is known to Transaction Capital, the following directors, including a director who has resigned in the last 18 months, and their Associates, beneficially held the following Shares, directly or indirectly, on the Last Practicable Date:

	Last Practicable Date		30 September 2018	
	Number of shares '000	Shareholding %	Number of shares '000	Shareholding %
Indirect non-beneficial holdings of directors				
Dovie Trust*	4 640	<1	4 640	<1
Everglen **			178 000	29
KIT **	59 333	9.69	n/a	n/a
STT **	59 333	9.69	n/a	n/a
RT **	59 333	9.69	n/a	n/a
Sabvest Limited***	10 000	2	10 000	2
Direct beneficial holdings of directors				
David Hurwitz	343	<1	125	<1
Mark Herskovits	1 471	<1	1 368	<1
Ronen Goldstein	30	<1	30	<1
Diane Radley	10	<1	10	<1
Total	194 493		194 173	

* David Hurwitz is a discretionary beneficiary of Dovie Trust.

** In November 2018 the Company was advised that following an off-market sale and acquisition of Shares by the family of Jawno, the family's look-through interest of shares held by Everglen was sold to KIT, of which Jawno is a trustee and contingent discretionary beneficiary. As a result, the shareholders of Everglen now comprise the family trusts of Mendelowitz and Rossi in equal proportions such that Everglen as at November 2018 owned 19.45% of the issued ordinary share capital of Transaction Capital, with KIT holding 9.72% of the issued ordinary share capital of Transaction Capital directly. Combined, the shareholdings of Everglen and KIT remained at 29%, representing no change in the absolute beneficial ownership of the Group post the off-market sale and acquisition.

With effect from 11 July 2019 as announced on SENS on 12 July 2019, Everglen Capital disposed of its shares in Transaction Capital to STT and RT by way of a distribution in kind, such that as at 12 July 2019 STT owns 59 333 334 and RT owns 59 333 333 shares representing 9.69% of Transaction Capital, respectively.

*** Christopher Seabrooke is the chief executive of Sabvest Limited.

15. DIRECTORS' INTERESTS IN TRANSACTIONS

The involvement of Jawno, Mendelowitz and Rossi in the Proposed Transaction is set out in paragraph 2 above. Genki has appointed Paul Miller (non-executive director of Transaction Capital) as its first director of TC Global Finance.

Other than as disclosed in this paragraph 15 and in paragraph 2 of this Circular, no director of Transaction Capital or its Subsidiaries, including a director who has resigned in the 18 months preceding the Last Practicable Date, has any material beneficial interests, whether direct or indirect, in transactions that were effected by the Company during the current or immediately preceding financial year or during an earlier financial year and remain in any respect outstanding or unperformed.

16. EXPENSES

There were no preliminary expenses or issue expenses incurred by Transaction Capital within the three years preceding the Last Practicable Date.

The expenses of the Proposed Transaction are anticipated to be approximately R1.6 million (excluding VAT). All expenses will be for the account of Transaction Capital. These expenses include the following:

Expense	Payable to	ZAR (excluding VAT)
Sponsor fees	RMB	R300 000
Legal fees	ENSAfrica	R1 000 000
Reporting Accountant	Deloitte & Touche	R115 000
JSE Documentation and ruling fee	JSE	R50 000
Printing, publication, distribution and advertising expenses	INCE	R120 000
General Meeting cost	Computershare	R15 000
Total		R1 600 000

17. **RECOMMENDATIONS**

The Recused Directors have recused themselves from participating in any discussions or evaluation of the Proposed Transaction by the Transaction Capital Board committee.

The Board (excluding the Recused Directors) has considered the terms and conditions of the Proposed Transaction and the Agreement. On the basis that this is an allocation of cash to the Joint Venture, and on the basis that the risks and rewards of the Joint Venture are shared equally between the Joint Venture Parties and based on the fact that no fees are payable to either Joint Venture Party, the Board (excluding the Recused Directors) is of the opinion that the Proposed Transaction is fair insofar as Shareholders are concerned and should be supported.

Accordingly, the Board (excluding the Recused Directors) unanimously recommends that Shareholders vote in favour of the Resolutions at the General Meeting.

Each of the directors who hold Shares and is permitted to vote at the General Meeting intends to vote his Transaction Capital Shares in favour of the Resolutions.

18. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names are set out on page 9 of this Circular, individually and collectively, accept full responsibility for the accuracy of the information provided in relation to Transaction Capital in this Circular and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement in this Circular false or misleading and have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by the JSE Listings Requirements.

19. **CONSENTS**

ENSAfrica, Deloitte & Touche, Computershare and RMB have consented in writing to act in their respective capacities and to their names being stated in this Circular and, in the case of Deloitte & Touche, to the inclusion of their report, in the form and context in which they appear in this Circular and none of the aforementioned parties has withdrawn their consent prior to the publication of this Circular.

20. **NOTICE OF GENERAL MEETING**

The General Meeting will be held at 230 Jan Smuts Avenue, Dunkeld West, Johannesburg at 15:00 on Thursday, 5 September 2019 for the purposes of considering and, if deemed fit, passing with or without modification, the Resolutions.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office, the details of which are set out in the 'Corporate information' section of the Circular during normal business hours from Tuesday, 6 August 2019 to Thursday, 5 September 2019:

- the Memorandum of Incorporation of the Company and its major Subsidiaries;
- a signed copy of this Circular;
- the memorandum of association of TC Global Finance;
- the Agreement and that referred to in paragraph 13 of this Circular;
- the letters of consent referred to in paragraph 19 of this Circular;
- the signed reporting accountant's report on the *pro forma* statement of financial position set out in **Annexure A**;
- the audited annual financial statements of the Company for the last three years ended 30 September 2016, 2017 and 2018; and
- the 2019 interim results.

Signed at Johannesburg on behalf of the Board on Tuesday, 6 August 2019 in terms of resolutions passed by the Board.

By order of Board

David Hurwitz

Chief Executive Officer

6 August 2019

Registered office

230 Jan Smuts Avenue
Dunkeld West
Johannesburg
2196

To the Directors of Transaction Capital Limited
230 Jan Smuts Avenue (Corner Bompas Road)
Dunkeld West
Johannesburg
2196

Dear Sirs/Mesdames

We have completed our assurance engagement to report on the compilation of pro forma financial information of Transaction Capital Limited by the directors. The pro forma financial information, as set out in paragraph 9.3 of the Circular to the Shareholders ("the circular"), to be dated on or about 7 August 2019, consists of the pro forma consolidated statement of financial position at 31 March 2019 and related notes. The pro forma financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 2 of the circular, on the consolidated statement of financial position as at 31 March 2019, as if the corporate action or event had taken place at 31 March 2019 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's unaudited financial statements for the period ended 31 March 2019. We have not previously issued a review opinion on these results, which were published in line with the related JSE Listings Requirements.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 9.3 of the circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer
*AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal TP Pillay Consulting *JK Mazzocco Talent & Transformation
MG Dicks Risk Independence & Legal *KL Hodson Financial Advisory *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 9.3 of the circular.

Deloitte & Touche

Registered Auditor

Per: Paul Stedall

Partner

30 July 2019

SUMMARY OF THE SALIENT TERMS OF THE AGREEMENT

The definitions and interpretations commencing on page 4 of the Circular to which this Annexure B is attached apply, *mutatis mutandis*, to this Annexure B.

1. JOINT VENTURE FRAMEWORK

- 1.1 In terms of the Agreement, amongst other things, the Joint Venture Parties, will unless otherwise agreed:
 - 1.1.1 procure that all opportunities within the scope of the Joint Venture are referred by the Joint Venture Parties and made available to the Joint Venture Parties to participate in on a 50% / 50% basis;
 - 1.1.2 participate in the profits and own the assets of the Joint Venture in the relevant Prescribed Ratio; and
 - 1.1.3 contribute to the costs and expenses of the Joint Venture in the relevant Prescribed Ratio.
- 1.2 Where a Joint Venture Party wishes to participate in a particular opportunity to be pursued by the Joint Venture in a sum greater than that required to fund its share of the investment allocated to the Joint Venture, that Joint Venture Party shall be permitted to invest the excess amount separately to the Joint Venture except to the extent that such investment gives rise to a conflict of interest which the Joint Venture Parties, acting in good faith, are unable to resolve. Any such investment in a particular opportunity by Transaction Capital is a separate and independent transaction to the Joint Venture, and would be subject to the JSE Listings Requirements.

2. DIRECTORS OF THE JOINT VENTURE ENTITY

As regards TC Global Finance and where any other Joint Venture Entity is established, the following principles will apply (and to the extent required be included in the constitutional documents of the relevant Joint Venture Entity):

- 2.1 TCRS International shall be entitled at any time and from time-to-time to appoint and maintain in office one director of each Joint Venture Entity and to remove or replace any director so appointed.
- 2.2 Genki shall be entitled at any time and from time-to-time to appoint and maintain in office one director of each Joint Venture Entity and to remove or replace any director so appointed.
- 2.3 The TCRS International director and the Genki director (referred to in 2.1 and 2.2 respectively) shall together have the right by mutual agreement only to appoint three further independent directors of each Joint Venture Entity whom they together consider to have appropriate qualifications and experience.
- 2.4 The TCRS International director, the Genki director and the three independent directors shall be the only directors of each Joint Venture Entity.
- 2.5 The chairman of each Joint Venture Entity shall always be one of the three independent directors nominated by the TCRS International director and the Genki director acting by mutual agreement. In the case of an equality of votes at a meeting of the board or at a meeting of the members of the Joint Venture Entity, the chairman shall not have a second or casting vote.
- 2.6 The quorum for the transaction of business at meetings of each Joint Venture Entity board shall be the TCRS International director, the Genki director and one independent director being present. Decisions of each Joint Venture Entity board shall be decided by simple majority vote. Each director of each Joint Venture Entity shall have one vote.

3. **CONDUCT OF THE JOINT VENTURE'S AFFAIRS**

The Joint Venture Parties shall exercise all voting rights and other powers available to them in relation to the Joint Venture so as to procure (insofar as they are able to do so by the exercise of those rights and powers) that, amongst other things:

- 3.1 the business of the Joint Venture shall consist exclusively of the Business;
- 3.2 such business shall be conducted in the best interests of the Joint Venture on sound commercial profit-making principles, so as to generate the maximum profits available for distribution;
- 3.3 to the extent appropriate, alternative Joint Venture structures may be considered, however these will be consistent with the principles set out in the Agreement; and
- 3.4 a suitably qualified and experienced board of directors, including the requisite number of independent directors of the relevant Joint Venture Entity, is in place to effectively manage the day to day running of each Joint Venture Entity for the benefit of TCRS International and Genki.

4. **FINANCE, WORKING CAPITAL AND COSTS OF THE JOINT VENTURE**

- 4.1 Each Joint Venture Party will (subject to sound commercial rationale being provided by the relevant Joint Venture Entity board) provide further funding to the Joint Venture in the Prescribed Ratio (by way of subscription for shares or provision of debt) for the purposes of working capital requirements and/or day-to-day operational expenses of each Joint Venture Entity. If the board of any Joint Venture Entity determines that further funding is required, the Joint Venture Parties shall each subscribe for such number of shares or provide such debt as the board deems necessary for the purposes of financing the business of the Joint Venture Entity, provided always that such expenditure is provided for in the relevant budget and is in line with the Prescribed Ratio.
- 4.2 Transaction Capital and/or any other member of the Group shall not make any loans to Genki and/or its shareholders nor provide guarantees, indemnities or other security for the obligations of Genki and/or its shareholders for the purpose of or in connection with investments of the Joint Venture, and no fees will be payable by any Joint Venture Entity to Genki.
- 4.3 Either Joint Venture Party shall be entitled to recover the relevant proportion of any reasonable costs incurred by such party for the purpose of or in connection with the Joint Venture.
- 4.4 No fees are to be payable to either of the Joint Venture Parties, and hence no fees are payable to any Related Party to the Proposed Transaction.
- 4.5 Any investments made and to be made for the purpose of or in connection with the Joint Venture shall be subject to compliance by the Joint Venture Parties with all applicable laws, including the JSE Listings Requirements.

5. **RESERVED MATTERS**

A reserved matter shall not be taken by any Joint Venture Entity and/or its Subsidiaries without the prior consent of both TCRS International and Genki. If the required consent in respect of a reserved matter cannot be obtained such reserved matter shall fail and any such failure shall not constitute a ground for the winding-up of the relevant Joint Venture Entity.

Reserved matters include:

- 5.1 the alteration of its articles of association or the adoption of any articles or the passing of any resolutions inconsistent with them;
- 5.2 except in the case of a Subsidiary issuing shares to its parent or its nominee, the variation of its authorised or issued share or loan capital or the creation or grant of any options or other rights to subscribe for shares or to convert into shares;
- 5.3 the alteration of the rights attaching to any shares of a Joint Venture Entity;
- 5.4 the consolidation, subdivision or conversion of any shares of a Joint Venture Entity;
- 5.5 the reduction of its share capital or reduction of any uncalled liability in respect of partly paid shares or the purchase or redemption of any of its shares;
- 5.6 the issue of debentures, securities convertible into shares, share warrants or options in respect of shares;

- 5.7 the change of its name;
- 5.8 the cessation of any business operation;
- 5.9 the acquisition of any assets or property (other than in the ordinary course of business) at a total cost (per transaction) of more than €50,000;
- 5.10 the creation or acquisition of a Subsidiary or disposal of shares in a Subsidiary;
- 5.11 the declaration or payment of a dividend other than in accordance with the dividend policy;
- 5.12 the appointment or dismissal of a director otherwise than in accordance with the Agreement;
- 5.13 unless required to do so by law, doing or permitting anything to be done as a result of which it may be wound up (whether voluntarily or compulsorily);
- 5.14 entering into a scheme of arrangement or amalgamation or similar reorganisation;
- 5.15 the creation of a fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over all or part of its undertaking or assets;
- 5.16 incurring any borrowing or financial obligations of amounts in excess of a maximum aggregate sum outstanding at any time of €50,000;
- 5.17 except where a matter is included in the budget, the making of a loan or advance or the giving of credit (other than normal trade credit) in excess of €10,000 to any person (other than the Joint Venture Entity or its Subsidiaries) excluding deposits with bankers repayable on the giving of not more than seven days' notice;
- 5.18 the giving of a guarantee, bond, indemnity or other like instrument to secure the liabilities or obligations of any person (other than the Joint Venture Entity or its Subsidiaries in the ordinary course of business or which in aggregate with any other guarantee, bond, indemnity or other like instrument involves a liability or potential liability in excess of €50,000);
- 5.19 the identity of the Entity through which the Business will be conducted;
- 5.20 the sale, transfer, lease, licence or agreement to sell, transfer, lease, other periodic agreement or creation of an interest in or otherwise the disposal of the whole or a material part of its business, undertaking or assets, or contracting to do so;
- 5.21 except where a matter is included in the budget, the entering into of a contract or arrangement under which the Joint Venture Entity or its Subsidiaries will incur costs of more than €25,000 in any year;
- 5.22 the entering into of a contract or arrangement which is not in the normal course of the Business;
- 5.23 the entering into of a contract or arrangement which is not on arm's length terms;
- 5.24 the entering into or the variation of a contract or arrangement (whether legally binding or not) with a member or director or with an associate of the member or director or with any person as nominee for any of them;
- 5.25 the taking or the agreement to take or dispose of or agreement to dispose of an interest in, or licence over, land not provided for in the budget or business plan;
- 5.26 the acquisition of shares or securities of a person other than shares in a wholly-owned Subsidiaries of the Joint Venture Group;
- 5.27 the making of any investments, the entering into of a partnership, profit-sharing or joint venture other than in accordance with the Agreement;
- 5.28 the adoption of a pension scheme or similar arrangement;
- 5.29 the change of its accounting reference date, accounting or taxation policies, other than as recommended in writing by the relevant Joint Venture Entity's auditors or change in the auditors from time to time or the replacement of any auditors who resign voluntarily;
- 5.30 the passing of any resolution (whether pursuant to the Companies Act 2006 or outside of the ordinary course of business) by which the classification or status of the Joint Venture Entity may change;
- 5.31 subject to the provisions of the Agreement, the admission of any person (whether by subscription or transfer) as a member of a Joint Venture Entity;

- 5.32 except as provided in the Agreement, the commencement, settlement or the taking of any important decisions relating to legal or arbitration proceedings which involves a claim (including costs) in excess of €50,000;
- 5.33 adoption of the budget and any business plan; and
- 5.34 approval of the Joint Venture Entity's statutory accounts.

6. **FINANCIAL INFORMATION**

The Joint Venture Parties shall procure that each member of the Joint Venture Group shall prepare and maintain books of account containing true and complete entries of all dealings and transactions in relation to the Business and a copy thereof kept at the registered office of the relevant member of the Joint Venture Group.

7. **GUARANTEES GIVEN BY THE JOINT VENTURE PARTIES**

The aggregate amount of the liability, including costs, arising under guarantees given during the term of the Agreement by the Joint Venture Parties (or either of them) to secure the indebtedness of any member of the Joint Venture Entity Group for the purposes of the Business, shall be shared by the Joint Venture Parties in the relevant Prescribed Ratio.

8. **DIVIDEND AND DISTRIBUTION POLICY**

Subject to the board having made reasonable and proper reserves for the working capital requirements of the Joint Venture Group, the board shall determine the dividend policy of the Joint Venture Group from time to time.

9. **DEADLOCK**

Other than a deadlock in respect of a reserved matter, if there is a deadlock between the board of the relevant Joint Venture Entity or the Joint Venture Parties in respect of a matter relating to the affairs of the Joint Venture Group or the Business, such deadlock shall be submitted to the chairman of the relevant Joint Venture Entity for dispute resolution.

10. **DEFAULT OPTION**

If an event of default (which includes an insolvency event occurring in relation to a Joint Venture Party or a change of control occurring in relation to a Joint Venture Party without the prior written consent of the other Joint Venture Party) happens to a Joint Venture Party, the other Joint Venture Party shall have the option to require (subject to complying with the JSE Listings Requirements) the defaulting Joint Venture Party either, to purchase all of the shares held by the non-defaulting Joint Venture Party, or to sell to the non-defaulting Joint Venture Party all of the shares held by the defaulting Joint Venture Party at a price to be agreed on by the Joint Venture Parties or, failing agreement, the price will be determined by an expert (acting as independent expert and not arbitrator).

11. **NEW ISSUE OF SHARES, TRANSFERS AND ASSIGNMENTS**

- 11.1 The issue of new shares and the transfer of shares are regulated in accordance with the articles of the relevant Joint Venture Entity.
- 11.2 The Joint Venture Parties will, in relation to each relevant Joint Venture Entity, procure that no transfer or allotment is registered by the directors if it is not in accordance with the articles of the relevant Joint Venture Entity.
- 11.3 No transfer of shares shall be completed unless the transferee has executed a deed of adherence to the Agreement.
- 11.4 On a sale or transfer of shares, the selling Joint Venture Party shall repay all indebtedness owed by it to the Joint Venture Group and procure the removal of any directors appointed by it without any claims for compensation for loss of office.

11.5 On a sale or transfer of shares (save for a transfer or sale to a third party), the buying Joint Venture Party shall procure that all indebtedness are either assigned to the buying Joint Venture Party or repaid by the Joint Venture Group and use reasonable endeavours to procure the release of any guarantees given by the selling Joint Venture Party to or in respect of the Joint Venture Group.

12. **TRANSFER OF SHARES**

Except in accordance with the Agreement, no Joint Venture Party may transfer any shares during the period commencing on the date of adoption of the articles of the relevant Joint Venture Entity and terminating on the 2nd anniversary thereof.

13. **PERMITTED TRANSFERS**

Each of the Joint Venture Parties shall be entitled to transfer their shares in the relevant Joint Venture Entity in the following cases: with the prior written consent of both Joint Venture Parties or it is a transfer of shares to its associate.

14. **PRE-EMPTION OVER TRANSFER OF SHARES**

14.1 If any Joint Venture Party ("Seller") wishes to sell all or any of its shares in the relevant Joint Venture Entity, it shall give written notice to that effect to the other Joint Venture Party ("Continuing Party"). The notice shall set out, amongst other things, the offer cash price of the shares it wishes to sell and the identity of third party purchaser who has indicated a willingness to buy the Seller's shares.

14.2 The Continuing Party shall have 15 business days of the offer being made within which to notify the Seller and the relevant Joint Venture Entity in writing whether it accepts the offer. Failing which, the offer shall lapse.

14.3 The Seller shall then be entitled to sell all (and not part only of) its shares for cash at a price which is not less than the offer price set out in the notice and on terms which are no more favourable than those which would have applied on a sale to the Continuing Party, provided that:

14.3.1 such sale is on a bona fide arm's length terms to a third party or third parties; and

14.3.2 the proposed transferee(s) is not a competitor in the Republic of South Africa of TCRS International.

15. **TAG RIGHT**

15.1 If the Seller wishes to sell its shares in terms of 14.3, the Continuing Party shall have a tag right in terms of which the Proposed Transferee(s) will offer to buy all the shares held by the Continuing Party ("Tag Shares") on the same terms (including price per share) as apply to the purchase of the Seller's shares.

15.2 If the Proposed Transferee(s) does not purchase the Tag Shares, the Seller may not sell its shares to the Proposed Transferee(s) and the directors of the relevant Joint Venture Entity shall refuse to register any transfer prohibited by these tag right provisions.

16. **NON-DISCLOSURE OF INFORMATION**

A director of any member of the Joint Venture Group may disclose information and provide relevant documents and materials about the Joint Venture Group and discuss their affairs, accounts or finances with appropriate shareholders, officers, senior employees and advisers of the Joint Venture Party which appointed him. Each of the Joint Venture Parties may disclose details of the affairs, accounts and finances of the Joint Venture Group to that Joint Venture Party's professional and financial advisers who are required to know the same to carry out their duties. Any information, documents or material supplied to or by a Joint Venture Party in accordance with these provisions shall be kept strictly confidential.

17. **DURATION**

Unless otherwise agreed by the Joint Venture Parties, the Agreement shall terminate on the earlier of the following:

- 17.1 a resolution being passed by Joint Venture Parties or creditors, or an order being made by a court or other competent body or person, to commence the winding up of all Joint Venture Entities; or
- 17.2 such time as there is only one beneficial owner of the shares in the relevant member of the Joint Venture Group.

18. **AMENDMENTS**

No amendment of the Agreement shall be binding unless reduced to writing and signed by the Parties. Any material terms (which include the Joint Venture Directors, the Conduct of the Joint Venture's affairs, the Reserved Matters, the Finance, Working Capital and Costs, and the Joint Venture Framework of the Parties) shall not be amended without the prior requisite consent of Transaction Capital Shareholders.

19. **GOVERNING LAW AND JURISDICTION**

The Agreement shall be governed by and construed in accordance with English law. Notwithstanding the country of incorporation or registration of the relevant Joint Venture Entity, the English courts have exclusive jurisdiction to determine any dispute arising in connection with the Agreement.



Transaction Capital

Transaction Capital Limited

(Incorporated in the Republic of South Africa)

(Registration number 2002/031730/06)

(Share code: TCP) (ISIN: ZAE000167391)

("Transaction Capital" or the "Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at 230 Jan Smuts Avenue, Dunkeld West, Johannesburg at 15:00 on Thursday, 5 September 2019 for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

The definitions and interpretations commencing on page 4 of the Circular to which this notice of General Meeting is attached apply, *mutatis mutandis*, to this notice of General Meeting.

It should be noted that all of the ordinary resolutions are inter-conditional.

Ordinary resolution number 1 – APPROVAL OF THE PROPOSED TRANSACTION AND THE AGREEMENT

“Resolved that:

- the Proposed Transaction, being the allocation of the Additional Allocation Amount by Transaction Capital (through TCRS International) for investment in the Joint Venture, pursuant to the Agreement, on terms and conditions more fully set out in paragraph 4 of the Circular, be and is hereby approved as a Related Party transaction in terms of section 10 of the JSE Listings Requirements; and
- the terms and conditions contemplated in the Agreement (initialled by the Chairman for identification purposes) be and is hereby approved.”

Explanatory note

The reason for this ordinary resolution 1 is to obtain the approval of Shareholders for (i) the Proposed Transaction in terms of section 10 of the JSE Listings Requirements and (ii) the Agreement.

Ordinary resolution number 2 – AUTHORITY TO IMPLEMENT THE PROPOSED TRANSACTION

“Resolved that, subject to the passing of ordinary resolution number 1, any director of the Company (other than the Recused Directors) be and is hereby authorised, instructed and empowered to do all such things, sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to ordinary resolution number 1.”

Explanatory note

The adoption of this ordinary resolution number 2 will authorise any director of the Company (other than the Recused Directors) to execute all documents and do all such further acts and things as he may in his discretion consider appropriate to implement and give effect to ordinary resolution number 1.

Record date

The Record Date for Shareholders to be recorded in the Register in order to be able to attend, participate and vote at the General Meeting is Friday, 26 July 2019.

In accordance with the Companies Act, Shareholders attending the General Meeting will need to present reasonable satisfactory identification such as a valid identity book, passport or driver's license to the Chairman and the Chairman must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.

Electronic participation

Shareholders or their proxies may participate in the General Meeting by way of electronic means, but will not be able to vote via electronic means on the resolutions. Such Shareholder (or proxy) will need to contact the Transfer Secretaries or the Company Secretary at Transaction Capital on theresap@transactioncapital.co.za as soon as possible but in any event, by no later than 09:00 on Tuesday, 3 September 2019 so that Transaction Capital can provide for a teleconference dial-in facility. Where such Shareholder intends to participate via teleconference, it is recommended the voting proxies are sent through to the Transfer Secretaries as soon as possible, but in any event by no later than 15:00 on Tuesday, 3 September 2019. By no later than 14:00 on Wednesday, 4 September 2019, Shareholders or their duly appointed proxies will be advised by email, telephone call or text message of the relevant telephone number and access code to allow them to dial in and participate electronically at the General Meeting.

Voting and proxies

Shareholders are entitled to attend, speak and vote at the General Meeting.

On a show of hands, every Shareholder who is present in person, by proxy or represented at the General Meeting shall have one vote (irrespective of the number of Shares held), and on a poll, every Shareholder shall have one vote for each Share held by it.

Shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a Shareholder of the Company.

The minimum percentage of voting rights that is required for the adoption of each of ordinary resolution number 1 and ordinary resolution number 2 is more than 50% of all voting rights exercised by Shareholders present at or represented by proxy and entitled to vote at the General Meeting to be cast in favour of those resolutions.

In terms of the JSE Listings Requirements, the Proposed Transaction is a Related Party transaction as more fully described in paragraph 5 of the Circular. Accordingly, STT, RT and KIT will be taken into account in determining a quorum at the General Meeting but the votes of STT, RT and KIT (and their respective Associates) will not be taken into account in determining the results of the voting in relation to ordinary resolution number 1 and ordinary resolution number 2.

By order of Board

David Hurwitz

Chief Executive Officer

6 August 2019

Registered office

230 Jan Smuts Avenue
Dunkeld West
Johannesburg
2196

IMPORTANT NOTES ABOUT THE GENERAL MEETING

- Date:** Thursday, 5 September 2019.
- Venue:** 230 Jan Smuts Avenue, Dunkeld West, Johannesburg.
- Time:** The General Meeting will start promptly at 15:00. Reception staff will direct Shareholders to the General Meeting venue.
- Admission:** Shareholders, representatives of Shareholders and proxies attending the General Meeting are requested to register at the registration desk in the General Meeting venue. Proof of identity may be required for registration purposes.

OTHER IMPORTANT NOTES

1. GENERAL

Shareholders wishing to attend the General Meeting have to ensure beforehand with the Transfer Secretaries that their Shares are in fact registered in their name. Should this not be the case and the Shares are registered in any other name or in the name of a nominee Company, it is incumbent on Shareholders attending the General Meeting to make the necessary arrangements with that party in whose name the Shares are registered to be able to attend and vote in their personal capacity. The Proxy Form contains detailed instructions in this regard.

2. CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

Voting, attendance and representation at the General Meeting

If you are a Certificated Shareholder or an Own-Name Dematerialised Shareholder, you may attend, speak and vote at the General Meeting in person. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy and returning it to the Transfer Secretaries so as to reach them by no later than the recommended time, being 15:00 on Tuesday, 3 September 2019. If you do not lodge or post the Form of Proxy to reach the Transfer Secretaries by the relevant time, you will nevertheless be entitled to have the Form of Proxy lodged with the chairman of the General Meeting immediately prior to the proxy exercising his/her right to attend, speak and vote at the General Meeting.

3. DEMATERIALISED SHAREHOLDERS OTHER THAN WITH OWN-NAME REGISTRATION

Voting at the General Meeting

If you are a Dematerialised Shareholder other than with Own-Name registration, you must not complete the Form of Proxy.

Your CSDP or Broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the General Meeting, and thereafter cast your vote in accordance with your instructions. This should be done in terms of the agreement entered into between you and your CSDP or Broker. If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker, as the case may be, as soon as possible and furnish them with your instructions in the manner and by the cut-off time stipulated in the aforesaid agreement between you and your CSDP or Broker.

Attendance and representation at the General Meeting

If you wish to attend the General Meeting in person, via electronic participation or you wish to be represented thereat, you should inform your CSDP or Broker, as the case may be, of your intention to attend and vote at the General Meeting or to be represented by proxy thereat in order for your CSDP or Broker to issue you with the necessary letter of representation to do so.

4. RESULTS OF THE GENERAL MEETING

The results of the General Meeting will be published on SENS as soon as practicably possible after the General Meeting.



Transaction Capital

Transaction Capital Limited

(Incorporated in the Republic of South Africa)

(Registration number 2002/031730/06)

(Share code: TCP) (ISIN: ZAE000167391)

("Transaction Capital" or the "Company")

FORM OF PROXY – GENERAL MEETING

For use by Certificated and Own-Name Dematerialised Shareholders at the General Meeting to be held at 230 Jan Smuts Avenue, Dunkeld West, Johannesburg at 15:00 on Thursday, 5 September 2019.

The definitions and interpretations commencing on page 4 of the Circular to which this Form of Proxy is attached apply, *mutatis mutandis*, to this Form of Proxy.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (address) (BLOCK LETTERS PLEASE)

Telephone number

Cellphone number

Email address

being the holders of Shares in the Company, hereby appoint (see Note 1)

1. _____ or _____ failing him/her,
2. _____ or _____ failing him/her,

the Chairman of the General Meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing the ordinary resolutions to be proposed thereat and at each adjournment of the General Meeting and to exercise voting rights for or against the ordinary resolutions or to abstain from exercising voting rights in respect of the Shares registered in my/our name/s, in accordance with the following instructions (see Note 3).

Insert an "X" or the number of Shares (see Note 3)

Resolution	For	Against	Abstain
Ordinary resolution number 1 – Approval of the Proposed Transaction and the Agreement			
Ordinary resolution number 2 – Authority to implement the Proposed Transaction			

(Indicate with an "X" or the relevant number of Shares, in the applicable space, how you wish your votes to cast). Unless otherwise directed, the proxy will vote as he/she thinks fit.

Signed at _____ on _____ 2019

Signature

Assisted by me (where applicable)

It is recommended that completed Forms of Proxy be lodged with the Transfer Secretaries by no later than 15:00 on Tuesday, 3 September 2019. However, Shareholders are entitled to deliver voting proxies to the chairman of the General Meeting at any time prior to the vote.

Please read the notes on the reverse side of this Proxy Form.

Notes to the form of proxy:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the Chairman of the General Meeting" but any such deletion must be initialed by the Shareholder. The person whose name stands first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such Shareholder.
3. Please insert an "X" in the relevant space according to how you wish your voting rights to be exercised. However, if you wish to exercise your voting rights in respect of a lesser number of Shares than you hold in the Company, insert the number of Shares held in respect of which you wish to exercise your voting rights. Failure to comply with the above will be deemed to authorise the proxy to exercise your voting rights or to abstain from voting at the General Meeting as he/she deems fit in respect of all the Shareholder's voting rights exercisable at the meeting. A Shareholder or his/her proxy is not obliged to use all the voting rights exercisable by the Shareholder or by his/her proxy, but the total of the voting rights exercised and in respect of which abstention is recorded may not exceed the total of the voting rights exercisable by the Shareholder or by his/her proxy.
4. It is recommended that Forms of Proxy be received by the Transfer Secretaries by no later than 15:00 on Tuesday, 3 September 2019.
5. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and voting in person at the meeting to the exclusion of any proxy appointed in terms of this Form of Proxy.
6. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the Chairman of the General Meeting.
7. Any alterations or corrections made to this form of proxy must be initialed by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
9. The Chairman of the General Meeting may accept any Form of Proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the Shareholder wishes to vote.
10. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless withdrawn by the Shareholder. If the General Meeting is adjourned or postponed then Proxy Forms that have not yet been submitted should be lodged with the Transfer Secretaries preferably by no later than 24 hours before the adjourned or postponed General Meeting, but may nonetheless be handed to the Chairman of the adjourned or postponed General Meeting before the proxy exercises the voting rights of the Shareholder at the adjourned or postponed General Meeting.

Transfer secretaries:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Telephone: 011 370 5000
Email: proxy@computershare.co.za

SUMMARY OF THE RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a Shareholder to be represented by proxy, as set out in section 58 of the Act, is set out below:

1. a Shareholder entitled to attend and vote at the General Meeting may appoint any individual as a proxy to attend, participate in and vote at the General Meeting in the place of the Shareholder. A proxy need not be a Shareholder of Transaction Capital;
2. a Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such Shareholder;
3. a copy of the instrument appointing a proxy must be delivered to Transaction Capital, or to any other person on behalf of Transaction Capital, before the proxy exercises any rights of the Shareholder at the General Meeting;
4. a proxy appointment must be in writing, dated and signed by the Shareholder appointing a proxy, and, subject to the rights of a Shareholder to revoke such appointment (as set out in paragraph 7 below), remains valid for one year or such period expressly set out in the appointment (unless such appointment is revoked or expires earlier as provided for in section 58 of the Companies Act);
5. a proxy may delegate the proxy's authority to act on behalf of a Shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy;
6. the appointment of a proxy is suspended at any time and to the extent that the Shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a Shareholder;
7. irrespective of the form of the instrument used to appoint a proxy, the appointment of a proxy is revocable (unless the proxy appointment expressly states otherwise) by the Shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to Transaction Capital. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to Transaction Capital as required in the first sentence of this paragraph;
8. a proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the memorandum of incorporation of Transaction Capital, or the instrument appointing the proxy, provides otherwise;
9. if the instrument appointing the proxy or proxies has been delivered to Transaction Capital, as long as that appointment remains in effect, any notice that is required by the Companies Act or the memorandum of incorporation of Transaction Capital to be delivered by Transaction Capital to the Shareholder, must be delivered by Transaction Capital to (a) the Shareholder, or (b) the proxy or proxies, if the Shareholder has (i) directed Transaction Capital to do so in writing; and (ii) paid any reasonable fee charged by Transaction Capital for doing so; and
10. attention is also drawn to the notes to the Form of Proxy.

