



Transaction Capital Limited
(Incorporated in the Republic of South Africa)
Registration number: 2002/031730/06

JSE share code: TCP

ISIN: ZAE000167391

("Transaction Capital" or "the company" or "the group")

TransCapital Investments Limited
(Incorporated in the Republic of South Africa)
(Registration No. 2016/130129/06)

Bond Company code: TCII

ANNOUNCEMENT OF A PROPOSED TRANSACTION REGARDING A FURTHER ALLOCATION OF FUNDS FOR INVESTMENT IN THE JOINT VENTURE WITH GENKI GROUP LIMITED PURSUANT TO THE JOINT VENTURE AGREEMENT AND DISTRIBUTION OF CIRCULAR INCORPORATING NOTICE OF GENERAL MEETING

1. INTRODUCTION TO DISTRIBUTION OF CIRCULAR

- 1.1. Shareholders are referred to the announcement released on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on 19 December 2018, in terms of which Transaction Capital shareholders were advised that Transaction Capital had, through its wholly-owned subsidiary, Transaction Capital Risk Services Holdings Proprietary Limited ("TCRS"), entered into a joint venture arrangement ("Joint Venture") with Genki Group Limited ("Genki"), a company owned by the respective trusts of Transaction Capital directors, Jonathan Jawno ("Jawno"), Michael Mendelowitz ("Mendelowitz") and Roberto Rossi ("Rossi") (collectively, the "Founders") in order to invest in credit-orientated alternative assets (further defined as "Target Assets" in the Circular that is issued simultaneously with this SENS announcement). Each of Transaction Capital and Genki provided an initial allocation of €20 million to the Joint Venture ("Initial Allocation Amount").
- 1.2. 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 Listing Requirements.
- 1.3. As at the date of this announcement and by way of the first deployment of a part of the Initial Allocation Amount, the Joint Venture has committed €6 million to a niche credit fund focused on Western Europe (i.e. a €3 million commitment by each party). 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's share of this tranche, being €1.2 million, was invested into the Joint Venture 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 the date of this announcement, committed or invested in any other Target Assets.

2. PROPOSED TRANSACTION

- 2.1. In terms of the proposed transaction and in addition to the Initial Allocation Amount, the board of directors of the Company has, subject to obtaining Transaction Capital shareholder approval, approved a further allocation to TCRS ("Additional Allocation Amount") pursuant to the Joint Venture Agreement for additional investment by the Joint Venture ("Proposed Transaction") in Target Assets (as defined in the Circular). All details on the Proposed

Transaction including the rationale for the investment are set out in the Circular that is issued simultaneously with this SENS announcement.

2.2. The Proposed Transaction will be effective immediately following approval by Transaction Capital shareholders at the General Meeting.

3. DISTRIBUTION OF CIRCULAR INCORPORATING NOTICE OF GENERAL MEETING

3.1. Shareholders are advised that a circular ("Circular") which contains the details of the Proposed Transaction and a summary of the salient terms of the Joint Venture Agreement, together with (i) a notice of general meeting for the purpose of considering and, if deemed fit, passing the resolutions required to implement the Proposed Transaction and the Joint Venture Agreement and (ii) a form of proxy has been distributed simultaneously with this SENS announcement to those Transaction Capital shareholders and other persons who are entitled to receive such document.

3.2. The general meeting will be held at 230 Jan Smuts Avenue, Dunkeld West, Johannesburg at 15:00 on Thursday 5 September 2019.

3.3. An electronic version of the Circular will be available on Transaction Capital's website (www.transactioncapital.co.za).

IMPORTANT DATES AND TIMES	2019
Record date for posting the Circular	Friday, 26 July
Circular incorporating notice of general meeting posted to Transaction Capital shareholders on or about	Tuesday, 6 August
Last day to trade in order to be eligible to attend and vote at the general meeting	Tuesday, 27 August
Record date for attending and voting at the general meeting	Friday, 30 August
Recommended day to lodge forms of proxy in respect of the general meeting preferably by 15:00*	Tuesday, 3 September
General meeting of Transaction Capital shareholders to be held at 230 Jan Smuts Avenue, 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
Results of general meeting released on SENS	Thursday, 5 September

*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.

4. JOINT VENTURE AGREEMENT

4.1. The agreement which governs the relationship between the parties to the Joint Venture was approved by the audit risk and compliance committee and was entered into between TCRS International (Pty) Ltd (a wholly owned subsidiary of TCRS) and Genki on 29 July 2019 ("Joint Venture Agreement").

- 4.2. In terms of the Joint Venture Agreement, any investments to be made by the Joint Venture parties in respect of:
- 4.2.1. the Initial Allocation Amount shall be governed by the provisions of the Joint Venture Agreement with effect from 23 November 2018; and
 - 4.2.2. the Additional Allocation Amount shall be governed by the provisions of the Joint Venture Agreement with effect from the date of fulfilment of the suspensive condition to the Joint Venture Agreement, being the approval of the Proposed Transaction and the Joint Venture Agreement by ordinary resolution of Transaction Capital shareholders at a general meeting.
- 4.3. The salient terms of the Joint Venture Agreement are set out in annexure B to the Circular.

5. RELATED PARTY TRANSACTION

- 5.1. 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), 10.1(b)(i) and 10.1(b)(ii) of the JSE Listings Requirements. The Proposed Transaction is classified as a Category 2 transaction in terms of the JSE Listings Requirements as the aggregate of the Initial Allocation Amount and Additional Allocation Amount is 5% or more but less than 30% of Transaction Capital's market capitalisation as at 26 July 2019, being the date prior to signature of the Joint Venture Agreement.
- 5.2. The parties to the Proposed Transaction are considered to be related parties.
- 5.2.1. As at the date of this announcement, Jawno and Mendelowitz are executive directors of Transaction Capital, with Rossi being a non-executive director. Each of Jawno, Mendelowitz and Rossi are contingent discretionary beneficiaries of trusts that each own directly or indirectly an effective 9.69% of Transaction Capital.
 - 5.2.2. In addition, Jawno, Mendelowitz and Rossi are also contingent discretionary beneficiaries of trusts that each own 33.3% of Genki.
- 5.3. As a related party transaction, the Proposed Transaction requires the approval by ordinary resolution of Transaction Capital shareholders, excluding the votes of the related parties and their associates, at a general meeting prior to the implementation of the Proposed Transaction.

6. FAIRNESS OPINION

The Proposed Transaction is not an acquisition or disposal of assets, but rather an allocation of a defined cash amount for investment by the Joint Venture (which in turn would acquire and or dispose of various investments). Given that Transaction Capital shareholders are approving the Joint Venture 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.

7. 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 information has been presented in the Circular showing three possible scenarios whereby Transaction Capital funds the allocation through a combination of cash, equity or debt funding. The pro forma financial information is based on Transaction Capital's published unaudited interim results for the six-month period ended 31 March 2019. This pro forma financial information was provided to our external auditors and their report is included in Annexure A of the Circular.

Sponsor: Rand Merchant Bank (A Division of FirstRand Bank Limited).

Dunkeld West, Johannesburg
6 August 2019

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