

## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 4 of this Circular apply throughout this Circular including this cover page. If you are in any doubt as to the action you should take, please consult your broker CSDP, attorney, accountant or other professional advisor.

### **Action required**

This Circular is important and should be read with particular attention to the "Action required by Transaction Capital Ordinary Shareholders" section of this Circular, which sets out the action required with regard to this Circular. If you are in any doubt as to what action you should take arising from this Circular, please consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.

If you have disposed of all your Ordinary Shares, then this Circular should be forwarded to the purchaser to whom, or the broker, agent or CSDP through whom, you disposed of your Ordinary Shares.



**Transaction Capital**

**Transaction Capital Limited**

(Incorporated in the Republic of South Africa)  
Registration number 2002/031730/06  
JSE share code: TCP ISIN: ZAE000167391

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## **CIRCULAR TO TRANSACTION CAPITAL ORDINARY SHAREHOLDERS**

relating to:

- **the adoption of the Transaction Capital Share Appreciation Rights Plan; and**
- **a specific authority relating to a specific repurchase of up to 1 069 227 Transaction Capital Ordinary Shares from participants of the Transaction Capital Assisted Offer Scheme**

and incorporating:

- **a Notice of General Meeting of Transaction Capital Shareholders; and**
- **a form of proxy (*green*) for completion by Certificated and Own-Name Dematerialised Shareholders.**

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**Sponsor**

**Deutsche Bank**  
Deutsche Securities (SA) (Proprietary) Limited  
(A non-bank member of the Deutsche Bank Group)



**Legal Advisors to the Company  
for the General Meeting**



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Date of issue: Friday, 24 May 2013

*This Circular is available in English only. Copies may be obtained from the Registered Office of the Company at the address set out overleaf. An electronic version of the Circular will be made available on the Company's website ([www.transactioncapital.co.za](http://www.transactioncapital.co.za)) from Friday, 24 May 2013.*

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## CORPORATE INFORMATION AND ADVISORS

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### Directors

*Non-executive*

Christopher Seabrooke (*Chairperson*)\*  
Phumzile Langeni\*  
Cedric Ntumba\*  
Dumisani Tabata\*  
David Woollam\*  
Shaun Zagnoev

\* *Independent*

*Executive*

Mark Lamberti (*Chief Executive Officer*)  
Jonathan Jawno (*Deputy Chief Executive Officer*)  
David Hurwitz (*Chief Financial Officer*)  
Steven Kark  
Michael Mendelowitz  
Roberto Rossi

### Registered Office and Company Secretary

Peter Katzenellenbogen (*BCom, CA(SA)*)  
Transaction Capital Limited  
(Registration number 2002/031730/06)  
Ground Floor, Transaction Capital House  
14 Pongola Crescent  
Sandhavon Office Park  
Eastgate Extension 17  
Sandton, 2199  
(PO Box 41888, Craighall, 2024)  
South Africa

### Sponsor

Deutsche Securities (SA) Proprietary Limited  
(A non-bank member of the Deutsche Bank Group)  
(Registration number 1995/011798/07)  
3 Exchange Square, 87 Maude Street  
Sandton, 2196  
(Private Bag X9933, Sandton, 2146)  
South Africa

### Legal Advisors

Edward Nathan Sonnenbergs Inc  
(Registration number 2006/01800/21)  
150 West Street  
Sandton, 2196  
(PO Box 783347, Sandton, 2146)  
South Africa

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)  
South Africa

### Date and place of incorporation

18 December 2002, Pretoria

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## **ACTION REQUIRED BY TRANSACTION CAPITAL ORDINARY SHAREHOLDERS**

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The definitions and interpretations set out on pages 4 to 6 of this Circular apply to this section on action required by Transaction Capital Ordinary Shareholders.

If you are in any doubt as to what action to take, please consult your CSDP, broker, attorney, banker or other professional advisor immediately.

The General Meeting of Transaction Capital Shareholders will be held at 10:00 on Wednesday, 10 July 2013 at the Company's Registered Office or any adjourned or postponed date and time. Transaction Capital Shareholders are advised to take careful note of the following provisions relating to the actions required by Transaction Capital Shareholders relating to the proposed Ordinary Resolutions and Special Resolutions.

### **ACTION REQUIRED BY TRANSACTION CAPITAL ORDINARY SHAREHOLDERS**

#### **1. If you have dematerialised your Transaction Capital Shares other than with Own-Name Registration:**

##### **1.1 Voting at the General Meeting**

- Your CSDP or broker should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter to cast your vote in accordance with your instructions.
- If you have not been contacted by your CSDP or broker, it is advisable for you to contact your CSDP or broker and furnish it with your voting instructions.
- If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.
- You must not complete the attached form of proxy (*green*).

##### **1.2 Attendance and representation at the General Meeting**

In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the General Meeting and your CSDP or broker will issue the necessary letter of representation or proxy to you.

#### **2. If you have not dematerialised your Transaction Capital Shares or have dematerialised your Transaction Capital Shares with Own-Name Registration:**

##### **2.1 Voting and attendance at the General Meeting**

- You may attend the General Meeting in person and may vote at the General Meeting.
- Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*green*) in accordance with the instructions it contains and returning it to the Registered Office to be received by no later than 10:00 on Tuesday, 9 July 2013.
- Should you wish, rather than sending your duly-completed form of proxy to the Registered Office, you may send the form of proxy to the Transfer Secretaries so that they can ensure the form of proxy is sent to the Registered Office timeously. You must send the duly-completed form of proxy (*green*) by 10:00 on Tuesday, 9 July 2013 to the Transfer Secretaries.
- In the event that any proxy is not delivered timeously to the addresses as set out above, proxies may be handed up to the chairman of the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting.
- If you wish to dematerialise your Transaction Capital Shares, please contact your CSDP or broker.

**Transaction Capital does not accept any responsibility and will not be held liable for any failure on the part of the broker or CSDP (as the case may be) of a Dematerialised Shareholders to notify such Dematerialised Shareholder of the details of this Circular.**

**If you have disposed of all of your Transaction Capital Shares, this Circular should be handed to the purchaser of such Transaction Capital Shares or the CSDP, broker, banker or other agent who disposed of your Transaction Capital Shares for you.**

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## SALIENT DATES AND TIMES

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2013

Record date to determine who is entitled to receive the Circular	Friday, 17 May
Circular distributed to Transaction Capital Ordinary Shareholders on	Friday, 24 May
Last day to trade in order to attend, participate and vote at the General Meeting	Friday, 28 June
Record date to determine which Transaction Capital Shareholders may attend, participate and vote at the General Meeting	Friday, 5 July
Last day for receipt of forms of proxy for the General Meeting (by no later than 10:00) <sup>3</sup>	Tuesday, 9 July
General Meeting to be held at 10:00 on	Wednesday, 10 July
Results of General Meeting to be released on SENS on	Wednesday, 10 July
Results of General Meeting to be published in the South African press on	Thursday, 11 July

**Notes:**

1. All times indicated above are local times in South Africa.
2. The dates and times indicated in the table above are subject to change and any such changes will be released on SENS and published in the South African press.
3. If any form of proxy is not delivered timeously to the Company's Registered Office or the Transfer Secretaries, it may be handed to the chairman of the General Meeting at any time before the proxy exercises any rights of the Shareholders at the General Meeting.
4. If the General Meeting is adjourned or postponed an appropriate announcement will be released on SENS. In such circumstances forms of proxy must be received by no later than 24 hours prior to the time of the adjourned or postponed General Meeting (excluding Saturdays, Sundays and official public holidays in South Africa) at the Registered Office or the Transfer Secretaries, provided that if any form of proxy is not delivered timeously it may be handed to the chairman of the adjourned or postponed General Meeting at any time before the proxy exercises any rights of the Shareholder at such adjourned or postponed General Meeting.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*. Words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“Assisted Offer Scheme” or the “Transaction Capital Assisted Offer Scheme”	a once-off closed scheme established in March 2010 in terms of which employees at the time were granted the right to subscribe for Shares funded at prime less 5% in respect of one third of the cost of shares acquired;
“Business Day”	any day on which the JSE is open for the transaction of business;
“Certificated Shareholders”	Transaction Capital Shareholders who hold Certificated Shares;
“Certificated Shares”	Transaction Capital Shares represented by a paper share certificate or other physical document(s) of title, which shares have not been surrendered for Dematerialisation;
“Circular”	this circular to Transaction Capital Shareholders dated Friday, 24 May 2013 incorporating a Notice of General Meeting and a form of proxy;
“Companies Act” or “the Act”	the South African Companies Act, 2008 (Act 71 of 2008), as amended or substituted;
“CSDP”	Central Securities Depository Participant as defined in section 1 of the SSA appointed by an individual shareholder for the purposes of, and in regard to the dematerialisation of documents of title for the purposes of incorporation into Strate;
“Dematerialise”	the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate, as contemplated in the SSA;
“Dematerialised Shareholders”	a Shareholder who holds Dematerialised Shares;
“Dematerialised Shares”	Transaction Capital Ordinary Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical documents of title;
“Directors” or “Board”	the board of directors of Transaction Capital, whose names are set out in the “Corporate Information and Advisors” section of this Circular;
“documents of title”	share certificates and/or certificated transfer deeds and/or balance receipts or any other form of acceptable documents of title in respect of Transaction Capital Shares;
“Exercise”	the completion of a written or electronic notice by a Participant, and the delivery thereof to the secretary of the Company, indicating the exercise by that Participant of a particular SAR granted to him and which have already Vested;
“Exercise Date”	the date on which SARs are exercised by a Participant;
“General Meeting”	the general meeting of Transaction Capital Shareholders convened, in terms of the Notice accompanying the Circular, to be held at Transaction Capital House, 14 Pongola Crescent, Sandhavan Office Park, Eastgate Extension 17, Sandton at 10:00 on Wednesday, 10 July 2013, or any adjourned or postponed date and time, to approve, amongst other things, the Transaction Capital Share Appreciation Rights Plan;
“Grant” or “SAR Grant”	the grant to an employee of the Group of a SAR under the Transaction Capital Share Appreciation Rights Plan;
“Group”	collectively, Transaction Capital, its direct and indirect subsidiaries and any other company which is controlled or jointly controlled by it;

“JSE”	JSE Limited (Registration number 2005/022939/06), a public company with limited liability duly incorporated and registered under the company laws of South Africa and licenced as an exchange under the SSA;
“King III Report”	the third report on corporate governance in South Africa compiled by the King Committee;
“Last Practicable Date”	Friday, 17 May 2013;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Market Value”	the volume weighted average price of a Share, as quoted on the JSE, calculated for the period of ten Business Days prior to and including the date on which determination of the market value of the Shares is to be made for purposes of the Transaction Capital Share Appreciation Rights Plan;
“MOI”	Memorandum of Incorporation;
“Notice of General Meeting”	the Notice of General Meeting attached to and forming part of this Circular;
“Ordinary Resolutions”	the ordinary resolutions set out in the Notice of General Meeting attached to and forming part of this Circular which are to be considered and voted on at the General Meeting;
“Own-Name Registration”	Dematerialised Shareholders who have registered their Shares in their own name with a CSDP or broker in terms of the SSA;
“Participant”	an employee to whom a grant has been made under the Transaction Capital Share Appreciation Rights Plan and who has timeously accepted such grant, and includes the executor of such employee’s deceased estate where appropriate;
“Performance Conditions”	the achievement of performance conditions over a period of time determined by the RemCom;
“Performance Period”	the period in respect of which the Performance Conditions are to be satisfied, as determined by the RemCom in accordance with the rules of the Transaction Share Capital Appreciation Rights Plan;
“Preference Shares”	cumulative, non-participating, non-convertible preference shares, no par value preference shares in the capital of the Company, none of which have been issued;
“Registered Office”	Ground Floor, Transaction Capital House, 14 Pongola Crescent, Sandhavon Office Park, Eastgate Extension 17, Sandton, 2199, South Africa;
“RemCom”	the Nominations and Remuneration Committee of the Board, excluding any members thereof who hold any executive office within the Group, or its successor charged with the administration of all or part of the Transaction Capital Share Appreciation Rights Plan and, in the absence of such a RemCom or its successor, the non-executives Directors serving on the Board;
“SAR”	a conditional right to receive such number of Shares in terms of the Transaction Capital Share Appreciation Rights Plan, the value of which is equal to the difference between the Market Value of a Share on the date on which the SARS are exercised by a Participant and the Market Value of a Share on the date on which a SAR is granted to the Participant under the Transaction Capital Share Appreciation Rights Plan;
“SARs period”	a period which expires one year after the later of the Vesting Period and the Performance Period and is the last date on which a Participant may Exercise his SAR;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders” or “Transaction Capital Shareholders” or “Transaction Capital Ordinary Shareholders”	the holders of Transaction Capital Shares recorded as such in the Company’s share register;

“Shares” or “Ordinary Shares” or “Transaction Capital Shares”	ordinary shares in the share capital of the Company with no par value in the Company’s issued share capital, all of which are listed on the JSE;
“Special Resolutions”	the special resolutions set out in the Notice of General Meeting attached to and forming part of this Circular which are to be considered and voted on at the General Meeting;
“SSA”	the Securities Services Act, 2004 (Act 36 of 2004), as amended or replaced;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Limited (Registration number 1998/022242/06), a public company with limited liability duly registered and incorporated in accordance with the laws of South Africa;
“Transaction Capital” or “the Company”	Transaction Capital Limited (Registration number 2002/031730/06), a public company incorporated in accordance with the laws of South Africa;
“Transaction Capital Share Appreciation Rights Plan”	the Transaction Capital Limited Share Appreciation Rights Plan, a share incentive plan proposed to be adopted by the Company, subject to shareholder approval, forming part of the subject matter of this Circular, the salient features of which are set out in this Circular;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company with limited liability duly registered and incorporated in accordance with the laws of South Africa, situated at 70 Marshall Street, Johannesburg, 2001;
“Vest” or “Vesting”	a Participant becoming entitled to exercise his SAR in accordance with the rules of the Transaction Capital Share Appreciation Rights Plan;
“Vesting Condition”	participants must remain employed within the Group for a period of time determined by the RemCom in order for each SAR to Vest;
“Vesting Date”	the date on which Vesting occurs; and
“Vesting Period”	the period or periods commencing on the date of Grant and ending on the date as determined by the RemCom and specified in the letter of Grant (both dates included) during which the Participant is required to fulfil the Vesting Condition in accordance with the rules of the Transaction Share Capital Appreciation Rights Plan.



# Transaction Capital

## Transaction Capital Limited

(Incorporated in the Republic of South Africa)  
Registration number 2002/031730/06  
JSE share code: TCP ISIN: ZAE000167391

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### Directors

#### **Non-executive**

Christopher Seabrooke (*Chairperson*)\*  
Phumzile Langeni\*  
Cedric Ntumba\*  
Dumisani Tabata\*  
David Woollam\*  
Shaun Zagnoev

\* *Independent*

#### **Executive**

Mark Lamberti (*Chief Executive Officer*)  
Jonathan Jawno (*Deputy Chief Executive Officer*)  
David Hurwitz (*Chief Financial Officer*)  
Steven Kark  
Michael Mendelowitz  
Roberto Rossi

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## CIRCULAR TO TRANSACTION CAPITAL ORDINARY SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

#### 1.1 The Transaction Capital Share Appreciation Rights Plan

Following the Company's listing on the JSE, the Directors are considering implementing an equity-settled long-term incentive plan to attract, retain, motivate and reward key employees of the Group as identified by the RemCom on recommendation from the Company's Chief Executive Officer. This is aligned with global best practice, and emerging South African practice, and serves to harmonise the required attributes of shareholder alignment, retention of key talent and long-term sustained performance.

PricewaterhouseCoopers has been advising Transaction Capital on its reward strategy and, as part of this, has assisted in the design of the Transaction Capital Share Appreciation Rights Plan which is in accordance with Schedule 14 of the Listings Requirements. The Directors approved the Transaction Capital Share Appreciation Rights Plan at a meeting held on Friday, 3 May 2013. The salient features of the Transaction Capital Share Appreciation Rights Plan are set out in paragraph 2 below.

In terms of the Listings Requirements and the Companies Act, Ordinary Resolution Number 1, Special Resolution Number 1 and Special Resolution Number 2, which are set out in the Notice of General Meeting attached to and forming part of this Circular, are being proposed to Ordinary Shareholders, to authorise the Company to adopt the Transaction Capital Share Appreciation Rights Plan, to issue Shares or grant options to Directors and prescribed officers under the Share Appreciation Rights Plan and to provide financial assistance, as contemplated in sections 44 and 45 of the Companies Act, in relation to the Transaction Capital Share Appreciation Rights Plan.

#### 1.2 The Assisted Offer Scheme

The Assisted Offer Scheme was established in March 2010 and comprised a once-off opportunity afforded to senior executives and Directors of Transaction Capital to acquire Shares in the Company on the basis that the Company would provide a loan of R1 for every R2 invested. Disclosure regarding the Assisted Offer Scheme was contained in paragraph 2 of Section 4 of the Transaction Capital Pre-listing Statement dated 7 June 2012 and in the Directors Report forming part of the 2012 Integrated Annual Report.

Shares issued under the Assisted Offer Scheme are released on payment of the outstanding loan which must be within three years of the issue date. The final release is due to occur in April 2013.

A special resolution is being proposed to Shareholders to authorise the Company or any subsidiary of the Company designated for that purpose in terms of the Listings Requirements and the Companies Act, to repurchase a maximum of 1 069 227 Shares which were issued by the Company in terms of the Assisted Offer Scheme, which were not funded by the Transaction Capital General Share Scheme, in circumstances where a participant of the Transaction Capital General Share Scheme, who is not terminating his/her employment, wishes to sell Shares to settle his/her Share debt. The Assisted Offer Scheme does not specifically regulate such a repurchase although a similar situation is regulated in terms of the Transaction Capital General Share Scheme. Accordingly, it is proposed to adopt the methodology and price specified in the Transaction Capital General Share Scheme also for the purpose of the Assisted Offer Scheme as is further detailed in paragraph 3 below.

### 1.3 **The purpose of this Circular**

The purpose of this Circular is to furnish the Shareholders with all the relevant information relating to the Transaction Capital Share Appreciation Rights Plan and to obtain the authority for the Directors to propose specific repurchases, as required, of a maximum of 1 069 227 Shares issued to participants in terms of the Assisted Offer Scheme, in accordance with the Listings Requirements and the Companies Act, and to convene a General Meeting of Transaction Capital Shareholders in order for them to consider and, if deemed fit, pass the Ordinary Resolutions and Special Resolutions as set out in the Notice of General Meeting attached to and forming part of this Circular.

## 2. **SALIENT FEATURES OF THE TRANSACTION CAPITAL SHARE APPRECIATION RIGHTS PLAN**

Following the Company's listing on the JSE, the Directors are considering implementing an equity-settled long-term incentive plan that would align the interests of management closely with that of Shareholders. The purpose of the Transaction Capital Share Appreciation Plan will be to incentivise management to increase the shareholder value of the Company.

The Company is currently in the growth phase of its business cycle and accordingly, a share appreciation rights plan is proposed for implementation. In terms of the Transaction Capital Share Appreciation Rights Plan, SARs will be awarded to key employees of the Group who qualify for participation.

The salient features of the Transaction Capital Share Appreciation Rights Plan are detailed below.

### 2.1 **Nature of the Plan**

The Transaction Capital Share Appreciation Rights Plan is an option-type plan, with SARs awarded being equity-settled subsequent to the Exercise thereof.

Benefits delivered in terms of the Transaction Capital Share Appreciation Rights Plan will be at no cost to the Participants, as they will not be required to pay for the grant thereof or on Vesting or Exercise. Participants will however be required to pay securities transfer duty (or similar taxes) and income tax on the Shares received under the Transaction Capital Share Appreciation Rights Plan.

A SAR is a conditional right awarded to a Participant to receive such number of shares in terms of the Transaction Capital Share Appreciation Rights Plan, the value of which is equal to the difference between the Market Value of a Share on the date on which the SARs are exercised by a Participant and the Market Value of a Share on the date on which a SAR is granted to the Participant under the Transaction Capital Share Appreciation Rights Plan. In effect, the increase in the Company's share price from the date of grant until the date on which the conditional rights are exercised is used to determine the benefits due to the Participants. As a fall back provision only, the Company will be able to settle the amount in cash should a partial cash settlement be allowed.

In order for each SAR to Vest, Participants must remain employed within the Group for a period of time determined by the RemCom. This is referred to as the "Vesting Condition". In addition, Vesting of the SARs may, in the discretion of the RemCom, be subject to the achievement of performance conditions over a period of time determined by the RemCom. This is referred to as the "Performance Condition".

In summary, these instruments will be used as follows:

- selected employees within the Group will be offered SARs in terms of the Transaction Capital Share Appreciation Rights Plan and will be granted those SARs if they timeously accept such offer;
- grant levels will be set by reference to market benchmarks;
- Vesting of the SARs will be subject to the Vesting Condition of continued employment and may be subject to the satisfaction of Performance Conditions which are aligned with the Company's business strategy over a Performance Period; and
- the Vesting and Performance Periods will usually be three years, with Participants capable of exercising their SARs from the date on which it is determined that the SARs Vest until the expiry of the SARs Period.

Option-type instruments, like the SARs, provide more leverage than full share awards and can translate into significant gains in the event of high share price increases. Therefore, allocations of SARs encourage strong share price growth and reward key employees.

## 2.2 Participants

Initially, participation will be extended to the key employees (including executives) of the Company and of its various subsidiaries.

The rules of the Transaction Capital Share Appreciation Rights Plan will however provide the Company with flexibility as to which employees will be entitled to participate in the Transaction Capital Share Appreciation Rights Plan and when.

## 2.3 Basis for grants and grant levels

In line with the requirements of the King III Report and local and international best practice, regular, annual and *ad hoc* grants of SARs will be made on a basis that is consistent in fair value to ensure long-term shareholder value creation.

Grant levels will be determined by taking cognisance of the particular employee's total fixed cost of employment, expected short-term incentives, grade, performance, term of employment within the Group, retention requirements and market benchmarks.

The grant levels will be decided by the RemCom of the Company at the time of each further grant, by taking into account the particular circumstances at that time. Annual allocations and *ad hoc* allocations will be benchmarked and set to a market related level of remuneration whilst considering the overall affordability thereof to the Company.

## 2.4 Performance conditions

The Vesting of all Grants in terms of the Transaction Capital Share Appreciation Rights Plan may be subject to the achievement of specified Performance Conditions.

The proposed Performance Condition for the first grant of SARs is growth in headline earnings per Share of the Consumer Price Index plus 5% per annum, over a three year Performance Period.

In order to encourage the building of value in the Company, cliff Vesting of SARs, as opposed to Vesting on a sliding scale, is proposed. This means that an all or nothing approach will be followed. At the end of the Performance Period, compliance with the Performance Condition will be tested. If the Performance Condition has been met, and to the extent that the Vesting Condition is fulfilled, all SARs will Vest. However, if not met, all SARs will lapse. In line with corporate governance principles, no provision is made for the retesting of Performance Conditions if they are not met at the end of the Performance Period.

The RemCom will approve appropriate Performance Conditions for each annual Grant of SARs, taking into account the business environment at the time of making the Grants and, where considered necessary, in consultation with Shareholders.

## 2.5 **Vesting and Exercise of SARs**

The Vesting date for SARs will be the later of:

- the expiry of the Vesting Period; and
- the date on which it is determined that the Performance Conditions have been satisfied.

On the Vesting date, Participants will be free to Exercise their SARs until the expiry of the SARs Period.

## 2.6 **Settlement**

Settlement of the SARs will take place subsequent to the Exercise Date. The Company will have 30 days after the Exercise Date to transfer the shares to a Participants' CSDP account.

The exact nature of the settlement method to be applied will be determined by the RemCom prior to settlement. The rules of the Transaction Capital Share Appreciation Rights Plan will be flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of Shares; or
- use of treasury shares; or
- issue of Shares.

As a fall-back provision only, the Company will be allowed to settle the SARs in cash.

## 2.7 **Dilution limits**

The aggregate number of Shares which may at any one time be allocated under the Transaction Capital Share Appreciation Rights Plan cannot exceed 58 356 952 Shares (representing 10% of the number of issued Shares as at the date of approval of the Transaction Capital Share Appreciation Rights Plan by Shareholders).

Shares issued by the Company or shares held in treasury which are used to settle the Transaction Capital Share Appreciation Rights Plan will be included in the limit. Shares allocated in terms of the Transaction Capital Share Appreciation Rights Plan which are not subsequently settled to a Participant as a result of the lapse of the Grants, will be excluded in calculating this overall limit. Similarly, any Shares purchased in the market in settlement of the Transaction Capital Share Appreciation Rights Plan will be excluded.

The maximum number of Shares which may be allocated to an individual in respect of all unvested Grants in terms of the Transaction Capital Share Appreciation Rights Plan may not exceed 5 835 695 Shares (representing 1% of the number of issued Shares as at the date of approval of the Transaction Capital Share Appreciation Rights Plan by Shareholders).

## 2.8 **Consideration**

A Participant will give no consideration for the Grant, Vesting, exercise or settlement of a Grant of SARs.

## 2.9 **Termination of employment**

Participants terminating employment due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct will be classified as "bad leavers" and will forfeit all unvested Grants. Vested SARs which remain unexercised on date of termination of employment will also be forfeited.

Participants terminating employment due to death, retirement, retrenchment, ill-health, disability, injury, sale of a subsidiary company or exceptional circumstances will be classified as "good leavers". A portion of their SAR Grants will vest on the date of termination of employment.

The portion to Vest will reflect the number of months served since the Grant date to the date of termination of employment over the total number of months in the Vesting Period and the extent to which the Performance Condition has been met. The remainder of the SARs will lapse.

Good leaver Participants will be allowed to exercise Vested but unexercised SARs for a period of six months following termination of employment.

## 2.10 Change of control

In the event of a change of control of the Company occurring before the Vesting Date of any SAR Grant, a portion thereof will Vest. This portion will reflect the number of months served since the Grant date to the change of control date over the total number of months in the Vesting Period and the extent to which the Performance Condition has been met.

The portion of a Grant which does not Vest as a result of the change of control will continue to be subject to the terms of the grant letter, unless the RemCom determines otherwise.

Grants will not Vest as a consequence of an internal restructuring or similar event which is not a change of control as defined in the rules. In this case the RemCom may make such adjustment to the number of SARs or convert Grants into Grants in respect of Shares in one or more other companies provided the Participants are no worse off.

## 2.11 Variation in share capital

In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, the Company making distributions to shareholders, including reductions in capital or distributions *in specie*, other than dividends paid in the ordinary course of business out of the current year's retained earnings, or liquidation etc, Participants will continue to participate in the Transaction Capital Share Appreciation Rights Plan. The RemCom may make such adjustment to the Grant or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event.

For example, if a distribution not in the ordinary course of business is made, such as a capital distribution, the variation in share capital provisions will apply, and the RemCom may make such adjustment to the Grant or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event. The issue of Shares as consideration for an acquisition, and the issue of Shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to Grants.

Where the RemCom regards an adjustment as necessary, the auditors of the Company, acting as experts and not as arbitrators and whose decision will be final and binding on all persons affected thereby, will confirm to the Company and, to the extent required, the JSE, that these are calculated on a non-prejudicial basis. Any adjustments made will be reported in the Company's annual financial statements in the year during which the adjustment is made.

## 2.12 Amendments

The RemCom may alter or vary the rules of the Transaction Capital Share Appreciation Rights Plan as it sees fit. However in the following instances the Transaction Capital Share Appreciation Rights Plan may not be amended without the prior approval of Shareholders and the JSE:

- the category of persons who are eligible for participation in the Transaction Capital Share Appreciation Rights Plan;
- the number of Shares which may be utilised for the purpose of the Transaction Capital Share Appreciation Rights Plan;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or Vesting of an award;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the Company;
- the adjustment of awards in the event of a variation of capital of the Company or a change of control of the Company; and
- the procedure to be adopted in respect of the Vesting of awards in the event of termination of employment.

## 2.13 Tax

All Participants in the Transaction Capital Share Appreciation Rights Plan are recommended to take their own tax advice.

### 3. THE PROPOSED SPECIFIC REPURCHASE OF A MAXIMUM OF 1 069 227 SHARES

A special resolution is being proposed to Shareholders at the General Meeting to authorise the Company or any subsidiary of the Company designated for that purpose, in terms of the Listings Requirements and the Companies Act, to repurchase a maximum of 1 069 227 Shares which were issued by the Company in terms of the Assisted Offer Scheme to parties who classify as related parties in terms of paragraph 10.1(b) of the Listings Requirements and which were not funded by the Transaction Capital General Share Scheme, in circumstances where a participant of the Transaction Capital General Share Scheme, who is not terminating his/her employment, wishes to sell Shares to settle his/her share debt.

The Assisted Offer Scheme does not specifically regulate such a repurchase although a similar situation is regulated in terms of the Transaction Capital General Share Scheme. Accordingly, it is proposed to adopt the methodology and price specified in clause 25.3.1.2.1 of the Transaction Capital General Share Scheme for the purpose of the Assisted Offer Scheme. Clause 25.3.1.2.1 of the Transaction Capital General Share Scheme is set out below:

*25.3.1.2. the purchase consideration for the sale shares shall, if the shares are:*

*25.3.1.2.1 listed on the JSE, be the volume weighted average traded price per share (as reflected on the official price list published by the JSE) for the seven trading day period immediately preceding the sale date, provided that the Company's shares have been listed for less than a seven trading day period, such lesser period".*

The authority to repurchase Shares shall, where the seller is a related party as defined in the Listings Requirements, be subject to a maximum repurchase price equal to the weighted average of the market value of the Shares as determined over the 30 business days immediately preceding the date on which the transaction is effected.

In terms of this Circular, the authority for the proposed specific repurchase of a maximum of 1 069 277 Shares is being sought from Shareholders. The proposed specific repurchase is expected to be undertaken during July 2013 and September 2013 from certain senior management and Directors of Transaction Capital who currently collectively hold 20 566 773 Shares. No repurchases will be undertaken during a prohibited period as defined in the Listings Requirements.

The proceeds of the repurchases will be utilised to settle the outstanding loan amounts due by the employees. It is anticipated that the outstanding loan amounts will be extinguished by the proceeds of the repurchases. Should the proceeds of the repurchases be insufficient to extinguish the outstanding loan amounts, the employees will pay in the shortfall. No Company funds will be utilised for the proposed specific repurchase.

It is expected that the financial effects of the specific share repurchase on the Company's earnings per share, headline earnings per share, net asset value per share, net tangible asset value per share will be insignificant. Should the Company undertake the proposed specific repurchase as contemplated in Special Resolution Number 3, whether in full or partially, the Company will publish an announcement containing full details as required in terms of the Listings Requirements, including but not limited to, the effect on Transaction Capital's earnings per share, headline earnings per share, net asset value per share, net tangible asset per share, and the number of treasury shares held after the repurchase, if any.

Prior to the Company repurchasing Shares, the Company's sponsor will report to the JSE in writing that it has discharged all of its responsibilities in terms of Schedule 25 of the Listings Requirements.

### 4. AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of Transaction Capital before the proposed specific repurchase is set out in the table below:

<b>Authorised</b>	<b>R'000</b>
1 000 000 000 Ordinary Shares of no par value	1 000 000
10 000 000 cumulative, non-participating, non-convertible Preference Shares of no par value	10 000
<b>Issued</b>	
583 569 521 Ordinary Shares of no par value	1 786 427

The authorised and issued share capital of Transaction Capital after the proposed specific repurchase of a maximum of 1 069 227 Shares is set out in the table below:

<b>Authorised</b>	<b>R'000</b>
1 000 000 000 Ordinary Shares of no par value	1 000 000
10 000 000 cumulative, non-participating, non-convertible Preference Shares of no par value	10 000
<b>Issued</b>	
582 500 294 Ordinary Shares of no par value	1 778 728*

\* assuming that the proposed specific repurchase of a maximum of 1 069 277 Shares are repurchased at an estimated share price of R7.20

No Shares are held as treasury shares by any subsidiary of the Company.

## 5. MAJOR SHAREHOLDERS IN THE GROUP

As at the Last Practicable Date, the following Shareholders, to the best of the Directors' knowledge and belief, have, directly or indirectly, a beneficial interest in 5% or more of the share capital of the Company:

<b>Shareholder</b>	<b>Number of Shares held ('000)</b>	<b>% of issued Share capital</b>
Old Mutual Investment Group South Africa Proprietary Limited	61	10
Ethos Private Equity	52	9

For details of the five directors whose holdings and associated holdings exceed 5%, see paragraph 7 below.

## 6. DIRECTORS AND EXECUTIVE COMMITTEE

The full names, qualifications, ages, business addresses, occupations, capacities and nationalities of the Directors of the Company, its executive committee and the Company Secretary are outlined below:

<b>Full name and qualifications</b>	<b>Age</b>	<b>Capacity and occupation</b>
Mark Herkovits <i>BBus Sci Finance, Postgraduate Diploma Accounting, CA(SA), CFA</i>	37	Head of Capital Markets
David Mark Hurwitz BCom, CA(SA), H Dip Tax	41	Chief Financial Officer Member of the Executive Committee Member of the Risk and Compliance Committee Member of the Asset and Liability Committee
Jonathan Michael Jawno BCom, CA(SA)	47	Deputy Chief Executive Officer Member of the Executive Committee Chairman of the Asset and Liability Committee Member of the Risk and Compliance Committee Member of the Nominations and Remuneration Committee
Steven Kark BCom, PDDBA	39	Executive Director Chief Executive Officer of Paycorp Member of the Executive Committee
Peter Katzenellenbogen <i>BCom CTA, CA(SA)</i>	66	Company Secretary
Terry Kier <i>BA (Hons), PDM</i>	46	Chief Executive Officer of SA Taxi Finance Holdings Proprietary Limited, subsidiary of Transaction Capital

<b>Full name and qualifications</b>	<b>Age</b>	<b>Capacity and occupation</b>
Mark James Lamberti <i>BCom, MBA, PPL</i>	62	Chief Executive Officer Chairman of the Executive Committee Member of the Asset and Liability Committee Member of the Risk and Compliance Committee Member of the Social and Ethics Committee
Phumzile Langeni <i>BCom</i>	38	Independent non-executive Director Member of the Audit Committee Member of the Nominations and Remuneration Committee Member of the Social and Ethics Committee
Michael Paul Mendelowitz <i>BCom, CA (SA)</i>	47	Chief Investment Officer Member of the Executive Committee
Cedric Ntumba <i>BCom (Hons) CA(SA)</i>	30	Independent non-executive Director Member of the Audit Committee
Roberto Rossi <i>BSc (Mech Eng) GDE (Ind Eng) BProc</i>	51	Executive Director Member of the Risk and Compliance Committee
Christopher Stefan Seabrooke <i>BCom, BAcc, MBA, FCMA</i>	59	Independent non-executive Chairman Member of the Nominations and Remuneration Committee Member of the Asset and Liability Committee Member of the Risk and Compliance Committee
Stuart Stone <i>BCom (Hons), Post-graduate Diploma Accounting CA(SA)</i>	43	Chief Executive Officer of Bayport Financial Services Proprietary Limited, subsidiary of Transaction Capital
Dumisani Dumekhaya Tabata <i>BProc, BLegum</i>	57	Independent non-executive Director Chairman of the Nominations and Remuneration Committee
Charl van der Walt <i>BAcc (Hons) CA(SA)</i>	47	Chief executive officer of MBD CS, subsidiary of Transaction Capital
David Farring Woollam <i>BCom, CA(SA)</i>	48	Independent non-executive Director Chairman of the Audit Committee Chairman of the Risk and Compliance Committee Member of the Asset and Liability Committee
Shaun Zagnoev <i>MSc (Elec Eng), MBA</i>	46	Non-executive Director representing Ethos Member of the Audit Committee Member of the Nominations and Remuneration Committee

*The Directors, members of the Executive Committee and Company Secretary as reflected above are citizens of South Africa and their business address is Sandhavon Office Park, 14 Pongola Crescent, Eastgate Extension 17, Sandton 2199, South Africa.*

## 7. DIRECTORS' INTERESTS IN SECURITIES

As at the Last Practicable Date, the following Directors (and their associates), including Directors who have resigned during the last 18 months, held, in aggregate, directly and indirectly, Transaction Capital's issued Shares, in the manner set out below:

	Number of Shares '000	% Shareholding
<b>Executive Directors</b>		
<b>Non-beneficial holdings (Indirect)<sup>#</sup></b>		
D Hurwitz	6 605	1
T Jacobs*	–	–
J Jawno	82 207	14
S Kark	29 182	5
M Lamberti	40 000	7
M Mendelowitz	82 207	14
R Rossi	82 207	14
<b>Non-executive Directors</b>		
<b>Non-beneficial holdings (Indirect)<sup>#</sup></b>		
D Konar*	–	–
P Langeni	88	<1
B Madumise*	–	–
C Ntumba	–	–
C Seabrooke	1 200	<1
R Shuter*	–	–
D Tabata	–	–
S Zagnoev	52 443	9
<b>Beneficial holdings (Direct)</b>		
D Woolam	1 000	<1
	377 139	
Issued Shares	583 569	
Percentage of issued Shares	64.6%	

\* T Jacobs, D Konar, B Madumise and R Shuter resigned during the last 18 months.

<sup>#</sup> Indirect non-beneficial holdings comprise Shares held in discretionary trusts or other entities not directly owned by the Directors.

Save for the disposal of 15 000 Shares by P Langeni since the last financial year-end, there have been no changes to the Directors' Interests as disclosed above between the date of the last financial year-end and the Last Practicable Date.

## 8. LITIGATION

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which Transaction Capital is aware, which may or may have had, in the 12 months prior to the Last Practicable Date, a material effect on the financial position of the Transaction Capital Group.

## 9. WORKING CAPITAL STATEMENT

The Board undertakes that it will not implement any repurchase of Shares as contemplated in terms of Special Resolution Number 3, unless:

- sections 4 and 48 of the Companies Act have been complied with;
- a resolution is passed by the Board that it has authorised the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity tests and that since the test was performed, there have been no material changes to the financial position of any company of the Group;
- the Company and the Group will be able in the ordinary course of business to pay their debts for a period of 12 months after the date of approval of the Circular;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the approval of the Circular. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting

policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;

- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular.

#### 10. **MATERIAL CHANGE**

There has been no material change in the financial or trading position of Transaction Capital and its subsidiaries that has occurred since the end of the last financial period, being 30 September 2012, for which audited annual financial statements have been published, until the Last Practicable Date.

#### 11. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names appear in the "Corporate Information and Advisors" section of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and this Circular contains all information required by law and the Listings Requirements.

#### 12. **JSE APPROVAL**

The Transaction Capital Share Appreciation Rights Plan has been approved by the JSE.

#### 13. **OPINION AND RECOMMENDATIONS**

The Directors believe that the adoption of the Transaction Capital Share Appreciation Rights Plan will be beneficial to the Company, its Shareholders and the Participants thereof.

The Directors intend to vote in favour of the Ordinary Resolutions and Special Resolutions to be proposed at the General Meeting in respect of the Shares under their control and recommend that Shareholders do likewise.

#### 14. **GENERAL MEETING AND VOTING RIGHTS**

##### 14.1 **General Meeting**

The General Meeting of Transaction Capital Ordinary Shareholders will be held at 10:00 on Wednesday, 10 July 2013 at the Company's Registered Office or any adjourned or postponed date and time.

A Notice convening the General Meeting to approve the Ordinary Resolutions and Special Resolutions, and a form of proxy (*green*), for use by registered Certificated Shareholders and Dematerialised Shareholders with Own-name Registration who are unable to attend the General Meeting, form part of this Circular.

Shareholders are referred to the "Action Required by Transaction Capital Ordinary Shareholders" section of this Circular, which contains information as to the actions they need to take in regard to the General Meeting.

##### 14.2 **Voting**

In terms of the Listings Requirements:

14.2.1 the votes relating to any Shares held in terms of the Transaction Capital General Share Scheme will not be taken into account in determining the results of voting on Ordinary Resolution Number 1 tabled at the General Meeting;

14.2.2 the votes of any Shareholder and its associates that may participate in the proposed specific repurchase will not be taken into account in determining the results of voting on Special Resolution Number 3; and

14.2.3 the approval of a 75% majority of votes cast in favour of Ordinary Resolution Number 1 by all equity security holders present or represented by proxy at the General Meeting, is required.

#### 15. ESTIMATED EXPENSES

The total preliminary expenses relating to this Circular, which will be funded by cash on hand held by the Company, are estimated to be R444 000 (exclusive of value-added tax), as detailed below:

<b>Expense</b>	<b>Paid/Payable to</b>	<b>R'000</b>
Printing, postage and related costs	Ince	60
Legal fees	Edward Nathan Sonnenbergs	60
Share Scheme Advisors' fees	PricewaterhouseCoopers	150
Sponsor fees	Deutsche Securities (SA) Proprietary Limited	150
Document inspection fees	JSE	24
<b>Total</b>		<b>444</b>

#### 16. CONSENTS

Each of the advisors, whose logos appear on the front cover of this Circular, consent in writing to act in the capacity stated and to their names being stated in this Circular and have not withdrawn such consent prior to the publication of this Circular.

#### 17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's Registered Office during normal office hours from the date of this Circular until close of business on Wednesday, 10 July 2013:

- 17.1 the Memorandum of Incorporation of the Company and its subsidiaries;
- 17.2 the Transaction Capital Share Appreciation Rights Plan;
- 17.3 the written consents of the advisors as set out in paragraph 16 above; and
- 17.4 a signed copy of this Circular.

Signed in Johannesburg on Friday, 24 May 2013 on behalf of the Directors in terms of a Director's resolution by:

**Mark Lamberti**  
*Chief Executive Officer*



Transaction Capital

## Transaction Capital Limited

(Incorporated in the Republic of South Africa)

Registration number 2002/031730/06

JSE share code: TCP ISIN: ZAE000167391

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### Directors

#### Non-executive

Christopher Seabrooke (*Chairperson*)\*  
Phumzile Langeni\*  
Cedric Ntumba\*  
Dumisani Tabata\*  
David Woollam\*  
Shaun Zagnoev

\* *Independent*

#### Executive

Mark Lamberti (*Chief Executive Officer*)  
Jonathan Jawno (*Deputy Chief Executive Officer*)  
David Hurwitz (*Chief Financial Officer*)  
Steven Kark  
Michael Mendelowitz  
Roberto Rossi

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## NOTICE OF GENERAL MEETING OF TRANSACTION CAPITAL ORDINARY SHAREHOLDERS

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*The definitions and interpretations contained in the Circular to which this Notice of General Meeting is attached apply also to this Notice of General Meeting.*

Notice is hereby given to Shareholders of Transaction Capital of a General Meeting of the Company to be held at its Registered Office at 10:00 on Wednesday, 10 July 2013 or any adjourned or postponed date and time to consider and, if deemed fit, adopt the following Ordinary Resolutions and Special Resolutions with or without modification:

### ORDINARY RESOLUTION NUMBER 1

#### Adoption of the Transaction Capital Share Appreciation Rights Plan

“**Resolved**, as an ordinary resolution, that in terms of Schedule 14 of the Listings Requirements and in accordance with the Companies Act insofar as may be applicable, the Company adopts the Transaction Capital Share Appreciation Rights Plan, substantially in the form tabled at this meeting and initialled by the chairman of the General Meeting for purposes of identification.”

#### Explanation and effect of Ordinary Resolution Number 1

The primary intent of the Transaction Capital Share Appreciation Rights Plan is to provide an effective long-term incentive structure to attract, motivate and retain key employees in a manner compliant with corporate governance standards, such as the King III Report.

If approved, the operation of the Transaction Capital Share Appreciation Rights Plan is intended to improve upon the alignment between the interests of the relevant employees who will participate and the Shareholders.

In terms of the Listings Requirements, the Transaction Capital Share Appreciation Rights Plan must be approved by equity securities holders passing an ordinary resolution requiring a 75% majority of the votes cast in favour of such resolution by all equity securities holders present or represented by proxy at the General Meeting to approve such resolution.

The votes relating to any Shares held in terms of the Transaction Capital General Share Scheme will not be taken into account in determining the results of voting on Ordinary Resolution Number 1.

The Transaction Capital Share Appreciation Rights Plan will be available for inspection from Friday, 24 May 2013 until Wednesday, 10 July 2013 at the Company's Registered Office during normal business hours.

## **SPECIAL RESOLUTION NUMBER 1**

### **S41(1) Issue of Shares or granting of options to Directors and Prescribed Officers**

**“Resolved that**, subject to the passing of Ordinary Resolution Number 1 and Special Resolution Number 2, Shares or securities convertible into Shares and/or options and/or any other rights exercisable for securities are hereby authorised to be issued in terms of the Transaction Capital Share Appreciation Rights Plan to Directors, future Directors, prescribed officers or future prescribed officers of the Company and to persons related or interrelated to the Company, or to a Director or prescribed officer of the Company, and/or to nominees of such persons insofar as same is permitted under the Transaction Capital Share Appreciation Rights Plan, on the terms and conditions as set out in the Transaction Capital Share Appreciation Rights Plan.”

**Explanation and effect of Special Resolution Number 1** The reason for Special Resolution Number 1 is to obtain approval from Shareholders to enable the Company to issue Shares and grant options to Directors, future Directors, prescribed officers and future prescribed officers and persons related or interrelated to the Company or to Directors or Prescribed Officers of the Company or nominees thereof. The effect of Special Resolution Number 1 is that the Company will, if this resolution is adopted, have the necessary authority to issue such Shares and grant such options to the category of potential recipients in accordance with the Transaction Capital Share Appreciation Rights Plan.

## **SPECIAL RESOLUTION NUMBER 2**

### **S44 and S45 Financial assistance in relation to the Transaction Capital Share Appreciation Rights Plan**

**“Resolved that** the Board of the Company may, subject to compliance with the requirements of the Company’s MOI and the requirements of the Companies Act, authorise the Company to provide, direct or indirect, financial assistance by way of loans, guarantees, the provision of security or otherwise, to any of its present or future beneficiary of the Transaction Capital Share Appreciation Rights Plan and related and interrelated companies (as contemplated in the Companies Act), for the purpose or in connection with the subscription of any option, or any securities issued or to be issued by the Company, or for the purchase of any securities of the Company or a related or interrelated company as contemplated in terms of sections 44 and 45 of the Companies Act, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, and provided that such authority to endure for a period of 2 (two) years following the date on which this resolution is adopted or earlier renewal.”

### **Explanation and effect of Special Resolution Number 2**

The reason for Special Resolution Number 2 is to obtain approval from the Shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. The effect of Special Resolution Number 2 is that the Company will have the necessary authority to provide financial assistance to the category of potential recipients as and when required but provided that the Board will not approve a resolution to authorise such financial assistance unless the directors are satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- the terms under which the financial assistance is proposed to be given in terms of sections 44 and 45 are fair and reasonable to the Company.

If approved, this general authority will expire at the end of 2 (two) years from the date on which this resolution is passed.

## **SPECIAL RESOLUTION NUMBER 3**

### **Specific authority to repurchase Shares**

**“Resolved that** in so far as may be necessary in terms of the Listings Requirements (including without limitation paragraph 5.69 thereof) and in terms of the Companies Act (including without limitation s48(8) (a) thereof) the Directors are hereby authorised as a specific authority, to instruct that the Company or any subsidiary of the Company designated for that purpose acquire or repurchase up to 1 069 227 (one million sixty nine thousand two hundred and twenty seven) Shares issued by the Company in terms of the Transaction Capital Assisted Offers, which were not funded by the Transaction Capital General Share Scheme, (which offers are incorporated in certain offer letters to participants of the Transaction Capital General Share Scheme, at a price per share determined in the manner set out in clause 25.3.1.2.1 of the Transaction Capital General Share Scheme, subject to the restrictions placed by the Companies Act and the Listings Requirements.”

In terms of paragraph 5.69(b) of the Listings Requirements, this resolution must be approved by a special resolution excluding the votes of any Shareholder and its associates that may participate in the proposed specific repurchase.

### **Explanation and effect of Special Resolution Number 3**

The reason for Special Resolution Number 3 is to authorise the Company in terms of the Listings Requirements and the Companies Act to repurchase Shares which are issued by the Company in terms of certain Assisted Offers in circumstances where a participant of the Transaction Capital General Share Scheme, who is not terminating his/her employment, wishes to sell Shares to settle his/her Share debt. The Assisted Offers do not specifically regulate such a repurchase although a similar situation is regulated in terms of the Transaction Capital General Share Scheme. Accordingly, it is proposed to adopt the methodology and price specified in clause 25.3.1.2.1 of the Transaction Capital General Share Scheme also for the purpose of the Assisted Offers. Clause 25.3.1.2.1 is repeated below for convenience. It is recorded that the authority granted to repurchase Shares pursuant to this Special Resolution Number 3 shall, where the seller is a related party as defined in the Listings Requirements, be subject to a maximum repurchase price equal to the weighted average of the market value of the Shares as determined over the 30 (thirty) business days immediately preceding the date on which the transaction is effected ("30-day VWAP").

*Clause 25.3.1.2.1: “*

*25.3.1.2.3 the purchase consideration for the sale shares shall, if the shares are:*

*25.3.1.2.1. listed on the JSE, be the volume weighted average traded price per share (as reflected on the official price list published by the JSE) for the seven trading day period immediately preceding the sale date, provided that the company's shares have been listed for less than a seven trading day period, such lesser period;”*

**Note:** this authority if granted is subject to:

- compliance with the remaining provisions (other than Shareholder approval) of the Companies Act and Listings Requirements at the date of the repurchase, including specifically and without limitation:
  - section 46 of the Companies Act;
  - Transaction Capital and the Group being able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of this resolution and from the date of the repurchase;
  - the assets of Transaction Capital and the Group being in excess of its liabilities for a period of 12 months after the date of approval of this resolution and at the date of the repurchase, where for this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Group;
  - the share capital and reserves of Transaction Capital and the Group being adequate for ordinary business purposes for a period of at least 12 months after the date of approval of this resolution and from the date of the repurchase;
  - the working capital of Transaction Capital and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this resolution and from the date of the repurchase;
  - the Board passing a resolution that it has authorised the repurchase; that the Company and its subsidiaries have passed the solvency and liquidity test; and that there have been no material changes to the financial position of any company of the group;
  - where the repurchase is from a related party as defined in the Listings Requirements the repurchase shall be subject to a maximum price equal to the 30-day VWAP prior to the date that the price of the repurchase is agreed between the issuer and the party selling the Shares;
  - the repurchase will not be undertaken during a prohibited period as defined in the Listings Requirements; and
  - Schedules 25 and 22 of the Listings Requirements.

### **ORDINARY RESOLUTION NUMBER 2**

#### **Authority to Act**

**“Resolved,** as an ordinary resolution, that in connection with the Ordinary Resolutions and Special Resolutions proposed at this General Meeting, any Director of the Company or the Company Secretary, all with the power of substitution, be and is hereby authorised to carry out and to do all such things and matters

as may be or are necessary in connection with the subject matter of the resolutions proposed at this General Meeting including without limitation being authorised to make, amend and sign all and any such necessary documents, letters, applications, announcements and affidavits as may be required for purposes of and in connection with resolutions above and including such Companies and Intellectual Property Commission Forms that are required in connection therewith.”

### **Explanation and effect of Ordinary Resolution Number 2**

The explanation for Ordinary Resolution Number 2 is to grant an authority to any Director of the Company or the Company Secretary to carry out and do all such things as may be necessary in connection with the subject matter of any of the Ordinary Resolutions and Special Resolutions proposed at this General Meeting and the effect of Ordinary Resolution Number 2, if adopted, will be to grant that authority.

### **RECORD DATES**

The record date on which Shareholders must be recorded as such in the register of Shareholders for the purposes of receiving notice of this General Meeting is Friday, 17 May 2013.

The record date on which Shareholders must be recorded as such in the register of Shareholders of the Company for the purposes of being entitled to attend, participate and vote at the General Meeting is Friday, 5 July 2013.

The last day to trade in order to be entitled to attend, participate and vote at the General Meeting is Friday, 28 June 2013.

### **ATTENDANCE, VOTING AND PROXIES**

1. In terms of the Company's MOI, on a show of hands each Shareholder, or proxy as the case may be, entitled to vote shall have one vote, irrespective of the number of securities held by that person or proxy, as the case may be. On a poll every person entitled to vote shall have the number of votes determined in accordance with the voting rights associated with the securities in question which, for clarity, shall be one vote for every ordinary share held.
2. Shareholders who have not dematerialised their Shares or who have dematerialised their Shares with Own-Name Registration are entitled, at any time, to appoint any individual, including an individual who is not a Shareholder of the Company, as a proxy to participate in, and speak at and vote at, the General Meeting on behalf of the Shareholder. A form of proxy is attached to this Notice of General Meeting.
3. Forms of proxy must be forwarded to reach the Registered Office of the Company at Ground Floor, Transaction Capital House, Sandhavan Office Park, 14 Pongola Crescent, Eastgate Extension 17, Sandton or the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, or posted to the Transfer Secretaries at PO Box 61051, Marshalltown, 2107, South Africa, so as to be received by them by no later than 10:00 on Tuesday, 9 July 2013 and may be handed to the chairman of the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting.
4. Forms of proxy must only be completed by Shareholders who have Dematerialised their Shares with Own-name Registration or who have not Dematerialised their Shares.
5. Shareholders who have Dematerialised their Shares, other than those Shareholders who have Dematerialised their Shares with Own-Name Registration, who are unable to attend the General Meeting but wish to be represented thereat, must contact their CSDP or broker (as the case may be) in the manner and time stipulated in the agreement entered into by such Shareholder and the CSDP or broker (as the case may be) to furnish the CSDP or broker (as the case may be) with their voting instructions and in the event that such Shareholders wish to attend the General Meeting, to obtain the necessary letter of representation from their CSDP or broker (as the case may be).
6. The MOI of the Company, in accordance with subsection 62(3)(e)(i) of the Companies Act, restricts the number of proxies that may be appointed to one per Shareholder and in accordance with the provisions of subsection 58(3)(b) restricts the ability for a proxy to delegate his/her authority to another person.
7. Before any person may attend or participate in the General Meeting, the person must present reasonably satisfactory identification in terms of section 63(1)(d) of the Companies Act. The Company will regard presentation of any original of a meeting participant's valid driver's licence, identity document or passport to be satisfactory identification.

## **ELECTRONIC PARTICIPATION**

Shareholders will be given the right, as authorised in the Company's MOI, to participate by way of electronic communication at the General Meeting. Shareholders or their duly appointed proxies who wish to participate by way of electronic communication must apply to the Transfer Secretaries using the application form enclosed by no later than 10:00 on Tuesday, 9 July 2013.

By order of the Board

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**P J Katzenellenbogen**

*Company Secretary*

### **Transaction Capital Limited**

Friday, 24 May 2013

#### **Registered Office**

Transaction Capital House  
Sandhavon Office Park  
14 Pongola Crescent  
Eastgate Extension 17  
Sandton, 2196  
South Africa

#### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)  
South Africa



# Transaction Capital

## Transaction Capital Limited

(Incorporated in the Republic of South Africa)  
Registration number 2002/031730/06  
JSE share code: TCP ISIN: ZAE000167391

### FORM OF PROXY FOR COMPLETION BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS

**The definitions contained in the Circular apply throughout the Circular including this form of proxy.**

For use only:

- by holders of Certificated Shares of the Company; and
- holders of Dematerialised Shares in the Company held through a CSDP or broker and who have selected Own-Name Registration;

at the General Meeting of the Company to be held at 10:00 on Wednesday, 10 July 2013 at the Company's Registered Office, or at any adjournment thereof.

If you are a Transaction Capital Shareholder entitled to attend and vote at the General Meeting you can appoint a proxy to attend, vote and speak in your stead. A proxy need not be a Shareholder of the Company.

If you are an Transaction Capital Shareholder and have dematerialised your share certificates through a CSDP (and have not selected Own-Name Registration in the sub-register maintained by a CSDP), do not complete this form of proxy (*green*) but instruct your CSDP to issue you with the necessary letter of representation to attend the General Meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We (full names in BLOCK LETTERS)

of (address)

being the holder(s) of  **Shares in the Company**, hereby appoint (see note 2):

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

the chairman of the Company or failing him the chairman of the General Meeting as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the Ordinary Resolutions and Special Resolutions to be proposed thereat and at any adjournment thereof.

	In favour	Against	Abstain
<b>Ordinary Resolution Number 1</b> To approve the adoption of the Transaction Share Appreciation Rights Plan			
<b>Special Resolution Number 1</b> Approval of issuing Shares and options to Directors and Prescribed Officers			
<b>Special Resolution Number 2</b> Financial assistance in relation to the Transaction Capital Share Appreciation Rights Plan			
<b>Special Resolution Number 3</b> Specific authority to repurchase Shares			
<b>Ordinary Resolution Number 2</b> General authority to act			

**Note:** Please indicate with an "X" in the spaces above how you wish your votes to be cast in terms of note 17.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature

Assisted by (if applicable)

**Please read notes on the reverse side hereof**

**Notes to form of proxy (including a summary of rights, stated in bold, in terms of section 58)**

1. Each Shareholder may attend the General Meeting in person.
2. **At any time, a Shareholder may appoint any individual as a proxy to participate in, and speak at and vote at, the General Meeting on behalf of the Shareholder.**
3. An individual appointed as a proxy need not also be a Shareholder of the Company.
4. The proxy appointment must be in writing, dated and signed by the Shareholder.
5. **A Shareholder may not appoint more than one proxy for the purposes of representing that Shareholder at the General Meeting of the Company.** Forms of proxy must be forwarded to reach the Registered Office of the Company at Ground Floor, Transaction Capital House, 14 Pongola Crescent, Eastgate Extension 17, Sandton or the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 or posted to the Transfer Secretaries at PO Box 61051, Marshalltown, 2107, South Africa, so as to be received by them by no later than 10:00 on Tuesday, 9 July 2013 **and, if not, it may be handed to the chairman of the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting.**
6. The appointment of a proxy in accordance with the form of proxy to which these notes are attached will lapse and cease to be of force and effect immediately after the General Meeting of the Company to be held at the Registered Office at 10:00 on Wednesday, 10 July 2013 or at any adjournment(s) thereof, unless it is revoked earlier in accordance with paragraphs 7 and 8 below.
7. **A Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy/ies to the Company at the Registered Office, for attention of the Company Secretary, to be received before the replacement proxy exercises any rights of the Shareholder at the General Meeting of the Company or any adjournment(s) thereof.**
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy/ies' authority to act on behalf of the Shareholder as of the later of: (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in paragraph 7(ii).
9. **If the instrument appointing a proxy or proxies has been delivered to the Company in accordance with the provisions of paragraph 9, then, until that appointment lapses in accordance with the provisions of paragraph 6, any notice that is required in terms of the Companies Act or the Company's MOI to be delivered by the Company to the Shareholder must be delivered by the Company to:**
  - (a) the Shareholder; or
  - (b) the proxy or proxies, if the Shareholder has: (i) directed the Company to do so, in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
10. Section 63(1) of the Companies Act requires that meeting participants provide reasonably satisfactory identification. The Company will regard presentation of an original of a meeting participant's valid drivers' licence, identity document or passport to be satisfactory identification.
11. Documentary evidence establishing the authority of a person who participates in or speaks or votes at the meeting on behalf of a Shareholder in a representative capacity, or who signs the form of proxy in a representative capacity, (for example, a certified copy of a duly passed Directors' resolution in the case of a Shareholder which is a Company, a certified copy of a duly passed members' resolution in the case of a Shareholder which is a close corporation and a certified copy of a duly passed trustees' resolution in the case of a Shareholder who/which is/are a trust) must be presented to the person presiding at the meeting or attached to the form of proxy (as the case may be), and shall thereafter be retained by the Company.
12. It is recorded that, in accordance with section 63(7) of the Companies Act, a polled vote must be held on any particular matter to be voted on at a meeting if a demand for such a vote is made by at least five persons having the right to vote on that matter, either as a Shareholder or a proxy representing a Shareholder or a person who is, or persons who together are, entitled, as a Shareholder or proxy representing a Shareholder, to exercise at least 10% of the voting rights entitled to be voted on that matter.
13. It is recorded that, in accordance with section 63(6) of the Companies Act, if voting on a particular matter is by polling, a Shareholder or a proxy for a Shareholder has the number of votes determined in accordance with the voting rights associated with the securities held by that Shareholder.
14. Any insertions, deletions, alteration or correction made to the form of proxy must be initialled by the signatory/ies. Any insertion, deletion, alteration or correction made to the form of proxy but not complying with the foregoing will be deemed not to have been validly effected.
15. **A Shareholder may not appoint more than one person concurrently as proxy. A proxy may not delegate his/her authority to act.**
16. 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. In the event that no names are indicated, the proxy shall be exercised by the chairman of the General Meeting.
17. A Shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that Shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that Shareholder. Failure to comply with the above or to provide any voting instructions will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she/it deems fit in his/her discretion. When there are joint holders of Shares, any one holder may sign the form of proxy, and the vote of the senior Shareholder (for which purpose seniority will be determined by the order in which the names of the Shareholders appear in the Company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholders.
18. The completion and lodging of this form of proxy will not preclude the Shareholder who appoints one or more proxy/ies from participating in the meeting and speaking and voting in person thereat to the exclusion of any proxy/ies appointed in terms of the form of proxy should such Shareholder wish to do so. The appointment of any proxy/ies is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder.



# Transaction Capital

## Transaction Capital Limited

(Incorporated in the Republic of South Africa)

Registration number 2002/031730/06

JSE share code: TCP ISIN: ZAE000167391

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### ELECTRONIC PARTICIPATION APPLICATION FORM

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The definitions contained in the Circular apply throughout the Circular including this electronic participation application form.

#### ELECTRONIC PARTICIPATION APPLICATION FORM

Shareholders will be given the right, as authorised in the MOI, to participate by way of electronic communication at the General Meeting. Shareholders or their duly appointed proxies who wish to participate by way of electronic communication must apply to the Transfer Secretaries using this application form attached to the Notice of General Meeting by no later than 10:00 on Tuesday, 9 July 2013.

Shareholders may participate electronically in the General Meeting but may only vote by proxy if they are unable to attend in person.

Shareholders will be advised by email or text message prior to the General Meeting of the relevant contact numbers to dial in.

The Company will bear the cost of establishing the electronic communication whilst the cost of the Shareholder dialling in will be for his/her account.

#### Information required for participation by electronic communication

Full names of Shareholder or authorised representative (for company or other legal entity):	
Identity number or registration number of entity:	
Email address:	
Cell phone number:	
Telephone number including dialling codes:	
Name of CSDP or broker if Shares are dematerialised:	
CSDP or broker contact number:	

## Documents required

1. A proxy may only participate provided that a duly completed form of proxy has been submitted in accordance with the instructions on that form and also attached to this application.
2. Documentary evidence establishing the authority of the named person acting in a representative capacity to participate in the General Meeting must be attached to this application.
3. A CSDP or broker registered in the Company's sub-register participating on behalf of the beneficial owner of Shares is requested to identify the beneficial owner on whose behalf he/she is acting and to attach a copy of the instructions from such owner.
4. Holders of Dematerialised Shares must request their broker or CSDP to issue them with the necessary authority to attend. The authorisation must be attached to this application.
5. A copy of the identity document of the person attending the General Meeting by electronic participation must be attached to this application.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature \_\_\_\_\_

Assisted by (if applicable) \_\_\_\_\_

Applications to participate by electronic communication will only be considered if this form is completed in full and signed by the Shareholder, proxy or representative. The Company may in its sole discretion accept any incomplete forms.