

STRATEGY *continued*

STRATEGIC OBJECTIVE 4

ACQUISITIVE GROWTH

Target quality assets operating within Transaction Capital's focused market segments that will enhance its capabilities, and whose business model and value can be enhanced through active management.

Transaction Capital has a proven track record of creating value through identifying, pricing, acquiring and integrating new businesses, and then developing them to achieve scale and leading positions in their market segments.

Transaction Capital applies stringent criteria when evaluating potential acquisitions, to ensure that they will enhance its specialist capabilities and with a view to expanding internationally. Furthermore, it favours a narrow focus on assets whose competitiveness and value can be enhanced by active management within its existing divisions. Although earnings are an important consideration when evaluating potential acquisitions, Transaction Capital is more interested in a business's ability to be developed and to grow organically, as set out in its investment criteria.

MARKET POSITION

- > Established platforms with robust organic growth.
- > Delivering predictable, quality earnings with high cash conversion rates.
- > Niche market participant within Transaction Capital's existing or adjacent market segments.
- > Potential for consolidating market position.
- > Strong organic and acquisitive growth prospects.
- > International targets that will grow portfolio, diversify risk and contribute hard currency earnings.

BUSINESS MODEL

- > Scalable business model with a proven track record.
- > Focused business with potential for high return on equity.
- > Driven by systems, data and analytics, and ability to augment these with Transaction Capital's technology capabilities.
- > Ease of integration into Transaction Capital's existing divisions.
- > Ability to enhance Transaction Capital's current services to clients.
- > Scalable business platforms, whose competitiveness and value can be developed and enhanced by Transaction Capital.

INVESTMENT CRITERIA

Target quality assets operating within focused market segments that will enable Transaction Capital to enhance its capabilities, and whose business model and value can be enhanced through active management.

CAPABILITIES

- > Deep knowledge of its industry and chosen market segments.
- > Strong management team.
- > Business platforms that can be developed and scaled.
- > Intellectual property and expertise that can augment Transaction Capital's existing capabilities and facilitate access to new verticals.

CULTURE

- > Alignment with Transaction Capital's values.
- > Client- and solutions-orientated.
- > Entrepreneurial management that are co-invested.
- > Strong relationships with its clients.
- > Experienced teams whose skills will benefit Transaction Capital's.

STRATEGY *continued*

STRATEGIC OBJECTIVE

ACQUISITIVE
GROWTH

04

continued

2016 PROGRESS

Transaction Capital entered into three acquisitions in 2016, in line with its strategy to diversify the group internationally and to apply its capabilities to adjacent market segments. Transaction Capital has applied its stringent investment criteria when evaluating these acquisitions, favouring a narrow focus on quality assets operating within its existing or adjacent market segments.

Although these companies are excellent businesses in and of themselves, they also have scalable business models and proven track records, and will benefit from Transaction Capital's active management, sharing of skills, enhancing technology and monetising its proprietary data to enhance their business model and value.

ACQUISITION OF RECOVERIES CORPORATION GROUP LIMITED (RECOVERIES CORPORATION)

Transaction Capital entered an agreement to acquire 100% of the equity in Recoveries Corporation for a maximum purchase consideration of AUD43 million, with AUD33 million being payable upon the acquisition becoming effective and a further potential AUD10 million becoming payable over an earn-out period ending 30 June 2018. This acquisition provides Transaction Capital with a strong entry point into the Australian market and the opportunity to expand geographically into a developed, English-speaking economy. Transaction Capital will thus diversify concentration risk as it earns hard currency-based returns.

Founded in 1991 in Melbourne, Australia, Recoveries Corporation provides consumer customer management solutions to a well-diversified blue-chip client base within the government, insurance, banking and finance, utilities and telecommunications market sectors within

Australia. Services include debt recovery solutions (including early stage rehabilitation, late stage collections and legal recoveries), insurance claims recoveries (including claims recoveries and claim file audits), customer services (including reminder calls for pre-collection, courtesy calls, payment arrangement reminders and demand calls), and litigation management via its legal firm, Mason Black Lawyers. Recoveries Corporation employs approximately 600 people across its entire business comprising its Australian operations in Melbourne and Sydney, and offshore call centre and administration operations in Suva, Fiji.

Recoveries Corporation is an efficient platform that Transaction Capital intends to develop and scale. The Australian debt collection industry is highly fragmented (with approximately 20 companies accounting for 85% of the market), which provides Transaction Capital with an opportunity to expand acquisitively in Australia. In addition, Recoveries Corporation is exclusively a contingent debt collection agency, receiving fees-for-services. Transaction Capital will apply its analytics, pricing expertise and capital management capabilities to the purchase of non-performing loan portfolios in Australia to facilitate Recoveries Corporation's expansion into this adjacent market. The purchasing of non-performing loan portfolios comprises the majority of debt recovery activity in the Australian industry and accordingly presents an attractive growth prospect.

Recoveries Corporation is a niche market participant with proven technology, strong data analytics skills, and deep industry knowledge operating within the credit risk services market segment. Recoveries Corporation thus possesses intellectual property and expertise that can enhance Transaction Capital's specialist capabilities thereby assisting Transaction Capital to grow its share in existing market segments and/or facilitate access to new verticals. Recoveries Corporation's 25 years

of expertise in the insurance recoveries industry will augment Transaction Capital's competencies and facilitate the growth of its fledgling insurance recoveries offering in South Africa.

Following this acquisition, Recoveries Corporation's founders will retain their executive director positions and remain closely involved in the organic growth and day-to-day operations of the business.

ACQUISITION OF RC VALUE ADDED SERVICES (PTY) LTD (ROAD COVER)

During November 2016, Transaction Capital concluded an agreement to acquire a controlling interest in Road Cover.

Founded in 2005, Road Cover offers its proprietary value-added services to the mass consumer market on a subscription basis. Subscribing members obtain access, at no additional cost, to high-quality legal and administrative services aimed to assist with the complexity and cost associated with lodging and processing claims against state-run public schemes or state insurance funds, with members receiving 100% of their awarded claims. Services include the administration of Road Accident Fund claims, Compensation for Occupational Injuries and Diseases Act claims and the administration of claims against various road agencies and municipalities relating to damage to a member's motor vehicle due to poor road conditions.

Road Cover's products are typically embedded in other subscription-based products in the insurance, banking, motor and retail industries, and are also distributed to consumers as a standalone product via direct marketing channels.

The acquisition provides TCRS with a strong entry point into the adjacent value-added services market, where it can leverage its existing competencies to enhance Road Cover's existing market position. The rationale is to offer Road Cover's products to the mass consumer market through TCRS's existing banking, retail, insurance, telecommunications and other clients, thus enabling these clients to generate higher risk-adjusted returns through their engagements with their customers at point of origination. As a separate strategy, leads can be generated and products can be distributed directly into TCRS's internal database of 9.2 million unique consumers as well as into SA Taxi's client base. Finally, in addition to enhancing the scale of Road Cover, efficiencies can also be achieved with regard to client origination, management (i.e. payment) and collection processes.

Following this acquisition, Road Cover's founder will retain a 25% ownership of the company and will remain the company's CEO, responsible for the continued organic growth of Road Cover's high-quality earnings and the consolidation of this highly fragmented market segment through a build-by-acquisition strategy.

ACQUISITION OF THE BEANCOUNTER FINANCIAL SERVICES (PTY) LTD (THE BEANCOUNTER)

Founded in 2008, The Beancounter is a fully outsourced accounting, payroll and tax services provider utilising "software as a service" technology, and is well-positioned in its market segment with solid organic growth prospects. It provides services on a monthly retainer basis and is one of the leading specialists in cloud accounting.

The acquisition of The Beancounter will enable TCRS to augment its offering to its SME client base.