

Brainworks Limited

(Incorporated in the Republic of Mauritius)

(Registration number: 115883 C1/GBL)

Share Code: BWZ ISIN: MU0548S00000

("Brainworks" or "the Company")



TERMS ANNOUNCEMENT REGARDING RELATED PARTY TRANSACTIONS BETWEEN WHOLLY-OWNED SUBSIDIARIES AND ASSOCIATES OF DIRECTORS

1. INTRODUCTION AND CLASSIFICATION OF THE TRANSACTIONS

The board of directors of Brainworks ("**the Board**") hereby advises shareholders that Brainworks Capital Management Private Limited ("**Brainworks Capital**") and GetSure Life Assurance Private Limited ("**GetSure**"), both being wholly owned subsidiaries of the Company ("**the Subsidiaries**"), have entered into transactions with certain associates of directors of the Company ("**the Associates**"), for the disposal of 163 769 298 shares held by the Subsidiaries in GetBucks MicroFinance Bank Limited ("**GetBucks**") to the Associates, constituting 14.98% of the total issued share capital of GetBucks ("**the Transaction**").

As the various transacting parties are associates of certain of the non-executive directors of the Company, the Transaction is classified as a related party transaction in terms of paragraph 10.1(b)(vii) the Listings Requirements of the JSE Limited ("**Listings Requirements**") and will, accordingly, require approval by shareholders of the Company, excluding the related parties and their associates.

2. RATIONALE FOR THE TRANSACTION

Brainworks has placed 9 088 677 of its treasury shares with various institutional investors in Zimbabwe, as referred to in the SENS announcement dated 26 October 2017, subject to receipt of approval by the Reserve Bank of Zimbabwe.

The necessary Reserve Bank and other approvals have not yet been obtained and accordingly Brainworks has, to date, not been able to deliver the shares subscribed for to the institutional investors.

In order to be in a position to deliver to the said institutional investors' shares in Brainworks, certain directors of the Company have agreed to dispose of their Brainworks shares to the institutional investors. Shareholders are referred to the directors' dealing announcement released on SENS, dated 8 December 2017, detailing information relating to the directors' dealings.

The directors have further agreed to acquire the Company's investment in GetBucks from the Company using the consideration arising from the above directors' dealings.

The Company's strategy is to focus on its core asset base, being hospitality, real estate and related investments. Accordingly, it is reorganising its investments in financial services and part of its strategy is to exit its investment in GetBucks.

The funds raised pursuant to the Transaction will be applied towards the restructuring of the Company's balance sheet in order to position it for growth going forward.

3. OVERVIEW OF THE TRANSACTION AGREEMENTS

The following agreements, dated 30 November 2017, and addendums thereto, dated 12 December 2017, have been entered into:

- 3.1. GetSure agreement with Ecsponent Zimbabwe (Private) Limited ("**Ecsponent Zimbabwe**"), a company wholly owned by a family trust of George Manyere, a non-executive director of the Company, in terms of which:
 - 2.1.1 GetSure will dispose of 3 826 784 ordinary shares in GetBucks to Ecsponent Zimbabwe, for a total purchase consideration, payable in cash, of USD127 432 (R1 735 624 at an USD/ZAR exchange rate of USD1/R13.62 at the date of this announcement) ("**the Ecsponent Zimbabwe First Agreement**");
 - 2.1.2 GetSure will dispose of 2 702 703 ordinary shares in GetBucks to Ecsponent Zimbabwe for a total purchase consideration, payable in cash, of USD90 000 (R1 225 800 at an USD/ZAR exchange rate of USD1/R13.62 at the date of this announcement) ("**the Ecsponent Zimbabwe Second Agreement**");
 - 2.1.3 GetSure will dispose of 54 083 027 ordinary shares in GetBucks to Ecsponent Zimbabwe for a total purchase consideration, payable in cash, of USD1 800 965 (R24 529 143 at an USD/ZAR exchange rate of USD1/R13.62 at the date of this announcement) ("**the Ecsponent Zimbabwe Third Agreement**"); and
- 3.2. GetSure agreement with TDC Investment Trust, a discretionary family trust of Walter Kambwanji, a non-executive director of the Company ("**TDC Trust**"), in terms of which GetSure will dispose of 35 589 216 ordinary shares in GetBucks to TDC Trust for a total purchase consideration, payable in cash, of USD1 185 121 (R16 141 348 at an USD/ZAR exchange rate of USD1/R13.62 at the date of this announcement) ("**the TDC Trust Agreement**"); and
- 3.3. Brainworks Capital agreement with the Mathew Daniels Trust, a discretionary family trust of Walter Kambwanji, ("**the MD Trust**"), in terms of which Brainworks Capital will dispose of 67 567 568 ordinary shares in GetBucks to the MD Trust for a total purchase consideration, payable in cash, of USD2 250 000 (R30 645 000 at an USD/ZAR exchange rate of USD1/R13.62 at the date of this announcement) ("**the MD Trust Agreement**"),

(collectively "**the Transaction Agreements**").

4. OVERVIEW OF GETBUCKS

GetBucks (previously GetBucks Financial Services Limited) is a public company registered in Zimbabwe which listed on the Zimbabwe Stock Exchange in January 2016. GetBucks is technology driven, a deposit-taking and money lending microfinance institution.

As a FinTech financial services company, GetBucks embraces technology as a means to provide financial products and services to customers.

The GetBucks vision is to achieve financial inclusion in all its markets by breaking the paradigm of clients having to visit a bank branch to access services. The ultimate goal is to deliver a basket of financial products that meet most of the financial needs of customers across geographies.

Current services offered range from micro-finance loans, a mortgage product, SME banking products and saving and money market accounts.

GetBucks operates in 14 locations across Zimbabwe and employs 65 employees, with a further 173 agents stationed across Zimbabwe.

Prior to the Transaction, the Subsidiaries held 31.14% of the issued share capital of GetBucks. Post the Transaction, the Subsidiaries will hold 16.16% of the issued share capital.

5. FINANCIAL INFORMATION OF GETBUCKS

GetBucks reported net profit after tax of US\$3.6 million for the financial year ended 30 June 2017, and net assets of US\$13.5 million as at 30 June 2017, being the last financial year-end of GetBucks.

The above financial information is based on the audited historic financial information of GetBucks, calculated in accordance with International Financial Reporting Standards, the Companies Act (Chapter 24:03) of Zimbabwe and the Microfinance Act of Zimbabwe.

6. EFFECTIVE DATE

The effective date of the Transaction will be the date on which the last condition precedent, details of which are set out below, is met.

7. CONDITIONS PRECEDENT

The Transaction is subject to the approval of shareholders of the Company in line with the JSE Listings Requirements.

8. OTHER TERMS

Warranties that are standard for agreements of this nature are contained in the Transaction Agreements.

9. CIRCULAR TO SHAREHOLDERS AND FAIRNESS OPINION

A circular, prepared in terms of the Listings Requirements, and containing a notice of a general meeting of shareholders and the requisite fairness opinion from an independent expert, will be dispatched to shareholders in due course in order for shareholders to consider and, if deemed fit, approve the Transaction.

Ebène, Mauritius
13 December 2017

Sponsor



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