

Genesis Capital Partners has led a EUR 15 million private placement for shares in Pefaco International p.l.c.

Pefaco International p.l.c. (PFC:GR) (the "Company"), West Africa's leader in the Leisure & Gaming industry, has completed an EUR15 million privately placed share issue to a group of international institutional investors led by Genesis PFC, a subsidiary of South African investment group Genesis Capital Partners (Pty) Ltd (the "Genesis Investors") at an average price of EUR2.23 per share valuing the Company at EUR50 million. The Genesis Investors now own 30% of the Company's shares, which are listed on the Official List of the Malta Stock Exchange.

GANADO Advocates is Malta counsel to Pefaco International p.l.c. and were lead counsel for the company in this transaction. The firm had originally assisted Pefaco with the listing of its shares on the Official List of the Malta Stock Exchange in 2014. Nicholas Curmi is a member of GANADO Advocates' capital markets team, where he advises on Maltese securities regulation and a broad range of corporate law and capital markets matters. Here we speak to Nicholas about his involvement in this deal.

Please tell me about your involvement in the deal: Genesis Capital Partners has led a EUR 15 million private placement for shares in Pefaco International.

Pefaco International p.l.c. is a Maltese company (albeit with all of its operating subsidiaries based abroad) listed on the Malta Stock Exchange, so this was fundamentally a Maltese law transaction. GANADO Advocates' primary role was to advise Pefaco on how the deal should be structured from a Maltese corporate law and (Malta Stock Exchange) Listing Rules perspective.

Why is this a good deal for all involved?

Pefaco was able to raise the capital it needed to fund an expansion of its operations into new African markets, but also found the ideal strategic partner in Genesis Capital Partners to grow its business with. This partnership and, in particular, the (heavily negotiated) structure of Genesis' investment, should provide added value to Pefaco's existing and future public shareholders in the form of certain minority protection rights. In exercising these rights, Genesis is expected to transition from lead investor in this transaction to an 'activist shareholder' (of sorts) intent on increasing shareholder value, primarily by contributing to Pefaco's corporate governance regime and acting as a check and balance on the company's management and on its majority and controlling shareholder.

Pefaco also represents the first equity listing on the Malta Stock Exchange by a foreign business – although Pefaco is a holding company based in Malta, all of its operating subsidiaries are based in Africa. Pefaco's original listing and this Genesis led transaction help raise the profile of the Exchange (an EU 'regulated market' for the purposes

of MiFID) as an attractive listing venue for international issuers.

What challenges arose? How did you navigate them?

It was an interesting transaction that, because of the international nature of the various parties to the deal, involved elements of Maltese, English and South African law. The main challenge was orchestrating an efficient private placement in a manner that balanced the investor group's desire for a private equity style investment within the context of a Maltese listed company and, accordingly, the constraints of the Malta Stock Exchange's Listing Rules. Not a simple task! Ultimately, everyone achieved their respective goals with a lot of careful structuring, some lateral thinking, a positive approach and just a little bit of compromise on either side.

GANADO
ADVOCATES

Genesis Capital Partners has led a EUR 15 million private placement for shares in Pefaco International p.l.c.

Pefaco International p.l.c. (PFC:GR) (the "Company"), West Africa's leader in the Leisure & Gaming industry, has, in November 2015, completed an EUR15 million privately placed share issue to a group of international institutional investors led by Genesis PFC, a subsidiary of South African investment group Genesis Capital Partners (Pty) Ltd (the "Genesis Investors") at an average price of EUR2.23 per share valuing the Company at EUR50 million. The Genesis Investors now own 30% of the Company's shares, which are listed on the Official List of the Malta Stock Exchange.

The proceeds of the capital increase will be used to fund expansion in new markets. The founding and majority shareholder, Grupo Pefaco SL, has also committed to providing additional capital to the business over the forthcoming years to drive growth.

Commenting on the investment, Francis Perez, CEO of Pefaco International, stated: "We are very proud of Pefaco International's successful new share issue. This capital increase enables us to accelerate our development and to play a leading role in the expansion of the African economies, the future driving force for world growth. Since first meeting the institutional investors, represented by Genesis Capital Partners' Greg Kinross and David Shimkins, I have been convinced that they are the optimal partners for us. They have experience growing businesses such as Pefaco International and have relationships in both Africa and the gaming market. We very much look forward to working with them. Finally, I want to thank the company's employees, in Africa and elsewhere in the world, who contribute to enhance Pefaco International's reputation every day."

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Legal advisors to the company:

GANADO **MemeryCrystal**
ADVOCATES

Financial consultants to the company:



Legal advisor to Genesis and group of investors:

WERKSMANS
ATTORNEYS

Financial due diligence and tax advisor:

M A Z A R S

Sponsor:

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