



REX TRUEFORM GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1937/009839/06)
JSE share code: RTO ISIN: ZAE000250387
JSE share code: RTN ISIN: ZAE000250395
JSE share code: RTOP ISIN: ZAE000250403
(“**Rex Trueform**” or “**the company**”)

**INTRODUCTION OF NEW SHAREHOLDERS INTO OMBRECORP TRADING (RF)
PROPRIETARY LIMITED AND FURTHER INVESTMENT IN SA WATER WORKS HOLDING
COMPANY (RF) PROPRIETARY LIMITED**

1. INTRODUCTION

Shareholders are referred to the SENS announcement released by Rex Trueform on 28 September 2018 (the “**28 September announcement**”), wherein the company advised that it had, through its wholly-owned subsidiary, Ombrecorp Trading (RF) Proprietary Limited (formerly Ombrecorp Trading Proprietary Limited) (“**Ombrecorp**”), subscribed for 33.78% of the issued share capital of SA Water Works Holding Company (RF) Proprietary Limited (formerly SA Water Works Holding Company Proprietary Limited) (“**SAWW**”), which company acquired, through a wholly-owned subsidiary, 73.425% of the ordinary issued shares in the share capital of Sembcorp Siza Water (RF) Proprietary Limited (“**Sembcorp Siza**”) (the “**Sembcorp Siza acquisition**”). In the same announcement, the company stated its intention to introduce additional third party shareholders into Ombrecorp (with Rex Trueform retaining a majority stake), and the intended acquisition of Silulumanzi (RF) Proprietary Limited (formerly Sembcorp Silulumanzi (RF) Proprietary Limited) (“**Silulumanzi**”) by SAWW via its wholly-owned subsidiary, SA Water Works (RF) Proprietary Limited (formerly SA Water Works Proprietary Limited) (the “**SAWW subsidiary**”).

2. INTRODUCTION OF THE NEW OMBRECORP SHAREHOLDERS

A subscription agreement (the “**subscription agreement**”) has been signed between Rex Trueform, Ombrecorp, The Community Chest of the Western Cape (the “**Community Chest**”), Cornerstone Institute (RF) NPC (“**Cornerstone**”), Desmond Tutu HIV Foundation NPC (“**Desmond Tutu HIV Foundation**”), the Trustees for the time being of the District Six Museum Foundation Trust (“**District Six Museum Foundation**”) and the Trustees for the time being of the Wheatfield Estate Foundation Trust (“**Wheatfield**”) (collectively the “**new Ombrecorp shareholders**”) whereby Rex Trueform and each of the new Ombrecorp shareholders will subscribe for new shares in Ombrecorp at a value of R1 per share, as the value of the assets of Ombrecorp approximates the value of its liabilities (the “**new Ombrecorp shares**”), as follows:

Subscriber	Shareholding in Ombrecorp after the issue of the new Ombrecorp shares (%)
Community Chest	6
Cornerstone	15
Desmond Tutu HIV Foundation	6
District Six Museum Foundation	6
Wheatfield	15

Rex Trueform's shareholding in Ombrecorp will be diluted from 100% to 52% due to the introduction of the new Ombrecorp shareholders into Ombrecorp. Salient details of the new Ombrecorp shareholders are as follows:

Community Chest

Community Chest manages social investment funds on behalf of corporate donors and foundations and is an inclusive development thought leader with a 90 year track record of delivery. Projects designed and managed on behalf of public and private sector entities are focused on Education, Income Generation, Health and Community Development. The Community Chest supports over 300 community based organisations annually and has a fulltime team of 36 employees as well as a network of field associates in the pursuit of delivering to the strategic development frameworks of the National Development Plan and the Sustainable Development Goals.

Cornerstone

Cornerstone, a tertiary education institution, is a non-profit company based in Cape Town, which focuses on education and the development of future leaders. There are currently more than 500 students who are enrolled in both undergraduate and postgraduate programmes in a multiple of disciplines, including education, entrepreneurship, psychology, sociology, theology and media studies, who are benefitting from Cornerstone's support.

Desmond Tutu HIV Foundation

Desmond Tutu HIV Foundation is a registered non-profit company established in association with the Desmond Tutu HIV Centre, an accredited research centre within the Faculty of Health Sciences, University of Cape Town. Pairing internationally acclaimed research with community-driven development programmes, Desmond Tutu HIV Foundation collaborates with those most at risk to find innovative solutions in the prevention and treatment of HIV and related infections. Desmond Tutu HIV Foundation strives to improve the health and wellbeing of the communities it serves while contributing to local and national health policy.

District Six Museum Foundation

District Six Museum Foundation was established in 1989 and launched as a museum in 1994. District Six Museum Foundation is committed to telling the stories of forced removals and assisting in the reconstitution of the community of District Six and Cape Town by drawing on a heritage of non-racialism, non-sexism, and anti-class discrimination.

Wheatfield

Wheatfield, a non-profit organisation, aims to empower South Africa's youth by providing financial and general support with regard to furthering their education. Over 100 students are assisted each year in various study disciplines. In addition, Wheatfield supports various feeding schemes and old age homes in the greater Cape Town area.

3. **RATIONALE FOR THE INTRODUCTION OF THE NEW OMBRECORP SHAREHOLDERS**
The credentials of these long-established not-for-profit organisations are important for the corporate social investment and transformation imperatives of the company.
4. **INTRODUCTION OF NEW SHAREHOLDER INTO SAWW**
Pursuant to the introduction of a new SAWW shareholder, being SAWW Manco Proprietary Limited (formerly K2018080976 South Africa Proprietary Limited) ("SAWW Manco"), Ombrecorp's shareholding in SAWW was diluted from 33.78% to 15.16%.
5. **ADDENDUM TO SUBSCRIPTION AGREEMENT**
Shareholders are advised that an addendum to the subscription agreement as set out in the 28 September announcement has been signed by the parties thereto, being Ombrecorp, SAWW and 27 Four, with the material amendments to the original subscription agreement being that Ombrecorp no longer has an option with regard to a second subscription for additional shares in SAWW (the "additional SAWW shares"), but now will subscribe for additional SAWW shares and advance

further funding to SAWW, in the aggregate amount of R83 673 025. As a consequence of the subscription for the additional SAWW shares by Ombrecorp, Ombrecorp will hold 30% of the issued share capital of SAWW (the “**Ombrecorp subscription**”).

6. FURTHER ACQUISITION BY SAWW

As was the stated intention in the 28 September announcement, SAWW has acquired, via the SAWW subsidiary, [i] 100% of the ordinary issued share capital of SA Water Works Utilities Proprietary Limited (formerly Sembcorp Utilities South Africa Proprietary Limited) (“**SA Water Works Utilities**”) – which holds 52% of the ordinary issued shares in Silulumanzi - and [ii] 48% of the ordinary issued shares in the share capital of Silulumanzi, from Sembcorp Utilities (Netherlands) NV (the “**Silulumanzi acquisition**”).

SA Water Works Utilities has been in existence since 1998 and provides operation and maintenance services to Silulumanzi. Silulumanzi conducts a water concession business, operating in the municipal boundaries of the City of Mbombela Local Municipality and the greater parts of Nelspruit and, since 1999, has provided water and water services to residential, commercial and industrial consumers pursuant to the concession agreement executed between the City of Mbombela Local Municipality and Silulumanzi’s predecessors-in-title.

The total purchase consideration for the Silulumanzi acquisition was R723 753 934, which consideration was funded via the issue of preference shares in the SAWW subsidiary with a value of R400 000 000 to Nedbank Limited, shareholder loan facilities afforded by certain other SAWW shareholders (being 27 Four and SAWW Manco) on commercial terms and at market-related rates, and the subscription of further shares in SAWW by such SAWW shareholders, in the aggregate amount of R323 753 934.

As previously advised, Ombrecorp will now, in terms of the Ombrecorp subscription, subscribe for the additional SAWW shares and advance further funding to SAWW on normal commercial terms, which subscription and funding shall be financed as follows:

- Rex Trueform will advance a further shareholder loan on normal commercial terms in the amount of R11 673 025 to Ombrecorp (the “**Rex loan**”);
- additional funding in the form of a term loan facility of R72 000 000 (the “**27 Four funding**”) will be advanced to Ombrecorp by 27 Four Life Limited (previously Prescient Life Limited) (“**27 Four**”) in terms of a term loan facility agreement entered into between Ombrecorp and 27 Four (the “**term loan agreement**”). The facility provided by 27 Four pursuant to the term loan agreement will be secured by a cession and pledge *in securitatem debiti* by Ombrecorp to 27 Four of its shares in, and loan claims against, SAWW, a cession and pledge *in securitatem debiti* by Rex Trueform and the new Ombrecorp shareholders to 27 Four of their shares in, and loan claims against, Ombrecorp (the “**shareholder cession and pledge**”), and a cession and pledge *in securitatem debiti* by Ombrecorp to 27 Four of its bank accounts. 27 Four will furthermore be accorded certain payment preferences in relation to the 27 Four funding, and Rex Trueform will waive its right to accelerate the repayment of the Rex loan as a result of any event of default under the agreement pursuant to which the Rex loan was advanced for as long as there is outstanding indebtedness under (and as defined in) the term loan agreement (the “**27 Four Payment Preferences**”).

7. FINANCIAL INFORMATION

The consolidated profit after tax, total assets and net asset value of the companies acquired by SAWW (via the SAWW subsidiary) in terms of the Silulumanzi acquisition are R65 197 104, R301 481 818 and R196 978 976 respectively, based on the consolidated audited financial statements of SA Water Works Utilities and the audited financial statements of Silulumanzi for the financial year ended 31 December 2017, which financial statements were prepared in accordance with International Financial Reporting Standards. SAWW will hold an effective 100% of Silulumanzi.

The discounted free cash flow generated by the assets acquired by SAWW (via the SAWW subsidiary) has a value of R650 000 000, based on a valuation performed by SAWW during September 2017, which valuation was based on forecasts and the audited financial statements of SA

Water Works Utilities and Silulumanzi for the financial year ended 31 December 2016. The total purchase consideration of R723 753 934 adjusts the valuation for the net cash as at 31 December 2017, an interest escalation amount and transaction costs.

8. NOTIFICATION IN TERMS OF SECTION 45(5) OF THE COMPANIES ACT 71 OF 2008

Notice is hereby given that, in terms of the provisions of section 45(5) of the Companies Act 71 of 2008 (“the Companies Act”), and pursuant to the special resolution passed at the annual general meeting of Rex Trueform held on 30 November 2018 approving the authority of the board to provide direct or indirect financial assistance to, inter alia, subsidiaries of the company, the board has adopted resolutions on 12 February 2019 in terms of section 45(2) of the Companies Act authorising the company to provide financial assistance to Ombrecorp by way of the company entering into the shareholder cession and pledge with 27 Four, and agreeing to the 27 Four Payment Preferences.

The board resolutions in this regard were adopted in compliance with the provisions of section 45 of the Companies Act.

9. CATEGORISATION

The Sembcorp Siza acquisition, introduction of new Ombrecorp shareholders and the Ombrecorp subscription constitute, in aggregate, a category 2 transaction for Rex Trueform in terms of the JSE Listings Requirements and accordingly do not require approval by Rex Trueform shareholders.

25 February 2019

Sponsor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a bold, sans-serif font. The letter "J" is significantly larger and stylized, with a blue horizontal line passing through its middle. The remaining letters "AVACAPITAL" are in a smaller, grey font.