

## 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**”)



**REX TRUEFORM**  
GROUP LIMITED

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## ACQUISITION OF IMMOVABLE PROPERTIES BY TELEMEDIA PROPRIETARY LIMITED (“**TELEMEDIA**”), A SUBSIDIARY OF REX TRUEFORM GROUP LIMITED

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### 1. INTRODUCTION

- 1.1 Shareholders are advised that Telemedia has entered into two sale of rental enterprise agreements (the “**Telelet Agreements**”) with Telelet Proprietary Limited (“**Telelet**”), in terms of which Telemedia shall acquire the following immovable properties:
  - 1.1.1 remaining extent of ERF 79 Edenburg Township, measuring 4 460 square metres held by title deed 69804/2012 situated at 17 9th Avenue, Rivonia, 2128;
  - 1.1.2 portion 1 of ERF 79 Edenburg Township, measuring 4 460 square metres held by title deed 69115/2012 situated at 19 9th Avenue, Rivonia, 2128;
  - 1.1.3 portion 2 of ERF 80, Edenburg Township, measuring 1 467 square metres held by title deed 161401/2004 situated at 16 Wessels Road, Rivonia, 2128;
  - 1.1.4 portion 3 of ERF 80 Edenburg Township, measuring 1 427 square metres held by title deed 48674/2011 situated 16 Wessels Road, Rivonia, 2128;
  - 1.1.5 remaining extent of ERF 80 Edenburg Township, measuring 1 566 square metres held by title deed 21537/2004, 16 Wessels Road, Rivonia, 2128;
  - 1.1.6 ERF 281 Edenburg Township, measuring 6 437 square metres, held by title deed 74982/2007 situated 18 Wessels Road, Rivonia, 2128;
  - 1.1.7 ERF 1189 Ferndale Township, measuring 4 015 square metres held by title deed 32562/2013 situated at 232 Oak Avenue, Ferndale Township, 2194; and
  - 1.1.8 portion 1 of ERF 84, Edenburg Township, measuring 4 955 square metres held by title deed 27055/2017 situated at 18 Wessels Road, Rivonia, 2128, (collectively, the “**Telelet Properties**”) and the rental enterprises conducted by Telelet from such Telelet Properties (the “**Telelet Rental Enterprise**”), for an acquisition consideration of R50,000,000 (the “**Telelet Acquisition Consideration**”).
- 1.2 Shareholders are further advised that Telemedia has entered into a sale of rental enterprise agreement (the “**Trust Agreement**”) with The Bretherick Family Trust (the “**Trust**”), in terms of which Telemedia has acquired the immovable property known as ERF 57 Richmond Township, measuring 495 square metres held by title deed 40002/2010 situated at 27 Landau Terrace, Melville (the “**Trust Property**”) and with the Telelet Properties, the “**Properties**”) and the rental enterprise conducted by the Trust from such Trust Property (“**Trust Rental Enterprise**”), for an acquisition consideration of R1,500,000 (the “**Trust Acquisition Consideration**”), collectively, the “**Transactions**”.
- 1.3 The effective date of each of the transactions will be the date of registration of transfer of ownership of the Telelet Properties and the Trust Property into the name of Telemedia (each an “**Effective Date**”).
- 1.4 The acquisition of the Telelet Rental Enterprise and the Trust Rental Enterprise includes a number of leases.

### 2. RATIONALE FOR THE TRANSACTION

The Transactions present a strategic opportunity for Telemedia to acquire properties which currently are partially occupied by Telemedia for operational purposes, as well as to secure an additional rental revenue stream from the remaining portions, thus further diversifying the Rex Trueform’s existing portfolio of properties.

### 3. SALIENT TERMS OF THE AGREEMENT

- 3.1 Possession, occupation and control of the Telelet Properties shall be given by Telelet to Telemedia on the Effective Date of each of the Telelet Properties, and possession, occupation and control of the Trust Property shall be given by the Trust to Telemedia on the Effective Date of the Trust Property.

- 3.2 It is envisaged that the transactions related to the Telelet Properties will be zero-rated in terms of the Value-Added Tax Act.
- 3.3 All leases and contracts in respect of the Telelet Properties and the Trust Property will be assigned to the Company with effect from the Effective Date.
- 3.4 Each of Telelet and the Trust has warranted that it has no employees in relation to their respective rental enterprises.
- 3.5 Telelet has undertaken that it will, during the period between the date of last signature of the Telelet Agreements (“**Telelet Signature Dates**”) and the Effective Date carry on the Telelet Rental Enterprise in the same manner as it did before the Telelet Signature Dates, in its ordinary course of business, so as to maintain the Telelet Rental Enterprise as a going concern.
- 3.6 The Trust has undertaken that it will, during the period between the date of last signature of the Trust Agreement (“**Trust Signature Date**”) and the Effective Date, carry on the Trust Rental Enterprise in the same manner as it did before the Trust Signature Date, in its ordinary course of business, so as to maintain the Trust Rental Enterprise as a going concern.

#### **4. PAYMENT AND FUNDING OF THE TELELET ACQUISITION CONSIDERATION AND THE TRUST ACQUISITION CONSIDERATION**

Both the Telelet Acquisition Consideration and the Trust Acquisition Consideration are payable on the Effective Date and will be funded as follows:

- 4.1 R 7,000,250 shall be funded by cash resources available to Telemedia; and
- 4.2 R 44,499,750 shall be funded by way of a loan from a bank against security of the registration of a first mortgage bond over the Properties.

#### **5. CONDITIONS PRECEDENT**

The implementation of the Transactions is subject to the approval of shareholders in general meeting. All other conditions precedent contained in the Telelet Agreements and the Trust Agreement have been fulfilled.

#### **6. FINANCIAL INFORMATION**

- 6.1 The market value of the net assets that are the subject of the transaction is R51,500,000 and such assets are being acquired at a yield of 9.5%.
- 6.2 The forecast yield is based on information derived from budgets and lease agreements in respect of the Transactions and assumes that there are no unforeseen economic factors that will affect the ability of customers to meet their commitments in terms of existing lease agreements.
- 6.3 The forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the Company and has not been reviewed or reported on by independent reporting accountants.

#### **7. CATEGORISATION OF THE TRANSACTION**

In terms of the JSE Listings Requirements, the Transactions constitute a category 2 transaction with a related party, as Telelet is a wholly-owned subsidiary of the Trust, and the Trust was a material shareholder in Rex Trueform during the 12 months immediately preceding the conclusion of the Telelet Agreement and the Trust Agreement. Shareholder approval of the Transactions is therefore required, and a circular in this regard is in the process of being prepared and will be distributed in due course.

21 September 2023

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