



2019
INTEGRATED
ANNUAL
REPORT

REX TRUEFORM GROUP LIMITED

ABBREVIATIONS

27four	27four Life Limited
African and Overseas Enterprises	African and Overseas Enterprises Limited
board	The board of directors of Rex Trueform
Companies Act	Companies Act 71 of 2008 (as amended)
company, Rex Trueform or RTG	Rex Trueform Group Limited
Geomer Investments	Geomer Investments Proprietary Limited
group	Rex Trueform and its subsidiaries
JSE	JSE Limited
King IV	King IV Report on Corporate Governance for South Africa, 2016
NPOs	The Community Chest of the Western Cape, Cornerstone Institute (RF) NPC, Desmond Tutu HIV Foundation NPC, the District Six Museum Foundation Trust and the Wheatfield Estate Foundation Trust
Ombrecorp Trading	Ombrecorp Trading (RF) Proprietary Limited
Queenspark	Queenspark Proprietary Limited
Queenspark Distribution Centre	Queenspark Distribution Centre Proprietary Limited
Queenspark Namibia	Queenspark (Proprietary) Limited (registered in Namibia)
SAWW	SA Water Works (RF) Proprietary Limited
SAWWH	SA Water Works Holding Company (RF) Proprietary Limited
Silulumanzi	Silulumanzi (RF) Proprietary Limited
Siza	Siza Water (RF) Proprietary Limited

CONTENTS

Abbreviations	Risk committee report	75
Scope, boundary and approval of the integrated annual report	Corporate citizenship report	81
Financial highlights	Social and ethics committee report	83
Group profile	Companies Act notice	85
Our history	Directors' responsibility statement	85
Directorate	Company secretary's certificate	85
Executive	Report of the independent auditor	85
Chairman's report	Directors' report	86
Chief executive officer's review	Audit committee report	90
Financial director's report	Summarised consolidated statement of financial position	94
Five-year review	Summarised consolidated statement of comprehensive income	96
Retail segment review	Summarised consolidated statement of changes in equity	98
Property segment review	Summarised consolidated statement of cash flows	99
Water infrastructure segment review	Segmental analysis	100
Group stakeholder engagement	Unaudited shareholders' information	102
Group definitions	Notice of annual general meeting	104
Retail segment definitions	Annexure A	112
Share performance	Shareholders' calendar	114
Value-added statement	Administration	114
Human capital and remuneration report	Form of proxy	115
Corporate governance report		
Risk management		

QUEENSPARK

cath.nic
exclusive to QUEENSPARK

Miss Cassidy

plus collection
16-26

JCREW

Scope, boundary and approval of the INTEGRATED ANNUAL REPORT

The company is pleased to present its integrated annual report to stakeholders in line with the principles of King IV.

REPORT CONTENT

This integrated annual report covers the annual financial reporting period 1 July 2018 to 30 June 2019 and the company and all subsidiaries within the group, including the retail, property and water infrastructure segments as defined within the group (refer to the notes to the financial statements). The group operates mainly in South Africa and Namibia, with a retail franchisee operating in Kenya.

We have included only a general narrative on strategy, risks, opportunities and sustainability issues identified within the group. All financial information provided, which is supported by the annual financial statements, has been prepared in terms of International Financial Reporting Standards, while financial key performance indicators and ratios calculated using non-financial information have been provided based on internal management information, and are defined within the integrated annual report.

This integrated annual report includes summarised extracts from the group's annual financial statements. The full set of annual financial statements can be found on the company's website at www.rextrueform.com/info.html.

EXTERNAL ASSURANCE

Assurance on the financial statements contained in this integrated annual report has been provided by the external auditors, KPMG Inc. These financial statements form the basis of the financial disclosure in the integrated annual report.

APPROVAL OF INTEGRATED ANNUAL REPORT

The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has accordingly, applied its mind to the integrated annual report and in its opinion the integrated annual report addresses all material issues and presents fairly the integrated performance of the organisation. The board authorised the integrated annual report for release on 31 October 2019.



MA Golding
Chairman
Authorised director



CL Lloyd
Chief executive officer
Authorised director

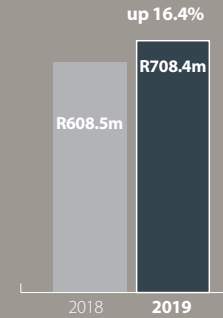
Cape Town, 31 October 2019



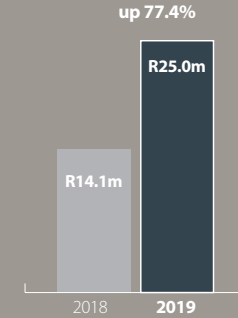
FINANCIAL HIGHLIGHTS

- Acquired a 30% interest in SAWWH
- Significant increase in profitability from Queenspark

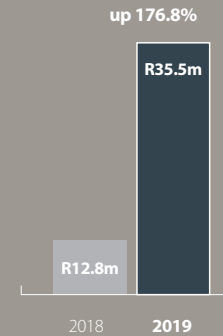
REVENUE



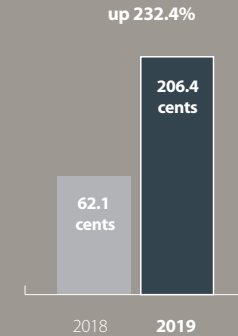
OPERATING PROFIT



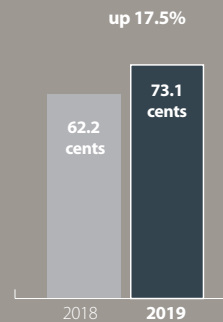
NET PROFIT AFTER TAX



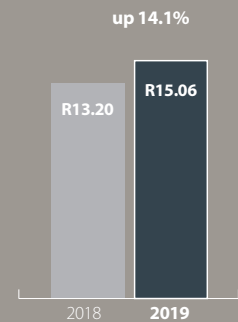
EARNINGS PER SHARE



HEADLINE EARNINGS PER SHARE



NET ASSET VALUE PER SHARE



REX TRUEFORM

Investment in retail, property holdings and water infrastructure

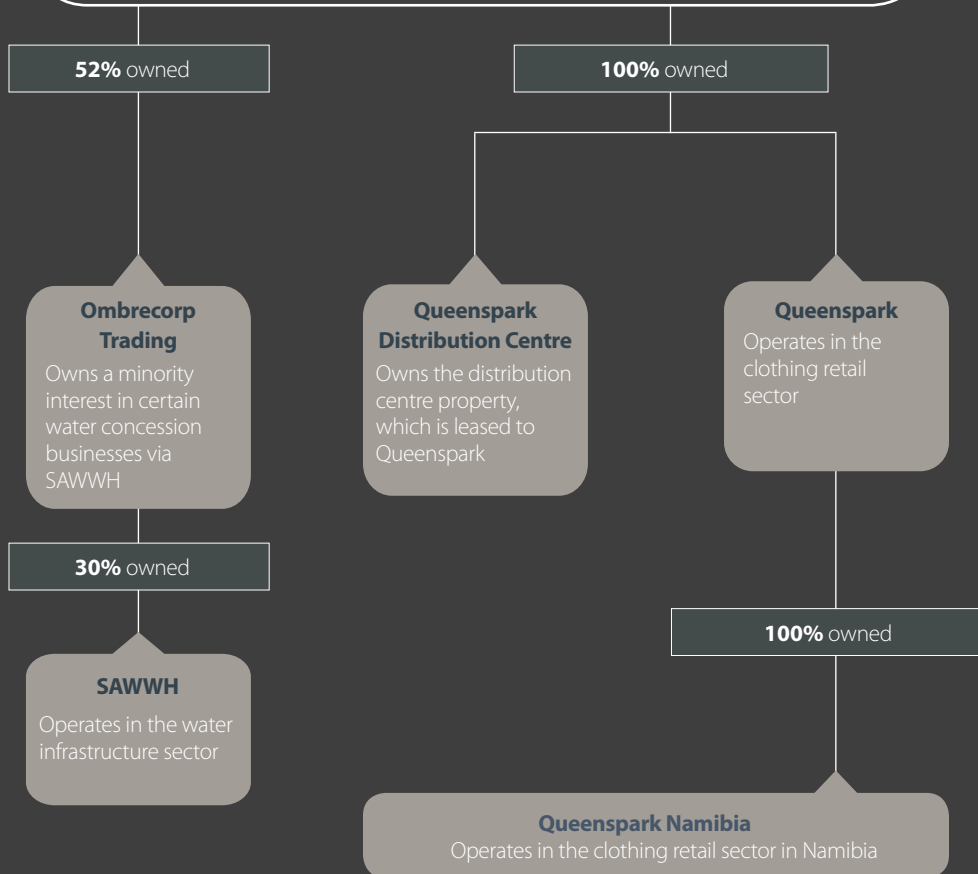
COMPANY OPERATING SEGMENTS:

Retail – investment in Queenspark and its subsidiary in Namibia, Queenspark Namibia

Property – owns and manages a property portfolio directly in the company and indirectly through its investment in Queenspark Distribution Centre

Water infrastructure – investment in SAWWH via Ombrecorp Trading

Group services – manages the group's corporate responsibility



QUEENSPARK

REX TRUEFORM
PROPERTIES



GROUP PROFILE

Rex Trueform was established in Cape Town in 1937 and has been listed on the JSE since 1945. The company has interests in the retailing of fashion apparel, property and water infrastructure sectors.

RETAIL SEGMENT

The group has a significant interest in the retailing of fine-quality women's and men's clothing and related accessories through its ownership of Queenspark, which operates a nationwide chain of Queenspark stores in South Africa, and has a retail franchisee operating in Kenya. Queenspark also operates retail stores in Namibia via Queenspark Namibia.

PROPERTY SEGMENT

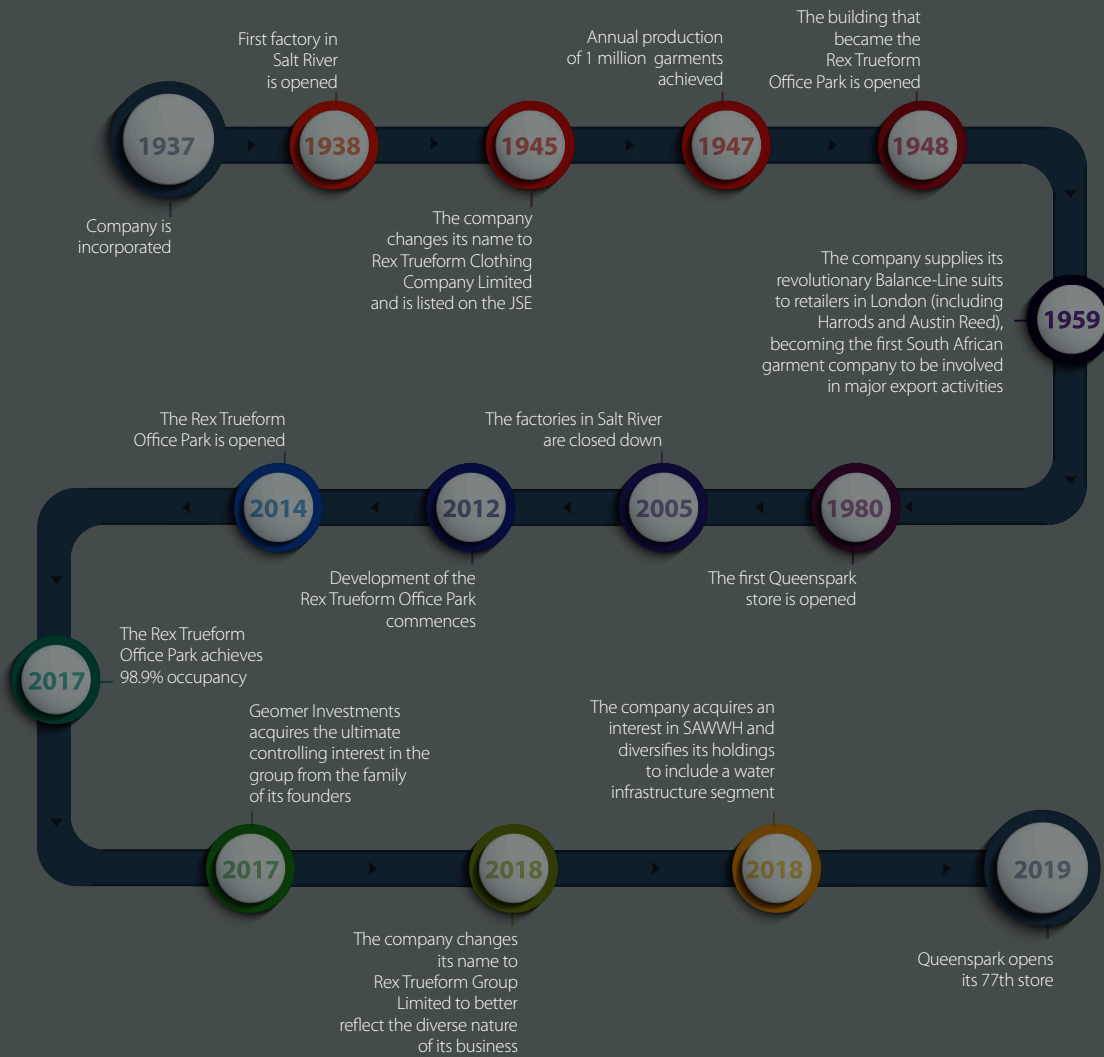
The group owns a portfolio of properties located in Cape Town. These properties are held either for the purpose of operations or for investment. Group properties utilised (or part-utilised) by the retail segment include the group's head office premises and the distribution centre premises.

WATER INFRASTRUCTURE SEGMENT

The group owns a minority interest in SAWWH, which is a 100% South African, majority black-owned, private water and waste water utility group operating via controlled subsidiaries, under 30 year water concession agreements in Mpumalanga and KwaZulu-Natal. Whereas the company's economic interest in SAWWH is 15.6%, it controls 30% of SAWWH via a 52% owned subsidiary.



our HISTORY



DIRECTORATE



MARCEL ANTHONY GOLDING (59)
BA (Hons)

Non-Executive Chairman

Chief executive officer of African and Overseas Enterprises, non-executive chairman of Queenspark and Ombrecorp Trading

3 years of service on the board

Other significant directorships: Tsogo Sun Gaming Limited, Texton Property Fund Limited, Yunani Limited, Geomer Investments, SAWW, SAWWH, Siza and Silulumanzi



CATHERINE LOUISE LLOYD (48)
BA LLB

Chief Executive Officer

Director of Queenspark and Ombrecorp Trading

Less than 1 year of service on the board

Other significant directorships: SAWW, SAWWH, Siza and Silulumanzi



LUNTU KEABETSWE SEBATANE (39)
BCom (Law), LLB

Independent Non-Executive Director

Director of African and Overseas Enterprises

2 years of service on the board

No other significant directorships



HUGH BEVIS ROBERTS (58)
BCom, BSc, FIA, ASA, FASSA

Independent Non-Executive Director

Director of African and Overseas Enterprises

2 years of service on the board

No other significant directorships



DAMIEN FRANKLIN (35)
BCom, PGDip (Accounting), CA(SA)

Executive Financial Director

Financial director of Queenspark, Queenspark Distribution Centre, Queenspark Namibia and Ombrecorp Trading

1 year of service on the board

No other significant directorships



PATRICK MARTIN NAYLOR (74)
BSc (Eng)

Lead Independent Non-Executive Director

Director of African and Overseas Enterprises

16 years of service on the board

Other significant directorships: Fruitways Group Proprietary Limited



MASEDI RAMSEY MOLOSIWA (47)
BArch

Independent Non-Executive Director

Independent non-executive chairman of African and Overseas Enterprises

2 years of service on the board

No other significant directorships

Note: CEA Radowsky resigned as the chief executive officer of the company with effect from 12 March 2019, at which point a vacancy arose on the board. On 12 March 2019 CL Lloyd was appointed by the board as the chief executive officer of the company in order to fill the vacancy.



EXECUTIVE

CATHERINE LLOYD (48)

BA LLB

Chief Executive Officer

Joined the group 2019

CATHERINE RADOWSKY (52)

BA

Chief Executive Officer, Queenspark

Joined the group 1991

DAMIEN FRANKLIN (35)

BCOM, PGDIP (ACCOUNTING), CA(SA)

Financial Director

Joined the group 2018

GORDON BRADLEY (63)

Distribution and Property Executive

Joined the group 1976

ANDREW GAST (53)

BA

Merchandise Executive

Joined the group 2012

ANTON PRINSLOO (59)

Operations Executive

Joined the group 2006

LINDSEY JOHNSON (51)

BSOCSCI, BCOMPT

Sourcing Executive

Joined the group 1992

ADAM SNITCHER (39)

LLB

Company Secretary and Group Legal Adviser

Joined the group 2013

GAYLE MOMSEN (48)

Retail Property and Franchise Executive

Joined the group 2014

SANDRIEN MELCK (47)

BA INDUSTRIAL PSYCHOLOGY

Human Resources Manager

Joined the group 2018

MICHELE WORTHINGTON (46)

BBUS SCI

Planning Executive

Joined the group 2017

GERRIT VAN DEVENTER (47)

BACC, BCOMPT (HONS), CA(SA)

Group Financial Manager

Joined the group 2016

WILLEM NEL (55)

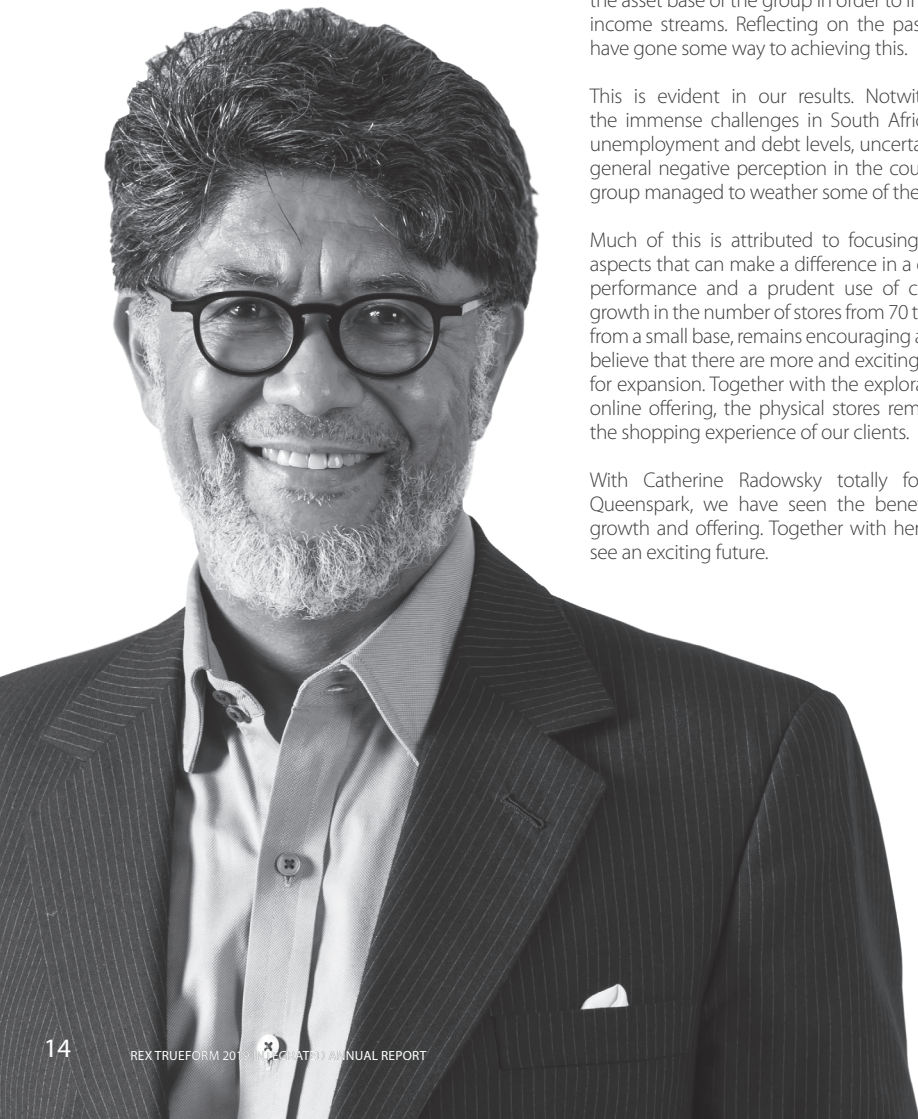
BACC, BCOMPT (HONS), CA(SA)

Technical Financial Officer

Joined the group 2019

CHAIRMAN'S

report



OVERVIEW

In my last report, I explained that the intention was to expand and consolidate our retail segment, position our property portfolio to improve the prospects for development, and finally, to diversify the asset base of the group in order to increase the income streams. Reflecting on the past year, we have gone some way to achieving this.

This is evident in our results. Notwithstanding the immense challenges in South Africa – rising unemployment and debt levels, uncertainty and a general negative perception in the country – our group managed to weather some of these storms.

Much of this is attributed to focusing on those aspects that can make a difference in a company's performance and a prudent use of capital. The growth in the number of stores from 70 to 77, albeit from a small base, remains encouraging and we still believe that there are more and exciting prospects for expansion. Together with the exploration of an online offering, the physical stores remain key to the shopping experience of our clients.

With Catherine Radowsky totally focused on Queenspark, we have seen the benefits in our growth and offering. Together with her team, we see an exciting future.

We have appointed Catherine Lloyd as the chief executive officer of the RTG. This has allowed us to begin exploring new avenues of opportunity. The investment in SAWWH is a very important start to the diversification of the RTG.

The start to our water investment took a tragic blow with the death of the CEO of Silulumanzi, Marius van Aardt, in June 2019. Notwithstanding this setback, the performance of SAWWH has been healthy given that our consortium took over the management of the water utilities of Silulumanzi, Mbombela Municipality in Mpumalanga, and Siza, Ilembe Municipality in KwaZulu-Natal, during the financial year.

It is a totally new area of opportunity, which we plan to expand in the coming years. This is largely because of the deteriorating state of water assets in South Africa and underinvestment for a considerable period of time. If attention is not paid to this as a matter of urgency, we have a crisis of epic proportions which will have a cascading effect on the entire economy and the well-being of our people.

We understand the key challenges the country faces in water infrastructure. It is beginning to dawn on everyone that our water resources require better management and significant investment if we are to meet the challenges of growing urbanisation as well as food security. Water is at the heart of this. Droughts in various parts of the country are signs of what we all face more generally in the country and on the continent. This, despite the perception that we have an abundance of water.

It is critical that the Government increasingly examines ways to bring the private sector in as a partner to deal with this looming crisis in water and sanitation. Dealing with water and sanitation properly will lighten our national health expenses significantly.

Climate changes have begun to change water patterns throughout South Africa and Africa. We intend to play a constructive role in this area of change and development. But this requires a partnership of reciprocity – between the Government or municipalities and those in the private sector who have the skills and expertise to deal with water and sanitation problems. Building

the circular economy is critical for long-term sustainability.

We are ready to play our role.

On our properties, we are in the midst of finalising the heritage requirements which will permit the development of a landmark property in the group. It has taken years but we hope to complete it in the coming year.

PROSPECTS FOR THE FUTURE

The RTG is an investment holding company with a modest base. We have not raised any capital in the group but have relied on internal resources to grow and expand to date.

There remains a debate of whether one should focus on a sector or maintain diversity. The argument has been that holding companies will always trade at a discount to the sum of the parts. This is partly true and becomes a significant problem when the portfolio has predominantly listed assets as part of the holding company.

But that is less of a problem if the assets are not readily available to the market or if the only entry point to those assets is through the holding company. The overriding factor is actually the return on capital deployed.

The RTG hopes over the coming years to invest in assets that are essentially private so that it becomes the only entry point to those assets that the market cannot find elsewhere.

Now under new ownership and management, it hopes to expand the asset base patiently and prudently in a number of areas that create value and opportunity for investors, shareholders, employees and the wider community in which it operates.

MA Golding
Chairman
31 October 2019

CHIEF EXECUTIVE officer's review



Since its inception in 1937, the story of Rex Trueform has been one of continued reinvention. This remains the case for the 2019 financial year as the group continues to embody a number of iterations in navigating and adapting to difficult market conditions. This philosophy of turning challenges into opportunities is not new to the group and perhaps is best illustrated with its refocusing from primarily a manufacturing and exporting business to one engaged in retail in the 1980s and later in the property sector.

The 2019 financial year presents another example of the group's successful resolve to pioneer opportunities in a changing environment. Reports on the effect of climate change have highlighted the need for water security and water safety, and the group has expanded its investment case to include the water infrastructure sector. Management believes that the decision to do so is well founded. Reputable research suggests that by 2050 more than half the world's population will live in water-stressed areas, and the realities of this environmental challenge are already well documented in the major urban centres of Cape Town, the seat of the group's operations, and Johannesburg.

South Africa has been described as the 30th driest country in the world with 98% of our water already allocated. This vulnerability, with conventional water service security appearing financially and operationally hamstrung, led the group to explore an opportunity to invest directly in a South African water and wastewater business. Through Ombrecorp Trading (a controlled subsidiary), the group acquired a substantial 30% interest in SAWWH during the financial year under review. SAWWH is a 100% South African, majority black-owned water and wastewater utility group. The business employs approximately 330 dedicated professionals and focuses on providing drinking water, wastewater and other related services to more than 460 000 people. These services are provided in terms of 30-year exclusive water concessions awarded to the SAWWH operating companies Siza (in the Dolphin Coast in KwaZulu-Natal) and Silulumanzi (in Mbombela in Mpumalanga). Both Siza and Silulumanzi service a mix of commercial and residential customers and continue to perform well and above budget. Together with our partners in SAWWH, we continue to position the company for sustainable future opportunities in the water sector.

Whilst new opportunities ensure that the group remains at the forefront of change, our proud history of retail remains the substantive heart of the group. Retailers worldwide face considerable competition, and local factors continue to pose significant challenges to consumers of all income levels. Consumer spending has been inhibited by a multiplicity of factors: Eskom blackouts, political uncertainty and the highest level of unemployment since 2008 (at an official rate of 29%).

The result has been a general decline in retail footfall. Notwithstanding the uncertain retail environment and aggressive discounting practices by our competitors, a well-considered

strategy, which focused on ensuring meaningful value for consumers, has seen Queenspark resist the trend with marked growth as indicated by the following performance highlights:

- 16.4% increase in group revenue to R708.4 million (2018: R608.5 million) with retail contributing R678.9 million thereof
- Net profit after tax increased to R35.5 million (2018: 12.8 million)
- Retail turnover growth of 15.5%
- 77 stores as at June 2019 (2018: 70)
- Comparable store turnover growth of 10.7% (2018: 6.7%)

These improved results are the product of a customer-focused philosophy which pays attention to the voice of a loyal customer base and aims to attract new customers through an expanded brand offering and bespoke Queenspark lines. We continually evaluate both existing and new brands with the intention of providing customers with a portfolio which caters for all their needs. Coupled with a consistent strategy of paying stringent attention to the efficiency of cost centres, right-sizing stores and maximising space utilisation, Queenspark continues to make headway in understanding the evolving requirements of a retail enterprise engaging a diverse customer profile. Fresh opportunities to roll out new stores and to take advantage of a tenant-friendly property environment remain key to ensuring growth which, even in challenging times, is a key component of the group's business resolve.

Management may direct the course of the business, but it is our staff that are ultimately responsible for much of our success. The group continues to provide employment opportunities for gifted people who are committed to the ideals that are at the heart of our business. The group is an active promoter of the latent talent that exists in our workforce. The culture of the retail division in obtaining, retaining and developing employees, with a considered focus on providing meaningful career opportunities for historically disadvantaged employees, was again brought to the fore at the recent Queenspark Ethos award ceremony. We are particularly proud of the many personal accounts of employees who commenced their

careers in entry-level posts and now command posts in management. The ultimate winner of the Ethos award, Sheril Nkoana, who started her career as a general assistant in Limpopo and worked her way up to be a store manager today, is just one such case. These examples of dedication and commitment, coupled with a group desire to foster opportunities for growth and development, provide a solid foundation of experience for new employees to follow.

The listed property sector has endured a hard and uncompromising period. Many of the same factors impacting on retail have also impeded growth in the commercial property sector as businesses attempt to curtail their rising cost base. This is evidenced by the disappointing financial results in the listed property sector. Given the large capital outlay required and long-term nature of property development, the group continues to seek opportunities that stand to yield a satisfactory return. The key performance indicators in the property division are:

- Property segment revenue increased by 5.8% to R22.8 million (2018: R21.6 million)
- Operating profit decreased to R9.6 million (2018: R10 million)
- Vacancies at less than 1.1% of lettable GLA (2018: 1.1%)
- Total market value of properties at R228.2 million (2018: R223.6 million)

What does the group foresee in the coming year? Simply put, and notwithstanding many challenges, the group has meaningful growth aspirations for the forthcoming year and will, consistent with past practice, strive to achieve reasonable targets within current operations. We continue to utilise our entrepreneurial flexibility to seek opportunities for the business in other closely aligned areas.

CL Lloyd
Chief executive officer
31 October 2019

FINANCIAL DIRECTOR'S report



FINANCIAL OVERVIEW

The group managed to secure a solid performance for the financial year under review amidst a challenging and unpredictable economic environment. Household spending is under ever-increasing pressure and overall business confidence is weak. The less than favourable results from the listed retail and property sectors are indicative of the conditions under which Rex Trueform and its traditional business segments are operating.

FINANCIAL PERFORMANCE

This review of the group's consolidated financial performance for the year ended 30 June 2019 should be read in conjunction with the annual financial statements, the five-year review as well as the business segment reviews.

Group revenue increased by 16.4% to R708.4 million (2018: R608.5 million). The increase was mainly driven by increased turnover from the retail segment which comprised 95.8% (2018: 96.6%) of total group revenue. Other income included in revenue, which mainly comprises rental income, increased by 6.0% to R17.2 million (2018: R16.2 million). Finance income included in revenue increased by 165.3% to R12.3 million (2018: R4.6 million) due to loan funding granted to an associate entity.

Cost containment remained a key focus area for the group across both operations and head office, which filtered through to the group's operating profit, which increased by 77.4% to R25.0 million (2018: R14.1 million). Net finance income and equity-accounted earnings from our new investment contributed positively to the group's profit before tax for the period, which increased by 167.9% to R50.1 million (2018: R18.7 million). Profit after tax for the period increased by 176.8% to R35.5 million (2018: R12.8 million).

Earnings per share increased by 232.4% to 206.4 cents (2018: 62.1 cents per share). Headline earnings per share, which excludes certain re-measurements and items of a capital nature, increased by 17.5% to 73.1 cents (2018: 62.2 cents per share). The most significant exclusions emanated from dilution losses and gains on bargain purchase on our equity-accounted investment in the water infrastructure segment.

Retail segment

Turnover of the group's retail segment increased by 15.5% to R678.9 million (2018: R587.6 million). A number of factors contributed to the growth in turnover. Customer-focused merchandising and store allocation allowed the right product to reach the right customers. New locations and

new private label and third-party brands were introduced bringing more first-time buyers to Queenspark. A net of seven stores (2018: nine stores) were opened during the financial year.

Discounting and increased promotional activity negatively impacted the gross profit margin which decreased to 52.6% (2018: 54.4%). Despite the decrease in the gross profit margin, increased sales volumes drove gross profit upward by 11.6% to R357.1 million (2018: R319.9 million).

The group continued to focus on containing trading costs. This was evidenced by the subdued increase in operating costs, which increased by 4.4% to R330.2 million (2018: R316.3 million). Employee costs, occupancy costs, other trading costs and depreciation all decreased year on year as a percentage of turnover. Operating profit for the segment increased by 298.6% to R32.6 million (2018: R8.2 million).

The operating margin, albeit below the desired target, showed a pleasing improvement to 4.8% (2018: 1.4%). The Queenspark team is committed to improving all key metrics within the segment. The results over the last two financial years are evidence of the progress that is being made.

Property segment

The property segment consists of four properties, two of which are undeveloped. The main income-generating property within the property segment is the Rex Trueform Office Park situated in Salt River. Queenspark fully occupies one building which is utilised as a retail distribution centre and partly occupies the office park which is the base for the business's head office activities.

Property segment revenue increased 5.8% to R22.8 million (2018: R21.6 million). Operating profit decreased by 4.3% to R9.6 million (2018: R10 million) due to above-inflation increases in operating and inter-segment costs.

Water infrastructure segment

During the year, the group concluded its first new investment in line with its diversification and growth strategy. R125 million, of which R53 million was from the group's own cash resources and R72 million was from loan funding from consortium partners, was utilised to acquire a 30% interest in the SAWWH group. The investment consists of two underlying operating entities providing water and wastewater management services under concession agreements. Silulumanzi operates in Mpumalanga and Siza operates in KwaZulu-Natal. The equity-accounted investment contributed R7.1 million to after tax earnings for the financial year.

FINANCIAL POSITION

The group's capital and reserves increased by R48.4 million to R320.9 million (2018: R272.5 million). Net asset value per share increased by 14.09% to R15.06 (2018: R13.20).

Inventory increased to R100.6 million during the year (2018: R92.1 million). The increase was driven by the expansion of new stores and was in line with a drive to increase sales volumes in the retail segment. Inventory write-down provisions increased to R12.8 million (2018: R9.7 million), accounting for 11.3% (2018: 9.5%) of the value of inventory on hand.

The group generated positive cash flows from operations amounting to R63.1 million (2018: R37.3 million). The increase was mainly due to improved turnover and containment of costs. The utilisation of cash resources for the acquisition of the equity-accounted investment offset by cash generated from operations resulted in cash

balances decreasing to R55.5 million (2018: R69.0 million).

Investment in capital expenditure of R19.7 million (2018: R26.4 million) was incurred during the financial year, of which R18.3 million (2018: R22.7 million) related to the retail segment. In addition to opening of new stores, the retail segment capital expenditure also consisted of the refurbishment of stores and investment in new IT hardware and systems.

IFRS 16 – NEW LEASE ACCOUNTING STANDARD

The 2020 financial year will see the introduction of the new lease accounting requirements in terms of IFRS 16. The change in accounting standard is set to have a significant impact on the reported results of the retail segment and hence the reported results of the group.

Effective 1 July 2019, a lease liability of between R316.6 million and R350.0 million will be recognised with a corresponding right-of-use asset (net of operating lease smoothing liabilities of R18.5 million and deferred income from landlord lease incentives of R1.5 million) of between R297.7 million and R329.0 million.

Occupancy costs are expected to reduce by between R85.2 million and R94.1 million replaced by depreciation on the right-of-use asset of between R69.1 million and R76.4 million and finance costs emanating from the lease liability of between R31.2 million and R34.5 million. Overall profit before tax is expected to reduce by between R15.1 million and R16.8 million.

The ranges provided are based on existing lease information and are subject to change as and when new leases are entered into, as well as when renewal assumptions change.

FUTURE PROSPECTS

We will continue to experience challenging and uncertain times in the retail sector of the economy, particularly in the fashion retail sector. Customers have become discount-driven as they attempt to derive more value from their ever-decreasing disposable income. It is however certain that the customer must be at the centre of any growth strategy. The Queenspark team is committed to continually improving their understanding of the ever-evolving customer. New products, store locations and the introduction of our own e-commerce platform will ensure that we continue to remain relevant in the sector.

The Salt River and Woodstock nodes, where the majority of the properties within our property segment are located, have seen a remarkable rejuvenation over the last decade as many seek to live and work closer to the Cape Town CBD. The rejuvenation has been aided by the fact that the area falls within a designated Urban Development Zone (UDZ) resulting in attractive tax benefits for developers. Many old buildings (predominantly redundant factories) have been revamped into mixed-use developments. With the current property portfolio, the group is well positioned to both contribute to and benefit from future development in the area. Given the large capital outlay required and long-term nature of any property development, the group continues to seek opportunities that will yield a satisfactory return on any capital employed.

Our recent investment into the water infrastructure sector was an important milestone in the diversification of the group. The sustainable management of the country's water resources is inextricably linked to the macro economy. A combination of poor infrastructure, mismanagement of state funds, lack of accountability and low rainfall patterns has seen the increased prevalence of drought-stricken areas

across the country. Together with our consortium partners and the skills and experience inherent in the SAWWH group, we are ready to play a key role in water security across the country. The SAWWH group's operating subsidiaries are performing optimally and are successful working examples of private-public partnerships within the water infrastructure sector.



Damien Franklin
Financial director
31 October 2019

FIVE-YEAR REVIEW

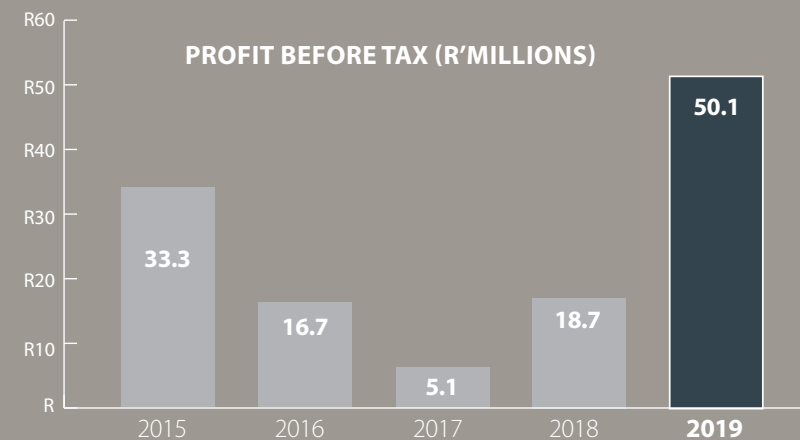
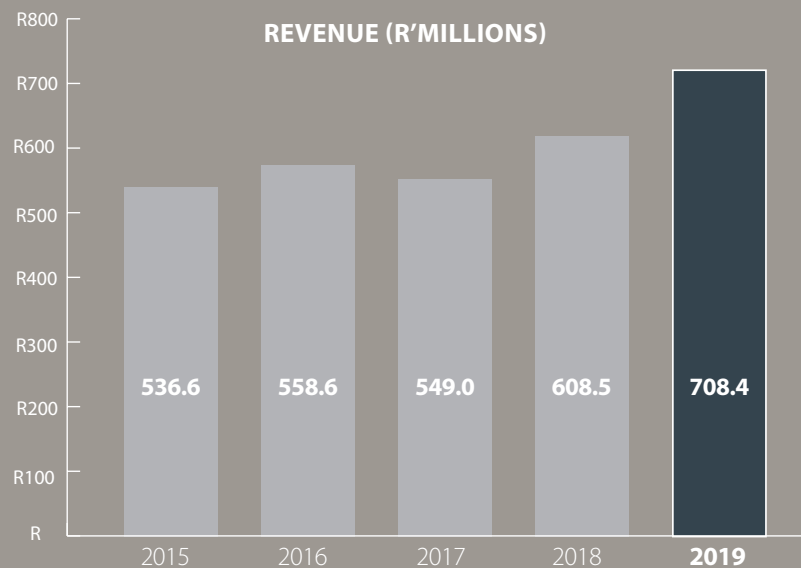
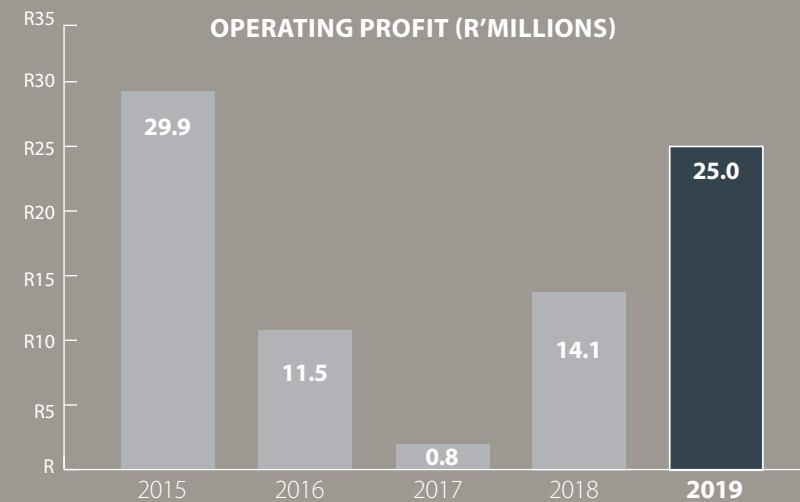
Group results

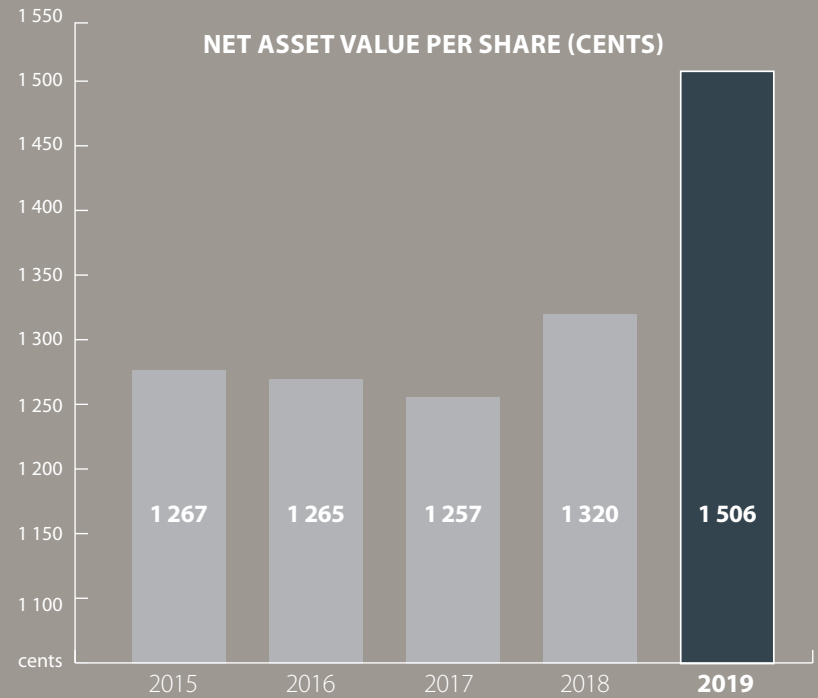
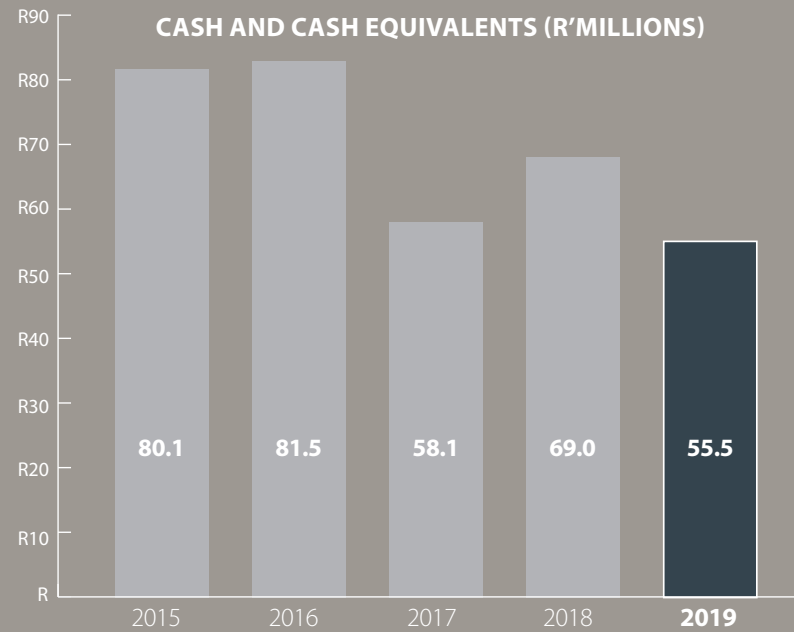
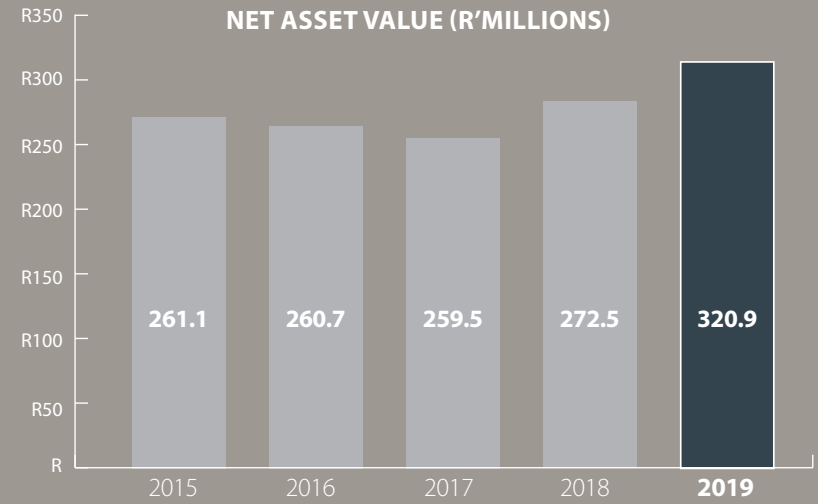
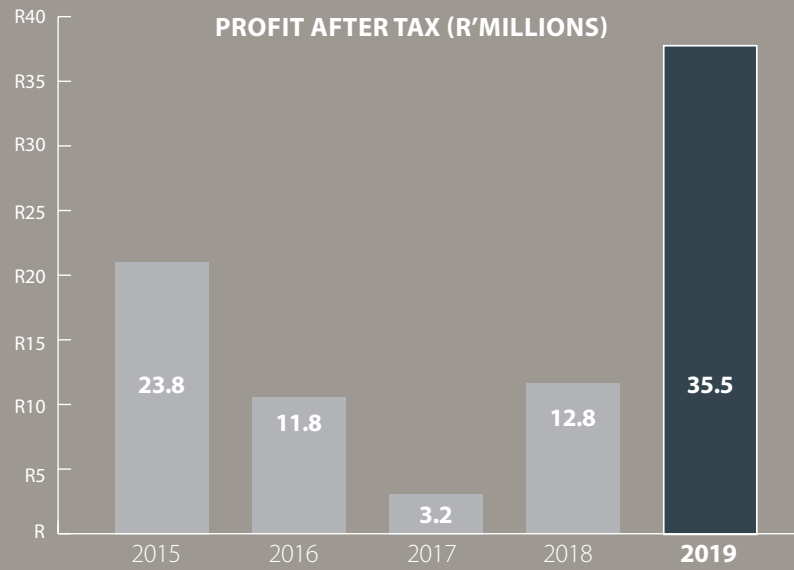
Statement of comprehensive income	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Revenue	708 374	608 540	549 046	558 626	536 626
Turnover	678 873	587 632	528 759	537 588	516 086
Cost of sales	(321 767)	(267 730)	(237 200)	(248 937)	(225 698)
Gross profit	357 106	319 902	291 559	288 651	290 388
Other income	17 213	16 241	15 826	15 726	17 029
Rental income	16 786	15 700	15 030	14 185	11 417
Profit on sale of property	427	-	-	-	3 864
Royalty fee income	-	-	213	991	1 228
Management fee income	-	541	583	550	520
Trading expenses	(349 340)	(322 061)	(306 630)	(292 854)	(277 483)
Employment costs	(118 961)	(109 989)	(103 840)	(99 988)	(93 784)
Occupancy costs	(132 405)	(119 019)	(107 360)	(104 181)	(99 488)
Depreciation and amortisation	(23 272)	(26 837)	(25 462)	(23 584)	(22 224)
Other operating costs	(74 702)	(66 216)	(69 968)	(65 101)	(61 987)
Operating profit	24 979	14 082	755	11 523	29 934
Dividend income	27	45	21	20	18
Finance income	12 261	4 622	4 440	5 292	3 493
Finance costs	(3 266)	(53)	(133)	(172)	(163)
Share of profit of associate	20 417	-	-	-	-
Dilution loss on investment in associate	(14 811)	-	-	-	-
Gain from bargain purchase on investment in associate	10 484	-	-	-	-
Profit before tax	50 091	18 696	5 083	16 663	33 282
Income tax expense	(14 604)	(5 876)	(1 908)	(4 903)	(9 470)
Profit for the year	35 487	12 820	3 175	11 760	23 812
Profit attributable to ordinary and "N" ordinary shareholders	42 568	12 803	3 158	11 743	23 795

Statement of cash flows	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Operating profit before working capital changes	64 318	39 801	27 197	38 257	51 620
Working capital changes	6 470	(7 284)	(17 014)	3 947	4 855
Cash generated by operating activities	70 788	32 517	10 183	42 204	56 475
Interest received	2 792	4 622	4 440	5 292	3 493
Interest paid	(66)	(53)	(133)	(172)	(163)
Dividends paid	(17)	(17)	(5 575)	(12 571)	(17)
Dividends received	27	45	21	20	18
Taxation paid	(10 471)	184	(832)	(5 630)	(782)
Net cash inflows from operating activities	63 053	37 298	8 104	29 143	59 024
Net cash outflows from investing activities	(21 746)	(26 353)	(31 705)	(27 748)	(34 627)
Loan advanced	(126 851)	-	-	-	-
Loan received	72 000	-	234	-	-
Net cash (outflows) / inflows from financing activities	(54 851)	-	234	-	-
Net (decrease) / increase in cash and cash equivalents	(13 544)	10 945	(23 367)	1 395	24 397
Cash and cash equivalents at the beginning of the year	69 034	58 089	81 456	80 061	55 664
Cash and cash equivalents at the end of the year	55 490	69 034	58 089	81 456	80 061

Statement of financial position	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Assets					
Non-current assets	307 897	156 090	159 628	155 705	151 146
Current assets	178 390	192 409	169 120	182 984	174 235
Total assets	486 287	348 499	328 748	338 689	325 381
Equity and liabilities					
Ordinary shareholders' interest	312 140	272 227	259 184	260 438	260 798
Preference share capital	280	280	280	280	280
Non-controlling interest	8 464	-	-	-	-
Total equity	320 884	272 507	259 464	260 718	261 078
Non-current liabilities	97 787	19 589	19 731	21 897	20 916
Current liabilities	67 616	56 403	49 553	56 074	43 387
Total liabilities	165 403	75 992	69 284	77 971	64 303
Total equity and liabilities	486 287	348 499	328 748	338 689	325 381

Group ratios		2019	2018	2017	2016	2015
Returns						
Return on equity	%	14.6	4.8	1.2	4.5	9.6
Return on capital	%	18.0	7.0	2.0	6.5	13.4
Return on assets	%	12.0	5.5	1.5	5.0	10.7
Productivity						
Total asset turn	(times)	1.6	1.7	1.6	1.6	1.7
Gross margin from operations	%	52.6	54.4	55.1	53.7	56.3
Operating margin from operations	%	3.7	2.4	0.1	2.1	5.8
EBITDA margin from operations	%	11.3	7.8	5.8	7.5	10.8
Profit / (loss) margin before tax	%	7.4	3.2	1.0	3.1	6.4
Inventory turn	(times)	3.3	3.2	3.4	3.8	3.0
Effective tax rate on operations	%	29.2	31.4	37.5	29.4	28.5
Solvency and liquidity						
Total liabilities to total equity	%	51.5	27.9	26.7	29.9	24.6
Current ratio	:1	2.6	3.4	3.4	3.3	4.0
Acid-test ratio	:1	1.1	1.8	1.8	2.2	2.4
Dividend cover	(times)	-	-	-	2.0	1.7
Annual growth on operations						
Turnover	%	15.5	11.1	(1.6)	4.2	4.9
Operating profit / (loss)	%	77.4	1 765.2	(93.4)	(61.5)	273.0
Profit / (loss) for the year	%	176.8	303.8	(73.0)	(50.6)	337.4





RETAIL SEGMENT REVIEW



QUEENSPARK

Founded in 1980, Queenspark is a leading South African fashion store specialising in elegant, fashionable womenswear, menswear and accessories. With a range of fashion-forward brands in our stable, Queenspark has something to offer everyone, whatever your shape or style. Queenspark's range transforms key fashion trends into wearable, modern, fashion looks.

OPERATIONAL REVIEW

Financial highlights in the 2019 financial year include:

- Retail turnover increased to R678.9 million (2018: R587.6 million), growing by 15.5% (2018: 11.1%)
- 77 stores as at June 2019 (2018: 70), a net of 7 new stores
- Comparable store turnover growth of 10.7% (2018: 6.7%)
- Gross profit generated from the retail segment increased by 11.6% to R357.1 million (2018: R319.9 million)
- Gross profit margin of 52.6% (2018: 54.4%)
- Product price deflation of -3.1% (2018: 4.9% inflation)

The 2019 financial year has been an eventful one in the retail space, and Queenspark has held its own amidst a constrained consumer environment. We are pleased to report a positive growth to our shareholders and are comfortable that our continued focus on key metrics within the business will provide a solid base from which we can grow into the future.

This past year saw continued growth in discount activity in the retail sector, with clothing retailers beginning promotions on key seasonal items very early in the season. In order to retain our customers and ensure that they still purchased from us, we unfortunately also had to participate in greater discounting, which negatively affected our gross profit margins. Black Friday continues to grow, and there is no reason to expect that it will not be even larger this year, placing additional pressure on the bottom line and feeding into the discount expectations of customers.

Our main line of defence against the growing discounting culture is a continued focus on our unique Queenspark handwriting in a very competitive ladieswear market. Our external brands continue to perform well for us, however, it is our competitively priced, but still special, Queenspark product that appeals to our loyal customers.

We completed our move to a single view of the customer this year, allowing us to begin to create a greater understanding of our customers. It has also allowed us to identify new and growing market segments to capitalise on, which introduces opportunities for new products and store locations. We continue to focus on our customer relationship management journey, and are investigating the best practices, for a tailored VIP loyalty offering.

The right-sizing of our stores continues in our current footprint, and some new store opportunities have become available for us, allowing us to open a net of 7 new stores in this financial year.



We have continued the process of better defining our own label brands, their market position and potential opportunity. We know our customers trust the Queenspark brand and they are now being offered a wider range and more variety through our assortment of private label brands. These brands allow us to increase the basket size of existing customers, as well as attract new customers.

The e-commerce journey for Queenspark continues as we know our customers are expecting an omni-channel experience from all retailers. Our online turnover reduced by 4% in 2019 due to the closure of the Spree platform in September 2018. We continue to operate on the Zando platform. We are in the process of creating our own e-commerce store with a focus on maintaining and growing our customer base, while ensuring that we offer these customers the same high level of customer service and specialised product that Queenspark is known for. The e-commerce store will assist in driving our current digital strategy maintained through key partnerships and will provide an additional revenue stream.

Cash sales have shown a healthy growth of 16.7%. In the face of tougher economic times where not all customers are able to access credit, we have seen our lay-by business continue to grow, assisted by our more streamlined process. Lay-by sales have shown pleasing growth from the prior year and will continue to be an increasingly important tender type for the business.

Other initiatives that contributed to our positive performance include the upgraded allocation system, which went live a few months ago, and the launch of a new in-house brand based on modest femininity called Private Label.

OUTLOOK

In closing, I wish to thank our board, shareholders, employees, suppliers, customers and all other stakeholders for their support in this challenging retail environment. While we expect difficult trading conditions to continue over the short to medium term, we believe that the Queenspark team is focused on the task at hand and is capable of tackling the challenges ahead.

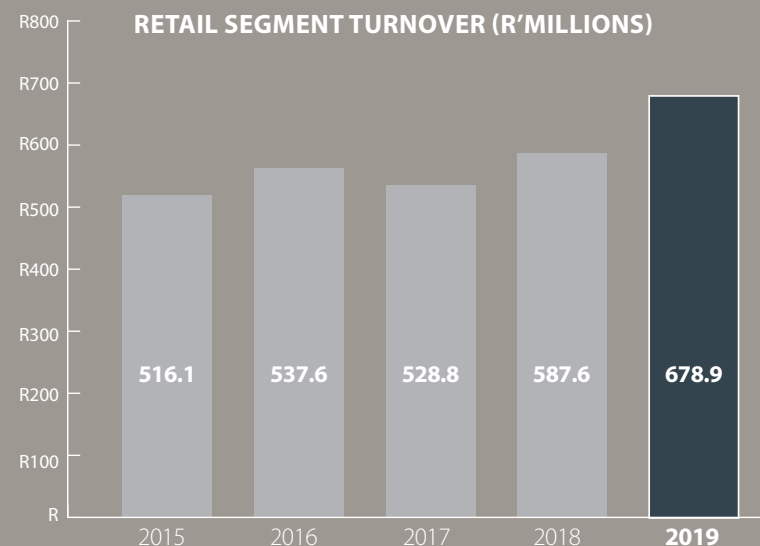
Catherine Radowsky
Chief executive officer of Queenspark
31 October 2019

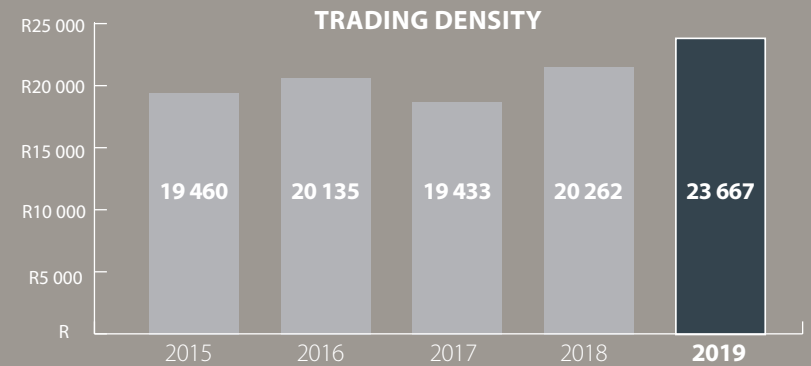
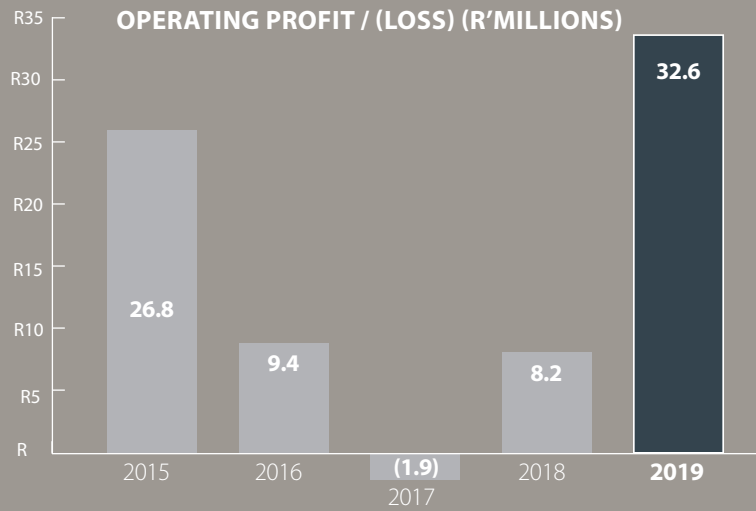
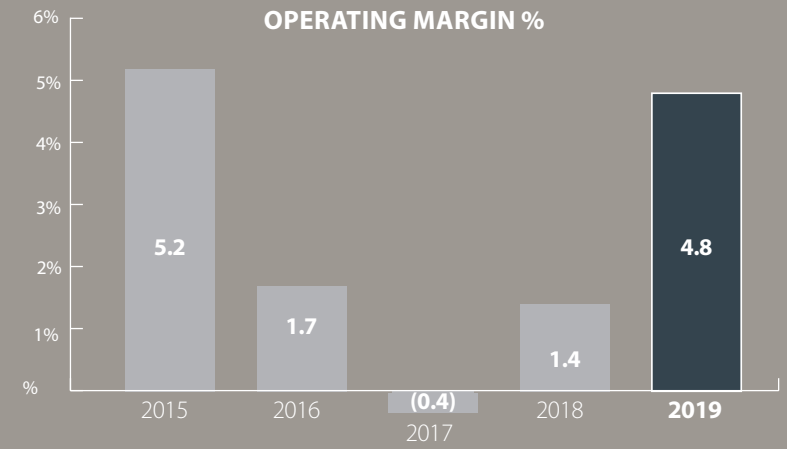
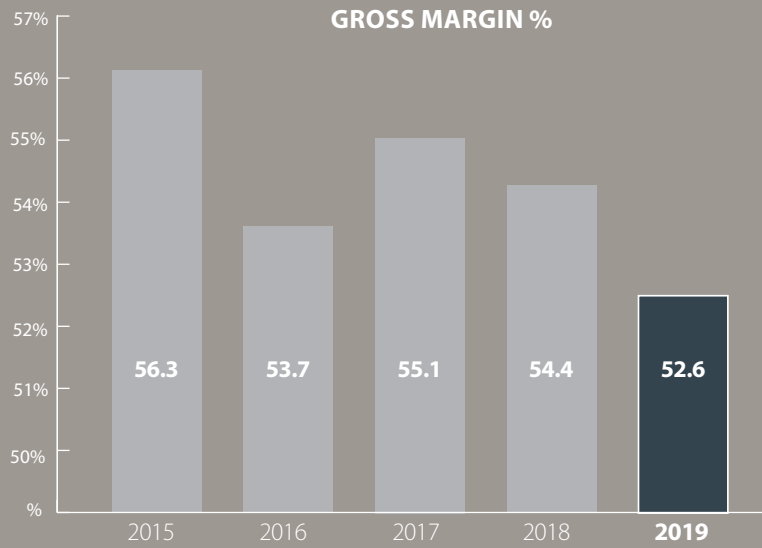
FINANCIAL REVIEW

Retail segment results		2019	2018	2017	2016	2015
Five-year analysis						
Retail turnover	(R'000)	678 873	587 632	528 759	537 588	516 086
Sale of merchandise at retail stores	(R'000)	663 805	572 731	515 141	525 504	504 883
Sales to franchisees	(R'000)	1 556	830	2 779	8 580	11 012
Online and other turnover	(R'000)	13 512	14 071	10 839	3 504	191
Returns						
Operating profit / (loss)	(R'000)	32 566	8 171	(1 923)	9 372	26 807
Operating assets at year end	(R'000)	246 679	213 844	216 059	223 584	216 705
Return on average operating assets	(%)	14.1	3.8	(0.9)	4.3	12.8
Annual (negative) growth						
Retail segment turnover	(%)	15.5	11.1	(1.6)	4.2	4.9
Sale of merchandise at retail stores	(%)	15.9	11.2	(2.0)	4.1	5.3
Operating (loss) / profit	(%)	298.6	524.9	(120.5)	(65.0)	290.9
Productivity						
Sale of merchandise per full-time equivalent (FTE) *	(R'000)	1 118	1 039	937	947	883
Sale of merchandise per store *	(R'000)	8 621	8 182	8 445	9 060	9 016
Sales trading density *	(R)	23 667	20 262	19 433	20 135	19 460
Total asset turn	(times)	2.9	2.7	2.4	2.4	2.4
Gross margin	(%)	52.6	54.4	55.1	53.7	56.3
Operating margin	(%)	4.8	1.4	(0.4)	1.7	5.2
Inventory turn	(times)	3.3	3.2	3.4	3.8	3.0
Operating statistics						
FTE employees (closing)		594	551	550	555	572
Total number of stores		77	70	61	58	56
South Africa		74	67	59	58	56
Namibia		3	3	2	-	-
Online platforms		1	2	2	1	-
Franchise stores		1	1	1	2	3

		2019	2018	2017	2016	2015
Total weighted average store area *	(m ²)	28 047	28 266	26 508	26 098	25 944
Trading expenses as a % of retail turnover	(%)	48.0	53.0	55.5	52.0	51.2
Depreciation costs as a % of retail turnover	(%)	2.9	3.9	4.1	3.7	3.9
Employment costs as a % of retail turnover	(%)	17.1	18.5	18.5	17.1	16.7
Occupancy costs as a % of retail turnover	(%)	19.7	21.2	21.3	19.5	20.2
Other operating costs as a % of retail turnover	(%)	8.3	9.4	11.6	11.7	10.4

* Excludes online and franchise stores





Retail turnover and stores by geographic region

	2019			2018		
	Number of stores at 30 June 2019	Turnover Rm	% Contribution	Number of stores at 30 June 2018	Turnover Rm	% Contribution
Eastern Cape	4	30 477	4.6	5	24 887	4.3
Free State	5	28 717	4.3	3	24 982	4.4
Gauteng	30	313 805	47.3	27	280 829	49.0
KwaZulu-Natal	10	78 459	11.8	9	62 032	10.8
Limpopo	6	41 661	6.3	4	30 138	5.3
Mpumalanga	4	30 457	4.6	4	27 871	4.9
North West	4	30 266	4.6	4	10 189	1.8
Northern Cape	2	12 173	1.8	2	25 702	4.5
Western Cape	9	82 504	12.4	9	70 992	12.4
Namibia	3	15 286	2.3	3	15 109	2.6
Total**	77	663 805	100.0	70	572 731	100.0

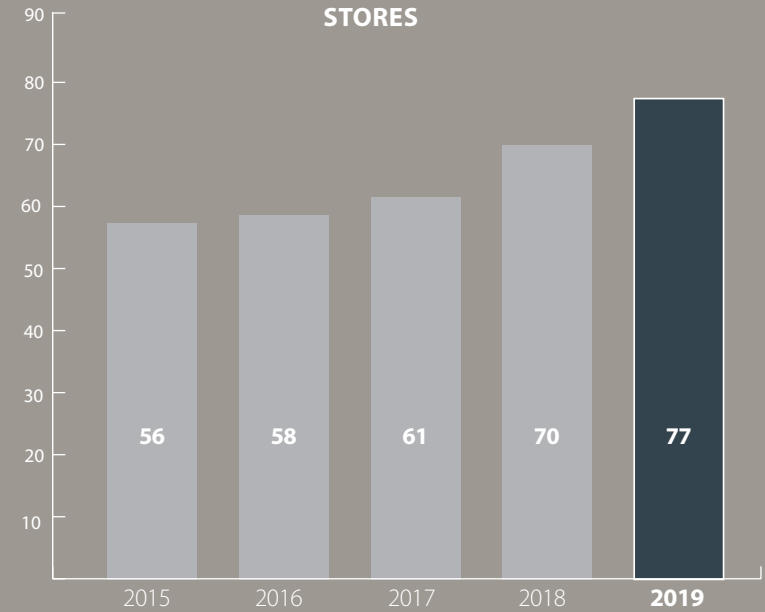
** Excluding online, other turnover and sales to franchisees

Summary of store gross area*

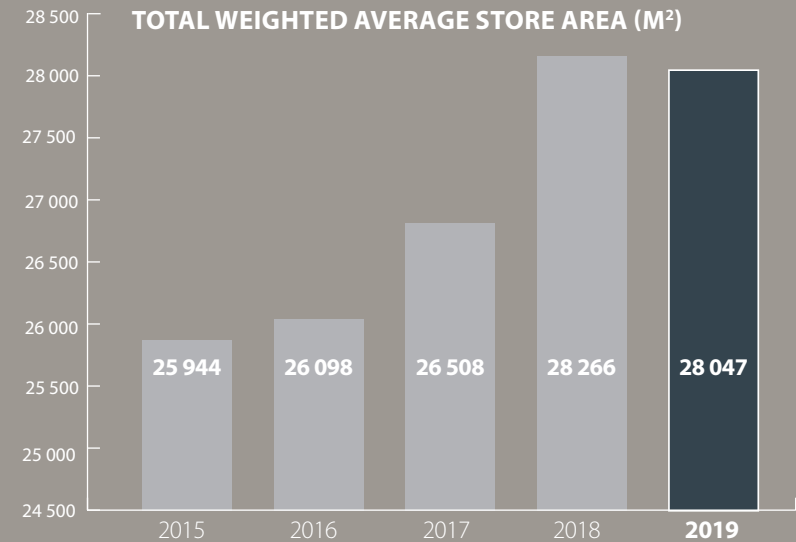
	2019			2018		
	Number of stores at 30 June 2019	Store m ² *	% Change	Number of stores at 30 June 2018	Store m ² *	% Change
	70	28 527		61	27 647	
Stores opened	8	1 114	3.9	10	1 755	6.3
Stores closed	(1)	(376)	(1.3)	(1)	(624)	(2.3)
Space decreased		(358)	(1.3)		(251)	(0.9)
Closing store base **	77	28 907	1.3	70	28 527	3.1
Weighted average store area* (m ²)		28 047			28 266	

* Store area includes the trading area plus store rooms and back-office space.

STORES



TOTAL WEIGHTED AVERAGE STORE AREA (M²)



Owned retail TRADING BRANDS

QUEENSPARK

Overview and customer offering

The ladieswear division forms the core of the retail business. It is the fashion destination for discerning customers who want to look and feel fantastic and feminine, with fashion confidence across casual, formal and glamour. This range delivers on our promise of affordable luxury.

Product focus

Fashion apparel including casual, formal and glamour, jewellery, fashion accessories and footwear.

Current customer focus

LSM 8–10+ (35 years and up).

cath.nic
exclusive to QUEENSPARK

Overview and customer offering

cath.nic is the destination for aspirational, fashion-conscious women who seek the latest fashion across smart-casual and glamour.

Product focus

Fashion apparel across casual and glamour lifestyles.

Current customer focus

LSM 8–10+ (30 years and up).

Miss Cassidy

Overview and customer offering

Miss Cassidy offers classic, contemporary fashion for the customer who loves the finer things in life.

Product focus

Fashion apparel across formal and casual lifestyles.

Current customer focus

LSM 8–10+ (35 years and up).

plus collection
16-26

Overview and customer offering

The Queenspark Plus collection offers feminine and flattering clothing suitable for the fuller figure, inspired by the signature looks and pieces of the mainstream Queenspark range.

Product focus

Fashion apparel including casual, formal and glamour.

Current customer focus

LSM 8–10+ (35 years and up).

JCREW

Overview and customer offering

J CREW is the fashion destination for discerning male customers who want to look well groomed, classic and comfortable. Its hallmarks are good fabrics and colour in sophisticated styles yet always commercial.

Product focus

Fashion apparel including casual and formal, footwear and fashion accessories.

Current customer focus

LSM 8–10+ (35 years and up).

·Private Label·
EXCLUSIVE TO QUEENSPARK

Overview and customer offering

Private Label is a feminine but modest brand, allowing our customer to reflect her own individual style while mixing and matching this contemporary range.

Product focus

Fashion apparel across casual and formal lifestyles.

Current customer focus

LSM 8–10+ (30 years and up).

PROPERTY SEGMENT REVIEW

REX TRUEFORM PROPERTIES

PROPERTIES

The properties division was born out of the need to repurpose the group's vacant factory buildings after the closure of the company's clothing manufacturing operations in 2005. The remaining portfolio consists of developed and undeveloped properties, some of which are partly and fully owner-occupied. The division has become an integral part of the group's growth strategy.

PROPERTY PORTFOLIO

REX TRUEFORM OFFICE PARK

Rex Trueform Office Park – 263 Victoria Road, Salt River (www.rextrueformofficepark.com)

The Rex Trueform Office Park is an iconic building situated on Victoria Road in Salt River. It was sensitively restored and has been successfully let with minimal vacancies since opening for tenancy. The building has large, regularly shaped and efficient floor plates that have minimal column intrusion, abundant natural light and commanding views. Vacancies have been at 1.1% since November 2017. Major tenants include Queenspark, Merchants and Capsicum Culinary Studio. The building was declared a provincial heritage site by Heritage Western Cape at an official unveiling by the Western Cape Minister of Cultural Affairs and Sport in February 2019.

Rex Trueform Factory Complex – 344 Victoria Road, Salt River

Directly opposite the Rex Trueform Office Park is another iconic building in the heart of Salt River that also has heritage significance. The building has, for the most part, been vacant ever since the group's manufacturing operations closed in 2005. Management is actively seeking viable development opportunities for the vacant building.

Vacant Land – 14 Brickfield Road, Salt River

The vacant erf in the Salt River precinct is currently being let out as parking to neighbouring businesses. Management is actively seeking viable development opportunities for the site.

Retail Distribution Centre – 16 Byrnes Avenue, Wynberg

The property is located in Wynberg and forms part of the property portfolio formerly utilised by the group's clothing manufacturing operations. The building has been repurposed as a distribution centre for the group's retail operations under the Queenspark brand, and will continue to be utilised for this purpose into the foreseeable future until the building is no longer fit for purpose.

The building was declared
**A PROVINCIAL
HERITAGE
SITE**
by Heritage Western Cape

OUTLOOK

The South African economy is currently experiencing unyielding economic times, and this will no doubt have a negative impact on the commercial property sector as businesses attempt to subdue their rising cost base. This is evidenced by the disappointing financial results in the listed property sector.

Notwithstanding this, the Salt River and Woodstock nodes have seen a remarkable rejuvenation over the past decade as many seek to live and work closer to the Cape Town CBD.

The rejuvenation has been aided by the fact that the area falls within a designated Urban Development Zone (UDZ) resulting in attractive tax benefits for developers. Many old buildings (predominantly redundant factories) have been revamped into mixed-use developments. With the current property portfolio, the group is well positioned to both contribute to and benefit from future development in the area.

Given the large capital outlay required and the long-term nature of any property development, the group continues to seek the opportunities that will yield a satisfactory return on any capital employed.



Fair value of property portfolio (R' Millions)

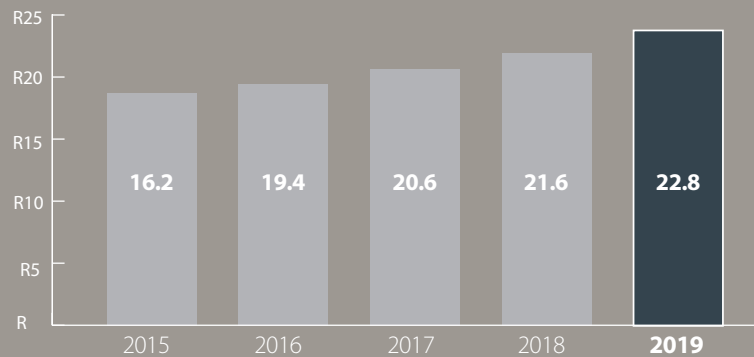
Description	2019	2018	2017	2016	2015
Rex Trueform Office Park	139.2	138.4	132.1	125.0	117.3
Rex Trueform Factory Complex	31.5	30.5	30.2	29.3	26.0
Vacant Land	32.5	29.6	26.6	23.6	20.7
Retail Distribution Centre	25.0	25.1	23.1	21.2	21.3
	228.2	223.6	211.9	199.1	185.3

- The fair value of the investment properties is determined by an external and independent professional valuer, who is registered with the South African Council for the Property Valuers Profession (SACPVP) and has recent experience in the location and category of the relevant properties being valued. The valuations were done on a "market-value" basis, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Income-producing properties are valued using the most appropriate method, being either the discounted cash flow method or the capitalisation of net income method, taking into consideration future earnings potential and an appropriate capitalisation and discount rate that reflect the specific risks inherent in each property. The comparable sales method is used to determine the value of undeveloped land.

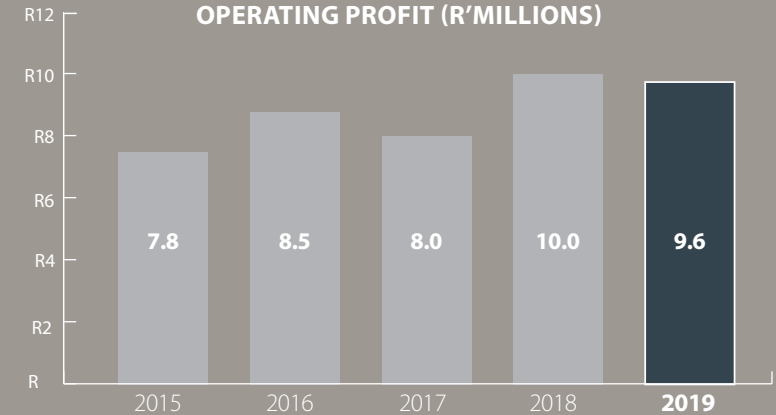
FINANCIAL REVIEW

- Property segment revenue increased by 5.8% to R22.8 million (2018: R21.6 million)
- Operating profit decreased to R9.6 million (2018: R10.0 million)
- Vacancies at less than 1.1% of lettable GLA (2018: 1.1%)
- Total market value of properties is R228.2 million (2018: R223.6 million)

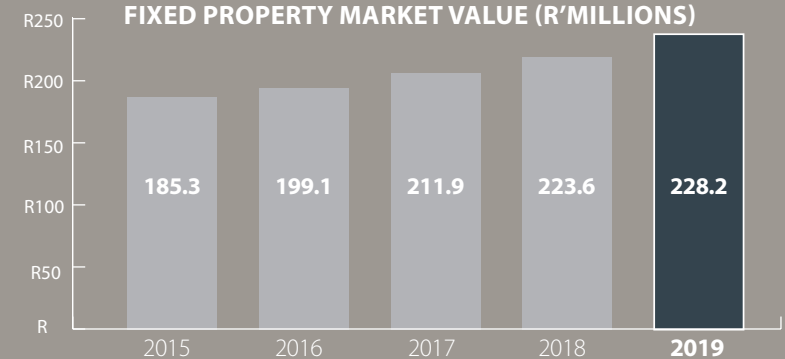
PROPERTY SEGMENT REVENUE (R'MILLIONS)



OPERATING PROFIT (R'MILLIONS)



FIXED PROPERTY MARKET VALUE (R'MILLIONS)





SAWW
South African Water Works

WATER INFRASTRUCTURE SEGMENT REVIEW

The business employs approximately **330 DEDICATED PROFESSIONALS**

who provide drinking water, wastewater and other related services to more than 460 000 people.

OVERVIEW

The group acquired, via Ombrecorp Trading (a subsidiary), a 30% interest in SAWWH during the 2019 financial year. SAWWH is a 100% South African, majority black-owned, private water and wastewater utility group operating, via controlled subsidiaries, under 30-year water concession agreements in Mbombela in Mpumalanga (via Silulumanzi) and Ballito in KwaZulu-Natal (via Siza). The business employs approximately 330 dedicated professionals who provide drinking water, wastewater and other related services to more than 460 000 people.

Timeline and key dates

- 26 September 2018 – A 33.78% interest in SAWWH was acquired via Ombrecorp Trading (a wholly-owned subsidiary at the time) for a nominal value of R125. R41 326 850 is lent to SAWWH for the acquisition of Siza. The Siza transaction closed on this date.
- 21 December 2018 – A new SAWWH shareholder was introduced, necessitating the issuance of additional shares reducing the group's interest in SAWWH from 33.78% to 15.16%. A dilution loss on investment is recognised amounting to R14 811 423. The Silulumanzi transaction closed on this date.

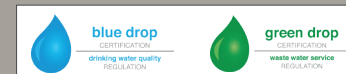
- 31 December 2018 – SAWWH group financial year end.
- 28 February 2019 – An additional interest in SAWWH is acquired for a nominal value of R175, increasing the group's interest from 15.16% to 30%. R10 484 414 is recognised as a gain on bargain purchase. Ombrecorp Trading acquires R72 000 000 in funding from 27four and, utilising the funding together with its own resources, advances R83 672 850 to SAWWH for the acquisition of Silulumanzi. Additional Ombrecorp Trading shares are issued, resulting in 48% of the issued shares being acquired by certain NPOs. The group's share in Ombrecorp Trading reduces to 52% and the effective interest in SAWWH reduces to 15.6%. The Ombrecorp Trading share issue results in an equity-settled share-based payment expense amounting to R10 514 720.

Also refer to SENS announcements issued on 28 September 2018, 24 January 2019 and 25 February 2019 for further detailed information.



Two key operating subsidiary companies:

- ★ 1. Silulumanzi (Mbombela)
- ★ 2. Siza (Ballito)



FINANCIAL REVIEW

The net contribution of the investment to group earnings for the financial year amounted R7.1 million, broken down as follows:

Statement of comprehensive income	R'000
Other income	136
Equity-settled share-based payment	(10 515)
Operating costs	(105)
Operating loss	(10 484)
Finance income	9 469
Finance costs	(7 357)
Share of profit of associate (net of taxation)	20 417
Dilution loss on investment in associate	(14 811)
Gain from bargain purchase on investment in associate	10 484
Profit before tax	7 718
Taxation	(600)
Profit after tax	7 118
Profit attributable to:	
Owners of parent	14 216
Non-controlling interest	(7 098)
Total profit for the period	7 118



GROUP STAKEHOLDER ENGAGEMENT

STAKEHOLDER	WHY WE ENGAGE	MEANS OF ENGAGING
Retail customers	<ul style="list-style-type: none"> - To obtain customer loyalty and achieve customer satisfaction 	<ul style="list-style-type: none"> - Customer feedback at stores - Customer feedback via helpdesk - Advertising and marketing through various media channels - Interaction with account holders of private label card via various communication channels - Use of social media and web-based channels
Tenants	<ul style="list-style-type: none"> - To maintain a good relationship with our tenants 	<ul style="list-style-type: none"> - Regular meetings with tenants where they are encouraged to comment and contribute to any aspect of the management of the Rex Trueform Office Park - Responding to any tenant's requirements or concerns on a day-to-day basis through the office of the building manager - Assisting tenants, whenever reasonably possible, with their arrangements for special events in the Rex Trueform Office Park, including open days and onsite clinics - Seeking consensus with tenants regarding the timing of any materially noisy and/or disruptive work required in the office park from time to time
Shareholders	<ul style="list-style-type: none"> - To provide our shareholders with relevant, timeous and balanced information 	<ul style="list-style-type: none"> - Integrated annual report - Annual financial statements - Interim reporting announcements - Annual general meeting - SENS announcements and circulars, when applicable - Website - Direct contact with the company via the company secretary
Employees	<ul style="list-style-type: none"> - To ensure that we attract and retain the relevant talent - To ensure that we have motivated employees - To increase our employees' productivity - To ensure employee loyalty 	<ul style="list-style-type: none"> - Performance management - Training programmes - Liaison committees - Policy development and distribution

STAKEHOLDER	WHY WE ENGAGE	MEANS OF ENGAGING
Suppliers	<ul style="list-style-type: none"> - To maintain a good relationship with our suppliers with the view to ensuring a long-term benefit for both parties that will assist in maximising our buying efficiencies (in relation to the purchasing of goods), and in ensuring that our suppliers maintain a high ethical standard - To ensure that we receive a timeous supply of high-quality merchandise at the right price that will optimise sales 	<ul style="list-style-type: none"> - Regular supplier interaction including various forms of correspondence and (in relation to the suppliers of goods) site visits to ensure responsible management of our supplier base - A formal procurement process is in place to appoint suppliers, which includes a formal evaluation process (to the extent required) and responsible take-on procedures in the form of supplier criteria forms and supplier agreements - By applying our supplier code of ethics and third-party audits (in relation to the suppliers of goods) we endeavour to ensure that we source ethically



DEFINITIONS

GROUP

Return on equity	(Loss) / profit attributable to ordinary and "N" ordinary shareholders divided by average ordinary shareholder's interest
Return on capital	Total group (loss) / profit before interest paid and tax divided by average total net assets
Return on assets	Total group (loss) / profit before interest paid and tax divided by average total assets
Total asset turn	Total group turnover divided by average total assets
Gross margin	Gross profit divided by turnover
Operating margin	Operating (loss) / profit divided by turnover
EBITDA margin	Earnings before interest expense, tax, depreciation and amortisation divided by turnover
Inventory turn	Total group cost of sales for the year divided by average inventory
Effective tax rate	Income tax expense divided by profit before tax
Total liabilities to equity	Total closing liabilities divided by total closing equity
Current ratio	Total closing current assets divided by total closing current liabilities
Acid-test ratio	Total closing current assets less closing inventories divided by total closing current liabilities
Dividend cover	Headline (loss) / earnings per share divided by total ordinary dividends proposed for the year
Weighted average number of shares in issue	The number of shares in issue at the beginning of the year increased by shares issued during the year, and decreased by shares repurchased during the year, weighted on a time basis for the period during the year in which they were in issue
Weighted average shareholder return	Weighted average share price at the end of the year minus the weighted average share price at the beginning of the year plus dividends declared, divided by the weighted average share price at the beginning of the year
Net asset value per share	Total capital and reserves less non-controlling interest less preference share capital divided by the number of ordinary and "N" ordinary shares in issue (net of treasury shares) at the end of the reporting period *
Market capitalisation	The closing share price at year end as per the JSE multiplied by the total number of shares in issue at the end of the year

* Definition refined during the current year

RETAIL SEGMENT

Return on average operating assets	Operating (loss) / profit from the retail segment divided by average total assets of retail segment
Sales trading density	Sale of merchandise at retail stores divided by the weighted average store area (square metres)
Total asset turn	Retail segment turnover divided by average total retail segment assets
Inventory turn	Cost of sales for the year from retail segment divided by average inventory from retail segment
Operating margin	Retail segment operating (loss) / profit divided by retail segment turnover
Gross margin	Retail segment gross profit divided by retail segment turnover
Sale of merchandise per store	Sale of merchandise at retail stores divided by number of retail stores (excluding franchise and online stores) at year end



SHARE PERFORMANCE

		2019	2018	2017	2016	2015
Earnings per share	(cents)	206.4	62.1	15.3	57.1	115.6
Headline earnings per share	(cents)	73.1	62.2	17.4	54.1	102.0
Proposed dividend per ordinary share	(cents)	-	-	-	27.0	61.0
Dividend declared per ordinary share	(cents)	-	-	27.0	61.0	-
Dividend cover based on headline earnings	(cents)	-	-	-	2.0	1.7
Total number of shares in issue	(000's)	20 752	20 642	20 642	20 642	20 642
Total number of shares in issue (net of treasury shares)	(000's)	20 732	20 621	20 621	20 582	20 582
Weighted average number of shares in issue (net of treasury shares)	(000's)	20 623	20 621	20 584	20 582	20 582
Weighted average shareholder return	(%)	1.2	70.3	(2.4)	17.4	(5.9)
Net asset value per share	(cents)	1 506	1 320	1 257	1 265	1 267
Ratio closing price / net asset value						
- Ordinary shares		1.2	1.7	1.2	1.3	1.0
-"N" ordinary shares		1.4	1.5	0.9	0.9	0.9
Ordinary shares						
Market price per share						
- at year end	(cents)	1 860	2 300	1 500	1 600	1 255
- high	(cents)	2 300	2 500	1 505	1 600	1 255
- low	(cents)	1 600	1 056	1 425	900	1 200
Shares traded						
- value	(R'000)	1 016	232	806	490	21
- volume	(000's)	56	12	55	35	2
Shares in issue	(000's)	2 906	2 906	2 906	2 906	2 906
Percentage traded	(%)	1.9	0.4	1.9	1.2	0.1
Closing price / headline earnings	(ratio)	25.4	37.0	86.3	29.6	12.3
Closing dividend yield – proposed dividend	(%)	-	-	-	1.7	4.9

		2019	2018	2017	2016	2015
"N" ordinary shares						
Market price per share						
- at year end	(cents)	2 100	2 000	1 150	1 200	1 100
- high	(cents)	2 150	2 000	1 255	1 250	1 250
- low	(cents)	803	1 110	1 150	1 095	540
Shares traded						
- value	(R'000)	5 930	510	1 319	1 884	344
- volume	(000's)	385	31	108	159	35
Shares in issue	(000's)	17 846	17 736	17 736	17 736	17 736
Percentage traded	(%)	2.2	0.2	0.6	0.9	0.2
Closing price / headline earnings / (loss)	(ratio)	28.7	32.2	66.1	22.2	10.8
Closing dividend yield – proposed dividend	(%)	-	-	-	2.3	5.5
Market capitalisation						
- Ordinary shares	(R million)	54.1	66.8	43.6	46.5	36.5
-"N" ordinary shares	(R million)	374.8	354.7	204.0	212.8	195.1
- Total	(R million)	428.8	421.6	247.6	259.3	231.6

VALUE-ADDED STATEMENT

Notes	GROUP	
	2019 R'000	2018 R'000
Turnover	678 873	587 632
Rental income	16 786	15 700
Finance income	12 261	4 622
Dividend income	27	45
Profit on sale of property	427	-
Management fee income	-	541
Share of profit of associate (net of taxation)	20 417	-
Dilution loss on investment in associate	(14 811)	-
Gain from bargain purchase on investment in associate	10 484	-
Paid to suppliers for goods and services	(528 874)	(452 965)
Value added	195 590	155 575
Applied as follows:		
Employees		
Remuneration to employees	118 961	109 989
Taxation and duties		
Income tax	11 305	946
Providers of capital		
To lenders as finance charges	3 266	53
To shareholders as dividends and share premium reduction	17	17
Reinvested		
Reinvested in group to finance future expansion and growth	62 041	44 570
Total	195 590	155 575
Notes to the value-added statement		
1. Reinvested in group to finance future expansion and growth		
Depreciation and amortisation	23 272	26 837
Deferred tax	3 299	4 930
Retained income	35 470	12 803
	62 041	44 570
2. Taxation channelled through the group		
Taxation as above	11 305	946
Net value added tax (VAT)	21 792	17 357
Employees' taxation	18 406	16 176
	51 503	34 479

HUMAN CAPITAL AND REMUNERATION REPORT

BACKGROUND STATEMENT

The group recognises that employees play an essential role in its operations. Accordingly, the training, development and motivation of staff at all levels, together with management's responsibility for their health and safety in the workplace, continue to receive a high level of attention. Group employees are, in the main, employed in the subsidiary companies and, therefore, this report includes matters relating to the group employees.

In the financial year under review, ordinary and "N" ordinary shareholders, exercising 98.85% of the voting rights exercised, approved both the company's remuneration policy and implementation report – with no issues being raised by any shareholders in this regard.

All employees in the group are employed by Queenspark, save for the chief executive officer, financial director and technical financial officer of Rex Trueform, who are employed directly by the company. Accordingly, the board of directors of Queenspark deals directly with most of the matters relating to the remuneration of employees. The remuneration committee of the company ensures that the company's executive and non-executive directors are fairly rewarded for their individual contributions to the company's overall performance.

The remuneration committee met three times during the year under review and approved the remuneration payable to the chief executive officer of the company, proposed the fees payable to non-executive directors of the company (subject to shareholder approval), and directed the Rex Trueform Share Trust to make certain awards to participating group employees.

No remuneration consultants were utilised by the group during the year under review.

The remuneration committee is of the view that the remuneration policy has achieved its stated objectives. Future areas of focus of the remuneration committee and the board of directors of Queenspark will include the remuneration payable to both directors and senior management, and the provision of direction to the Rex Trueform Share Trust as regards the making of awards to group employees from time to time.

REMUNERATION POLICY

The group's policy is to remunerate executives and employees fairly in relation to the market and the nature of the services they provide. The group's intention is to ensure the promotion of a performance-based culture across the business to ensure that the group meets its operational, financial and strategic objectives within the group's risk appetite, the promotion of positive outcomes, and to furthermore promote an ethical culture and responsible corporate citizenship.

The group looks to attract, motivate, reward and retain talented employees, and remuneration therefore needs to be competitive owing to the portability of skills. Market information is sourced from industry-specific and generic remuneration surveys obtained on a regular basis. Remuneration packages are determined by considering market benchmarks, the group's financial performance, the importance of a particular position relative to the group's business, the required skill set, job-specific experience and the performance and contribution of individual incumbents.

EMPLOYEE REMUNERATION

Group remuneration packages for the majority of permanent employees comprise a mix of the following: a base salary, job-specific allowances, performance-linked incentives, bonuses and retirement funding. Another benefit is a discount on certain in-store purchases.

Group remuneration levels are reviewed annually. Annual increases are (to the extent applicable) implemented in July each year per the annual salary review process.

Retail store operational employees participate in the Queenspark store incentive scheme, which rewards those employees on a quarterly basis for meeting predetermined financial performance criteria, including sales and profitability targets.

Group employees are required to join the Alexander Forbes Retirement Umbrella Fund ("the retirement fund") in which the group participates in accordance with the rules of the retirement fund. The retirement fund includes both a pension and a provident scheme. Risk benefits such as death, disability and funeral cover are provided through membership of the retirement fund. The chairman of the board has been appointed as the chairman of the retirement fund.

EXECUTIVE REMUNERATION

The remuneration of the group's executive directors is set out below and in the notes to the financial statements.

Group executive remuneration packages include a mix of the following: a base salary, incentive and retirement funding. The CEO's service contract is for an indefinite period and is subject to a three-month notice period.

Executive directors do not receive remuneration in the form of directors' fees in respect of meetings attended. The executive directors participate in the group share scheme, which is detailed in the notes to the financial statements.

KEY MANAGEMENT PERSONNEL

Key management personnel are those that have authority and responsibility for planning, directing and controlling the activities of the group. The company has determined that it has no prescribed officers, or key management personnel, other than as noted herein.

EMPLOYMENT EQUITY

The group remains fully committed to fostering an organisational environment that supports the principles of employment equity and shaping the advancement of each employee. Employment equity is accordingly a business priority to ensure an integrated and diverse workplace that is truly representative of the demographics of South Africa. In this regard, the group provides equal opportunities, has a strong culture of internal promotion and upliftment of its employees, and continues in its endeavours to attract, appoint and nurture the growth of all employees at all levels, in an endeavour to ensure a sustainable and competitive advantage both currently and in the future.

SKILLS DEVELOPMENT

Close attention is paid by management and employee representatives to meeting the challenges of accelerated employee growth and development, as set out in the Department of Labour's National Skills Development Strategy. In terms of the Skills Development Act, incentives are offered to group employers who systematically train and develop their personnel.

Employees play a key role in the success of the operations of the group. Accordingly, the training, development and motivation of personnel at all levels continues to receive high priority. Training programmes are continually provided at various levels within the group.

The group celebrates and recognises those individuals who take on the opportunities provided to accelerate their career and personal growth. One such individual is Queenspark's 2019 Grand Ethos Champion, Sheril Nkoana. Sheril started working in the Savannah store when its doors opened as the first Queenspark store in Limpopo on 1 October 1997. Her career started as a general assistant, and she came in once a week to clean the store.

After she was observed helping customers in the fitting room while doing her duties, the potential that Sheril had was visible and she was soon offered a flexi/part-time position. Sheril was then promoted to a 25-hour part-timer on 1 March 1998. Sheril grew in her position and was appointed in 2002 as a permanent store assistant. During this time, she proved to be very driven and competitive resulting in her achieving her turnover targets regularly. Her customer service was fantastic, and she worked very hard to train in all areas of the store's day-to-day tasks.

In 2008, Sheril was promoted to a supervisor position, and from there continued to grow and mature. She is a loyal, reliable and very hardworking lady with a passion for fashion and customers and the team sees her as a true Queenspark ambassador. Sheril has been employed by Queenspark for over 20 years. She is a very dedicated woman, who puts her work first, and inspires her team in so many ways. The group thanks Sheril for her loyalty and commitment.

OCCUPATIONAL HEALTH AND SAFETY

The group is committed to ensuring a safe and healthy working environment for all its employees.

VOTING ON THE REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT

The remuneration policy and the remuneration implementation report will be tabled for separate non-binding advisory votes by shareholders at the company's annual general meeting. In the event that either the remuneration policy or the remuneration implementation report, or both, has/have been voted against by 25% or more of the voting rights exercised then the company, in good faith and with best reasonable effort, will engage with dissenting shareholders to ascertain the reasons for the dissenting votes in an endeavour to appropriately address legitimate and reasonable objections and concerns raised.

Sheril Nkoana receiving her **GRAND ETHOS CHAMPION** Award from Queenspark's Operations Executive, Anton Prinsloo.



REMUNERATION IMPLEMENTATION REPORT

The total group remuneration for the executive and non-executive directors, and key management personnel is as follows:

	Directors' fees	Fees for other services ***	Basic salary	Performance related payments	Value of other benefits **	Retirement fund contributions	Total 2019	Total 2018
	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)	(R' 000)
Executive directors								
CL Lloyd ^	-	-	-	-	1 192	-	1 192	-
CEA Radowsky *	-	-	2 812	234	105	136	3 287	3 055
D Franklin	-	-	940	54	36	44	1 074	255
	-	-	3 752	288	1 333	180	5 553	3 310
Non-executive directors								
MA Golding	350	74	-	-	-	-	424	383
PM Naylor	160	116	-	-	-	-	276	328
HB Roberts	140	74	-	-	-	-	214	107
LK Sebatane	140	32	-	-	-	-	172	86
MR Molosiwa	140	-	-	-	-	-	140	70
	930	296	-	-	-	-	1 226	974
Key management								
WD Nel ^^	-	-	-	-	1 192	-	1 192	-
Total	930	296	3 752	288	2 525	180	7 971	4 284

* Resigned with effect from 12 March 2019.

** Other benefits include insurance policies paid on behalf of the directors and share awards. Details of share awards that have not yet vested can be found in note 26 to the annual financial statements. The pre-condition to the vesting of share awards is the holding of continued permanent employment. There are no conditions relating to the achievement of any performance targets.

*** These are fees rendered in respect of the audit, risk and social and ethics committees, and chairmanship of the retirement fund.

^ Appointed with effect from 12 March 2019.

^^ Appointed as technical financial officer with effect from 5 June 2019.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors are paid a base fee for their services as directors. Fees are based on an assessment of, amongst other things, the non-executive directors' time commitment and increased regulatory and governance obligations.

Fees paid to the non-executive directors for the 2019 reporting period are noted above and are also outlined in the notes to the financial statements.

The remuneration of non-executive directors is reviewed annually by the remuneration committee and recommended to shareholders for approval at the relevant annual general meeting.

The following fees for the period 1 July 2018 to 30 June 2020 (or until renewal, whichever is earlier) were approved by way of a special resolution at the previous annual general meeting. The fees for the period 1 July 2019 to 30 June 2021 (or until renewal, whichever is earlier) as set out below have been proposed and will be submitted to shareholders for approval as per the notice of annual general meeting:

Value added tax inclusive fees for services rendered to Rex Trueform as non-executive directors	Financial Years			
	Proposed 2021	Revised proposed 2020	Approved 2020	Approved 2019
	R	R	R	R
Chairperson of the board	385 000	385 000	350 000	350 000
Lead independent director	176 000	176 000	160 000	160 000
Director	154 000	154 000	140 000	140 000
Chairperson of the audit committee	46 200	46 200	42 000	42 000
Member of the audit committee	35 200	35 200	32 000	32 000
Member of the risk committee	46 200	46 200	42 000	42 000
Chairperson of the social and ethics committee	35 200	35 200	32 000	32 000
Member of the social and ethics committee	28 600	28 600	26 000	26 000
Chairperson of the retirement fund	52 800	52 800	48 000	48 000





CORPORATE GOVERNANCE REPORT

STATEMENT OF COMMITMENT

The board subscribes to the principles of corporate governance as set out in King IV, as read with the Companies Act and the Listings Requirements of the JSE Limited ("Listings Requirements"), recognising that the principles, which are basic and fundamental to good governance, are aspirations and ideals that the company should strive for in its journey towards good governance and realising the governance outcomes. The directors accordingly recognise the need to conduct the business of the company with integrity and responsibility, and are committed to the application of high ethical standards in the conduct of the business.

IMPLEMENTATION OF KING IV

During the year under review the company continued with the implementation of King IV through the application of the King IV disclosure and application regime, recognising at all times that the practices as recommended in King IV are positioned at the level of leading practices and may, therefore, not all be suitable and appropriate for the company to achieve the principles and realise the intended governance outcomes and, further, that such practices are meant to be scaled proportionally in accordance with the small turnover and relatively small size of the group's workforce, its limited resources, and the nature and extent of the activities undertaken by the company.

The board is of the opinion that, during the year under review, the company was substantially compliant with those recommended practices of King IV that are material to the effective corporate governance of the company, having regard at all times to the proportionality considerations detailed above. This report is intended to assist stakeholders in assessing and understanding the company's approach to corporate governance and compliance with King IV. The company's full King IV application register is available on the company's website at www.rextrueform.com.

LEADERSHIP

The board recognises its obligation to lead ethically and effectively. The board acts at all times in accordance with the standards of conduct required of it in terms of the Companies Act, has a fiduciary duty to, among other things, act in good faith and in a manner that the directors reasonably believe to be in the best interests of the company and does so in accordance therewith. The board exercises objective judgement on the affairs of the company independently from management.

The board has, furthermore, assumed responsibility for setting the direction of the company through the establishment of strategic objectives and policies, has taken overall accountability for the company, and retains full and effective control of the company. In this regard, the board considers and approves the company's strategy after taking into account financial and non-financial matters – including risks and opportunities. Risks are continuously assessed by the board (through its risk committee). Please note the further provisions of this corporate governance report and the risk committee report in this regard.

Board members have a working knowledge of the organisation, are kept apprised of the industry(ies) within which the group operates and consider the economic and social environment within which the company operates. The board has appointed a social and ethics committee to consider, amongst other things, matters such as these. Feedback in respect thereof is noted in the corporate citizenship report, as read with the social and ethics committee report.

The company has disclosure processes in relation to the disclosure of the interests of directors and conflicts of interest. All board members are required to report any conflicts of interest that may arise in the course of their duties. At the beginning of each meeting of the board and its committees, all members are required to declare whether any of them have any conflicts of interest in respect of a matter on the agenda. Conflicts (if any) would be proactively managed, as determined by the board, and subject to legal provisions.

The board, furthermore, understands that it has a duty to take the necessary steps to ensure the identification of key laws, rules, codes and standards applicable to the group. A standing agenda item in respect of all board meetings deals with material changes in laws and general corporate governance matters, and the board is also kept informed of relevant laws, rules, codes and standards, including changes thereto, on an informal basis.

The board meets at least four times a year, with various committees of the board meeting at additional times during the year. The chairpersons of the various committees report to the board on relevant matters dealt with at the committee meetings. Please note the table below for details regarding the attendance of board and committee members at meetings held during the year under review.

Directors are held to account for ethical and effective leadership by way of being subject to the board charter and a code of ethics, and performance evaluations of the board and its members are conducted in the manner required in terms of King IV. Furthermore, the performance of each board member would be taken into account by the nomination committee when nominating such member for re-election by shareholders at the relevant annual general meeting.

ORGANISATIONAL ETHICS

The board recognises its obligation to govern the ethics of the company in a way that supports the establishment of an ethical culture, including by way of setting the values to which the company adheres and taking active steps to ensure that the applicable ethical standards are integrated into the business operations.

This has been achieved, amongst other things, through the appointment of a social and ethics committee to, amongst other things, monitor the ethical nature of the board and the company's actions, the general conduct of the business of the company (and indeed the group) in a responsible and ethical manner, the issuing of various codes of conduct – such as the dissemination of the group code of ethics to employees and board members and a supplier code of ethics to suppliers, with

all relevant codes of conduct and policies being incorporated by reference into group employment contracts and into certain (newer) supplier contracts. Employees are furnished with all applicable codes of conduct (including the code of ethics) on their induction into the group and, as noted in the corporate citizenship report, a refresher training programme has been embarked upon for all group employees in relation to the group code of ethics, including the usage of the ethics (whistle-blowing) hotline in terms whereof direct contact can be made by any employee with the chairman of the audit committee to anonymously report violations of the code of ethics.

The code of ethics and all applicable policies are available on the group's intranet, which is accessible to all employees, and any incidents reported to the hotline are investigated. Various members of the executive management of the group are responsible for the implementation and execution of the group's codes of conduct and ethics policies in relation to the employees who report to them. Sanctions and remedies are in place for breaches of the group's ethical standards by employees and by various suppliers, including the institution of disciplinary proceedings in the case of employees and termination of the relationship in the case of suppliers.

During the reporting period, key areas of focus included the continued implementation of the relevant recommended practices of King IV in relation to the abovementioned principle, having regard at all times to the proportionality considerations detailed above, the continued dissemination of the group's ethical values to both employees and suppliers, including the rolling out of a refresher training programme to employees within the group, and the preparation of an associated code of ethics induction video series for new employees.

Planned areas of focus include the continued implementation of the aforementioned refresher training programme to employees within the group, the continued rollout of the supplier code of ethics to suppliers and reliance on the increased monitoring functions of the social and ethics committee in this regard.

RESPONSIBLE CORPORATE CITIZENSHIP

The board recognises its responsibility to ensure that the company is, and is seen to be, a responsible corporate citizen. Please note the corporate citizenship report for further details in this regard.

Planned areas of focus include the continued expansion of the company's enterprise, supplier development and socio-economic development contributions – specifically philanthropic support in education – and monitoring (on an informal basis) how the consequences of the group's activities and outputs affect its status as a responsible corporate citizen in the areas of the workplace, the economy, society and the environment.

STRATEGY AND PERFORMANCE

The board appreciates that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

The board of each company within the group is responsible for setting the direction of the company through the establishment of strategic objectives and policies, and takes overall accountability for each company by taking responsibility for its management.

As noted above, the board considers and approves the company's strategy after taking into account financial and non-financial matters – including risks and opportunities. Further, the strategies of the various companies in the group are formulated and developed by management and are thereafter interrogated and challenged by the applicable board prior to their approval including as to the timelines and parameters thereof. The board of each group company continues to oversee the implementation of the agreed strategy, including by way of board meetings and the receipt of information from management (including daily and monthly financial reporting).

Authority and responsibility has been delegated by each respective board to the CEO and management for the implementation of the

agreed strategies and the ongoing management of the group's business.

REPORTING

The board recognises its responsibility to ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects.

The board (duly assisted by the relevant committees) assumes responsibility for the company's reporting and furthermore acknowledges its ultimate responsibility for the integrity of the integrated annual report as a whole. The board approves all external reports of the company, in an endeavour to ensure that these meet the legitimate and reasonable needs of material stakeholders, and has reviewed the integrated annual report and annual financial statements prior to their publication and approved them for release. While the financial statements are assured by the external auditor, the integrated annual report (other than the financial statements) is not externally assured.

The integrated annual report focuses on issues that the board and management believe are material to stakeholders and could significantly affect the group's ability to create value. The board is satisfied that the integrated annual report for the 2019 financial year will enable stakeholders to obtain insight into the operations of the group's business, business strategy, and the financial and sustainability performance of the group.

PRIMARY ROLES AND RESPONSIBILITIES OF THE BOARD

The board recognises its obligation to serve as the focal point and custodian of corporate governance in the company, and exercises its leadership role by, amongst other things, steering the organisation and setting its strategic direction, approving policy and planning that give effect to the direction provided, overseeing and monitoring of implementation and execution by management, and ensuring accountability for organisational performance by means of, among other things, reporting and disclosure.

The board's role, responsibilities, membership requirements and procedural conduct are documented in a board charter, which the board regularly reviews to guide its effective functioning. The board is satisfied that it has fulfilled its responsibilities in accordance with the board charter for the period under review.

Board members are entitled to, and have access to, all relevant company information and management to assist them in the discharge of their duties and responsibilities, and in order for them to take informed decisions.

Board meetings

The board meets at least quarterly to consider performance, to monitor issues of strategic direction and to consider any other issues having a material effect on the company. Certain executives may attend board meetings by invitation, specifically where their contribution is required in order to assist the board in its deliberations.

A formal agenda is prepared for each board meeting and comprehensive board packs containing the information required in order to enable directors to make informed decisions are forwarded to directors and invitees prior to board meetings.

The number of board meetings and meetings of the risk, audit, social and ethics, remuneration and nomination committees held during the financial year ended 30 June 2019, and attendance by board members and the company secretary at those meetings, was as follows:

	Board	Risk committee	Audit committee	Social and ethics committee	Remuneration committee	Nomination committee
Number of meetings	4	2	2	2	3	3
Non-executive directors						
MA Golding	4	-	2 ⁺	2	3	3
PM Naylor	4	2	2	2	3 ⁺	3
LK Sebatane	4	-	2	-	3	3
HB Roberts	4	2	2	-	3 ⁺	3 ⁺
MR Molosiwa	4	-	2 ⁺	1 ⁺	3	3
Executive directors						
CEA Radowsky*	3; 1 ⁺	2	2 ⁺	-	1 ⁺	2 ⁺
CL Lloyd**	3 ⁺ ; 1	-	1 ⁺	1 ⁺	1 ⁺	1 ⁺
D Franklin	4	2 ⁺	2 ⁺	2	2 ⁺	3 ⁺
Company secretary	4⁺	2⁺	2⁺	2⁺	3⁺	3⁺

Various group executives attend meetings by invitation. Please note the further provisions of this corporate governance report for details of any resignations from, and appointments to, the above committees.

* Resigned as a director of the company with effect from 12 March 2019.

** Appointed by the board as the chief executive officer of the company on 12 March 2019.

+ By invitation.

COMPOSITION OF THE BOARD

Composition

The company has a unitary board structure, which consisted during the year under review of five non-executive directors, four of whom are independent, and two executive directors.

Executive directors are involved in the day-to-day management of the company as opposed to the non-executive directors who are chosen for their knowledge, skills and experience and bring an independent view to bear on key issues.

The company's non-executive directors are subject to retirement by rotation and re-election in terms of the company's Memorandum of Incorporation.

A policy on the promotion of diversity at board level has been approved by the board. When recommending persons for appointment to the board, the nomination committee has considered and applied this policy.

The board has determined that, at this stage and given the current level of diversity enjoyed by the board, no voluntary targets in relation to the diversity of the board will be set. The board will consider this on an annual basis when reviewing the policy.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Chairman

The chairman, MA Golding, is responsible for, amongst other things, leading the board in the objective and effective discharge of its governance role and responsibilities and for representing the board to shareholders. The chairman is a non-executive director and is elected by the board. As the non-executive chairman is not independent, PM Naylor, an independent non-executive director, has been appointed as lead independent director.

Nomination, election and appointment of members to the board

Prior to nominating a candidate for election, the nomination committee considers, amongst other things, the collective knowledge, skills and experience required by the board, the diversity of the board and whether the candidate meets the appropriate fit and proper criteria.

Independence and conflicts

The board annually assesses the independence of the independent non-executive directors and has ascertained that PM Naylor, LK Sebatane, HB Roberts and MR Molosiwa all satisfy the criteria for independence. PM Naylor has served on the board as an independent non-executive director for longer than nine years. Upon assessment, the board has concluded that PM Naylor exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in PM Naylor's decision-making.

COMMITTEES OF THE BOARD

The board has ensured that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties, by way of the appointment of audit, risk, social and ethics, remuneration and nomination committees.

AUDIT COMMITTEE

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	11/02/2006
LK Sebatane	BCom (Law), LLB	17/11/2017
HB Roberts	BCom, BSc, FIA, ASA, FASSA	17/11/2017

The audit committee comprises PM Naylor, the lead independent non-executive director of the company who chairs the audit committee, and LK Sebatane and HB Roberts, who are both independent non-executive directors.

The audit committee meets at least twice a year, specifically prior to the publication of the company's and group's interim and final results. These meetings are attended by the external auditors, the chairman of the board and, where appropriate, executive directors and the financial manager of the group by invitation. The audit committee is governed by formal terms of reference which set out, amongst other things, the role and responsibilities of the audit committee and its processes and procedures.

The board is of the view that the current audit committee members possess the skills, knowledge, capacity and experience necessary for them to carry out their duties and responsibilities.

Further details regarding the functioning of the audit committee, including its role and responsibilities, and key areas of focus during the period under review, are set out in this corporate governance report, as read with the audit committee report which is included in this integrated annual report.

REMUNERATION COMMITTEE

Name	Qualification	Date of first appointment
MR Molosiwa	BArch	29/01/2018
LK Sebatane	BCom (Law), LLB	29/01/2018
MA Golding	BA (Hons)	29/01/2018

The remuneration committee comprises MR Molosiwa (who chairs the committee) and LK Sebatane, who are both independent non-executive directors, and MA Golding, who is a non-executive director.

The role of the remuneration committee is to:

- ensure that the company's directors and senior executives (if any) are, to the extent applicable, fairly, responsibly and

transparently rewarded for their individual contributions to the company's overall performance;

- demonstrate to all stakeholders that the remuneration of senior executives (if any) is set by a committee of board members who have no personal interest in the outcome of their decisions and give due regard to the interest of the shareholders of the company, and to the financial and commercial health of the company, in setting such remuneration;
- approve the company's remuneration policy and report from time to time; and
- play an active role in succession planning activities, particularly in regard to the CEO and senior executives (if any).

Directors' remuneration and their interest in shares and share options (to the extent applicable) have been audited by KPMG Inc. and can be found in the notes to the financial statements. Further information regarding the directors' remuneration is provided in the human capital and remuneration report.

During the reporting period the remuneration committee's key areas of focus included the approval of the remuneration payable to the company's CEO, the proposal of the remuneration to be paid by the company to its non-executive directors and the provision of direction to the Rex Trueform Share Trust as regards the making of awards to certain group employees.

The remuneration committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

NOMINATION COMMITTEE

Name	Qualification	Date of first appointment
MA Golding	BA (Hons)	29/01/2018
PM Naylor	BSc (Eng)	01/07/2006
MR Molosiwa	BArch	29/01/2018
LK Sebatane	BCom (Law), LLB	29/01/2018

The nomination committee comprises MA Golding (a non-executive director who chairs the committee), and LK Sebatane, PM Naylor and MR Molosiwa, who are independent non-executive directors.

The role of the nomination committee is to assist the board to ensure that:

- the board has an appropriate composition for it to execute its duties effectively;
- directors are nominated, elected and/or appointed through a formal process;
- induction and ongoing training and development of directors takes place;
- formal succession plans for the board, the CEO and senior management appointments (if any) are in place; and
- the performance of the board, its chairperson and the CEO are evaluated in the manner contemplated in the company's board charter.

During the reporting period the nomination committee's key areas of focus included the nomination and recommendation of directors for appointment or election (as the case may be) to the board (including the CEO).

The nomination committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

RISK COMMITTEE

Name	Qualification	Date of first appointment
HB Roberts	BCom, BSc, FIA, ASA, FASSA	30/01/2018
PM Naylor	BSc (Eng)	30/01/2018
CEA Radowsky	BA	15/01/2015

The board is responsible for the governance of risk and is assisted by both the audit committee and a risk committee, who have an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The risk committee does not assume the functions of

management, which remain the responsibility of the executive directors and other members of senior management.

The risk committee consists of HB Roberts (an independent non-executive director who chairs the risk committee), PM Naylor, an independent non-executive director, and CEA Radowsky, who remains a member of the risk committee notwithstanding her resignation as an executive director of the company on 12 March 2019.

The role of the risk committee is to assist the board to ensure that:

- the company has implemented an effective policy and plan for risk management that will enhance the company's ability to achieve its strategic objectives; and
- the disclosure regarding risk is comprehensive, timely and relevant.

Further details regarding the functioning of the risk committee, including its key areas of focus during the period under review, are set out in this corporate governance report, as read with the risk committee report.

SOCIAL AND ETHICS COMMITTEE

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	14/11/2013
MA Golding	BA (Hons)	07/06/2018
D Franklin	BCom, PGDip (Accounting), CA (SA)	12/03/2019

During the year under review the social and ethics committee consisted of an independent non-executive director (PM Naylor) who is the chairman of the committee, MA Golding, who is a non-executive director and CEA Radowsky, who was an executive director, provided that during the course of the year CEA Radowsky resigned as a director of the company and from the committee, and was replaced on the committee by D Franklin, an executive director.

Certain meetings of the social and ethics committee were attended by the human resources executive, sourcing executive, distribution and property executive, internal auditor, senior production manager (marketing department) and/or operations manager by invitation.

Further details regarding the functioning of the social and ethics committee, including its role and responsibilities, and key areas of focus during the period under review, are set out in this corporate governance report, as read with the social and ethics committee report.

EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY

The board recognises its responsibility to ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

During the period under review the board considered, reflected on and discussed its own performance and that of its committees, its chair and its individual members and concluded that it was satisfied with such performance – including that the evaluation process is improving the board's performance and effectiveness. It is anticipated that the process of evaluation of board members and committees will continue to be improved upon over time. The performance evaluations were not externally facilitated.

APPOINTMENT AND DELEGATION TO MANAGEMENT

CEO appointment and role

The CEO, CL Lloyd (who was appointed by the board to fill the vacancy created by the resignation of the former CEO, CEA Radowsky) is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the board. The CEO is furthermore responsible for ensuring that the day-to-day business affairs of the company are properly managed.

The roles of chairman, CEO, financial director and the remaining non-executive directors

are separated, there being a clear division of responsibilities at board level, as informed by the Memorandum of Incorporation of the company, together with the company's board charter, in order to ensure that no one director has unfettered powers of decision-making.

A formal succession plan for the CEO, and for group executive management and other key positions, is in place to provide continuity of executive leadership. Group succession plans are reviewed on an annual basis, and provide for both succession in emergency situations and succession over the longer term. Further required disclosure in relation to the CEO is set out in this integrated annual report, including the human capital and remuneration report.

Delegation

The board has delegated certain of its powers to its committees and other powers have been delegated to the group's executive and other management. The board charter distinguishes between those matters that are reserved for decision by the board and those that may be delegated to management, and the various committees' terms of reference set out the delegation by the board of its powers to such committees. Delegation by the board of its powers does not mitigate or dissipate the responsibility of the board to discharge its duties and responsibilities. The board is satisfied that the delegation of authority framework within the company contributes to role clarity and the effective exercise of authority and responsibilities.

Professional corporate governance services to the board

The board recognises its responsibility to ensure that it has access to professional and independent guidance on corporate governance and its legal duties, and also that it has support to co-ordinate the functioning of the board and its committees, by way of the appointment of a company secretary, whose responsibilities include:

- providing the directors of the company with guidance as to their duties, responsibilities and powers; and
- providing a central source of guidance and advice to the board, and within the company, on matters of good governance and changes in legislation.

The company secretary is not a director of the company and has no relationship with the board that interferes with his maintenance of an arm's length relationship with the board. The company secretary attends all board and committee meetings by invitation, including in order to maintain a record of such meetings.

The board considers and satisfies itself on an annual basis as to the performance, competence, qualifications and experience of the company secretary and is satisfied that during the year under review the company secretary, given his performance, competence, qualifications and experience, discharged his duties effectively and appropriately, and maintained an arm's length relationship with the board.

All directors have unlimited and unfettered access to the advice and services of the company secretary. The board believes that the arrangements in place for accessing professional corporate governance services are effective.

RISK GOVERNANCE

The board recognises its responsibility to govern risk in a way that supports the company in setting and achieving its strategic objectives, and is committed to a process of risk management that is aligned to the principles of good corporate governance as encompassed in King IV.

Risk management assists the group in achieving its objectives by establishing a formal, structured approach of identifying, prioritising and managing risks within each group entity, with the aim of ensuring both the short-term and long-term sustainability of the group. The risk management vision of the group is the effective and efficient management of risk, enabling each entity to fulfil its mandate, the service delivery expectations of the stakeholders and the performance expectations within the entity itself.

Risk management is recognised as an integral part of responsible management and the group therefore adopts a comprehensive approach to the management of risk. Management ensures that each entity has an effective ongoing risk assessment process, consisting of risk identification, prioritisation and evaluation.

Risks are prioritised in terms of their impact and likelihood. At least once a year a facilitated and formal process is undertaken to update a documented risk register across each entity. The financial director is responsible for managing and facilitating the risk management process.

Further salient details regarding the arrangements for governing and managing risk, key areas of focus during the reporting period, including the key risks that the organisation faces, actions taken to monitor the effectiveness of risk management and how the outcomes were addressed, and planned areas of future focus are set out in the risk committee report.

TECHNOLOGY AND INFORMATION GOVERNANCE

The board recognises its responsibility to govern technology and information in a way that supports the group in setting and achieving its strategic objectives. In order to manage the group's resources more effectively the company receives certain IT-related services from its subsidiary, Queenspark.

The company therefore does not have its own IT infrastructure but rather utilises the services of its subsidiary in this regard. Queenspark owns and manages various IT facilities and resources utilised to provide the services to the company, and is responsible for the implementation and maintenance of IT governance. The company (and the board) has access to relevant information regarding matters of IT governance within Queenspark, including its policies and procedures relating thereto.

The role that electronic communication and information technology play in the group is of central importance. In recognition thereof the group has previously adopted, and continues to entrench, applicable strategies, policies and processes. All directors are regularly informed of key information technology matters and the executive directors oversee the IT department. Responsibility for the implementation of IT governance within the group is assigned to the information technology management employed in the group. The Queenspark risk committee within the group assists the group

in the management of IT risks. Furthermore, the assistance of external experts is obtained to assist the group in the governance of IT.

During the reporting period, the group focused on business resilience from an IT perspective, investigated the launching of a Queenspark e-commerce platform, and the improvement of the group's business intelligence software. Planned future areas of focus will include the implementation of a Queenspark e-commerce platform. There were no significant changes in policy, IT-related acquisitions or IT-related incidents.

Compliance governance

The board recognises its responsibility to govern compliance with applicable laws and, to the extent adopted, non-binding rules, codes and standards, in a way that supports the company being ethical and a good corporate citizen. In this regard, it requires all business units, departments and subsidiaries within the group to have an understanding of and comply with those laws, regulations and standards applicable to the environment within which they operate. A standing agenda item in respect of all board meetings deals with material changes in laws and the board is also kept informed of relevant laws, rules, codes and standards, including changes thereto, on an informal basis.

The risk committee assists the company in complying with the regulatory requirements and promoting processes and procedures that are risk appropriate, so that the company achieves its goals without fear of penalties or reputational harm.

The group utilises the resources of experts, when necessary, to assist in the management of compliance.

The group has appropriately qualified employees in executive positions (including an in-house legal adviser) to assist with matters of compliance and has appointed a company secretary (who also performs the role of the group's in-house legal adviser) to provide a central source of guidance and advice to the board, and within the company, on matters of good governance and of changes in legislation.

Key focus areas during the period under review included the continued implementation of King IV, the Broad-Based Black Economic Empowerment Act, the Consumer Protection Act and continual monitoring of the regulatory environment and appropriate responses to changes and developments, including to all laws and regulations applicable to the company and the group.

Planned areas of future focus include the consideration of the impact of the Protection of Personal Information Act on the group's operations. No material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations were imposed on the group or on members of the board during the period under review. Furthermore, no monitoring and compliance inspections were undertaken by environmental regulators, and there were no findings of non-compliance with environmental laws, or criminal sanctions and prosecutions.

REMUNERATION GOVERNANCE

The board recognises its responsibility to ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The remuneration policy and remuneration report (including the background statement, overview of the remuneration policy, implementation report and voting on the remuneration policy by the company's ordinary and "N" ordinary shareholders) is contained in the human capital and remuneration report.

ASSURANCE

The board recognises its responsibility to ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports. The board has assumed responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions.

The board has delegated to the audit committee the responsibility for providing independent oversight of, amongst other things, the effectiveness of the company's assurance functions and services, with particular focus on combined assurance arrangements, including external audit, internal audit, the finance function and the integrity of the annual financial statements.

The board is responsible for the company's internal control systems and for reviewing their effectiveness. Appropriate systems of internal control are maintained. The group's internal audit function is considered essential to maintaining the integrity, adequacy, efficiency and effectiveness of the company's financial and non-financial controls. The year under review has seen the continued entrenchment of the risk assessment process. The risk assessment process, which is reviewed by internal audit, forms part of the combined assurance framework.

The internal audit function examines and evaluates the company's activities and resultant business risks, and develops an annual internal audit plan that is approved by the audit committee. The audit committee (with the assistance of the external auditors, where required) reviews and approves the internal audit charter and internal audit plans, and evaluates the independence, effectiveness and performance of the internal audit function.

No material loss or misstatement arising from a material breakdown in the functioning of the system of internal controls has been identified by the internal auditor in respect of this financial year. The internal audit department continues to progress towards providing written assessments relating to the effectiveness of the internal control and risk management processes.

Further details and disclosures regarding the organisation's application of combined assurance, internal audit arrangements and the internal control environment are contained in the audit committee report which is included in this integrated annual report and the annual financial statements.

RISK MANAGEMENT

The directors and management recognise that certain risks are inherent in the achievement of the group's strategic objectives. A formal process is followed to identify, evaluate and develop appropriate strategies to mitigate and manage these risks. The key risks identified by the group are outlined in the risk committee report included in this integrated annual report.



RISK COMMITTEE REPORT

The risk committee is pleased to present its report to the shareholders of Rex Trueform, which report is for the financial year ended 30 June 2019.

INTRODUCTION

The risk management process is designed to identify, assess, record and mitigate significant risks to ensure both the short-term and long-term sustainability of the group. The risk management process continues to be embedded within the group. This risk report is to be read in conjunction with the corporate governance report, specifically the portions thereof relating to risk governance.

COMPOSITION AND ATTENDANCE AT MEETINGS

The composition of the risk committee is detailed in the corporate governance report. Meetings of the risk committee are also attended by the financial director and the company secretary. Please note the corporate governance report in this regard.

Details of fees paid to the risk committee members who are non-executive directors are disclosed in the human capital and remuneration report. Executive directors do not receive a fee in respect of risk committee membership.

RISK COMMITTEE

The risk committee assists the board in fulfilling its responsibilities by performing the following functions:

- overseeing the development and annual review of a policy and plan in respect of risk management for approval by the board;
- monitoring implementation of the policy and plan;

- making recommendations to the board concerning the levels of tolerance for risk and monitoring same;
- overseeing that the risk management policy is widely disseminated throughout the group and integrated into the day-to-day activities of the group companies;
- ensuring that risk management assessments are performed on a continuous basis;
- ensuring that frameworks and methodologies are implemented to improve the prediction of risk;
- verifying that continuous risk monitoring by management takes place;
- verifying that management considers and implements appropriate risk responses;
- liaising with the audit committee to exchange information relevant to risk; and
- reporting to the board on the effectiveness of the system and process of risk management.

The key focus areas of the risk committee (and of the various other risk committees within the group) are detailed in the table below.

RETAIL SEGMENT – KEY RISKS REGISTER

RISK	RISK MITIGATION
Fashion trends	
Our ability to anticipate the customer's fashion requirements and provide high-quality merchandise to our customers at an appropriate margin, failure of which may lead to lower sales, excess inventories and more frequent markdowns as well as having a negative impact on our image, resulting in reduced brand loyalty.	<p>Comprehensive analysis of local and overseas fashion trends with the objective of providing merchandise which is on-trend and satisfies our niche customer demand in a timely manner.</p> <p>Key performance indicators monitored and used to enhance decision-making.</p>
Business continuity	
In the event of a disaster and the resulting loss of the head office IT infrastructure, the organisation's ability to trade may be negatively impacted.	<p>Business continuity plans have been established in respect of information systems.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is monitored.</p>
In the event of a disaster at the head office the organisation's ability to operate effectively may be negatively impacted.	<p>A business continuity plan has been developed.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
As the business operates one distribution centre a disaster at the distribution centre may severely impact the storage and distribution of product.	<p>Other group premises together with third-party service provider's premises would be utilised to re-establish the storage requirements and distribution of products.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
Distribution facility	
With projected growth the distribution centre is likely to reach its maximum capacity in the next few years.	Operational efficiencies have been implemented, and will continue to be investigated.
Human resources	
Our success and ability to manage our growth depends significantly on our ability to attract, develop and retain a sufficient number of skilled, motivated and experienced staff.	<p>The business offers competitive remuneration.</p> <p>Ongoing staff development is being managed by way of a formalised development process.</p>

RISK	RISK MITIGATION
Information systems	
In order to effectively manage our operations we rely on various IT systems. We regularly maintain and/or upgrade and enhance our information system to support our business objectives and provide business continuity. Replacing legacy systems or acquiring systems with new functionality has inherent risks including disruptions and delays that may impair the effectiveness of our information systems. The inability to access critical data or trade would be detrimental to the business.	<p>Due to rapid technological changes IT system improvements are investigated on an ongoing basis in order to enable the business to remain competitive in the market. All systems are tested before being deployed in the production environment.</p> <p>An ERP system has been implemented. An IT disaster recovery data centre has been established and a disaster recovery plan has been formulated.</p> <p>Continuous review and improvement of control environment and policies.</p> <p>Power generators have been installed at the group's head office and distribution centre to ensure continuity of power supply.</p>
Legal compliance	
Need to comply with comprehensive legislation and regulations which are continuously changing. Failure to comply with the various laws could have an adverse impact on our reputation and the results of operations.	<p>Our policies, procedures and internal controls are designed to help us comply with applicable regulations.</p> <p>We obtain regular advice from third party consultants and advisers in respect of legislative changes impacting the business.</p> <p>Training of staff takes place where applicable.</p> <p>Appointment of an in-house legal executive assists with the management of legal compliance.</p>
Intellectual property	
The intentional or unintentional infringement of our intellectual property rights by one of our suppliers or any other person or entity, could diminish the uniqueness of our products, tarnish our trademarks, or damage our reputation.	We have taken and continue to take steps to protect our intellectual property rights locally and, where practical, overseas but cannot guarantee that such rights are not infringed.
Customer retention/spending	
Retention of existing customers and attraction of new customers is key to the success of the business.	We plan to expand our store base and aim to provide high-quality fashion, excellent customer service and an exciting retail environment.
Numerous economic conditions, all of which are outside of our control, could negatively affect the level of consumer spending on the merchandise that we offer. If negative economic conditions persist for a sustained period our financial position and results of operations could be materially adversely impacted. These economic conditions include, but are not limited to, the following: power outages, higher unemployment levels, low levels of consumer credit, inflation, interest rates, recessionary pressures, increasing fuel and other energy costs, taxation, volatility in the financial markets, and low consumer confidence in future economic conditions. All of these conditions may lead to declines in consumer spending on our merchandise	<p>In order to increase demand for our products and mitigate the impact of external factors, efforts are continually made to promote the reputation of the Queenspark brands within the marketplace.</p> <p>We have established an online presence in order to retain existing customers and attract new customers.</p> <p>Improvements to the customer relationship management process are regularly considered and implemented.</p>

RISK	RISK MITIGATION
Customer retention/spending	
A third-party company provides credit to a substantial number of customers through a private label card. The group has no control over the management of this credit provider.	Continuous monitoring of credit provider's financial reporting.
Turnover may be negatively impacted should the provider cease to provide effective credit services to our customers.	Regular operational meetings held with the service provider in order to ensure that an effective working relationship is maintained.
	Comprehensive detailed analyses of the private label card risk and performance indicators.
	Comprehensive terms and conditions agreed with the credit provider.

Supply chain	
The ability to source appropriately priced merchandise timeously, failure of which negatively impacts on turnover growth and profitability.	Maintain professional relationships with existing suppliers.
As the organisation relies significantly on foreign sources of production our business is at risk of various issues relevant to doing business in foreign markets and importing merchandise from abroad.	Continuously search for potential suppliers locally and abroad.
Fluctuations in the price, availability and quality of fabrics and other raw materials used to manufacture our products, as well as the price for labour and transportation have contributed to and may continue to contribute to ongoing pricing pressures throughout our supply chain.	Continuously analyse the supply chain process (including key financial measures) with a view to identifying inefficiencies and thereby implementing improvements.

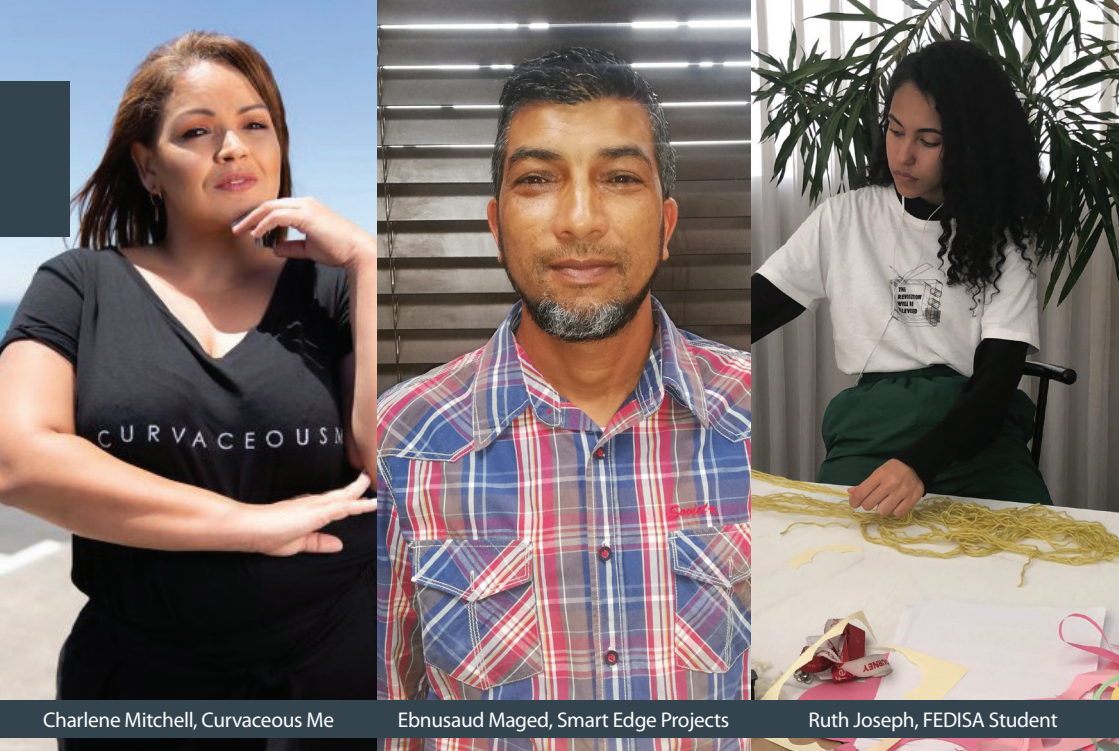
Our ability to effectively locate new stores	
We cannot control the availability or cost of appropriate locations within existing or new shopping centres or the success of individual shopping centres. Furthermore, factors beyond our control impact shopping centres, such as general economic conditions, weather conditions, consumer acceptance of new or existing shopping centres, regional demographic shifts, power outages and consumer spending levels. Our store sales are dependent on a certain level of shopping centre traffic and any large-scale decline in shopping centre traffic, whether because of a slowdown in the economy or a fall-off in the popularity of shopping centres among our target customers, could have a material adverse effect on our business.	Regular comprehensive analyses performed on new and existing shopping centres. Expert advice obtained when required.
	Comprehensive analyses of store-related key performance measures.

RISK	RISK MITIGATION
Competition	
We compete with local, national and international stores that market and sell similar lines of merchandise. Many competitors are significantly larger and have greater financial, marketing and other resources and enjoy greater name recognition.	We continuously strive to differentiate our brands by way of offering our unique fashionable and high-quality merchandise to our customers in order to entrench our product position in the minds of our customers.
In addition to competing for sales, we compete for favourable store locations, lease terms and qualified staff. Increased competition could result in price reductions, increased marketing expenditure and loss of market share. Over the last several years, additional competitors have entered the market. Competitors continue to engage in promotional activity and enhance their online presence, which has resulted in heightened competition.	We continuously monitor competitors' marketing, online and other strategies, with a view to better understanding the market and its needs.

PROPERTY SEGMENT – KEY RISKS REGISTER

RISK	RISK MITIGATION
Property	
Property may be materially damaged.	Insurance policies are regularly reviewed and updated.
	Comprehensive lease agreements implemented.
	Property house rules implemented.
Company personnel and third parties may be injured due to structural defects during and after property development.	Appointment of professional consultants and building contractors.
	Insurance policies are regularly reviewed and updated.
	Comprehensive lease agreements implemented.
Redeveloped property may not be leased timeously, thereby negatively impacting the return on investment.	Experienced property agents appointed.
	Market-related rentals being charged.
	Feasibilities prepared prior to approval of development.
Legal compliance	
Need to comply with comprehensive legislation and regulations which are continuously changing.	We obtain regular advice from third-party consultants and advisers in respect of legislative changes impacting the business.
	Appointment of an in-house legal adviser assists with the management of legal compliance.

The risk committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. The risk committee (together with the various other risk committees within the group) will continue to focus on the key risks noted above in the 2020 financial year and, to the extent that any risks with a (residual) risk rating which is considered unacceptably high are identified, liaise with the applicable risk owner via executive management in an endeavour to ensure that such risks are, to the extent reasonably possible, mitigated to an acceptable level.

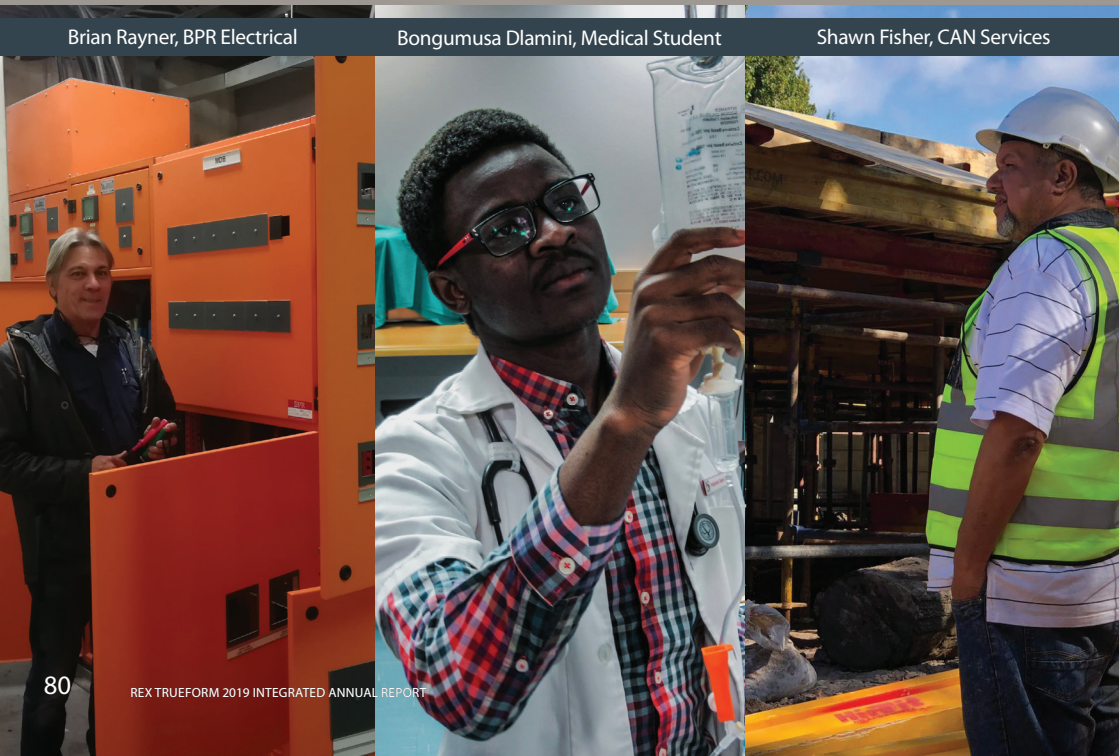


Charlene Mitchell, Curvaceous Me

Ebnusaud Maged, Smart Edge Projects

Ruth Joseph, FEDISA Student

A selection of beneficiaries of Rex Trueform contributions



Brian Rayner, BPR Electrical

Bongumusa Dlamini, Medical Student

Shawn Fisher, CAN Services

CORPORATE CITIZENSHIP REPORT

The board acknowledges its obligation to assume responsibility for corporate citizenship by setting the direction as to how it should be approached and addressed by the company.

CORPORATE RESPONSIBILITY

The board furthermore acknowledges its obligation to ensure the company is, and is seen to be, a responsible corporate citizen, including by way of complying with the Constitution of the Republic of South Africa (including the Bill of Rights), all applicable laws, leading standards (where application thereof is reasonably and commercially practicable), and adhering to its own codes of conduct and policies.

The terms of reference of the group's social and ethics committee include assisting the company in the implementation of the applicable recommended practices in terms of King IV relating to, amongst other things, responsible corporate citizenship (subject at all times to the proportionality considerations particular to the group). As such, this report should be read in conjunction with the social and ethics committee report. Having regard to, amongst other things, the group's small size and limited resources, measures and targets against which performance in the abovementioned areas could be monitored have not been agreed to with management. This will be reconsidered on an ongoing basis.

ECONOMY

Geomer Investments (a level 1 B-BBEE-rated company) controls the group (via African and Overseas Enterprises). This, combined with the significant transformation of the diversity of the board of directors of Rex Trueform, is indicative of the inroads being made by and within the group in the area of economic transformation. Furthermore, the company has made contributions to a number of deserving previously disadvantaged suppliers, a local, previously disadvantaged

clothing design and manufacturing concern (the operations of which include the empowerment of home-based CMT operations in the Cape Flats), a local previously disadvantaged plus-sized clothing designer and manufacturer, and has contributed meaningfully to the tertiary education costs of two deserving previously disadvantaged students who were unable to fund these themselves.

In line with good practice, there is an ongoing focus on ethics within the workplace and employees are encouraged to act in terms of the group's vision and values. The group is furthermore committed to detecting and responding to (and indeed preventing) fraud and corruption, including by way of the use of the group code of ethics, the ethics hotline and a supplier code of ethics, and continues to roll out refresher training programmes in relation to the group code of ethics.

SUPPLIERS

Suppliers are required, in terms of the group's supplier code of ethics, to implement and maintain environmental practices and policies that ensure that their operations are conducted in an environmentally friendly, sustainable and responsible manner. In so doing, suppliers are obligated to comply with applicable environmental standards, laws and regulations.

SOCIAL

During the 2019 financial year certain NPOs were introduced into Ombrecorp Trading, with the company's interest therein being diluted accordingly. The credentials of these long established NPOs are important for the corporate social investment and transformation imperatives of the company.

Please refer to the social and ethics committee report for further details regarding social responsibility.

WORKPLACE

Please refer to the human capital and remuneration report and the social and ethics committee report for further details regarding the group's corporate responsibility in the workplace area.

ENVIRONMENT

The group acknowledges that its operations have an impact on the natural environment, both directly through electricity, fuel and materials consumed in its operations and indirectly through impacts associated with the production, use and end-of-life disposal of the products it sells.

The impacts of initiatives have not been measured and therefore only a general narrative on some of the key areas in respect of which positive steps have been taken by the group is provided.

Electricity and water

The group is a user of electricity and water throughout its operations. The group has taken the following steps in an attempt to better manage its electricity and water consumption:

Rex Trueform Office Park

Various water and energy-saving measures have been instituted, including:

- movement sensors (where practical) which modify lighting requirements in an endeavour to ensure that electricity is not utilised unnecessarily;
- energy-saving light fittings and bulbs have been installed, where practical;
- bathroom washbasin sensors have been installed to regulate the water consumption in an endeavour to ensure that water is not utilised unnecessarily;
- tenants are encouraged to use the company's central recycling facility with the provision of bins at a centralised point to sort paper, plastic bottles, heavy paper and cardboard, which are uplifted for recycling purposes; and
- continued investigation of the use of alternative water sources.

"Green" store design initiatives

When designing and building new stores, Queenspark continues to implement a number of "green" environmentally friendly initiatives relating to lighting, paint, shop-fitting, flooring and signage. In this respect Queenspark takes guidance from consultants who consider local and international practices.

Fuel

The main area of fuel consumption relates to freight services provided by third parties. Fuel management in respect thereof is the responsibility of the service provider.

Recycling and disposal of waste

The major forms of waste in the business are paper, cardboard and plastic packing materials. Procedures relating to recycling or disposal have been instituted as follows:

- clothing hangers are sorted and cleaned by an outside agency before being returned to the distribution centre for reuse;
- cardboard cartons are reused until they are deemed unusable;
- cardboard and paper waste is mostly sold to recycling agencies;
- wastage at retail stores has, where practical, been contained to a minimum and is managed by shopping centre disposal processes; and
- a waste-recycling programme has been implemented in respect of the Rex Trueform Office Park

Printing of documents

Where practical, the group continues to endeavour to file documents electronically as opposed to retaining printed copies. The group will continue to investigate measures that may result in the reduction of printed documents.

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee is pleased to present its report to the shareholders of Rex Trueform, which report is for the financial year ended 30 June 2019.

INTRODUCTION

This report is made to shareholders in compliance with the requirements of the Companies Act and King IV.

SOCIAL AND ETHICS COMMITTEE MANDATE

The social and ethics committee is governed by formal terms of reference which incorporate the requirements of the Companies Act. The social and ethics committee furthermore performs the functions of a social and ethics committee (to the extent required) for the company's South African subsidiaries, in accordance with the provisions of the Companies Act.

The terms of reference of the social and ethics committee include assisting in the implementation of the applicable recommended practices in terms of King IV in relation to organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships (subject at all times to the proportionality considerations particular to the group). This will be achieved by way of the social and ethics committee, amongst other things, overseeing and monitoring, on an ongoing basis, how the consequences of the group's activities and outputs affect its status as a responsible corporate citizen in the areas of workplace, economy, society and environment. Accordingly, this report should be read in conjunction with the corporate citizenship report.

ROLE OF THE SOCIAL AND ETHICS COMMITTEE

The social and ethics committee is broadly responsible for monitoring the group's activities, having regard to relevant legislation, other legal requirements or prevailing codes of best practice (where practical) in terms of matters relating to:

- social and economic development;
- good corporate citizenship;
- the environment, health and public safety;
- consumer relationships; and
- labour and employment.

The social and ethics committee is further responsible for:

- assisting in the implementation of an ethics management programme within the group;
- overseeing that the ethics of the group are correctly captured and conveyed;
- assessing ethics-related risks and opportunities;
- undertaking such other social and ethics-related duties delegated to it by the board;
- assisting in the implementation of the applicable recommended practices in terms of King IV relating to organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships, subject at all times to the proportionality considerations particular to the company and its subsidiaries in relation thereto;
- drawing matters within its mandate to the board as occasions require; and
- reporting to the board and the shareholders.

The social and ethics committee plays an assessing, initiating, monitoring and reporting role, as opposed to an implementation role, within the company and its subsidiaries.

COMPOSITION AND ATTENDANCE AT MEETINGS

The composition of the social and ethics committee is detailed in the corporate governance report.

Meetings of the social and ethics committee are also attended by the company secretary and by certain other executives and managers by invitation. Please note the corporate governance report in this regard.

Details of fees paid to the social and ethics committee members who are non-executive directors are disclosed in the human capital and remuneration report. Executive directors do not receive a fee in respect of social and ethics committee membership.

SOCIAL AND ETHICS COMMITTEE FUNCTIONING

Feedback in respect of key areas of focus in respect of the 2019 financial year:

KEY AREAS OF FOCUS	PROGRESS DURING THE YEAR
Economy	The group appreciates that the consequences of the organisation's activities and outputs in the area of the economy affect its status as a responsible corporate citizen. Further detail as regards the company's enterprise, supplier development and socio-economic development contributions are provided in the corporate citizenship report contained in this integrated annual report.
Environment	The group continues to consider and, where practical, implement various initiatives that will assist in limiting damage to the environment. Further detail in this regard is provided in the corporate citizenship report contained in this integrated annual report.
Social	Various social initiatives have been implemented within the group which included the provision by a company within the SAWWH group of companies of aid in response to emergency needs in Beira, Mozambique following Cyclone Idai, the participation by staff members in various Mandela Day initiatives, the donation of old window banners to the Sozo Foundation (a non-profit organisation based in the Cape Flats community of Vrygrond, Cape Town), the donation of jewellery to the Angels United Helping Hands (a non-profit organisation working in various communities in Cape Town), participation by various group employees in the annual Community Chest Twilight Run, and the ongoing collection of donations from group employees for the Help the Rural Child initiative. Further details as regards the company's social initiatives are provided in the corporate citizenship report contained in this integrated annual report.
Workplace	The group continues to apply fair labour practices as employees are integral to the success of the business. Please refer to the human capital and remuneration report for further details regarding the group's corporate responsibility in the workplace area.

The social and ethics committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

PLANNED AREAS OF FOCUS FOR THE NEXT FINANCIAL YEAR (2020) AND BEYOND

The social and ethics committee is to consider and, where practical, implement improved social and ethical business practices within the group. Planned areas of focus include the continued expansion of the company's enterprise, supplier development and socio-economic development contributions – specifically philanthropic support in education – and monitoring as to how the consequences of the group's activities and outputs affect its status as a responsible corporate citizen in the abovementioned areas.

COMPANIES ACT NOTICE

The summarised consolidated financial statements have been prepared under the supervision of group financial director, D Franklin CA (SA). Included hereafter are the summarised consolidated financial statements which summarise the audited financial statements as at 30 June 2019. The complete annual financial statements can be found on the company's website at www.rextrueform.com/info.html.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Rex Trueform Group Limited, which comprises the statements of financial position at 30 June 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the directors are furthermore responsible for the preparation of the directors' report, which forms part of the annual financial statements.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as preparation of the supplementary schedules included in the annual financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group and company annual financial statements

The group and company annual financial statements of Rex Trueform Group Limited, as identified in the first paragraph, were approved by the board of directors on 30 September 2019 and signed by:



MA Golding
Chairman
Authorised director
30 September 2019



CL Lloyd
Chief executive officer
Authorised director

COMPANY SECRETARY'S CERTIFICATE

I hereby certify that Rex Trueform Group Limited has filed all returns and notices as required by a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.



AT Snitcher
Company secretary
30 September 2019

REPORT OF THE INDEPENDENT AUDITOR

The report of the independent auditor can be found in the annual financial statements which are located on the company's website, www.rextrueform.com.

DIRECTORS' REPORT

Corporate governance

During the financial year under review, the directors subscribed to the principles of corporate governance as set out in King IV. Specific, applicable disclosure requirements are dealt with in the integrated annual report. Please note the corporate governance report in the integrated annual report in particular in this regard.

Nature of business

The company is a holding company listed on the JSE Limited under the sector: Consumer Services – Retail – General Retailers – Apparel Retailers. The group subsidiaries, Queenspark Proprietary Limited and Queenspark (Proprietary) Limited (registered in Namibia), continued their retail activities with regard to the sale of ladies' and men's clothing, shoes, costume jewellery, related fashion accessories and cosmetics through branded Queenspark outlets located in South Africa and Namibia as well as through a Queenspark-branded franchised outlet in Kenya. A decision has been made not to continue with the Kenyan franchise beyond the expiration of the franchise agreement, which is due to expire in the 2020 financial year.

The group's property portfolio consists of developed and undeveloped properties, held directly and indirectly through a subsidiary, Queenspark Distribution Centre Proprietary Limited. Rex Trueform Office Park situated in Salt River is the main operating property within the segment followed by the property in Wynberg, which is utilised by the retail segment as a distribution centre. Two properties are undeveloped, a vacant factory and vacant land situated in Salt River. The vacant factory has heritage significance which limits any potential development. The board is actively looking for development opportunities which will yield a satisfactory return in relation to any capital outlay.

During the financial year under review, the group concluded an investment in the water-infrastructure sector. A 30% interest in SA Water Works Holding Company (RF) Proprietary Limited was acquired via a subsidiary, Ombrecorp Trading (RF) Proprietary Limited (which subsidiary was acquired in the financial year under review). Operations consist of two water concession businesses operating in Mpumalanga and KwaZulu-Natal, which provide water and water services to residential, industrial and commercial consumers pursuant to concession agreements executed with municipalities in the respective areas.

Financial results

The financial results of the group and company for the year are set out in the financial statements.

Share capital

The share capital of the company, both authorised and issued, is set out in the notes to the financial statements. Refer to note 15.

Dividends

Details of dividends paid during the year are as follows:

	2019 R'000	2018 R'000
Dividends on ordinary and "N" ordinary shares:		
Dividend paid in respect of the ordinary shares	-	-
Dividend paid in respect of the "N" ordinary shares	-	-
Dividends on 6% cumulative preference shares:		
Half year ended 31 December 2018	8	8
Half year ended 30 June 2019	9	9
Total	17	17

The directors have not proposed a dividend per share (2018: R nil) in respect of the ordinary and "N" ordinary shares.

Holding company

The company's holding company is African and Overseas Enterprises Limited ("African and Overseas").

Subsidiaries

The required information relating to subsidiary companies is set out in the notes to the financial statements. Refer to note 7.

Investments

Full details of the company's investments are set out in the notes to the financial statements. Refer to note 8 and 9.

Directorate

The names of the directors of the company are reflected in the annual financial statements and the integrated annual report.

The following changes in the composition of the board of directors occurred during the year:

Director	Event	Date
MA Golding	Retired by rotation Re-elected	30 November 2018 30 November 2018
CEA Radowsky	Retired by rotation Re-elected Resigned	30 November 2018 30 November 2018 12 March 2019
LK Sebatane	Retired by rotation Re-elected	30 November 2018 30 November 2018
D Franklin	Confirmation of appointment	30 November 2018
CL Lloyd	Appointed	12 March 2019

CEA Radowsky resigned as the chief executive officer of the company with effect from 12 March 2019, at which point a vacancy arose on the board. On 12 March 2019 CL Lloyd was appointed as the chief executive officer of the company by the board in order to fill such vacancy. Shareholders will be asked to confirm and ratify the appointment of CL Lloyd effective from 12 March 2019 as an executive director of the company.

PM Naylor, MR Molosiwa and HB Roberts will retire at the 2019 annual general meeting in accordance with the company's Memorandum of Incorporation but, being eligible, will offer themselves for re-election.

The emoluments of the executive and non-executive directors are set out in notes to the financial statements. Refer to note 26.

Directors' interest in shares

The interest of directors in the ordinary and "N" ordinary shares of the company at 30 June 2019 was:

Director	Direct holding	Indirect holding	Effective interest held indirectly via African and Overseas*	Total
2019				
MA Golding	-	2 214 747	4 270 726	6 485 473
CEA Radowsky	-	77 933	98 882	176 815
HB Roberts	-	4 261 561	5 835 536	10 097 097
CL Lloyd	55 424	-	31 326	86 750
Total	55 424	6 554 241	10 236 470	16 846 135

Director	Direct holding	Indirect holding	Effective interest held indirectly via African and Overseas*	Total
2018				
MA Golding	-	2 214 747	4 294 488	6 509 235
CEA Radowsky	-	77 933	99 432	177 365
HB Roberts	-	4 233 863	5 861 372	10 095 235
CL Lloyd	-	-	-	-
Total	-	6 526 543	10 255 292	16 781 835

CEA Radowsky resigned as the chief executive officer of the company with effect from 12 March 2019. CL Lloyd was appointed as the chief executive officer of the company with effect from 12 March 2019.

*The issue by the company and African and Overseas of additional "N" ordinary shares during the period under review resulted in the dilution of the effective interest held indirectly by directors and / or associates via African and Overseas as at 30 June 2019.

Change in shareholding

There have been no changes in the directors' interests in shares between 30 June 2019 and the date of approval of the annual financial statements of the company.

Employee share incentive scheme

The Rex Trueform Share Trust ("the Share Trust") was created in 1997 and was issued with 500 000 "N" ordinary shares in the company to facilitate an employee share incentive scheme. Subsequent capitalisation share awards totalling 56 798 "N" ordinary shares in the company were received and placed in reserve in the Share Trust, and a further amount of 110 848 "N" ordinary shares in the company were issued to the Share Trust in June 2019 in order to enable the Share Trust to discharge certain share awards.

The purpose of this scheme is to ensure that employees, including directors, holding permanent salaried employment or office in the company or any of its subsidiaries, are encouraged and motivated to pursue continued employment within the company (or its subsidiaries), and to accordingly afford them the opportunity to acquire an interest in the "N" ordinary share capital of the company.

Since the inception of the Share Trust, payment and delivery has been effected in respect of 647 367 "N" ordinary shares, which were acquired by or issued to the Share Trust.

As at the beginning of the financial year under review, no options in respect of the Rex Trueform "N" ordinary shares held by the Share Trust had been granted to employees. The Share Trust currently holds 20 279 "N" ordinary shares in reserve for future utilisation, of which none have been granted to employees. During the financial year under review, share awards and options in respect of 354 714 "N" ordinary shares in aggregate were granted to certain group employees (including the company's chief executive officer), of which 110 848 "N" ordinary shares were issued to the Share Trust and subsequently transferred to the employees.

Full details of share awards and options granted and exercised are reflected in the notes to the financial statements. Refer to note 26.

Secretary

The company secretary's business and postal address is that of the company's registered office.

Events subsequent to the reporting date

Ombrecorp Trading (RF) Proprietary Limited received a loan repayment of R 4 582 317 on 18 September 2019 of which R 2 338 815 will remain within the group. The remainder will be utilised to discharge repayment obligations to 27four Life Limited. No other events material to the understanding of the financial statements have occurred between the financial year end and the date of approval.

AUDIT COMMITTEE REPORT

The audit committee (“the committee”) is pleased to present its report to the shareholders of Rex Trueform Group Limited for the financial year ended 30 June 2019.

INTRODUCTION

This report is issued in compliance with the requirements of the Companies Act and King IV.

AUDIT COMMITTEE MANDATE

The audit committee also performs the audit committee functions for its subsidiary companies, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited (the company and its subsidiaries, collectively hereinafter referred to as “the group”). The committee is governed by formal terms of reference, delegated to it by the board of directors, which regulate the committee’s functioning, processes and procedures.

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

All members of the committee are independent non-executive directors, with the committee being chaired by PM Naylor, the lead independent non-executive director of the company. The members of the committee have the necessary academic qualifications, or experience, financial literacy and skills to execute their duties effectively.

The committee met twice during the year under review, specifically prior to the publication of (and to review) the company’s and group’s interim and final results (in addition to reviewing the reports of the internal and external auditors and the group’s risk committees).

The committee meetings were attended by the external auditors, the chairman of the board, the executive directors and the financial manager of the group by invitation. A formal agenda is prepared for each meeting and comprehensive committee packs are provided containing information required in order to assist the committee in fulfilling its duties.

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The committee’s role and responsibilities include the following:

- ensuring that appropriate financial procedures have been established and are operating;
- overseeing integrated reporting;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- reviewing the effectiveness of the company’s finance function and considering, on an annual basis, and satisfying itself of the appropriateness of the expertise and experience of the financial director;
- overseeing the internal audit process;
- acting as an integral part of the risk management process;
- nominating the external auditor and overseeing the external audit process; and
- complying with any further responsibilities included in the committee’s terms of reference and / or the Companies Act and the regulations thereto, to the extent not specifically addressed above.

EXTERNAL AUDITOR’S APPOINTMENT, INDEPENDENCE AND OVERSIGHT OF THE EXTERNAL AUDIT PROCESS

The committee nominated KPMG Inc. as the group’s external auditor for the year under review and approved the terms of engagement and fees to be paid. KPMG Inc. was duly appointed as group external auditor in respect of the year under review and the designated registered auditor was I Jeewa. KPMG Inc. has served as the group’s external auditor for the past 23 years, with the designated registered auditor being rotated in the manner prescribed by the Companies Act. In this regard, I Jeewa took over from H du Plessis as the designated registered auditor of the company with effect from 17 November 2017.

The committee has nominated KPMG Inc. for appointment by shareholders as the company’s external auditor at the 2019 annual general meeting, the designated registered auditor being I Jeewa for the 2020 financial year.

Prior to the nomination of KPMG Inc., the committee met with management without the external auditor being present, reviewed the external auditor’s independence and objectivity, assessed the effectiveness of the external audit process and the quality of the external audit (including after being comprehensively reported to in relation thereto by management and the external auditor) and furthermore considered the reports from the external auditor in relation to the information detailed in paragraph 22.15(h) of the JSE Listings Requirements. In this regard, and after due consideration, the committee confirmed that it was satisfied with the independence and objectivity of the external auditor, with the external audit process (including the quality of the external audit) and with the reports furnished to it by the external auditor as well as the suitability for the appointment of KPMG Inc. and I Jeewa. Furthermore, a new financial director of the company was appointed on 25 May 2018, which had the effect of, among other things, mitigating the attendant risk (if any) of familiarity between the external auditor and management.

The external auditor is afforded unrestricted access to the group’s records and to management. Any significant issues arising from the annual audit (if any) are brought to the committee’s attention. In this regard, it is noted that the audit adjustments identified by the external auditor were considered by the committee, applicable adjustments to the financial statements were made (having regard to applicable materiality levels) and an unmodified external auditor’s report was issued.

The nature and extent of the non-audit services that the external auditor provides to the company and group have been agreed by the committee, being taxation, IT consulting, turnover certificate and advisory-related non-audit services, and the external auditor (via separate departments and utilising personnel who are not involved in the external audit process in respect of the group) is only permitted to provide such pre-agreed non-audit services to the group. Any proposed agreement with the external auditor for the provision of non-audit services is preapproved by the committee.

INTERNAL AUDIT

A formal internal audit charter governs the internal auditing of the group. The committee has unlimited access to the internal auditor employed within the group. The formal process of reporting to the committee is managed according to the internal audit charter. The committee reviews and approves the internal audit charter and internal audit plans. During the year under review the committee considered and evaluated the independence, effectiveness and performance of the internal auditor and the arrangements for internal audit (including after meeting with management without the internal auditor being present) and confirmed that it was satisfied with same.

EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND EVALUATION OF THE FINANCE FUNCTION

As required by the JSE Listings Requirements, as read with King IV, the committee has considered the appropriateness of the expertise and experience of the financial director, and the effectiveness of the finance function (including after meeting with the external auditor without the financial director and any representatives of the finance function being present).

In this regard, the committee is of the view that D Franklin, the financial director, possesses the appropriate expertise and experience to fulfil his responsibilities in that position. The committee, after having furthermore considered the expertise, resources and experience of the finance function, has confirmed that such function is effective, including having regard to the nature, complexity and size of the group’s operations.

COMBINED ASSURANCE

The group subscribes to a combined assurance model that attempts to limit or control risk in its businesses by making use of both internal and third-party assurance providers (including the group’s own internal line functions, risk committees, internal auditor and external auditor). During the year under review the

committee evaluated the arrangements in place for combined assurance and confirmed that it was satisfied with same.

INTERNAL FINANCIAL CONTROLS

The committee noted that there were no significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error, and is of the opinion that:

- the internal financial controls are effective (including in their implementation) and accounting practices are appropriate, which both form the basis for the preparation of reliable financial statements in respect of the year under review; and
- the company has established appropriate financial reporting procedures and that those procedures are operating.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

During the year under review the JSE Limited issued a report on the findings of their process of monitoring financial statements for compliance with International Financial Reporting Standards. The report was tabled at a meeting of the audit committee and considered by it.

Following the review by the committee of the annual financial statements for the year ended 30 June 2019, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and with the International Financial Reporting Standards and fairly present the group and company financial position at that date and the results of operations and cash flows for the year then ended.

INTEGRATED ANNUAL REPORT

The committee will satisfy or has satisfied, as the case may be (and depending on whether this report is contained in the annual financial statements or the integrated annual report), itself with the integrity of the remainder of the integrated annual report.

CONCLUSIONS

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Having achieved its objectives, the committee has recommended the annual financial statements and will recommend or has recommended (as the case may be) the integrated annual report for the year ended 30 June 2019 for approval by the board.

The board has subsequently approved the annual financial statements, and has approved (or will approve, as the case may be) the integrated annual report, which will be open for discussion at the forthcoming annual general meeting.

On behalf of the committee



PM Naylor
Audit committee chairman
30 September 2019



SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	GROUP	
	2019 R'000	2018 R'000
ASSETS		
Non-current assets	307 897	156 090
Property, plant and equipment	62 386	60 721
Investment property	65 679	68 741
Intangible assets	20 764	22 980
Investment in associate	153 066	-
Other investments	756	829
Loans receivable	1 860	-
Deferred tax asset	3 386	2 819
Current assets	178 390	192 409
Inventories	100 637	92 132
Trade and other receivables	20 553	27 475
Forward exchange contracts	-	746
Income tax receivable	6	163
Accrued operating lease asset	1 704	2 859
Cash and cash equivalents	55 490	69 034
Total assets	486 287	348 499

	GROUP	
	2019 R'000	2018 R'000
EQUITY AND LIABILITIES		
Capital and reserves	320 884	272 507
Share capital	4 161	1 777
Share premium	25 836	25 836
Treasury shares	(117)	(117)
Share-based payment reserve	5 319	(214)
Other reserves	2 029	2 086
Retained earnings	275 192	243 139
Non-controlling interest	8 464	-
Non-current liabilities	97 787	19 589
Post-retirement liability	512	574
Accrued operating lease liability	13 444	14 235
Loan payable	75 200	-
Deferred tax liability	8 631	4 780
Current liabilities	67 616	56 403
Trade and other payables	52 798	49 393
Provisions	8 761	2 145
Accrued operating lease liability	5 070	4 849
Forward exchange contracts	294	-
Income tax payable	693	16
Total equity and liabilities	486 287	348 499

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

		GROUP	
		2019 R'000	2018 R'000
Revenue	16.4%	708 374	608 540
Turnover	15.5%	678 873	587 632
Cost of sales		(321 767)	(267 730)
Gross profit	11.6%	357 106	319 902
Other income	6.0%	17 213	16 241
Other operating costs	8.5%	(349 340)	(322 061)
Operating profit	77.4%	24 979	14 082
Dividend income		27	45
Finance income		12 261	4 622
Finance costs		(3 266)	(53)
Share of profit of associate, including gain on bargain purchase		30 901	-
Dilution loss on investment in associate		(14 811)	-
Profit before tax	167.9%	50 091	18 696
Income tax expense		(14 604)	(5 876)
Profit for the year	176.8%	35 487	12 820
Other comprehensive income:			
Items that are or may be subsequently reclassified to profit or loss			
Fair value adjustment on available-for-sale financial assets		-	240
Fair value adjustment on assets held at fair value through other comprehensive income		(57)	-
Other comprehensive income for the year, net of taxation		(57)	240
Total comprehensive income for the year		35 430	13 060

		GROUP	
		2019 R'000	2018 R'000
Profit attributable to:			
Ordinary and "N" ordinary shareholders of the parent		42 568	12 803
Preference shareholders		17	17
Profit attributable to equity holders of the parent		42 585	12 820
Non-controlling interest		(7 098)	-
Profit for the year		35 487	12 820
Total comprehensive income attributable to:			
Ordinary and "N" ordinary shareholders of the parent		42 511	13 043
Preference shareholders		17	17
Profit attributable to equity holders of the parent		42 528	13 060
Non-controlling interest		(7 098)	-
Total comprehensive income for the year		35 430	13 060
Basic earnings per ordinary share (cents)	232.4%	206.4	62.1
Diluted earnings per ordinary share (cents)	232.4%	206.4	62.1

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	GROUP	
	2019 R'000	2018 R'000
Share capital	4 161	1 777
Opening balance	1 777	1 777
Shares issued	2 384	-
Share premium	25 836	25 836
Opening balance	25 836	25 836
Shares issued	-	-
Treasury shares	(117)	(117)
Share-based payment and other reserves	7 348	1 872
Opening balance	1 872	1 632
Equity-settled share-based payment	5 533	-
Fair value adjustment on available-for-sale instruments	-	240
Fair value adjustment on assets held at fair value through other comprehensive income	(57)	-
Retained earnings	275 192	243 139
Opening balance	243 139	230 336
Profit for the year	42 585	12 820
Preference dividends paid	(17)	(17)
Change in degree of control	(10 515)	-
Non-controlling interest	8 464	-
Opening balance	-	-
Profit for the year	(7 098)	-
Equity-settled share-based payment expense	5 047	-
Change in degree of control	10 515	-
Total capital and reserves	320 884	272 507

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	GROUP	
	2019 R'000	2018 R'000
Cash flows from operating activities		
Operating profit before working capital changes	64 318	39 801
Working capital changes	6 470	(7 284)
Interest received	2 792	4 622
Interest paid	(66)	(53)
Dividends paid	(17)	(17)
Dividends received	27	45
Income tax paid	(10 471)	184
Net cash inflows from operating activities	63 053	37 298
Cash flows from investing activities		
Additions to property, plant, equipment and investment properties	(18 538)	(24 445)
Additions to intangible assets	(1 194)	(1 908)
Proceeds from disposal of property, plant and equipment	502	-
Investment in associate	(2 516)	-
Net cash outflows from investing activities	(21 746)	(26 353)
Cash flows from financing activities		
Loan advanced	(126 851)	-
Loan received	72 000	-
Net cash outflows from financing activities	(54 851)	-
Net (decrease) / increase in cash and cash equivalents	(13 544)	10 945
Cash and cash equivalents at the beginning of the year	69 034	58 089
Cash and cash equivalents at the end of the year	55 490	69 034

SEGMENTAL ANALYSIS

for the year ended 30 June 2019

	GROUP	
	2019 R' 000	2018 R' 000
Revenue		
Retail	685 756	594 194
Turnover – External	678 873	587 632
Finance income – External	1 193	2 009
Management fee income – External	-	541
Management fee income – Inter-segment	5 443	4 012
Profit on sale of property – External	247	-
Property	22 813	21 566
Rental income – External	16 786	15 700
Rental income – Inter-segment	5 828	5 681
Finance income – External	199	185
Water infrastructure	9 469	-
Finance income – External	9 469	-
Group services	9 238	32 956
Finance income – External	1 400	2 428
Finance income – Inter-segment	5 698	-
Dividends received – External	27	45
Dividends received – Inter-segment	-	30 000
Management fee income – External	-	-
Management fee income – Inter-segment	1 933	483
Profit on sale of property – External	180	-
Inter-segment eliminations	(18 902)	(40 176)
Total group revenue	708 374	608 540
Segment operating profit / (loss)		
Retail	32 566	8 171
Property	9 553	9 984
Water infrastructure	(10 484)	-
Group services	(6 656)	(4 073)
Total group operating profit	24 979	14 082

	GROUP	
	2019 R' 000	2018 R' 000
Segment net profit / (loss) after tax		
Retail	22 780	6 659
Property	7 022	7 325
Water infrastructure	7 118	-
Group services	(1 433)	(1 164)
Total group net profit after tax	35 487	12 820
Depreciation and amortisation		
Retail	19 504	22 791
Property	3 768	4 046
Total group depreciation and amortisation	23 272	26 837
Segment assets		
Retail	246 679	213 844
Property	74 243	78 475
Water infrastructure	153 094	-
Group services	12 271	56 180
Total group assets	486 287	348 499
Segment liabilities		
Retail	73 705	67 805
Property	12 777	7 019
Water infrastructure	75 383	-
Group services	3 538	1 168
Total group liabilities	165 403	75 992
Capital expenditure		
Retail	18 299	22 734
Property	1 433	3 619
Total group capital expenditure	19 732	26 353

UNAUDITED SHAREHOLDERS' INFORMATION

Analysis of shareholders as at 30 June 2019

	Ordinary	%	"N" ordinary	%	Preference	%
	Number of shareholders		Number of shareholders		Number of shareholders	
Public shareholders	156	97.6	196	96.0	22	84.8
Companies and close corporations	13	8.2	10	4.9	2	7.7
Individuals	129	80.7	166	81.3	15	57.8
Insurance companies, nominees and trusts	13	8.1	20	9.8	5	19.3
Mutual funds and pension funds	1	0.6	-	-	-	-
Non-public shareholders	4	2.4	8	4.0	4	15.2
African and Overseas Enterprises Limited	1	0.6	1	0.5	1	3.8
Rex Trueform Share Trust	-	-	1	0.5	-	-
Geomer Investments Proprietary Limited *	1	0.6	1	0.5	-	-
Ceejay Trust **	1	0.6	1	0.5	-	-
Legae Peresec Proprietary Limited ****	1	0.6	1	0.5	-	-
Gingko Investments No.2 Proprietary Limited **	-	-	2	1.0	-	-
Old Sillery Proprietary Limited	-	-	-	-	1	3.8
Saxo Bank	-	-	-	-	1	3.8
Lombard. L	-	-	-	-	1	3.8
Directors ***	-	-	1	0.5	-	-
Total	160	100.0	204	100.0	26	100.0

	Ordinary	%	"N" ordinary	%	Preference	%
	Number of shares		Number of shares		Number of shares	
Public shareholders	291 886	10.0	2 585 528	14.5	22 238	15.8
Companies and close corporations	195 670	6.7	1 600 424	9.0	3 100	2.2
Individuals	86 376	3.0	521 297	2.9	17 288	12.3
Insurance companies, nominees and trusts	9 740	0.3	463 807	2.6	1 850	1.3
Mutual funds and pension funds	100	-	-	-	-	-

	Ordinary	%	"N" ordinary	%	Preference	%
	Number of shares		Number of shares		Number of shares	
Non-public shareholders	2 613 919	90.0	15 260 826	85.5	117 762	84.2
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.6	825	0.6
Rex Trueform Share Trust	-	-	20 279	0.1	-	-
Geomer Investments Proprietary Limited *	174 944	6.0	2 039 803	11.4	-	-
Ceejay Trust**	254 463	8.8	2 084 610	11.7	-	-
Legae Peresec Proprietary Limited****	74 343	2.6	1 819 447	10.2	-	-
Gingko Investments No.2 Proprietary Limited **	-	-	28 698	0.2	-	-
Old Sillery Proprietary Limited	-	-	-	-	27 785	19.8
MacDonald. AP	-	-	-	-	42 192	30.2
Lombard. L	-	-	-	-	46 960	33.6
Directors ***	-	-	55 424	0.3	-	-
Total	2 905 805	100.0	17 846 354	100.0	140 000	100.0

Beneficial shareholders holding 5% or more of share capital	Number of shares	%	Number of shares	%	Number of shares	%
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.6	825	0.6
Ceejay Trust **	254 463	8.8	2 084 610	11.7	-	-
Geomer Investments Proprietary Limited *	174 944	6.0	2 039 803	11.4	-	-
Traclo Proprietary Limited	179 467	6.2	1 466 000	8.2	-	-
Legae Peresec Proprietary Limited ****	74 343	2.6	1 819 447	10.2	-	-
Old Sillery Proprietary Limited	-	-	-	-	27 785	19.8
MacDonald. AP	-	-	-	-	42 192	30.1
Lombard. L	-	-	-	-	46 960	33.5
Total	2 793 386	96.2	16 622 425	93.1	117 762	84.0

* An associate of MA Golding.

** An associate of HB Roberts.

*** Held by CL Lloyd.

**** The shares held by Legae Peresec Proprietary Limited are beneficially held by associates of HB Roberts.

NOTICE OF ANNUAL GENERAL MEETING

REX TRUEFORM GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1937/009839/06)

JSE share codes: RTO – RTN – RTOP

ISIN: ZAE000250387 – ZAE000250395 –

ZAE000250403

(“Rex Trueform” or “the company”)

Notice is hereby given that the eighty-second annual general meeting of shareholders of Rex Trueform (the “annual general meeting”) will be held in the boardroom, 263 Victoria Road, Salt River, Cape Town, on Friday, 29 November 2019 at 10:00 for the purpose of considering and adopting the annual financial statements, directors’ report, auditor’s report and the audit committee report contained in the integrated annual report; dealing with such business as may be transacted at an annual general meeting and specifically to consider, and if deemed fit, to pass with or without modification, the following ordinary and special resolutions. The record date for determining which shareholders are entitled (i) to receive notice of the annual general meeting is Friday, 25 October 2019 and (ii) to participate in and vote at the annual general meeting is Friday, 22 November 2019 in terms of section 62(3)(a) as read with section 59 of the Companies Act 71 of 2008 (the “Companies Act”).

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF ANNUAL FINANCIAL STATEMENTS

“Resolved to consider and adopt the annual financial statements of the company for the year ended 30 June 2019, together with the reports of the directors, audit committee and the auditors contained therein and made available for inspection by shareholders with effect from 30 September 2019 at the registered office of the company during business hours and at the following web address – www.rextrueform.com.”

ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF DIRECTORS

“Resolved to re-elect individually as directors of the company the following directors, who retire in terms of the company’s Memorandum of Incorporation but who are eligible and offer themselves for re-election:

2.1 PM Naylor;

2.2 MR Molosiwa; and

2.3 HB Roberts.”

The nomination committee of the company has considered and is satisfied with the past performance of, and contribution made to the company by, PM Naylor, MR Molosiwa and HB Roberts, is furthermore satisfied with their continued independence and, in the case of PM Naylor, that he exercises objective judgement and that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in his decision-making, and has recommended that these directors be re-elected as directors of the company.

Abbreviated curricula vitae in respect of the above directors are provided in section 1 of Annexure A to this notice.

ORDINARY RESOLUTION NUMBER 3 – CONFIRMATION OF APPOINTMENT OF CL LLOYD AS EXECUTIVE DIRECTOR

“Resolved that the appointment of CL Lloyd as an executive director of the company on 12 March 2019 be and is hereby ratified and confirmed.”

The nomination committee of the company has taken into account CL Lloyd’s experience and qualifications and has recommended her as a director of the company.

An abbreviated curriculum vitae in respect of the above director is provided in section 2 of Annexure A to this notice.

ORDINARY RESOLUTION NUMBER 4 – ELECTION OF AUDIT COMMITTEE MEMBERS

“Resolved, in accordance with section 94(2) of the Companies Act and on the recommendation of the board, to elect individually the following directors of the company, as members of the audit committee:

4.1 PM Naylor, subject to the passing of resolution 2.1 above;

4.2 HB Roberts, subject to the passing of resolution 2.3 above; and

4.3 LK Sebatane.”

Abbreviated curricula vitae in respect of the above directors are provided in section 3 of Annexure A to this notice.

ORDINARY RESOLUTION NUMBER 5 – RE-APPOINTMENT OF AUDITORS

“Resolved to re-appoint KPMG Inc., together with Mr I Jeewa as the designated registered auditor, as the auditors of the company for the ensuing year.”

The audit committee has evaluated the suitability, performance and independence of KPMG Inc. and Mr I Jeewa for re-appointment as auditors under section 90 of the Companies Act and pursuant to the provisions of paragraph 3.84(g)(iii) of the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 6 – GENERAL AUTHORITY TO ISSUE EQUITY SHARES FOR CASH

“Resolved that the board is hereby authorised, as a general authority, to allot and issue up to 435 870 (four hundred and thirty five thousand eight hundred and seventy) ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued ordinary shares of the company as at the date of this notice and/or up to 2 676 953 (two million six hundred and seventy six thousand nine hundred and fifty three) “N” ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued “N” ordinary shares of the company as at the date of this notice, for cash as they in their discretion deem fit, subject to compliance with the requirements, if any, of the company’s Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements and the following limitations, namely that:

- the general authority shall only be valid until the company’s next annual general meeting or for 15 (fifteen) months from the date of the passing of this ordinary resolution, whichever period is shorter;
- the shares, which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- any issue will only be made to “public shareholders”, as defined by the JSE Listings Requirements and not to related parties;
- the total aggregate number of ordinary shares which may be issued for cash in terms of this

authority may not exceed 435 870 (four hundred and thirty five thousand eight hundred and seventy) ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued ordinary shares of the company, and the total aggregate number of “N” ordinary shares which may be issued for cash in terms of this authority may not exceed 2 676 953 (two million six hundred and seventy six thousand nine hundred and fifty three) “N” ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued “N” ordinary shares of the company, as at the date of notice of this annual general meeting. Accordingly, any ordinary or “N” ordinary shares issued under this authority prior to this authority lapsing shall be deducted from aforementioned aggregate number of ordinary or “N” ordinary shares (as the case may be) that the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of ordinary or “N” ordinary shares that may be issued in terms of this authority, adjusted for any dividend where the “ex” date of the dividend occurs during the relevant period;

- in the event of a subdivision or consolidation of ordinary or “N” ordinary shares (as the case may be) prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio(s);
- in determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price on the JSE of such shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the company and the party(ies) subscribing for the particular shares;
- an announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the price of the issue was agreed, in writing, between the company and the party(ies) subscribing for the shares and an explanation including supporting documentation (if any) of the intended use of the funds will be published after any issue representing, on a cumulative basis within the period for which the above general

authorisation is valid (as contemplated above), 5% (five percent) of the number of ordinary or "N" ordinary shares (as the case may be) in issue prior to that issue."

ORDINARY RESOLUTION NUMBER 7 – CONTROL OVER UNISSUED SHARES

"Resolved that subject to the provisions, if any, of the Companies Act, the JSE Listings Requirements and the Memorandum of Incorporation, all of the authorised but unissued ordinary and "N" ordinary shares of the company be and are hereby placed under the control of the board until the next annual general meeting, and that the board is authorised to allot, issue all or part thereof in their discretion."

ORDINARY RESOLUTION NUMBER 8 – SIGNATURE OF DOCUMENTS

"Resolved that any director of the company, or the company secretary of the company, be and is hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to implement the resolutions set out in the notice convening the annual general meeting at which this ordinary resolution will be considered."

ORDINARY RESOLUTION NUMBER 9 – NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

"Resolved that shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as detailed in the human capital and remuneration report set out in the company's integrated annual report."

ORDINARY RESOLUTION NUMBER 10 – NON-BINDING ADVISORY VOTE ON REMUNERATION IMPLEMENTATION REPORT

"Resolved that shareholders endorse, by way of a non-binding advisory vote, the company's remuneration implementation report as detailed in the human capital and remuneration report set out in the company's integrated annual report."

In order for the above ordinary resolutions numbers 1 to 5, 7 and 8 to be adopted the support of more than 50% (fifty percent) of the total number of votes exercised by shareholders, present in person or by proxy, is required. In terms of the JSE Listings Requirements, in order for ordinary resolution number 6 to be adopted, the support

of at least 75% (seventy-five percent) of the total number of votes exercised by shareholders, present in person or by proxy, is required to pass such resolution. With regard to ordinary resolutions numbers 9 and 10, in terms of King IV, advisory votes should be obtained from shareholders on the company's remuneration policy and remuneration implementation report. These votes allow shareholders to express their views on the remuneration policy and remuneration implementation report. In the event that either the remuneration policy or the remuneration implementation report, or both, has/have been voted against by 25% (twenty-five percent) or more of the voting rights exercised, then the company, in good faith and with best reasonable effort, will engage with dissenting shareholders to ascertain the reasons for the dissenting votes in an endeavour to appropriately address legitimate and reasonable concerns raised.

SPECIAL RESOLUTION NUMBER 1 – FINANCIAL ASSISTANCE

"Resolved, to the extent required by the Companies Act, that the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, authorise the company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, including by way of loans, guarantees, the provision of security or otherwise, to any director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related company or corporation, or to a person related to any such company, corporation, director, prescribed officer or member, for any purpose or in connection with any matter, such authority to endure for a period of not more than two years."

Reasons for and effect of special resolution number 1

This authority is necessary to enable the company to provide financial assistance, in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. It is confirmed that the board of directors of the company may not authorise the provision of any financial assistance pursuant to this special resolution unless they are satisfied that

the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. The reason for, and effect of, special resolution number 1 is accordingly to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities and persons referred to in special resolution number 1 above.

SPECIAL RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO ACQUIRE SHARES

"Resolved to authorise the company and/or any subsidiary of the company by way of a general authority in accordance with the provisions of section 48(8)(a) of the Companies Act to acquire issued ordinary and/or "N" ordinary shares of the company ("the securities") upon such terms and conditions and in such numbers as the directors of the company may from time to time determine, but subject to the Memorandum of Incorporation of the company, the provisions of the Companies Act and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), where applicable, and provided that:

- (a) the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- (b) this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- (c) in determining the price at which the securities are acquired by the company in terms of this general authority, the maximum premium at which such securities may be acquired will be 10% (ten percent) of the weighted average of the market price at which such securities are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the acquisition of such securities by the company;
- (d) the acquisitions of securities in any one financial year does not exceed 20% (twenty percent), or 10% (ten percent) where the

acquisitions are effected by a subsidiary, in the aggregate of the company's combined issued share capital in the securities from the date of the grant of this general authority;

- (e) the directors, after considering the effect of the maximum repurchase, are of the opinion that:
 - (i) the company and the group will be in a position to repay their debt in the ordinary course of business for a period of 12 (twelve) months from the company first acquiring securities under this general approval;
 - (ii) the consolidated assets of the company, being fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company at the time of the company first acquiring securities under this general approval;
 - (iii) the ordinary capital and reserves of the company and the group will be adequate for a period of 12 (twelve) months from the company first acquiring securities under this general approval; and
 - (iv) the available working capital will be adequate to continue the operations of the company and the group for a period of 12 (twelve) months from the company first acquiring securities under this general approval;
- (f) the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless there is a repurchase programme in place, the dates and quantities of securities to be repurchased during the prohibited period are fixed, and details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period;
- (g) where the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, an announcement will be made containing full details of the acquisition, and announcements shall likewise be made for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter; and
- (h) the company only appoints one agent to effect any repurchase(s) on its behalf."

Disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements

- (a) The JSE Listings Requirements require the following disclosures, some of which are disclosed in the integrated annual report of which this notice forms part, as set out below:
- major shareholders of the company – see page 103; and
 - share capital of the company – see pages 52, 102 and 103.
- (b) There have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.
- (c) The directors of the company whose names appear on pages 10 and 11 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 2 and certify that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all such information required by the Companies Act and the JSE Listings Requirements.

Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and for such amounts as may be determined from time to time by the directors of the company, subject to the limitations set out in special resolution number 2.

The directors of the company have no specific intention to effect the provisions of special resolution number 2 but will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 2.

SPECIAL RESOLUTION NUMBER 3 – APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved to approve the annual value added tax inclusive remuneration to be paid to the non-executive directors of the company for the period from 1 July 2019 to 30 June 2021 or until renewal, whichever is the earliest, details of which are as follows:

	R
Chairperson of the board	385 000
Lead independent director	176 000
Director	154 000
Chairperson of the audit committee	46 200
Member of the audit committee	35 200
Chairperson of the social and ethics committee	35 200
Member of the social and ethics committee	28 600
Member of the risk committee	46 200
Chairperson of the retirement fund	52 800

Reason for and effect of special resolution number 3

In terms of section 66(8) of the Companies Act, the company may, *inter alia*, remunerate its directors for their services as directors. Furthermore, section 66(9) provides that such remuneration may only be paid by the company in accordance with a special resolution approved by shareholders within the previous two years.

The effect of this special resolution is that the non-executive directors will be entitled to receive the fees so approved on an annual basis for the period 1 July 2019 to 30 June 2021 or until renewal, whichever is the earlier.

It is recorded that the remuneration of the non-executive directors is inclusive of value added tax (if any) and further that the remuneration of non-executive directors is reviewed on an annual basis.

SPECIAL RESOLUTION NUMBER 4 – ALLOTMENT AND ISSUE OF SHARES TO DIRECTORS AND PRESCRIBED OFFICERS

"Resolved that, to the extent required by section 41 of the Companies Act and subject to the passing of ordinary resolution number 7 above, the board may, subject to compliance with the requirements of the Memorandum of Incorporation and the

Companies Act, authorise the company to allot and issue "N" ordinary shares to directors, future directors, prescribed officers (if any) and future prescribed officers of the company pursuant to the Rex Trueform Group Limited Incentive Scheme."

Reasons and effect for special resolution number 4

The company would like to be able to allot and issue "N" ordinary shares to directors and prescribed officers (if any) pursuant to the Rex Trueform Group Limited Incentive Scheme.

SPECIAL RESOLUTION NUMBER 5 – AMENDMENTS TO THE MEMORANDUM OF INCORPORATION

5.1 Amendment to articles 27.1, 29.2 and 44.1.2 of the Memorandum of Incorporation – approval by shareholders of distributions

- "Resolved that:
- 5.1.1. article 27.1 of the Memorandum of Incorporation of the company be amended through the deletion of the words "*the sanctioning or declaring of a dividend*";
 - 5.1.2. article 29.2 of the Memorandum of Incorporation of the company be amended through the deletion of article 29.2.2 and the consequent renumbering of all remaining articles therein;
 - 5.1.3. article 44.1.2 of the Memorandum of Incorporation of the company be amended through the deletion of such article in its entirety and the insertion of the following new article 44.1.2 in its stead:

"44.1.2 the Board, by resolution, has authorised the distribution;"

- 5.1.4. article 44.8 of the Memorandum of Incorporation of the company be through the deletion of the words "*propose and the Company in general meeting may, at the time of declaring the distribution, determine and direct*" therein and in the insertion of the word "*approve*" in their stead.

Reason for and effect of special resolution number 5.1

The reason for special resolution number 5.1 is to remove the requirement that distributions must first be approved by the ordinary and "N" ordinary shareholders of the company before such distributions may be authorised by the board of directors of the company. The effect of special resolution number 5.1 will be that the company may from time to time and subject to the provisions of the JSE Listings Requirements and the Companies Act (including section 46 thereof) make distributions without the insertion of the words "*provided further that such persons shall be able, at the Board's discretion, to vote on a matter to be decided by the committee*" in their stead.

5.2 Amendment to article 40.2 of the Memorandum of Incorporation – voting powers of board committee members

"Resolved that article 40.2 of the Memorandum of Incorporation of the company be amended through the deletion of the words "*that no such person shall vote on a matter to be decided by the committee*" and the insertion of the words "*provided further that such persons shall be able, at the Board's discretion, to vote on a matter to be decided by the committee*" in their stead."

Reason for and effect of special resolution number 5.2

In terms of section 72(2)(a)(ii) of the Companies Act, except to the extent that the memorandum of incorporation of a company provides otherwise, a board committee may include persons who are not directors of the company, but no such person has a vote on a matter to be decided by the committee. The company is desirous of permitting members of board committees who are not directors of the company to, subject to the discretion of the board of directors of the company, vote on matters to be decided by such committee.

The effect of special resolution 5.2 will be to amend the company's Memorandum of Incorporation to permit members of board committees who are not directors

of the company to, subject to the discretion of the board of directors of the company, vote on matters to be decided by the committee.

In order for the above special resolutions to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes exercised by shareholders, present in person or by proxy, is required.

QUORUM

The quorum for:

- the annual general meeting to begin is sufficient persons present at the annual general meeting to exercise, in aggregate, at least 25% (twenty-five percent) of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
- a matter to begin to be considered at the annual general meeting is sufficient persons present at the annual general meeting to exercise, in aggregate, at least 25% (twenty-five percent) of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.

In addition, the annual general meeting may not begin, nor a matter begin to be considered, unless at least 3 (three) shareholders are present or represented at the annual general meeting.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196), for the purposes of being entitled to attend, participate in and vote at the annual general meeting, is Friday, 22 November 2019.

VOTING AND PROXIES

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

In terms of section 62(3)(e) of the Companies Act please note that:

- a shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the annual general meeting in the place of the

shareholder, by completing the form of proxy in accordance with the instructions set out therein; and

- a proxy need not be a shareholder of the company.

Kindly note that annual general meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting. In this regard, all participants in the annual general meeting (including proxies) will be required to provide identification satisfactory to the chairman of the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have 1 (one) vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have 200 (two hundred) votes for every ordinary share and 1 (one) vote for every "N" ordinary share held in the company by such shareholder.

A form of proxy is attached for the convenience of certificated and "own name" dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but who wish to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office. For administrative purposes the completed forms of proxy may be deposited at, posted, faxed or e-mailed to the transfer secretaries at the address below, to be received 24 (twenty-four) hours before the meeting, excluding Saturdays, Sundays and public holidays. Alternatively, forms of proxy may be handed to the chairman of the annual general meeting or to the transfer secretaries prior to the commencement of the annual general meeting or prior to voting on any resolution proposed at the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

The directors of the company confirm, in accordance with section 58 of the Companies Act, that a proxy of a shareholder is entitled to participate in and speak and vote at the meeting provided that a copy of the instrument appointing the proxy is delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of a shareholder at a shareholders' meeting.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than "own name" registered dematerialised shareholders, who wish to attend the annual general meeting, must request that their CSDP or broker issue them with a letter of representation. Should shareholders who have dematerialised their shares wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in the annual general meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the annual general meeting via the teleconference facility will be required to advise the company thereof by no later than 17:00 on Wednesday, 27 November 2019 by submitting, by e-mail to the company secretary at legal@retrufirm.com, or by fax to be faxed to +27 21 460 9575, for the attention of the company secretary, relevant contact details including e-mail address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Any such access will be at the expense of the shareholder or proxy.

Shareholders who wish to participate in the annual general meeting by way of telephone conference call must note that they will not be able to vote during the annual general meeting. Such shareholders, should they wish to have their vote counted at the annual general meeting, must, to the extent applicable, (i) complete the form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

By order of the board



AT Snitcher

Company secretary
31 October 2019

Registered office:

263 Victoria Road
Salt River, Cape Town, 7925
PO Box 1856, Cape Town, 8000
Fax: 021 460 9575

Transfer secretaries:

Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Fax: 011 688 5248
E-mail: proxy@computershare.co.za

ANNEXURE A

1. ABRIDGED CURRICULA VITAE OF DIRECTORS STANDING FOR RE-ELECTION

1.1 PM Naylor (74) BSc (Eng)

Patrick Naylor has served as an independent non-executive director of the company since 2003, and is the lead independent director. He is an experienced company director and trustee, having served on the boards of numerous companies and trusts outside of this group. He is a practising partner in a firm of consulting civil engineers.

Patrick is the chairman of the company's audit and social and ethics committees and is a member of its nomination and risk committees. He also serves as an independent non-executive director on the board of the company's holding company, African and Overseas Enterprises.

1.2 MR Molosiwa (47) BArch

Masedi Molosiwa is the founder and executive director of Iteru Residential (Pty) Ltd and founded Mr Concierge (Pty) Ltd (a lifestyle management services company). He has experience in the ICT, media, advertising, postal and real estate sectors, having previously served as the marketing executive of Mortgage Capital (a subsidiary of Transaction Capital Limited), as the chief executive officer of the Association of Black Securities and Investment Professionals (ABSIP), as the group executive: marketing and communication at the South African Post Office and as the executive director of the Cape IT Initiative.

Masedi is the chairman of the company's remuneration committee and is a member of its nomination committee. He also serves as the independent non-executive chairman of the board of the company's holding company, African and Overseas Enterprises.

1.3 HB Roberts (58) BCom, BSc, FIA, ASA, FASSA

Hugh Roberts is an actuary with wide experience in life assurance and short-term insurance, property development and asset management. Hugh is an experienced company director and has held various executive and non executive directorships. He is an active investor in property, listed and private equity.

Hugh is the chairman of the company's risk committee and is a member of its audit committee. He also serves as an independent non-executive director on the board of the company's holding company, African and Overseas Enterprises.

2. ABRIDGED CURRICULUM VITAE OF PERSON BEING CONFIRMED AS EXECUTIVE DIRECTOR

CL Lloyd (48) BA LLB (UCT)

Catherine Lloyd is a commercial attorney experienced in mining, property, water-related infrastructure and other investment sectors. Catherine also serves as a member of the board of the group's main operating subsidiary, Queenspark, and is on the board of its subsidiary, Ombrecorp Trading.

3. ABRIDGED CURRICULA VITAE OF DIRECTORS STANDING FOR ELECTION AS MEMBERS OF THE AUDIT COMMITTEE

3.1 PM Naylor (74) BSc (Eng)

Please note the abridged curriculum vitae contained in section 1.1 above in this regard.

3.2 HB Roberts (58) BCom, BSc, FIA, ASA, FASSA

Please note the abridged curriculum vitae contained in section 1.3 above in this regard.

3.3 LK Sebatane (39) BCom (Law), LLB

Luntu Sebatane is an admitted attorney with ten years' post articles experience. In addition to having held positions as an in-house counsel at the Omnia Group and the De Beers Group, and as a director at Cliffe Dekker Hofmeyr Attorneys, Luntu currently plays an integral role in the development of the strategy of the black woman-owned property development company, Phahamo, and meaningfully participates in the woman-owned investment company, Ikhewezi. Luntu presently holds a position as an in-house counsel for the Anglo American Group and is a director of Phahamo Property Group, Ikhewezi Investments Proprietary Limited and Claremart Auctioneers Proprietary Limited.

Luntu is a member of the company's audit, remuneration and nomination committees. She also serves as an independent non-executive director on the board of the company's holding company, African and Overseas Enterprises.



SHAREHOLDERS' CALENDAR

Financial year end	30 June
Integrated annual report 2019	31 October 2019
Annual general meeting	29 November 2019
Interim report (December 2019)	March 2020
6% cumulative preference shares	
Declared	Half year ended December 2019 – December 2019 Half year to June 2020 – June 2020
Payable	Half year ended December 2019 – January 2020 Half year to June 2020 – July 2020

ADMINISTRATION

Registered office

263 Victoria Road
Salt River, Cape Town, 7925
PO Box 1856, Cape Town, 8000
Tel: 021 460 9400
Fax: 021 460 9575

Company secretary

AT Snitcher (LLB)
263 Victoria Road
Salt River, Cape Town, 7925
PO Box 1856, Cape Town, 8000

Transfer secretaries

Computershare Investor Services Proprietary
Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Tel: 011 370 5000
Fax: 011 688 5248

Sponsors

Java Capital
2nd Floor
6A Sandown Valley Crescent Sandton,
Johannesburg, 2031
PO Box 522606, Saxonwold, 2132

Auditors

KPMG Inc.
The Halyard
4 Christiaan Barnard Street,
Cape Town, 8001

Principal banker

The Standard Bank of South
Africa Limited

Website addresses

<http://www.rextrueform.com>
<http://www.queenspark.com>

FORM OF PROXY

REX TRUEFORM GROUP LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number: 1937/009839/06)
 JSE share codes: RTO – RTN – RTOP
 ISIN: ZAE000250387 – ZAE000250395 – ZAE000250403
 (“Rex Trueform” or “the company”)



For use only by ordinary and “N” ordinary certificated shareholders or dematerialised shareholders with “own name” registration, at the eighty-second annual general meeting of the company to be held in the boardroom, 263 Victoria Road, Salt River, Cape Town, on Friday, 29 November 2019 commencing at 10:00.

I/We _____ (name/s in block letters) of _____

_____ (address) being a shareholder/
 shareholders of Rex Trueform and holding _____ ordinary shares in the company, and/or _____
 “N” ordinary shares in the company, do hereby appoint:

1. _____ of _____ or failing him/her
2. _____ of _____ or failing him/her

3. the chairman of the company or, failing him or her, the chairman of the annual general meeting,
 as my/our proxy to participate in, speak for me/us and on my/our behalf and to vote, at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Rex Trueform ordinary shares and/or “N” ordinary shares registered in my/our name(s), in accordance with the following instructions:

	ORDINARY SHARES*			“N” ORDINARY SHARES*		
	For	Against	Abstain	For	Against	Abstain
Ordinary resolution 1 – Approval of annual financial statements						
Ordinary resolution 2 – Re-election of directors						
Ordinary resolution 2.1 – Re-election of PM Naylor						
Ordinary resolution 2.2 – Re-election of MR Molosiwa						
Ordinary resolution 2.3 – Re-election of HB Roberts						
Ordinary resolution 3 – Confirmation of appointment of CL Lloyd as executive director						
Ordinary resolution 4 – Election of audit committee members						
Ordinary resolution 4.1 – Election of PM Naylor						
Ordinary resolution 4.2 – Election of HB Roberts						
Ordinary resolution 4.3 – Election of LK Sebatane						
Ordinary resolution 5 – Re-appointment of auditors						
Ordinary resolution 6 – General authority to issue equity shares for cash						
Ordinary resolution 7 – Control over unissued shares						
Ordinary resolution 8 – Signature of documents						
Ordinary resolution 9 – Non-binding advisory vote on remuneration policy						
Ordinary resolution 10 – Non-binding advisory vote on remuneration implementation report						
Special resolution 1 – Financial assistance						
Special resolution 2 – General authority to acquire shares						
Special resolution 3 – Approval of non-executive directors’ fees						
Special resolution 4 – Allotment and issue of shares to directors and prescribed officers						
Special resolution 5 – Amendments to the Memorandum of Incorporation						
Special resolution 5.1 – Approval by shareholders of distributions						
Special resolution 5.2 – Voting powers of board committee members						

* Please indicate with an “X”, or the number of shares applicable, in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she sees fit.

Signed at (place) _____ on (date) _____ 2019.

Shareholder’s signature _____

Please read the notes on the reverse side hereof

NOTES TO THE FORM OF PROXY

1. This form of proxy must only be used by certificated ordinary and "N" ordinary shareholders or dematerialised ordinary and "N" ordinary shareholders who hold dematerialised ordinary or "N" ordinary shares with "own name" registration.
2. Dematerialised shareholders holding ordinary or "N" ordinary shares other than with "own name" registration must:
 - 2.1. inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request that their CSDP or broker them with the necessary of representation to attend the annual general meeting in person and vote; or
 - 2.2 provide their CSDP or broker with their voting instructions, should they not wish to attend the annual general meeting in person, but wish to be represented thereat.

These shareholders must not use this form of proxy.

3. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company) to attend, participate and, on a poll, vote in place of that shareholder at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the company or, failing him or her, the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or, alternatively, the number of shares such shareholder wishes to vote, in the appropriate spaces provided overleaf. Failure to comply with the above will be deemed to authorise the chairman of the company or, failing him or her, the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and participating and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
10. A minor must be assisted by his/her parent guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
11. Where there are joint holders of any shares:
 - 11.1 any one holder may sign this form of proxy; and
 - 11.2 the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

Forms of proxy may be lodged with the transfer secretaries at the address given below. For administrative purposes, we request that all proxy forms are received 24 (twenty-four) hours before the meeting, excluding Saturdays, Sundays and public holidays. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting or to the transfer secretaries at any time prior to the commencement of the annual general meeting or prior to voting on a resolution proposed at the annual general meeting.

Registered office:

263 Victoria Road
Salt River, Cape Town, 7925
PO Box 1856, Cape Town, 8000
Fax: 021 460 9575

Transfer secretaries:

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Fax: 011 688 5248
E-mail: proxy@computershare.co.za