REX TRUEFORM
GROUP LIMITED

2020
Integrated Annual Report

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, No. 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
Telemedia	Telemedia Proprietary Limited

Contents

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 2019 to 30 June 2020 of 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.

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.

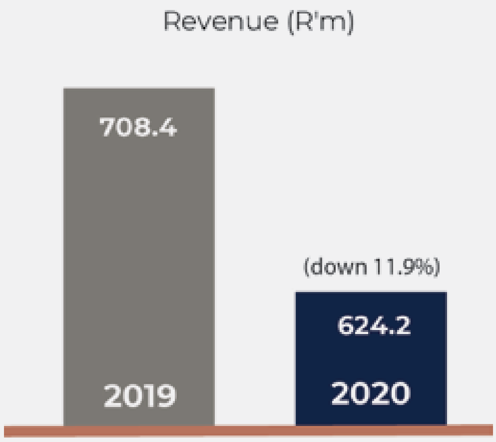
Approval of integrated annual report

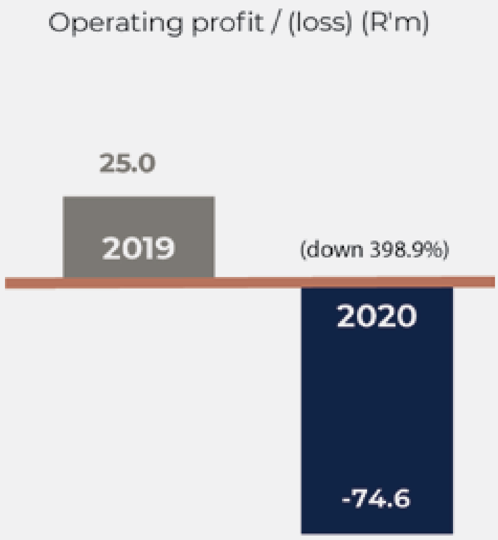
The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has accordingly, applied its mind to the integrated annual report and in its opinion the integrated annual report addresses all material issues and presents fairly the integrated performance of the organisation. The board authorised the integrated annual report for release on 22 December 2020.

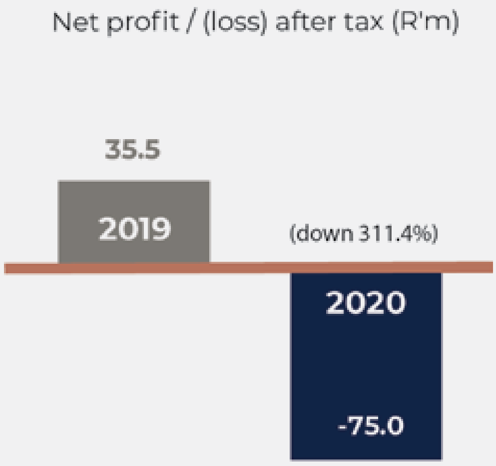
CL Lloyd
Chief Executive Officer
Authorised director

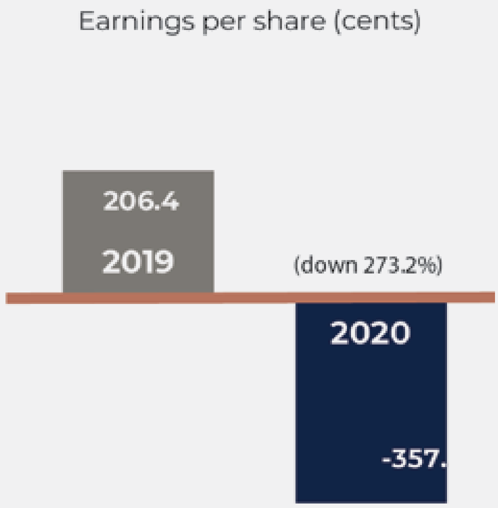
MA Golding
Chairman
Authorised Director

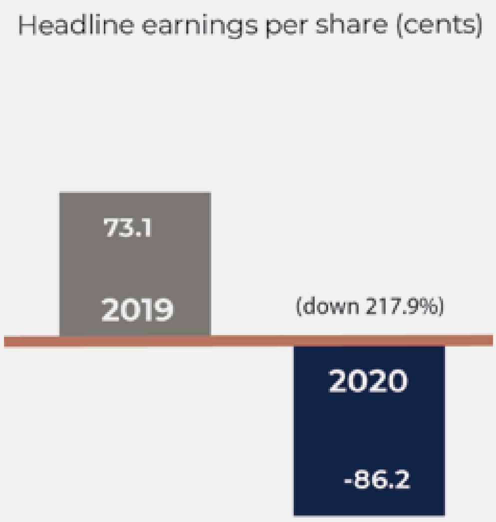
Financial Highlights

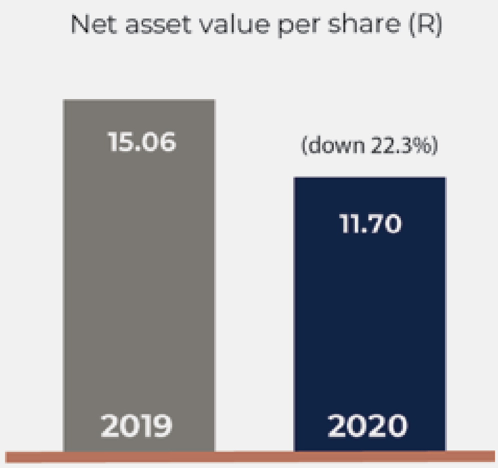












REX TRUEFORM

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

52% owned

100% owned

Ombrecorp Trading

Owns a minority interest in certain water concession businesses via SAWWH

Queenspark Distribution Centre

Owns the distribution centre property, which is leased to Queenspark

Queenspark

Operates in the clothing retail sector

30% owned

100% owned

SAWWH

Operates in the water infrastructure sector

Queenspark Namibia

Operates in the clothing retail sector in Namibia

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.

REX TRUEFORM
GROUP LIMITED

QUEENSPARK

REX TRUEFORM
PROPERTIES

SAWW
South African Water Works

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. 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

1937
The company, then known as Judge Clothing Manufacturers (Pty) Ltd, is incorporated

1938
The company opens its first factory in Salt River

1945
The company changes its name to Rex Trueform, becomes a public company and is listed on the JSE

1947
Annual production of 1 million garments achieved

1948
The building that became the Rex Trueform Office Park is opened

1959
The company supplies its revolutionary Balance-Line suits to retailers in London (including Harrods and Austin Reed), becoming the first South African garment company to be involved in major export activities

1980
The first Queenspark store is opened

2005
The factories in Salt River are closed down

2012
The company commences with the development of the Rex Trueform Office Park

2014
The Rex Trueform Office Park is officially opened

2017
Geomer Investments acquires the ultimate controlling interest in the group from the family of its founders

2018
The company changes its name to Rex Trueform Group Limited to better reflect the diverse nature of its business

2018
The company acquires an interest in SAWWH and consequently diversifies its holdings to include a water infrastructure segment

2020
Queenspark opens its 83rd store

2020
The company enters into an agreement in November 2020, subject to certain conditions precedent, to acquire a controlling interest in Telemedia, a supplier of equipment and services in the media and broadcasting industry

2020
Queenspark launches e-commerce platform

Directorate

Marcel Anthony Golding

(60) BA (Hons)

Non-executive Chairman

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

4 years of service on the board

Other significant directorships: Tsogo Sun Gaming Limited, Texton Property Fund Limited and Vunani Limited

Catherine Louise Lloyd

(49) BA LLB

Chief Executive Officer

Director of Queenspark, Ombrecorp Trading, Queenspark Distribution Centre and Queenspark Namibia

1 year of service on the board

Other significant directorships: SAWW, SAWWH, Siza and Silulumanzi

Damien Franklin

(36) BCom, PGDip (Accounting), CA(SA)

Executive Financial Director

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

2 years of service on the board

No other significant directorships

Patrick Martin Naylor

(75) BSc (Eng)

Lead Independent Non-executive Director

Director of African and Overseas Enterprises

17 years of service on the board

No other significant directorships

Luntu Keabetswe Sebatane

(40) BCom (Law), LLB

Independent Non-executive Director

Director of African and Overseas Enterprises

3 years of service on the board

No other significant directorships

Hugh Bevis Roberts

(59) BCom, BSc, FIA, FASSA

Independent Non-executive Director

Director of African and Overseas Enterprises

3 years of service on the board

No other significant directorships

Masedi Ramsey Molosiwa

(48) Bachelor of Architectural Studies (BAS)

Independent Non-executive Director

Independent non-executive chairman of African and Overseas Enterprises

3 years of service on the board

No other significant directorships

Executive

Catherine Lloyd
BA LLB
Chief Executive Officer
Age: 49
Joined the group 2019

Catherine Radowsky
BA
Chief Executive Officer, Queenspark
Age: 53
Joined the group 1991

Damien Franklin
BCom, PGDip (Accounting), CA(SA)
Financial Director
Age: 36
Joined the group 2018

Gordon Bradley
Distribution and Property Executive
Age: 64
Joined the group 1976

Andrew Gast
BA
Merchandise and Quality Executive
Age: 54
Joined the group 2012

Anton Prinsloo
Operations Executive
Age: 60
Joined the group 2006

Lindsey Johnson
BSocSci, BCompt
Sourcing Executive
Age: 52
Joined the group 1992

Donovan Redelinghuis
BCom (Accounting) (Hons), CA(SA)
Financial Manager
Age: 34
Joined the group 2018

Sandrien Melck
BA Industrial Psychology
Human Resources Manager
Age: 48
Joined the group 2018

Michele Worthington
BBusSci
Planning Executive
Age: 47
Joined the group 2017

Gerrit van Deventer
BAcc, BCompt (Hons), CA(SA)
Group Financial Manager
Age: 48
Joined the group 2016

Willem Nel
BAcc, BCompt (Hons), CA(SA)
Technical Financial Officer
Age: 56
Joined the group 2019

Ardilah Mohamed-Mushabe
LLB, LLM
Company Secretary and Group Legal Advisor
Age: 30
Joined the group 2020

Chairman's Report

Overview

The past financial year has been exceptionally challenging for the company. This has particularly been the case for many companies, among many other sectors, in retail and property.

With Covid-19 spreading globally, the SA government's decision to lock down the economy to minimise infections and the overcrowding of our healthcare system, was appropriate but did have consequences for many businesses.

The decline in spending was clearly apparent across the board and required widespread support from government to help workers and the most vulnerable sections of our population. Notwithstanding this support the decline in revenues of retail, and in our case Queenspark, was clearly apparent with shops closed down for months.

The fact that we grew our store base during the year could not deliver the results we anticipated because of the pandemic. Our management's rapid adaptation to the new environment and the emergency steps they took to reconfigure the changing needs were commendable.

The sacrifice of all our staff during this period was appreciated as we hunkered down to protect the asset base of the group. We have done well despite all obstacles and it has brought valuable lessons to our management team on how we need to work in the future.

Despite the revenue decline, the group has been able to preserve our cash position which is vital in these times.

Our property portfolio remains stable with opportunities for us to develop in the coming months. This segment of our group holds great promise notwithstanding the negative sentiment in the property market. The development prospects remain exciting yet challenging, but our assets are in a key node for growth.

Our investment in water infrastructure remains strongly cash positive and is a stable contributor to the group. As the asset gets deleveraged, it will be an even bigger contributor to our group and hopefully will open new opportunities in this sector.

The failing water and sewerage infrastructure in municipalities will in the medium term have dramatic consequences on the health and social conditions of communities. Despite billions of Rands of capital infrastructure spend for water and sanitation, many of these plants are not functioning or not properly maintained. This will become one of the biggest crises facing the country if dramatic steps are not taken soon.

The South African Water Works group is ideally poised to assist, support, develop and maintain such infrastructure. It has demonstrated this in Mbombela and iLembe, being the two municipalities it has managed for the past 15 years. This successful public-private partnership is the key to ensuring long-term water management and security for the country.

This sector has significant growth opportunities and we will explore how best to do so in the coming months and years.

We have said that it is our intention to diversify the asset base of Rex Trueform Group in order to become less reliant exclusively on retail. To this end, since the end of the financial year, we have acquired the family business, Telemedia, the second largest installation, satellite, radio and TV signal distribution business in the country. The acquisition was finalised in November 2020 and is subject to certain conditions precedent. This will kickstart our investment strategy to expand our interests in media logistics in South Africa and the rest of Africa.

Prospects for the future

As an investment holding company, we will explore new opportunities to expand our asset base and diversify the income streams of the group. As always, there remains more opportunities than available capital to undertake them.

To date, Rex Trueform Group has remained prudent in capital allocation and has not raised any significant capital, only using its internal resources and modest use of script to acquire. In each case, it has been the view of management that in the long term, these investments will be value-enhancing and capital-accretive.

We remain optimistic on the prospects in our country and for the company despite the challenges we will have to confront.

MA Golding
Chairman
22 December 2020

Chief Executive Officer's Review

2020 has provided an unexpected but nevertheless unique opportunity for consolidation, expansion and reinvention.

Whilst the coronavirus ("Covid-19") obscured the many challenges experienced by business generally, it brought to the fore and highlighted the incredible unity, commitment and morale among our staff. The response across all divisions has left us both humbled and immensely proud. The value of a team that demonstrates an unwavering commitment, dedication and trust during the most challenging of times cannot be reckoned in accounting terms but has contributed substantially to the continued operation of our business. Unity, commitment and sacrifice across all levels of the workforce, including executives and members of the board, will be an enduring legacy of 2020.

Prioritising our greatest assets at the advent of Covid-19 meant focusing our attention on the protection of our employees and customers. Swift interventions have varied in form between the divisions but with the single focus on ensuring the protection of employees at work. Mechanisms included facilitating work from home, staggering or reducing hours, shift work and facilitating employee transportation. For our customers this has meant increased cleaning protocols, introducing better payment methods and expanding our online presence to a loyal and supportive customer base.

At an executive level a swift and agile adjustment to new world circumstances has meant continuous, tireless and candid engagement with all our stakeholders. In partnership with our employees we recognised and agreed the need to introduce furloughs, salary reductions and reduced working hours. In our commercial relationships with suppliers and landlords we reached consensus on important issues which address collective interests in a common-sense manner. In that process we have also not lost sight of the needs of many of the communities in which we operate and to whom we render assistance.

This collaborative approach has not only enabled the group to mitigate loss, preserve capital and ensure liquidity but also to build stronger relationships with important stakeholders and partners. Even in these challenging times our commitment to ensuring that our business is reflective of all South Africans has not wavered.

Primarily through our employment practises, preferred procurement and empowerment of our suppliers RTG has achieved an improved B-BBEE contributor status level 2 rating.

Necessary government interventions to protect the well-being of citizens and the medical system are easily identifiable turning points in 2020. In the context of far-reaching restrictions designed to combat the spread of Covid-19 the retail division was not unsurprisingly negatively impacted. Coupled with a challenging retail environment, a first-quarter technical recession and low consumer confidence influenced by rising municipal costs, unreliable electricity and ratings downgrades the challenges confronting our retail team were substantial.

Queenspark maintained a solid first half based on a number of factors including the ongoing strategy of customer cultivation and right-sizing stores. In the period prior to the lockdown Queenspark store growth remained steadily on the projected course of achieving 83 stores. As part of the strategy of nurturing existing assets we have recommitted our focus to customer retention whilst ensuring continued organic growth.

Decisive steps taken during 2019 meant that we entered the pandemic in a strong financial and operating position. Practical advantages gained from the circumstances brought about by Covid-19 included an acceleration of the overall repositioning strategy of the retail business. Our initial response focused on adjusting to a disrupted supply chain from China with consequent adjustments to stock levels to take into account the loss of footfall. In the course of engaging with our stakeholders, landlords and suppliers we have also reached consensus on important issues so as to address our collective interests through mutual consensus.

Notwithstanding these interventions, the loss in turnover under the initial level 5 hard lockdown period from 27 March 2020 to 30 April 2020, where no retail clothing sales were allowed, amounted to an estimated R57 million. The following months of limited trade and reduced footfall under level 4 and 3 restrictions to end June 2020 had a negative impact for the fiscal year of at least R135 million. Aggressive discounting in the market is ongoing and impacts directly on gross profitability.

As a consequence of the trading environment in the last quarter of the financial year, retail segment turnover decreased by 14.7% to R578.7 million (2019: R678.9 million). Extraordinary discounting and promotional activity negatively impacted the gross profit margin, which decreased to 47.8% (2019: 52.6%). This resulted in gross profit decreasing by 22.6% to R276.4 million (2019: R357.1 million). Operating costs increased by 9.6% to R362.1 million (2019: R330.2 million). The segment realised an operating loss of R82.8 million (2019: profit of R32.6 million).

The process of assessing and evaluating existing and new brands to cater for customer needs and requirements is an ongoing one. We are mindful of the extraordinary circumstances confronting traditional retailing and the importance of an online facility to enhance the shopping experience and retain hard-earned loyalty. The overwhelmingly positive response from customers to the successful launch of our online platform demonstrates a strong and loyal following to our brand. Whilst the online offering will be expanded in the forthcoming year cash preservation, liquidity and business continuity will remain our firm priorities in the retail division.

Not all unexpected events are detrimental and Covid-19 focused our attention on matters of health and well-being. Now, perhaps more than ever, prioritising health, wellbeing and overall hygiene further validates our holding interests in wastewater utility group, SAWW. SAWW has performed well with the underlying operating subsidiaries remaining both profitable and cash-generative. The water business' response to Covid-19 was equally swift and ongoing to ensure that all the necessary Covid-19 protocols were in place both in the office environment and for employee teams in the field.

Whilst sale volumes did experience a minimal decrease and bad debt provisions increased marginally this has been offset by developing sustainable cost-saving initiatives and strengthening collections. The development of customer-friendly web portals and increased remote payment capabilities have been decisive in maintaining collections. In giving effect to our corporate social responsibilities both companies provide monthly food parcel relief to communities in which they operate and support bursary initiatives. Given its position in the market and its unparalleled experience in relation to water utilities in the South African context, SAWW remains vigilant in evaluating opportunities to further expand its interests.

Notwithstanding the Covid-19 fallout on the property sector generally the group's mix of property tenants ensured positive and rewarding performance. Rental relief was granted to tenants worst impacted, but substantially tenants were able to operate throughout the lockdown periods without material detriment. Revenue increased by 10.4% to R25.2 million (2019: R22.8 million) resulting in operating profit for the segment increasing by 48.7% to R14.2 million (2019: R9.6 million).

In keeping with Rex Trueform Group's stated aim of expansion and diversification the group entered into an agreement in November 2020 (subject to certain conditions precedent) to acquire a majority stake in Telemedia.

Telemedia is a broad-based media broadcast facility manufacturer and supplier. Its services include the installation of satellite transmission and radio and television signal distribution. Telemedia is also a supplier of microwave and satellite news-gathering services including broadcasting, studio recording and ancillary services. We believe that the business will be value accretive in the medium term and is well placed to ensure further expansion and diversification for the group.

We believe that our group is well prepared to take deft advantage of emerging opportunities that are bound to emerge, moving us closer to our goal of becoming a fully representative, fully sustainable and fully digital company.

C. Lloyd

CL Lloyd
Chief Executive Officer
22 December 2020

Financial Director's Report

Financial overview

The financial year under review was very challenging for the group. The South African economy was already in a technical recession before the National State of Disaster which was declared on 15 March 2020. Once the hard lockdown commenced on 27 March 2020 the primary objective of the group was to ensure the safety and well-being of employees and customers. The secondary objective was to ensure cash preservation and liquidity so that the group has the ability to trade through this difficult period, as well as the preservation of jobs across all business segments.

Financial performance

This review of the group's consolidated financial performance for the year ended 30 June 2020 should be read in conjunction with the annual financial statements, the five-year review as well as the business segment reviews.

As a consequence of the unprecedented trading conditions, group revenue decreased by 11.9% to R624.2 million (2019: R708.4 million). The decrease was mainly driven by decreased turnover from the retail segment, which comprised 92.7% (2019: 95.8%) of total group revenue. Other income included in revenue, which mainly comprises rental income, increased by 6.9% to R22.5 million (2019: R17.2 million). Finance income included in revenue increased by 87% to R22.9 million (2019: R12.3 million).

The group's operating profit decreased by 398.8% to an operating loss of R74.6 million (2019: operating profit of R25.0 million). Net finance costs and an equity-accounted loss from an associate contributed negatively to the group's profit before tax for the period, which decreased by 302% to a loss before tax of R101.2 million (2019: R50.1 million). Losses after tax for the period was R75.0 million (2019: profit after tax of R35.5 million).

Earnings per share decreased by 273.2% to a loss of 357.4 cents per share (2019: earnings of 206.4 cents per share). Headline earnings per share, which exclude certain remeasurements and items of a capital nature, decreased by 217.9% to a loss of 86.2 cents per share (2019: earnings of 73.1 cents per share). The company uses earnings and headline earnings per share as its trading statement relevant measure.

The decrease in the groups' earnings per share is mainly attributable to the following:

- Lost and subdued trade as a result of the Covid-19 pandemic and the government-imposed lockdown regulations, which negatively impacted the retail segment's revenues and gross profit margins;
- Impairment of right-of-use assets and an increased provision for inventory obsolescence in the retail segment; and
- The implementation of the new lease accounting standard (IFRS 16 Leases) on the modified retrospective approach with no restatement of comparative results.

Retail segment

Prior to the government-imposed lockdown, the Queenspark store growth strategy was progressing satisfactorily. A net of six (2019: seven) new stores were opened during the period, bringing the total number of walk-in stores in South Africa and Namibia to 83.

Under the level 5 lockdown period, which lasted from 27 March 2020 to 30 April 2020, no retail clothing sales were allowed. Lost turnover over this period is estimated to be at least R57 million. Limited trade was allowed from 1 May 2020 under level 4 restrictions and full trade was allowed from 1 June 2020 under level 3 restrictions. The overall negative impact on turnover for the period through to 30 June 2020 is estimated to be at least R135 million. As a result, turnover for the full financial year decreased by 14.7% to R578.7 million (2019: R678.9 million). Discounting and increased promotional activity negatively impacted the gross profit margin, which decreased to 47.8% (2019: 52.6%). The decreased gross profit margin percentage and decreased sales volumes drove gross profit downward by 22.6% to R276.4 million (2019: R357.1 million).

The group continued to focus on optimising trading costs, particularly in the aftermath of the Covid-19-induced lockdown regulations. The segment experienced an operating loss of R82.8 million (2019: operating profit of R32.6 million), a decrease of 354.3%, of which R77.4 million related to right-of-use asset impairments and R10.3 million (2019: R3.1 million) related to the movement in inventory write-down provisions. The operating margin decreased to -14.3% (2019: 4.8%).

Property segment

Property operations have remained unchanged during the year. There are two undeveloped properties in the Salt River precinct: one has heritage significance and the other is vacant land. Management continues to seek development opportunities which will result in satisfactory returns for the group. The market value of the property portfolio declined by 4.2% to R218.7 million (2019: R228.2 million).

The property segment saw minimal impact as a result of the Covid-19 lockdown regulations. Some rental relief was granted to tenants who were worst affected but the majority of tenants were able to operate throughout all levels of the government-imposed lockdown. Revenue increased by 10.4% to R25.2 million (2019: R22.8 million) resulting in operating profit for the segment increasing by 48.7% to R14.2 million (2019: R9.6 million).

Water infrastructure segment

Whilst the equity-accounted investment contributed a loss of R1.8 million (2019: profit of R7.1 million) to after-tax earnings it positively contributed to the group's cash reserves post year end. The underlying operating subsidiaries are profitable and cash-generative. The water and sanitation sector proved to be resilient during the Covid-19 lockdown period and is vital in maintaining hygiene and preventing the further spread of Covid-19. This segment of the group therefore did not experience a significant negative Covid-19 impact.

Group services

The net cost of group services decreased by 11.6% to R5.9 million (2019: R6.7 million).

Financial position

The group's capital and reserves decreased by R67.2 million to R253.7 million (2019: R320.9 million). Net asset value per share decreased by 22.3% to R11.70 (2019: R15.06).

Inventory increased to R111.7 million during the year (2019: R100.6 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 R23.1 million (2019: R12.8 million), accounting for 17.2% (2019: 11.3%) of the value of inventory on hand.

The group generated positive cash flows from operations amounting to R92.7 million (2019: R63.1 million). Cash balances increased to R72.4 million (2019: R55.5 million).

Investment in capital expenditure of R17.5 million (2019: R19.7 million) was incurred during the financial year, of which R17.1 million (2019: R18.3 million) related to the retail segment. In addition to the 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 Leases

The 2020 financial year saw the introduction of the new lease accounting requirements in terms of IFRS 16. The change in accounting standard had a significant impact on the reported results of the retail segment and hence the reported results of the group. The statutory results for this period include the first-time adoption of IFRS 16 on a modified retrospective basis, with no restatement of the prior period reported results.

At transition date, 1 July 2019, the adoption of IFRS 16 for the group resulted in the recognition of right-of-use assets to the value of R310.8 million and lease liabilities of R333.3 million. This, together with the derecognition of accrued operating lease liabilities of R18.5 million, the derecognition of an onerous lease provision of R2.6 million and the derecognition of deferred income related to landlord contributions of R1.5 million, resulted in no adjustment to retained income on transition date.

During the financial year, occupancy costs were reduced by contractual rentals of R93.1 million and were replaced by depreciation on right-of-use assets amounting to R74.5 million and lease liability finance costs of R35.6 million. Overall profit before tax reduced by R17.9 million.

Refer to pages 78 – 81 for key financial metrics reflected on both a pre- and post-IFRS 16 basis.

Outlook

The retail business segment is focused on the challenges and opportunities that lie ahead in the post-Covid-19 lockdown trading environment. E-commerce has emerged as a vital sales channel in the retail environment. Queenspark launched its own e-commerce platform in June 2020 and will be a key part of the retail strategy moving forward. Existing and new brands will be continually assessed with the intention of providing customers with a portfolio which caters for their changing needs during this time. Cash preservation, liquidity and business continuity will continue to be a top priority.

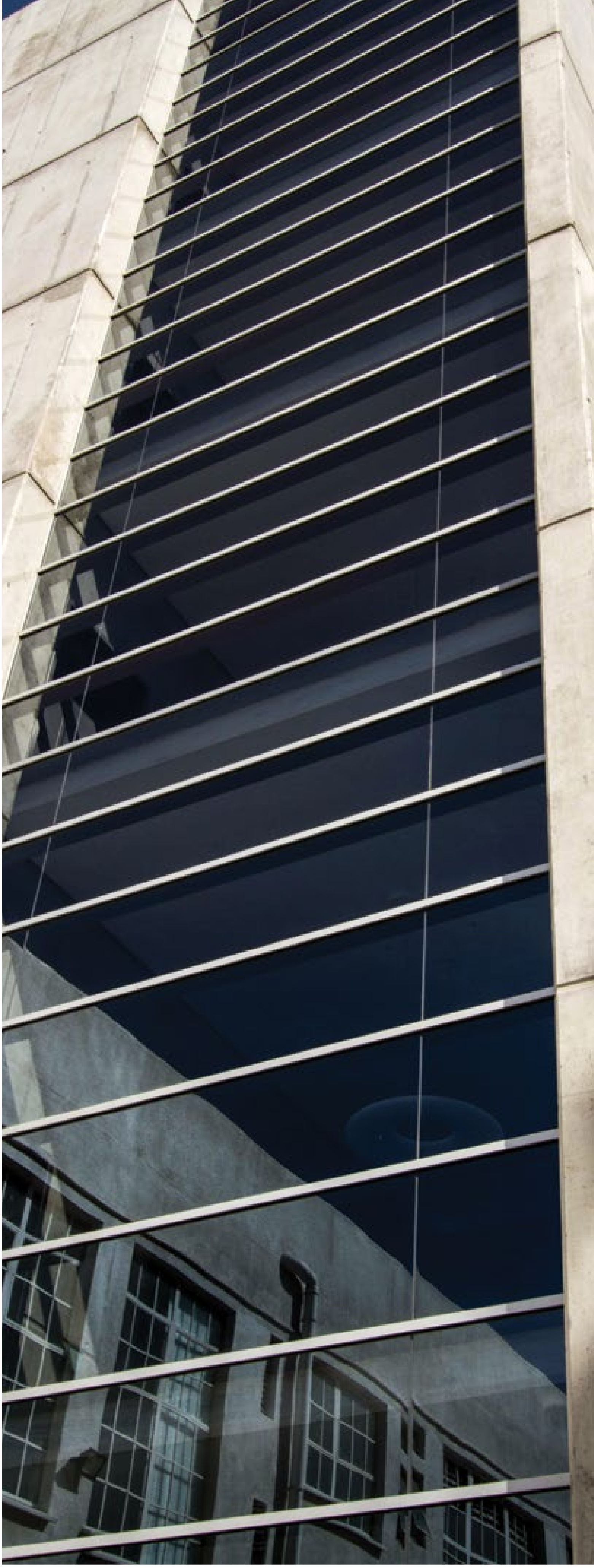
The group's property assets will undoubtedly be impacted by changes in tenants' space requirements necessitated by social distancing and the advent of remote working. The tenant base proved to be resilient during the period of the lockdown. With respect to undeveloped properties, the group will continue to seek opportunities that will yield a satisfactory return on any capital employed taking into consideration the large capital requirements and the long-term nature of any property development.

The group's water assets are performing and are successful working examples of private-public partnerships within the water and sanitation sector. South Africa is a water-scarce country with increasing pressure on its water resources. Against this background, it is of cardinal importance that water security is secured across the country. SAWW, with its skills, mandate and experience, is strategically placed to feed into this national imperative and ultimately provide value within the broader water sector.

In November 2020, the group entered into a sale and purchase agreement, subject to certain conditions precedent, to acquire 63.71% of Telemedia for a consideration of R57.5 million to be settled in cash and shares. Telemedia is a broad-based media broadcast facility manufacturer and supplier. Telemedia's services include the installation of satellite transmission and radio and television signal distribution. Furthermore, Telemedia is a supplier of microwave and satellite news-gathering services including broadcasting, studio recording and ancillary services, which add a new leg of financial diversification to the broader group structure. Please refer to the SENS announcement issued on 13 November 2020 for further details on this acquisition.

Notwithstanding the current trading conditions and many uncertainties which lie ahead, the group is optimistic and will strive to achieve reasonable targets within all operational areas. We will also continue to utilise our entrepreneurial flexibility to seek opportunities in other sectors of the economy and by doing so, further diversify our portfolio of investments.

Damien Franklin
Financial director
22 December 2020



Five-year Review

Group Results

Statement of comprehensive income

	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
Revenue	**624 244**	708 374	608 540	549 046	558 626
Turnover	**578 746**	678 873	587 632	528 759	537 588
Cost of sales	**(302 349)**	(321 767)	(267 730)	(237 200)	(248 937)
Gross profit	**276 397**	357 106	319 902	291 559	288 651
Other income	**22 538**	17 213	16 241	15 826	15 726
Rental income	**19 337**	16 786	15 700	15 030	14 185
Profit on sale of property	**10**	427	–	–	–
Royalty fee income	**–**	–	–	213	991
Management fee income	**3 191**	–	541	583	550
Trading expenses	**(373 572)**	(349 340)	(322 061)	(306 630)	(292 854)
Employment costs	**(103 819)**	(118 961)	(109 989)	(103 840)	(99 988)
Occupancy costs	**(41 546)**	(132 405)	(119 019)	(107 360)	(104 181)
Depreciation, amortisation and impairment	**(177 929)**	(23 272)	(26 837)	(25 462)	(23 584)
Other operating costs	**(50 278)**	(74 702)	(66 216)	(69 968)	(65 101)
Operating (loss)/profit	**(74 637)**	24 979	14 082	755	11 523
Dividend income	**29**	27	45	21	20
Finance income	**22 931**	12 261	4 622	4 440	5 292
Finance costs	**(45 056)**	(3 266)	(53)	(133)	(172)
Share of (loss)/profit of associate (net of taxation)	**(4 473)**	20 417	–	–	–
Dilution loss on investment in associate	**–**	(14 811)	–	–	–
Gain from bargain purchase on investment in associate	**–**	10 484	–	–	–
(Loss)/profit before tax	**(101 206)**	50 091	18 696	5 083	16 663
Income tax	**26 183**	(14 604)	(5 876)	(1 908)	(4 903)
(Loss)/profit for the year	**(75 023)**	35 487	12 820	3 175	11 760
(Loss)/profit attributable to ordinary and "N" ordinary shareholders	**(74 177)**	42 568	12 803	3 158	11 743

Statement of cash flows

	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
Operating profit before working capital changes	**115 815**	64 318	39 801	27 197	38 257
Working capital changes	**16 027**	6 470	(7 284)	(17 014)	3 947
Cash generated by operating activities	**131 842**	70 788	32 517	10 183	42 204
Interest received	**7 658**	2 792	4 622	4 440	5 292
Interest paid	**(38 069)**	(66)	(53)	(133)	(172)
Dividends paid	**(17)**	(17)	(17)	(5 575)	(12 571)
Dividends received	**29**	27	45	21	20
Taxation paid	**(8 719)**	(10 471)	184	(832)	(5 630)
Net cash inflows from operating activities	**92 724**	63 053	37 298	8 104	29 143
Net cash outflows from investing activities	**(18 309)**	(148 597)	(26 353)	(31 705)	(27 748)
Loan received	**–**	72 000	–	234	–
Lease liabilities repaid	**(57 495)**	–	–	–	–
Net cash (outflows)/inflows from financing activities	**(57 495)**	72 000	–	234	–
Net increase/(decrease) in cash and cash equivalents	**16 920**	(13 544)	10 945	(23 367)	1 395
Cash and cash equivalents at the beginning of the year	**55 490**	69 034	58 089	81 456	80 061
Cash and cash equivalents at the end of the year	**72 410**	55 490	69 034	58 089	81 456

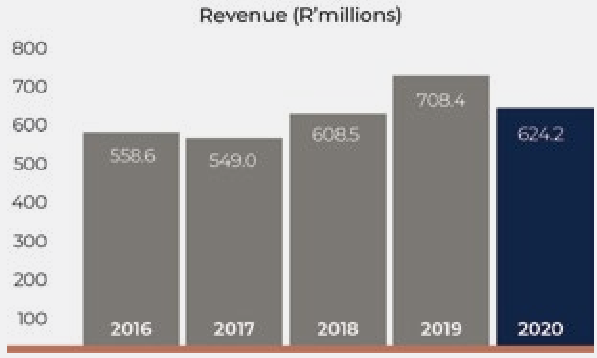
Five-year Review (continued)

Group Results

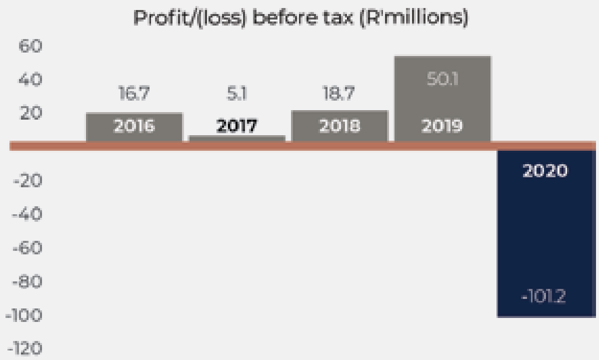
Statement of financial position

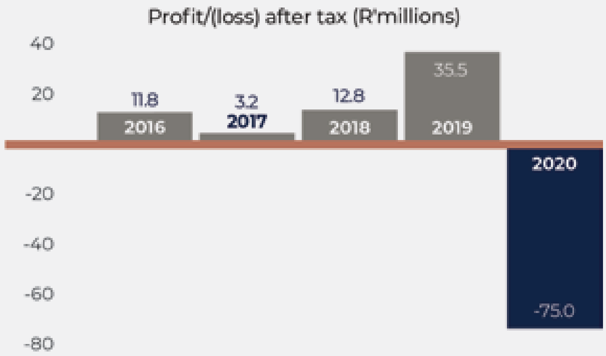
	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
Assets					
Non-current assets	**568 321**	307 897	156 090	159 628	155 705
Current assets	**216 759**	178 390	192 409	169 120	182 984
Total assets	**785 080**	486 287	348 499	328 748	338 689
Equity and liabilities					
Ordinary shareholders' interest	**243 538**	312 140	272 227	259 184	260 438
Preference share capital	**280**	280	280	280	280
Non-controlling interest	**9 881**	8 464	–	–	–
Total equity	**253 699**	320 884	272 507	259 464	260 718
Non-current liabilities	**378 620**	97 787	19 589	19 731	21 897
Current liabilities	**152 761**	67 616	56 403	49 553	56 074
Total liabilities	**531 381**	165 403	75 992	69 284	77 971
Total equity and liabilities	**785 080**	486 287	348 499	328 748	338 689

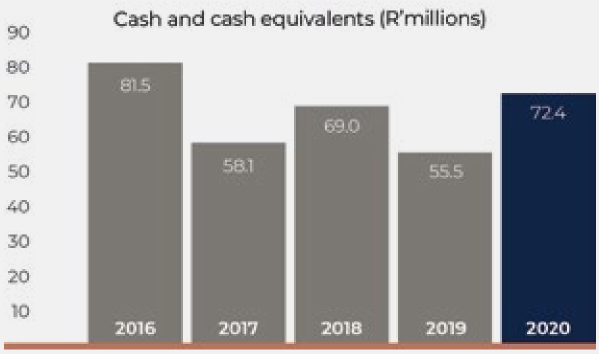
GROUP RATIOS		2020	2019	2018	2017	2016
Returns						
Return on equity	(%)	**(26.7)**	14.6	4.8	1.2	4.5
Return on capital	(%)	**(19.5)**	18.0	7.0	2.0	6.5
Return on assets	(%)	**(8.8)**	12.0	5.5	1.5	5.0
Productivity						
Total asset turn	(times)	**0.9**	1.6	1.7	1.6	1.6
Gross margin from operations	(%)	**47.8**	52.6	54.4	55.1	53.7
Operating margin from operations	(%)	**(12.9)**	3.7	2.4	0.1	2.1
EBITDA margin from operations	(%)	**21.0**	11.3	7.8	5.8	7.5
(Loss)/profit margin before tax	(%)	**(17.5)**	7.4	3.2	1.0	3.1
Inventory turn	(times)	**2.8**	3.3	3.2	3.4	3.8
Effective tax rate on operations	(%)	**25.9**	29.2	31.4	37.5	29.4
Solvency and liquidity						
Total liabilities to total equity	(%)	**209.5**	51.5	27.9	26.7	29.9
Current ratio	(:1)	**1.4**	2.6	3.4	3.4	3.3
Acid test ratio	(:1)	**0.7**	1.1	1.8	1.8	2.2
Dividend cover	(times)	**–**	–	–	–	2.0
Annual growth on operations						
Turnover	(%)	**(14.7)**	15.5	11.1	(1.6)	4.2
Operating (loss)/profit	(%)	**(398.8)**	77.4	1 765.2	(93.4)	(61.5)
(Loss)/profit for the year	(%)	**(311.4)**	176.8	303.8	(73.0)	(50.6)

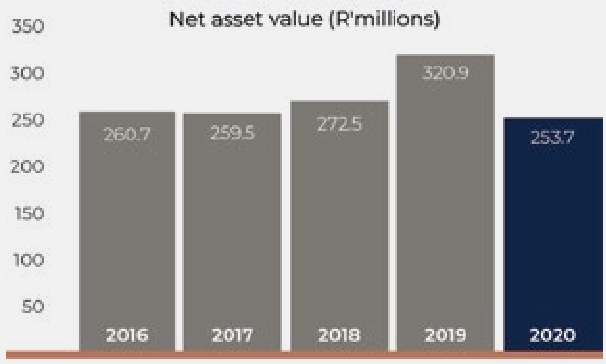

Revenue (R'millions)
800
700
600
500
400
300
200
100
558.6
549.0
608.5
708.4
624.2
2016
2017
2018
2019
2020

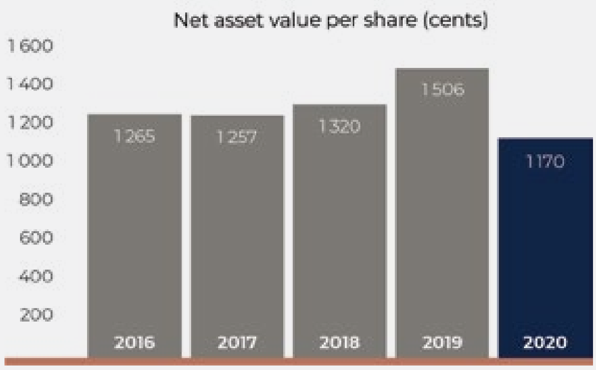

Operating profit/(loss) (R'millions)
40
20
-20
-40
-60
-80
11.5
0.8
14.1
25.0
-74.6
2016
2017
2018
2019
2020


Profit/(loss) before tax (R'millions)
60
40
20
-20
-40
-60
-80
-100
-120
16.7
5.1
18.7
50.1
-101.2
2016
2017
2018
2019
2020


Profit/(loss) after tax (R'millions)
40
20
-20
-40
-60
-80
11.8
3.2
12.8
35.5
-75.0
2016
2017
2018
2019
2020


Cash and cash equivalents (R'millions)
90
80
70
60
50
40
30
20
10
81.5
58.1
69.0
55.5
72.4
2016
2017
2018
2019
2020


Net asset value (R'millions)
350
300
250
200
150
100
50
260.7
259.5
272.5
320.9
253.7
2016
2017
2018
2019
2020


Net asset value per share (cents)
1 600
1 400
1 200
1 000
800
600
400
200
1 265
1 257
1 320
1 506
1 170
2016
2017
2018
2019
2020

Retail Segment Review

QUEENSPARK

Catherine Radowsky

Queenspark was founded in 1980 and to this day is a leading South African boutique-style fashion retailer. Queenspark is an aspirational brand that enjoys strong customer loyalty, and offers ageless fashion with special design detail that leaves the customer looking and feeling fantastic.

The 2020 financial year was a year without parallel, a time of unprecedented change but also of new opportunity and progress. Queenspark delivered a respectable first half demonstrating the strength of our multi-faceted strategy underpinned by our diversified portfolio of brands. In the second half, we navigated with agility through the unfolding of this unprecedented pandemic, quickly and strategically shifting and accelerating key priorities across our business.

The world is facing a moment unlike any other in modern history with the possibility of wave after wave of Covid-19 infections and a likely two-year timeframe in rolling out a vaccine en masse. The year has been dramatically shaped by the Covid-19 pandemic. Overall, 2020 was a year like no other, a dramatic tale of two halves.

Our progress for the second part of the year was superceded by the unprecedented challenges created by Covid-19. Throughout the pandemic the board and the executive leadership team thoughtfully and respectfully put in place many measures to help Queenspark weather the storm and support our stakeholders, customers and communities, where we live and work. In light of our stores being closed for trade for the full month of April, and constrained trading conditions thereafter amid growing uncertainty, we took additional steps to protect the long-term viability of the company including: the aggressive cutting of costs (including dramatically reducing salaries paid to our staff, executive team and directors); the proactive realignment of our fashion offering from the Queenspark signature Occasion-wear to comfortable, elegant Casual-wear to suit the Covid-19 lifestyle; the launch of our specialised, online shopping platform; proactively negotiating and partnering with our landlords (large and small) through this turbulent time. We also partnered with our suppliers to achieve careful and detailed stock management. These decisive actions were undertaken to stabilise the business, significantly protect the treasury function through rigorous cash flow management and a reduction in stock levels, in step with our realistic sales projections.

In May when we were allowed to re-open for trade, we had a phased approach with regard to our stores in terms of hours and protocols, ensuring the safety, wherever possible, of our staff and loyal customers. With a second wave of infections sweeping the world, we are steadfast in maintaining our strict protocols and continue to make enhancements to our online platform to ensure ease of shopping.

The already heavy discounting taking place in the marketplace through the first half of the year has been dramatically accelerated by Covid-19. Going into lockdown at the end of March 2020 meant that we had to close our doors before clearing our previous season's stock and then re-open in the middle of winter without our seasonally appropriate stock. The knock-on effect was heavy discounting, which is ongoing and impaired our gross profit substantially. The second half of the year, therefore, suffered the double blow of very reduced turnover and very low margins.

Despite the redirection of attention to deal with the ongoing onslaught of the pandemic, we remain resolute in pursuing our long-term strategy and goals:

- Customer relationship investment through our innovative market segmentation tool, allowing us to communicate directly with our loyal customers to ensure that their expectations are fulfilled, as well as to identify new market segments to reach out to in a personalised and engaging manner;
- Right-sizing of stores and seizing opportunities to expand into outer-lying towns across the country; and
- Refining of our e-commerce platform to entertain our customers in an exciting, engaging way offering them a seamless and easy shopping experience.

Our people are our greatest and most valuable asset. We pride ourselves in being an agile, learning organisation where we share generously in order to empower one another. Even as parts of our business have been operating remotely, we are proud to recognise the incredible compassion and resilience of our employees who continue to support their communities and each other, whilst also working to mitigate the business impacts of Covid-19 and drive the recovery of growth.

Outlook

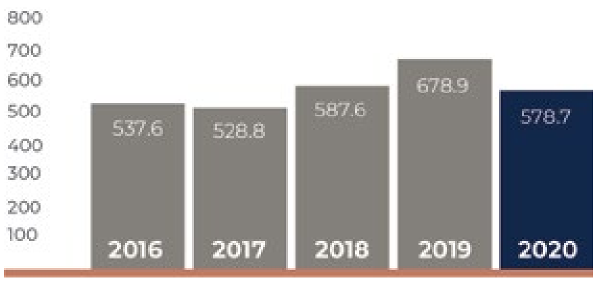
In closing, I wish to convey that I have no optimism bias in expectation of a return to normalcy in the short to medium term. We believe we are well poised to weather the storm and emerge leaner and stronger. I would like to thank the board and my fellow executive employees for their commitment during this difficult time.

Catherine Radowsky
Chief Executive Officer of Queenspark
22 December 2020

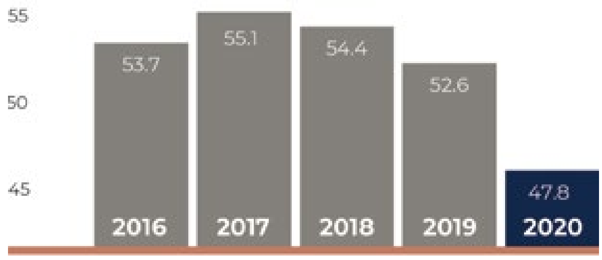
Retail segment results		2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
Five-year analysis						
Retail turnover	(R'000)	**578 746**	678 873	587 632	528 759	537 588
Sale of merchandise at retail stores	(R'000)	**568 053**	663 805	572 731	515 141	525 504
Sales to franchisees	(R'000)	**387**	1 556	830	2 779	8 580
Online and other turnover	(R'000)	**10 306**	13 512	14 071	10 839	3 504
Returns						
Operating profit/(loss)	(R'000)	**(82 810)**	32 566	8 171	(1 923)	9 372
Operating assets at year-end	(R'000)	**511 868**	246 679	213 844	216 059	223 584
Return on average operating assets	(%)	**(21.8)**	14.1	3.8	(0.9)	4.3
Annual (negative) growth						
Retail segment turnover	(%)	**(14.7)**	15.5	11.1	(1.6)	4.2
Sale of merchandise at retail stores	(%)	**(14.4)**	15.9	11.2	(2.0)	4.1
Operating (loss)/profit	(%)	**(354.3)**	298.6	524.9	(120.5)	(65.0)
Productivity						
Sale of merchandise per full-time equivalent ("FTE")[1]	(R'000)	**1 025**	1 118	1 039	937	947
Sale of merchandise per store[1]	(R'000)	**6 844**	8 621	8 182	8 445	9 060
Sales trading density[1]	(R)	**19 583**	23 667	20 262	19 433	20 135
Total asset turn	(times)	**1.5**	2.9	2.7	2.4	2.4
Gross margin	(%)	**47.8**	52.6	54.4	55.1	53.7
Operating margin	(%)	**(14.3)**	4.8	1.4	(0.4)	1.7
Inventory turn	(times)	**2.8**	3.3	3.2	3.4	3.8
Operating statistics						
FTE employees (closing)		**554**	594	551	550	555
Total number of stores		**83**	77	70	61	58
South Africa		**80**	74	67	59	58
Namibia		**3**	3	3	2	–
Online platforms		**2**	1	2	2	1
Franchise stores		**1**	1	1	1	2
Total weighted average store area[1]	(m^2)	**29 007**	28 047	28 266	26 508	26 098
Trading expenses as a % of retail turnover	(%)	**62.6**	48.0	53.0	55.5	52.0
Depreciation, amortisation and impairment cost as a % of retail turnover.	(%)	**30.2**	2.9	3.9	4.1	3.7
Employment costs as a % of retail turnover	(%)	**16.8**	17.1	18.5	18.5	17.1
Occupancy costs as a % of retail turnover	(%)	**7.0**	19.7	21.2	21.3	19.5
Other operating costs as a % of retail turnover	(%)	**8.6**	8.3	9.4	11.6	11.7

[1]Excludes online and franchise stores

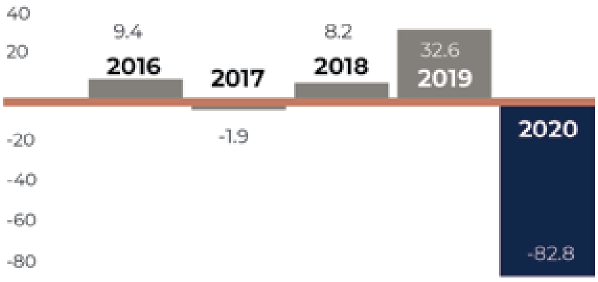
Retail segment turnover (R'millions)



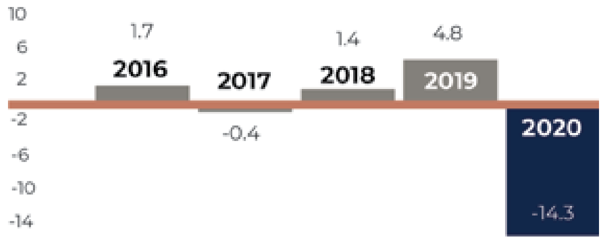
Gross margin (%)



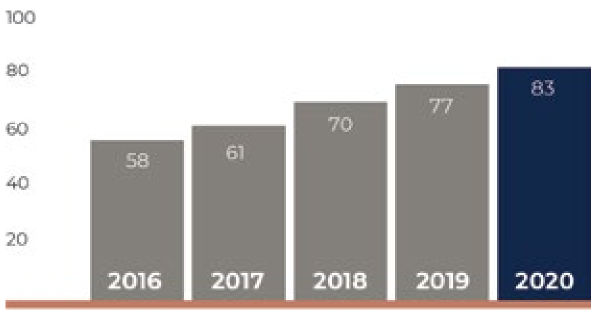
Operating profit / (loss) (R'millions)



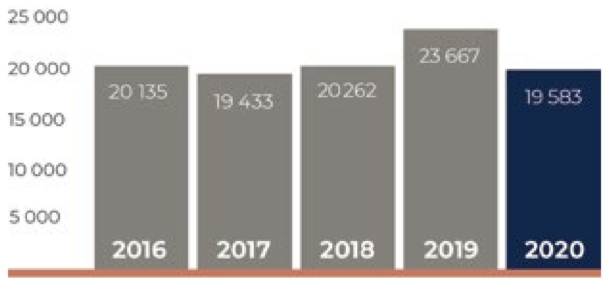
Operating margin (%)



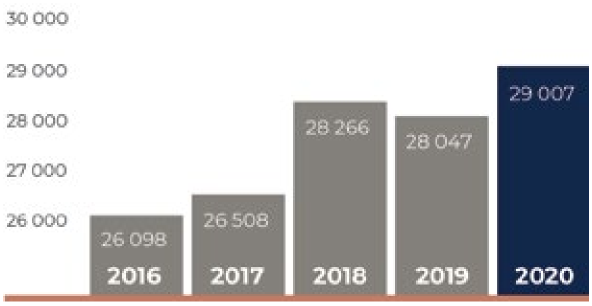
Stores



Sales trading density (Rand/m²)



Total weighted average store area (m²)



QUEENSPARK

Retail turnover and stores by geographic region	2020 Number of stores at 30 June 2020	2020 Turnover R'000	2020 % Contri-bution	2019 Number of stores at 30 June 2019	2019 Turnover R'000	2019 % Contri-bution
Eastern Cape	**4**	**26 218**	**4.6**	4	30 477	4.6
Free State	**6**	**29 336**	**5.2**	5	28 717	4.3
Gauteng	**29**	**246 780**	**43.4**	29	305 992	46.1
KwaZulu-Natal	**12**	**74 319**	**13.1**	10	78 459	11.8
Limpopo	**6**	**38 572**	**6.8**	6	41 661	6.3
Mpumalanga	**5**	**34 077**	**6.0**	5	38 270	5.8
North West	**4**	**26 650**	**4.7**	4	30 266	4.6
Northern Cape	**2**	**10 776**	**1.9**	2	12 173	1.8
Western Cape	**12**	**68 344**	**12.0**	9	82 504	12.4
Namibia	**3**	**12 981**	**2.3**	3	15 286	2.3
Total[1]	**83**	**568 053**	**100.0**	77	663 805	100.0

Summary of store gross area[2]	2020 Number of stores at 30 June 2020	2020 Store (m²)[2]	2020 % Change	2019 Number of stores at 30 June 2019	2019 Store (m²)[2]	2019 % Change
Opening store base	**77**	**28 531**	**–**	70	28 151	–
Stores opened	**6**	**1 123**	**3.9**	8	1 114	3.9
Stores closed	**–**	**–**	**–**	(1)	(376)	(1.3)
Net space reductions		**(414)**	**(1.4)**		(358)	(1.3)
Closing store base[1]	**83**	**29 240**	**2.5**	77	28 531	1.3
Weighted average store area[2] (m²)		**29 007**			28 047	

[1] Excluding online, other turnover and sales to franchisees
[2] Store area includes the trading area plus store rooms and back-office space.

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 lifestyles.

Current customer focus

LSM 8–10+ (30 years and up).

Property Segment Review

REX TRUEFORM
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.

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. The building was declared a provincial heritage site in February 2019. Gross lettable area is 11 762m² with a parking ratio of 2.4 bays per 100m². Major tenants include Queenspark, Merchants and Capsicum Culinary Studio.

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. Taking into account heritage restrictions, it is estimated that a gross lettable area of 9 200m² with 280 parking bays is achievable. Any development on this site will be tenant-driven and will require financial viabilty.

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. Total bulk attributable to the site is approximately 11 820m². 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 has a gross lettable area of 7 236m².

Outlook

The group's property assets will undoubtedly be impacted by changes in tenants' space requirements necessitated by social distancing and the advent of remote working. The tenant base proved to be resilient during the period of the lockdown.

With respect to undeveloped properties, the group will continue to seek opportunities that will yield a satisfactory return on any capital employed taking into consideration the large capital requirements and the long-term nature of any property development.

Property summary

Property name	Address/location	Use	Erf (m²)	GLA (m²)	Market value 30 June 2020 Rm	Market value 30 June 2019 Rm
Rex Trueform Office Park ("RTOP")[1]	263 Victoria Road Salt River, Cape Town	Low-rise offices, part owner occupied	7 931	11 762[2]	138.0	139.2
Rex Trueform Factory Complex[1]	344 Victoria Road Salt River, Cape Town	Vacant	5 946	–	29.0	31.5
Land	14 Brickfield Road, Salt River, Cape Town	Parking space	2 918	–	29.6	32.5
Retail Distribution Centre	16 Perth Road, Wynberg, Cape Town	Retail warehousing, owner occupied	7 382	7 236	22.1	25.0
			24 177	18 998	218.7	228.2

[1] Property with heritage significance.

[2] RTOP currently has a GLA vacancy of 1% and has 283 parking bays (combination of single, tandem, covered and uncovered).

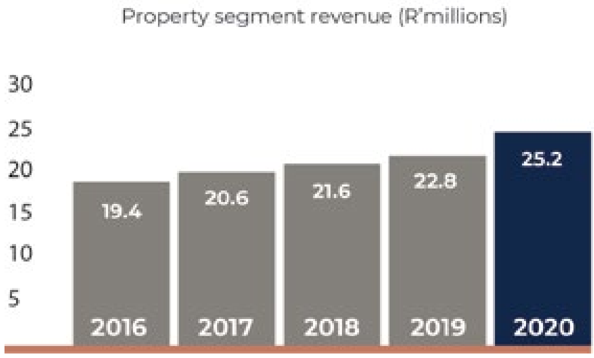
Valuation methodology

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

Highlights

- Property segment revenue increased by 10.4% to R25.2 million (2019: R22.8 million)
- Operating profit increased by 48.7% to R14.2 million (2019: R9.6 million)
- Total market value of properties is R218.7 million (2018: R228.2 million)




REX TRUEFORM
PROPERTIES

Water Infrastructure Segment Review

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.
- 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.
- 20 November 2019: 28% of Silulumanzi sold to Brain Gear Investments South Africa (RF) Proprietary Limited ("BGI") by SAWW for R165 093 956. BGI issued preference shares to SAWW amounting to R76 614 670 at a dividend rate of prime plus 2%. The transaction resulted in an amount of R15 830 774 being recognised directly in equity of SAWW. The group's share of the amount recognised directly in equity was R4 749 232.
- 28 August 2020: Ombrecorp Trading concluded an agreement to acquire an additional effective interest of 0.79% in SAWWH. The purchase consideration amounted to R421 007 and was settled on 1 September 2020.

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:

- Silulumanzi (Mbombela)
- Siza (Ballito)

Water Infrastructure Segment Review

(continued)

Financial review

The net contribution of the investment to group earnings for the financial year amounted to a loss of R1.8 million (2019: profit of R7.1 million), broken down as follows:

Statement of comprehensive income

	2020 R'000	2019 R'000
Other income	**3 041**	136
Operating costs	**(3 191)**	(105)
Equity-settled share-based payment	**–**	(10 515)
Operating loss	**(150)**	(10 484)
Finance income	**20 134**	9 469
Finance costs	**(16 268)**	(7 357)
Share of (loss)/profit of associate (net of taxation)	**(4 473)**	20 417
Dilution loss on investment in associate	**–**	(14 811)
Gain from bargain purchase on investment in associate	**–**	10 484
(Loss)/profit before tax	**(757)**	7 718
Taxation	**(1 042)**	(600)
(Loss)/profit after tax	**(1 799)**	7 118
(Loss)/profit attributable to:		
Owners of parent	**(936)**	14 216
Non-controlling interest	**(863)**	(7 098)
Total (loss)/profit for the year	**(1 799)**	7 118

Media and Broadcasting Segment Review

Telemedia, a profitable broadcast facilities and media business founded in 1981, specialises in satellite transmission, radio and signal distribution as well as microwave and satellite news gathering services, operating in multiple jurisdictions.

Overview

In line with the group's strategy to grow its portfolio by pro-actively investing in assets with sustainable income streams, in November 2020, Rex Trueform Group together with its holding company, African and Overseas Enterprises, entered into a sale of shares agreement, subject to certain conditions precedent, to acquire 75% of Telemedia for a consideration of R67.5 million to be settled in cash and shares.

The initial purchase consideration of R30 million, to be discharged as follows:

- The issue of 368 750 new AOE ordinary shares at an issue price of R27 per share;
- The issue of 857 212 new Rex Trueform ordinary shares at an issue price of R18 per share; and
- A cash payment of R4.6 million by Rex Trueform.

The balance of the purchase consideration of R37.5 million shall be discharged by Rex Trueform in cash should the profit undertakings given by the sellers for the years ending 30 June 2021, 30 June 2022 and 30 June 2023 be met, on a 20%, 20% and 60% basis.

Refer to the JSE SENS announcement issued on 13 November 2020 for detailed information.

Telemedia's service offering spans across installation of satellite transmission and radio and television signal distribution, as well as supplying microwave and satellite news gathering services including broadcasting, studio recording and ancillary services.

The strategic rationale for the transaction can be summarised as follows:

- The alignment of the group's value positioning with the current investment portfolio;
- Telemedia's differentiated low-risk product strategy aligns well with the overarching group portfolio strategy;
- Telemedia provides the group with further strategic expansion into the value segment of satellite and broadcasting market; and
- Telemedia's well established product and service offering provides a strong platform for the expansion of the broader group.

The transaction was underpinned by the following criteria:

- A proven, profitable track record;
- A strong management team, committed to staying on to continue to grow the business;
- Good future growth prospects; and
- A strong position in a niche market category.

We expect the transaction to be concluded during the fourth quarter of our 2021 financial year, with the remaining conditions precedent being:

- Consent from the Independent Communications Authority of South Africa to the transaction.

Group Stakeholder Engagement

Stakeholder	Why we engage	Means of engaging
Retail customers	• Retail customers – To obtain customer loyalty and achieve customer satisfaction	• Customer feedback via helpdesk • Customer feedback at stores • Interaction with account holders of private label card via various communication channels • Use of social media and web-based channels
Tenants	• To maintain a good relationship with our tenants	• 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 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 timeline of any materially noisy and/or disruptive work required in the Rex Trueform Office Park from time to time
Shareholders	• To provide our shareholders with relevant, timeous and balanced information	• 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	• To ensure that we attract and retain relevant talent • To ensure that we motivate employees • To increase our employees' productivity • To ensure employee loyalty	• Performance management • We invest in our people through training and development programmes, market research and by opening new outlets • Liason committees • Policy development and distribution
Suppliers	• To ensure that we receive a timeous supply of high-quality merchandise at the right price that will optimise sales • 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	• Regular supplier interaction including various forms of correspondence and (in relation to the suppliers of goods) site visits to ensure responsible management of the 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 shareholders’ 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

Retail segment

Return on average operating assets	Operating (loss)/profit from the retail segment divided by average total assets of the 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

		2020	2019	2018	2017	2016
Earnings per share	(cents)	**(357.4)**	206.4	62.1	15.3	57.1
Headline earnings per share	(cents)	**(86.2)**	73.1	62.2	17.4	54.1
Proposed dividend per ordinary share	(cents)	**–**	–	–	–	27.0
Dividend declared per ordinary share	(cents)	**–**	–	–	27.0	61.0
Dividend cover based on headline earnings	(cents)	**–**	–	–	–	2.0
Total number of shares in issue	(000's)	**20 833**	20 752	20 642	20 642	20 642
Total number of shares in issue (net of treasury shares)	(000's)	**20 813**	20 732	20 621	20 621	20 582
Weighted average number of shares in issue (net of treasury shares)	(000's)	**20 754**	20 623	20 621	20 584	20 582
Weighted average shareholder return	(%)	**(13.1)**	1.2	70.3	(2.4)	17.4
Net asset value per share	(cents)	**1 170**	1 506	1 320	1 257	1 265
Ratio closing price/net asset value						
– Ordinary shares		**1.5**	1.2	1.7	1.2	1.3
– "N" ordinary shares		**1.5**	1.4	1.5	0.9	0.9
Ordinary shares						
Market price per share						
– At year-end	(cents)	**1 800**	1 860	2 300	1 500	1 600
– High	(cents)	**1 865**	2 300	2 500	1 505	1 600
– Low	(cents)	**1 800**	1 600	1 056	1 425	900
Shares traded						
– Value	(R'000)	**67**	1 016	232	806	490
– Volume	(000's)	**4**	56	12	55	35
Shares in issue	(000's)	**2 906**	2 906	2 906	2 906	2 906
Percentage traded	(%)	**0.1**	1.9	0.4	1.9	1.2
Closing price/headline earnings/(loss)	(ratio)	**(20.9)**	25.4	37.0	86.3	29.6
Closing dividend yield – proposed dividend	(%)	**–**	–	–	–	1.7

		2020	2019	2018	2017	2016
"N" ordinary shares						
Market price per share						
– At year-end	(cents)	**1 794**	2 100	2 000	1 150	1 200
– High	(cents)	**2 100**	2 150	2 000	1 255	1 250
– Low	(cents)	**1 295**	803	1 110	1 150	1 095
Shares traded						
– Value	(R'000)	**140**	5 930	510	1 319	1 884
– Volume	(000's)	**8**	385	31	108	159
Shares in issue	(000's)	**17 928**	17 846	17 736	17 736	17 736
Percentage traded	(%)	**0.0**	2.2	0.2	0.6	0.9
Closing price/headline earnings/(loss)	(ratio)	**(20.8)**	28.7	32.2	66.1	22.2
Closing dividend yield – proposed dividend	(%)	**–**	–	–	–	2.3
Market capitalisation						
– Ordinary shares	(R million)	**52.3**	54.1	66.8	43.6	46.5
– "N" ordinary shares	(R million)	**321.6**	374.8	354.7	204.0	212.8
– Total	(R million)	**373.9**	428.8	421.6	247.6	259.3

Value-added Statement

	Notes	GROUP 2020 R'000	2019 R'000
Turnover		**578 746**	678 873
Rental income		**19 337**	16 786
Finance income		**22 931**	12 261
Dividend income		**29**	27
Profit on sale of property		**10**	427
Management fee income		**3 191**	–
Share of profit of associate (net of taxation)		**(4 473)**	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		**(394 173)**	(528 874)
Value added		**225 598**	195 590
Applied as follows:			
Employees			
Remuneration to employees		**103 819**	118 961
Taxation and duties			
Income tax	2	**2 362**	11 305
Providers of capital			
To lenders as finance charges		**45 056**	3 266
To shareholders as dividends and share premium reduction		**17**	17
Reinvested			
Reinvested in group to finance future expansion and growth	1	**74 344**	62 041
Total		**225 598**	195 590
Notes to the value-added statement			
1. Reinvested in group to finance future expansion and growth			
Depreciation, amortisation and impairment		**177 929**	23 272
Deferred tax		**(28 545)**	3 299
Retained Income		**(75 040)**	35 470
		74 344	62 041
2. Taxation channelled through the group			
Taxation as above		**2 362**	11 305
Net value-added tax (VAT)		**10 172**	21 792
Employees' taxation		**14 400**	18 406
		26 934	51 503

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 88.14% 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, technical financial officer, company secretary and financial manager 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 once during the year under review and proposed the fees payable to non-executive directors of the company (subject to shareholder approval).

The remuneration committee retained PwC as an independent specialist advisor on certain matters pertaining to remuneration. This includes, for example, best practices and benchmarking. The remuneration committee is satisfied that PwC provided independent advice and services to Rex Trueform.

The remuneration committee is of the view that the remuneration policy is aligned with the overall business strategy and 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 in terms of making share awards to group employees from time to time. Focus has also been placed on mechanisms that can be utilised to meet the recent employment equity requirement which aims to address the disparity between pay scales at upper and lower levels.

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, engage, 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. Against this background, the remuneration policy is designed to achieve a fair and sustainable balance between financial and non-financial rewards.

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 with a further benefit being a discount on certain in-store purchases.

Group remuneration levels are reviewed annually and 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 consists of a pension 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.

Human Capital and Remuneration Report (continued)

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. The group understands and embraces the responsibility it has in terms of South Africa's transformation processes and accordingly employment equity is 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.

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 continue 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 Katija Karim who began her journey in Queenspark in 2004 at Musgrave in KwaZulu-Natal as a flexi-part-time employee for ladieswear. In 2005 she was promoted to store manager in Musgrave and was later transferred to Gateway in 2009 as an assistant manager.

Katija demonstrated a good understanding of the dynamic retail environment, an ability to adapt and manage both customer needs and the business needs, while ensuring that her team understood and met operational objectives. As a result, in 2012, she was promoted to store manager of Gateway, the biggest Queenspark in KwaZulu-Natal. She is an intelligent and dynamic leader, excels at implementation and invests time in continuously developing her team and testing understanding. She is always positive and ever ready to take on a new challenge and puts her heart, soul and time into her store – these are some of her admirable qualities as a professional.

While Katija is highly knowledgeable about retail business operations, she is always looking for opportunities to acquire new skills for personal development and growth through continued learning. One can attribute her success to the numerous vocational training programmes she has attended within Queenspark. Katija is currently pursuing a BCom degree in Business Management through a company-sponsored bursary.

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.

Remuneration implementation report

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

Directors' emoluments

	Directors' fees (R'000)	Fees for other services[1] (R'000)	Basic salary (R'000)	Performance-related payments (R'000)	Value of other benefits[2] (R'000)	Retirement fund contributions (R'000)	**Total 2020 (R'000)**	Total 2019 (R'000)
Directors' remuneration								
Executive directors								
CL Lloyd[3]	–	–	–	125	331	–	**456**	1 192
CEA Radowsky[4]	–	–	–	–	–	–	**–**	3 287
D Franklin	–	–	1 218	160	456	40	**1 874**	1 074
	–	–	1 218	285	787	40	**2 330**	5 553
Non-executive directors								
MA Golding	327	69	–	–	–	–	**396**	424
PM Naylor	150	108	–	–	–	–	**258**	276
HB Roberts	131	69	–	–	–	–	**200**	214
LK Sebatane	131	30	–	–	–	–	**161**	172
MR Molosiwa	131	–	–	–	–	–	**131**	140
	870	276	–	–	–	–	**1 146**	1 226
Key management								
WD Nel	–	–	–	–	331	–	**331**	1 192
Total	870	276	1 218	285	1 118	40	**3 807**	7 971

1 These are fees for services rendered in respect of the audit, risk, social and ethics, and retirement fund committees.
2 Other benefits include insurance policies paid on behalf of the directors and share awards.
3 Appointed as chief executive officer on 12 March 2019.
4 Resigned as chief executive officer on 12 March 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, among other things, the non-executive directors' time commitment and increased regulatory and governance obligations.

Fees paid to the non-executive directors for the 2020 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 2020 to 30 June 2021 (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 2021 to 30 June 2022 (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

	Proposed 2022 R	Approved 2021 R	Approved 2020 R
Chairman of the board	385 000	385 000	350 000
Lead independent director	176 000	176 000	160 000
Director	154 000	154 000	140 000
Chairman of the audit committee	46 200	46 200	42 000
Member of the audit committee	35 200	35 200	32 000
Member of the risk committee	46 200	46 200	42 000
Chairman of the social and ethics committee	35 200	35 200	32 000
Member of the social and ethics committee	28 600	28 600	26 000
Chairman of the retirement fund	52 800	52 800	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 remained 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 and 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 industries within which the group operates and give due consideration to the economic and social environment within which the company operates. The board has appointed a social and ethics committee to consider, among 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 twice a year, with various committees of the board meeting at additional times during the year. The chairmen of the various committees report to the board on relevant matters dealt with at the committee meetings. Please note the table further on 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, among other things, through the appointment of a social and ethics committee to, *inter alia,* 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 have 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 2020 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, among 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 twice a year 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 2020, and attendance by board members and the company secretary at those meetings, were as follows:

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

[1] CEO of Queenspark and Queenspark Distribution Centre. Resigned as CEO of the Company with effect from 31 August 2018, notwithstanding, has remained a member of the risk committee.

[2] By invitation.

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.

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, among 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, among 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, 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 managers of the group by invitation. The audit committee is governed by formal terms of reference which set out, among 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 both of which are included in this integrated annual report.

Remuneration committee

Name	Qualification	Date of first appointment
MR Molosiwa	BAS	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 proposal of the remuneration to be paid by the company to its non-executive directors.

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	BAS	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 take 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 chairman 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.

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, 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, with the risk committee having 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 (Acc), 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 D Franklin, an executive director.

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, supports 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, 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. During the year under review A Snitcher resigned as company secretary and was replaced by A Mushabe with effect from 8 August 2020.

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 and the improvement of the group's business intelligence software. Queenspark officially launched its own e-commerce platform in June 2020. 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 advisor) to assist with matters of compliance and has appointed a company secretary (who also performs the role of the group's in-house legal advisor) 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, among 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 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 Committee Report

Risk management

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 2020.

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.

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 process is integrated and recognises that effective risk management is critical to the achievement of strategic objectives. The risk management process continues to be embedded within the group and the risks are updated throughout the year. 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 refer to 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.

Risk Committee Report (continued)

RISK	RISK MITIGATION
Covid-19	
The Covid-19 pandemic and lockdown regulations have had a significant negative impact on employees, customers and suppliers. A decline in economic activity has resulted in joblessness and a decline in consumer spending. Health risks in public areas and the working environment result in changes to consumer behaviour.	• Ensure the health and well-being of staff by implementing all required safety measures in the workplace and taking steps to facilitate staff working remotely. Further ensure that the group utilises Covid-19 relief mechanisms offered by government • Strict cost control, limitation of store operating losses and preservation of cash in order to ensure business continuity • Treating employees, suppliers and landlords fairly • Minimise supply chain disruptions and manage foreign currency risk
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.	• 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 • Key performance indicators monitored and used to enhance decision-making
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.	• Business continuity plans have been established in respect of information systems • The maintenance of physical protection measures • Insurance cover is maintained
In the event of a disaster at the head office the organisation's ability to operate effectively may be negatively impacted.	• A business continuity plan has been developed • The maintenance of physical protection measures • Insurance cover is maintained
As the business operates one distribution centre a disaster at the distribution centre may severely impact the storage and distribution of products.	• Other group premises together with third-party service providers' premises would be utilised to re-establish the storage requirements and distribution of products • The maintenance of physical protection measures • Insurance cover is maintained
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.	• The business offers competitive remuneration • Ongoing staff development is being managed by way of a formalised development process

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.	• 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 • An ERP system has been implemented. IT disaster recovery data is hosted in the cloud and a disaster recovery plan has been formulated • Continuous review and improvement of control environment and policies. • Power generators have been installed at the group's head office and distribution centre to ensure continuity of power supply
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.	• Our policies, procedures and internal controls are designed to help us comply with applicable regulations • We obtain regular advice from third-party consultants and advisors in respect of legislative changes impacting the business • Training of staff takes place where applicable • Appointment of an in-house legal executive assists with the management of legal compliance
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 are key to the success of the business. 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.	• We plan to expand our store base and aim to provide high-quality fashion, excellent customer service and an exciting retail environment • 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 • We have established an online presence in order to retain existing customers and attract new customers • Improvements to the customer relationship management process are regularly considered and implemented

Risk Committee Report (continued)

RISK	RISK MITIGATION
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. Turnover may be negatively impacted should the provider cease to provide effective credit services to our customers.	• Continuous monitoring of credit provider's financial reporting • 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. 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. 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.	• Maintain professional relationships with existing suppliers • Continuously search for potential suppliers locally and abroad • 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
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. 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 enhanced their online presence, which has resulted in heightened competition.	• 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 • We continuously monitor competitors' marketing, online and other strategies, with a view to better understand 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 advisors in respect of legislative changes impacting the business • Appointment of an in-house legal adviser assists with the management of legal compliance

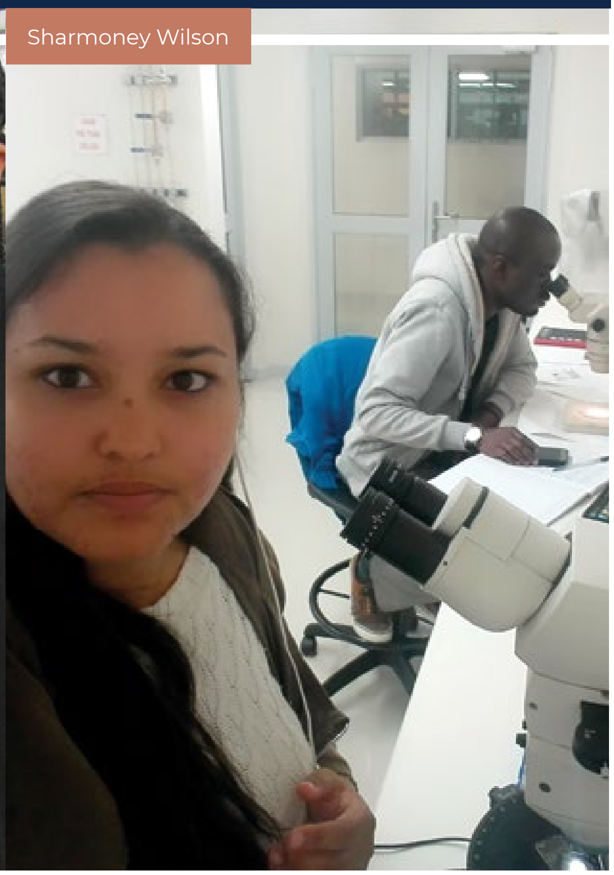
The risk committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. The risk committee (together with the various other risk committees within the group) will continue to focus on the key risks noted above in the 2021 financial 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

Shanaaz Dollie, Shanny Clothing

A selection of beneficiaries of Rex Trueform contributions

Preparing stock for the clothing bank



Sharmoney Wilson

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 group aims to create an enjoyable, ethical and value-based working environment and an opportunity for employees to develop and grow in a respectful, collaborative, high-performing, career-orientated environment. 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, among 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, among 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), and a local previously disadvantaged plus-sized clothing designer and manufacturer, and has contributed meaningfully to the tertiary education costs of seven deserving previously disadvantaged students who were unable to fund these themselves.

The commitment of the group to transformation has resulted in a level 2 contributor status rating. The group has also achieved a recognition rating of 125% for preferential procurement and empowering supplier status in terms of the amended property sector scorecard. A detailed review of the group's performance against the full scorecard is provided on our website as encapsulated in the compliance report.

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

The group continues to review possible opportunities for black-owned and black women-owned suppliers. In applying a robust due diligence process the group ensures that supplier development candidates meet the relevant criteria and that the partnership contributes meaningfully to their development. 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. Our supplier programme in South Africa aims to remove barriers for emerging black and black women-owned businesses to enter into our supplier base. The initiative is aimed at unlocking market opportunities for previously disadvantaged black-owned enterprises and the further provision of capital as well as relevant capacity building.

Enterprise development

Our enterprise development expenditure continued to be directed towards initiatives that meet the criteria. One of our flagship initiatives is our partnership with the Clothing Bank. A registered NPO and public benefit organisation, the Clothing Bank channels donated merchandise through an enterprise development programme. The ultimate aim of the programme is to break the cycle of poverty and for the participants to become self-sufficient through training and mentorship centred on basic business and life skills. Through merchandise donations to the Clothing Bank, the group is enabling unemployed South Africans, mainly women, to become financially and socially independent and to eradicate poverty in their lives. Over 850 people have been trained in the Clothing Bank's two-year programme with the group having donated in excess of 8 000 units of merchandise since inception.

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 continue to be implemented 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 re-use;
- Cardboard cartons are reused until they are deemed unusable;
- Cardboard and paper waste are 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 2020.

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 incorporates 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 social and ethics committee is responsible for assisting the board with 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 is achieved by way of the social and ethics committee, among 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, including transformation;
- 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.

Social and Ethics Committee Report

(continued)

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.

Feedback in respect of key areas of focus in respect of the 2020 financial year:

KEY AREAS	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 of various merchandise by the group to the following organisations: Monte Rosa Old Age Home, St Luke's Hospice, Durbanville Children's Home, St Anne's, Intshona and Fisantekraal Centre for Development Partners. One of our flagship initiatives is our partnership with the Clothing Bank.
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 (2021) 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.

Statement of Responsibility

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 2020. 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 comprise the statements of financial position at 30 June 2020 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 29 October 2020 and signed by:

MA Golding
Chairman
Authorised director
Cape Town, 29 October 2020

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.

A Mushabe
Company secretary
29 October 2020

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 company and its subsidiaries are collectively referred to as "the group".

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 has expired in the current financial year. The retail segment traditionally utilised third-party e-commerce retailers to sell its products but has launched its own e-commerce platform in June 2020, which is integral to the recovery of the business post the effects of the Covid-19 pandemic.

Turnover has been negatively impacted as a result of Covid-19 and the resultant national lockdown earlier this year. Sales lost during the level 5 lockdown period that commenced on 27 March 2020 and ended on 30 April 2020 is estimated to be at least R57.4 million with an overall negative impact on sales for the period through to the year-end estimated to be at least R134.7 million. Certain cost savings were achieved as a result of office and store closures, however, and the company continues to seek cost efficiencies in all areas of the business. With regard to lease commitments, management is currently negotiating with landlords for further rent relief and concessions, in addition to the relief that was recognised to date. The retail segment spent a total of R405 134 on Covid-19-related expenditure.

The group reviews the carrying value of right-of-use assets when events or changes in circumstances suggest that the carrying value may not be recoverable. The group assesses loss-making and low-profitability stores for impairment. Additionally, Covid-19 also had a significant adverse impact on store profitability. This has led management to assess the carrying value of the right-of-use asset for impairment at 30 June 2020. An amount of R 77 438 885 was provided as an impairment charge in the income statement in the current year.

Despite the impact of Covid-19, the group is sufficiently capitalised and has sufficient cash resources to pay liabilities as they fall due. Cash and cash equivalents held by the group at 30 June 2020 amounted to R72 409 983 (2019: R55 489 610).

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.

The impact of Covid-19 and resultant national lockdown earlier this year on the property segment was mainly in the form of temporary rental relief grants to the worst affected tenants. Credit notes amounting to R906 985 were issued during the current financial year. The group also committed to additional rental relief until December 2020, in the form of a reduction in the contractual lease obligation amounting to R226 974. Expenses relating to Covid-19 compliance were negligible.

During the previous financial year, 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 ("Ombrecorp"). 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 company and the group 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.

Dividends

Details of dividends paid during the year are as follows:

	2020 **R' 000**	2019 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 2019	**8**	8
Half-year ended 30 June 2020	**9**	9
	17	17

The directors have not proposed a dividend per share (2019: 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.

Investments

Full details of the company's investments are set out in the notes to the financial statements.

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
PM Naylor	Retired by rotation	29 November 2019
	Re-elected	29 November 2019
MR Molosiwa	Retired by rotation	29 November 2019
	Re-elected	29 November 2019
HB Roberts	Retired by rotation	29 November 2019
	Re-elected	29 November 2019

PM Naylor, LK Sebatane and MA Golding will retire at the 2020 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 the notes to the financial statements.

Directors' interest in shares

The interest of directors in the ordinary and "N" ordinary shares of the company at 30 June 2020 was:

Number of shares	Direct holding	Indirect holding	Effective interest held indirectly via African and Overseas[1]	Total
2020				
MA Golding	**–**	**2 214 747**	**4 262 863**	**6 477 610**
HB Roberts	**–**	**4 261 561**	**5 824 792**	**10 086 353**
D Franklin	**22 167**	**–**	**–**	**22 167**
CL Lloyd	**73 896**	**–**	**41 689**	**115 585**
Total	**96 063**	**6 476 308**	**10 129 344**	**16 701 715**
2019				
MA Golding	–	2 214 747	4 270 726	6 485 473
CEA Radowsky[2]	–	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

[1] 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 2020.

[2] 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.

Change in shareholding

There have been no changes in the directors' interests in shares between 30 June 2020 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. A total of 110 848 "N" ordinary shares in the company were issued to the Share Trust in June 2019 and a further 81 290 "N" ordinary shares in the company were issued to the Share Trust in June 2020 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 with the opportunity to acquire an interest in the "N" ordinary share capital of the company.

Since inception of the Share Trust, payment and delivery have been effected in respect of 728 057 "N" ordinary shares which were acquired by or issued to the Share Trust.

The Share Trust currently holds 20 291 "N" ordinary shares in reserve for future utilisation, of which none have been granted to employees. During the 2019 financial year, 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 192 126 "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.

Secretary

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

Going concern

The financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations should the company continue trading.

As at 30 June 2020, the group is in a loss-making position of R75 023 292 (2019: profit of R35 487 399), which was mainly due to lost and subdued trade as a result of the Covid-19 pandemic and the government-imposed lockdown regulations, which negatively impacted the retail segment's revenues and gross profit margins as well as impairment of right-of-use assets and an increased provision for inventory obsolescence in the retail segment. The lost trade and impairments were once-off events that are not expected to reoccur.

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak a pandemic. Many governments around the world are taking increasingly stringent steps to contain the spread of the virus. This resulted in the temporary closure of businesses and restrictions on the movement of people and goods. The pandemic resulted in a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates. The group's countries of trading, South Africa and Namibia, have been hit hard by lockdown regulations. The South African government declared a nationwide lockdown with effect from 26 March 2020, requiring all non-essential businesses to close temporarily. South African lockdown regulations have since been relaxed and many parts of the economy were allowed to reopen from 1 May 2020, including the group's retail stores.

Despite the uncertainties created by Covid-19 and the impact it had on the carrying value of the right-of-use asset as at 30 June 2020 as well as on revenue and cash flows for the year then ended, the group has a healthy balance sheet as at the reporting date. The group is sufficiently capitalised and has sufficient cash resources to settle its liabilities as they fall due. Management has further implemented, and will continue to implement actions to preserve liquidity and reduce costs to ensure the sustainability of the group. These measures are further explained in the notes to 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. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Events subsequent to the reporting date

Ombrecorp Trading (RF) Proprietary Limited received a loan repayment of R15 165 632 on 23 July 2020 of which R7 740 538 remained within the group. The remainder will be utilised to discharge loan repayment obligations to 27four Life Limited.

On 28 August 2020, Ombrecorp Trading (RF) Proprietary Limited concluded an agreement to acquire an additional effective interest of 0.79% in SA Water Works Holding Company (RF) Proprietary Limited. The purchase consideration amounted to R 421 007 and was settled on 1 September 2020.

The group received credit notes for short-term rent concessions in the amount of R14 259 640 post year-end.

Subsequent to the reporting date, countrywide Covid-19 lockdown restrictions were lifted to level 1 meaning that most normal activity can resume provided that all health and safety protocols, including observance of guidelines for social distancing, sanitation and hygiene, and use of appropriate personal protective equipment, are followed at all times. There is a risk that if the infection rate increases to unacceptable levels that this will lead to an increase in the Covid-19 alert level. The uncertainty around Covid-19 is expected to continue into the foreseeable future. The group is adhering to all required protocols and is committed to trading through these challenging times.

There is no other matter or circumstance which is material to the financial affairs of the company, which has occurred between 30 June 2020 and the date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

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 2020.

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 that are reviewed regularly, delegated to it by the board of directors, which regulates 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 the 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 managers of the group by invitation. Each committee meeting is preceded by the distribution of a comprehensive committee pack containing all 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 registered auditor for the year under review and further approved the terms of engagement and fees to be paid. KPMG Inc. was duly appointed as the group's 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 24 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 PricewaterhouseCoopers Inc. ("PWC") for appointment by shareholders as the company's external auditor at the 2020 annual general meeting, the designated registered auditor being R Jacobs for the 2021 financial year. The committee has satisfied itself (as required by the JSE Listings Requirements) that:

- The audit firm is accredited by the JSE; and
- The quality of the external audit is satisfactory (after referencing the most recent inspection reports issued by the Independent Regulatory Board for Auditors ("IRBA") in respect of both audit firm and the designated audit partner).

Prior to the nomination of PWC Inc., the committee gave due consideration to the independence of the external auditor and is satisfied that PWC Inc. is independent of the group and executive and senior management and therefore able to express an independent opinion of the group's annual financial statements.

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 pre-approved 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 as well as the internal audit plans. During the year under review the internal auditor resigned from the group with effect from 28 January 2020. At the time of this report the internal auditor post remains vacant pending a recruitment outcome.

Expertise and experience of financial director and evaluation of the finance function

As required by the JSE Listings Requirements, 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 processes in place for combined assurance and considers this process to be effective.

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 these procedures are operating effectively.

Financial statements and accounting practices

Following the review by the committee of the annual financial statements for the year ended 30 June 2020, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act as well as International Financial Reporting Standards and fairly present the group and the company's 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 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 the integrated annual report for the year ended 30 June 2020 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

29 October 2020

Summarised Consolidated Statement of Financial Position

as at 30 June 2020

	2020 R'000	2019 R'000
ASSETS		
Non-current assets	**568 321**	307 897
Property, plant and equipment	**58 517**	62 386
Investment property	**63 242**	65 679
Intangible assets	**18 530**	20 764
Right-of-use asset	**235 488**	–
Investment in associate	**153 386**	153 066
Other investments	**814**	756
Loans receivable	**2 748**	1 860
Deferred tax asset	**35 596**	3 386
Current assets	**216 759**	178 390
Inventories	**111 680**	100 637
Loan to associate	**15 166**	–
Trade and other receivables	**11 024**	20 553
Income tax receivable	**5 670**	6
Accrued operating lease asset	**809**	1 704
Cash and cash equivalents	**72 410**	55 490
Total assets	**785 080**	486 287
EQUITY AND LIABILITIES		
Capital and reserves	**253 699**	320 884
Share capital	**5 619**	4 161
Share premium	**25 836**	25 836
Treasury shares	**(117)**	(117)
Share-based payment reserve	**6 632**	5 319
Other reserves	**2 074**	2 029
Retained earnings	**203 774**	275 192
Non-controlling interest	**9 881**	8 464
Non-current liabilities	**378 620**	97 787
Lease liability	**291 124**	–
Post-retirement liability	**425**	512
Accrued operating lease liability	**–**	13 444
Loan payable	**74 762**	75 200
Deferred tax liability	**12 309**	8 631
Current liabilities	**152 761**	67 616
Lease liability	**60 868**	–
Trade and other payables	**83 216**	52 798
Provisions	**1 252**	8 761
Accrued operating lease liability	**–**	5 070
Loan payable	**7 425**	–
Forward exchange contracts	**–**	294
Income tax payable	**–**	693
Total equity and liabilities	**785 080**	486 287

Summarised Consolidated Statement of Comprehensive Income

for the year ended 30 June 2020

		YoY change (%)	2020 R'000	2019 R'000
Revenue		(11.9)	**624 244**	708 374
Turnover		(14.7)	**578 746**	678 873
Cost of sales			**(302 349)**	(321 767)
Gross profit		(22.6)	**276 397**	357 106
Other income		30.9	**22 538**	17 213
Other operating costs		6.9	**(373 572)**	(349 340)
Operating (loss)/profit		(398.8)	**(74 637)**	24 979
Dividend income			**29**	27
Finance income			**22 931**	12 261
Finance costs			**(45 056)**	(3 266)
Share of (loss)/profit of associate, including gain on bargain purchase			**(4 473)**	30 901
Dilution loss on investment in associate			**–**	(14 811)
(Loss)/profit before tax		(302.0)	**(101 206)**	50 091
Income tax			**26 183**	(14 604)
(Loss)/profit for the year		(311.4)	**(75 023)**	35 487
Other comprehensive income:				
Items that are or may be subsequently reclassified to profit or loss				
Fair value adjustment on assets held at fair value through other comprehensive income			**45**	(57)
Other comprehensive income for the year, net of taxation			**45**	(57)
Total comprehensive income for the year			**(74 978)**	35 430
(Loss)/profit attributable to:				
Ordinary and "N" ordinary shareholders of the parent			**(74 177)**	42 568
Preference shareholders			**17**	17
(Loss)/profit attributable to equity holders of the parent			**(74 160)**	42 585
Non-controlling interest			**(863)**	(7 098)
(Loss)/profit for the year			**(75 023)**	35 487
Total comprehensive income attributable to:				
Ordinary and "N" ordinary shareholders of the parent			**(74 132)**	42 511
Preference shareholders			**17**	17
(Loss)/profit attributable to equity holders of the parent			**(74 115)**	42 528
Non-controlling interest			**(863)**	(7 098)
Total comprehensive income for the year			**(74 978)**	35 430
Basic earnings per ordinary share	**(cents)**	(273.2)	**(357.4)**	206.4
Diluted earnings per ordinary share	**(cents)**	(271.9)	**(354.9)**	206.4

Summarised Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

	2020 R'000	2019 R'000
Share capital	**5 619**	4 161
Opening balance	**4 161**	1 777
Shares issued	**1 458**	2 384
Share premium	**25 836**	25 836
Opening balance	**25 836**	25 836
Treasury shares	**(117)**	(117)
Share-based payment and other reserves	**8 706**	7 348
Opening balance	**7 348**	1 872
Equity-settled share-based payment	**1 313**	5 533
Fair value adjustment on assets held at fair value through other comprehensive income	**45**	(57)
Retained earnings	**203 774**	275 192
Opening balance	**275 192**	243 139
Profit for the year	**(74 160)**	42 585
Preference dividends paid	**(17)**	(17)
Equity-settled share-based payment	**289**	–
Other retained income of associate	**2 470**	–
Change in degree of control	**–**	(10 515)
Non-controlling interest	**9 881**	8 464
Opening balance	**8 464**	–
Profit for the year	**(863)**	(7 098)
Equity-settled share-based payment expense	**–**	5 047
Other retained income of associate	**2 280**	–
Change in degree of control	**–**	10 515
Total capital and reserves	**253 699**	320 884

Summarised Consolidated Statement of Cash Flows

for the year ended 30 June 2020

	2020 R'000	2019 R'000
Cash flows from operating activities		
Operating profit before working capital changes	**115 815**	64 318
Working capital changes	**16 027**	6 470
Interest received	**7 658**	2 792
Interest paid	**(38 069)**	(66)
Dividends paid	**(17)**	(17)
Dividends received	**29**	27
Income tax paid	**(8 719)**	(10 471)
Net cash inflows from operating activities	**92 724**	63 053
Cash flows from investing activities		
Additions to property, plant, equipment and investment property	**(16 115)**	(18 538)
Additions to intangible assets	**(1 379)**	(1 194)
Proceeds from disposal of property, plant, equipment and investment property	**10**	502
Loan advanced	**(825)**	(126 851)
Investment in associate	**–**	(2 516)
Net cash outflows from investing activities	**(18 309)**	(148 597)
Cash flows from financing activities		
Loan received	**–**	72 000
Lease liabilities repaid	**(57 495)**	–
Net cash outflows from financing activities	**(57 495)**	72 000
Net increase/(decrease) in cash and cash equivalents	**16 920**	(13 544)
Cash and cash equivalents at the beginning of the year	**55 490**	69 034
Cash and cash equivalents at the end of the year	**72 410**	55 490

Segmental Analysis

for the year ended 30 June 2020

	2020 R'000	2019 R'000
Revenue		
Retail	**583 272**	685 756
Turnover – External	**578 746**	678 873
Finance income – External	**1 671**	1 193
Management fee income – Inter-segment	**2 845**	5 443
Profit on sale of assets – External	**10**	247
Property	**25 196**	22 813
Rental income – External	**19 337**	16 786
Rental income – Inter-segment	**5 708**	5 828
Finance income – External	**151**	199
Water infrastructure	**23 175**	9 469
Finance income – External	**20 134**	9 469
Management fee income – External	**3 041**	–
Group services	**16 641**	9 238
Finance income – External	**975**	1 400
Finance income – Inter-segment	**8 713**	5 698
Dividends received – External	**29**	27
Dividends received – Inter-segment	**3 000**	–
Management fee income – External	**150**	–
Management fee income – Inter-segment	**3 774**	1 933
Profit on sale of assets – External	**–**	180
Inter-segment eliminations	**(24 040)**	(18 902)
Total group revenue	**624 244**	708 374
Segment operating (loss)/profit		
Retail	**(82 810)**	32 566
Property	**14 204**	9 553
Water infrastructure	**(150)**	(10 484)
Group services	**(5 881)**	(6 656)
Total group operating (loss)/profit	**(74 637)**	24 979
Segment net (loss)/profit after tax		
Retail	**(86 686)**	22 780
Property	**10 334**	7 022
Water infrastructure	**(1 799)**	7 118
Group services	**3 128**	(1 433)
Total group net (loss)/profit after tax	**(75 023)**	35 487
Depreciation and amortisation		
Retail	**97 296**	19 504
Property	**3 194**	3 768
Total group depreciation and amortisation	**100 490**	23 272
Impairment		
Retail	**77 439**	–
Total group impairment	**77 439**	–

	2020 R'000	2019 R'000
Segment assets		
Retail	**511 868**	246 679
Property	**71 537**	74 243
Water infrastructure	**169 142**	153 094
Group services	**32 533**	12 271
Total group assets	**785 080**	486 287
Segment liabilities		
Retail	**427 741**	73 705
Property	**20 952**	12 777
Water infrastructure	**82 237**	75 383
Group services	**451**	3 538
Total group liabilities	**531 381**	165 403
Capital expenditure		
Retail	**17 102**	18 299
Property	**392**	1 433
Total group capital expenditure	**17 494**	19 732
Geographical segments		
Revenue		
South Africa	**619 282**	702 500
Namibia	**12 981**	15 286
Inter-segment eliminations	**(8 019)**	(9 412)
Total group revenue	**624 244**	708 374
Segment assets		
South Africa	**781 898**	482 111
Namibia	**3 182**	4 176
Total group assets	**785 080**	486 287
Segment liabilities		
South Africa	**527 888**	164 240
Namibia	**3 493**	1 163
Total group liabilities	**531 381**	165 403

Adoption of IFRS 16 Leases

for the year ended 30 June 2020

IFRS 16 Leases

IFRS 16 Leases ("IFRS 16") is effective for the group from 1 July 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases ("IAS 17"), and requires lessees to recognise right-of-use assets and lease liabilities on the statement of financial position for all leases, except short-term and low value asset leases.

Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liabilities, plus any initial direct costs incurred, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis over the lease term. The group determined the lease term as any non-cancellable period of a lease together with reasonably certain termination or extension option periods. Right-of-use assets are tested for impairment when there are any indicators of impairment and are periodically reduced by impairment losses, if required.

Lease liabilities are initially measured at the present value of future lease payments discounted using the group's incremental borrowing rate taking into account future basic lease payments. Incremental borrowing rates are based on the prime lending rate and a credit risk adjustment.

Lease liabilities are subsequently measured at amortised cost using the effective interest method, and reduced by future lease payments net of interest charged. It is remeasured, with a corresponding adjustment to right-of-use assets, when there is a change in future lease payments resulting from a rent review, change in relevant index or rate, such as inflation, or change in the group's assessment of whether it is reasonably certain to exercise a renewal or termination option.

The remeasurement results in a corresponding adjustment to the carrying amount of right-of-use assets, with the difference recorded in profit or loss if the carrying amount of right-of-use assets has been reduced to zero.

Variable lease payments that do not depend on an index or rate are not included in the measurement of right-of-use assets and lease liabilities. These related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur.

The group has adopted IFRS 16 using the modified retrospective approach. The adopted approach resulted in no change to opening equity. At the date of initial application, the group elected to use the practical expedient provided by IFRS 16, which allows the group to apply IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease. In addition, the group has elected to apply the following practical expedients provided by IFRS 16:

- Management has followed the portfolio approach and categorised leases in three portfolios, being metro, town and township in determining the discount rate to be used;
- Excluded initial direct costs from measuring right-of-use assets at the transition date;
- Renewal and termination options that existed at 1 July 2019 were taken into account in determining the lease term; and
- The group also elected to apply the short-term lease expedients.

When measuring lease liabilities on transition to IFRS 16, the group discounted its lease payments using the following rates:

- Metro – prime
- Town – prime + 0.5%
- Township – prime + 1%

At transition date, the adoption of IFRS 16 for the group resulted in the recognition of right-of-use assets to the value of R310 766 105 and lease liabilities of R333 304 525. This, together with the derecognition of accrued operating lease liabilities of R18 513 035, the derecognition of an onerous lease provision of R2 560 468 and the derecognition of deferred income related to landlord contributions of R1 464 917, resulted in no adjustment to retained income on transition date.

An amendment to IFRS 16 Leases was issued on 28 May 2020 which exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The group has elected to apply this expedient in the current financial year.

The amendment is effective 1 June 2020, with early adoption applicable and thus lessees can apply the amendment immediately in any financial statements not yet authorised for issue. The group has early adopted this amendment in the current financial year. This has resulted in any rent concessions received as a direct result of Covid-19 not being treated as lease modifications but rather as a credit to the income statement where it meets criteria per paragraph 46B of IFRS 16. The amount credited to the income statement amounted to R1 530 236.

Comparative information has not been restated and has been reported under IAS 17. To provide a more meaningful comparison of the current period's financial performance with the prior period, the current period has been adjusted to illustrate the impact should IFRS 16 not have been applied.

Pro Forma Summarised Consolidated Statement of Comprehensive Income

for the year ended 30 June 2020

	% Change (like-for-like)	**Results under IFRS 16 2020 (Audited) R'000**	Adjustments 2020 (Unaudited) R'000	**Pro forma under IAS 17 2020 (Unaudited) R'000**	2019 (Audited) R'000
Revenue		**624 244**	–	**624 244**	708 374
Turnover		**578 746**	–	**578 746**	678 873
Cost of sales		**(302 349)**	–	**(302 349)**	(321 767)
Gross profit		**276 397**	–	**276 397**	357 106
Other income		**22 538**	–	**22 538**	17 213
Other operating costs		**(373 572)**	(17 678)	**(391 250)**	(349 340)
Operating (loss)/profit		**(74 637)**	(17 678)	**(92 315)**	24 979
Dividend income		**29**	–	**29**	27
Finance income		**22 931**	–	**22 931**	12 261
Finance costs		**(45 056)**	35 617	**(9 439)**	(3 266)
Share of (loss)/profit of associate, including gain on bargain purchase		**(4 473)**	–	**(4 473)**	30 901
Dilution loss on investment in associate		**–**	–	**–**	(14 811)
(Loss)/profit before tax		**(101 206)**	17 939	**(83 267)**	50 091
Income tax		**26 183**	(4 991)	**21 192**	(14 604)
(Loss)/profit for the year		**(75 023)**	12 948	**(62 075)**	35 487
Other comprehensive income:					
Items that are or may be subsequently reclassified to profit or loss					
Fair value adjustment on assets held at fair value through other comprehensive income		**45**	–	**45**	(57)
Other comprehensive income for the year, net of taxation		**45**	–	**45**	(57)
Total comprehensive income for the year		**(74 978)**	12 948	**(62 030)**	35 430
(Loss)/profit attributable to:					
Ordinary and "N" ordinary shareholders of the parent		**(74 177)**	12 948	**(61 229)**	42 568
Preference shareholders		**17**	–	**17**	17
(Loss)/profit attributable to equity holders of the parent		**(74 160)**	12 948	**(61 212)**	42 585
Non-controlling interest		**(863)**	–	**(863)**	(7 098)
(Loss)/profit for the year		**(75 023)**	12 948	**(62 075)**	35 487
Total comprehensive income attributable to:					
Ordinary and "N" ordinary shareholders of the parent		**(74 132)**	12 948	**(61 184)**	42 511
Preference shareholders		**17**	–	**17**	17
(Loss)/profit attributable to equity holders of the parent		**(74 115)**	12 948	**(61 167)**	42 528
Non-controlling interest		**(863)**	–	**(863)**	(7 098)
Total comprehensive income for the year		**(74 978)**	12 948	**(62 030)**	35 430

Adoption of IFRS 16 Leases (continued)

for the year ended 30 June 2020

	% Change (like-for-like)	Results under IFRS 16 2020 (Audited) R'000	Adjustments 2020 (Unaudited) R'000	Pro forma under IAS 17 2020 (Unaudited) R'000	2019 (Audited) R'000
Reconciliation of headline earnings					
(Loss)/profit attributable to Ordinary and "N" ordinary shareholders		**(74 177)**	12 948	**(61 229)**	42 568
Adjusted for:					
(Profit)/loss from disposal of property, plant and equipment, net of taxation		**(7)**	–	**(7)**	(313)
Impairment on right-of-use asset		**56 304**	(56 304)	**–**	–
Dilution loss on investment in associate		**–**	–	**–**	14 811
Gain from bargain purchase of investment in associate		**–**	–	**–**	(10 484)
Non-headline earnings items included in earnings from associate					
Gain from bargain purchase of investment		**–**	–	**–**	(31 507)
(Profit)/loss from disposal of property, plant and equipment, net of taxation		**(1)**	–	**(1)**	2
Headline (loss)/earnings		**(17 881)**	(43 356)	**(61 237)**	15 077
Basic (loss)/earnings per ordinary share (cents)	(242.9)	**(357.4)**		**(295.0)**	206.4
Headline (loss)/earnings per ordinary share (cents)	(503.7)	**(86.2)**		**(295.1)**	73.1
Diluted (loss)/earnings per ordinary share (cents)	(241.9)	**(354.9)**		**(292.9)**	206.4
Diluted headline (loss)/earnings per ordinary share (cents)	(500.8)	**(85.6)**		**(293.0)**	73.1
Weighted average number of equity shares on which earnings per share is based (000's)		**20 754**		**20 754**	20 623
Weighted average number of equity shares on which diluted earnings per share is based (000's)		**20 902**		**20 902**	20 627
KEY RATIOS					
Gross profit margin (%)		**47.8**		**47.8**	52.6
Retail operating costs to turnover (%)		**62.6**		**65.6**	48.6
Other operating costs to revenue (%)		**59.8**		**62.7**	49.3
Operating profit margin (%)		**(12.9)**		**(16.0)**	3.7
Retail segment operating profit margin (%)		**(14.3)**		**(17.4)**	4.8
Net profit after tax margin (%)		**(13.0)**		**(10.7)**	5.2

Pro Forma Summarised Consolidated Statement of Financial Position

as at 30 June 2020

		Results under IFRS 16 2020 (Audited) R'000	Adjustments 2020 (Unaudited) R'000	Pro forma under IAS 17 2020 (Unaudited) R'000	2019 (Audited) R'000
ASSETS					
Right-of-use asset		**235 488**	(235 488)	**–**	–
Deferred tax asset		**35 596**	(4 991)	**30 605**	3 386
Total assets		**785 080**	(240 479)	**544 601**	486 287
EQUITY AND LIABILITIES					
Capital and reserves		**253 699**	12 948	**266 647**	320 884
Retained earnings		**203 774**	12 948	**216 722**	275 192
Non-current liabilities		**378 620**	(230 384)	**148 236**	97 787
Lease liability		**291 124**	(291 124)	**–**	–
Provisions		**–**	50 674	**50 674**	–
Accrued operating lease liability		**–**	10 066	**10 066**	13 444
Current liabilities		**152 761**	(23 043)	**129 718**	67 616
Lease liability		**60 868**	(60 868)	**–**	–
Provisions		**1 252**	26 765	**28 017**	8 761
Trade and other payables		**83 216**	2 778	**85 994**	52 798
Accrued operating lease liability		**–**	8 282	**8 282**	5 070
Total equity and liabilities		**785 080**	(240 479)	**544 601**	486 287
OTHER INFORMATION AND KEY RATIOS					
Return on equity	(%)	**(26.7)**		**(21.5)**	14.6
Return on capital	(%)	**(19.5)**		**(25.1)**	18.0
Return on assets	(%)	**(8.8)**		**(14.3)**	12.0
Inventory turn	(times)	**2.8**		**2.8**	3.3
Asset turn	(times)	**0.9**		**1.1**	1.6
Net asset value per share	(R)	**11.70**		**12.39**	15.06

Pro Forma Retail Segment Report

for the year ended 30 June 2020

	% Change (like-for-like)	Results under IFRS 16 2020 (Audited) R'000	Adjustments 2020 (Unaudited) R'000	Pro forma under IAS 17 2020 (Unaudited) R'000	2019 (Audited) R'000
Segment operating (loss)/profit	(408.6)	**(82 810)**	(17 678)	**(100 488)**	32 566
Segment net (loss)/profit after tax	(423.7)	**(86 686)**	12 948	**(73 738)**	22 780
Depreciation and amortisation	17.1	**97 296**	(74 456)	**22 840**	19 504
Segment assets	10.0	**511 868**	(240 479)	**271 389**	246 679
Segment liabilities	136.5	**427 741**	(253 427)	**174 314**	73 705

Unaudited Shareholder Information

Analysis of shareholders at at 30 June 2020

	ORDINARY		"N" ORDINARY		PREFERENCE	
	Number of shareholders	%	Number of shareholders	%	Number of shareholders	%
Public shareholders	158	97.0	200	94.8	17	80.8
Companies and close corporations	13	8.0	12	5.7	1	4.8
Individuals	132	81.0	170	80.6	13	61.8
Insurance companies, nominees and trusts	12	7.4	18	8.5	3	14.2
Mutual funds and pension funds	1	0.6	–	–	–	–
Non-public shareholders	5	3.0	11	5.2	4	19.2
African and Overseas Enterprises Limited	1	0.6	1	0.4	1	4.8
Rex Trueform Share Trust	–	–	2	1.0	–	–
Geomer Investments Proprietary Limited[1]	1	0.6	1	0.4	–	–
Ceejay Trust[2]	1	0.6	2	1.0	–	–
Gingko Investments 2 Proprietary Limited[2]	2	1.2	2	1.0	–	–
Old Sillery Proprietary Limited	–	–	–	–	1	4.8
MacDonald, AP	–	–	–	–	1	4.8
Lombard, L	–	–	–	–	1	4.8
Directors and employees[3]	–	–	3	1.4	–	–
	163	**100.0**	**211**	**100.0**	**21**	**100.0**

	Number of shares	%	Number of shares	%	Number of shares	%
Public shareholders	291 886	10.0	2 552 271	14.2	16 813	12.0
Companies and close corporations	195 670	6.7	1 601 467	8.9	100	0.1
Individuals	86 689	3.0	488 750	2.7	15 288	10.9
Insurance companies, nominees and trusts	9 427	0.3	462 054	2.6	1 425	1.0
Mutual funds and pension funds	100	–	–	–	–	–
Non-public shareholders	2 613 919	90.0	15 375 373	85.8	123 187	88.0
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.4	825	0.6
Rex Trueform Share Trust	–	–	20 291	0.1	–	–
Geomer Investments Proprietary Limited[1]	174 944	6.0	2 039 803	11.4	–	–
Ceejay Trust[2]	254 463	8.8	3 095 343	17.3	–	–
Gingko Investments 2 Proprietary Limited[2]	74 343	2.6	837 412	4.7	–	–
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
MacDonald, AP	–	–	–	–	47 317	33.8
Lombard, L	–	–	–	–	47 260	33.8
Directors and employees[3]	–	–	169 959	0.9	–	–
	2 905 805	**100.0**	**17 927 644**	**100.0**	**140 000**	**100.0**

Shareholders holding in excess of 5% of share capital	ORDINARY Number of shares	%	"N" ORDINARY Number of shares	%	PREFERENCE Number of shares	%
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.4	825	0.6
Ceejay Trust[2]	254 463	8.8	3 095 343	17.3	–	–
Geomer Investments Proprietary Limited[1]	174 944	6.0	2 039 803	11.4	–	–
Traclo Proprietary Limited	179 467	6.2	1 466 000	8.2	–	–
Gingko Investments 2 Proprietary Limited[2]	74 343	2.6	837 412	4.7	–	–
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
MacDonald, AP	–	–	–	–	47 317	33.8
Lombard, L	–	–	–	–	47 260	33.8
	2 793 386	**96.2**	**16 651 123**	**93.0**	**123 187**	**88.0**

[1] An associate of MA Golding.

[2] An associate of HB Roberts.

[3] Held by WD Nel, CL Lloyd and D Franklin.

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-third annual general meeting of shareholders of Rex Trueform (the "annual general meeting") will be held entirely via a remote interactive platform, Microsoft Teams, on Friday, 22 January 2021 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, 11 December 2020 and (ii) to participate in and vote at the annual general meeting, is Friday, 15 January 2021 in terms of section 62(3)(a) as read with section 59 of the Companies Act, No. 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 2020, together with the reports of the directors, audit committee and the auditors contained therein and made available for inspection by shareholders with effect from 29 October 2020 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 LK Sebatane; and

2.3 MA Golding."

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, LK Sebatane and MA Golding. The committee 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: 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:

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

3.2 HB Roberts, and

3.3 LK Sebatane subject to the passing of resolution 2.2 above."

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

Ordinary resolution number 4: Appointment of auditors

"Resolved to appoint PWC Inc., together with R Jacobs as the designated registered auditor, as the auditors of the company for the 2021 financial year."

The audit committee has evaluated the suitability, performance and independence of PWC Inc. and Mr. R Jacobs for 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 5: 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 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 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 6: 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 7: 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 8: 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 9: 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 4, 6 and 7 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 5 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 8 and 9, 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 82; and
- Share capital of the company – see pages 40 and 82.

(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 8 and 9 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 2020 to 30 June 2022 or until renewal, whichever is the earliest, details of which are as follows:

	R
Chairman of the board	385 000
Lead independent director	176 000
Director	154 000
Chairman of the audit committee	46 200
Member of the audit committee	35 200
Chairman of the social and ethics committee	35 200
Member of the social and ethics committee	28 600
Member of the risk committee	46 200
Chairman 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 2020 to 30 June 2022 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 6 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."

Notice of Annual General Meeting

(continued)

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.

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, 15 January 2020.

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.

Voting will be via a poll; every shareholder of the company shall have one vote for every share held in the company by such shareholder. 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.

The electronic platform (Microsoft Teams) to be utilised to host the annual general meeting does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the annual general meeting, by completing the Form of Proxy (attached) and lodging this form with the company's transfer secretaries by no later than 10:00 on Wednesday, 20 January 2020 by:

- Delivery to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank; or
- Email to proxy@computershare.co.za.

Any forms of proxy not submitted by this time can still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the annual general meeting.

Shareholders who indicate in the Electronic Participation Application Form (attached) that they wish to vote during the electronic meeting, will be contacted by the company's transfer secretaries to make the necessary arrangements.

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 together with a completed Electronic Participation Application Form may be deposited, 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.

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. The letter of representation will need to be submitted together with the completed Electronic Participation Application Form to the company's transfer secretaries and to the company in the manner and within the timeframe described above under the section titled "Electronic participation."

Electronic participation

The company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication as does section 63(2)(a) of the Companies Act. In light of the measures put in place by the South African government in response to the Covid-19 pandemic, the Board has decided that the annual general meeting will only be accessible through a remote interactive electronic platform as detailed below.

Shareholders or their duly appointed proxies who wish to participate in the annual general meeting are required to complete the Electronic Participation Application Form available immediately after the proxy form (attached) and email same to the company's transfer secretaries at proxy@computershare.co.za and to the company secretary at legal@ rextrueform.com, or by fax to be faxed to +27 21 460 9575, as soon as possible, but in any event by no later than 10:00 on Wednesday, 20 January 2020 for the attention of the company secretary, together with 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.

Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the annual general meeting.

Upon receiving a completed Electronic Participation Application Form, the company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the annual general meeting. The company's transfer secretaries will provide the company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the company to forward them a Microsoft Teams meeting invitation required to access the annual general meeting.

Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the annual general meeting are requested by no later than 09:55 on Friday, 22 January 2021 to join the lobby of the meeting by clicking on the "Join Microsoft Teams Meeting" link to be provided by the company secretary or by the secretarial office, whose admission to the meeting will be controlled by the company secretary/ secretarial office.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the annual general meeting. Any such charges will not be for the account of the company's transfer secretaries or the company who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and /or voting at the Annual General Meeting.

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

A Mushabe
Company Secretary
22 December 2020

Registered office:
Rex Trueform Office Park
263 Victoria Road
Salt River, Cape Town, 7925
PO Box 1856, Cape Town, 8000
Fax: 021 460 9575
Phone: 021 460 9551
Email: legal@rextrueform.com

Transfer secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
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 (75) 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. LK Sebatane (40) 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.

1.3. MA Golding (60) BA (Hons)

Marcel Golding is the past deputy general secretary of the National Union of Mineworkers, served as the founding chairman of the Mineworkers Investment Company and was a member of Parliament from 1994 to 1997. Marcel is an experienced company director and has held various executive and non-executive directorships, including co-founding and serving as the chairman of Hosken Consolidated Investments Limited from 1997 until 2014 and as the chief executive officer of e.tv Proprietary Limited from 1999 until 2014. Marcel presently runs a privately held family investment holding company, Geomer Investments. Marcel has served as a non-executive director of the company since September 2016, as the chairman of its board since September 2017, is chairman of the company's nomination committee and is a member of the company's social and ethics and remuneration committees. He also serves as the chief executive officer the company's holding company, African and Overseas Enterprises.

2. Abridged curricula vitae of directors standing for election as members of the audit committee

2.1. PM Naylor (75) BSc (Eng)

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

2.2. HB Roberts (59) BCom, BSc, FIA, 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.

2.3. LK Sebatane (40) BCom (Law), LLB

Please note the abridged curriculum vitae contained in section 1.2. above in this regard.

Shareholders' Calendar

Reporting

Financial year-end	30 June
Integrated annual report 2020	22 December 2020
Annual general meeting	22 January 2021
Interim results (December 2020)	March 2021
Final results (June 2021)	September 2021
Integrated annual report 2021	October 2021
Annual general meeting	November 2021

Dividends

6% cumulative preference shares	
• Declared	Half year ended December 2020 – December 2020
	Half year to June 2021 – June 2021
• Payable	Half year ended December 2020 – January 2021
	Half year to June 2021 – July 2021

Corporate Information

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 group" or "the company")

Listed on the JSE Limited under the sector Consumer Services – Retail – General Retailers – Apparel Retailers

Registered office

Rex Trueform Office Park
263 Victoria Road
Salt River, Cape Town, 7925
(PO Box 1856, Cape Town, 8000)
Tel: 021 460 9400
Fax: 021 460 9575
Email: legal@rextrueform.com

Company secretary

AR Mushabe
263 Victoria Road
Salt River, Cape Town, 7925
(PO Box 1856, Cape Town, 8000)

Website addresses

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

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)
Tel: 011 370 5000
Fax: 011 688 5248

Sponsors

Java Capital
6th Floor, 1 Park Lane, Wierda Valley
Sandton, Johannesburg, 2196
(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

Form of Proxy

REX TRUEFORM
GROUP LIMITED

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-third annual general meeting of the company to be held electronically via a remote interactive platform, Microsoft Teams, on Friday, 22 January 2021 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 LK Sebatane						
Ordinary resolution 2.3 – Re-election of MA Golding						
Ordinary resolution 3 – Election of audit committee members						
Ordinary resolution 3.1 – Election of PM Naylor						
Ordinary resolution 3.2 – Election of HB Roberts						
Ordinary resolution 3.3 – Election of LK Sebatane						
Ordinary resolution 4 – Appointment of auditors						
Ordinary resolution 5 – General authority to issue equity shares for cash						
Ordinary resolution 6 – Control over unissued shares						
Ordinary resolution 7 – Signature of documents						
Ordinary resolution 8 – Non-binding advisory vote on remuneration policy						
Ordinary resolution 9 – 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						

*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) ______________ 20.

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 provide them with the necessary form 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 company's transfer secretaries at the address given below or via email to proxy@computershare.co.za. For administrative purposes, we request that all proxy forms are received 24 (twenty-four) hours before the meeting, excluding Saturdays, Sundays and public holidays. Any forms of proxy not lodged by this time may still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting

Registered office:
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PO Box 1856, Cape Town, 8000
Fax: 021 460 9575
E-mail: legal@rextrueform.com

Transfer secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
Fax: 011 688 5248
E-mail: proxy@computershare.co.za

BRANDESIGN

Application Form for Electronic Participation at the 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")

Annual general meeting ("AGM") – 22 January 2021

Capitalised terms which are not defined herein shall bear the meanings assigned in the Notice of Annual General Meeting (the "AGM Notice") to which this form is attached and forms part.

Instructions

Shareholders or their proxies, have the right, as provided for in the company's Memorandum of Incorporation and the Companies Act, to participate in the AGM by way of electronic communication. Shareholders or their duly appointed proxies who wish to participate in the AGM must complete this application form and email it (together with the relevant supporting documents referred to below) to the company's transfer secretaries at proxy@computershare.co.za and to the company at legal@rextrueform.com as soon as possible, but in any event by no later than 10:00 on Wednesday, 20 January 2021.

Upon receiving a completed Electronic Participation Application Form, the company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. The company's transfer secretaries will provide the company with the email address of each verified shareholder or their duly appointed proxy (each, "a Participant") to enable the company to forward to the Participant a Microsoft Teams meeting invitation required to access the AGM.

The Company will send each Participant a Microsoft Teams meeting invitation with a link to "Join the Microsoft Teams Meeting" on 22 January 2021 to enable Participants to link up and participate electronically in the AGM. This link will be sent to the email address nominated by the Participant in the space provided overleaf.

Please note

The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the form of proxy (attached) and lodging the completed proxy form together with this Electronic Participation Application Form with the company's transfer secretaries or with the company.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the company's transfer secretaries or the company, who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Participant from participating in and /or voting at the AGM.

By signing this application form, the Participant indemnifies and holds the company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the AGM or any interruption in the ability of the Participant to participate in the AGM via electronic communication, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else, including without limitation the company and its employees.

Information required for participation by electronic communication at the AGM

Full name of shareholder:
Identity or registration number of shareholder:
Full name of authorised representative (if applicable):
Identity number of authorised representative:
Email address:

Note: This email address will be used by the company to share the Microsoft Teams meeting invitation required to access the AGM electronically.

Cell phone number:
Telephone number, including dialling codes:

Note: The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the proxy form (attached).

Indicate (by marking with an "X") whether:

☐	Votes will be submitted by proxy (in which case, please enclose the duly completed proxy form with this form); or
☐	The Participant wishes to exercise votes during the AGM. If this option is selected, either the company's transfer secretaries or the company will contact you to make the necessary arrangements.

By signing this application form, I consent to the processing of my personal information above for the purpose of participating in the company's AGM.

Signed at: ______________________________ on ________________ 20 _____

Signed: ____

Documents required to be attached to this application form

1. In order to exercise their voting rights at the AGM, shareholders who choose to participate electronically may appoint a proxy, which proxy may participate in the AGM, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form, and as envisaged in the notice of the AGM, a copy of which proxy form follows Annexure A of the AGM Notice.
2. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the AGM, must be attached to this application.
3. A certified copy of the valid identity document/passport of the person attending the AGM by electronic participation, including any person acting in a representative capacity, must be attached to this application.
4. Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The company may in its sole discretion accept any incomplete application forms.