

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this entire document, including the cover page, except where the context indicates a contrary intention.

### Action required by Certificated and Dematerialised Shareholders

This document should be read in its entirety with particular attention to the section entitled "Action Required by Shareholders in relation to the Scheme", which commences on page 13 of this Circular. Torre Shareholders are referred to page 13 of this Circular, which contains full details of the action required of them in regard to this Circular.

If you are in any doubt as to what action you should take, please consult your Broker, banker, legal adviser, CSDP or other professional adviser immediately. If you have disposed of all your Torre Shares on or before Friday, 14 December 2018, this Circular should be handed to the purchaser of such Torre Shares or to the Broker, banker, CSDP or other agent through whom the disposal was effected.

**Torre and the Offeror do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of any CSDP or Broker of a Dematerialised Shareholder to notify such Shareholder of, *inter alia*, the General Meeting or any business to be concluded thereat and the Transaction as set out in this Circular.**



**Torre Industries Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2012/144604/06)  
Share code: TOR  
ISIN: ZAE000188629  
(**"Torre"** or **"the Company"**)



**Main Street 1641 Proprietary Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2018/420756/07)  
(**"Consortium"** or **"Offeror"**)

## COMBINED OFFER CIRCULAR TO SHAREHOLDERS

### regarding:

- the Scheme proposed by the Board on the recommendation of the Independent Board between Torre and the Shareholders in terms of section 114 of the Companies Act, read with section 115 of the Companies Act, pursuant to which the Offeror will acquire the Scheme Shares from Scheme Participants for the Scheme Consideration; and
- subsequent to the Scheme becoming operative, the termination of the listing of all Torre Shares from the Main Board of the JSE, subject to the implementation of the Scheme, with effect from the Business Day immediately following the Operative Date;

### and enclosing:

- a report prepared by the Independent Expert on the Scheme in terms of sections 114(2) and 114(3) of the Companies Act and Regulation 90 of the Takeover Regulations;
- extracts of section 115 of the Companies Act dealing with the approval requirements for fundamental transactions and section 164 of the Companies Act dealing with Dissenting Shareholders' appraisal rights;
- the Notice convening the General Meeting;
- a **Form of Proxy (white) (for use by Certificated Shareholders and Own-Name Dematerialised Shareholders only)**; and
- a **Form of Surrender (pink) (for use by Scheme Participants holding Certificated Shares only)**.

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**Corporate Advisor to the Consortium**



ADVISORY • INVESTING • LENDING

**Transaction Sponsor to Torre**



**Legal Advisor to EMMF**

**WEBBER WENTZEL**

in alliance with > **Linklaters**

**Independent Expert to the Independent Board**



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**Date of issue: Friday, 21 December 2018**

*This Circular is available in English only. A copy hereof may be obtained during normal business hours from the registered office of Torre and the office of the Transfer Secretaries, the addresses of which appear in the "Torre Corporate Information and Advisors" section on page 2 of this Circular, from Friday, 21 December 2018 until Thursday, 17 January 2019, both dates inclusive. An electronic version of this Circular is also available on Torre's website ([www.torreindustries.com/circulars/](http://www.torreindustries.com/circulars/)).*

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## IMPORTANT LEGAL NOTICES

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### **FOREIGN SHAREHOLDERS**

*This Circular has been prepared for the purposes of complying with the Listings Requirements, the Companies Act and the Companies Regulations and is published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.*

*This Circular is not intended to and does not constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Circular does not constitute a prospectus or a prospectus-equivalent document. Shareholders are advised to read this Circular, which contains the full terms and conditions of the Scheme, with care.*

*Any decision to approve the Scheme or other response to the proposals should be made only on the basis of the information in this Circular.*

### **FORWARD-LOOKING STATEMENTS**

This Circular contains statements about Torre that are, or may be, forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, expansion prospects or future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Torre cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Torre operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions regarding Torre, as made by Torre, and although Torre believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Torre or not currently considered material by Torre.

Torre Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Torre not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Torre has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Any forward-looking statement has not been reviewed nor reported on by the external auditors.

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## TORRE CORPORATE INFORMATION AND ADVISERS

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### Company Secretary

Sean Graham

### Torre registration number and registered office

Registration number 2012/144604/06  
11 Avalon Road, West Lake View Ext 11  
Modderfontein, 1609  
(PO Box 856, Isando, 1600)

### Place and date of incorporation

Incorporated in South Africa on 13 August 2012

### Transaction Sponsor

Questco Proprietary Limited  
(Registration number 2002/005616/07)  
1st Floor, Yellowwood House  
Ballywoods Office Park  
33 Ballyclare Drive  
Bryanston, 2196

### Independent Expert

BDO Corporate Finance Proprietary Limited  
(Registration number 1983/002903/07)  
22 Wellington Road  
Parktown, 2195  
(Private Bag X60500, Houghton, 2041)

### Directors

CS Seabrooke (Chairman)\*#  
JW Hillary (Chief Executive Officer)  
S Mansingh (Chief Financial Officer)  
MM Ngoasheng\*#  
PJ van Zyl\*  
LE Mthimunye (Lead Independent Director)\*  
SM Ziphethe-Makola\*  
N Khaole\*^  
PJ Bishop\*^

\*Non-executive #Independent ^Alternate

### Transfer Secretaries

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor  
19 Ameshoff Street  
Braamfontein, 2001  
(PO Box 4844, Johannesburg, 2000)

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## OFFEROR CORPORATE INFORMATION AND ADVISERS

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### **Company Secretary**

Apex Partners Proprietary Limited

### **Consortium registration number and registered office**

Registration number 2018/420756/07  
90 Rivonia Road, Sandton  
Gauteng, 2196  
(PO Box 61771, Marshalltown, 2107)

### **Place and date of incorporation**

Incorporated in South Africa on 31 July 2018

### **Corporate Advisor to the Consortium**

Apex Partners Proprietary Limited  
(Registration number 2011/002794/07)  
230 Jan Smuts Avenue, Dunkeld  
Johannesburg, 2193  
(PO Box Suite #66, Private Bag X9976, Sandton, 2146)

### **Directors**

Charles Edward Pettit  
Paula Eva Mokwena  
Tebatso Morudi Edward Pitsi  
Julie Margaretha Emiel Gehle

### **Legal Advisor to EMMF**

Webber Wentzel  
90 Rivonia Road, Sandton  
Johannesburg, 2196  
(PO Box 61771, Marshalltown, Johannesburg, 2107)

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 7 of this Circular shall apply, *mutatis mutandis*, to this section.

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Action	2018
Record date for Shareholders to be recorded in the Register in order to be entitled to receive the Circular ( <b>Record Date</b> )	<b>Friday, 14 December</b>
Posting of the Circular to Shareholders and notice convening General Meeting released on SENS	<b>Friday, 21 December</b>
Notice convening General Meeting published in the South African press	<b>Monday, 24 December</b>

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	2019
Last day to trade in Shares in order to be recorded in the Register on the Voting Record Date ( <b>Voting Last Day to Trade</b> )	<b>Tuesday, 15 January</b>
<b>Voting Record Date</b> for Shareholders to be recorded in the Register in order to be eligible to vote at the General Meeting	<b>Friday, 18 January</b>
Forms of Proxy to be received by the Transfer Secretaries preferably by 16:00	<b>Tuesday, 22 January</b>
Last date and time for Shareholders to give notice to Torre objecting to the General Meeting in terms of section 164 of the Companies Act by 16:00	<b>Thursday, 24 January</b>
<b>General Meeting at 16:00</b>	<b>Thursday, 24 January</b>
Results of General Meeting released on SENS	<b>Friday, 25 January</b>
Results of General Meeting published in the South African press	<b>Monday, 28 January</b>

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- *If the Scheme is approved by Torre Shareholders at the General Meeting with sufficient voting rights such that no Shareholder may require the Company to obtain Court approval for the Scheme as contemplated in section 115(3)(a) of the Companies Act:*

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Action	2019
Last day for Shareholders who voted against the Scheme to require the Offeror to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Shareholders at the General Meeting were exercised against the Scheme	<b>Thursday, 31 January</b>
Last day for the Offeror to send notice of adoption of the special resolution to Dissenting Shareholders, in accordance with section 164(4) of the Companies Act	<b>Thursday, 7 February</b>
Last day for a Shareholder who voted against the Scheme to apply to Court for leave to apply to Court for a review of the Scheme in terms of section 115(3)(b) of the Companies Act	<b>Thursday, 7 February</b>

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- *The following dates assume that no Shareholders exercise their rights in terms of section 115(3)(b) of the Companies Act is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:*

<b>Action</b>	<b>2019</b>
Finalisation announcement expected to be released on SENS	<b>Tuesday, 12 February</b>
Finalisation announcement expected to be published in the South African press	<b>Wednesday, 13 February</b>
Expected last day to trade in Shares in order to be recorded in the Register on the Record Date ( <b>Scheme Last Day to Trade</b> )	<b>Tuesday, 19 February</b>
Expected date of suspension of listing of Shares on the JSE	<b>Wednesday, 20 February</b>
Expected <b>Scheme Record Date</b> on which Shareholders must be recorded in the Register to receive the Scheme Consideration	<b>Friday, 22 February</b>
Expected <b>Operative Date</b> of the Scheme	<b>Monday, 25 February</b>
Scheme Consideration will be sent by EFT or by cheque to Certificated Shareholders who have lodged their Form of Surrender ( <i>pink</i> ) with the Transfer Secretaries on or prior to 12:00 on the Record Date on or about	<b>Monday, 25 February</b>
Dematerialised Scheme Participants expected to have their accounts with their CSDP or Broker credited with the Scheme Consideration on or about	<b>Monday, 25 February</b>
Expected termination of listing of Shares at commencement of trade on the JSE	<b>Tuesday, 26 February</b>

- *The following dates assume that Dissenting Shareholders' appraisal rights are validly exercised and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:*

<b>Action</b>	<b>2019</b>
Finalisation announcement expected to be released on SENS	<b>Tuesday, 5 March</b>
Finalisation announcement expected to be published in the South African press	<b>Wednesday, 6 March</b>
Expected last day to trade in Shares in order to be recorded in the Register on the Record Date ( <b>Scheme Last Day to Trade</b> )	<b>Tuesday, 12 March</b>
Expected date of suspension of listing of Shares on the JSE	<b>Wednesday, 13 March</b>
Expected <b>Scheme Record Date</b> on which Shareholders must be recorded in the Register to receive the Scheme Consideration	<b>Friday, 15 March</b>
Expected <b>Operative Date</b> of the Scheme	<b>Monday, 18 March</b>
Scheme Consideration will be sent by EFT or by cheque to Certificated Shareholders who have lodged their Form of Surrender ( <i>pink</i> ) with the Transfer Secretaries on or prior to 12:00 on the Record Date on or about	<b>Monday, 18 March</b>
Dematerialised Scheme Participants expected to have their accounts with their CSDP or Broker credited with the Scheme Consideration on or about	<b>Monday, 18 March</b>
Expected termination of listing of Shares at commencement of trade on the JSE	<b>Tuesday, 19 March</b>

#### **Notes**

1. All dates and times in respect of the Scheme are subject to change with the approval of the JSE and/or TRP to the extent required. The dates have been determined based on certain assumptions regarding the dates by which certain regulatory approvals including, but not limited to, that of the JSE, TRP and Competition Authorities, will be obtained and that no Court approval or review of the Scheme will be required. Any change will be released on SENS and published in the South African press.
2. Shareholders are referred to paragraph 10 of the Circular (which contains a summary of Dissenting Shareholders' Appraisal Rights) regarding timing considerations relating to the Appraisal Rights afforded to Dissenting Shareholders.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place 3 (three) Business Days after such trade. Therefore persons who acquire Shares after the Voting Last Day to Trade (i.e. Tuesday, 15 January 2019) will not be eligible to vote at the General Meeting, but will, provided the Scheme is approved and they acquire the Shares on or prior to the Scheme Last Day to Trade (expected to be Tuesday, 19 February 2019), participate in the Scheme (i.e. sell their Shares to the Offeror, or its nominee in accordance with the Scheme for the Scheme Consideration).
4. In the event that a Shareholder lodges a Form of Proxy with the Transfer Secretaries less than **48** hours (excluding Saturdays, Sundays and official public holidays) before the General Meeting, such Shareholder may submit a Form of Proxy at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) or hand it to the chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
5. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
6. Certificated Shareholders are required to have completed the attached Form of Surrender (*pink*) in accordance with its instructions and returned it, together with the relevant Documents of Title, to the Transfer Secretaries, to be received by no later than the designated time and date set out in clause 4 above.
7. Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions when it approves such transactions.
8. All times given in this Circular are local times in South Africa.
9. If the Scheme becomes operative, share certificates may not be dematerialised or rematerialised after the Scheme Last Day to Trade.



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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa*, and the following words and expressions bear the meanings assigned to them below:

“A share”	means the A ordinary shares in the share capital of the Offeror;
“Absa”	means Absa Bank Limited (Registration number: 1986/004794/06), a public company incorporated and registered under the laws of South Africa and the provider of the Guarantee as detailed in paragraph 4.5 of this Circular;
“Apex”	means Apex Partners Proprietary Limited (Registration number: 2011/002794/07), a private company incorporated and registered under the laws of South Africa and the sole shareholder of Apex Bidco and which is wholly-owned by Charles Edward Pettit;
“Apex Bidco”	means Main Street 1649 Proprietary Limited (Registration number: 2018/546188/07), a private company incorporated and registered under the laws of South Africa, which holds 100% of the ordinary shares in the Consortium;
“Appraisal Rights”	means the rights afforded to Torre Shareholders under section 164 of the Companies Act, as set out in <b>Annexure 5</b> of this Circular;
“Associate”	means the meaning assigned to this term in the Listings Requirements;
“Authorised Dealer”	means an authorised dealer of the SARB, established in terms of section 9 of the Currency and Banking Act, 31 of 1920, as amended and currently governed by the South African Reserve Bank Act, 90 of 1989, as amended, designated as such in the Exchange Control Regulations;
“Broker”	means any person registered as a “broking member (equities)” in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business Day”	means any day other than a Saturday, Sunday or official public holiday in South Africa;
“Cash Dividend”	means the special dividend of R0.35 per Torre Share as declared by Torre on Monday, 12 November 2018 and paid to Torre Shareholders on Monday, 10 December 2018 and as set out in the Firm Intention Announcement;
“Cash Payment”	means the cash consideration of R1.05 per Torre Share, which is equivalent to an aggregate cash consideration of R539 906 960 for all the Torre Shares, which a Scheme Participant will receive on the Operative Date;
“cents”	means South African cents, the official currency of South Africa;
“Certificated Shares”	means Shares that have not been Dematerialised, the title to which is evidenced by a share certificate or other Document of Title, which have not been surrendered for Dematerialisation in terms of the requirements of State;
“Certificated Shareholders”	means all registered holders of Certificated Shares;
“Circular”	means this entire bound document dated Friday, 21 December 2018 including the annexures hereto, the Notice, Form of Proxy ( <i>white</i> ) and the Form of Surrender ( <i>pink</i> );

“Common Monetary Area”	means South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	means the Companies Act, No. 71 of 2008, as amended, and, where appropriate, includes a reference to the Companies Regulations;
“Companies Regulations”	means the Companies Regulations 2011, promulgated in terms of section 223 of the Companies Act and Item 14 of Schedule 5 to the Companies Act under GN R351 in GG 34239 of 26 April 2011 (which include the Takeover Regulations);
“Competition Authorities”	means the Competition Commission and/or the Competition Tribunal and/or the Competition Appeal Court of South Africa created in terms of the Competition Act, No. 89 of 1998, as amended, and/or competition authorities in any other relevant jurisdiction;
“Conditions Precedent”	means the conditions precedent to which the Scheme is subject, as set out in paragraph 4.3 of this Circular;
“Court”	means any South African High Court with competent jurisdiction to approve the implementation of the Scheme Resolution pursuant to section 115 of the Companies Act and/or to determine the fair value of Shares and make an order pursuant to section 164(14) of the Companies Act;
“CSDP”	means a Central Securities Depository Participant registered as a participant in terms of the Financial Markets Act;
“Custody Agreement”	means the custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held by a Dematerialised Shareholder on Torre’s uncertificated securities register administered by a CSDP or Broker on behalf of that Dematerialised Shareholder;
“Delisting”	means the termination of the listing of the Shares on the Main Board of the JSE;
“Dematerialised” or “Dematerialisation”	means the process whereby paper share certificates or other Documents of Title are replaced with electronic records of ownership in respect of Shares or securities, with a CSDP or Broker, as contemplated in section 49(5) of the Companies Act and under the Strate system;
“Dematerialised Shares”	means Shares that have been Dematerialised or have been issued in Dematerialised form, and which are held in electronic form on Torre’s uncertificated securities register administered by a CSDP or Broker;
“Dematerialised Shareholders”	means all registered holders of Dematerialised Shares;
“Dissenting Shareholder(s)”	means the Shareholders who validly exercise appraisal rights in terms of section 164 of the Companies Act in respect of their shareholding in Torre in accordance with the provisions of section 164 of the Companies Act in terms of which they demand that Torre pays them the fair value for all the Shares held by them;
“Discharge Date”	means the date of discharge of the Scheme Consideration which will be within 6 (six) Business Days after the later of the Scheme being declared wholly unconditional, which for Certificated Shareholders will be the date of receipt of the Form of Surrender together with the relevant Document(s) of Title (in negotiable form) and for Dematerialised Shareholders will be the 1st (first) Business Day following the Operative Date;
“Documents of Title”	means valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of Torre Shares, reasonably acceptable to Torre;

“EFT”	means electronic funds transfer;
“EMMF”	means collectively, (i) Ethos Mid Market Fund I GP Proprietary Limited (Registration number: 2015/425267/07) in its capacity as the General Partner of the Ethos Mid Market GP Partnership in its capacity as the General Partner of the Ethos Mid Market Fund I (A) Partnership, (ii) the Ethos Mid Market Fund I GP Proprietary Limited in its capacity as the General Partner of the Ethos Mid Market Fund I (B) Partnership, a private company incorporated and registered under the laws of South Africa, and (iii) the trustees of the time being of the Ethos Mid Market Fund I Co-Investment Trust, Master’s Reference Number IT000427/2017(G), and the shareholders of EMMF Bidco;
“EMMF Bidco”	means Main Street 1647 Proprietary Limited (Registration number: 2018/420756/07), a private company incorporated and registered under the laws of South Africa, which holds 100% of the A Shares;
“Ethos Group”	means Ethos Private Equity Proprietary Limited (Registration number: 2004/003984/07), a private company incorporated in accordance with the laws of the Republic of South Africa with a 49% indirect shareholding in EMMF;
“Exchange Control Regulations”	means the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“Financial Markets Act”	means the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“Firm Intention Announcement” or “FIA”	means the joint announcement by Torre and the Offeror following the acceptance by the Torre Board of the Firm Intention Offer, detailing the terms of the Firm Intention Offer, as announced on SENS on Monday, 12 November 2018 and in the South African press on Tuesday, 13 November 2018;
“Firm Intention Offer” or “Offer”	means the formal offer by the Consortium to acquire 100% of the Torre Shares for the Scheme Consideration as provided to the Torre Board on 9 November 2018;
“Form of Surrender”	means the form of surrender, transfer and acceptance of Documents of Title attached hereto and forming part of this Circular ( <i>pink</i> ) for use only by Scheme Participants holding Certificated Shares;
“Form of Proxy”	means the form of proxy attached hereto and forming part of this Circular ( <i>white</i> );
“General Meeting”	means the general meeting of Torre Shareholders to be held at 16:00 on Thursday, 24 January 2019 (or any postponed or adjourned date and time in accordance with the provisions of section 64 of the Companies Act and the MOI, as read with the Listings Requirements) at Torre’s offices, 11 Avalon Road, Westlake View, Ext 11, Modderfontein, Johannesburg to be convened in connection with the Transaction for the purpose of considering and if deemed fit, approving, with or without modification, the Resolutions contained in the Notice;
“Group”	means Torre and its subsidiaries from time to time;
“IFRS”	means International Financial Reporting Standards;

“Incentive Scheme”	means the conditional share plan adopted in 2016 under which 61 703 653 Torre Shares (representing approximately 12% of Torre's issued share capital as at the Last Practicable Date) are available to be issued to certain employees of Torre, the vesting of which Shares are conditional upon the achievement of predetermined performance conditions;
“Incentive Scheme Payment”	means the total cash consideration amounting to an aggregate amount of R4 889 794 (being R1.40 for 3 492 710 Incentive Scheme Torre Shares that are vested and eligible to receive the Incentive Scheme Payment) payable to the employees of the Group who are participants of the Incentive Scheme in accordance with the Incentive Scheme, on the Operative Date, pursuant to the Scheme;
“Independent Board”	means those members of the Torre Board who are independent non-executive directors and have been appointed as required by the Takeover Regulations as the independent board of Torre, namely LE Mthimunye (Chairperson), MM Ngoasheng and CS Seabrooke, all of whom are independent as contemplated in Regulation 108(8) of the Takeover Regulations;
“Independent Expert” or “BDO”	means the independent expert appointed to provide the appropriate independent advice to the Independent Board in respect of the Scheme in terms of section 114(3) of the Companies Act and Regulation 90 of the Takeover Regulations, being BDO Corporate Finance Proprietary Limited (Registration number 1983/002903/07), a private company incorporated in accordance with the laws of South Africa;
“Irrevocable Shareholders”	means Torre Shareholders collectively holding 422 922 985 Shares, representing 82.25% of Torre's total issued share capital, which have provided the Irrevocable Undertakings;
“Irrevocable Undertakings”	means the undertakings provided by the Irrevocable Shareholders in terms of which the Irrevocable Shareholders have undertaken, <i>inter alia</i> , in respect of their Shares to vote in favour of the Resolutions;
“JSE”	means the JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	means Friday, 14 December 2018, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	means the Listings Requirements of the JSE in force as at the Last Practicable Date;
“MOI”	means the current memorandum of incorporation of Torre;
“Notice”	means the notice of General Meeting attached hereto and forming part of this Circular;
“Offeror” or “Consortium”	means Main Street 1641 Proprietary Limited (Registration number: 2018/420756/07), a private company incorporated and registered under the laws of South Africa, which is offering to acquire 100% of the Torre Shares by way of the Scheme and in terms of this Circular;
“Operative Date”	means the date on which the Scheme is to be implemented, being the 1st (first) Business Day following the Scheme Record Date, which is expected to be Monday, 25 February 2019 but subject to the events set out in the Salient Dates and Times section of this Circular;
“Own-Name Dematerialised Shareholders”	means Dematerialised Shareholders who have instructed their CSDP to hold their Shares in their own-name on the Sub-Register;

“Rand” or “R”	means South African Rand, the official currency of South Africa;
“Register”	means Torre’s securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including the relevant Sub-Registers and the register of disclosures of Torre;
“Resolutions”	means the ordinary and special resolutions to be approved by the requisite majority of Shareholders at the General Meeting as set out in the Notice, which resolutions will, <i>inter alia</i> , authorise and approve the Scheme, including the Scheme Resolution;
“SARB”	means the South African Reserve Bank, being the central reserve bank of South Africa;
“Scheme”	means the scheme of arrangement in terms of section 114 of the Companies Act, read with section 115 of the Companies Act, proposed by the Board on the recommendation of the Independent Board between Torre and the Shareholders pursuant to which the Offeror will acquire the Scheme Shares of Scheme Participants for the Scheme Consideration;
“Scheme Opening Date”	means the opening date of the Scheme, being Monday, 24 December 2018;
“Scheme Closing Date”	means the closing date of the Scheme, provisionally being Tuesday, 19 February 2019, which date may be amended to a later Business Day, which shall be announced by Torre and which date shall (a) be a Friday and (b) not be earlier than 30 (thirty) Business Days from the Scheme Opening Date;
“Scheme Consideration”	means the consideration payable to Scheme Participants in terms of the Scheme in consideration for each Share held on the Record Date by such Scheme Participants, being the Cash Payment and the Top-up Payment;
“Scheme Last Day to Trade”	means the last day to trade in Shares in order to be recorded on the Register on the Record Date, which date is expected to be Tuesday, 19 February 2019;
“Scheme Participants”	means the Shareholders who are registered as such in the securities register of Torre on the Record Date including Dissenting Shareholders who are subsequently deemed to be Scheme Participants in the event that any of the circumstances contemplated in sections 164(9)(a) and (b) of the Companies Act occur, but excluding Dissenting Shareholders who have not, whether voluntarily or pursuant to a final order of the Court, withdrawn their demand made in terms of sections 164(5) to 164(8) of the Companies Act, or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse;
“Scheme Record Date”	means the date on which Shareholders must be recorded in the Register in order to receive the Scheme Consideration, which date is expected to be Friday, 22 February 2019, subject to the events set out in the Salient Dates and Times section of this Circular;
“Scheme Resolution”	means the special resolution to be proposed at the General Meeting in accordance with section 115(2) of the Companies Act for the approval of the Scheme and the implementation thereof at the General Meeting in terms of section 115(2) of the Companies Act, the full terms of which are set out in the Notice;
“Scheme Shares”	means all the Torre Shares to be acquired by the Offeror in terms of the Scheme, being those Shares held by the Scheme Participants on the Record Date;

“SENS”	means the Stock Exchange News Service, operated by the JSE;
“South Africa”	means the Republic of South Africa;
“Strate”	means Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository in terms of the Financial Markets Act and which is responsible for the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“Sub-Register”	means the sub-register of Dematerialised Shareholders, maintained by a CSDP and forming part of the Register;
“Takeover Regulations”	means the regulations published in terms of section 120 of the Companies Act and set out in Chapter 5 of the Companies Regulations;
“Top-up Payment”	means a maximum deferred, top-up cash payment of up to R0.10 per Torre Share, which is equivalent to a maximum cash consideration of R51,419,711 for all the Torre Shares, subject to the achievement of certain performance targets and in the amount detailed in paragraph 4.2.4 below, if the Scheme becomes operative;
“Torre Analytical Businesses” or “TAS”	means those businesses in Torre as detailed in <b>Annexure 4</b> of this Circular, which will be retained by EMMF or its nominee;
“Torre Industrial Businesses” or “TI”	means those businesses in Torre as detailed in <b>Annexure 3</b> of this Circular, which will be retained by Apex or its nominee;
“Torre” or “the Company”	means Torre Industries Limited (Registration number 2012/144604/06), a public company incorporated in accordance with the laws of South Africa on 13 August 2012, the Shares of which are listed on the Main Board of the JSE;
“Torre Board” or “Torre Directors” or “Directors”	means the directors of Torre as at the Last Practicable Date, whose names are set out on page 2 of this Circular;
“Torre Shares” or “Shares”	means the ordinary shares of no par value in the share capital of Torre;
“Torre Shareholders” or “Shareholders”	means the registered holders of Torre Shares recorded in the Register at the relevant time/s;
“Transaction”	means collectively, the Scheme and the Delisting;
“Transaction Sponsor”	means Questco Corporate Finance Proprietary Limited (Registration number 2002/005616/07), a private limited liability company incorporated in accordance with the laws of South Africa and the transaction sponsor to Torre in relation to the Transaction;
“Transfer Secretaries” or “Link”	means Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company incorporated in accordance with the laws of South Africa and the Transfer Secretaries of Torre;
“TRP”	means the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
“VAT”	means Value Added Tax, levied in terms of the provisions of the Value-Added Tax Act, No. 89 of 1991, as amended;
“Voting Record Date”	means the date on, and time which, a Shareholder must be recorded in the Register in order to be eligible to vote at the General Meeting, which is expected to be Friday, 18 January 2019; and
“VWAP”	means the volume weighted average price.

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## **ACTION REQUIRED BY SHAREHOLDERS IN RELATION TO THE TRANSACTION**

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The definitions and interpretation commencing on page 7 of this Circular shall apply *mutatis mutandis* to this “Action required of Shareholders” section.

Please take careful note of the following provisions regarding the actions required of Shareholders:

1. If you are in any doubt as to the action you should take, please consult your CSDP, Broker, legal advisor, accountant, banker or professional advisor immediately.
2. If you have disposed of all your Shares, then this Circular, together with the attached Notice, Form of Proxy (*white*) and Form of Surrender (*pink*), should be handed to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.
3. Neither Torre, nor the Offeror, accepts any responsibility and will not be held liable for any act of, or omission by, any CSDP or Broker including without limitation any failure on the part of a CSDP or Broker or any holder of Torre Shares to notify the holder of beneficial interests in those Shares of the Transaction.
4. Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions when it approves such transactions.

### **5. GENERAL MEETING**

The General Meeting will be held at Torre’s offices at 11 Avalon Road, Westlake View Ext 11, Modderfontein, Johannesburg at 16h00 on Thursday, 24 January 2019 (or any other adjourned or postponed date and time in accordance with the provisions of section 64(11) of the Companies Act and the MOI, as read with the Listings Requirements) to consider and, if deemed fit, pass the Resolutions required to authorise and effect the implementation of the Transaction. A Notice convening the General Meeting is attached to, and forms part of, this Circular.

### **6. ATTENDANCE AND VOTING AT THE GENERAL MEETING**

#### **6.1 Dematerialised Shareholders without own-name registration:**

If you (or the relevant holder of voting rights as contemplated in section 57(1) of the Companies Act) wish to attend the General Meeting, you (or the relevant holder of voting rights) should instruct your CSDP or Broker to issue you (or the relevant holder of voting rights) with the necessary letter of representation to attend the General Meeting in person, in the manner stipulated in the Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

You will not be permitted to attend, participate in or vote at the General Meeting, nor appoint a proxy to represent you at the General Meeting, without the necessary letter of representation being issued to you.

If you (or the relevant holder of voting rights) do not wish to, or are unable to attend the General Meeting, but wish to vote at the General Meeting, you (or the relevant holder of voting rights) should provide the CSDP or Broker with your voting instructions, in the manner stipulated in the Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature. If the CSDP or Broker does not obtain voting instructions, it will be obliged to vote in accordance with the instructions contained in the Custody Agreement.

If your CSDP or Broker does not obtain instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker.

If you have not been contacted, it would be advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your instructions.

You must **not** complete the attached Form of Proxy (*white*).

#### 6.2 **Own-Name Dematerialised Shareholders:**

Subject to section 57(1) of the Companies Act, you may attend, participate and vote at the General Meeting in person.

Alternatively, if you (or the person entitled to do so in terms of section 57(1) of the Companies Act, as the case may be) do not wish to or are unable to attend the General Meeting and wish to be represented thereat, you (or such person) must complete the attached Form of Proxy (*white*) in accordance with the instructions therein and return it to the Transfer Secretaries, to be received preferably by no later than 48 hours before the General Meeting, i.e. by 16:00 on Tuesday, 22 January 2019. Should the Form of Proxy not be lodged with the Transfer Secretaries by 16:00 on Tuesday, 22 January 2019, it may be handed to the chairman of the General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting or adjourned General Meeting (as the case may be).

The Form of Proxy (*white*) may be delivered by hand or sent by mail to the following addresses:

##### **If delivered by hand**

Link Market Services South Africa  
Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor, 19 Ameshoff Street  
Johannesburg, 2001

##### **If sent by mail**

Link Market Services South Africa  
Proprietary Limited  
PO Box 4844  
Johannesburg  
2000

#### 6.3 **Certificated Shareholders:**

Subject to sections 56 and 57 of the Companies Act, you may attend, participate and vote at the General Meeting in person.

Alternatively, if you (or the person entitled to do so in terms of section 57(1) of the Companies Act, as the case may be) do not wish to or are unable to attend the General Meeting and wish to be represented thereat, you (or such person) must complete the attached Form of Proxy (*white*) in accordance with the instructions therein and return it to the Transfer Secretaries, to be received preferably by no later than 48 hours before the General Meeting, i.e. by 16:00 on Tuesday, 22 January 2019. Should the Form of Proxy not be lodged with the Transfer Secretaries by 16:00 on Tuesday, 22 January 2019, it may be handed to the chairman of the General Meeting or adjourned General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting or adjourned General Meeting (as the case may be).

The Form of Proxy (*white*) may be delivered by hand or sent by mail to the following addresses:

##### **If delivered by hand**

Link Market Services South Africa  
Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor, 19 Ameshoff Street  
Johannesburg, 2001

##### **If sent by mail**

Link Market Services South Africa  
Proprietary Limited  
PO Box 4844  
Johannesburg  
2000

#### 6.4 **Electronic participation at the General Meeting**

Shareholders or their proxies may participate in the General Meeting by way of telephone conference call.

Shareholders or their proxies who wish to participate in the General Meeting via the teleconference facility should make application to the Transfer Secretaries, Link Market Services South Africa (Pty) Ltd, of 13th floor, 19 Ameshoff Street, Braamfontein, 2001 or PO Box 4844, Johannesburg, 2000. The application should be received by the Transfer Secretaries by no later than 16:00 on Tuesday, 22 January 2019. The application should include all relevant contact details including, an email address, cellular number and land line as well as full details of the Shareholder's title to securities



issued by the Company, proof of identity in the form of certified copies of identity documents and share certificates (in the case of Certificated Shareholders) and written confirmation from the Shareholder's CSDP confirming the Shareholder's title to the Dematerialised Shares (in the case of Dematerialised Shareholders).

Upon receipt of the required information, the Shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting.

Shareholders who wish to participate in the General Meeting by way of telephone conference call must note that they will **not** be able to vote at the General Meeting. Such Shareholders, should they wish to have their vote counted at the General Meeting, must, to the extent applicable: (i) complete the attached Form of Proxy (*white*); or (ii) contact their CSDP or Broker, in both instances, as set out above.

Shareholders must further note that access to the teleconference facility will be at the expense of the Shareholders who wish to utilise the teleconference facility.

## 7. PROCEDURE FOR SHAREHOLDERS REGARDING THE SCHEME

### 7.1 Dematerialised Shareholders:

Should the Scheme become unconditional and operative, Scheme Participants holding Dematerialised Shares, irrespective of whether or not they voted in favour of the Scheme Resolution, will have their accounts at their CSDP or broker credited.

Scheme Participants holding Dematerialised Shares must **not** complete the attached Form of Surrender (*pink*).

### 7.2 Certificated Shareholders:

Should the Scheme become unconditional and operative, irrespective of whether or not you voted in favour of the Scheme Resolution or abstained from voting, you will be entitled to receive, by completing the attached Form of Surrender (*pink*) in accordance with its instructions, the Scheme Consideration in respect of each Scheme Share held by you as at the Scheme Record Date.

Certificated Shareholders must note that the Offeror reserves the right, in its sole and absolute discretion, to:

- treat as invalid a Form of Surrender (*pink*) not accompanied by valid Documents of Title;
- treat as invalid a Form of Surrender (*pink*) which has not been fully completed or which has been incorrectly completed; and/or
- require proof of the authority of the person signing the Form of Surrender (*pink*) where such proof has not yet been lodged with, or recorded by, the Transfer Secretaries.

You are required to surrender your Documents of Title in respect of all your Shares in order to receive the Scheme Consideration, should the Scheme become unconditional, by completing the attached Form of Surrender (*pink*) in accordance with its instructions and returning it, together with the relevant Documents of Title, to the Transfer Secretaries, by no later than 12:00 on the Scheme Record Date.

The Form of Surrender (*pink*) may be delivered by hand or sent by mail to the following addresses:

#### **If delivered by hand**

Link Market Services South Africa  
Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor, 19 Ameshoff Street  
Johannesburg, 2001

#### **If sent by mail**

Link Market Services South Africa  
Proprietary Limited  
PO Box 4844  
Johannesburg  
2000

If the Documents of Title relating to the Shares held by a Certificated Shareholder have been lost or destroyed, Certificated Shareholders should nevertheless return a duly completed Form of Surrender (*pink*), together with an indemnity on terms satisfactory to the Offeror. The Offeror may, in its sole and absolute discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and

upon provision of an indemnity on terms acceptable to it. Unless otherwise agreed by the Offeror, only indemnity forms obtained from the Transfer Secretaries (available on request by emailing [investorservices@linkmarketservices.co.za](mailto:investorservices@linkmarketservices.co.za)) will be regarded as suitable. The Offeror shall be entitled, in its absolute discretion, by way of agreement to waive the requirement of an indemnity.

If the Scheme becomes unconditional and you surrender your Documents of Title to the Transfer Secretaries on or before 12:00 on the Scheme Record Date, the Scheme Consideration in respect thereof will be paid into your bank account by way of EFT if you provided your bank account details for this purpose in the Form of Surrender (*pink*) or if your bank account details are on the Register, failing which it will be posted to you at your own risk by registered post on or about the Operative Date. If you surrender your Documents of Title after 12:00 on the Record Date, the Scheme Consideration will be paid to you, as set out above, within 5 (five) Business Days of receipt by the Transfer Secretaries of your Documents of Title.

Should you surrender your Documents of Title in anticipation of the Scheme becoming operative and the Scheme then does not become operative, the Transfer Secretaries shall, within 5 (five) Business Days of either the date upon which it becomes known that the Scheme will not be implemented or on receipt by the Transfer Secretaries of the required Documents of Title, whichever is the later, return the Documents of Title to you by registered post at your own risk.

If you wish to Dematerialise your Shares, please contact a CSDP or broker. You do not need to Dematerialise your Shares in order to receive the Scheme Consideration in respect thereof.

Certified Shareholders must note that you will not be able to Dematerialise or deal in your Shares between the date of surrender of your Documents of Title and the Operative Date or, if the Scheme does not become operative, the date on which your Documents of Title are returned to you as envisaged in the paragraph above.

## 8. SETTLEMENT OF THE SCHEME CONSIDERATION

### 8.1 Dematerialised Shareholders:

If the Scheme becomes operative your account held with your CSDP or Broker will be credited with the Scheme Consideration and debited with the Scheme Shares acquired by the Consortium on the Discharge Date.

### 8.2 Certificated Shareholders:

If the Scheme becomes operative and you have surrendered your Form of Surrender (*pink*) and the relevant Documents of Title for all of your Shares ("**Total Shares**") to the Transfer Secretaries on or before 12:00 on the Scheme Record Date, the Scheme Consideration will be posted to you (or if there is no address provided on the Form of Surrender (*pink*), to the address reflected in the Register of Shareholders), at your own risk, within 6 (six) Business Days of the Operative Date, unless you have elected to receive the Scheme Consideration by way of an EFT on the Form of Surrender (*pink*), in which case the Scheme Consideration will be paid into the bank account nominated by you in the Form of Surrender (*pink*) on the Discharge Date.

If the Scheme becomes operative and you have surrendered your Form of Surrender (*pink*) and the relevant Documents of Title for your Shares ("**Surrender Shares**") to the Transfer Secretaries on or before 12:00 on the Scheme Record Date, the Scheme Consideration will be posted to you (or if there is no address provided on the Form of Surrender (*pink*), to the address reflected in the Register), at your own risk, within 6 (six) Business Days of the Operative Date, unless you have elected to receive the Scheme Consideration by way of an EFT on the Form of Surrender (*pink*), in which case the Scheme Consideration will be paid into the bank account nominated by you in the Form of Surrender (*pink*) on the Discharge Date.

If the Scheme Consideration is not sent to Torre Shareholders entitled thereto because the relevant Document(s) of Title have not been properly surrendered or if the Scheme Consideration is returned undelivered to the Transfer Secretaries, the Scheme Consideration will be held by the Transfer Secretaries for the benefit of the Certificated Shareholders concerned, pending receipt of the necessary information or instructions.

9. **APPROVAL REQUIREMENTS FOR FUNDAMENTAL TRANSACTIONS IN TERMS OF SECTION 115 OF THE COMPANIES ACT**

The Scheme will result in the Consortium acquiring 100% of the Shares in issue as at the Scheme Closing Date and thus the Scheme will be subject to the requirements of section 114 of the Companies Act and section 115 of the Companies Act. Section 115 of the Companies Act essentially provides that:

- 9.1 Despite the Scheme Resolution required for the approval of the Scheme having been adopted at the General Meeting, the Offeror may not proceed to implement the Scheme without the approval of the Court if:
- 9.1.1 the Scheme Resolution was opposed by at least 15% of the voting rights that were exercised on such resolution, and within 5 (five) Business Days after the vote, any person who voted against the Scheme Resolution requires the Consortium to seek Court approval; or
  - 9.1.2 the Court, on application within ten (10) Business Days after the vote by any person who voted against the Scheme Resolution grants that person leave to apply to a Court for a review of the Scheme.
- 9.2 If the Scheme Resolution approving the Scheme requires approval by a Court as envisaged in paragraph 9.1.1 above, the Consortium must either:
- 9.2.1 apply to the Court for approval of the Scheme Resolution, and bear the costs of that application in terms of section 115(5)(a) read with section 115(3)(a) of the Companies Act; or
  - 9.2.2 treat the Scheme Resolution as a nullity.
- 9.3 On an application envisaged in paragraph 9.1.2 above, the Court may grant leave to that person to apply to Court for a review of the Scheme only if it is satisfied that the applicant:
- 9.3.1 is acting in good faith;
  - 9.3.2 appears prepared and able to sustain the proceedings; and
  - 9.3.3 has alleged facts which if proved would support an order in terms of paragraph 9.4 below.
- 9.4 On reviewing the Scheme Resolution that is the subject of an application envisaged in paragraph 9.2 above, or after granting leave as envisaged in paragraph 9.3 above, the Court may set aside the Scheme Resolution only if:
- 9.4.1 such resolution is manifestly unfair to any class of holders of Torre's securities; or
  - 9.4.2 the vote was materially tainted by any of the following:
    - 9.4.2.1 a conflict of interest;
    - 9.4.2.2 inadequate disclosure;
    - 9.4.2.3 failure to comply with the Companies Act, the MOI or any applicable rules of Torre; or
    - 9.4.2.4 a significant and material procedural irregularity.

The above summary of the provisions of section 115 of the Companies Act is not intended to provide specific advice and no action should be taken or omitted to be taken in reliance upon it. An extract of section 115 of the Companies Act is set out in **Annexure 5** of this Circular.

10. **DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS IN TERMS OF SECTION 164 OF THE COMPANIES ACT**

Section 115(8) of the Companies Act entitles Dissenting Shareholders appraisal rights under section 164 of the Companies Act. Section 164 of the Companies Act essentially provides that:

- 10.1 Upon receipt of the Notice and at any time before the Scheme Resolution is to be voted on at the General Meeting, a Shareholder may give Torre written notice objecting to the Scheme Resolution.

- 10.2 Within 10 (ten) Business Days after Torre has adopted the Scheme Resolution, Torre must send a notice that the Scheme Resolution has been adopted to each Shareholder who gave Torre written notice of objection and has neither withdrawn that notice nor voted in favour of the Scheme Resolution.
- 10.3 A Shareholder may demand in writing within 20 (twenty) Business Days after receipt of the notice from Torre referred to in paragraph 10.2 above that Torre pay such Shareholder the fair value of the Shares held by such Shareholder if:
- 10.3.1 such Shareholder sent Torre a notice of objection as envisaged in paragraph 10.1 above;
  - 10.3.2 Torre has adopted the Scheme Resolution referred to paragraph 4.4.1; and
  - 10.3.3 such Shareholder voted against the Scheme Resolution and has complied with all of the procedural regulations set out in section 164 of the Companies Act.
- 10.4 The demand sent by the Shareholder to Torre as provided in paragraph 10.3 above must set out:
- 10.4.1 the Shareholder's name and address;
  - 10.4.2 the number of Shares in respect of which the Shareholder seeks payment; and
  - 10.4.3 a demand for payment of the fair value of those Shares. The fair value of the Shares is determined as at the date on which, and the time immediately before the Shareholders adopted the Scheme Resolution which gave rise to the Shareholder's rights under section 164 of the Companies Act.
- 10.5 A Shareholder who has sent a demand to Torre as provided in paragraph 10.3 above has no further rights in respect of those Shares, other than to be paid their fair value unless:
- 10.5.1 the Shareholder withdraws that demand before Torre makes an offer under section 164(11) of the Companies Act or allows an offer by the Consortium to lapse, as contemplated in section 164(12)(b) of the Companies Act;
  - 10.5.2 Torre fails to make an offer in accordance with section 164(11) of the Companies Act and the Shareholder withdraws the demand; and
  - 10.5.3 Torre, by way of a subsequent special resolution, revokes the adopted Scheme Resolution that gave rise to the Shareholders' appraisal rights under section 164 of the Companies Act.
- 10.6 If any of the events mentioned in paragraph 10.5 occurs, all of the Shareholder's rights in respect of the Shares are reinstated without interruption.

The above summary of the provisions of section 164 of the Companies Act is not intended to provide specific advice and no action should be taken or omitted to be taken in reliance upon it. An extract of the Dissenting Shareholders' Appraisal Rights is contained in **Annexure 5** of the Circular.

For the purpose of section 164 of the Companies Act, any notice or written demand to be sent by a Shareholder to Torre should be sent by registered post for the attention of the Company Secretary at the Company's address set out in the "Corporate Information" sections of this Circular.

Shareholders that are in doubt as to what action to take must consult their legal or professional advisor in this regard.

Before exercising their rights under section 164 of the Companies Act, Shareholders should have regard to the following:

- having considered the terms and conditions of the Scheme, the Independent Expert has concluded that the Scheme is fair and reasonable to Torre Shareholders. Shareholders are referred to **Annexure 1**, which sets out the full text of the Independent Expert's report on the Scheme; and
- the Court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder.



**Torre Industries Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2012/144604/06)  
Share code: TOR  
ISIN: ZAE000188629  
(**"Torre"** or **"the Company"**)



**Main Street 1641 Proprietary Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2018/420756/07)  
(**"Consortium"** or **"Offeror"**)



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## COMBINED OFFER CIRCULAR TO SHAREHOLDERS

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### 1. INTRODUCTION AND BACKGROUND

- 1.1 In the Firm Intention Announcement released on SENS on 12 November 2018, Torre Shareholders were advised that the Offeror had provided the Board with notification of the Offeror's firm intention to make an Offer to acquire 100% of the total issued ordinary shares in Torre, being 514,197,105 Shares, by way of a Scheme in terms of section 114(1)(c) of the Companies Act, to be proposed by the Board between Torre and its Shareholders.
- 1.2 In addition, Shareholders received a special cash dividend of R0.35 on Monday, 10 December 2018. Although the Cash Dividend was paid by Torre and was not contingent on the successful implementation of the Scheme, the Offer directly resulted in Torre's decision to pay the Cash Dividend and is therefore considered part of the Offer.
- 1.3 The Offer constitutes an "affected transaction" as defined in section 117(1)(c) of the Companies Act. The Offer will be implemented by way of the Scheme.
- 1.4 The Offer is subject to the fulfilment or waiver (as the case may be) of the conditions set out in paragraph 4.3 below.
- 1.5 In the event that the Scheme becomes unconditional and operative, the Torre Shareholders will be deemed to have sold all of their Torre Shares for the Scheme Consideration and the listing of Torre's Shares on the Main Board of the JSE will subsequently be terminated.

### 2. PURPOSE OF THIS CIRCULAR

- 2.1 The purpose of this Circular is to provide Shareholders with information relating the Transaction and the matters relating thereto and to convene the General Meeting at which Shareholders will consider and, if deemed fit, approve, with or without modification, the Resolutions necessary to give effect to the Transaction.

### 3. RATIONALE FOR THE SCHEME

- 3.1 The Consortium believes that the underlying businesses within the Torre Group have limited synergies and require different capital structures, strategic goals and leadership in order to operate optimally and deliver improved operational performance.
- 3.2 Accordingly, pursuant to the Transaction, the Consortium intends to divide the Torre Group, with TAS being retained by EMMF and TI being retained by Apex.
- 3.3 The Consortium believes that the Transaction and subsequent separation of TAS and TI will unlock value by allowing the businesses to operate independently and receive focused management attention, strategy implementation and enhanced empowerment credentials.

- 3.4 Torre Shares are tightly held with relatively poor liquidity and analyst coverage. The Scheme provides Torre Shareholders with a compelling opportunity to exit their investment in Torre at a 44.67% premium to the VWAP as at 7 November 2018, being the last practicable date before the issuing of the Offer.

#### 4. SCHEME AND MECHANISM

##### 4.1 Scheme details

In terms of the Scheme, the Consortium will acquire the Scheme Shares for the Scheme Consideration, being a maximum of R1.15 per Scheme Share for cash (this comprises of R1.05 per Scheme Share for cash and a maximum R0.10 Top-up Payment per Scheme Share as defined in paragraph 4.2). The Scheme shall not constitute an offer to purchase or the solicitation of an offer to sell any Torre Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

##### 4.2 Scheme consideration

If the Scheme becomes operative, Torre Shareholders will receive:

###### 4.2.1 The Cash Payment

4.2.2 The Cash Payment of R1.05 per Torre Share; and

###### 4.2.3 The Top-up Payment

4.2.4 The Top-up Payment of a maximum of R0.10 per Torre Share, subject to TAS achieving "Actual Sustainable EBITDA" for the period 1 July 2018 to 30 June 2019 in excess of the Top-Up Floor, as set out below:

$$\frac{(\text{Actual Sustainable EBITDA} - \text{Top up Floor})}{(\text{Top up Cap} - \text{Top up Floor})} \times R0.10 = \text{Top Up Payment}$$

where:

- **Actual Sustainable EBITDA** means the actual, delivered sustainable Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") excluding once-off expenses or income (e.g. retrenchment costs, once off non-repeatable earnings, earnings from discontinued contracts, etc.) generated by the Wearcheck, AMIS and Set-Point Lab divisions for the period from 1 July 2018 to 30 June 2019.
- **Top-Up Floor** means R82 928 000, representing the budgeted Actual Sustainable EBITDA expected to be generated by the Wearcheck and AMIS divisions for the period from 1 July 2018 to 30 June 2019.
- **Top-Up Cap** means R95 625 000, being the budgeted Actual Sustainable EBITDA expected to be generated by the Wearcheck, AMIS and Set-Point Lab divisions for the period from 1 July 2018 to 30 June 2019.

4.2.4.1 If Wearcheck and AMIS do not achieve "Actual Sustainable EBITDA" in excess of the Top-Up Floor, then the Top-Up Payment shall not be payable. The Top-up Payment shall be a maximum amount of R0.10 per Torre Share, irrespective of whether the Actual Sustainable EBITDA achieved exceeds the Top-Up Cap.

4.2.4.2 The Actual Sustainable EBITDA shall be determined from Torre's management accounts for the financial year ending 30 June 2019 ("**FY19**"), and the Consortium will notify the Top-up Participants (as defined in paragraph 4.2.4.3 below) of the amount of the Top-up Payment ("**Top-up Notice**") by no later than 15 July 2019.

4.2.4.3 To the extent that the Top-up Payment becomes payable, then this payment will be made to the Torre Shareholders on the Torre Register on the Scheme Record Date ("**Top-up Participants**"), by no later than 31 July 2019, or such later date to the extent paragraph 4.2.4.4 applies.

4.2.4.4 The Scheme includes a dispute mechanism to the determination of the Top-up Payment permitting Top-up Participants collectively holding more than 50% of the Torre Shares to provide the Consortium with a joint notice within 10 calendar days

after receipt of the Top-up Notice setting out their reasons therefor, in which event the determination shall be referred to an independent auditor, whose decision shall be final and binding upon the parties. If no such dispute notice is timeously delivered, the Top-up Notice shall be final and binding upon the parties and the Top-up Payment shall be paid on 15 August 2019.

#### 4.2.5 **Settlement of the Top-up Payment**

- 4.2.5.1 Following the implementation of the Scheme, the Consortium, with assistance from the Transfer Secretaries, shall maintain a register of the Scheme Participants as at the Scheme Record Date for purposes of recording the rights of such Scheme Participants to the Top-up Payment and making payment thereof to them.
- 4.2.5.2 Save for the right to receive the Top-up Payment, the Scheme Participants shall have no rights against the Company that a Shareholder of the Company would have by virtue of its shareholding, including voting rights.
- 4.2.5.3 The Top-up Payment will be controlled, administered and paid to the Scheme Participants by the Transfer Secretaries and paid in cash into the bank account details provided in the appropriate box on the Form of Surrender (*pink*), failing which the Top-up Payment shall be deposited into the account on record in the Register or, if no bank account details are recorded in the Register, a cheque posted by registered post to the Scheme Participants concerned to their address in the Register, at their own risk.

#### 4.2.6 **Settlement of the Incentive Scheme Payment**

- 4.2.6.1 On the Discharge Date, the Offeror will settle a total amount of R3 667 346 of the Incentive Scheme Payment and the Company will settle the remaining amount of the Incentive Scheme Payment of R1 222 448, as referred to in paragraph 4.6.

### 4.3 **Conditions precedent**

The Scheme is subject to the fulfilment and/or waiver (in whole or in part where capable of waiver) by the Offeror, in its sole discretion, of the following conditions precedent:

- 4.3.1 the requisite majority of Torre Shareholders approve the Resolutions relating to the Transaction;
- 4.3.2 to the extent required under section 115(3)(a) of the Companies Act, approval of the implementation of the Scheme by a Court is obtained and, if applicable, Torre not having treated the Scheme Resolution as a nullity, as contemplated in section 115(5) of the Companies Act;
- 4.3.3 Torre Shareholders holding more than 15% of all shares in issue do not (i) give notice objecting to the Scheme; (ii) vote against the Scheme Resolution; and (iii) exercise their appraisal rights in terms of section 164 of the Companies Act by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 10 (ten) Business Days immediately following the date on which the General Meeting is convened;
- 4.3.4 the counterparties to a list of limited material contracts consenting to the change of control, if required in the material contract, as a result of the implementation of the Scheme; and
- 4.3.5 all other regulatory approvals, consents or waivers required to give effect to and implement the Transaction are granted unconditionally including, without limitation, the approval of the Competition Authorities and other competition authorities (as required), the SARB (as required) the TRP (including the receipt of a TRP compliance certificate). To the extent that the regulatory approvals are subject to conditions, that these are acceptable to the Offeror.

### 4.4 **Scheme Mechanics**

- 4.4.1 In terms of the Scheme, the Offeror will acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration. If the Scheme becomes operative:
  - 4.4.1.1 the Scheme Participants (whether or not they have voted in favour of the Scheme Resolution or abstained from voting) shall dispose of each of their Scheme

- Shares, free of encumbrances, to the Offeror on the Operative Date in exchange for the Scheme Consideration and the Offeror shall acquire all the registered and beneficial ownership of such Scheme Shares as of the Operative Date;
- 4.4.1.2 the disposal and transfer by each Scheme Participant of their Scheme Shares to the Offeror, pursuant to the provisions of the Scheme, shall be effected on the Operative Date;
  - 4.4.1.3 each Scheme Participant shall be deemed to have transferred to the Offeror, on the Operative Date, all their Scheme Shares, without any further act or instrument being required; and
  - 4.4.1.4 Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this paragraph.
- 4.4.2 In terms of the Scheme, each Scheme Participant irrevocably and *in rem suam* authorises each and every officer/director of the Transfer Secretaries and/or the Offeror, as its agent, with full power of substitution, to cause the Scheme Shares disposed of by the Scheme Participant in terms of the Scheme to be transferred to the Offeror on the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as may be necessary or expedient in order to effect the transfer.
- 4.4.3 The Scheme Consideration shall be paid in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any Scheme Participant, unless otherwise agreed to between the Offeror and the Scheme Participant.
- 4.4.4 The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by a Scheme Participant against the Offeror only. None of the Scheme Shares will be transferred to any other person.

#### 4.5 Funding of the Scheme Consideration

- 4.5.1 In accordance with Regulation 111(4) and Regulation 111(5) of the Companies Regulations, Absa has provided an irrevocable bank guarantee (“**Guarantee**”) to the Board and to the TRP confirming that, in aggregate, the Consortium has sufficient cash resources to satisfy payment of the maximum payment of the Scheme Consideration, totalling R595,017,232.75, which includes the Cash Payment and the Top-up Payment, and the Incentive Scheme Payment (limited to the sum referred to in paragraph 4.2.6).
- 4.5.2 The Guarantee incurs a 0.1% monthly fee for the period that it is in issue. EMMF has secured its share of the Guarantee with R230 000 000 in term debt facilities to be provided by Absa to TAS and R263 789 998 in equity. Apex has secured its share of the Guarantee with R50 000 000 in term debt facilities to be provided by Absa to TI and R51 227 235 in equity. The term debt facilities that have been raised by EMMF and Apex have been secured on normal commercial terms and will be secured by the assets and cash flows of TAS and TI respectively post the Transaction.

#### 4.6 Incentive Scheme

- 4.6.1 The Torre Shares awarded in terms of the Incentive Schemes will be treated equitably as required by the Takeover Regulations.
- 4.6.2 The rules governing the Incentive Scheme cater for the instance of a delisting in the form of all participants being treated as good leavers from the Incentive Scheme. In such an instance the Incentive Scheme settles Shares that have met vesting conditions up until the delisting date and settles the pro-rata portion calculated from grant date to the delisting date. Management and employee incentive structures appropriate for an unlisted operating group will be considered pursuant to the Transaction.
- 4.6.3 The Consortium and the Company will fund the Incentive Scheme Payment, if the Scheme becomes operative, as referred to in paragraph 4.2.6.



4.6.4 The Incentive Scheme Payment is deemed comparable in accordance with Regulation 87(5) of the Companies Regulation as the Incentive Scheme Payment is fair and reasonable. Shareholders are referred to **Annexure 1**, which sets out the full text of the Independent Expert's report on the Scheme, which includes the opinion on the Incentive Scheme Payment.

#### 4.7 Irrevocable Undertakings

The following Torre Shareholders which collectively hold 422 922 985 of the Torre Shares have provided Irrevocable Undertakings to accept the Offer and vote in favour of the Resolutions:

<b>Torre Shareholder</b>	<b>Total Number of Torre shares held</b>	<b>% prior to the Offer<sup>1</sup></b>	<b>% voting on the Scheme resolution</b>
Stellar Capital Partners Limited ("Stellar Capital")	293 458 414	57.07%	57.07%
Newshelf 1400 Proprietary Limited ("Newshelf") <sup>2</sup>	129 464 571	25.18%	25.18%
<b>Total</b>	<b>422 922 985</b>	<b>82.25%</b>	<b>82.25%</b>

1. Based on an outstanding number of Torre Shares in issue of 514 197 105.

2. Owned by MIC Investment Holdings (Pty) Ltd, Sabvest Finance and Guarantee Corporation (Pty) Ltd and Sabvest Investments (Pty) Ltd.

#### 4.8 Delisting and prospects of Torre in the unlisted environment

4.8.1 Upon the Scheme becoming unconditional and being implemented, application will be made by Torre to the JSE to terminate the listing of its Shares on the Main Board of the JSE with effect from Tuesday, 26 February 2019, but subject to the events set out in the Salient Dates and Times section of this Circular.

4.8.2 As set out in paragraph 3 above, pursuant to the Transaction and after the Delisting, the Consortium intends to divide the Torre Group in two to unlock value by allowing the TAS and TI businesses to operate independently and receive focused management attention, strategy implementation and enhanced empowerment credentials.

4.8.3 The Torre Directors shall resign from the Board with effect from the Operative Date.

### 5. PROCEDURE FOR THE RECEIPT OF THE SCHEME CONSIDERATION

All Torre Shareholders recorded in the Register on the Scheme Record Date will be eligible to participate in the Scheme. Shareholders are also referred to the "Action Required by Shareholders" section of the Circular on page 13 of the Circular.

#### 5.1 Validity of Forms of Surrender

In respect of Certificated Shares, the Offeror reserves the right, in its sole and absolute discretion, to:

5.1.1 treat as invalid Forms of Surrender not accompanied by valid Document(s) of Title;

5.1.2 require proof of the authority of the person signing the Form of Surrender where such proof has not yet been lodged with, or recorded by, the Transfer Secretaries.

#### 5.2 Certificated transfers

Where Document(s) of Title have been surrendered, no receipts will be issued to the Torre Shareholders for the Form of Surrender and the Document(s) of Title lodged with the Transfer Secretaries, unless specifically requested by such Torre Shareholders. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the Document(s) of Title lodged.

### 5.3 **Lost or destroyed Document(s) of Title in respect of Certificated Shareholders**

If Document(s) of Title relating to the Torre Shares have been lost or destroyed, Torre Shareholders should nevertheless return the Form of Surrender duly signed and completed. Provided that the properly completed Form of Surrender and evidence has been received on or before the Scheme Record Date and such evidence is satisfactory to the Offeror or the Transfer Secretaries in their sole and absolute discretion, indicating that they have been lost or destroyed, the Transfer Secretaries shall issue a suitable indemnity form to such Scheme Shareholder. Such indemnity shall be in a form and substance acceptable to the Offeror in its sole and absolute discretion. The Offeror shall consider the Scheme Consideration to have been validly elected upon receipt of such indemnity form duly completed and signed by such Scheme Shareholder.

### 5.4 **Settlement of the Scheme Consideration**

5.4.1 The Scheme Consideration due to Dematerialised Shareholders and Certificated Shareholders who have completed the Form of Surrender with their bank details, will not be posted to such Torre Shareholders, but the CSDP/Broker account will be credited/updated as applicable within 1 (one) Business Day after the later of receipt of a valid Form of Surrender and the Scheme being declared wholly unconditional, provided that such Form of Surrender has been received by the Transfer Secretaries before 12:00 on the Scheme Record Date and dealt with in terms of the Custody Agreement entered into between the Scheme Shareholder and his/her/its CSDP or Broker.

5.4.2 The Scheme Consideration due to Certificated Shareholders who have not provided bank details in the Form of Surrender, will be posted by registered post, to such Torre Shareholders, at such Torre Shareholders' risk, to his/her/its address reflected on the attached Form of Surrender, or if there is no address on the Form of Surrender, to the address reflected in the Register of Shareholders. This will take place within 6 (six) Business Days after the later of the receipt of the Form of Surrender together with the relevant Document(s) of Title (in negotiable form) and the Scheme being declared wholly unconditional, provided that such acceptances have been received before 12:00 on the Scheme Record Date.

5.4.3 If the Scheme Consideration is not sent to Torre Shareholders entitled thereto because the relevant Document(s) of Title have not been properly surrendered or if the Scheme Consideration are returned undelivered to the Transfer Secretaries, the Scheme Consideration will be held by the Transfer Secretaries for the benefit of the Certificated Shareholders concerned, pending receipt of the necessary information or instructions.

## 6. **AGREEMENTS IN RELATION TO THE SCHEME**

Other than the Irrevocable Undertakings as detailed in paragraph 4.7 of this Circular and the agreements referred to in paragraph 15.6 of the Circular, there are no other agreements that have been entered into between the Offeror and/or any party/ies acting in concert with it and the Offeror and/or the directors of the Offeror (as at the Last Practicable Date or having resigned in the preceding 12 months) and/or Torre Shareholders (as at the Last Practicable Date or who were Torre Shareholders in the preceding 12 months) in relation to the Scheme.

## 7. **EXCHANGE CONTROL REGULATIONS**

The following is a summary of the Exchange Control Regulations insofar as they apply to Torre Shareholders. In the event of any doubts, Torre Shareholders are advised to consult their professional advisers as soon as possible.

### 7.1 **Residents of the Common Monetary Area**

In the case of:

7.1.1 Certificated Shareholders whose registered addresses in the Register are within the Common Monetary Area and whose Document(s) of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be posted by registered post to such Torre Shareholders, in accordance with the "Action required by Shareholders in relation to the Scheme" section of this document as set out on page 13; or

- 7.1.2 Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be transferred directly to the accounts nominated for the relevant Torre Shareholders by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker.

## 7.2 Emigrants from the Common Monetary Area

In the case of Torre Shareholders who are emigrants from the Common Monetary Area, the Scheme Consideration will:

- 7.2.1 in the case of Certificated Shareholders whose Document(s) of Title will be restrictively endorsed under the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Certificated Shareholders' blocked assets in terms of the Exchange Control Regulations. The attached Form of Surrender makes provision for details of the authorised dealer concerned to be given; or
- 7.2.2 in the case of Dematerialised Shareholders, be transferred to the emigrant account of the Torre Shareholders' held at the CSDP of the Authorised Dealer controlling the particular emigrant's blocked assets, or the CSDP contracted by such an Authorised Dealer, under the auspices of the controlling Authorised Dealer.

## 7.3 All other non-residents of the Common Monetary Area

The Scheme Consideration accruing to non-resident Torre Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

- 7.3.1 in the case of Certificated Shareholders, whose Document(s) of Title will be restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident Torre Shareholders concerned, unless written instructions to the contrary are received and an address provided. The attached Form of Surrender (*pink*) makes provision for a substitute address; or
- 7.3.2 in the case of Dematerialised Shareholders, be credited by their duly appointed CSDP or Broker directly to the accounts nominated by the Torre Shareholders in terms of the provisions of the Custody Agreement with his/her/its CSDP or Broker.
- 7.4 If the information regarding the authorised dealer is not given or instructions are not given as required, the Scheme Consideration will be held by the Transfer Secretaries for the benefit of those Torre Shareholders concerned, pending receipt of the necessary information or instructions.

## 8. TAX IMPLICATIONS

- 8.1 The tax implications of the Scheme on the Torre Shareholders will depend on the individual circumstances of each independent Torre Shareholder. Accordingly, Torre Shareholders are advised to obtain independent tax advice in relation to the tax implications of the Scheme.

## 9. INDEPENDENT EXPERT OPINION

- 9.1 In accordance with section 114(3) of the Companies Act and Regulations 90(1) and (2) of the Takeover Regulations, the Independent Board appointed BDO as the Independent Expert (which meets the requirements set out in section 114(2) of the Companies Act and Regulation 90 of the Companies Act) for the purposes of providing external advice in regard to, among other things, the Scheme and to make appropriate recommendations to the Independent Board for the benefit of Shareholders in respect of the Scheme.
- 9.2 The Independent Expert performed a valuation on the Torre Shares for the purposes of the Scheme. Taking into consideration the terms and conditions of the Scheme, the Independent Expert is of the opinion, based on the assumptions and other considerations set forth in its opinion included in **Annexure 1** of the Circular, that the terms and conditions of the Scheme are fair and reasonable to Torre Shareholders. The full text of such opinion from the Independent Expert is set out in **Annexure 1** of the Circular.

## 10. RECOMMENDATIONS AND UNDERTAKINGS

- 10.1 The Independent Board has been tasked to consider whether the terms and conditions of the Scheme are fair and/or reasonable to Torre Shareholders. In discharging its obligations, the Independent Board undertook an independent assessment of the terms and conditions of the Scheme and engaged the Independent Expert to provide a fair and reasonable opinion in this regard.
- 10.2 BDO, acting as Independent Expert to the Independent Board, has advised the Independent Board that it has considered the terms and conditions of the Scheme and is of the opinion that these terms and conditions are fair and reasonable to Torre Shareholders (as further envisaged in **Annexure 1** to this circular). The text of the letter from BDO is included in **Annexure 1** to this Circular and consent to include such letter in this Circular has not been withdrawn prior to the Last Practicable Date.
- 10.3 The Independent Board, taking into account the fair and reasonable opinion of the Independent Expert, has considered the terms and conditions of the Scheme and is of the opinion that the terms and conditions thereof are fair and reasonable to Torre Shareholders. In particular, the Independent Board has considered the fair value ranges determined by the Independent Expert and is in agreement with the fair value ranges so determined and has placed reliance on the valuation performed by the Independent Expert. There were no factors considered to be too difficult to quantify or unquantifiable by the Independent Board when formulating its opinion. Accordingly, the Independent Board recommends that all Torre Shareholders vote in favour of the Transaction. All the Directors intend, in respect of their own beneficial holdings of relevant securities, to vote in favour of the Transaction.
- 10.4 In terms of regulation 106(6)(b) of the Takeover Regulations, the Independent Board and Torre Board are of the opinion that the Scheme is fair and reasonable to Torre Shareholders.

## 11. NO SET-OFF OF SCHEME CONSIDERATION

- 11.1 Delivery of the Scheme Consideration to Torre Shareholders will be affected in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled.

## 12. INFORMATION ON TORRE

### 12.1 Nature of the business

Torre is a JSE Main Board listed industrial group which provides value added sales and rentals of branded capital equipment, the distribution of high-quality aftermarket parts and the delivery of critical support services to its customers' expansion programmes.

### 12.2 Major Shareholders

At the Last Practicable Date insofar as is known to Torre, the following Shareholders (other than Directors and their associates whose shareholdings are set out in paragraph 12.5 of this Circular), were, directly or indirectly, beneficially interested in 5% or more of the Shares:

Shareholder	Number of Torre Shares	Current % <sup>1</sup>
Stellar Capital	293 458 414	57.1%
Newshelf	129 464 571	25.2%
<b>Total</b>	<b>422 922 985</b>	<b>82.3%</b>

**Notes:**

1. Based on 514 197 105 Shares in issue as at the Last Practicable Date.

## 12.3 Interests and Dealings in Securities

### 12.3.1 *Interests in Torre by the Irrevocable Shareholders as providers of the Irrevocable Undertakings*

As at the Last Practicable Date:

- Stellar Capital's interest in Torre amounted to 293 458 414 Torre Shares, equivalent to 57.1% of Torre's issued ordinary shares;
- Newshelf's interest in Torre amounted to 129 464 571 Torre Shares, equivalent to 25.2% of Torre's issued ordinary shares.

### 12.3.2 *Dealings in Torre by the Irrevocable Shareholders as providers of Irrevocable Undertakings*

The Irrevocable Shareholders did not deal in Torre Shares in the period beginning six months before the Scheme Opening Date.

## 12.4 Share capital of Torre

The authorised and issued ordinary share capital of Torre before the Scheme is set out below:

*Authorised*

1 000 000 000 ordinary shares of no par value

*Issued ordinary share capital and premium*

514 197 105 ordinary shares of no par value 1 304 000 000

#### Notes:

1. There were no treasury shares as at the Last Practicable Date.

## 12.5 Statement of Directors' interests

### 12.5.1 *Directors' interests in Torre*

The direct and indirect beneficial interests of the Torre Directors and their Associates in Torre Shares, including Directors who have resigned over the last 18 months as at the Last Practicable Date are set out in the table below.

Director	Beneficial		Total	Total %
	Direct	Indirect		
<b>Executive Directors</b>				
JW Hillary	200 000	– <sup>1</sup>	200 000	0.04%
JT Botes <sup>2</sup>	11 639	–	11 639	0.002%
S Mansingh	100 000	– <sup>1</sup>	100 000	0.02%
<b>Non-Executive Directors</b>				
CS Seabrooke	–	62 842 103 <sup>3</sup>	62 842 103	12.22%
MM Ngoasheng	–	17 623 325 <sup>4</sup>	17 623 325	3.43%
PJ van Zyl	–	171 150 <sup>5</sup>	171 150	0.03%
LE Mthimunye	–	–	–	–
MS Bomela <sup>6</sup>	–	–	–	–
CE Pettit <sup>7</sup>	–	–	–	–
N Khaole	–	–	–	–
S Ziphethe-Makola	–	–	–	–
PJ Bishop <sup>8</sup>	–	–	–	–
<b>Total</b>	<b>311 639</b>	<b>80 636 578</b>	<b>80 948 217</b>	<b>15.72%</b>

#### Notes:

1. JW Hillary and S Mansingh have 16 296 296 and 1 265 859 unvested shares as part of the Incentive Scheme, which will be settled as part of the Transaction.
2. Resigned with effect from 31 July 2018.
3. Through Newshelf, 62 842 103 Shares are held by subsidiaries of Sabvest Limited in which the Seabrooke Family Trust has a 69.531% voting and 32.6% economic interest.

4. 16 954 105 Shares held by Safika Holdings Proprietary Limited in which MM Ngoasheng holds a 28.4% economic interest and 669 220 shares held in Modidima Ventures (Pty) Ltd.
5. Holds 300 000 directly in Stellar Capital Partners Limited which holds 57.07% of Torre as at the Last Practicable Date.
6. Resigned with effect from 24 October 2017.
7. Resigned as executive deputy chairman on 30 June 2017 and then as non-executive director on 24 October 2017.
8. Appointed as an alternate director to Peter van Zyl on 8 May 2018.

There have been no changes to the Directors' interest disclosure as set out above since the Last Practicable Date.

#### 12.5.2 **Directors' dealings in Torre**

No Torre Directors dealt in Torre Shares in the period beginning six months before the Scheme Opening Date.

#### 12.6 **Directors' interests in transactions**

No Torre Directors have interests in transactions as at the Last Practicable Date. It is noted that Charles Pettit, a prior director of Torre, is a director of the Offeror and Apex and a shareholder in Apex.

#### 12.7 **Remuneration of Directors**

The remuneration of Torre Directors in their capacity as Torre Directors, which is due and payable for the period up to the Scheme Operative Date, will in no way be affected as a result of the Scheme. Pursuant to the Scheme, the Torre Directors will resign from the Torre Board and accordingly no further remuneration will be received from the date of their resignation.

#### 12.8 **Service Agreements**

There are no service contracts in place between any Torre Director and/or proposed Torre Director on the one hand and the Group on the other hand. There are no service contracts entered into or amended within six months before the Scheme Opening Date.

#### 12.9 **Financial Information**

##### 12.9.1 **Historical financial information**

Extracts from the audited financial information of Torre for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 are included in **Annexure 4** to this Circular.

##### 12.9.2 **Pro forma financial effects of the Scheme**

In terms of section 11.23(f) of the Listings Requirements as well as Regulation 106(d) of the Companies Regulations, since the Scheme Consideration is a cash offer and not an offer for shares, no *pro forma* financial effects are required.

Torre Shareholders are referred to paragraph 4.5 regarding the impact of the Guarantee.

### 13. **MATERIAL CHANGES**

There have been no material changes in the financial or trading position of Torre and the Group since its financial year ended 30 June 2018 and the Last Practicable Date.

### 14. **MATERIAL CONTRACTS, SERVICE AND OTHER AGREEMENTS**

There are no material contracts entered into by Torre during the two years preceding the Scheme Opening Date other than in the ordinary course of the business carried on by Torre or containing an obligation or settlement that is material to the Group.

## 15. INFORMATION ON THE CONSORTIUM

### 15.1 Nature of the business

The Offeror is a newly incorporated private company and has not conducted any business since incorporation. The Offeror is owned collectively by (i) EMMF, a mid-market private equity fund with strong empowerment credentials and forms part of the Ethos Group, and (ii) Apex, an investment banking firm established in September 2017 by the former CEO of Torre, Charles Pettit.

The Ethos Group is widely considered to be an experienced and successful private equity investment team in South Africa.

The Ethos Mid-Market Fund I (EMMF I) was launched in 2016. EMMF I seeks to make investments into high-growth potential companies where it believes it can create sustainable value by actively optimising strategy, operations and capital structures in partnership with management. Importantly, EMMF I is majority-owned and managed by Black individuals. The Ethos Group believe that the combination of significant empowerment credentials and strong private equity execution capabilities will give EMMF I a distinct competitive advantage.

Current EMMF I investments are: Autozone, Twinsaver, Eazi Access, Echotel, MTN Zakhele Futhi, Kevro and most recently Gammatek.

The EMMF I forms part of the Ethos Group which was founded in 1984, and pioneered South African private equity, concluding the first private equity-led acquisitions in the country. With a 34-year track record of successful investing in the South and sub-Saharan African markets, the Ethos Group has made 106 investments to date and successfully exited 96. Some of their better-known investments over the past few years include Twinsaver, Alexander Forbes, Tiger Wheel and Tyre, and Autozone.

Apex is a South African investment banking business established in September 2017. Apex provides advisory and lending solutions to a select group of clients and also invests its own capital into a range of special situations opportunities, usually in the industrial or financial services sectors.

### 15.2 Major Beneficial Shareholders

The sole shareholders of the Offeror are EMMF Bidco as to 100% of the A Shares and Apex Bidco as to 100% of the ordinary shares.

### 15.3 Interests and Dealings in Securities

#### 15.3.1 *Interests in Torre by the Offeror*

As at the Last Practicable Date, the Consortium and its shareholders do not beneficially, directly or indirectly, hold or control any Torre Shares nor does it or its shareholders have any options to purchase any Torre Shares or beneficial interest therein.

The Offeror is acting as principal and not as agent in respect of the Transaction and it is not acting in concert with any parties, other than its shareholders, for purposes of the implementation of the Transaction.

#### 15.3.2 *Dealings in Torre by the Offeror*

The Offeror did not deal in Torre Shares in the period beginning six months before the Scheme Opening Date.

### 15.4 Statement of Directors' interests

#### 15.4.1 *Directors' interests in Torre*

None of the directors of the Offeror nor any of their Associates hold any direct or indirect beneficial interest in Torre Shares. There have been no changes to the Directors' interest disclosure as set out above since the Last Practicable Date.

#### 15.4.2 *Directors' dealings in Torre*

No directors of the Offeror have dealt in Torre Shares in the period beginning six months before the Scheme Opening Date.

## 15.5 Financial Information

The Consortium was newly established for purposes of the Transaction and has no trading history.

## 15.6 Agreements in relation to the Scheme and other arrangements

Other than the Irrevocable Undertakings, no agreement exists between the Consortium and any Shareholders which could be considered material to a decision regarding the Scheme to be taken by Shareholders.

Apex previously had a 12-month corporate advisory mandate in place with Torre to provide general corporate support to Torre, which mandate terminated with effect from 31 October 2018.

As at the Last Practicable Date, no other agreements have been entered into between the Consortium and any of the directors of the Consortium or Shareholders in relation to the Scheme, save for those detailed in this paragraph including the Irrevocable Undertakings referred in paragraph 4.7 of the Circular.

## 16. TORRE RESPONSIBILITY STATEMENT

The Independent Board and the Torre Board, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular which relates to the Scheme as well as the extracts of information relating to Torre and certifies that, to the best of their knowledge and belief, such information is true and this Circular does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular. The Independent Board and the Torre Board has made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law, the Companies Act and the Listings Requirements.

## 17. OFFEROR RESPONSIBILITY STATEMENT

The directors of the Offeror, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular which relates to the Scheme as well as the extracts of information relating to the Offeror and certifies that, to the best of their knowledge and belief, such information is true and this Circular does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular. The directors of the Offeror have made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law, the Companies Act and the Listings Requirements.

## 18. COSTS

It is estimated that the total expenses relating to the Scheme will amount to approximately R2.35 million (costs are exclusive of VAT) and includes the following:

<b>Description</b>	<b>Estimated Amount R'000</b>
Independent Expert – BDO	335
Transaction Sponsor – Questco	300
Documentation Review – JSE	30
Documentation Review – TRP	149
Transfer Secretaries – Link Market Services	75
Exchange Control – SARB	5
Printing & Postage – Ince	110
Securities Transfer Tax – SARS	1 350
<b>Total</b>	<b>2 354</b>

Costs pertaining to the preparation, review and implementation of this Circular shall be borne by the Consortium. Costs pertaining to the printing and postage of the Circular and announcements as required, will be equally borne by the Company and the Consortium. Each party shall bear their own costs in respect of professional advisors, as applicable.



**19. ADVISORS' CONSENTS**

The advisers whose names appear in the sections "Corporate Information and Advisers" have all consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular and, in the case of the Independent Expert, reference to their report in the form and context in which it appears, and have not withdrawn their consent prior to the publication of this Circular.

**20. LITIGATION STATEMENT**

There are no litigation matters in Torre that have or may have a material impact on the Group.

**21. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Shareholders at Torre's registered office and the offices of the Transfer Secretaries (the addresses of which appear in the sections "Corporate Information and Advisers") during normal office hours from the date of posting of this Circular until the Scheme Closing Date:

- 21.1 a signed copy of this Circular;
- 21.2 a signed copy of the report of the Independent Expert;
- 21.3 the MOI of Torre;
- 21.4 the Irrevocable Undertakings from Torre Shareholders;
- 21.5 the TRP approval letter for the Circular;
- 21.6 the consolidated audited financial information of Torre for the three years ended 30 June 2016, 30 June 2017 and 30 June 2018; and
- 21.7 the written consents by the advisers.

**SIGNED AT JOHANNESBURG ON BEHALF OF THE TORRE BOARD IN TERMS OF RESOLUTIONS PASSED BY THE TORRE BOARD.**

By order of the Torre Board

**TORRE INDUSTRIES LIMITED**

**Jon Hillary**  
*Chief Executive Officer*

5 December 2018

**SIGNED AT JOHANNESBURG ON BEHALF OF THE OFFEROR IN TERMS OF RESOLUTIONS PASSED BY THE OFFEROR BOARD**

By order of the Offeror board

**MAIN STREET 1641 PROPRIETARY LIMITED**

**Edward Pitsi**  
*Director*

12 December 2018

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## REPORT OF THE INDEPENDENT EXPERT

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The Board and the Independent Board  
Torre Industries Limited  
11 Avalon Road  
West Lake View  
Ext 11  
Modderfontein  
1609

11 December 2018

Dear Sirs

### REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO TORRE INDUSTRIES LIMITED REGARDING THE OFFER BY MAIN STREET 1641 PROPRIETARY LIMITED TO ACQUIRE ALL OF THE ISSUED SHARE CAPITAL OF THE COMPANY BY WAY OF A SCHEME OF ARRANGEMENT

#### INTRODUCTION

In terms of the joint firm intention announcement (“**Firm Intention Announcement**” or “**FIA**”) published by Torre Industries Limited (“**Torre**” or the “**Company**”) and Main Street 1641 Proprietary Limited on the Stock Exchange News Service (“**SENS**”) of the exchange operated by the JSE Limited (“**JSE**”) on 12 November 2018, holders of ordinary shares of no par value in the issued share capital of Torre (“**Shares**” or “**Torre Shares**”) (“**Shareholders**”) were advised of the firm intention by Main Street 1641 Proprietary Limited, a special purpose vehicle established by Ethos Mid-Market Fund I GP Proprietary Limited (acting in its capacity as the General Partner of the Ethos Mid Market GP Partnership in its capacity as the General Partner of the Ethos Mid Market Fund I (A) Partnership and the Ethos Mid Market Fund I (B) Partnership) (“**EMMF**”) and Apex Partners Proprietary Limited (“**Apex**”) collectively (“**Offeror**” or the “**Consortium**”), to make an offer to acquire all of the Shares (“**Offer**”) for a consideration per Share (“**Scheme Shares**”), comprising:

- a special cash dividend of R0.35 per Torre Share, (“**Cash Dividend**”);
- a cash consideration of R1.05 per Torre Share, which is equivalent to an aggregate cash consideration of R539,906,960 for all the Torre Shares (“**Cash Payment**”), payable on the day on which the Scheme becomes operative; and
- a maximum deferred, top-up payment of up to R0.10 per Torre Share, which is equivalent to a maximum cash consideration of R51,419,711 for all the Torre Shares, subject to the achievement of performance targets (“**Top-up Payment**”), if the Scheme becomes operative

(the Cash Payment and Top-up Payment are collectively referred to herein as the “**Offer Consideration**”).

The Offer will be implemented by way of a scheme of arrangement in terms of section 114(1)(c) read together with section 115 of the Companies Act, 71 of 2008, as amended (“**Companies Act**”). After recommendation from the independent board of directors of Torre (“**Independent Board**”), the board of directors of Torre (“**Board**” or “**Torre Directors**”) resolved to propose the Scheme between Torre and its Shareholders (“**Scheme Participants**”) (“**Scheme**”).

The Scheme, if implemented, will result in the acquisition by the Offeror of 100% of the Shares and will result in the subsequent delisting of all of the Shares from the Main Board of the JSE (“**Delisting**”).

The Scheme and Delisting are collectively referred to as the “**Transaction**”.

As at the date of this Independent Expert Report (as defined below), the authorised and issued share capital of the Company comprises the following:

- authorised ordinary share capital comprising 1 000 000 000 Shares; and
- issued ordinary share capital comprising 514 197 105 Shares.

There are no Shares held as treasury shares.

The Transaction will directly or indirectly affect all Shareholders. If the Scheme becomes unconditional and is implemented, each Scheme Participant will receive:

- a cash consideration of R1.05 for every Scheme Share held by such Scheme Participant on the date on which the Scheme becomes operative; and
- a cash consideration of a maximum of R0.10 for every Scheme Share held by such Scheme Participant in terms of the Top-up Payment. The Top-up Payment is subject to the achievement of performance targets and is detailed in paragraph 4.2.3 of the circular to Shareholders to be dated on or about Friday, 21 December 2018 (“**Circular**”).

In addition to the Cash Payment and Top-up Payment, Shareholders received a special cash dividend of R0.35 on Monday, 10 December 2018. Although the Cash Dividend is paid by Torre and is not contingent on the successful implementation of the Scheme, the Offer directly resulted in Torre’s decision to pay the Cash Dividend and therefore the Cash Dividend is considered part of the scheme consideration (the Cash Dividend, the Cash Payment and the Top-up Payment are collectively the “**Scheme Consideration**”).

Torre operates a conditional share plan under which Torre Shares are available to be issued to certain employees of Torre the vesting of which Shares are conditional upon the achievement of predetermined performance conditions (the “**Incentive Scheme**”). In terms of the Scheme the Incentive Scheme Shares will be treated equally and the rules governing the Incentive Scheme cater for the instance of a delisting, in which case, all participants are treated as good leavers. For vested awards, the Consortium and Torre will pay the participant a cash amount equal to R1.40 per Share, an amount equivalent to the Cash Dividend and Cash Payment components of the Scheme Consideration (“**Incentive Scheme Consideration**”). For unvested awards, where the performance conditions have been met, a proportion of the awards will be deemed to have vested on 22 October 2018 based on the time elapsed between the date of grant and the deemed date of vesting. Participants will receive the Incentive Scheme Consideration, for the proportion of the award deemed to have vested. There are 27,446,225 awards outstanding of which 442,218 have vested. A further 4,373,253 awards have met the performance condition, of which 2,399,227 have been deemed to have vested for the time elapsed between the date of grant and the deemed date of vesting. Incentive Scheme participants are not entitled to the Top-up Payment.

More information on the material effects that the Transaction is detailed in the Circular, which will include a copy of this Independent Expert Report.

Full details of the Transaction are set out in the Circular.

As at the last practicable date prior to the finalisation of the Circular, being Friday, 14 December 2018 (the “**Last Practicable Date**”), Torre Directors (including any associates of the Torre Directors and any director of the Board who resigned in the 18 months preceding the Last Practicable Date) held the following direct and indirect beneficial interests in Shares:

	Number of Shares			Percentage shareholding <sup>1</sup>
	Direct beneficial interest	Indirect beneficial interest	Total	
<b>Executive</b>				
JW Hillary	200 000	–	200 000	0.04%
JT Botes	11 639	–	11 639	0.002%
S Mansingh	100 000	–	100 000	0.02%
<b>Non-executive</b>				
CS Seabrooke	–	62 842 103	62 842 103	12.22%
MM Ngoasheng	–	17 623 325	17 623 325	3.43%
PJ Van Zyl	–	171 150	171 150	0.03%
<b>Total</b>	<b>311 639</b>	<b>80 636 578</b>	<b>80 948 217</b>	<b>15.72%</b>

<sup>1</sup> Percentage shareholding is calculated as a percentage of the total issued share capital of Torre, as at the Last Practicable Date.

Copies of sections 115 and 164 of the Companies Act are included as **Annexure 5** to the Circular.

## **FAIR AND REASONABLE OPINION REQUIRED IN TERMS OF THE COMPANIES ACT**

The Transaction is an affected transaction as defined in section 117(1)(c) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with Regulations 90 and 110 of the Companies Regulations, 2011 (“**Companies Regulations**”), the Independent Board is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and Regulations 90 and 110 of the Companies Regulations (the “**Fair and Reasonable Opinion**” or “**Independent Expert Report**”).

BDO Corporate Finance Proprietary Limited (“**BDO Corporate Finance**”) has been appointed as the independent expert by the Independent Board to assess the Scheme and the Scheme Consideration as required in terms of section 114 of the Companies Act and Regulations 90 of the Companies Regulations. The Fair and Reasonable Opinion set out herein is provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the Scheme and the Scheme Consideration for the benefit of Shareholders.

## **RESPONSIBILITY**

Compliance with the Listings Requirements is the responsibility of the Board. Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report to the Board and Independent Board on whether the terms and conditions of the Scheme and the Scheme Consideration are fair and reasonable to Shareholders.

## **DEFINITION OF THE TERMS “FAIR” AND “REASONABLE” AND “COMPARABLE OFFER” APPLICABLE IN THE CONTEXT OF THE TRANSACTION**

The “fairness” of a transaction is primarily based on quantitative issues. A transaction will generally be considered to be fair to a company’s shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

An offer may be considered to be fair to shareholders if the offer consideration is equal to or greater than the fair value of an offer share, or unfair if the offer consideration is less than the fair value of an offer share. Furthermore, in terms of Regulation 110(8) of the Companies Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the transaction. Hence, even though the consideration to be paid in respect of an offer may be lower than the market value, the offer may be considered reasonable after considering other significant qualitative factors. The offer may be said to be reasonable if the offer consideration is greater than the trading price of an offer share as at the time of announcement of the offer consideration, or at some other more appropriate identifiable time.

Regulation 87 of the Companies Regulations states that the offer consideration in a comparable offer is to be determined by the offeror taking account of the class of security to which the comparable offer is to be made.

## **DETAILS AND SOURCES OF INFORMATION**

In arriving at our opinion we have relied upon the following principal sources of information:

- the terms and conditions of the Transaction, as set out in the Circular;
- the Integrated Audited Annual Reports of Torre for the years ended 30 June 2016, 2017 and 2018;
- the unaudited condensed consolidated interim results of Torre for the six months ended 31 December 2017;
- the unaudited management accounts of Torre, on a consolidated basis and by division, for the years ended 30 June 2016, 2017 and 2018;
- year-to-date management accounts of Torre, on a consolidated basis and by division, for the period ended 30 September 2018;
- forecast financial information provided by Torre management, on a consolidated basis and by division, for the years ending 30 June 2019 to 2023;
- discussions with Torre Directors, advisors and management regarding the rationale for the Transaction;
- discussions with Torre Directors, advisors and management regarding the historical and forecast financial information of the Company and its underlying operations;

- discussions with Torre Directors, advisors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
- publicly available information relating to the industrial goods and services sectors in general; and
- publicly available information relating to Torre that we deemed to be relevant, including Company announcements and media articles.

The information above was secured from:

- Torre Directors and management and their advisors; and
- third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Torre.

## PROCEDURES

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness and reasonableness of the Transaction:

- reviewed the terms and conditions of the Transaction;
- reviewed the audited and unaudited financial information related to Torre, as detailed above;
- reviewed and obtained an understanding from management as to the forecast information of Torre, on a consolidated basis and by division, for the financial years ending 30 June 2019 – 2023 prepared by management of Torre. Considered the forecast cash flows and the basis of the assumptions therein including the prospects of the business of Torre and its underlying operations. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management and assessed the achievability thereof by considering historical information as well as macro-economic and industry-specific data;
- compiled consolidated forecast cash flows for Torre by using the forecast financial information as detailed above. Applied BDO Corporate Finance's assumptions of cost of capital to the consolidated forecast cash flows to produce a discounted cash flow ("DCF") valuation of Torre;
- compiled a capitalisation of maintainable earnings valuation of Torre on a "sum of the parts" ("SOTP") basis by using adjusted historical and forecast financial information per division and applied BDO Corporate Finance's calculated earnings multiples based on market comparables to divisional earnings before interest, taxation, depreciation and amortisation ("EBITDA");
- performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the industrial goods and services sectors generally;
- held discussions with Torre Directors and management regarding the past and current business operations, regulatory requirements, financial condition and future prospects of the Company and such other matters as we have deemed relevant to our inquiry;
- held discussions with Torre Directors and management regarding the rationale for the Transaction;
- assessed the long-term potential of Torre and its underlying operations;
- performed a sensitivity analysis on key assumptions included in the valuation;
- evaluated the relative risks associated with Torre and the industrial goods and services sectors;
- reviewed certain publicly available information relating to Torre and the industrial goods and services sectors that we deemed to be relevant, including Company announcements and media articles and available analyst coverage; and
- where relevant, representations made by management and/or Torre Directors were corroborated by source documents or independent analytical procedures performed by us, to examine and understand the industry in which Torre operates, and to analyse external factors that could influence the business of Torre and its underlying operations.

## OTHER CONSIDERATIONS

In arriving at our opinion, we have considered, in addition to the procedures referred to above, other key quantitative and qualitative factors, which are set out below:

- the rationale for the Transaction as set out in the Circular;
- the tradability of the Shares; and
- the Scheme Consideration.

## **ASSUMPTIONS**

We arrived at our opinion based on the following assumptions:

- that all agreements that have been entered into in terms of the Transaction will be legally enforceable as against the relevant parties thereto;
- that the Transaction will have the legal, accounting and taxation consequences described in the Circular and discussions with, and materials furnished to us by representatives and advisors of Torre; and
- that reliance can be placed on the financial information of Torre.

## **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- placing reliance on audit reports in the financial statements of Torre;
- conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- determining the extent to which representations from management were confirmed by documentary and audited financial evidence as well as our understanding of Torre and the economic environment in which the Company operates.

## **LIMITING CONDITIONS**

This Independent Expert Report is provided in connection with and for the purposes of the Transaction. This Independent Expert Report does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

Individual Shareholders' decisions regarding the Transaction may be influenced by such Shareholders' particular circumstances and accordingly individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Torre relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Torre will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Torre and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## **INDEPENDENCE, COMPETENCE AND FEES**

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in the Scheme Shares or the Transaction, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by Regulation 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the Transaction and will reasonably be perceived to be independent. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fees of R335,000 (excluding VAT) are not contingent upon the success of the Transaction. Our fees are payable in cash and not payable in shares.

## **VALUATION APPROACH**

We have performed a valuation of Torre by applying the DCF methodology as the primary valuation methodology and the capitalisation of maintainable earnings methodology on a SOTP basis as a secondary methodology to support the results of the DCF valuation.

The valuations were performed taking cognisance of risk and other market and industry factors affecting Torre. Additionally, sensitivity analyses were performed considering key value drivers.

Key internal value drivers to the DCF valuation included revenue growth, gross profit margins, EBITDA margins, the discount rate (represented by the weighted average cost of capital ("**WACC**")), working capital and capital expenditure requirements. Revenue growth and operating profit margins are the main drivers of expected free cash flows to be generated over the forecast period.

External value drivers, including; key macro-economic parameters such as, GDP growth, interest rates, exchange rates, headline inflation rates, commodity prevailing and forecast prices and prevailing market and industry conditions were considered in assessing the forecast cash flows and risk profile of Torre.

Our valuation results are also sensitive to working capital balance movements, capital expenditure requirements and WACC applied in the DCF valuation.

## **VALUATION RESULTS**

In undertaking the valuation exercise above, we determined a valuation range of R1.16 to R1.29 per Scheme Share, with a most likely value, which approximates the mid-point of the valuation range, of R1.22 per Scheme Share. The core number for purposes of expressing our opinion, is considered to be at the lower value in the valuation range being R1.16 per Scheme Share. The Scheme Consideration is considered to be fair as, even if no value is attributed to the Top-up Payment, the Cash Dividend and Cash Payment components of the Scheme Consideration in the amount of R1.40, fall above the valuation range.

The valuation ranges above are provided solely in respect of this Independent Expert Report and should not be used for any other purposes.

## **THE SCHEME CONSIDERATION COMPARED TO THE TRADING PRICE**

The Cash Dividend and Cash Payment components of the Scheme Consideration together represent a premium of 37.54% to the 30-day volume weighted average price ("**VWAP**") of the Shares on the JSE of R1.0179 for the 30 days up to and including 9 November 2018, being the last trading date immediately prior to the publication of the FIA.

The Scheme Consideration represents a premium of 47.36% to the 30-day VWAP up to 9 November 2018.

## **KEY QUALITATIVE CONSIDERATIONS**

In arriving at our opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Transaction:

- the rationale for the Transaction as set out in the Circular;
- the fair value of the Scheme Consideration being at a premium to the 30-day VWAP of the Shares up to the last trading date immediately prior to the FIA; and
- the limited tradability of Shares. Torre Shares are tightly held with relatively poor liquidity and analyst coverage.

## **OPINION**

The Scheme Consideration represents a premium of 47.36% to the 30-day VWAP per Share on the JSE up to the last trading date immediately prior to the FIA and above the suggested range calculated from our valuation. The rationale for the Transaction is set out in paragraph 3 of the Circular. We are not aware of any material adverse effects of the Transaction.

BDO Corporate Finance has considered the proposed terms and conditions of the Scheme, based upon and subject to the conditions set out herein, BDO Corporate Finance is of the opinion that the terms and conditions of the Scheme and the Scheme Consideration, in respect of the Scheme, are fair and reasonable. As the

Incentive Scheme entitles holders to the Scheme Consideration per vested share, we are of the opinion that the Scheme Consideration is fair in respect of the Incentive Scheme Shares.

The Incentive Scheme Consideration is deemed comparable in accordance with Regulation 87(5) of the Companies Regulation as the Incentive Scheme Consideration is fair and reasonable. It is however not identical to the Offer Consideration due to the fact that the Incentive Scheme participants are not entitled to the Top-up Payment if the Scheme becomes operative, which is based on a contingent future event. Our opinion is necessarily based upon the information available to us up to Friday, 14 December 2018, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions to the Transaction, including any material regulatory and other approvals and consents required in connection with the Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this Independent Expert Report, which we are under no obligation to update, revise or re-affirm.

## **CONSENT**

We hereby consent to the inclusion of this Independent Expert Report, in whole or in part, and references thereto in the Circular and any other announcement or document pertaining to the Transaction, in the form and context in which they appear.

Yours faithfully

**N Lazanakis**

*Director*

**BDO Corporate Finance Proprietary Limited**

22 Wellington Road

Parktown

2193



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**BUSINESSES TO BE RETAINED BY APEX**


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Pursuant to the Transaction, Apex, through Apex Bidco or its nominee, will retain the following businesses and divisions of Torre. Collectively referred to in the Circular herein as the “**Torre Industrial**” businesses.

#	Company Name	Registration Number	Divisions	Current relationship to Torre
1	Torre Capital (Pty) Ltd <sup>^</sup>	2010/010522/07		Wholly-owned subsidiary of Torre
2	Torre South Africa Holdings (Pty) Ltd (“ <b>TSA</b> ”)	2014/085891/07		Wholly-owned subsidiary of Torre
3	Torre Holdings (Pty) Ltd (“ <b>TH</b> ”)	1982/009174/07	<ol style="list-style-type: none"> <li>1. Letaba Pumps</li> <li>2. Buccaneer</li> <li>3. Elephant Lifting Equipment</li> <li>4. Tractor and Grader Supplies</li> <li>5. SA French</li> <li>6. Torre Management Services</li> <li>7. Torre Logistics</li> </ol>	Wholly-owned subsidiary of TSA
4	Tractor and Grader Supplies (Swaziland) (Pty) Ltd	448 of 1997		50% subsidiary of TH
5	Torre Equipment and Parts (Namibia) (Pty) Ltd	2014/0221		80% subsidiary of TH
6	Manhand Materials Handling Holdings (Pty) Ltd	1997/007251/07		100% subsidiary of TH
7	Control Instrument Group (Pty) Ltd (“ <b>CI</b> ”)	1964/003987/07		100% subsidiary of TH
8	Torre Parts and Components (Pty) Ltd (“ <b>TPC</b> ”)	1970/012286/07		100% subsidiary of CI
9	Voomer Pty Ltd	2005/022801/07		100% subsidiary of TPC
10	Letaba Zimbabwe (Pvt) Ltd	2383/95		50% subsidiary of Torre International Holdings Ltd (“ <b>TIH</b> ”)
11	Torre Capital Ltd	120372 C1/GBL		100% subsidiary of TIH
12	Stellar Equipment Finance Limited <sup>^</sup>	131246 C1/GBL		50% subsidiary of Torre Capital
13	Tractor and Grader Supplies Copperbelt <sup>^</sup>	105832		100% subsidiary of TIH
14	Set Point Group (Pty) Ltd (“ <b>Set Point</b> ”)	1996/014334/07		100% subsidiary of TSA

<sup>^</sup>Dormant or in the process of being wound-up/deregistered.

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**BUSINESSES TO BE RETAINED BY EMMF**


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Pursuant to the Transaction, EMMF, through EMMF Bidco or its nominee, will retain the following businesses and divisions of Torre. Collectively referred to in the Circular herein as the “**Torre Analytical**” businesses.

#	Company Name	Registration Number	Divisions	Current relationship to Torre
1	Set Point Botswana (Pty) Ltd (“ <b>Set Point Botswana</b> ”)	CO2010/22389		100% subsidiary of Set Point
2	Set Point Fluid Handling & Analytics (Namibia) (Pty) Ltd (“ <b>Set Point Namibia</b> ”)	2013/0933		100% subsidiary of Set Point
3	Torre Analytical Services (Pty) Ltd (“ <b>Torre Analytical</b> ”)	1989/000201/07	1. WearCheck 2. Set Point 3. African Mineral Services (“AMIS”) 4. Central Services	100% subsidiary of Set Point
4	WearCheck Ghana Limited (“ <b>WearCheck Ghana</b> ”)	CB-826		75% subsidiary of TIH
5	Set Point Zambia Limited	120080075759		100% subsidiary of TIH
6	WearCheck Mozambique Limited (“ <b>WearCheck Mozambique</b> ”)	100392321		100% subsidiary of TIH
7	Torre International Holdings Ltd	120372 C1/GBL		Wholly owned subsidiary of Torre
8	WearCheck PM Limited (Dubai) (“ <b>WearCheck PM Dubai</b> ”)	133399		51% subsidiary of TIH
9	WearCheck PM LLC (Dubai) (“ <b>WearCheck LLC Dubai</b> ”)	46151		100% subsidiary of Wearcheck PM Dubai
10	WearCheck Laboratories India Private Limited (“ <b>WearCheck India</b> ”)	076861		100% subsidiary of WearCheck PM Dubai
11	WearCheck Zimbabwe (Pvt) Ltd (“ <b>WearCheck Zimbabwe</b> ”)	7891/2015		100% subsidiary of TIH
12	Tribology Services (Pvt) Ltd	1242/89		100% subsidiary of WearCheck Zimbabwe

<sup>^</sup>Dormant or in the process of being wound-up/deregistered.

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**EXTRACT OF CONSOLIDATED AUDITED HISTORICAL FINANCIAL INFORMATION OF TORRE FOR THE YEARS ENDED 30 JUNE 2016, 30 JUNE 2017 AND 30 JUNE 2018**


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Complete sets of the Financial Statements are available on the Torre website – [www.torreindustries.com](http://www.torreindustries.com)

**ACCOUNTING POLICIES**

Torre Industries Limited is a South African registered company. The consolidated annual financial statements of Torre Industries Limited for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 comprises Torre Industries Limited and its subsidiaries (together referred to as the Torre Group) and the Torre Group's interest in associate companies and joint ventures.

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB), the AC 500 standards as issued by the Accounting Practices Board or its successor and the requirements of the Companies Act of South Africa (as amended).

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016, 30 JUNE 2017 AND 30 JUNE 2018**

Figures in Rand million	Group 2018	Group 2017	Group 2016
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	82	79	120
Rental assets	17	79	296
Goodwill	40	73	599
Intangible assets	141	146	137
Investments in associates	–	1	65
Other financial assets	12	–	1
Deferred taxation	35	43	42
Finance lease receivables	5	18	60
Operating lease asset	–	–	1
	332	439	1 321
<b>Current Assets</b>			
Inventories	395	344	489
Loan to shareholders	–	–	10
Other financial assets	–	–	–
Current tax receivables	2	–	5
Finance lease receivables	5	6	62
Trade and other receivables	240	247	338
Vendor loan	2	174	–
Cash and cash equivalents	159	182	201
	803	953	1 105
Assets held-for-sale	26	–	–
<b>Total Assets</b>	<b>1 161</b>	<b>1 392</b>	<b>2 426</b>

<b>Figures in Rand million</b>	<b>Group 2018</b>	<b>Group 2017</b>	<b>Group 2016</b>
<b>Equity and Liabilities</b>			
Equity attributable to owners of the company	1 304	1 304	1 319
Stated/share capital Reserves	–	9	36
(Accumulated loss)/Retained income	(470)	(395)	59
	834	918	1 414
Non-controlling interest	5	4	194
	839	922	1 608
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Interest bearing borrowings	–	92	153
Instalment sale agreements	–	–	18
Deferred purchase consideration	–	3	19
Deferred taxation	26	40	50
Operating lease liability	–	2	4
Warranty provision	3	3	3
	29	140	247
<b>Current Liabilities</b>			
Interest bearing borrowings	2	42	41
Instalment sale agreements	–	3	18
Deferred purchase consideration	4	2	20
Current tax payable	12	8	1
Trade and other payables	271	254	410
Bank overdraft	4	21	81
	293	330	571
<b>Total Liabilities</b>	<b>322</b>	<b>470</b>	<b>818</b>
<b>Total Equity and Liabilities</b>	<b>1 161</b>	<b>1 392</b>	<b>2 426</b>
Number of Shares in Issue	514 197 105	514 197 105	525 058 445
Net asset value per share (cents)	162	179	268
Net tangible asset value per share (cents)	127	136	129

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016, 30 JUNE 2017 AND 30 JUNE 2018**

<b>Figures in Rand million</b>	<b>Group 2018</b>	<b>Group 2017</b>	<b>Group 2016</b>
<b>Continuing Operations</b>			
Revenue	1 450	1 457	1 521
Cost of Sales	(924)	(914)	(997)
Gross profit	526	543	524
Other income	–	–	6
Operating expenses	(455)	(471)	(466)
Operating profit	71	72	64
Impairment of assets	(43)	(429)	(72)
Loss on disposal of investments	–	(2)	–
Retrenchment, closure and start-up costs	(26)	(24)	(14)
Net operating profit/(loss)	2	(383)	(22)
(Loss)/income from equity accounted investments	–	(1)	2
Investment income	17	13	8
Finance costs	(13)	(30)	(27)
Profit/(loss) before taxation	6	(401)	(39)
Taxation	(28)	(1)	7
Loss for the year	(22)	(402)	(32)
<b>Discontinued Operations</b>			
(Loss)/profit for the year from discontinued operations	(37)	(10)	71
(Loss)/profit for the year	(59)	(412)	39
<b>Other comprehensive (loss)/income</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	(19)	(59)	33
	(78)	(471)	72
(Loss)/profit attributable to:			
Ordinary shareholders of the group	(60)	(437)	28
– Continuing operations	(23)	(402)	(36)
– Discontinued operations	(37)	(35)	64
Non-controlling interest	1	25	9
– Continuing operations	1	–	2
– Discontinued operations	–	25	7
	(59)	(412)	37
Total comprehensive (loss)/profit attributable to:			
Ordinary shareholders of the group	(79)	(464)	43
Non-controlling interest	1	(7)	27
	<b>(78)</b>	<b>(471)</b>	<b>70</b>
Reconciliation of net operating profit/(loss) to EBITDA			
Net operating profit/(loss)	2	(406)	(22)
Depreciation and amortisation	31	44	56
Loss on sale of investments	–	2	–
Impairment of rental assets	7	31	–
Impairment of property, plant and equipment	–	27	28
Impairment of investments	–	5	–

<b>Figures in Rand million</b>	<b>Group 2018</b>	<b>Group 2017</b>	<b>Group 2016</b>
Impairment of goodwill	36	391	17
Impairment of intangible assets	–	2	27
EBITDA from continuing operations	76	96	106
Retrenchment and restructuring costs	26	25	14
Closure of operations			–
Normalised EBITDA from continuing operations	102	121	120
Earnings per share			
Basic earnings per share (cents)	(11.67)	(83.38)	5.58
Diluted earnings per share (cents)	(11.10)	(82.33)	5.54
Headline earnings per share (cents)	2.14	10.81	16.61
Normalised headline earnings per share (cents)	10.50	15.01	21.40

**STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 30 JUNE 2016, 30 JUNE 2017 AND 30 JUNE 2018**

GROUP Figures in Rand million	Reserves			Retained income/ (accumulated loss)	Non- controlling interest	Total equity
	Stated/ share capital	Foreign currency translation reserves	Other reserves			
<b>Balance at 30 June 2016</b>	<b>1 319</b>	<b>20</b>	<b>16</b>	<b>59</b>	<b>194</b>	<b>1 608</b>
Shares repurchased	(15)	–	–	–	–	(15)
Dividends paid	–	–	–	(11)	–	(11)
Transactions with non- controlling interest	–	–	–	(6)	39	33
Total comprehensive (loss)/ income for the year	–	–	–	(437)	25	(412)
Disposal	–	–	–	–	(222)	(222)
Foreign currency translation reserve	–	(27)	–	–	(32)	(59)
<b>Balance as at 30 June 2017</b>	<b>1 304</b>	<b>(7)</b>	<b>16</b>	<b>(395)</b>	<b>4</b>	<b>922</b>
Share based payment expense	–	–	10	–	–	10
Dividends paid	–	–	–	(15)	–	(15)
Total comprehensive (loss)/ income for the year	–	–	–	(60)	1	(59)
Foreign currency translation reserve	–	(19)	–	–	–	(19)
<b>Balance as at 30 June 2018</b>	<b>1 304</b>	<b>(26)</b>	<b>26</b>	<b>(470)</b>	<b>5</b>	<b>839</b>

**STATEMENT OF CHANGES IN CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016, 30 JUNE 2017 AND 30 JUNE 2018**

<b>Figures in Rand million</b>	<b>Group 2018</b>	<b>Group 2017</b>	<b>Group 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	1 458	1 964	2 037
Cash paid to suppliers and employees	(1 406)	(1 905)	(2 006)
Cash generated from operations	52	59	31
Investment income	17	14	8
Finance costs	(13)	(35)	(31)
Taxation paid	(19)	(11)	(3)
<b>Net cash from activities</b>	<b>37</b>	<b>27</b>	<b>5</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(39)	(153)	(116)
Proceeds on business disposals net of cash	151	229	–
Proceeds on sale of property, plant and equipment	5	–	6
Business acquisitions net of cash	(11)	(16)	(25)
Increase in investment in subsidiaries/associates	–	–	(53)
Decrease in deferred purchase consideration	(1)	(28)	(35)
Decrease in financial assets	10	32	–
Increase in finance lease asset	–	(64)	(76)
<b>Net cash from/(used in) activities</b>	<b>115</b>	<b>–</b>	<b>(299)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Disposal of treasury shares	–	–	23
Transactions with non-controlling interests	–	33	193
(Decrease)/increase in interest-bearing borrowings	(137)	(10)	143
Increase in instalment sale agreements	–	1	–
Dividends paid	(16)	(11)	(25)
<b>Net cash from financing activities</b>	<b>(153)</b>	<b>13</b>	<b>334</b>
Total cash movement for the year	(1)	40	40
Cash and cash equivalents at the beginning of the year	161	120	76
Effect of exchange rate movement on cash balances	(5)	1	4
<b>Total cash and cash equivalents at end of the year</b>	<b>155</b>	<b>161</b>	<b>120</b>



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**SECTIONS 115 AND 164 OF THE COMPANIES ACT**

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**EXTRACT OF SECTION 115 OF THE COMPANIES ACT**

Part.— (1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless—

- (a) the disposal, amalgamation or merger, or scheme of arrangement—
  - (i) has been approved in terms of this section; or
  - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
- (b) to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to—
  - (i) dispose of all or the greater part of its assets or undertaking;
  - (ii) amalgamate or merge with another company; or
  - (iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4) (b), or exempted the transaction in terms of section 119 (6).
- (2) A proposed transaction contemplated in subsection (1) must be approved —
  - (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64 (2); and
  - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if—
    - (i) the holding company is a company or an external company;
    - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
    - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2) (a) and (b), a company may not proceed to implement that resolution without the approval of a court if—
  - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
  - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights—

- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
  - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), “act in concert” has the meaning set out in section 117 (1) (b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3) (a), the company must either—
    - (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
    - (b) treat the resolution as a nullity.
  - (6) On an application contemplated in subsection (3) (b), the court may grant leave only if it is satisfied that the applicant—
    - (a) is acting in good faith;
    - (b) appears prepared and able to sustain the proceedings; and
    - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
  - (7) On reviewing a resolution that is the subject of an application in terms of subsection (5) (a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if—
    - (a) the resolution is manifestly unfair to any class of holders of the company’s securities; or
    - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
  - (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person—
    - (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
    - (b) was present at the meeting and voted against that special resolution.
  - (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect—
    - (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
    - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
    - (c) the transfer of shares from one person to another;
    - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
    - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
    - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

**EXTRACT OF SECTION 164 OF THE COMPANIES ACT**

- “(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
  - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - (b) enter into a transaction contemplated in section 112, 113, or 114,
 that notice must include a statement informing shareholders of their rights under this section.

- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
  - (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither:
    - (i) withdrawn that notice; nor
    - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
  - (a) the shareholder:
    - (i) sent the company a notice of objection, subject to subsection (6); and (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - (b) the company has adopted the resolution contemplated in subsection (2); and
  - (c) the shareholder:
    - (i) voted against that resolution; and
    - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
  - (a) 20 business days after receiving a notice under subsection (4); or
  - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must state:
  - (a) the shareholder's name and address;
  - (b) the number and class of shares in respect of which the shareholder seeks payment; and
  - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
  - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
  - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
  - (a) the day on which the action approved by the resolution is effective;
  - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
  - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
  - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court:
    - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
    - (iii) in its discretion may:
      - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
      - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
    - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the Court; and
    - (v) must make an order requiring:
      - (aa) the dissenting shareholders to either withdraw their respective demands, in which case the shareholder is reinstated to their full rights as a shareholder, or to comply with subsection (13)(a); and
      - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the Company fulfils its obligations under this section.
- (15A) At any time before the court has made an offer contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case –
- (a) that shareholder must comply with the requirements of subsection 13(a); and
  - (b) the company must comply with the requirements of subsection 13(b).

- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - (b) the court may make an order that:
    - (i) is just and equitable, having regard to the financial circumstances of the company; and
    - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a Shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
  - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (a) expressly provided in this section; or
  - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."



## Torre Industries Limited

(Incorporated in the Republic of South Africa)

(Registration number 2012/144604/06)

Share code: TOR

ISIN: ZAE000188629

("Torre" or "the Company")

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## NOTICE OF GENERAL MEETING

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THE ATTENTION OF SHAREHOLDERS IS DRAWN TO THE CIRCULAR TO WHICH THIS NOTICE OF GENERAL MEETING IS ATTACHED WHICH SETS OUT, *INTER ALIA*, THE PROVISIONS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT AND THE APPLICABLE EXCHANGE CONTROL REGULATIONS.

Notice is hereby given that a meeting of the Shareholders of Torre will be held at 16:00 on **Thursday, 24 January 2019** at **Torre's offices, 11 Avalon Road, Westlake View Ext 11, Modderfontein, Johannesburg**, to consider and, if deemed fit, to pass, with or without modification, the special and ordinary resolutions set out below.

The definitions and interpretation commencing on page 7 of the Circular to which this notice is attached, apply, *mutatis mutandis*, to this notice and to the resolutions set out below.

The Voting Record Date in terms of section 59 of the Companies Act for Scheme Participants to be recorded on the Register in order to be able to attend, participate, speak and vote at the General Meeting is Friday, 18 January 2019.

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### Important dates to note

2019

Last day to trade in order to be eligible to vote at the General Meeting	<b>Tuesday, 15 January</b>
Voting Record Date to be able to vote at the General Meeting	<b>Friday, 18 January</b>
Forms of Proxy to be received by no later than 16:00 on	<b>Tuesday, 22 January</b>
General Meeting to be held at 16:00 on	<b>Thursday, 24 January</b>

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### In terms of section 62(3)(e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate in and vote at the General Meeting in the place of the Shareholder, by completing the Form of Proxy in accordance with the instructions set out therein;
- a proxy need not be a Shareholder; and
- Shareholders recorded in the Register on the Voting Record Date (including Shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

In terms of section 61(10) of the Companies Act:

Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of electronic participation, if they wish to do so:

- must contact the Transfer Secretaries by no later than 16:00 on **Tuesday, 22 January 2019**;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately for their participation in the General Meeting,

provided that Shareholders and their proxies will not be able to vote at the General Meeting via electronic participation and, if Shareholders wish to vote at the General Meeting, they will still need to appoint a proxy to vote on their behalf at the General Meeting.

## **SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE SCHEME**

“RESOLVED THAT, subject to ordinary resolution number 1, the Scheme proposed by the Board on the recommendation of the Independent Board between the Company and its Shareholders as contemplated by section 114(1)(c) of the Companies Act, in terms of which the Offeror will acquire 100% of the Torre Shares for the Scheme Consideration, being a maximum consideration of R1.15 consisting of the upfront Cash Payment of R1.05 and the Top-up Payment of a maximum of R0.10 per Torre Share held by the Scheme Participants who dispose of their Shares to the Offeror in the manner set out in the “Action Required by Shareholders” section of the Circular be and is hereby approved in accordance with section 115(2) of the Companies Act.”

The approval of the Scheme by the requisite number of votes will result in the Offeror acquiring all of the Shares in issue by way of the Scheme and is subject to the requirements of sections 114 and 115 of the Companies Act. Accordingly, the reason for this special resolution number 1 is to approve the Scheme in terms of section 115(2) of the Companies Act.

The percentage of voting rights that will be required for this special resolution to be adopted is at least 75% of the voting rights that are entitled to be exercised on such special resolution.

## **ORDINARY RESOLUTION NUMBER 1 – AUTHORISATION OF DIRECTORS**

“RESOLVED THAT each director of Torre be and are hereby individually authorised to do all things and sign all documents required to give effect to and implement the special and ordinary resolutions as contained in this notice of General Meeting.”

The percentage of voting rights that will be required for this ordinary resolution to be adopted is more than 50% of the voting rights exercised on the resolution.

## **QUORUM**

The General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. A matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% 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, a quorum shall consist of at least three Torre Shareholders personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting on matters to be decided by Shareholders.

## **FORM OF PROXY**

A Form of Proxy is attached for the convenience of any Certificated Shareholders and “own name” Dematerialised Shareholders who are unable to attend the General Meeting who wish to be represented thereat. Forms of Proxy may also be obtained on request from Torre’s registered office. The duly completed Forms of Proxy must be deposited at or posted to the office of the Transfer Secretaries, to be received by no later than 48 hours prior to the General Meeting, i.e. by 16:00 on **Tuesday, 22 January 2019**. The Form of Proxy may also be handed to the chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence. Any Shareholder who completes and lodges a Form of Proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Attached to the Form of Proxy (*white*) is an extract of section 58 of the Companies Act, to which Shareholders are referred.

Shareholders who have already Dematerialised their Shares through a CSDP or Broker and who wish to attend the General Meeting must instruct their CSDP or Broker to issue them with the necessary letter of representation to attend.

Dematerialised Shareholders who have elected “own-name” registration in the Register through a CSDP and who are unable to attend but who wish to vote at the General Meeting must complete and return the attached relevant Form of Proxy and lodge it with the Transfer Secretaries; to be received by no later than 16:00 on **Tuesday, 22 January 2019**.

## **APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Companies Act, at any time before the special resolution as set out in this notice of General Meeting is voted on, a Shareholder may give Torre a written notice objecting to the special resolution.

A Shareholder may demand that Torre pay the Shareholder the fair value for all of the Torre Shares held by that person if:

- the Shareholder has sent Torre a notice of objection;
- Torre has adopted the Scheme Resolution; and
- the Shareholder voted against the Scheme Resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

Shareholders are referred to paragraph 10 of the Circular to which this Notice is attached for more information regarding Appraisal Rights. A copy of section 164 of the Companies Act is set out in **Annexure 5** to the Circular to which this Notice is attached.

By order of the Board

5 December 2018





**Torre Industries Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2012/144604/06)  
Share code: TOR  
ISIN: ZAE000188629  
("Torre" or "the Company")

**FORM OF PROXY**

Where appropriate and applicable the terms defined in the Circular to which this Form of Proxy is attached forms part of and shall bear the same meaning in this Form of Proxy.

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a CSDP or Broker who have selected "own-name" registration, registered as such at the close of business on the Voting Record Date, at the General Meeting to be held at 16:00 on **Thursday, 24 January 2019** at the **Torre's offices 11 Avalon Road, Westlake View Ext, 11, Modderfontein, Johannesburg** or any postponement or adjournment thereof. The Form of Proxy may also be handed to the Chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence.

Dematerialised Shareholders who have not selected "own-name" registration must inform their CSDP or Broker timeously of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the CSDP or Broker to issue them with the necessary letter of representation to do so or provide the CSDP or Broker timeously with their voting instruction should they not wish to attend the General Meeting in order for the CSDP or Broker to vote in accordance with their instructions at the General Meeting.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE) \_\_\_\_\_

of (ADDRESS) \_\_\_\_\_

Telephone work ( ) Telephone home ( )

Cellphone number Email address

being the holder/s of  shares in Torre, hereby appoint (see note 1)

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ of failing him/her,

3. the Chairman of the General Meeting,

as my/our proxy to act for me/us on my/our behalf at the General Meeting in accordance with the following instructions (see note 2):

	Number of votes		
	*For	*Against	*Abstain
<b>Special Resolution Number 1</b> – Approval of the Scheme			
<b>Ordinary Resolution Number 1</b> – Authorisation of directors			

\* One vote per share held by Shareholders recorded in the Register on the Voting Record Date.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2019

Signature \_\_\_\_\_

Assisted by me (where applicable)

**Notes:**

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided. The person whose name appears first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a Shareholder in terms hereof may not delegate his authority to act on behalf of the Shareholder to any other person.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to **Link Market Services South Africa Proprietary Limited 13th Floor, 19 Ameshoff Street Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000)** to be received by not later than 16:00 on **22 January 2019** or not less than 48 hours before the recommencement of any adjourned or postponed meeting, or 10 minutes before the General Meeting is due to commence or recommence.
5. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so. In addition to the foregoing, a Shareholder may revoke the proxy appointment by (i) cancelling it in writing or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to Torre. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he is satisfied as to the manner in which the Shareholder(s) concerned wish(es) to vote.
7. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a member of Torre) to attend, speak and vote in place of that Shareholder at the General Meeting.
8. 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 Torre or Link Market Services South Africa Proprietary Limited or waived by the chairman of the General Meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. Where there are joint holders of shares:
  - 10.1 any one holder may sign the form of proxy; and
  - 10.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Torre Shares.
11. This form of proxy may be used at any adjournment or postponement of the General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the Shareholder.



**Torre Industries Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2012/144604/06)  
Share code: TOR  
ISIN: ZAE000188629  
(“Torre” or “the Company”)

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## FORM OF SURRENDER

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The definitions and interpretations commencing on page 7 of the Circular apply *mutatis mutandis* throughout this Form of Surrender, unless the context clearly indicates otherwise.

### FOR USE BY CERTIFICATED TORRE SHAREHOLDERS

This Form of Surrender is only applicable to Certificated Shareholders who wish to accept the Scheme, in whole or in part, as set out in the Circular to Torre Shareholders, dated Friday, 21 December 2018, to which this form is attached. This form is **not** to be used by Dematerialised Shareholders, who are required to instruct their CSDP or Broker if they wish to accept the Scheme in accordance with the terms of their Custody Agreement with the CSDP or Broker.

#### Notes and instructions:

Persons who have acquired Torre Shares after the date of posting the Circular, can obtain copies of the Circular and this form from the Transfer Secretaries at the address given below.

**Part A** must be completed by all Certificated Shareholders.

**Part B** must be completed by all Certificated Shareholders who are emigrants from the Common Monetary Area and whose Shares have not been released

**Part C** must be completed by all Certificated Shareholders who are non-residents of the Common Monetary Area or who are emigrants from the Common Monetary Area whose Shares have been released and wish for the Scheme Consideration to be paid to an Authorised Dealer.

No receipts will be issued for Documents of Title lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required.

If you are in any doubt as to how to complete this form, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

This form must be returned to the Transfer Secretaries together with the relevant Documents of Title, so as to be received prior to 12:00 on the Scheme Record Date. If your Documents of Title have been lost or destroyed, you should nevertheless return this form, together with a duly executed indemnity provided by the Transfer Secretaries. Torre may, in its sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of a suitable indemnity. Unless otherwise agreed by Torre, only indemnity forms obtained from the Transfer Secretaries (available on request) will be regarded as suitable.

Signatories may be called upon for evidence of their authority or capacity to sign this form.

Any alteration to Scheme Form must be signed in full and not initialed. Any alteration may not be accepted by Torre.

If this form is signed under a power of attorney, then such power of attorney or a notarially certified copy hereof, must be sent with this form for noting, unless it has already been noted by the Transfer Secretaries.

Where the Certificated Shareholder is a company or a close corporation or other juristic person, a certified copy of the directors' or members' or other resolution authorising the signing of this form must be submitted together with this form, unless it has already been registered with the Transfer Secretaries or this form bears the JSE Broker's stamp.

Where Torre Shares are jointly held, this Form of Surrender must be signed by all joint holders; however, Torre shall be entitled to, in its absolute discretion, accept signature only of that holder whose name stands first in the register in respect of such Torre Shares.

In the case of Torre Shareholders who are emigrants from the Common Monetary Area, the Scheme Consideration will in the case of Certificated Shareholders whose Document(s) of Title have been restrictively endorsed under the Exchange Control regulations, be forward to the authorised dealer in foreign exchange in South Africa controlling such Certificated Shareholders' blocked assets in terms of the Exchange Control Regulations. This Form of Surrender makes provision for details of the authorised dealer concerned to be given.

The Scheme Consideration accruing to non-resident Torre Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will: in the case of Certificated Shareholders, whose Documents(s) of Title have been restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident Torre Shareholders concerned, unless written instructions to the contrary are received and an address is provided.

This Form of Surrender make provision for a substitute address for the Scheme only.

You are referred to paragraph 7 of the Circular with regard to the Exchange Control Regulations.

Torre Shareholders holders are advised to consult their professional advisors about their personal tax positions regarding the receipt of the Scheme Consideration.

Torre Shareholders are referred to the Circular for the further terms and conditions applicable to the Scheme and its acceptance, which Circular should be read in its entirety for a full appreciation thereof.

In the event of any conflict between this form and the Circular, the Circular shall prevail.

### Transfer Secretaries

#### By hand or courier:

Link Market Services Proprietary Limited  
13th Floor  
19 Ameshoff Street  
Braamfontein 2001

#### By post

Link Market Services Proprietary Limited  
PO Box 4844  
Johannesburg 2000

Dear Sirs

I/We hereby accept the Scheme and surrender and enclose the share certificates, certified transfer deeds and/or other Documents of Title, in respect of my/our holding of Shares, as per my/our instructions contained herein:

### **PART A –TO BE COMPLETED in BLOCK CAPITALS BY ALL CERTIFICATED SHAREHOLDERS WHO RETURN THIS FORM**

I/We hereby accept the Scheme in respect of  Certificated Shares.

Surname \_\_\_\_\_

First names (in full) \_\_\_\_\_

Title (Mr, Mrs, Miss, Ms, etc) \_\_\_\_\_

Address to which the Scheme Consideration, which a Certificated Shareholder is entitled to in terms of the Scheme, should be sent (if different from registered address):

Postal code \_\_\_\_\_

Country \_\_\_\_\_

Telephone number ( ) \_\_\_\_\_

Telefax ( ) \_\_\_\_\_

Cellphone number \_\_\_\_\_

Email address \_\_\_\_\_

In terms of FICA, Link Market Services Proprietary Limited will be unable to record any change of address mandated unless the following documentation is received from the relevant Shareholder:

- an original certified copy of your identity document;
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number (if you are unable to provide same, please submit a statement to this effect in writing, signed by a Commissioner of Oaths); and
- an original or an original certified copy of a service bill to verify your residential address.

The Scheme Consideration is expected to be posted on the 1<sup>st</sup> (first) Business Day following the Scheme Closing Date, provided that the Form of Surrender and relevant Documents of Title were received by the Transfer Secretaries. The Scheme Consideration will not be discharged in respect of acceptances received after 12:00 on the Scheme Record Date.

I/We hereby surrender and enclose the share certificates, certified transfer deeds and/or other Documents of Title, details in respect of which are set out in the table below, in respect of my/our holding of Certificated Shares:

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of Shares covered by each certificate(s) enclosed
	<b>Total</b>	

Signature of Shareholders	Stamp and address of agent lodging this Scheme Form
Date of signature	

I/We hereby certify that:

- I/We own the Shares as detailed in the table set out above at the end of Part A (defined for purposes of this Part B as the "Shares");
- the Shares are fully paid-up;
- the Shares are in registered form;
- I/We am/are the legal owner solely entitled to the Shares and have the power to dispose of the Shares;
- there are no pre-emption right nor any other right by virtue of which any person or entity may be entitled to demand that one or more of the Shares be transferred to him;
- none of the Shares are encumbered with any pledge or usufruct, there are no right to acquire any pledge or usufruct of the Shares and none of the Shares are subject of any attachment; and
- the Shares are freely transferable.

**PART B – TO BE COMPLETED IN BLOCK CAPITALS BY ALL CERTIFICATED SHAREHOLDERS WHO ARE EMIGRANTS FROM THE COMMON MONETARY AREA AND WHOSE SHARES HAVE NOT BEEN RELEASED**

The Scheme Consideration due to **Certificated Shareholders who are emigrants from the Common Monetary Area** and whose Shares have not been released will be forwarded to the Authorised Dealer controlling his blocked assets and credited to the emigrant's blocked account. Accordingly, a non-resident who is an emigrant from the Common Monetary Area must provide the following information:

**Name of Authorised Dealer in South Africa:**

**Address:**

**Account number:**

If no nomination is made above, the Scheme Consideration will be held in trust by Torre until a written instruction is received as to the disposal of such amount.

**PART C – TO BE COMPLETED IN BLOCK CAPITALS BY CERTIFICATED SHAREHOLDERS WHO ARE NON-RESIDENTS OF THE COMMON MONETARY AREA OR EMIGRANTS FROM THE COMMON MONETARY AREA WHOSE SHARES HAVE BEEN RELEASED AND WHO WISH TO HAVE THE OFFER CONSIDERATION PAID TO AN AUTHORISED DEALER**

The Scheme Consideration due to Certificated Shareholders who have registered addresses outside South Africa (other than Certificated Shareholders who are emigrants from the Common Monetary Area and whose Shares have not been released) and whose share certificates are endorsed “non-resident” will be posted to the relevant Certificated Shareholder, unless that Certificated Shareholder nominates an Authorised Dealer to which such Scheme Consideration should be paid.

Name of Authorised Dealer in South Africa or alternative instructions: \_\_\_\_\_

Address: \_\_\_\_\_

Account number: \_\_\_\_\_

**Notes:**

1. Any alteration to this Form of Surrender must be signed in full and not merely initialled.
2. Emigrants from the Common Monetary Area must, in addition to Part A, also complete Part B. If Part B is not properly completed, the Scheme Consideration will be held in trust by the Company or the Transfer Secretaries until claimed for a maximum period of five years, after which period such funds shall be made over to the Guardians Fund of the High Court. No interest will accrue or be paid on any Scheme Consideration so held in trust.
3. All other non-residents of the Common Monetary Area must complete Part C if they wish the Scheme Consideration to be paid to an Authorised Dealer in South Africa.
4. No receipt will be issued for documents lodged, unless specifically requested. Persons requiring receipts must prepare a receipt and forward it together with their Documents of Title surrendered.
5. If this Form of Surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form of Surrender (unless it has already been noted by the Company or its Transfer Secretaries).
6. Where the Certificated Shareholder is a company, close corporation or other juristic person, unless it has already been registered with the Company or its Transfer Secretaries, a certified copy of the directors' or members' or other resolution authorising the signing of this Form of Surrender must be submitted with this Form of Surrender, unless this requirement is waived by Torre.
7. Note 7 above does not apply in the case of a form bearing a JSE Broker's stamp.
8. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Company or the Transfer Secretaries.
9. Where there are joint holders of any Shares, only that holder whose name stands first in the Register in respect of those Shares need to sign this Form of Surrender.
10. Persons who have acquired Shares after the date of issue of the Circular can obtain copies of the Circular (including this Form of Surrender) from the Transfer Secretaries.
11. Notwithstanding transfer of ownership, the Scheme Consideration will not be sent to Certificated Shareholders unless and until Document/s of Title in respect of the relevant Shares have been surrendered to the Company or the Transfer Secretaries.
12. In the event of any conflict between this Form of Surrender and the Circular, the Circular shall prevail.
13. Certificated Shareholders who have not previously provided the Transfer Secretaries with their banking details will need to do so by completing **FORM B: Direct Credit – Bank Account Details** attached hereto and returning same to the Transfer Secretaries for the cash payment of the fraction portion.

**FORM B: DIRECT CREDIT – BANK ACCOUNT DETAILS FORM****FOR COMPLETION ONLY BY CERTIFICATED SHAREHOLDERS OF TORRE WHO HAVE NOT PREVIOUSLY PROVIDED THE TRANSFER SECRETARIES WITH THEIR LATEST BANKING DETAILS**

Full name of registered shareholder

Identity number of person signing this form

Your shareholder number (if known)

Email address

Cell phone number

Office phone number

Home phone number

Fax number

**REQUEST FOR DIRECT CREDITING OF PAYMENTS – BANK ACCOUNT DETAILS****PLEASE NOTE: We cannot accept banking details in the name of a third party**

Name of bank account holder

Name of South African Bank

Name of bank branch

Bank account number

Bank branch code

Account type

Cheque

Transmission

Savings

I/We hereby authorise

**Link Market Services South Africa Proprietary Limited** and/or Torre to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments to which I/we am/are entitled to be paid in cash, but do not override any previous reinvestment instructions.Signature  
of shareholder

Day

Month

Year

If you are signing this form in a representative capacity, please indicate which capacity (see over)

**BANK VERIFICATION**

I/We confirm that the above information about the abovementioned shareholders account at this Bank is correct

Signed on behalf of Bank

*THIS MUST BE COMPLETED BY YOUR BANK*

BANK STAMP HERE

**THIS FORM MUST BE SIGNED AND ACCOMPANIED BY AN ORIGINAL CERTIFIED COPY OF YOUR IDENTITY DOCUMENT. (COPIES OF CERTIFIED COPIES WILL NOT BE ACCEPTED).****PLEASE BE ADVISED THAT FACSIMILE/ELECTRONIC COPIES WILL NOT BE ACCEPTED.****HOW TO COMPLETE THIS FORM****Request for Direct Crediting of payments**

This form must be completed in full. Until cancelled in writing by you, all future cash payments will be paid into the nominated account.

**IMPORTANT: Do not use the number quoted on your credit or debit card.**

**By signing this form you:**

- Confirm that the details are true and correct.
- Understand that neither Torre nor Link Market Services South Africa Proprietary Limited is obliged to post you a cheque in the event that we are unable to transfer the funds due to you electronically and any decision to do so will be at the sole and absolute discretion of Torre on a case by case basis.
- Agree that if Torre determines that a cheque will be sent to you by post it will be at your own risk.
- Understand and agree that neither Torre nor Link Market Services South Africa Proprietary Limited shall be responsible in any way for any loss you may suffer as a result of transfer/deposits being made in accordance with the information provided on this form.
- Understand and agree that any such deposit shall constitute a full and sufficient discharge of Torre and/or Link Market Services South Africa Proprietary Limited obligation to make such payments to me/us.
- Understand and agree that this payment instruction will be applied to all future cash payments.

This instruction only applies to the specific holding identified by the holder number and the name appearing on the front of this form.

**NOTE: We cannot accept banking details in the name of a third party.**

<b>IF YOU ARE SIGNING THIS FORM IN A REPRESENTATIVE CAPACITY, LINK MARKET SERVICES SOUTH AFRICA PROPRIETARY LIMITED REQUIRES THE FOLLOWING DOCUMENTATION IN ADDITION TO AN ORIGINAL CERTIFIED COPY OF YOUR IDENTITY DOCUMENT.</b>	
Joint holding:	Where the holding is in more than one name, the signature of the first mentioned shareholder is required
Power of attorney:	To sign under a Power of Attorney, you must have already lodged the Power of Attorney with Link Market Services Proprietary Limited. Alternatively, please attach an original certified copy of the Power of Attorney to this form when you return it together with an original certified copy of the registered holder's identity document.
Trusts:	The form must be signed by the authorised trustee. If you have not already done so, please attach an original certified copy of the Trustee Resolution/Power of Attorney authorising you to act on behalf of the trust, together with original certified copies of the Letters of Authority issued by the Master of the High Court and the Trust Deed.
Companies/Closed Corporations/Funds:	Any authorised company official/member may sign on behalf of the company/closed corporation/fund. Please indicate the office held when signing the form. If you have not already done so, please provide Link Market Services South Africa Proprietary Limited with an original certified copy of your authorisation to act on behalf of the company/closed corporation/fund in the form of an original certified copy of the board minute/resolution detailing the authorized signatories including specimen signatures and a company letterhead for noting in our records. In addition, Link Market Services South Africa Proprietary Limited requires an original certified copy of the Certificate of Incorporation/CK1 Founding Statement/Constitution.
Minors:	If the shares are registered in the name of a minor, the form must be completed by the natural guardian, stating the capacity in which he/she is signing or in the case of a legal guardian attach an original certified copy of the Letters of Guardianship (if not previously provided). The guardian must attach an original certified copy of his/her identity document together with an original certified copy of the birth certificate of the minor.
Deceased shareholders:	This form must be signed by the Executor/s of the Deceased Estate. If you have not already done so, please provide Link Market Services South Africa Proprietary Limited with an original certified copy of the Letters of Executorship together with an original certified copy of the Executor's identity document.
Shareholder under Curatorship:	The form must be signed by the Curator Bonis appointed by the Master of the High Court. If you have not already done so, please provide Link Market Services South Africa Proprietary Limited with an original certified copy of the Letters of Curatorship together with an original certified copy of the Curator's identity document.
Shareholder under Liquidation:	The form must be signed by the liquidator appointed by the Master of the High Court. If you have not already done so, please provide Link Market Services South Africa Proprietary Limited with an original certified copy of your Letter of Appointment together with an original certified copy of the shareholder's identity document.





