

WG Wearne Limited  
(Registration number: 1994/005983/06)  
JSE Share code: WEA ISIN: ZAE000078002  
("Wearne" or "the Company" or "the Group")

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## **POTENTIAL TRANSACTION TO DISPOSE OF THE BUSINESS OF WEARNE PRECAST (PTY) LTD TO A CONSORTIUM LED BY JADE CAPITAL PARTNERS (PTY) LTD AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

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### **1. INTRODUCTION**

Further to the cautionary announcement on 8 April 2016 shareholders are advised that Wearne has reached an advanced stage in its negotiations with a consortium led by Jade Capital Partners (Pty) Ltd ("the consortium") in regards to the proposed disposal of the business as a going concern of Wearne Precast (Pty) Ltd ("Precast") to a new company ("NewCo") to be incorporated by the consortium ("the transaction").

### **2. RATIONALE AND BACKGROUND FOR THE TRANSACTION**

Precast has been identified as non-core and the transaction will be the Group's first step in a restructuring process to divest of its non-core assets.

### **3. TERMS AND CONDITIONS OF THE TRANSACTION**

The transaction is subject to formal written agreements being entered into between the parties. In this regard, the parties have reached in-principle agreement with regard to the following:

- 3.1 NewCo will acquire the business as a going concern.
- 3.2 The salient terms of the transaction will include:
  - Consideration of R20 million for Plant and Equipment;
  - In addition to the above stock will be acquired at the lower of cost or net realisable value on 60 day terms after the deduction of advanced payments received up to the effective date;
  - All other assets and all the liabilities will be excluded from the transaction; and
  - The immovable property owned by Wearne, on which Precast operates, is to be acquired by NewCo for R1 200 000 upon the relevant rezoning and subdivision being approved. The parties will enter into a lease agreement for the interim period.
- 3.3 The conditions precedent to the transaction include, among others:
  - The conclusion of funding agreements between Newco and its funders and the fulfilment of all conditions thereto;
  - The successful conclusion of a due diligence investigation by the consortium;
  - The conclusion of definitive agreements between Newco and Wearne in order to implement the transaction and the fulfilment of all conditions thereto; and
  - Obtaining shareholders' approval for the transaction in a general meeting of shareholders.
- 3.4 The effective date proposed for the transaction is anticipated to be 1 July 2016.

### **4. USE OF PROCEEDS**

The transaction proceeds will be used to reduce debt and improve the liquidity position of the Group in general.

### **5. FINANCIAL INFORMATION IN RESPECT OF THE ACQUISITION**

The net value of Precast, which is the subject of the transaction, was R6 183 458 as at the half year ended 31 August 2015. The profit attributable to Precast, which is the subject of the transaction, was R793 566 for the six months ended 31 August 2015.

## **6. CATEGORISATION OF THE TRANSACTION**

The transaction constitutes a Category 1 transaction in terms of the JSE Listings Requirements. Accordingly, a circular will be distributed to Wearne shareholders in due course providing further information relating to the transaction and convening a general meeting of shareholders in order to obtain shareholder approval for the transaction.

Designated Advisor  
Exchange Sponsors

10 May 2016  
Johannesburg