CIRCULAR TO STORES SHAREHOLDERS
relating to the proposed collapse of the Pyramid Control Structure embodying amongst other things:

• the Unbundling by Holdings of its entire shareholding in Stores (being 257 045 334 ordinary shares at the time of the Unbundling) to its Shareholders;

• the replacement of the Existing Stores Memorandum of Incorporation with the New Stores Memorandum of Incorporation containing the rights to a new class of B Shares; and

• the issue of the newly created B Shares to the Controlling Shareholders in order to maintain the effective 52.8% voting position, after the Pre-Unbundling Disposal, held by the Controlling Shareholders in Stores through their majority shareholding in Holdings.

including amongst other things:

• a notice convening a General Meeting of Stores Shareholders; and

• a Form of Proxy for the General Meeting (blue) (for use by Certificated Shareholders and Dematerialised Shareholders with “own name” registration only).

24 June 2016
CORPORATE INFORMATION AND ADVISERS

Year of incorporation
1967

Place of incorporation
South Africa

Company secretary and registered office
Debra Muller (BA LLB)
Pick n Pay Stores Limited
(Registration number: 1968/008034/06)
101 Rosmead Avenue
Kenilworth
Cape Town
7708
(PO Box 23087, Claremont, 7735)

Financial Adviser and Merchant Bank to the Controlling Shareholders and Transaction Originator and Coordinator
Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number: 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)

Adviser and Sponsor to Stores
Investec Bank Limited
(Registration number: 1969/004763/06)
100 Grayston Drive
Sandton
2196
(PO Box 785700, Sandton, 2146)

Independent expert voluntarily appointed by the Independent Board
PricewaterhouseCoopers Corporate Finance Proprietary Limited
(Registration number: 1970/003711/07)
2 Eglin Road
Sunninghill
2191
(Private Bag X36, Sunninghill, 2157)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

Legal Adviser to the Controlling Shareholders and Transaction Originator and Coordinator
Edward Nathan Sonnenbergs
(Registration number: 2006/018200/21)
150 West Street
Sandton
2196
(PO Box 783347, Sandton, 2146)

Legal Adviser to Stores
Werksmans Inc.
(Registration number: 1990/007215/21)
155 5th Street
Sandton
2196
(Private Bag 10015, Sandton, 2146)

This Circular is only available in English. Copies may be obtained from the Company’s website, http://www.picknpayinvestor.co.za or at the registered office of the Company, Rand Merchant Bank, Investec and the Transfer Secretaries, whose addresses are set out in the “Corporate Information and Advisers” section of this Circular.
# TABLE OF CONTENTS

Corporate information and advisers  
Action required by Stores Shareholders  
Important dates and times  
Definitions and interpretations  

Circular to Stores Shareholders  
1. Introduction and background  
2. Rationale for the Transaction  
3. Terms of the Stores Transaction  
4. Long-term employee share incentive scheme  
5. Shareholder approval  
6. Conditions precedent  
7. TRP implications  
8. Regulatory approvals  
9. Voting dilution impact on shareholders  
10. Major shareholders  
11. General Meeting  
12. Independent Directors’ opinion and recommendations  
13. Expenses  
14. Responsibility statement  
15. Consents  
16. Inclusion by reference  
17. Material changes  
18. Litigation  
19. Material contracts  
20. Directors’ service contracts and remuneration  
21. Directors’ interest in the Transaction  
22. Documents available for inspection  

ANNEXURE 1: EXTRACT OF SECTION 41 OF THE COMPANIES ACT  
ANNEXURE 2: PROPOSED ANNEXURE D TO BE EMBODIED IN THE NEW STORES MOI CONTAINING THE B SHARE TERMS  
ANNEXURE 3: MANAGEMENT OF CONFLICT AND MAINTENANCE OF INDEPENDENCE  
ANNEXURE 4: TABLE ILLUSTRATING THE DILUTIVE EFFECTS OF THE STORES TRANSACTION ON THE VOTING RIGHTS OF STORES MINORITY SHAREHOLDERS  
ANNEXURE 5: AMENDMENTS TO THE PICK N PAY EMPLOYEE SHARE SCHEME RULES  
ANNEXURE 6: SUMMARY OF B SHARE TERMS  
ANNEXURE 7: INDEPENDENT EXPERT REPORT  
NOTICE OF GENERAL MEETING OF STORES ORDINARY SHAREHOLDERS  
FORM OF PROXY – GENERAL MEETING OF STORES ORDINARY SHAREHOLDERS
The definitions and interpretations commencing on page 4 of this Circular apply to this “Action required by Shareholders” section of the Circular.

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately. If you have disposed of all of your Ordinary Shares, please forward this Circular to the person to whom you have disposed of such Ordinary Shares or the Broker, CSDP, banker or other agent through whom you disposed of such Ordinary Shares.

A General Meeting of the Ordinary Shareholders will be held at Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town on Monday, 25 July 2016 after the completion of the Holdings General Meeting or 09:00 (whichever is the later) to consider and, if deemed fit, pass the resolutions required to authorise and effect the implementation of the Stores Transaction. A notice to convene the General Meeting of the Ordinary Shareholders is attached to and forms part of this Circular.

ACTION REQUIRED BY SHAREHOLDERS

1. DEMATERIALISED SHAREHOLDERS OTHER THAN WITH “OWN NAME” REGISTRATION
   1.1. Voting at the General Meeting
       Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter cast your vote in accordance with your instructions.

       If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish them with your voting instructions.

       If your Broker or CSDP does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.

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

   1.2. Attendance and representation at the General Meeting
       In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting and your Broker or CSDP will issue the necessary letter of representation to you to attend the General Meeting.

2. DEMATERIALISED SHAREHOLDERS WITH “OWN NAME” REGISTRATION:
   2.1. Voting and attendance at the General Meeting
       You may attend the General Meeting in person and may vote at the General Meeting.

       Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (blue) in relation to the General Meeting in accordance with the instructions it contains and it is recommended that it be returned to the registered office of the Company or the Transfer Secretaries to be received by no later than 09:00 on Thursday, 21 July 2016.

3. CERTIFICATED SHAREHOLDERS:
   3.1. Voting and attendance at the General Meeting
       You may attend the General Meeting in person and may vote at the General Meeting.

       Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (blue) in relation to the General Meeting of the Shareholders in accordance with the instructions it contains and it is recommended that it be returned to the registered office of the Company or Transfer Secretaries to be received by no later than 09:00 on Thursday, 21 July 2016.
## IMPORTANT DATES AND TIMES

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record date to determine which shareholders are entitled to receive this Circular</td>
<td>Friday, 17 June</td>
</tr>
<tr>
<td>Circulars posted to shareholders and notice convening General Meeting released on SENS</td>
<td>Friday, 24 June</td>
</tr>
<tr>
<td>Last day to trade to be recorded in the Register in order to be eligible to attend and vote at the General Meeting</td>
<td>Tuesday, 12 July</td>
</tr>
<tr>
<td>Record date for shareholders to be recorded in the Register in order to be eligible to attend and vote at the General Meeting</td>
<td>Friday, 15 July</td>
</tr>
<tr>
<td>Recommended day to lodge Forms of Proxy (blue) for the General Meeting by 09:00</td>
<td>Thursday, 21 July</td>
</tr>
<tr>
<td>General Meeting to be held at Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town after the completion of the Holdings General Meeting or at 09:00 (whichever is the later)</td>
<td>Monday, 25 July</td>
</tr>
<tr>
<td>Results of the General Meeting released on SENS</td>
<td>Monday, 25 July</td>
</tr>
<tr>
<td>Results of the General Meeting published in the press</td>
<td>Tuesday, 26 July</td>
</tr>
</tbody>
</table>

The following dates assume that no court approval or review of the Unbundling is required at Holdings level and will be confirmed in the finalisation announcement if the Unbundling becomes unconditional and all the resolutions proposed at the General Meeting and the Holdings General Meeting are passed:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalisation announcement expected to be released on SENS</td>
<td>Friday, 12 August</td>
</tr>
<tr>
<td>Expected date on which the B Shares will be issued</td>
<td>Monday, 29 August</td>
</tr>
</tbody>
</table>

### Notes

1. All times shown above are South African local time.
2. All dates and times in respect of the Unbundling are subject to change. The above dates have been determined based on certain assumptions regarding the Unbundling. If the relevant dates in respect of the Unbundling change and the dates above are impacted a change will be released on SENS and published in the press.
In this Circular and its annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column, and words and expressions in the singular shall include the plural and vice versa, words importing natural persons shall include juristic persons and unincorporated associations of persons and vice versa, and any reference to one gender shall include the other genders.

**“Advanced Tax Ruling” or “ATR”** a binding private ruling or a binding class ruling issued by SARS in terms of section 78(1) or section 78(2), respectively, of the Tax Administration Act No 28 of 2011;

**“AIH”** Ackerman Investment Holdings Proprietary Limited (Registration number: 2010/018805/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa and an entity controlled by the Ackerman family, which currently directly holds 48.5% of the Total Holdings Shares (voting interest of 49.7%);

**“B Share Issue Ratio”** the ratio of 198.06089 B Shares for every 100 Stapled Ordinary Shares held by the Controlling Shareholders at the time of the issue and allotment of the B Shares which ratio, for the avoidance of doubt, shall continue to apply to any B Shareholder from time to time thereafter even if such B Shareholder is not a Controlling Shareholder;

**“B Share Terms”** the terms of the B Shares as summarised in paragraph 3 of this Circular and described more fully in Annexure 2 hereto;

**“B Shareholders”** the holder(s) of the B Shares together with the corresponding number of Stapled Ordinary Shares determined in accordance with the B Share Issue Ratio, from time to time;

**“B Shares”** the unlisted, non-convertible, non-participating, no par value shares of Stores entitling the holders thereof to 1 vote per B Share at a General Meeting of Stores Shareholders, but which shall not entitle the holders thereof to any rights to distributions or other economic benefits. The B Shares shall have the B Share Terms;

**“Broker”** any person registered as a “broking member equities” in terms of the Rules of the JSE in accordance with the provisions of the Financial Markets Act;

**“Business Day”** any day other than Saturday, Sunday or any official public holiday in South Africa;

**“Certificated Shareholders”** holders of Certificated Shares;

**“Certificated Shares”** shares that have not been Dematerialised, the title to which is represented by a share certificate or other Document of Title;

**“Circular”** this Circular to Shareholders, dated Friday, 24 June 2016 and the annexures and attachments hereto, incorporating amongst other things a notice of the General Meeting and a Form of Proxy;

**“Companies Act”** the Companies Act No 71 of 2008, as amended;

**“Company Minority Shareholders” or “Stores Minority Shareholders”** all Shareholders excluding Holdings;

**“Company secretary”** the company secretary of Stores;

**“Controlling Shareholders”** collectively, AIH and the Other Ackerman Shareholders, who together hold 51.0% of the Total Holdings Shares (voting interest of 52.3%), and who have the ability to exert effective control over Stores through Holdings’ 52.9% voting interest in Stores (before the Pre-Unbundling Disposal);

**“CSDP”** a central securities depository participant, being a participant as defined in section 1 of the Financial Markets Act;

**“Dematerialisation” or “Dematerialised”** the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded in a sub-register of securities holders maintained by a CSDP, after the Documents of Title have been validated and cancelled by the Transfer Secretaries and captured onto the Strate system by the selected CSDP or Broker;

**“Dematerialised Shareholders”** holders of Dematerialised Shares;

**“Dematerialised Shares”** Ordinary Shares which have been through the Dematerialisation process;
“Directors” the directors of Stores, including non-executive and independent non-executive Directors and whose names are set out on page 12 of this Circular;

“Documents of Title” Ordinary Share certificates, certified transfer deeds, balance receipts, or any other documents of title to Ordinary Shares;

“Entitlement Ratio” 48.75216, that is, 48.75216 Ordinary Shares for every 100 Holdings Shares held by Holdings Shareholders at the close of business on the Record Date;

“Existing Stores MoI” the Memorandum of Incorporation of Stores prior to the implementation of the Stores Transaction;


“FSB” the Financial Services Board;

“General Meeting” the General Meeting of Stores Shareholders to be held at the registered office of Stores at 101 Rosmead Avenue, Kenilworth, Cape Town, on Monday, 25 July 2016 at 09:00 or after completion of the Holdings General Meeting, whichever is later, in order to consider and, if deemed fit, to pass the special and ordinary resolutions necessary to give effect to the Stores Transaction;

“Holdings” Pick n Pay Holdings Limited RF (Registration number: 1981/009610/06), a public company duly incorporated in South Africa and listed on the JSE;

“Holdings Circular” the Circular dated Friday, 24 June 2016, issued by Holdings to Holdings Shareholders in respect of inter alia the Unbundling and Scheme, and accompanying this Circular as reference;

“Holdings General Meeting” the General Meeting of Holdings Shareholders to be held at the registered office of Holdings at 101 Rosmead Avenue, Kenilworth, Cape Town, at 08:30 on Monday, 25 July 2016 in order to consider and, if deemed fit, to pass the special and ordinary resolutions necessary to give effect to the Unbundling and the Scheme;

“Holdings Minority Shareholders” all Holdings Shareholders, excluding the Controlling Shareholders;

“Holdings Shareholders” registered holders of Holdings Shares;

“Holdings Shares” Ordinary Shares issued by Holdings;

“Income Tax Act” the Income Tax Act No 58 of 1962, as amended;

“Independent Directors” those Directors of Stores who are not conflicted insofar as the matters dealt with in this Circular are concerned, being, R Brasher, D Friedland, A Jakoet, A Mothupi, L Phalatse and R van Rensburg;

“Inter-Conditional” the inter-conditionality of all resolutions and decisions of Stores Shareholders pursuant to which the Stores Transaction is authorised, to the resolutions and decisions of Holdings Shareholders pursuant to which the Unbundling is authorised by Holdings Shareholders, and vice versa;

“Investec” Investec Bank Limited (Registration number: 1969/004763/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa;

“JSE” the stock exchange operated by the JSE Limited;

“JSE Limited” JSE Limited (Registration number: 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and which is licensed to operate an exchange in terms of the Securities Services Act;

“Last Practicable Date” Friday, 10 June 2016, being the last practicable date prior to the finalisation of this Circular;

“Listings Requirements” the JSE Limited Listings Requirements, as amended;

“New Stores MOI” the Memorandum of Incorporation of Stores after the implementation of the Stores Transaction which new Memorandum of Incorporation will embody the B Share Terms, contain other amendments to the Existing Stores MoI consequential to the introduction of the B Share Terms, and will update the manner of dealing with fractional entitlements in transactions so as to conform to the JSE’s Service Bulletin 1 of 2016;

“Ordinary Shareholders” or “Shareholders” or “Stores Shareholders” registered holders of Ordinary Shares;

“Ordinary Shares” ordinary shares issued by the Company;
“Other Ackerman Shareholders” members of the Ackerman family, their successors in title, controlled trusts, and legal entities (excluding AIH) who directly or indirectly hold in aggregate 2.5% of Total Holdings Shares (voting interest of 2.6%). Made up as follows (expressed as a percentage of the Total Holdings Shares):

- The Mistral Trust (1.05%);
- Burrumbuck Investments Proprietary Limited (0.63%);
- RD Ackerman (0.24%);
- The Jongus Trust (0.22%);
- The Bermack Trust (0.11%);
- The Sudale Trust (0.07%);
- J Ackerman (0.05%);
- S Ackerman (0.05%);
- K Robins (0.04%);
- A Ackerman (0.01%); and
- 15 other individuals (collectively owning 0.05%);

“Pre-Unbundling Disposal” the on-market disposal of 300 000 Ordinary Shares (representing 0.1% of Stores Shares held by Holdings), prior to the Unbundling, at the prevailing market price, to provide Holdings with sufficient cash to discharge its costs and expenses, including but not limited to relevant Transaction expenses;

“Pyramid Control Structure” the current shareholding structure of Stores, whereby the Controlling Shareholders control Stores through a 52.3% voting interest in Holdings, which in turn holds 52.9% voting interest in Stores, before the Pre-Unbundling Disposal;

“Rand” or “R” or “ZAR” and “cents” South African Rand and cents, the official currency of South Africa;

“Rand Merchant Bank” Rand Merchant Bank, a division of FirstRand Bank Limited (Registration number: 1929/001225/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa;

“Record Date” the last day for Holdings Shareholders to be recorded in the Register of the Company in order to participate in the Unbundling, being 17:00 on Friday, 26 August 2016;

“Register” the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs in accordance with section 50 of the Companies Act;

“SARS” the South African Revenue Service;

“Scheme” the scheme of arrangement in terms of section 114(1)(c) of the Companies Act between Holdings and Holdings Shareholders registered as such on the Record Date, in terms of which Stores will, if the Scheme becomes operative, acquire all Holdings Shares in issue, post the Unbundling;

“Scheme Consideration” the cash consideration payable to Scheme Participants in terms of the Scheme, being an amount equal to the greater of:

- R0.00001 per Scheme Share, rounded up in aggregate to the nearest cent; or
- the net asset value of Holdings immediately after the Unbundling, for the avoidance of doubt, including the proceeds of the Pre-Unbundling Disposal and any provision for expenses relating to the Transaction and the Scheme, expressed on a per Scheme Share basis;

“Scheme Participants” all Holdings Shareholders who hold Holdings Shares recorded in the Register at 17:00 on the Record Date, being Holdings Shareholders who are entitled to receive the Scheme Consideration therefor but excluding Holdings Shareholders who validly exercise their appraisal rights;

“Scheme Shares” the Holdings Shares held by Scheme Participants;

“SENS” the Stock Exchange News Service of the JSE;

“Shareholders” or “Ordinary Shareholders” or “Stores Shareholders” registered holders of Ordinary Shares;

“Stores” or “the Company” Pick n Pay Stores Limited (Registration number: 1968/008034/06), a public company duly incorporated in South Africa and listed on the JSE;

“Stores Shareholders” or “Ordinary Shareholders” or “Shareholders” registered holders of Ordinary Shares;
"Stores Transaction" the replacement of the Existing Stores MOI with the New Stores MOI and the subsequent issue and allotment of 259 682 928 B Shares, in accordance with the B Share Terms embodied in the New Stores MOI to the Controlling Shareholders in terms of section 41 of the Companies Act (the exact number to be determined applying the B Share Issue Ratio on the Record Date), which is fully conditional on the fulfilment of the conditions precedent to the Stores Transaction;

"South Africa" the Republic of South Africa;

"Stapled Ordinary Shares" the Ordinary Shares held by the B Shareholders at the time of the issue and allotment of B Shares, determined in accordance with the B Share Issue Ratio, which Ordinary Shares are subject to the restrictions on disposal described in paragraph 3.3 below;

"Strate" Strate Proprietary Limited (Registration number: 1998/022242/07), a private company duly registered and incorporated in South Africa, which provides electronic settlement of equities and bonds transactions concluded on the JSE;

"Takeover Regulations" the Takeover Regulations issued in terms of section 120 of the Companies Act;

"Total Holdings Shares" the total issued ordinary share capital of Holdings, being 527 249 082 Holdings Shares;

"Total Stores Shares" the total issued ordinary share capital of Stores, being 488 450 321 Stores Shares;

"Transaction" the Unbundling and the Stores Transaction, which are Inter-Conditional;

"Transfer Secretaries" or "Computershare" Computershare Investor Services Proprietary Limited (Registration number: 2004/003647/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa;

"Treasury Shares" equity shares of an applicant issuer (as defined in the Listings Requirements) held by a subsidiary and/or by a trust through a scheme, and/or by another entity where the equity shares in the applicant issuer are controlled by the applicant issuer from a voting perspective, the votes of which will not be taken into account of the purposes of resolutions proposed pursuant to the Listings Requirements. In the case of Holdings, 13 037 487 Holdings Shares are held as Treasury Shares, and in the case of Stores, 1 599 031 Ordinary Shares are held as Treasury Shares;

"TRP*" the Takeover Regulation Panel established in terms of section 196 of the Companies Act;

"Unbundling" the proposed distribution of the 257 045 334 Ordinary Shares held by Holdings after the Pre-Unbundling Disposal, equating to 52.6% of the Total Stores Shares less the Pre-Unbundling Disposal to Holdings Shareholders in the Entitlement Ratio, in terms of section 46 of the Income Tax Act, and section 46 of the Companies Act, and which is regarded in terms of section 112 of the Companies Act as a disposal of all or a greater part of the assets of Holdings;

"VAT*" value added tax, payable in terms of the Value Added Tax Act No 89 of 1991, as amended;

"Werksmans" Werksmans Inc. (Registration number: 1990/007215/21), a personal liability company duly incorporated in accordance with the laws of South Africa.
1. INTRODUCTION AND BACKGROUND

On Tuesday, 14 June 2016 Holdings and Stores announced on SENS the intention to restructure the Pyramid Control Structure. The restructure will comprise the Pre-Unbundling Disposal, followed by the Unbundling and, as Inter-Conditional thereto, the Stores Transaction, being the issue of the B shares to the Controlling Shareholders. This will be followed by a Scheme in terms of which Stores will acquire the Total Holdings Shares.

Holdings has no material investments other than its holding of Stores Shares. The Unbundling will lead to Holdings disposing of substantially all of its investments. Holdings Shareholders will be left holding Holdings Shares in a dormant shell, which is expected to have no assets other than the cash required to discharge its costs and expenses, and accordingly a Scheme is being proposed. Pursuant to the Scheme, Holdings will be delisted, transferred to Stores and wound-up.

Holdings is currently the controlling shareholder of Stores, a food and general merchandise retailer listed on the JSE. Holdings holds 52.9% of the Total Stores Shares, which entitles Holdings to a voting interest of 52.9% in Stores due to Treasury Shares that do not carry voting rights. The Controlling Shareholders currently hold 51.0% of the Total Holdings Shares which entitles them to a voting interest of 52.3% in Holdings due to Treasury Shares that do not carry voting rights, before the Pre-Unbundling Disposal. Stores is the only investment of Holdings, which derives its income solely from the dividends received from Stores. Holdings is a “pyramid company” as contemplated by section 14 of the Listings Requirements in circumstances where pyramid shareholding structures are not encouraged by the JSE. This structure was maintained due to its historical nature (i.e. being in place prior to the introduction of the JSE listing requirement prohibiting pyramid structures of this nature). The Transaction seeks to eliminate the pyramid structure.

The Pyramid Control Structure has resulted in:

- a discount between the intrinsic value of Holdings’ investment in Stores and the traded market value of Holdings Shares;
- lower levels of liquidity and tradability for Ordinary Shares due to the control structure with multiple listed entry points into Stores;
- lower weighting in various local and international stock exchange indices as a result of the reduced free float of Stores and Holdings Shares; and
- additional operating expenditure and infrastructure to administer the Pyramid Control Structure.

The Controlling Shareholders have proposed and the Independent Board of Holdings and the Independent Directors have resolved to restructure the Pyramid Control Structure as this could positively impact on the value and liquidity of the listed Ordinary Shares and appeal to the broader international investor base.

Key features of the Transaction and Scheme include:

- in the interests of good corporate governance and as required by the JSE, (i) the Controlling Shareholders have undertaken not to vote their shares on the resolutions to be proposed at the General Meetings of both Holdings (direct shareholding) and Stores (indirect voting right through its controlling interest in Holdings), and (ii) Holdings will not vote on the resolutions to be proposed at the General Meeting;
- the Transaction steps, comprising the Unbundling and the Stores Transaction, are fully Inter-Conditional;
- the Scheme is conditional on the Transaction becoming operative and effective. However, the Transaction can proceed without the Scheme being implemented;
• the Pre-Unbundling Disposal in which Holdings will dispose of 300 000 Stores Shares, will reduce Holdings’ interest in the Total Stores Shares from 52.7% to 52.6% and consequently Holdings’ voting interest will decrease from 52.9% to 52.8%;
• the Transaction seeks to maintain the effective 52.8% (after the Pre-Unbundling Disposal) voting position in Stores held by the Controlling Shareholders through Holdings and does not confer any additional economic rights on the Controlling Shareholders (i.e. the Controlling Shareholders are able to effectively vote Holdings’ voting interest in Stores of 52.8% and have an indirect economic interest in Stores of 26.8% before the Transaction (after the Pre-Unbundling Disposal) and will have a direct voting interest of 52.8% and a direct economic interest of 26.8% in Stores after the Transaction);
• the Controlling Shareholders will retain their current level of voting control in Stores (i.e. as at the Last Practicable Date, but after taking the Pre-Unbundling Disposal into account) through the proposed creation and issue of 259 682 928 B Shares pursuant to the Stores Transaction i.e. the transaction together with the Stores Transaction envisages the restructuring of the Pyramid Control Structure, such that the Controlling Shareholders’ effective interest in Stores is held by way of a direct holding rather than by way of an indirect holding;
• no Holdings Shareholder or Stores Shareholder will suffer any economic dilution as a result of the implementation of the Unbundling and the Stores Transaction;
• while Holdings Minority Shareholders currently have no direct vote in Stores, and no material influence in Stores through their minority voting right in Holdings, on the implementation of the Unbundling they will become Stores Shareholders entitled to vote Stores Shares. The votes exercisable by Holdings Minority Shareholders in Stores after the Unbundling will, despite no change in the economic position of Holdings Shareholders, be less than the votes they currently notionally exercise at meetings of Stores Shareholders. A table illustrating the dilutive effect on votes of Holdings Shareholders in Stores compared to the notional vote they currently enjoy in Stores is contained in Annexure 4 of this Circular; and
• as a result of the issue of the B Shares as part of the Stores Transaction, the voting rights exercisable by Stores Minority Shareholders will decline from 47.2% to 31.0% (i.e. the same holding of Ordinary Shares will, effectively, give a Stores Minority Shareholder 34.2% less voting rights at a General Meeting of Stores than the holding of such Stores Minority Shareholder prior to the implementation of the Stores Transaction). Annexure 4 to this Circular illustrates the dilutive effects on the voting rights of Stores Minority Shareholders flowing from the implementation of the Stores Transaction in a tabulated format. Holdings Minority Shareholders will also experience a dilution in voting rights due to the Stores Transaction.

This Circular sets out how the Stores Transaction will be implemented. Shareholders are however encouraged to also familiarise themselves with the content of the Holdings Circular for a full understanding of the changes to the Pyramid Control Structure.

The Pyramid Control Structure, prior to implementation of the Unbundling, is illustrated in the following diagram:

![Pyramid Control Structure Diagram](image)

Note: After the Pre-Unbundling Disposal. Economic rights express Holdings Shares as a percentage of the Total Holdings Shares or Stores Shares as a percentage of the Total Stores Shares. Voting rights express Holdings Shares as a percentage of the Total Holdings Shares less Treasury Shares or Stores Shares as a percentage of the Total Stores Shares less Treasury Shares.
The Company after implementation of the Transaction is illustrated in the following diagram:

<table>
<thead>
<tr>
<th>Stores Minority Shareholders</th>
<th>Economic rights: 47.38%</th>
<th>Voting rights: 31.04%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling Shareholders</td>
<td>Economic rights: 26.84%</td>
<td>Voting rights: 52.80%</td>
</tr>
<tr>
<td>Holdings Minority Shareholders</td>
<td>Economic rights: 25.78%</td>
<td>Voting rights: 16.16%</td>
</tr>
</tbody>
</table>

B Shares issued to maintain the Controlling Shareholders’ existing effective 52.80% voting rights (assuming Pre-Unbundling Disposal has occurred)

Note: The Controlling Shareholders, through their holding in Holdings, will have the same voting rights of 52.8% before and after the Transaction. After the Pre-Unbundling Disposal. Economic rights express Stores Shares as a percentage of the Total Stores Shares. Voting rights express Stores Shares as a percentage of the sum of Total Stores Shares and the total B Shares in issue less expected number of treasury shares after the Transaction. The Stores Minority Shareholders need to note the effective dilution in their voting rights of 34.2% post implementation of the Stores Transaction as illustrated in the table contained in Annexure 4 of the Circular.

2. RATIONALE FOR THE TRANSACTION
The Independent Directors believe that, notwithstanding the dilutive impact on the voting rights of Stores Minority Shareholders, the Stores Transaction, when viewed in context of the broader restructure of the Pyramid Control Structure, would be to the benefit of Stores Shareholders as follows:

- the restructure of the Pyramid Control Structure will result in the elimination of the cumbersome multiple listed structure, thereby removing the multiple entry points to Stores while retaining the stability and continuity of an anchor shareholder in Stores, through the maintenance of the Controlling Shareholders’ interest in Stores;
- the Unbundling is expected to result in an increased free float of Stores Ordinary Shares, which could enhance the weighting thereof in stock market indices both on the JSE and internationally. The higher levels of free float and enhanced weighting in stock market indices should improve the demand, liquidity and marketability of the Stores shares; and
- the simplified structure could improve Stores’ investment appeal to both foreign and local investors which could also enhance its access to equity capital and therefore its long-term growth strategy.

3. TERMS OF THE STORES TRANSACTION
B Shares will, subject to the fulfilment of the conditions precedent set out in paragraph 6 below, be issued to the Controlling Shareholders on a once-off basis (subject to the adjustment provisions of paragraph 3.4 below), in the B Share Issue Ratio of 198.06089 B Shares for every 100 Ordinary Shares, equating to 259 682 928 of the 1 000 000 000 authorised B Shares to be issued to the Controlling Shareholders to maintain the current voting rights of Holdings in Stores (after the Pre-Unbundling Disposal). The B Shares will be issued at a nominal value of R0.00001 (zero point zero zero zero zero one Rand) per B Share.

Annexure 2 contains the relevant extracts of the New Stores MOI reflecting the B Share Terms. Such annexure also embodies the relevant extract of the New Stores MOI relating to the treatment of fractional entitlements so as to comply with the JSE’s Service Bulletin 1 of 2016 and Annexure 6 contains a summary of the B Share terms. The following are the key salient terms of the B Shares:

3.1 Economic rights of the B Shares
The B Shares issued to the Controlling Shareholders will be entitled only to voting rights and will have no economic rights. The B Shares will be unlisted, non-convertible, non-participating, no par value shares. Furthermore, the B Shares will not be entitled to distributions and will have no rights to proceeds in the event of a winding up or liquidation of Stores.

3.2 Voting rights of the B Shares
The issue of the B Shares seeks to maintain the current effective 52.8% voting position held by the Controlling Shareholders (after the Pre-Unbundling Disposal) and do not confer any additional voting rights to the Controlling Shareholders. The B Shares will provide voting rights equal to a net additional 26.0% (pre-issuance of new B Shares, i.e. pre-dilution) to the Controlling Shareholders at all Stores shareholder meetings where voting is required, resulting in the maintenance of the Controlling Shareholders’ current 52.8% voting position in Stores (after the Pre-Unbundling Disposal) without the conferring of any additional benefit relative to the status quo. The Transaction will not lead to any economic dilution for Company Minority Shareholders. The voting rights attaching to B Shares may in certain circumstances, all as detailed below, be adjusted upwards or downwards to prevent undue accretions or dilutions.
3.3 Disposal of the B Shares

No individual B Share can be disposed of without a concurrent disposal of a corresponding ratio of Stapled Ordinary Share(s), and any disposal of Stapled Ordinary Shares held by the B Shareholders will result in a pro rata disposal of B Shares at the B Share Issue Ratio.

Nothing contained in these B Share terms shall be construed as restricting the disposal of Stapled Ordinary Shares, provided that in such disposal the consequences insofar as the B Shares are set out below.

The B Shares will be unlisted and as such, per the New Stores MOI, the company secretary will need to be informed of any disposal of Stapled Ordinary Shares and the corresponding B Shares for the purposes of sufficient record keeping. The B Shares will be transferred off-market. Any disposal of which the company secretary is not informed of such transfer will result in the cessation of the voting rights attaching to those B Shares, and Stores will then be entitled, at its election, to repurchase the B Shares corresponding to the number of Stapled Ordinary Shares sold.

Stapled Ordinary Shares can be disposed of off-market (i.e. not via the JSE’s normal order book) or on-market (i.e. via the JSE’s normal order book). Any disposal of Stapled Ordinary Shares on-market will result in the cessation of the voting rights attaching to those B Shares, and Stores will then be entitled, at its election, to repurchase the B Shares corresponding to the number of Stapled Ordinary Shares sold on-market.

To the extent that the combined voting rights of all Stapled Stores Shares and B Shares held by any B Shareholder (together with such B Shareholder’s related and concert parties) at a given time are less than an effective aggregate 25% voting rights of the total issued shares of Stores (including the B Shares), the voting rights attaching to such B Shares will cease, and Stores will be entitled, at its election, to repurchase the B Shares.

In the event that no single B Shareholder holds more than 25% of the total voting rights of Stores (together with such B Shareholder’s related and concert parties), the voting rights attaching to all B Shares will cease, and Stores will be entitled, at its election, to repurchase all B Shares.

In the event that a particular B Shareholder does not hold more than 25% of the total voting rights of Stores (together with such B Shareholder’s related and concert parties), the voting rights attaching to that particular B Shareholder’s B Shares will cease, and Stores will be entitled, at its election, to repurchase that B Shareholder’s B Shares.

Should the combined voting rights of a transferring B Shareholder(s) (the “Transferor”) together with any other B Shareholder(s) related to or acting in concert with the Transferor comprise more than 25% of the total voting rights of the Company, and the combined voting rights of the persons(s) to whom such B Shares, and a corresponding number of Ordinary Shares, are transferred (the “Transferee”) together with any other B Shareholder(s) and/or Shareholder(s) related to or acting in concert with the Transferee, comprise more than 25% of the total voting rights of the Company, and such Transferee does not, at its sole discretion, elect to make an offer to all of the other holders of the B Shares and the Ordinary Shares, mutatis mutandis, in accordance with section 123 of the Companies Act, then the voting rights attaching to such B Shares will cease at that time and Stores will be entitled, at its election, to repurchase those B Shares.

In circumstances where an offer to minorities is triggered, the full consideration payable to the Transferor under the transaction which triggers the offer shall be attributed to the Ordinary Shares and no value shall be attributed to the B Shares.

Immediately following receipt of the necessary shareholder approvals and fulfilment of any and all other legal requirements (if any) required to authorise the exercise of the option to repurchase B Shares, Stores shall be entitled to exercise the option to repurchase B Shares by giving written notice to that effect to the relevant B Shareholder. Any repurchase of B Shares by Stores as contemplated in this paragraph 3.3 shall be at a nominal value of R0.00001 (zero point zero zero zero zero one Rand) per B Share.

3.4 Adjustment of B Shares

Should there be a corporate event or an alteration of the share capital of the Company which increases or decreases the number of Stapled Ordinary Shares held by any B Shareholder, then the number of B Shares held by such B Shareholder shall be increased or decreased, as the case may be, to maintain the B Share Issue Ratio of Stapled Ordinary Shares to B Shares held by such Shareholder.

This adjustment shall ensure that the B Shareholders continue to exercise the same portion of the total voting rights of the Company, after the occurrence of such a corporate event or alteration of share capital, as they did prior to such an occurrence (i.e. that there is no unwarranted dilution or accretion of voting rights of the B Shareholders).

In the event of any renounceable rights issue of Stores Shares in which the B Shareholders elect to follow their rights in terms of their Stores Shares, B Shares will be issued in the B Share Issue Ratio to the B Shareholders in order to prevent any unwarranted dilution of their voting rights. B Shares will also be issued to the B Shareholders in the event of any alteration to the capital structure of the Company which has a dilutonary effect on the voting rights of the B Shareholders, such as a share split or capital distribution.

In the event of a consolidation of shares or similar alteration of the capital structure of Stores which has an accretion effect on the B Shareholders, the number of B Shares held by the B Shareholders shall be decreased to accord with the B Share Issue Ratio. However, if a B Shareholder increases his/her interest in Stores through a purchase of Stores Ordinary Shares (not pursuant to a renounceable rights offer), no B Shares will be issued.
Any increase in the B Shareholding of the B Shareholders in accordance with the foregoing provisions of this clause 3.4 shall be
effected by way of the allotment and issue to the B Shareholders of the requisite number of B Shares for a subscription consideration
equal to R0.00001 (zero point zero zero zero zero one Rand) per B Share.

Any decrease in the B Shareholding of the B Shareholders in accordance with the foregoing provisions of this clause 3.4 shall be
effected by way of a repurchase by Stores of the requisite number of B Shares for a repurchase consideration of R0,00001 (zero point
zero zero zero zero one Rand) per B Share, in accordance with the provisions of the Companies Act and the Listings Requirements.

For the avoidance of doubt, in the event of:
1. an issuance in respect of which Ordinary Shareholders (including the B Shareholders) are not entitled to participate, such as an
   increase in Ordinary Shares under a share incentive scheme;
2. a rights issue in respect of the Ordinary Shares where the Controlling Shareholders elect not to follow their rights;
3. an issue of Ordinary Shares pursuant to an acquisition;
4. a vendor placing of Ordinary Shares;
5. an issue of Ordinary Shares for cash (or the extinction of a liability, obligation or commitment, restraint, or settlement of expenses);
6. an amalgamation or merger in accordance with the provisions of section 113 of the Companies Act; or
7. a similar alteration of capital or capital event;
there shall be no increase or decrease in the B Shareholding of the B Shareholders and the B Shareholders will be diluted.

3.5 **Governing law**
The Stores Transaction will be governed by the laws of South Africa.

3.6 **Effect on the financial statements**
The 259 682 928 B Shares will be issued for a nominal cash consideration of R0.00001 (zero point zero zero zero zero one Rand) per
B Share. This will lead to an increase in cash reserves of R2 597.

4. **LONG-TERM EMPLOYEE SHARE INCENTIVE SCHEME**
Given no acceleration of Holdings options and that option holders won’t participate in the Unbundling, both Holdings and Stores have elected
to restructure the relevant share options and scheme shares awarded to employees within the Pick n Pay group of companies.

The relevant scheme rules shall be amended to provide for the substitution of Holdings Shares for Stores Shares of equivalent value and
Holdings options with Stores options of equivalent value, with the intent and purpose that the participants in question should continue to derive
the same benefit in respect thereof insofar as is possible.

Shareholders are referred to Annexure 5 for further information on the amendments of the share schemes.

5. **SHAREHOLDER APPROVAL**
The Stores Transaction will require the approval, by way of special resolution, to be voted on by the Stores Minority Shareholders (since
Holdings has, in the interests of good corporate governance, undertaken not to vote its Shares).

The amendments required to the long-term employee share incentive schemes, described in paragraph 4 above, will require the approval, by
way of special resolution, of both Stores and Holdings Minority Shareholders (since the Controlling Shareholders have, in the interests of good
corporate governance, undertaken not to vote their Holdings Shares, and Holdings will not vote its Stores Shares at the Stores General
Meeting).

6. **CONDITIONS PRECEDENT**
6.1 The Unbundling and the Stores Transaction are Inter-Conditional. In addition, the Scheme is conditional on the Unbundling and the
Stores Transaction but not vice versa. Accordingly, the conditions precedent to the Stores Transaction are described below.

6.2 The Stores Transaction is subject to the following conditions precedent being fulfilled, namely –
- the Unbundling becoming effective in accordance with its terms, it being recorded that the Unbundling is subject to the following
  conditions precedent being fulfilled, namely:
  - approval by Holdings Shareholders at the Holdings General Meeting of the special resolution to unbundle the Stores Shares held
    by Holdings in terms of section 46 of the Income Tax Act and section 112 (read with section 115) of the Companies Act; and
  - within the period prescribed by section 164(7) of the Companies Act, no demands, or valid demands which in aggregate
    represent less than 5% of Holdings Shares, are received by Holdings in accordance with section 115(8) of the Companies Act
    are made in respect of the Unbundling;
- the approval by Shareholders at the General Meeting of the special resolution to replace the Existing Stores MOI with the New
  Stores MOI incorporating the B Share Terms, together with the lodgement thereof with the Companies and Intellectual Property
  Commission; and
- the approval by Shareholders at the General Meeting of the special resolution to issue and allot the B Shares to the Controlling
  Shareholders.
7. **TRP IMPLICATIONS**

The Transaction and Scheme have been fully canvassed with the TRP and the TRP has, without considering the commercial advantages or disadvantages thereof:

7.1 concluded that the Transaction does not result in a change of control of Stores which would trigger a mandatory offer as contemplated in section 123 of the Companies Act;

7.2 granted an exemption from the requirement that an independent expert be retained as contemplated in Regulation 90 of the Companies Act Regulations 2011 to express an opinion in respect of the Unbundling;

7.3 granted an exemption from the provision of Regulations 106 and 111 of the Companies Act Regulations, 2011, insofar as such information is not applicable to a scheme where a shell is acquired; and

7.4 confirmed that Regulation 85 of the Takeover Regulations does not apply to the Transaction.

The aforesaid decisions of the TRP are embodied in letters from the TRP dated 22 February 2016 and 19 April 2016. Such letters will be made available for inspection as per paragraph 22 below.

8. **REGULATORY APPROVALS**

The restructure of the Pyramid Control Structure and Circular has been approved by the JSE on the basis that the Controlling Shareholders’ position in Stores will be unchanged, the approval of both the Stores Minority Shareholders and the Holdings Minority Shareholders is obtained.

SARS has issued an ATR to AIH, as well as Holdings, noting the Unbundling will have the tax consequences as described in the Holdings Circular and that the subscription for B Shares by the Controlling Shareholders will not constitute a disposal by Stores in terms of paragraph 11(2)(b)(ii) of the Eighth Schedule to the Income Tax Act.

9. **VOTING DILUTION IMPACT ON SHAREHOLDERS**

The Controlling Shareholders before the Stores Transaction have an effective voting control over Stores of 52.8% (after the Pre-Unbundling Disposal) with an effective economic interest of 26.8% (after the Pre-Unbundling Disposal). Albeit that the Stores Transaction will result in a simplification of the current shareholder structure in Stores, the Controlling Shareholders will retain the same level of 52.8% (after the Pre-Unbundling Disposal) effective voting control, and 26.8% (after the Pre-Unbundling Disposal) economic interest in Stores after implementation of the Transaction.

All Shareholders, including the Controlling Shareholders, will retain the same economic rights at the Last Practicable Date and after implementation of the Stores Transaction.

However, the issuance of the B Shares to the Controlling Shareholders by Stores will result in voting dilution to Stores Minority Shareholders of 34.2%. Namely, prior to implementation of the Stores Transaction, but after the Pre-Unbundling Disposal, Stores Minority Shareholders will hold, in aggregate, 47.2% of the voting rights in Stores and after the implementation of the Stores Transaction, Stores Minority Shareholders will hold, in aggregate, 31.0% of the voting rights in Stores. Together with the Holdings Minority Shareholders the non-Controlling Shareholders will in aggregate be able to effectively exercise 47.2% of the voting rights in Stores.

The Stores Minority Shareholders need to note the effective dilution of 34.2% in their voting rights after implementation of the Stores Transaction as explained above and illustrated in the table contained in Annexure 4 of the Circular.

Holdings Minority Shareholders will also experience a voting dilution. However, their voting dilution of 35.9% will be slightly more than the voting dilution of Stores Minority Shareholders due to Holdings having more Treasury Shares than Stores.
10. MAJOR SHAREHOLDERS

Insofar as it is known to the applicant, the names of all Holdings Shareholders, other than a Director, that, directly or indirectly, are interested in 5% or more of Holdings Shares, together with the amount of such interests, as at 27 May 2016, are as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares held</th>
<th>Shareholding1 (%)</th>
<th>Shareholding excluding Controlling Shareholders2 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling Shareholders3</td>
<td>268 937 139</td>
<td>52.3</td>
<td>N/A</td>
</tr>
<tr>
<td>Allan Gray Proprietary Limited4</td>
<td>48 751 540</td>
<td>9.5</td>
<td>19.9</td>
</tr>
<tr>
<td>Visio Capital Management Proprietary Limited4</td>
<td>43 285 875</td>
<td>8.4</td>
<td>17.6</td>
</tr>
<tr>
<td>Coronation Fund Managers Limited4</td>
<td>33 040 311</td>
<td>6.4</td>
<td>13.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>394 014 865</td>
<td>76.6</td>
<td>51.0</td>
</tr>
</tbody>
</table>

1 Based on the total Holdings Shares of 527 249 082 less the 13 037 487 Holdings Shares held as Treasury Shares
2 Based on the total Holdings Shares of 527 249 082 less the 13 037 487 Holdings Shares held as Treasury Shares and 268 937 139 Holdings Shares held by the Controlling Shareholders
3 Insofar as it is known to the Company, AH is the only Holdings Shareholder that has a direct or indirect beneficial interest of more than 5% in the Total Holdings Shares
4 Includes beneficial and non-beneficial interests

Insofar as it is known to the applicant, the names of all Stores Shareholders, other than a Director, that, directly or indirectly, are interested in 5% or more of Stores Shares, together with the amount of such interests, as at 27 May 2016, are as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares held</th>
<th>Shareholding1 (%)</th>
<th>Shareholding excluding Controlling Shareholders2 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holdings4</td>
<td>257 345 334</td>
<td>52.9</td>
<td>N/A</td>
</tr>
<tr>
<td>Coronation Fund Managers Limited5</td>
<td>27 300 974</td>
<td>5.6</td>
<td>11.9</td>
</tr>
<tr>
<td>Public Investment Corporation Limited4</td>
<td>26 732 886</td>
<td>5.5</td>
<td>11.6</td>
</tr>
<tr>
<td>Genesis Investment Management Limited Liability Partners5</td>
<td>23 675 611</td>
<td>4.9</td>
<td>10.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>335 054 805</td>
<td>68.8</td>
<td>33.9</td>
</tr>
</tbody>
</table>

1 Based on the total Stores Shares of 488 450 321 less the 1 599 031 Stores Shares held as Treasury Shares
2 Based on the total Stores Shares of 488 450 321 less the 1 599 031 Stores Shares held as Treasury Shares and 257 345 334 Stores Shares held by the Controlling Shareholders before the Pre-Unbundling Disposal
3 Before the Pre-Unbundling Disposal of 300 000 Stores Shares.
4 Insofar as it is known to the Company, Holdings and the Public Investment Corporation Limited are the only Stores Shareholders that have a direct or indirect beneficial interest of more than 5% in the Total Stores Shares
5 Includes beneficial and non-beneficial interests

Post the Pre-Unbundling Disposal and the Transaction the shareholders of Stores that are either directly or indirectly interested in 5% or more of Stores Shares will have the following economic and voting interest in Stores:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Stores Shares held</th>
<th>Economic interest1 (%)</th>
<th>Number of Stores Shares and B Shares held</th>
<th>Voting interest2 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling Shareholders</td>
<td>131 112 673</td>
<td>26.8%</td>
<td>390 795 600</td>
<td>52.8%</td>
</tr>
<tr>
<td>Coronation Fund Managers Limited</td>
<td>43 408 840</td>
<td>8.9%</td>
<td>43 408 840</td>
<td>5.9%</td>
</tr>
<tr>
<td>Public Investment Corporation Limited</td>
<td>26 732 886</td>
<td>5.5%</td>
<td>26 732 886</td>
<td>3.6%</td>
</tr>
<tr>
<td>Genesis Investment Management Limited Liability Partners</td>
<td>25 819 668</td>
<td>5.3%</td>
<td>25 819 668</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>227 074 067</td>
<td>46.5%</td>
<td>486 756 994</td>
<td>65.8%</td>
</tr>
</tbody>
</table>

1 Based on the Total Stores Shares of 488 450 321
2 Based on the sum of the Stores Shares of 488 450 321 and B Shares less the 7 955 088 Stores Shares expected to be held as Treasury Shares after the Transaction (exclusive of B Shares). Calculated after the Pre-Unbundling Disposal
11. GENERAL MEETING
A General Meeting of the Stores Shareholders will be held at Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town on Monday, 25 July 2016 after the completion of the Holdings General Meeting or at 09:00 (whichever is the later), to consider and, if deemed fit, pass the resolutions required to authorise and effect the implementation of the Stores Transaction. A notice convening a General Meeting of Shareholders is attached to and forms part of this Circular.

Holdings will not participate in the voting to be held at the General Meeting of Shareholders.

12. INDEPENDENT DIRECTORS’ OPINION AND RECOMMENDATIONS
Cognizant of actual and potential conflicts, the Independent Directors have considered the Stores Transaction and, notwithstanding the dilution on the voting rights of Stores Minority Shareholders but having regard to the potential benefits referred to in paragraph 2, are of the opinion that the Stores Transaction will be to the benefit of Stores Shareholders and accordingly recommend that Stores Shareholders vote in favour of the resolutions required to implement the Stores Transaction.

To assist in their deliberations, the Independent Directors voluntarily requested an opinion from an independent expert as to whether the Stores Transaction was fair and reasonable, and what would constitute an adequate consideration for the issue of the proposed B Shares, despite it not being required by any regulator as neither the TRP nor the JSE imposed any requirements on Stores with regard to obtaining a fair and reasonable opinion from an independent expert. The opinion that has been included in Annexure 7 is therefore not provided pursuant to the Listings Requirements.

13. EXPENSES
The estimated expenses (excluding VAT) that will be incurred by Stores to implement the Stores Transaction, and which will be settled out of existing Stores cash resources, are as set out in the table below:

<table>
<thead>
<tr>
<th>Service</th>
<th>Service provider</th>
<th>Estimated amount (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In their capacity as Transaction Originator and Coordinator</td>
<td>Rand Merchant Bank</td>
<td>750 000</td>
</tr>
<tr>
<td>Adviser and sponsor to Stores</td>
<td>Investec</td>
<td>500 000</td>
</tr>
<tr>
<td>Legal adviser to Stores</td>
<td>Werksmans</td>
<td>500 000</td>
</tr>
<tr>
<td>JSE documentation fee</td>
<td>JSE</td>
<td>22 500</td>
</tr>
<tr>
<td>Circular printing</td>
<td>Bastion Graphics Proprietary Limited</td>
<td>250 000</td>
</tr>
<tr>
<td>Transfer Secretaries</td>
<td>Computershare</td>
<td>30 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2 052 500</strong></td>
</tr>
</tbody>
</table>

The Controlling Shareholders will meet and pay their own costs and expenses.

14. RESPONSIBILITY STATEMENT
The Directors, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

The Independent Directors, insofar as any information in this Circular relates to Stores or to the matters on which they are required to opine:
- accept responsibility for the information contained in this Circular;
- certify that, to the best of their knowledge and belief, the information contained in this Circular is true and that there are no other facts, the omission of which would make any statement false or misleading; and
- certify that, to the best of their knowledge and belief, this Circular has not omitted anything that is likely to affect the importance of the information contained herein insofar as it relates to Stores or to a matter on which they are required to opine.

15. CONSENTS
The advisers, sponsors, legal advisers and Transfer Secretaries to Stores and the Controlling Shareholders have provided their written consent to their names being published in this Circular and have not withdrawn their consents prior to the publication of this Circular.
16. INCLUSION BY REFERENCE
At the Last Practicable Date, the information below is the most recent available to Stores and is available in the annual reports on Stores’ website at www.picknpayinvestor.co.za. The documents are also available for inspection at the Stores’ registered office during business hours at no charge from the date of issue of this Circular up to and including the date of the General Meeting:

<table>
<thead>
<tr>
<th>Information</th>
<th>Reference</th>
<th>Page number</th>
</tr>
</thead>
<tbody>
<tr>
<td>General description of the business</td>
<td>Pick n Pay audited annual financial statements 2016</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Pick n Pay integrated annual report 2016</td>
<td>4</td>
</tr>
<tr>
<td>Prospects of the business</td>
<td>Pick n Pay integrated annual report 2016</td>
<td>19–29</td>
</tr>
<tr>
<td>Directors’ details</td>
<td>Pick n Pay integrated annual report 2016</td>
<td>68–69</td>
</tr>
<tr>
<td>Directors’ interest in Stores shares</td>
<td>Pick n Pay audited annual financial statements 2016</td>
<td>44</td>
</tr>
<tr>
<td>Directors’ service contracts</td>
<td>Pick n Pay integrated annual report 2016</td>
<td>70–77</td>
</tr>
<tr>
<td>Share capital of Stores</td>
<td>Pick n Pay audited annual financial statements 2016</td>
<td>67</td>
</tr>
<tr>
<td>Historical financial information</td>
<td>Pick n Pay integrated annual report 2015</td>
<td>92–165</td>
</tr>
<tr>
<td></td>
<td>Pick n Pay audited annual financial statements 2016</td>
<td>1–103</td>
</tr>
</tbody>
</table>

17. MATERIAL CHANGES
The Directors are not aware of any material changes in the financial or trading position of Stores or its subsidiaries subsequent to the latest published annual report for the 52 weeks ended 28 February 2016, other than the changes noted in this Circular and the Holdings Circular.

18. LITIGATION
There are currently no legal or arbitration proceedings, including any such proceedings that are pending or threatened which may have, or have had, a material effect on Stores or any of its subsidiaries’ financial position during the 12 months preceding the date of issue of this Circular.

19. MATERIAL CONTRACTS
Stores has not entered into any material contract either verbally or in writing that is outside the ordinary course of business in the preceding two years to the date of issue of this Circular.

20. DIRECTORS’ SERVICE CONTRACTS AND REMUNERATION
The Directors’ service contracts and remuneration will not be varied as a result of the Transaction.

21. DIRECTORS’ INTEREST IN THE TRANSACTION
Directors who are members of the Ackerman family, being J Ackerman, S Ackerman-Berman, D Robins and G Ackerman, will receive B Shares in accordance with the B Share Terms in their own capacity and/or through controlled trusts and legal entities as noted in the definitions of AIH and Other Ackerman Shareholders and have therefore recused themselves from voting on any of the resolutions to be passed in terms of the Transaction and the Scheme.

22. DOCUMENTS AVAILABLE FOR INSPECTION
Copies of the following documents will be available for inspection at the registered office of Stores and the registered offices of Rand Merchant Bank, Investec and the Transfer Secretaries, whose details can be found in the “Corporate Information and Advisers” section of this Circular, during normal business hours (excluding Saturdays, Sundays and South African public holidays) from the date of issue of this Circular until the date of the General Meeting:
- the written letters of consent as given in paragraph 15 above;
- annual financial statements of Stores for the financial years ended 28 February 2016, 2015 and 2014;
- the letters from the TRP referred to in paragraph 7 above;
- the letter from the TRP, approving this Circular;
- the Existing Stores MOI;
- the New Stores MOI;
- Directors’ service agreements;
- copies of the relevant Pick n Pay employee share schemes and the proposed amendments thereto;
- a signed copy of this Circular; and
- a signed copy of the Holdings Circular.

For and on behalf of the Directors

Ms Debra Muller
Company secretary
Cape Town
24 June 2016
"Section 41: Shareholder approval for issuing shares in certain cases

1. Subject to subsection (2), an issue of shares or securities convertible into shares, or a grant of options contemplated in section 42, or a grant of any other rights exercisable for securities, must be approved by a special resolution of the shareholders of a company, if the shares, securities, options or rights are issued to a –
   (a) director, future director, prescribed officer, or future prescribed officer of the company;
   (b) person related or inter-related to the company, or to a director or prescribed officer of the company; or
   (c) nominee of a person contemplated in paragraph (a) or (b).

2. Subsection (1) does not apply if the issue of shares, securities or rights is –
   (a) under an agreement underwriting the shares, securities or rights;
   (b) in the exercise of a pre-emptive right to be offered and to subscribe shares, as contemplated in section 39;
   (c) in proportion to existing holdings, and on the same terms and conditions as have been offered to all the shareholders of the company or to all the shareholders of the class or classes of shares being issued;
   (d) pursuant to an employee share scheme that satisfies the requirements of section 97; or
   (e) pursuant to an offer to the public, as defined in section 95(1)(h), read with section 96.

3. An issue of shares, securities convertible into shares, or rights exercisable for shares in a transaction, or a series of integrated transactions, requires approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction or series of transactions.

4. In subsection (3):
   (a) for purposes of determining the voting power of shares issued and issuable as a result of a transaction or series of integrated transactions, the voting power of shares is the greater of:
      (i) the voting power of the shares to be issued; or
      (ii) the voting power of the shares that would be issued after giving effect to the conversion of convertible shares and other securities and the exercise of rights to be issued;
   (b) a series of transactions is integrated if:
      (i) consummation of one transaction is made contingent on consummation of one or more of the other transactions; or
      (ii) the transactions are entered into within a 12-month period, and involve the same parties, or related persons; and:
         (aa) they involve the acquisition or disposal of an interest in one particular company or asset; or
         (bb) taken together, they lead to substantial involvement in a business activity that did not previously form part of the company’s principal activity.

5. A director of a company is liable to the extent set out in section 77(3)(e)(ii) if the director—
   (a) was present at a meeting when the board approved the issue of any securities as contemplated in this section, or participated in the making of such a decision in terms of section 74; and
   (b) failed to vote against the issue of those securities, despite knowing that the issue of those securities was inconsistent with this section.

6. In this section, ‘future director’ or ‘future prescribed officer’ does not include a person who becomes a director or prescribed officer of the company more than six months after acquiring a particular option or right."

ANNEXURE 1: EXTRACT OF SECTION 41 OF THE COMPANIES ACT
ANNEXURE D

RIGHTS, PRIVILEGES AND CONDITIONS ATTACHING TO THE B SHARES

The B Shares shall carry the following rights and privileges and shall be subject to the following conditions –

1. DEFINITIONS

1.1. The following words and expressions shall, when used in this Annexure D, bear the meanings assigned to them below and cognate words and expressions shall bear corresponding meanings –

1.1.1. “Act in Concert” shall bear the meaning ascribed thereto in section 117(b) of the Companies Act construed mutatis mutandis, and the phrase “Acting in Concert” shall be construed accordingly;

1.1.2. “B Share Holding Ratio” means the ratio of B Shares held by each B Shareholder to the total number of B Shares in issue;

1.1.3. “B Share Issue Ratio” means the ratio of 1.98061 (one point nine eight zero six one) B Shares for every 1 (one) Stapled Ordinary Share held by the B Shareholders at the time of the issue and allotment of the B Shares which, for the avoidance of doubt, shall continue to apply to any B Shareholder from time to time thereafter;

1.1.4. “B Shares” means the unlisted, non-convertible, non-participating, no par value B Ordinary Shares which the Company is authorised to issue, having the rights, privileges and conditions set out in this Annexure D;

1.1.5. “B Shareholders” means the holders of B Shares together with the corresponding number of Stapled Ordinary Shares (as determined in accordance with the B Share Issue Ratio) from time to time;

1.1.6. “Call Option” means in relation to B Shares, the irrevocable and unconditional right and option which each B Shareholder of a B Share grants to the Company to enable the Company at its election to oblige that B Shareholder (which shall then be obliged) to sell B Shares to the Company, each for the Option Amount, upon the happening of an Option Event on the terms set out in this Annexure D;

1.1.7. “Disposal” or “Transfer” means, when used in relation to a B Share, the sale, alienation, transfer, donation or other conveyance of that B Share or any part thereof including, without limitation, any rights attaching thereto and shall include any agreement or arrangement howsoever described to give effect to the aforesaid, and the expressions “Dispose”, “Disposal”, “Transfer” or “Transferred” shall be construed accordingly;

1.1.8. “Initial Ackerman Family Holders” means the members of the Ackerman family who hold Ordinary Shares and to whom B Shares are to be issued in accordance with the B Share Issue Ratio, namely:

1.1.8.1. Ackerman Investment Holdings Proprietary Limited (Registration number: 2010/018805/07) (owning 48.5%);

1.1.8.2. The Mistral Trust (owning 1.05%);

1.1.8.3. Burrumbuck Investments (Proprietary) Limited (owning 0.63%);

1.1.8.4. RD Ackerman (owning 0.24%);

1.1.8.5. The Jongus Trust (owning 0.22%);

1.1.8.6. The Bermack Trust (owning 0.11%);

1.1.8.7. The Sudale Trust (owning 0.07%);

1.1.8.8. J Ackerman (owning 0.05%);

1.1.8.9. S Ackerman (owning 0.05%);

1.1.8.10. K Robins (owning 0.04%);

1.1.8.11. A Ackerman (owning 0.01%); and

1.1.8.12. 15 other individuals (collectively owning 0.05%);

1.1.9. “Option Amount” means in relation to each B Share, an amount of R0.00001 which is payable by the Company to the B Shareholder of that B Share upon the exercise of the Call Option in respect of that B Share;

1.1.10. “Option Event” means in respect of the B Shares –

1.1.10.1. if no B Shareholder together with any other B Shareholder(s) Related to or Acting in Concert with such B Shareholder holds an amount of more than 25% (twenty five percent) of the total voting rights of the Company; or
1.1.10.2. if any B Shareholder fails to notify the company secretary in writing of a Disposal of B Shares, prior to such Disposal, as contemplated in clause 6 below; or

1.1.10.3. if any B Shareholder Disposes of or Transfers any Stapled Ordinary Shares on-market (which, for the avoidance of doubt, shall be via the JSE’s normal order book); or

1.1.10.4. if any B Shareholder Disposes of any B Shares without the Disposal of the corresponding number of Stapled Ordinary Shares as contemplated in clause 8.1 below; or

1.1.10.5. if any B Shareholder Disposes of any B Shares and a corresponding number of Stapled Ordinary Shares, and the Transferee to whom such B Shares are Transferred, together with any other B Shareholder(s) Related to or Acting in Concert with such Transferee, does not, after the Disposal, hold more than 25% (twenty five percent) of the total voting rights of the Company upon Transfer of such B Shares (which amount shall, for the avoidance of doubt, be determined together with any other voting rights already held by such Transferee at the date of Transfer of the relevant B Shares);

1.1.10.6. if any B Shareholder Disposes of any B Shares, and a corresponding number of Stapled Ordinary Shares and, as a result of such Disposal, such B Shareholder no longer holds more than 25% (twenty five percent) of the total voting rights of the Company (together with such B Shareholder’s Related and Concert Parties at the date of Transfer of the relevant B Shares) upon Transfer of such B Shares; or

1.1.10.7. if as a result of a transaction (or a series of integrated transactions (as contemplated in section 41(4)(b) of the Companies Act)) relating to the Disposal of B Shares, and a corresponding number of Stapled Ordinary Shares, as at the time of the transaction (or the culmination of a series integrated transactions (as contemplated in section 41(4)(b) of the Companies Act):

1.1.10.7.1. the combined voting rights of the transferring B Shareholder(s) ("Transferor") together with any other B Shareholder(s) Related to or Acting in Concert with the Transferor comprise more than 25% (twenty five percent) of the total voting rights of the Company; and

1.1.10.7.2. the combined voting rights of the persons(s) to whom such B Shares, and a corresponding number of Stapled Ordinary Shares, are transferred to a Transferee together with any other B Shareholder(s) and/or holders of Ordinary Shares Related to or Acting in Concert with the Transferee, comprise more than 25% (twenty five percent) of the total voting rights of the Company, and such Transferee has not, at its sole discretion, elected to make an offer to all of the other holders of the Ordinary Shares, mutatis mutandis, in accordance with section 123 of the Companies Act;

1.1.11. “Ordinary Shareholders” means the holders of Ordinary Shares;

1.1.12. “Ordinary Shares” means the ordinary shares which the Company is authorised to issue, having the rights, privileges and conditions set in this MOI;

1.1.13. “Related” shall have the meaning ascribed thereto in section 2 of the Companies Act;

1.1.14. “Stapled Ordinary Shares” means the Ordinary Shares held by the B Shareholders at the time of the issue and allotment of the B Shares, determined in accordance with the B Share Issue Ratio, which Ordinary Shares are subject to the restrictions on disposal described in clause 6 below; and

1.1.15. “Transferee” shall mean any person(s) to whom B Shares are Transferred (as defined in clause 1.1.7 above and “Transferor” shall bear a corresponding meaning).

2. WINDING-UP AND RETURN OF CAPITAL
The B Shares shall not carry the right, on a winding-up of the Company or on any return or reduction of capital, to the payment or repayment of any amount.

3. NO PARTICIPATION
The B Shares shall not be entitled to any participation in the profits of the Company or any distribution of the assets or capital of the Company.

4. VOTING
4.1. At every General Meeting or adjourned General Meeting of the Company at which Ordinary Shareholders and B Shareholders are present and entitled to vote on any particular matter, upon a poll, or in respect of any written resolution contemplated in section 60 of the Companies Act on which the Ordinary Shareholders and the B Shareholders are entitled to vote, each B Shareholder shall, in respect of that particular matter, be entitled to exercise 1 (one) vote for every B Share held and entitled to vote at that time.

4.2. Any B Shareholder shall, by giving written notice to that effect to the Company at any time when the B Shareholders are entitled to vote in terms of clause 4.1 above, be entitled to require the Company, which shall thereupon be obliged, to call a General Meeting of its Holders, or any class of them, to consider any matter (including, without limitation, a resolution requiring the Company to comply with its obligations to the B Shareholders, and any such resolution adopted at a meeting of all Shareholders of the Company shall, notwithstanding anything to the contrary contained in this MOI, be binding upon and be given effect to by the Company and the Directors).
5. MODIFICATION OF THE TERMS OF THE B SHARES
The terms of the B Shares may not be modified without a special resolution amending this MOI, which special resolution must be approved by Shareholders holding:

5.1. at least 75% (seventy five percent) of the voting rights exercisable at a meeting of all Shareholders (which, for the avoidance of doubt, shall include the B Shareholders); and

5.2. at least 75% (seventy five percent) of the voting rights exercisable at a separate class meeting comprised of the B Shareholders only.

6. NOTIFICATION OF TRANSFER OF B SHARES
No B Shareholder shall be entitled to Dispose of or Transfer its B Shares or any of them (together with the corresponding number of Stapled Ordinary Shares (as determined in accordance with the B Share Issue Ratio)) unless and until it has notified the company secretary in writing thereof and any failure by a B Shareholder to so notify the company secretary will on the Date of Transfer or Disposal constitute an Option Event, which shall result in immediate cancellation of the voting rights attached to such B Shares in accordance with the provisions of the clause 7 below.

7. CALL OPTION AND CESSATION OF B SHARE VOTING RIGHTS
7.1. On the occurrence of an Option Event, the voting rights which attach to the B Shares, in respect of that Option Event, shall immediately cease to be of force and effect and the B Shareholder(s) concerned hereby undertakes not to exercise or purport to exercise such voting rights. For the avoidance of doubt:

7.1.1. the occurrence of the Option Event set out in clause 1.1.10.1 above shall result in the cessation of the voting rights attaching to all B Shares in issue;

7.1.2. the occurrence of the Option Events set out in clauses 1.1.10.2, 1.1.10.3, 1.1.10.4, 1.1.10.5, or 1.1.10.6 above shall result in the cessation of the voting rights attaching to only those B Shares:

7.1.2.1. the Disposal of which the company secretary was not notified of, in terms of clause 6 above, read with clause 1.1.10.2 above;

7.1.2.2. the Disposal of Stapled Ordinary Shares on-market in terms of clause 1.1.10.3 above;

7.1.2.3. which were Disposed of without the Disposal of the corresponding number of Stapled Ordinary Shares, in terms of clause 8.1 below read with clause 1.1.10.4 above; or

7.1.2.4. which were Disposed of to a Transferee who does not, together with any other B Shareholder(s) Related to or Acting in Concert with such Transferee, hold more than 25% (twenty five percent) of the total voting rights of the Company (which amount shall, for the avoidance of doubt, be determined together with any other voting rights already held by such Transferee at the date of Transfer of the relevant B Shares) in accordance with clause 1.1.10.5 above; or

7.1.2.5. which are retained by a B Shareholder in circumstances where such B Shareholder has Disposed of B Shares, together with the corresponding number of Stapled Ordinary Shares, and as a result of such Disposal the relevant B Shareholder no longer holds more than 25% (twenty five percent) of the total voting rights of the Company, as contemplated in clause 1.1.10.6 above;

7.1.3. the occurrence of the Option Event set out in clause 1.1.10.7 above shall result in the cessation of the voting rights attaching to those B Shares held by the Transferee together with all of the B Shares held by any person(s) Related to or Acting in Concert with the Transferee with effect from the date of Transfer.

7.2. Notwithstanding anything to the contrary in this MOI, the B Shareholders hereby irrevocably grant the Company the Call Option, exercisable at the Company’s election, to repurchase:

7.2.1. on the occurrence of the Option Event set out in clause 1.1.10.1 above, all of the B Shares in issue;

7.2.2. on the occurrence of the Option Events set out in clauses 1.1.10.2, 1.1.10.3, 1.1.10.4, 1.1.10.5, or 1.1.10.6 above, all of those B Shares:

7.2.2.1. the Disposal of which the company secretary was not notified, in terms of clause 6 above, read with clause 1.1.10.2 above; or

7.2.2.2. the Disposal of Stapled Ordinary Shares on-market in terms of clause 1.1.10.3 above;

7.2.2.3. which were Disposed of without the Disposal of the corresponding number of Stapled Ordinary Shares, in terms of clause 8.1 below read with clause 1.1.10.4 above;

7.2.2.4. which were Disposed of to a Transferee who does not, together with any other B Shareholder(s) Related to or Acting in Concert with such Transferee, hold more than 25% (twenty five percent) of the total voting rights of the Company (which amount shall, for the avoidance of doubt, be determined together with any other voting rights already held by such Transferee at the date of Transfer of the relevant B Shares) in accordance with clause 1.1.10.5 above; or
which are retained by a B Shareholder in circumstances where such B Shareholder has Disposed of B Shares, together with the corresponding number of Stapled Ordinary Shares, and as a result of such Disposal such B Shareholder no longer holds more than 25% (twenty five percent) of the total voting rights of the Company; as contemplated in clause 1.1.10.6 above;

7.2.3. on the occurrence of the Option Event set out in clause 1.1.10.7 above, and provided that the Transferee in terms of clause 1.1.10.7.2 above has, at its sole discretion, not elected to make an offer to all other holders of Ordinary Shares on the date of Transfer, mutatis mutandis, in accordance with section 123 of the Companies Act, all of those B Shares held by the Transferee together with all of the B Shares held by any person(s) Related to or Acting in Concert with the Transferee in respect of that Option Event,

at any time on or after the happening of the relevant Option Event and for the Option Amount per B Share.

7.3. In circumstances where the Transferee elects to make an offer as provided for in clauses 1.1.10.7.2 read with 7.2.3 above (or where the Transferee is obliged to do so under section 123 of the Companies Act), the full consideration payable by the Transferee to the Transferee under the transaction which triggers the offer in question shall be attributable to the Ordinary Shares forming the subject matter of such offer and no consideration shall be attributable to the B Shares.

7.4. The Company shall, subject to the passing of any and all shareholders’ resolutions and the fulfilment of any and all other legal requirements (if any) required to authorise the exercise of the Call Option, be entitled to exercise the Call Option at any time after the occurrence of an Option Event and repurchase all of the relevant B Shares in terms thereof.

7.5. Immediately following receipt of the necessary shareholder approvals and fulfilment of any and all other legal requirements (if any) required to authorise the exercise of the Call Option, the Company shall be entitled to exercise the Call Option by giving written notice to that effect to the relevant B Shareholder and paying the relevant B Shareholder the Option Amount for each B Share repurchased. The Option Amount shall be paid in cash by way of electronic funds transfer into such bank account as may be recorded by the Company in its records in respect of that B Shareholder. The B Shareholder shall be obliged to surrender to the Company the share certificate(s) for the B Shares (or, if such certificate has been lost or destroyed, proof of such loss or destruction) upon receipt of payment of the Option Amount in relation to any B Shares.

7.6. In the event that a B Shareholder(s) holds its B Shares together with Related Parties, or parties Acting in Concert with such B Shareholder, for the purposes hereof, then the company secretary may from time to time require that such B Shareholder(s) furnish the Company with documentary proof of their Related Party or Concert Party relationship, to the company secretary’s reasonable satisfaction, and the onus of proving such a relationship shall rest on the relevant B Shareholder(s).

8. GENERAL

8.1. A B Shareholder may only dispose of B Shares if, in the same transaction, the pro rata number of Stapled Ordinary Shares held by that B Shareholder (as determined in accordance with the B Share Issue Ratio) are also disposed of and vice versa. Ordinary Shares held by a B Shareholder may be disposed of off-market or on-market via the JSE order book, subject to the provisions of clause 7 above. Each B Shareholder must at all times hold at least the B Share Issue Ratio of Stapled Ordinary Shares to B Shares.

8.2. The Board of the Company shall resolve to issue and allot B Shares initially only to the Initial Ackerman Family Holders in the B Share Issue Ratio, and thereafter from time to time only to the B Shareholders in such circumstances as may be expressly contemplated and provided for in this MOI. For the avoidance of doubt, the Board shall not have a general authority to issue and allot B Shares in circumstances not expressly contemplated herein.

8.3. To the extent that the application of the B Share Issue Ratio to the issue of B Shares to the initial B Shareholders, or the application of clause 9 below results in any B Shareholder becoming entitled to a fraction of a B Share, the fraction shall be rounded down to the nearest whole number.

8.4. In the event that all of the issued B Shares have:

8.4.1. ceased to exercise voting rights, in terms of clause 7.1 above; and

8.4.2. been repurchased by the Company in terms of clause 7.2 above (such that no B Shares are any longer in issue),

then, for the avoidance of doubt, the Company shall thereafter no longer issue and allot B Shares, notwithstanding the number of authorised but unissued B Shares.

9. ADJUSTMENT

9.1. For the purpose of this clause 9 an “Adjustment Event” means –

9.1.1. a restructure of the Ordinary Share capital of the Company; or

9.1.2. any corporate action or event howsoever described –

9.1.2.1. pursuant to which new Ordinary Shares are allotted and issued to all holders of Ordinary Shares (including, without limitation, B Shareholders in respect of their Stapled Ordinary Shares); or

9.1.2.2. in which all holders of Ordinary Shares have a right or entitlement to participate, to the extent that the B Shareholders have exercised such right or entitlement in respect of their Stapled Ordinary Shares; or
9.1.2.3. pursuant to which Ordinary Shares are repurchased from all holders of Ordinary Shares (including, without limitation, the Stapled Ordinary Shares of B Shareholders); or

9.1.2.4. in which all holders of Ordinary Shares have a right or entitlement to participate in a repurchase of some or all of their Ordinary Shares, to the extent that the B Shareholders have exercised such right or entitlement in respect of their Stapled Ordinary Shares;

9.1.3. a combination of any one or more of the events referred to in 9.1.1 or 9.1.2.

9.2. The intention of this clause 9 is to ensure that the B Shareholders continue to exercise the same portion of the total voting rights exercisable at meetings of the Company after the occurrence of an Adjustment Event as they did prior to the occurrence of the Adjustment Event i.e. that there is no unwarranted dilution or accretion of voting rights of the B Shareholders. Accordingly, in the event of a corporate event in or alteration of capital of the Company, which has the effect of increasing or decreasing the number of Stapled Ordinary Shares held by any B Shareholder, the number of B Shares held by such B Shareholder shall be increased or decreased, as the case may be, to maintain the B Share Issue Ratio of Stapled Ordinary Shares to B Shares held by such B Shareholder.

9.3. Having regard to clause 9.2 and notwithstanding any other provision of this MOI, if an Adjustment Event occurs and such Adjustment Event results in –

9.3.1. the B Shareholders exercising a smaller portion of the total voting rights exercisable at meetings of the Company after the occurrence of the Adjustment Event than they did prior to the occurrence of the Adjustment Event, then such number of new B Shares as will result in the B Shareholders exercising the same proportion of the total voting rights exercisable at meetings of the Company as they would have had the Adjustment Event not occurred (i.e. maintaining the ratio of B Shares to Stapled Ordinary Shares in the B Share Issue Ratio) will be allotted and issued to the B Shareholders (in proportion to their holding of Stapled Stores Shares) against payment of a subscription price of R0.00001 (zero point zero zero zero zero one Rand) per B Share;

9.3.2. the B Shareholders exercising a greater portion of the total voting rights exercisable at meetings of the Company after the occurrence of the Adjustment Event than they did prior to the occurrence of the Adjustment Event, then the Company shall have the right and option to repurchase (in proportion to their holding of Ordinary Shares) such number of B Shares from the B Shareholders as will result in them exercising the same proportion of the total voting rights exercisable at meetings of the Company as they would have had the Adjustment Event not occurred (i.e. maintaining the ratio of B Shares to Stapled Ordinary Shares in the B Share Issue Ratio). The aforesaid right and option to repurchase shall be at a repurchase price of R0.00001 (zero point zero zero zero zero one Rand) per B Share and otherwise in accordance with clause 7.2 above which shall apply mutatis mutandis. Any B Shares which the Company is entitled to repurchase in terms of this clause 9.3.2 shall cease to enjoy voting rights immediately upon the occurrence of the Adjustment Event in question.

9.4. For the avoidance of doubt, it is recorded that –

9.4.1. the following capital restructures or corporate actions and events shall constitute an Adjustment Event, namely –

9.4.1.1. a sub-division or consolidation of Ordinary Shares;

9.4.1.2. a rights issue in respect of Ordinary Shares, to the extent that B Shareholders follow their rights in respect of their Stapled Stores Shares;

9.4.2. the following corporate actions and events shall not constitute an Adjustment Event –

9.4.2.1. any issue of Ordinary Shares in which all Ordinary Shareholders would not be entitled to participate including, without limitation, any issue of Ordinary Shares under any employee incentive scheme;

9.4.2.2. any acquisition issue of Ordinary Shares;

9.4.2.3. any vendor consideration placing of Ordinary Shares;

9.4.2.4. any issue of Ordinary Shares for cash or to settle any indebtedness, liability, obligation, commitment, expense or the like;

9.4.2.5. any amalgamation or merger in accordance with section 113 of the Act; and

9.4.2.6. any rights issue to the extent that the B Shareholders do not follow their rights in respect of their Stapled Ordinary Shares.
The Independent Directors being cognisant of the actual and potential conflicts between the position of the Controlling Shareholders and the Stores Minority Shareholders in relation to the Stores Transaction have taken care to ensure that their independence was and will remain in place for the duration of the Stores Transaction.

In particular:

- the Independent Directors independently evaluated the Stores Transaction without the presence of the Controlling Shareholders, their appointed directors and their advisers; and
- the Independent Board appointed independent advisers to the advisers appointed by the Controlling Shareholders.

As a result of the different outcomes of the Transaction for Holdings Minority Shareholders and Stores Minority Shareholders, Holdings has undertaken not to vote its Stores Shares on the resolutions to be proposed at the Stores General Meeting.
ANNEXURE 4: TABLE ILLUSTRATING THE DILUTIVE EFFECTS OF THE STORES TRANSACTION ON THE VOTING RIGHTS OF STORES MINORITY SHAREHOLDERS

Effective voting interest after the Pre-Unbundling Disposal, but before Unbundling and the issue and the allotment of the B Shares to the Controlling Shareholders

<table>
<thead>
<tr>
<th>Stores Minority Shareholders’ economic interest in Stores</th>
<th>47.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores Minority Shareholders’ voting interest in Stores</td>
<td>47.2%</td>
</tr>
</tbody>
</table>

Effective voting interest after the Pre-Unbundling Disposal, Unbundling and the issue and allotment of the B Shares to the Controlling Shareholders

<table>
<thead>
<tr>
<th>Stores Minority Shareholders’ economic interest in Stores</th>
<th>47.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores Minority Shareholders’ voting interest in Stores</td>
<td>31.0%</td>
</tr>
<tr>
<td>Stores Minority Shareholders’ percentage dilution</td>
<td>34.2%</td>
</tr>
</tbody>
</table>

Note: Holdings Minority Shareholders will hold 16.2% of the voting rights of Stores, after the Transaction. The total voting interest held by Stores Minority Shareholders and Holdings Minority Shareholders will, at that point, equal the 47.2% voting rights that Stores Minority Shareholders had before the Transaction.
ANNEXURE 5: AMENDMENTS TO THE PICK N PAY EMPLOYEE SHARE SCHEME RULES

PICK N PAY 1997 SHARE OPTION SCHEME

The deletion of clause 11.4 and the replacement thereof with the following amended clause 11.4:

*11.4 Should the Trustees cancel an unexercised Option, they shall elect to either:

11.4.1 pay to a Participant (or his or her estate) such sum as would have been owing by them in terms of this Agreement had the Option been exercised, but the relevant Sale Shares not paid for or delivered, as at the date of the relevant event; or

11.4.2 in respect of Options to acquire Shares in Pikwik, to substitute such Options with Options to acquire Shares in the Company of equivalent value, with the intent and purpose that pursuant to such substitution the Participant shall be in the same financial position but for such cancellation and substitution, insofar as is reasonably possible.*

BLUE RIBBON EMPLOYEE SHARE PURCHASE TRUST

The addition of the following provisions:

*11.3 It is recorded and agreed that in the event that any distribution in specie is made to participant holders of shares in the capital of Pick n Pay Holdings Limited, which distribution in specie comprises shares in the capital of Pick n Pay Stores Limited (the “Stores Substitution Shares”), during the currency of any pledge in terms of this clause 11, then, unless otherwise determined by way of resolution of the trustees, such Stores Substitution Shares shall:

11.3.1 accrue to the relevant participant, but the Trustees shall be entitled irrevocably and in rem suam to receive the share certificate(s) (if applicable) relating to the relevant Stores Substitution Shares on behalf of the relevant participant;

11.3.2 be subject to a pledge in favour of the Trust, in terms of which the participant pledges the relevant Stores Substitution Shares, on the terms contained in clause 11.2 above mutatis mutandis, as security for the due payment by the participant of his share debt; and

11.3.3 otherwise be subject to the scheme rules as contained herein mutatis mutandis.

11.4 Should shares in the capital of Pick n Pay Holdings Limited become subject to a scheme of arrangement, within the meaning of section 114 of the Companies Act No. 71 of 2008, pursuant to which the holders thereof become obliged to dispose of such shares then, subject to the provisions of clause 11.3 above, such shares shall be released from the operation of any pledge to which they are subject, in terms of this clause 11.

11.5 The intent and purpose of clauses 11.3 and 11.4 above, and the powers conferred upon the trustees thereunder, are to ensure that participants entitled to shares in the capital of Pick n Pay Holdings Limited or who are the owners of such shares, pledged to the Trustees, are not prejudiced in the event of a scheme of arrangement or other corporate action which has the effect of reducing the value of the shares in the capital of Pick n Pay Holdings Limited and/or expropriating such shares.*
## ANNEXURE 6: SUMMARY OF B SHARE TERMS

<table>
<thead>
<tr>
<th>Key term</th>
<th>B Share disposal term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Class of shares</strong></td>
<td>• Unlisted, non-convertible, non-participating, no par value shares</td>
</tr>
<tr>
<td></td>
<td>• Voting rights but no economic participation and no veto rights</td>
</tr>
<tr>
<td></td>
<td>• To be issued at a nominal value</td>
</tr>
<tr>
<td></td>
<td>• B Shares will be stapled to the Stores Shares on their issue (collectively for this Annexure “B/Stapled Ordinary Shares”) and cannot be traded separately from each other</td>
</tr>
<tr>
<td></td>
<td>• To be issued in a pre-determined ratio of B Shares to Stores Shares, i.e. the B Share Issue Ratio</td>
</tr>
<tr>
<td><strong>Voting rights</strong></td>
<td>• B Shares will provide additional voting rights to ensure that the Controlling Shareholders retain the same level of voting control in Stores after the Proposed Transaction as they currently enjoy (i.e. 52.8% of the votes in Stores. (The current 52.9% effective control is reduced to 52.8% due to the Pre-Unbundling Disposal.)</td>
</tr>
<tr>
<td><strong>Economic rights</strong></td>
<td>• B Shares will not have any economic rights:</td>
</tr>
<tr>
<td></td>
<td>– Not entitled to participate in any profits of Stores</td>
</tr>
<tr>
<td></td>
<td>– Not entitled to dividends</td>
</tr>
<tr>
<td></td>
<td>– No rights in liquidation</td>
</tr>
<tr>
<td><strong>Administering B Shares</strong></td>
<td>• Disposal or transfer of B/Stapled Ordinary Shares held by a B Shareholder must be as follows:</td>
</tr>
<tr>
<td></td>
<td>– Stapled Ordinary Shares (linked to B Shares): on- or off-market; plus</td>
</tr>
<tr>
<td></td>
<td>– B Shares (linked to Stapled Ordinary Shares): off-market</td>
</tr>
<tr>
<td></td>
<td>• In order to ensure the “stapled” nature of B/Stapled Ordinary Shares, the Stores company secretary must be informed of any proposed disposal of B/Stapled Ordinary Shares pre such disposal. Failure to notify the company secretary will result in the voting rights attaching to the B Shares linked to the Stapled Ordinary Shares being “cancelled” through a cessation of the voting rights (and subsequent repurchase by Stores)</td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td>• Should there be a corporate event or an alteration of the share capital of Stores, which increases or decreases the number of Stapled Ordinary Shares, then in certain circumstances the number of B Shares held by such B Shareholder shall be increased or decreased, as the case may be, to maintain the B Share Issue Ratio held by such B Shareholder</td>
</tr>
<tr>
<td>Effective voting threshold/procedural issue</td>
<td>Disposal term</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td><strong>Procedural</strong></td>
<td>The Stores company secretary must be informed of any proposed disposal of B Shares linked to Stapled Ordinary Shares (collectively for this Annexure “B/Stapled Ordinary Shares”) pre such disposal. The voting rights attaching to the B Shares stapled to those Stapled Ordinary Shares will be “cancelled” through a cessation of the voting rights and subsequent repurchase if the company secretary is not informed of a disposal.</td>
</tr>
<tr>
<td></td>
<td>The trading of Stapled Ordinary Shares (linked to the B Shares) can take place “off-market” (i.e. in materialised form, or dematerialised form not via the JSE normal order book) or “on-market” (i.e. in dematerialised form via the JSE’s normal order book). However, if a disposal of a Stapled Ordinary Share which is stapled to a B Share is performed “on-market” by a B Shareholder, the voting rights attaching to the B Shares stapled to those Stapled Ordinary Shares will be cancelled through a cessation of the voting rights and subsequent repurchase.</td>
</tr>
<tr>
<td>Effective voting threshold/ procedural issue</td>
<td>Disposal term</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>&lt; 25%</td>
<td>In a disposal of B/StanRed Ordinary Shares by a B Shareholder, where the combined voting rights of all other Stores Shares plus B/StanRed Ordinary Shares acquired by a purchaser (together with its concert parties and related parties) are not more than an effective aggregated 25% of the total Stores voting rights, the voting rights attaching to the B Shares stapled to the StanRed Ordinary Shares acquired will be cancelled through a cessation of the voting rights and subsequent repurchase.</td>
</tr>
<tr>
<td></td>
<td>Similarly, if the combined voting rights of all other Stores Shares plus B/StanRed Ordinary Shares still held by the selling B Shareholder (together with its concert parties and related parties) (initially the Controlling Shareholders) are not more than an effective aggregated 25% of the Stores total voting rights, the voting rights attaching to the B Shares held by the seller will be cancelled through a cessation of the voting rights and subsequent repurchase.</td>
</tr>
<tr>
<td></td>
<td>If at any point in time there is not a single B Shareholder (together with its concert parties and related parties) that holds more than an effective aggregate 25% of the Stores total voting rights, then the voting rights attaching to all B Shares will be cancelled through a cessation of the voting rights and subsequent repurchase.</td>
</tr>
<tr>
<td>Effective voting threshold/procedural issue</td>
<td>Disposal term</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>≥ 25%</td>
<td>If a purchaser acquires B/Stapled Ordinary Shares from a B Shareholder and post the acquisition holds more than 25% of the effective aggregated total voting rights together with its concert parties and related parties (B/Stapled Ordinary Shares acquired and existing Stores Shares) in Stores and the selling B Shareholder of the B/Stapled Ordinary Shares also still holds effective aggregated total voting rights (B/Stapled Ordinary Shares and existing Stores Shares) in Stores of more than 25%, together with its concert parties and related parties, then the purchaser of the B/Stapled Ordinary Shares will have the choice to elect to either: (i) make an offer to all other Stores Shareholders to acquire their shares at the same price paid for the B/Stapled Ordinary Shares; or (ii) to have the voting rights attaching to the B Shares stapled to the Stapled Ordinary Shares acquired cancelled through a cessation of the voting rights and subsequent repurchase (“25% Election Term”). Should an offer to minorities be made per the 25% Election Term, the full consideration payable to the B Shareholder under the transaction which triggers the offer shall be attributed to the Stapled Ordinary Shares and no value shall be attributed to the B Shares.</td>
</tr>
<tr>
<td>≥ 35%</td>
<td>Should an offer to minorities be made, the full consideration payable to the B Shareholder under the transaction which triggers the offer shall be attributed to the Stapled Ordinary Shares and no value shall be attributed to the B Shares. No further specific terms applicable.</td>
</tr>
</tbody>
</table>
Important to note:

• Neither the TRP nor the JSE imposed any requirements on Stores with regard to obtaining a fair and reasonableness opinion from an independent expert;

• In order to evaluate the proposal to collapse the pyramid structure that the Ackerman family presented to the Board of Holdings and which Holdings subsequently presented to Stores, the Directors have voluntarily appointed the Independent Expert, to opine on the fair and reasonableness of the restructuring of the Pyramid Control Structure, despite it not being required by any regulator; and

• The Opinion is therefore not pursuant to the JSE Listings Requirements.

14 June 2016

The Directors
Pick n Pay Stores Limited
Pick n Pay Office Park
101 Rosmead Avenue
Kenilworth
7708
South Africa

Dear Directors

Fair and reasonable opinion in connection with the restructuring of the Pick n Pay Stores Limited control structure entered into between Pick n Pay Stores Limited, Pick n Pay Holdings Limited RF, Ackerman Investment Holdings Proprietary Limited and certain Ackerman family shareholders

Introduction

On 14 June 2016 a transaction was announced on SENS by Pick n Pay Stores Limited (“Stores” or “the Company”) and Pick n Pay Holdings Limited RF (“Holdings”) that would result in the restructuring of the Pyramid Control Structure of Stores. The restructuring will comprise the distribution of the 257 045 334 ordinary Stores shares held by Holdings, after the disposal of up to 300 000 Stores Shares for the purpose of settling costs and expenses, to Holdings shareholders (“the Unbundling”) as contemplated under section 46 of the Companies Act No 71 of 2008, as amended (“the Companies Act”) and Inter-Conditional thereto, the issue of unlisted, non-redeemable, non-participating, no par value shares in Stores entitling the holder thereof to one vote per B share (“the B Shares”) to Ackerman Investment Holdings Proprietary Limited (“AIH”) and other Ackerman family shareholders (“the Stores Transaction”).

The Stores Transaction will be implemented by amending the existing Stores Memorandum of Incorporation (“MOI”) with a new MOI that will embody the B Share terms and contain other amendments to the existing MOI consequential to the introduction of the B Share terms and will update the manner of dealing with fractional entitlements in transactions. The B Shares will be issued to the controlling shareholders, being collectively AIH, and members of the Ackerman family, their successors in title, controlled trusts and legal entities (excluding AIH) who directly or indirectly hold in aggregate 2.5% of the issued share capital of Holdings, excluding Treasury Shares (“the Controlling Shareholders”) at a nominal subscription consideration of R0.00001.

Whilst neither the Takeover Regulation Panel established in terms of section 196 of the Companies Act (“the TRP”) nor the JSE Limited (“the JSE”) imposed any requirements on Stores with regard to obtaining a fair and reasonable opinion from an independent expert on the Stores Transaction, the independent Directors of Stores have voluntarily asked for an independent expert report. Therefore, the independent Directors of Stores have requested PricewaterhouseCoopers Corporate Finance Proprietary Limited (“PwC”) to act as independent professional expert to confirm that the terms and conditions of the Stores Transaction are fair and reasonable as far as the Stores Shareholders are concerned.

Definition of Fair and Reasonable

Market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In respect of the ordinary shareholders of Stores, the Stores Transaction would be considered fair and reasonable to the ordinary shareholders of Stores if the market value range of the ordinary shares immediately after the Stores Transaction is implemented is approximate to and within the market value range of the ordinary shares immediately before the Stores Transaction is implemented. This would confirm that the Stores Transaction does not give rise to any value dilution as far as Stores Shareholders are concerned.
In respect of the B Shares, we analysed the rights of the B Shares and the economics of the Stores Transaction and also considered the B Share consideration to form part of the broader Stores Transaction. Regarding the B Shares, the Stores Transaction would be considered fair and reasonable to the ordinary shareholders of Stores if the ordinary shareholders are not economically diluted by the issuance of the B Shares. As the B Shares are stapled to ordinary shares and cannot be traded separately, we considered the issuance of the B Shares in the context of the entire Stores Transaction.

Fairness is primarily based on quantitative issues but certain qualitative issues surrounding the particular transaction may also need to be considered in arriving at our conclusion. Even though the consideration may differ from the market value of the B Shares, the entire transaction may still be fair after considering other significant factors.

The assessment of reasonableness is generally based on qualitative issues surrounding the particular transaction. Even though the consideration may differ from the market value of the shares subject to a transaction, a transaction may still be fair and reasonable after considering other significant qualitative factors. We also considered qualitative and other factors in reaching our conclusion. These factors included the potential increased free float of Stores shares and the potential unquantifiable benefit associated with having a simplified corporate structure.

An individual shareholder’s decision as to whether to vote in favour of a transaction may be influenced by his or her particular circumstances (for example taxation).

The fair and reasonable opinion will not purport to cater for individual investor positions but rather the general body of investors. Should an investor be in doubt, he or she should consult an independent adviser.

Sources of information
In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Stores management and from various public, financial, and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our analysis included:

- The B Share terms as set out in the draft circular to be sent to Stores shareholders on 24 June 2016;
- Studies regarding the value of voting rights, including:
- Discussions held with Stores’ management and their advisers;
- For our macroeconomic research we used the following sources: Bureau for Economic Research, Business Monitor International, IHS Global Insight, International Monetary Fund, Oxford Economics; South African Reserve Bank, Nedbank, Investec, First National Bank;
- Selected analyst reports on Stores;
- Bond exchange of South Africa for interest rates used in our cost of capital calculations;
- Capital IQ for market sector beta information;
- Capital IQ for business descriptions and basic financial information used to identify comparable companies and for financial information relating to the comparable companies used in our cost of capital calculation;
- Capital IQ, analyst reports and other public sources for financial results and forecast financial results of the comparable companies analysed in our market approach; and

The principal sources of information used in performing our valuation of Stores included:

- Unaudited financial statements for Stores for 28 February 2016;
- Audited financial statements for Stores for 2 March 2014 and 1 March 2015; and
- Unaudited management accounts for Stores as follows:
  - Income statements as at 28 February 2011, 29 February 2012, 3 March 2013, 2 March 2014 and 1 March 2015; and

In respect of assessing the market value of Stores, we considered the liquidity of the ordinary shares of Stores in order to determine whether the volume weighted price per share is reflective of market value.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with Stores’ management.

Procedures
In order to determine whether the terms and conditions of the Stores Transaction are fair and reasonable as far as the ordinary shareholders of Stores are concerned, we considered the rights and interests of the Stores ordinary shareholders both before and after the Stores Transaction. This included a valuation of the ordinary shares of Stores.
The procedures that were followed in respect of the Stores valuation included the following:

- Consideration of conditions in, and the economic outlook for, the food retail industry;
- Consideration of general market data, including economic, governmental and environmental forces that may affect the value of Stores;
- Discussions concerning the historical and future operations of Stores with Stores management;
- Discussions with Stores management to obtain an explanation and clarification of data provided;
- Consideration of the operating and financial results of Stores (including audited financial statements covering five years up to the date of valuation);
- Analysis of financial and operating projections including revenues, operating margins (e.g., earnings before interest and taxes), working capital investments and capital expenditures based on the historical operating results of Stores, industry results and expectations and management representations. Such projections formed the basis for a consolidated Discounted Cash Flow analysis;
- Gathering and analysis of financial data for publicly traded or private companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons to apply to Stores as part of the Market Approach;
- Consideration of the trading history of the ordinary shares of Stores on the JSE over the past twelve months;
- Review of available analyst reports for Stores to develop an analyst view of the market value of Stores;
- Estimation of appropriate valuation discounts or premiums to apply to the results of our valuation analysis; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

In addition to the above, in relation to the specific issue of the B shares for nominal consideration, we considered from a theoretical perspective the potential market value of voting shares that have no ability to participate in any economic benefits.

Valuation approach

The following approaches are generally considered when estimating the market value of the ordinary shares of a company: the Income Approach, the Market Approach and the Net Assets Approach.

The Income Approach indicates the market value of the ordinary shares of a business based on the value of the cash flows that the company to be valued can be expected to generate in the future.

The Market Approach indicates the market value of the ordinary shares of a business based on a comparison of the company to be valued with comparable publicly traded companies and transactions in its industry as well as prior transactions involving stakes in comparable companies.

The Net Assets Approach indicates the market value of the ordinary shares of a business by adjusting the asset and liability balances on the balance sheet of the company to be valued to their market value equivalents. The approach is based on the summation of the individual piecemeal market values of the underlying assets less the market value of the liabilities.

The valuation of Stores was performed using the Income Approach. The Market Approach was used as a secondary approach.

Analysis of key value drivers

In performing our income approach analysis, the key external value drivers were considered. These key external factors include the forecast growth rates for the South African food retail industry, specifically expectations of sales growth. In addition, we considered the real gross domestic product growth and consumer price inflation based on consensus analyst forecasts for the South African economy.

The starting point of our analysis was management’s current budgets and business plans available at the time of our analysis. Key internal value drivers related to revenue growth rates, forecast profitability margins, capital expenditure and working capital forecasts. We performed sensitivity analyses based on the key assumptions and key value drivers for each of the businesses where an income approach was performed. We noted that the income approach valuation was most sensitive to changes in gross margins and revenue growth.

The resultant financial forecasts were used as the basis for discounted cash flow valuations using a South African Rand weighted average cost of capital range of between 12.9% and 13.6%. We tested the sensitivity of the valuations to changes in the cost of capital and perpetuity growth rates.

Assumptions

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- Stores is not involved in any other material legal proceedings other than those conducted in the ordinary course of business;
- Stores has no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of Stores;
- The Stores Transaction will not give rise to any undisclosed tax liabilities;
- For the purposes of this engagement, we assumed the existing businesses of Stores to be ongoing under current business plans and management; and
- Representations made by Stores’ management during the course of forming this opinion.

Opinion

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Stores’ management up to 14 June 2016. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based on the results of our procedures performed, our detailed valuation work and other considerations, subject to the foregoing and after taking into account all financial and non-financial considerations, we are of the opinion that the terms and conditions of the Stores Transaction are fair and reasonable as far as the Stores shareholders are concerned.
In the course of our analysis we also assessed the consideration related to the issuance of the B Shares by considering the attributes of the B Shares and reviewing various published studies on shareholder voting rights. Given that the B Shares strictly confer voting rights and do not have the ability to participate in any economic benefits, the B Shares would not have material value to a hypothetical market participant.

However, as the B Shares are stapled to ordinary shares, and cannot be traded separately, it is necessary to consider the issuance of the B Shares in the context of the entire Stores Transaction. We therefore considered the B Share consideration to form part of the broader Stores Transaction, which we determined to be fair and reasonable as far as the Stores Shareholders are concerned.

Our valuation of Stores is based on a standalone valuation of Stores under its current strategy and business plans.

Independence
We confirm that PwC holds no shares in Stores or Holdings, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in Stores, Holdings, or in the outcome of the Unbundling and Stores Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent on the outcome of the Unbundling and Stores Transaction.

Limiting conditions
This letter and opinion has been prepared solely for the Board of Stores in connection with the Stores Transaction to confirm that the terms and conditions of the Stores Transaction are fair and reasonable as far as the Stores Shareholders are concerned. Therefore it shall not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used for anything other than its intended purpose.

While our work has involved an analysis of financial information and the preparation of financial models, our engagement does not include an audit in accordance with International Standards on Auditing of the business records and financial data of Stores. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

The valuation of companies and businesses is not a precise science, and conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. Further, whilst we consider our opinion to be defensible based on the information available to us others may have a different view and arrive at a different conclusion.

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this 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 actual results will correspond to those projected/forecast by the management of Stores.

Yours sincerely

Matthew Human
Director
NOTICE OF GENERAL MEETING OF STORES ORDINARY SHAREHOLDERS

All terms defined in the Circular to which this notice of General Meeting is attached shall bear the same meanings herein.

Notice is given that a General Meeting of the Ordinary Shareholders, or their proxies, will be held at the registered office of the Company at 101 Rosmead Avenue, Kenilworth, Cape Town, on Monday, 25 July 2016 after the completion of the Holdings General Meeting or 09:00 (whichever is the later) to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in this notice of General Meeting or at any postponement or adjournment of the General Meeting. Registration for attendance at the General Meeting will commence at 08:00.

Shareholders and Holdings Shareholders are advised of the Holdings General Meeting commencing at 08:30 which Stores Shareholders are invited to attend (but not to participate unless in their capacity as Holdings Shareholders), given that the proposed Transaction that is the subject of the General Meeting is indivisibly linked to that of the Holdings General Meeting. Likewise, Holdings Shareholders are invited to attend (but not to participate unless in their capacity as Stores Shareholders) this General Meeting.

Holdings and Stores Shareholders are advised that once the Holdings General Meeting and the Stores General Meeting are completed, the annual general meetings of Holdings and Stores will take place. Holdings and Stores Shareholders are invited to attend the annual general meetings in addition to the General Meetings.

In the interests of good corporate governance, Holdings has undertaken not to vote its Shares on the resolutions to be proposed at the General Meeting.

The Company has determined that the record date for the purpose of determining which Shareholders are entitled to receive notice of the General Meeting is Friday, 17 June 2016 and the record date for purposes of determining which Shareholders are entitled to participate in and vote at the General Meeting is Friday, 15 July 2016. Accordingly, only Shareholders who are registered in the securities register of the Company on Friday, 15 July 2016 will be entitled to participate in and vote at the General Meeting.

All references to the Company’s Memorandum of Incorporation or MOI in this notice of General Meeting refer to the Company’s MOI which was adopted by special resolution, under the Companies Act No 71 of 2008, as amended (“Companies Act”), at the annual general meeting of the Company held on 15 June 2012.

Each of the ordinary and special resolutions set out below may be proposed and passed at the General Meeting or at any postponement or adjournment of the General Meeting.

The purpose of the General Meeting is for the following business to be transacted and for the following special and ordinary resolutions to be proposed:

SPECIAL RESOLUTION NUMBER 1 – REPLACEMENT OF THE COMPANY’S MEMORANDUM OF INCORPORATION

RESOLVED THAT, subject to the passing of this special resolution and special resolution number 2, as well as the passing of special resolution number 1 to be proposed at the Holdings General Meeting to be held before this General Meeting, the Existing Memorandum of Incorporation of the Company be and is hereby substituted by the New Memorandum of Incorporation in terms of which, inter alia, 1 000 000 000 B Shares are authorised, which New Memorandum of Incorporation is tabled at this General Meeting and initialled by the Chairman for the purposes of identification in accordance with the provisions of section 16(1)(c) (read together with sections 16(5) and 36(2)(a)) of the Companies Act.

Voting requirement

This resolution is a special resolution and requires the support of at least 75% of the voting rights exercised on the resolution in terms of section 16(1)(c) of the Companies Act.

Explanation

The New Memorandum of Incorporation is to be adopted so as to (i) incorporate the rights, privileges and conditions attaching to the B Shares into the Memorandum of Incorporation of the Company, (ii) to make consequential amendments to the Existing Memorandum of Incorporation flowing from the creation of the B Shares, and (iii) to amend the manner in which the Company previously dealt with fractional entitlements so as to comply with the JSE’s Service Bulletin 1 of 2016.
SPECIAL RESOLUTION NUMBER 2 – ISSUE AND ALLOTMENT OF THE B SHARES

RESOLVED THAT, subject to the passing of this special resolution and special resolution number 1 at this General Meeting, as well as the passing of special resolution number 1 to be proposed at the Holdings General Meeting that is to be held before this General Meeting, the shareholders hereby authorise, by way of special resolution (including for the purposes of section 41(1) and 41(3) of the Companies Act and clause 5.51 (g) of the Listings Requirements), the issue and allotment of 259 682 928 B Shares to the Controlling Shareholders for a subscription consideration of R0.00001 (zero point zero zero zero zero one Rand) per B Share, which the Company’s Board of Directors has determined to be adequate subscription consideration.

Voting requirement
This resolution is a special resolution and requires the support of at least 75% of the voting rights exercised on the resolution in terms of sections 41(1) and 41(3) of the Companies Act and clause 5.51 (g) of the Listings Requirements.

Explanation
The purpose of this resolution is to issue and allot the newly created B Shares to the Controlling Shareholders to ensure that their effective voting interests in Stores will not be changed as a result of the Unbundling by Holdings of its shareholding in Stores to Holdings Shareholders.

SPECIAL RESOLUTION NUMBER 3 – AMENDMENTS TO THE PICK N PAY EMPLOYEE SHARE SCHEMES

RESOLVED THAT, subject to the passing of (i) all resolutions to be proposed at this General Meeting, and (ii) special resolution number 1 at the General Meeting of Holdings scheduled to be held before this General Meeting, the Company be and hereby is authorised to effect amendments to the scheme rules of the employee share schemes, being the Blue Ribbon Employee Share Purchase Trust and the Pick n Pay 1997 Share Option Scheme, to ensure that participants are not prejudiced pursuant to the implementation of special resolution number 1 and/or special resolution number 2, as well as special resolution number 1 proposed at the General Meeting of Holdings held before this General Meeting. Accordingly, the relevant scheme rules shall be amended to provide for the substitution of Holdings Shares for Stores Shares of equivalent value, with the intent and purpose that the participants in question should continue to derive the same benefit in respect thereof insofar as is possible.

Voting requirement
This resolution requires the support of at least 75% of the voting rights exercised on the resolution, in accordance with Schedule 14.1 of the JSE Listings Requirements, and is accordingly required to be framed as a special resolution in terms of the Company’s Memorandum of Incorporation.

Explanation
The purpose of this special resolution is to approve amendments to the Pick n Pay employee share schemes pursuant to which employees who hold shares in Holdings which are subject to a pledge arrangement, or who hold options to acquire shares in Holdings (whether or not exercised), will hereafter have their entitlements substituted with entitlements to acquire Stores Shares or options (as the case may be) of equivalent value on the same terms and conditions.

ORDINARY RESOLUTION NUMBER 1 – DIRECTORS AUTHORISED TO ACT

RESOLVED THAT, subject to the passing of all of the special resolutions proposed at the General Meeting at which this resolution is proposed, and subject further to the passing of all resolutions of Holdings referenced therein, any director of the Company and/or the company secretary be and is hereby authorised and empowered to:

- sign all documents which may be necessary or desirable for the implementation of such special resolutions as have been passed and their filing; and
- generally do anything necessary or desirable for the implementation of such special resolutions as have been passed and all such actions taken prior hereto be and hereby are ratified.

Voting requirement
This resolution is an ordinary resolution and requires the support of at least 50% (fifty percent) of the voting rights plus 1 (one) vote exercised on the resolution.

QUORUM
The General Meeting may not begin until at least three shareholders entitled to attend and vote at the meeting are present in person and sufficient persons are present (in person or 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. Holdings will be taken into account in determining quorum, but will not vote on any of the resolutions proposed in this Circular.

IDENTIFICATION
In terms of section 63(1) of the Companies Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the Chairman of the General Meeting, who must be reasonably satisfied that the right of that person to participate in, and speak and vote at, the General Meeting, as a shareholder, as a proxy for a shareholder or as a representative of a shareholder, has been reasonably verified.

Examples of satisfactory identification include valid South African drivers licences, identity documents or passports.
ENTITLEMENT TO ATTEND AND VOTE AT THE GENERAL MEETING IN PERSON OR BY PROXY

If you hold Certificated Shares (i.e. have not Dematerialised your shares in the Company) or are registered as an Own Name Dematerialised Shareholder (i.e. have specifically instructed your Central Securities Depository Participant (“CSDP”) to hold your shares in your own name in the Company sub-register) then:

• you may attend and vote at the General Meeting; alternatively
• you may appoint an individual as a proxy (who need not also be a shareholder) to attend, participate in and speak and vote in your place at the General Meeting by completing the attached Form of Proxy (blue) and it is recommended that it be returned to the registered office of the Company or to the Transfer Secretaries, Computershare Investor Services Proprietary Limited “Computershare”, the details of which are set out in the corporate information section of the Circular on the inside front cover, by no later than 09:00 on Thursday, 21 July 2016. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached Form of Proxy (blue). Please also note that the attached Form of Proxy (blue) must be delivered to the registered office of the Company or to the Transfer Secretaries, Computershare, before your proxy may exercise any of your rights as a shareholder at the General Meeting.

Unless revoked before then, a signed proxy form shall remain valid at any adjournment or postponement of the General Meeting and the proxy so appointed shall be entitled to vote, as indicated on the proxy form, on any resolution at such General Meeting or any adjournment or postponement thereof.

Please note that:

• any shareholder that is a company may authorise any person to act as its representative at the General Meeting; and
• if you are the owner of Dematerialised Shares (i.e. have replaced the paper share certificates representing the Shares with electronic records of ownership under the JSE’s electronic settlement system, Strate) held through a CSDP or Broker (or their nominee) and are not registered as an “Own Name Dematerialised Shareholder” then you are not a registered shareholder, but your CSDP or Broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or Broker:

• if you wish to attend the General Meeting you must contact your CSDP or Broker and obtain the relevant letter of representation from it; alternatively
• if you are unable to attend the General Meeting but wish to be represented at the meeting, you must contact your CSDP or Broker and furnish it with your voting instructions in respect of the General Meeting and/or request it to appoint a proxy. You must not complete the attached Form of Proxy (blue). The instructions must be provided in accordance with the mandate between yourself and your CSDP or Broker within the time period required by your CSDP or Broker.

CSDPs, Brokers or their nominees recorded in the Company’s sub-register as holders of Dematerialised Shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold Dematerialised Shares, vote by either appointing a duly authorised representative to attend and vote at the General Meeting or by completing the attached Form of Proxy (blue) in accordance with the instructions thereon and it is recommended that it be returned to the registered office of the Company or to the Transfer Secretaries, Computershare, the details of which are set out below, by no later than 09:00 Thursday, 21 July 2016.

For and on behalf of the Board

Ms Debra Muller
Company secretary

24 June 2016

Registered office
101 Rosmead Avenue
Kenilworth
Cape Town
7708
(PO Box 23087, Claremont, 7735)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
FORM OF PROXY – GENERAL MEETING OF STORES ORDINARY SHAREHOLDERS

FOR COMPLETION BY STORES ORDINARY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH “OWN NAME” REGISTRATION ONLY

If you wish to appoint a proxy to act on your behalf at the General Meeting of the shareholders of Stores to be held at the registered office of the Company at 101 Rosmead Avenue, Kenilworth, Cape Town, on Monday, 25 July 2016 after the completion of the Holdings General Meeting or 09:00 (whichever is the later) and any adjournment or postponement thereof, please complete and return this Form of Proxy. (Also see the notes overleaf.)

All terms defined in the Circular to which this Form of Proxy is attached shall bear the same meanings herein.

Note: If your Dematerialised Shares in Stores are held through a Central Securities Depository Participant (“CSDP”) or Broker and you have not provided the nominee with a general mandate to act on your behalf at shareholder meetings, and you wish to cast your vote at this General Meeting or you want to attend the General Meeting in person, please contact your CSDP or Broker.

I/We (Full names in BLOCK LETTERS please)

of (insert address)

Telephone number       Cell phone number

email address

being the holder(s) of Stores ordinary shares, hereby appoint:

1. or failing him/her

2. or failing him/her

3. the chairman of the General Meeting of Stores Shareholders,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering, and if deemed fit, passing the special and ordinary resolutions to be proposed thereat and at any adjournment or postponement thereof and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the ordinary shares, as applicable, in Stores registered in my/our name/s as follows:

Please indicate with an “X” the instructions to your proxy in the spaces provided below. In the absence of such indication the proxy will be entitled to exercise his/her discretion in voting.

| Special resolution number 1 – Replacement of the Company’s Memorandum of Incorporation | FOR | AGAINST | ABSTAIN |
| Special resolution number 2 – Issue and allotment of the B Shares to the Controlling Shareholders in terms of section 41 of the Companies Act | | | |
| Special resolution number 3 – Amendments to the Pick n Pay employee share schemes | | | |
| Ordinary Resolution Number 1 – Directors authorised to act | | | |

Signed at ______________ on _______ 2016

Signature

Assisted by (where applicable)

Name          Capacity          Signature

(Please print in BLOCK LETTERS)

Please read the notes overleaf.
SUMMARY OF SHAREHOLDERS’ RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

Please note that in terms of section 58 of the Companies Act:

• this proxy form must be dated and signed by the shareholder appointing the proxy;
• you may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in and speak and vote at a shareholders’ meeting on your behalf;
• your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
• this proxy form must be delivered to the Company, or to the Transfer Secretaries of the Company, namely Computershare Investor Services Proprietary Limited, details of which can be found in note 5 to this Form of Proxy, before your proxy exercises any of your rights as a shareholder at the General Meeting;
• the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the General Meeting;
• the appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
• as the appointment of your proxy is revocable, you 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 the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy’s authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;
• if this proxy form has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company’s Memorandum of Incorporation to be delivered by the Company to you will be delivered by the Company to the proxy or proxies, if you have directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so;
• your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the General Meeting, but only as directed by you on this proxy form;
• the appointment of your proxy remains valid only until the end of the General Meeting or any adjournment or postponement thereof or for a period of 6 (six) months, whichever is shortest, unless it is revoked by you before then on the basis set out above.

The proxy form shall be valid and shall apply to any adjournment or postponement of the General Meeting to which it relates and shall apply to any resolution proposed at the General Meeting to which it relates and to such resolution including any such resolution to be voted on at any adjourned or postponed meeting of the General Meeting to which the proxy relates, unless the proxy is revoked before the adjourned or postponed meeting.

NOTES TO THE FORM OF PROXY

1. The person whose name stands first on the proxy form and who is present at the General Meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.

2. If no proxy is inserted in the spaces provided, then the chairman shall be deemed to be appointed as the proxy to vote or abstain as the chairman deems fit.

3. A shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all of the shareholder’s votes exercisable at the General Meeting.

4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.

5. Proxy forms must be lodged at the registered office of the Company, Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town, 7708, or posted to the company secretary at PO Box 23087, Claremont, 7735, or lodged with or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa).

6. It is recommended that Forms of Proxy be received or lodged by no later than 09:00 on Thursday, 21 July 2016, being 2 (two) Business Days before the General Meeting to be held on Monday, 24 July 2016, after the completion of the Holdings General Meeting or 09:00 (whichever is the later), for administrative reasons only.

7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company secretary or waived by the chairman of the General Meeting if he/she is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or Brokers registered in the Company’s securities, sub-register voting on instructions from beneficial owners of shares registered in the Company’s securities sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company secretary or to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa), together with this Form of Proxy.

8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but will only be validly made if such alteration or correction is accepted by the chairman of the General Meeting.

9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.