

**PICK N PAY STORES LIMITED**  
**("the Company")**

**Minutes of the General Meeting of Shareholders**  
**held in the Conference Centre at the registered office of the Company**  
**situated at 101 Rosmead Avenue, Kenilworth, Cape Town**  
**on Monday 25 July 2016 at 09h00**

**WELCOME**

Lorato Phalatse advised shareholders that the Chairman, Gareth Ackerman, had mandated her to chair the General Meeting and enquired as to whether there were any objections from the members present. There being no objections from the members present, the meeting continued as proposed.

**QUORUM FOR THE MEETING**

The quorum for the meeting was three members personally present and entitled to vote, who between them held in excess of 25% of the issued shares. Representatives of the controlling shareholder were taken into account in determining quorum, but would not vote on any of the resolutions proposed.

Lorato Phalatse announced that the necessary quorum was present and the meeting was declared duly constituted.

**APOLOGIES**

It was noted that directors who were members of the Ackerman family would not attend the meeting. Apologies were recorded from Gareth Ackerman, Suzanne Ackerman-Berman, Jonathan Ackerman and David Robins. In addition, apologies were recorded from David Friedland and Richard van Rensburg.

**CHAIRMAN'S ADDRESS**

Lorato Phalatse addressed the shareholders as follows:

"This general meeting has been called so that shareholders can vote on a proposal put forward by the ultimate controlling shareholder to eliminate the pyramid control structure of the listed companies in the Pick n Pay group of companies.

"The rationale for, and terms of, the proposal as well as the effects thereof are fully described in the circular to shareholders and the documents that accompanied such circular, all dated 24 June 2016.

"In summary the proposal comprises –

- the unbundling by Pick n Pay Holdings Limited RF of all of its ordinary shares in Pick n Pay Stores Limited to its shareholders. Each Holdings shareholder will receive about 48.75 Stores shares for every 100 shares in Holdings; and
- the creation and issue of B shares by Stores to the ultimate controlling shareholders (being the Ackerman Family). The B shares will only carry voting rights so as to put the controlling shareholders in the same voting position as

they effectively enjoy in Stores before the unbundling. The B shares will not carry any rights to dividends, proceeds on a winding-up or any other economic rights.

“The unbundling and the issue of the B shares are inter-conditional and inextricably linked.

“After the unbundling, shareholders of Holdings will hold shares directly in Pick n Pay Stores Limited, rather than indirectly through Pick n Pay Holdings.

“In addition, while the implementation of the B share issue will leave the economic and voting position of the controlling shareholders unchanged, the current level of voting interest held by Stores’ minority shareholders will be diluted. The extent of this voting dilution is fully described in the circular to shareholders.

“The independent directors of Pick n Pay Stores have considered the proposal put forward by Pick n Pay Holdings Limited RF, after the Independent Board of Holdings adopted the proposal put forward by the controlling shareholder. The independent directors believe that the implementation of the proposal will be to the benefit of Stores’ shareholders for the reasons set out in the circular.

“As such, the independent directors have recommended that shareholders vote in favour of the resolutions required to implement the proposal.

“I now turn to the business of this meeting.”

## **VOTING PROCEDURES**

Lorato Phalatse advised that voting took place by means of a poll and ballot forms were handed to shareholders during registration. Ballot forms were completed after each resolution was put to the meeting. In order to expedite the proceedings, forms were collected only after all the resolutions had been put to the meeting and voted on.

Computershare Investor Services Proprietary Limited (the Scrutineers) was nominated and accepted to act as Scrutineers for the purposes of the poll.

## **NOTICES OF THE MEETING AND OTHER FORMALITIES**

Lorato Phalatse stated that the notice convening the General Meeting, as set out in the circular dated 24 June 2016, had been in members’ hands for the prescribed period, having been posted on the Company website and despatched by registered post to shareholders on 24 June 2016. The notice contained full details of all the resolutions to be considered at the meeting. There being no changes to the proposed resolutions, Lorato Phalatse proposed, and it was agreed, that the Notice be taken as read.

Lorato Phalatse advised that the minutes of this General Meeting would be posted on the Company’s website after approval by the Board at the next Board meeting in October 2016.

Lorato Phalatse proposed, and it was agreed, that the members proceed with the business of the meeting. Before putting the resolutions to the meeting, Lorato Phalatse invited comments from shareholders.

## COMMENTS FROM SHAREHOLDERS

The following matters were raised:

Theo Botha referred to paragraph 9 of the circular on page 13, and queried the fairness of diluting minority shareholder voting rights by 34.2%. Lorato Phalatse responded that the Ackerman family, as the controlling shareholder, had indicated that they wanted to retain the same voting position as they had under the pyramid control structure, as was their right. The Independent Board had debated this point at length in assessing the proposal to unbundle the pyramid control structure. The voting dilution could not be viewed in isolation from the whole transaction. It was felt that the benefits of the proposal as a whole outweighed the disadvantages, taking into account factors such as the benefits to the Company in increasing the free float of shares and improving the platform for capital-raising. Shareholders had the right to protect their investment, and could vote in accordance with their assessment of the merits of the proposal. The Independent Board believed that the proposal was in the best interests of Pick n Pay shareholders in that the structure on the whole was better than the current structure, and the Independent Board recommended supporting the proposal. Richard Brasher noted that the existing pyramid structure made it difficult for minority shareholders to challenge an Ackerman family vote. It was acknowledged that the proposal did not go as far as “one share one vote”, but the unbundling of the pyramid structure should be recognised as progress in modernising the Pick n Pay group structure and freeing up management time from the burden of administering the pyramid.

Theo Botha referred to the list of institutional investors on page 14 of the circular and asked which were consulted. Richard Brasher advised the meeting that all the investors listed were approached and that the majority indicated that they supported the proposal.

Theo Botha asked if all the legal costs for changing the Company’s Memorandum of Incorporation were included, and why shareholders of the Company were expected to pay when the proposal was for the benefit of Pick n Pay Holdings Limited RF. He stated that in his opinion all costs for the restructuring should be borne by Pick n Pay Holdings Limited RF, as that company would benefit at the expense of Pick n Pay Stores Limited. He objected to the Ackerman family retaining voting control within the proposed new structure at his expense. Lorato Phalatse responded that the bulk of the costs were being borne by Pick n Pay Holdings Limited RF and the Ackerman family. The costs borne by the Company allowed the Independent Board to engage professional legal and financial advisors to assist it in fairly assessing if the proposal was to the benefit of minority shareholders. The Independent Board believed that the R2 million in costs for advisors was a worthwhile investment in ensuring that the Company would benefit from the proposed new structure in the medium to long term.

Anita Gilmour enquired as to the identity of the legal advisors, and whether the advisors had had to tender for the appointment. Shareholders were advised that Kevin Trudgeon of Werksmans had acted as legal advisor, and Investec as financial advisors, and that the appointment had not gone out to tender owing to the extreme market sensitivity of the proposal.

Theo Botha asked if the independent expert, Matthew Human of PwC, was present to answer some questions. He was advised that Matthew Human was not present. Anita Gilmour asked how much PwC had been paid. When advised that the fee was in the

region of R500,000 she expressed indignation and the view that the Company should not use PwC for future consulting work.

Theo Botha raised a legacy issue from 2009 when the Company's accounting policy had been amended to ensure that the expenses of Pick n Pay Holdings Limited RF were borne by that company. He stated his view that the Company had loaned money to Pick n Pay Holdings Limited RF to meet its corporate expenses prior to 2009, and that this money should be repaid to the Company before Pick n Pay Holdings Limited RF was wound up. Lorato Phalatse and Bakar Jakoet responded that the matter had been addressed at previous annual general meetings, that the position of the Company had not changed, that external auditors had concurred that the amounts involved in meeting the pre-2009 expenses of Pick n Pay Holdings Limited RF were immaterial, and that there was nothing more to add to this legacy issue.

No further questions were raised from the floor. Lorato Phalatse proceeded with the business of the meeting.

### **SPECIAL RESOLUTION NUMBER 1 – REPLACEMENT OF THE COMPANY'S MEMORANDUM OF INCORPORATION**

Lorato Phalatse proposed Special Resolution Number 1 as set out in the Notice and called upon any member to second the motion. The motion was seconded by Freya Griffiths.

The motion was opened for discussion.

There being no questions from the floor, the Chairman requested the members to vote on Special Resolution Number 1 by recording their votes on the ballot forms.

The outcome of the voting result was confirmed to be as follows:

	Number	Percentage
Votes in favour	148 325 639	82.40255%
Votes against	31 675 640	17.59745%
Abstain	24 912	0.01084%
Total votes cast	180 001 279	100%

Special Resolution Number 1 was subsequently declared to have been passed and replacement of the Company's Memorandum of Incorporation to have been approved by the members.

### **SPECIAL RESOLUTION NUMBER 2: ISSUE AND ALLOTMENT OF THE B SHARES**

Lorato Phalatse proposed Special Resolution Number 2 as set out in the Notice and called upon any member to second the motion. The motion was seconded by Gary Lea.

The motion was opened for discussion.

There being no questions from the floor, members were asked to complete the ballot forms in respect of Special Resolution Number 2.

The outcome of the voting results was confirmed to be as follows:

	Number	Percentage
Votes in favour	148 931 962	82.73869%
Votes against	31 070 851	17.26131%
Abstain	23 378	0.01017%
Total votes cast	180 002 813	100%

Special Resolution Number 2 was subsequently declared to have been passed and the issue and allotment of the newly created B shares to have been approved by the members.

### **SPECIAL RESOLUTION NUMBER 3: AMENDMENTS TO THE PICK N PAY EMPLOYEE SHARE SCHEMES**

Lorato Phalatse proposed Special Resolution Number 3 as set out in the Notice and called upon any member to second the motion. The motion was seconded by Aboubakar Jakoet.

The motion was opened for discussion.

There being no questions from the floor, members were asked to complete the ballot forms in respect of Special Resolution Number 3.

The outcome of the voting results was confirmed to be as follows:

	Number	Percentage
Votes in favour	148 505 766	82.50191%
Votes against	31 497 047	17.49809%
Abstain	23 378	0.01017%
Total votes cast	180 002 813	100%

Special Resolution Number 3 was subsequently declared to have been passed and the amendments to the Pick n Pay Employee Share Schemes to have been approved by the members.

### **ORDINARY RESOLUTION NUMBER 1: DIRECTORS' AUTHORISED TO ACT**

Lorato Phalatse proposed Ordinary Resolution Number 1 as set out in the Notice and called upon any member to second the motion. The motion was seconded by Sonja Lassen.

The motion was opened for discussion.

There being no questions from the floor, members were asked to complete the ballot forms in respect of Ordinary Resolution Number 1.

The outcome of the voting results was confirmed to be as follows:

	Number	Percentage
Votes in favour	149 093 223	82.82827%
Votes against	30 909 590	17.17173%
Abstain	23 378	0.01017%
Total votes cast	180 002 813	100%

Ordinary Resolution Number 1 was subsequently declared to have been passed by the requisite majority of votes.

### **RESULTS OF THE BALLOT**

The Scrutineers collected the ballot forms and calculated the voting results, which were duly certified by the Company Secretary.

Lorato Phalatse announced the results of the ballot, confirming that all resolutions had been passed with the requisite majority. The results would be published on SENS. Shareholders applauded.

### **CLOSING**

Lorato Phalatse asked the meeting if there was any further business to be executed. No further business was forwarded by members. The proceedings of the General Meeting were formally closed by Lorato Phalatse after she thanked all members for their attendance.

**THESE MINUTES ARE CERTIFIED TO BE A TRUE AND CORRECT RECORD OF THE PROCEEDINGS BY THE BOARD OF DIRECTORS OF THE COMPANY AT THE GENERAL MEETING HELD AT KENILWORTH ON 25 JULY 2016.**

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**DIRECTOR**

\_\_\_\_\_  
**DATE**