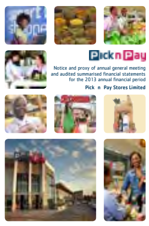
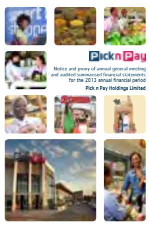
Contents

HOW TO USE OUR REPORTS

To best serve the needs of a variety of stakeholders, different sections of our full Integrated Report are available in different mediums. These are cross-referenced in the different reports and detailed below:

Medium	Report	Content
Printed and available on request **www.picknpay-ir.co.za**		**Integrated Annual Report** ■ Group overview report to stakeholders ■ Sustainability summary ■ Corporate governance ■ Annual Financial Statements
Printed and mailed to shareholders **www.picknpay-ir.co.za**		**Summarised Results: Pick n Pay Stores Limited** ■ Review of operations ■ Summarised Annual Financial Statements ■ Summarised remuneration policy ■ Shareholder information ■ Notice of AGM and proxy form
Printed and mailed to shareholders **www.picknpay-ir.co.za**		**Summarised Results: Pick n Pay Holdings Limited RF** ■ Review of operations ■ Summarised Annual Financial Statements ■ Summarised remuneration policy ■ Shareholder information ■ Notice of AGM and proxy form
www.picknpay-ir.co.za/sustainability-reports		**Sustainable Living Report** ■ Full sustainability report ■ GRI index

In order to promote sustainability, we will not be posting the Integrated Annual Report to all our shareholders.

Notices of AGM and proxy forms can be found on our website, www.picknpay-ir.co.za, in the summarised results.

A printed copy of the Integrated Annual Report is available on request from our Company Secretary, Debra Muller, at demuller@pnp.co.za or by fax at + 27 21 797 0314. Any additional requests for information or comments on the report can also be directed to her.

APPROVAL

The audit committee has reviewed the Integrated Annual Report for 2013 and recommended it for approval to the Board.

The Board of directors acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The directors confirm that they have collectively reviewed the content of this report and agree that it addresses the material issues faced by the Group, and provides a fair presentation of the financial position of the Group as at 3 March 2013 and its performance for the related annual financial period.

The Board authorised the Integrated Annual Report for release on 22 April 2013.

Gareth Ackerman
Non-executive Chairman

Richard Brasher
Chief Executive Officer

About this report

REGULATORY INTRODUCTION

We are pleased to present our Integrated Annual Report for 2013. In this document our aim is to provide a review of the financial, social and environmental performance indicators and results for Pick n Pay Holdings Limited RF ("Pick n Pay Holdings Limited") and Pick n Pay Stores Limited and all their subsidiaries and associate (the Group), as well as the opportunities and related risks faced by the Group and how these underpin our strategic objectives. We believe this will provide all our stakeholders with improved insight into our business and an increased understanding of how we create value and how we are ensuring that our value creation is sustainable in the long term.

We remain committed to achieving the highest standards of global best practice in reporting and, as such, continue on our journey to implement those standards as far as possible in the Group. We have expanded our disclosures in 2013 and will continue to engage with all stakeholders and improve year-on-year.

SCOPE OF THE REPORT

This report covers the financial performance, operational highlights and strategic objectives of Pick n Pay Holdings Limited and Pick n Pay Stores Limited and all their subsidiaries and associate (the Group).

Pick n Pay Holdings Limited is an investment holding company listed on JSE Limited (JSE), with a controlling shareholding in JSE listed Pick n Pay Stores Limited. The latter is an investment holding company whose subsidiaries and associate operate in the retail sector on the African continent.

Sustainability elements covered in this report are specific to our Pick n Pay branded business unit. It is our intention to expand these disclosures in the future to all business units of the Group in South Africa in order to provide a comprehensive view of the social and environmental impact of the Group as a whole.

The report covers the 2013 annual financial period and has been compiled and presented in line with the requirements and principles of the following:

- The King Report on Governance for South Africa, and the King Code of Governance Principles (King III);
- The International Integrated Reporting Committee's prototype of the international Integrated Reporting (IR) framework;
- The Global Reporting Initiative's G3.1 guidelines on reporting of non-financial information (GRI G3.1);
- The Companies Act 71 of 2008, as amended;
- The JSE Listings Requirements; and
- International Financial Reporting Standards (IFRS).

There are a number of improvements in our report, which resulted in some changes to the structure and the presentation of information. This has not materially affected the consistency of our reporting, and no previously reported significant information has been excluded from the report.

See pages 97 to 99 of the annual financial statements for improved segmental reporting in line with our operational structure. There have been some changes in the executive management structure as detailed in the Chairman's report on pages 12 to 15.

There have been no restatements of financial information in respect of prior periods, however, in considering year-on-year comparability we draw your attention to the following:

- During the financial period under review the Group has adopted a 52-week financial reporting calendar for all future annual financial periods. This change will integrate financial reporting with operational structures and will improve comparative reporting to both internal and external stakeholders. As a result the 2013 annual financial period ended on 3 March 2013 compared to 29 February 2012 in the comparative period. Refer to note 29 on page 104 for the estimated impact on the annual financial statements.

FORWARD LOOKING INFORMATION

This Integrated Annual Report contains certain forward looking statements as relates to the financial performance and position of the Group. All forward looking statements are solely based on the views and considerations of the directors. These statements involve risk and uncertainty as they relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in forward looking statements include, but are not limited to, global and national economic and market conditions, competitive conditions and regulatory factors. These forward looking statements have not been reviewed or reported on by the Group's external auditors.

EXTERNAL ASSURANCE

The Board, assisted by the audit committee, is ultimately responsible for overseeing the integrity of the Integrated Report. This was achieved through setting up the appropriate teams and structures to undertake the reporting process and performing a thorough review of the report.

The annual financial statements in the Integrated Annual Report have been prepared under the supervision of the Chief Finance Officer, Bakar Jakoet, CA(SA).

External assurance obtained in the current period is limited to the external audit opinion on the Group annual financial statements. We are currently working with a qualified, independent third party to assist us with developing and implementing a comprehensive combined assurance approach, to ensure the integrity of all data contained within the report.

Group at a glance

Pick n Pay Holdings Limited and Pick n Pay Stores Limited are investment holding companies listed on the JSE since 1968. Pick n Pay Holdings Limited's sole purpose is the holding of the controlling shareholding in Pick n Pay Stores Limited. Pick n Pay Stores Limited, through its subsidiaries and associates, operates in the retail sector on the African continent.

Pick n Pay is the quintessential family store focused on the customer. Since 1967 when consumer champion Raymond Ackerman purchased the first few stores, the Ackerman family's vision has grown and expanded to now encompass stores in South Africa, Namibia, Botswana, Zambia, Mozambique, Mauritius, Swaziland and Lesotho. Additionally Pick n Pay owns a 49% share of a Zimbabwean supermarket business, TM Supermarkets. Our offer to customers focuses on groceries, clothing and general merchandise, but also includes additional value-added services to cater for our customers' expectations and evolving needs. To ensure a convenient and accessible shopping experience the Group operates across multiple store formats, both franchised and owned.

For the past 5 years the Group's core focus has been to strengthen its strong South African retail businesses under the Pick n Pay and Boxer brands, while adopting a systematic approach to expanding into adjacent areas, including geographical growth through the African continent.

As a major retailer in Africa, the Group strives to address socio-economic challenges through the supply of high-quality, affordable food for all customers, while providing significant employment and economic opportunities across its value chain. The growth and success of Pick n Pay is attributable to 3 basic principles, which form the cornerstone of the business:

- Consumer sovereignty;
- Doing good is good business; and
- Maximising business efficiency.

Mission

- **We serve**
- **With our hearts we create a great place to be**
- **With our minds we create an excellent place to shop**

Values

- **We are passionate about our customers and will fight for their rights**
- **We care for, and respect each other**
- **We foster personal growth and opportunity**
- **We nurture leadership and vision, and reward innovation**
- **We live by honesty and integrity**
- **We support and participate in our communities**
- **We take individual responsibility**
- **We are all accountable**

Store footprint

We are a multi-format, multi-channel retailer with a footprint of 992 stores, 107 opened during the 2013 annual financial period.

Pick n Pay

20
Hypermarkets
COMPANY OWNED
Food, wine, clothing, with wide range of general merchandise and home improvement supplies

185
Supermarkets
COMPANY OWNED
Food, wine, clothing, with associated range of general merchandise

287
Supermarkets
FRANCHISE
Food, wine, clothing, with associated range of general merchandise

17
Express
FRANCHISE
Convenience store – food

135
Liquor
COMPANY OWNED
Beer, wine and liquor

105
Liquor
FRANCHISE
Beer, wine and liquor

28
Pharmacy
COMPANY OWNED – 24 IN-STORE and 4 STAND ALONE
Pharmaceutical, health and beauty

76
CLOTHING
COMPANY OWNED
Clothing and homeware

13
CLOTHING
FRANCHISE
Clothing and homeware

Boxer

Boxer

113
Supermarkets
COMPANY OWNED
Food, wine and general merchandise

Boxer Build

15
Hardware
COMPANY OWNED
Hardware and general building supplies

Boxer Superliquors

12
Liquor
COMPANY OWNED
Beer, wine and liquor

Boxer Punch

10
Punch
COMPANY OWNED
Convenience store – food and an associated range of general merchandise

INVESTMENT IN ASSOCIATE TM ZIMBABWE

TM

47
Supermarkets
Food, wine and general merchandise

Pick n Pay

2
Supermarkets
Food, wine and general merchandise

Key indicators

PERFORMANCE INDICATORS

- More than half of South Africa's customers regularly shop at Pick n Pay *(source: AMPS 2012)*
- Customer counts increased by **4.3%**
- More than **6.3 million** South Africans have smartshopper cards
- **10** smartshopper cards are swiped every second
- **95%** of our private label suppliers were audited on food safety

PRIVATE LABEL

- Brand positioning for price, range and quality.

Turnover
R59.3 billion

Net asset value per share increase
6.9%

992 stores

Net trading profit
R808.9 million

EBITDA
R1 793.1 million

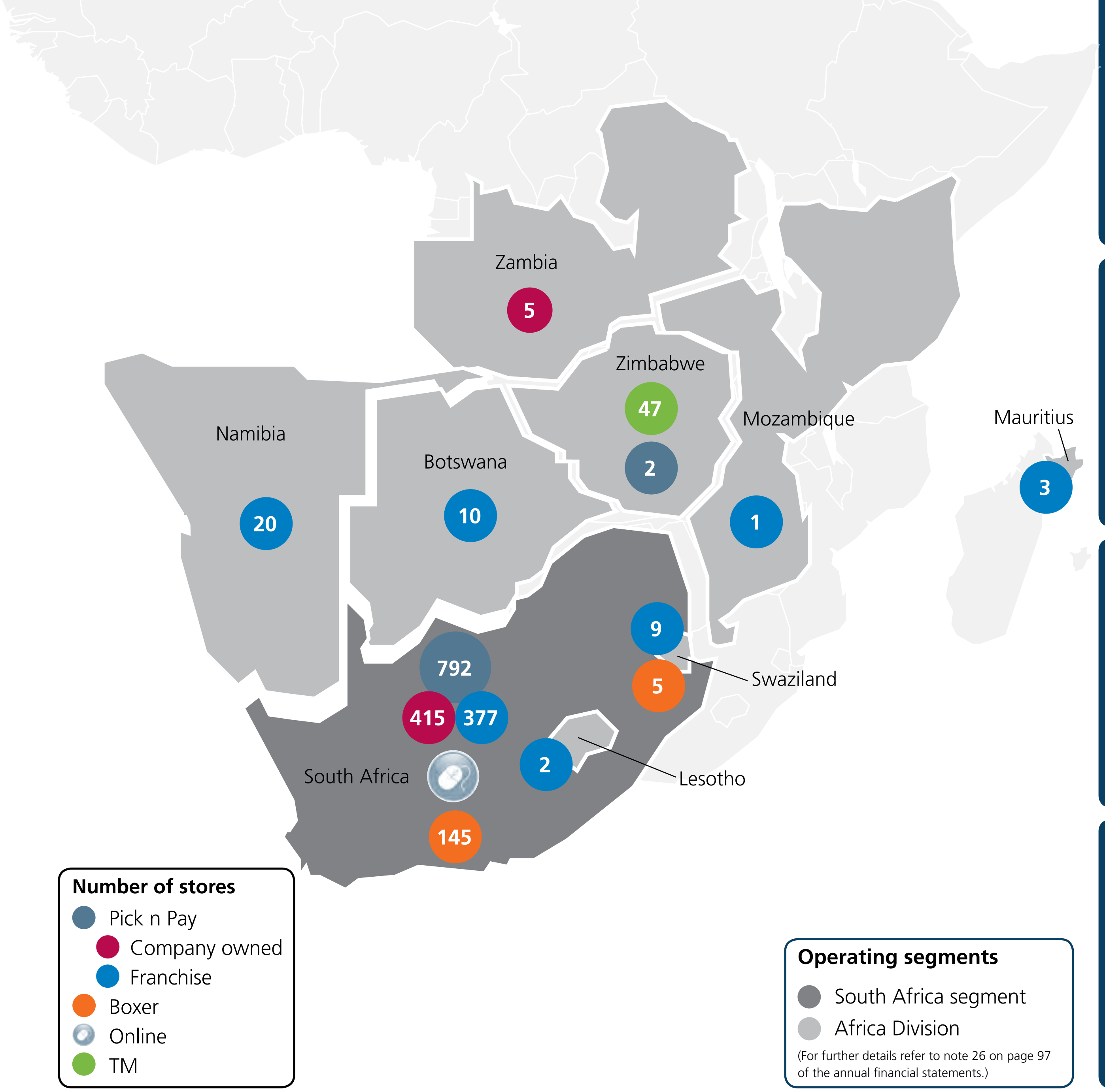
14 million
transactions per week

Headline earnings
R532.2 million

Total dividend per share
84.00 cents

Geographic spread

- We have 937 stores in South Africa across all formats.
- We have 104 stores outside South Africa.
- We serve most customer groups.
- We tailor our ownership model to the local environment, whether franchised, owned or part investment.
- We offer online shopping across South Africa.



Pick n Pay awards

AWARDS AND ACHIEVEMENTS

MOST TRUSTED RETAILER

Pick n Pay was voted the most trusted retailer in SA – Ask Africa Trust Barometer.

MOST REPUTABLE RETAILER
Pick n Pay was voted the most reputable retailer in SA, according to the 2013 RepTrak Pulse survey.

Pick n Pay was included in the JSE 100 Carbon Performance Leadership index for 2012.

Sunday Times readers voted Pick n Pay as the most environmentally responsible South African retailer.

Coolest grocery store in the country for the 8th year running 2012 – Sunday Times Generation Next Brand Survey.

Pick n Pay was the Grand Prix winner for Green Awareness in the Sunday Times Top Brands Awards.

Thyme on Nicol Restaurant at Pick n Pay on Nicol has won a coveted RASA Rosetta Award. This is in recognition of service excellence in the restaurant industry.

Pick n Pay was selected the No 1 Food Retailer in TGI's CON Brand Survey.

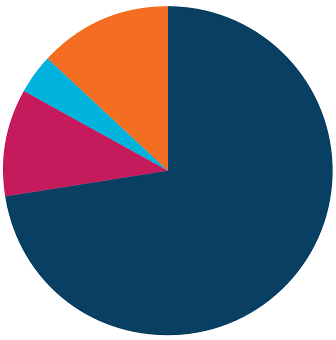
Value added analysis

VALUE ADDED STATEMENT

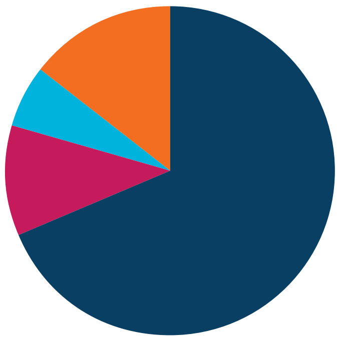
CONTINUING OPERATIONS

	2013 Rm	2013 %	2012 Rm	2012 %
Pick n Pay Stores Limited				
Turnover	**59 271.3**		55 330.5	
Amounts paid for merchandise and expenses	**(52 504.8)**		(48 598.3)	
Interest and dividends received	**42.8**		39.5	
Value added	**6 809.3**	**100.0**	6 771.7	100.0
Distributed as follows:				
To employees as salaries, wages and other benefits	**4 952.0**	**72.7**	4 658.5	68.8
To investors as dividends and interest paid	**714.8**	**10.5**	740.5	10.9
To government as income taxation	**258.3**	**3.8**	407.7	6.0
Reinvested to finance expansion and growth	**884.2**	**13.0**	965.0	14.3
	6 809.3	**100.0**	6 771.7	100.0

2013



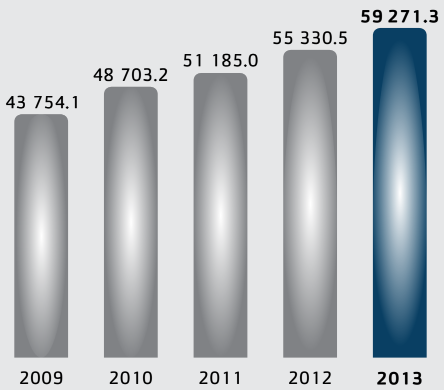
2012



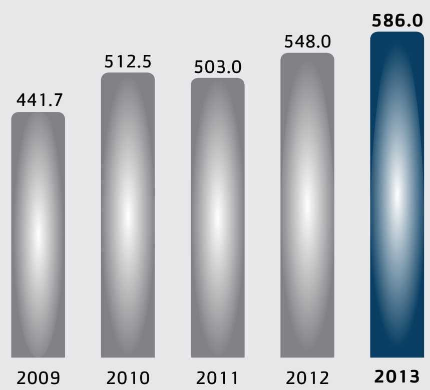
Five-year financial review

R million unless otherwise stated		**2013**	2012	2011	2010	2009
Pick n Pay Stores Limited						
PERFORMANCE MEASURES						
Continuing operations						
Turnover growth	%	**7.1**	8.1	5.1	11.3	17.2
Gross profit on turnover	%	**17.7**	18.0	17.8	18.1	18.5
Trading profit growth	%	**(33.2)**	(10.6)	(13.5)	(2.1)	10.7
Trading profit on turnover	%	**1.4**	2.3	2.8	3.4	3.8
EBITDA growth	%	**(13.5)**	(4.0)	(4.9)	3.6	14.4
Net profit margin	%	**1.4**	2.1	2.6	3.3	3.5
Headline earnings growth	%	**(30.7)**	(14.8)	(17.8)	1.4	15.2
Headline earnings per share	cents	**111.5**	160.8	189.3	231.7	229.3
Headline earnings per share growth	%	**(30.7)**	(15.1)	(18.3)	1.1	10.9
Total Group						
Return on shareholders' equity	%	**22.1**	29.9	36.5	52.7	65.1
Return on total assets	%	**4.3**	5.9	7.0	9.3	10.0
Net asset value per share	cents	**586.0**	548.0	503.0	512.5	441.7
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME						
Continuing operations						
Turnover		**59 271.3**	55 330.5	51 185.0	48 703.2	43 754.1
Trading profit		**852.4**	1 275.1	1 417.7	1 638.7	1 673.9
EBITDA		**1 793.1**	2 073.7	2 160.9	2 271.3	2 192.3
Headline earnings		**532.2**	767.8	900.8	1 096.4	1 081.5
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION						
Total Group operations						
ASSETS						
Non-current assets		**5 408.0**	5 091.1	4 078.3	4 849.3	4 336.4
Current assets		**7 613.1**	6 727.2	7 022.0	6 349.5	6 239.4
Total assets		**13 021.1**	11 818.3	11 100.3	11 198.8	10 575.8
EQUITY AND LIABILITIES						
Ordinary shareholders' equity		**2 416.0**	2 404.1	2 158.8	2 144.6	1 695.5
Non-current liabilities		**1 697.1**	1 609.3	1 383.3	1 391.4	1 344.8
Current liabilities		**8 908.0**	7 804.9	7 558.2	7 662.8	7 535.5
Total equity and liabilities		**13 021.1**	11 818.3	11 100.3	11 198.8	10 575.8

Turnover (Rm)



Net asset value (Rm)



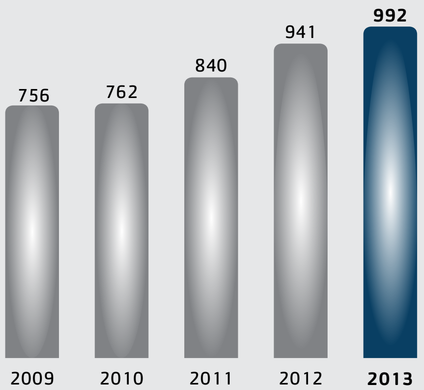
R million unless otherwise stated		2013	2012	2011	2010	2009
STOCK EXCHANGE (JSE LIMITED) PERFORMANCE						
Pick n Pay Stores Limited (PIK)						
Number of shares in issue		**480.4**	480.4	480.4	480.4	506.1
Weighted average number of shares in issue		**478.1**	477.4	475.7	473.2	471.7
Total market capitalisation		**21 829.3**	20 690.7	22 309.7	19 408.1	15 690.2
Price:earnings ratio	times	**40.8**	30.2	28.2	18.9	14.8
Dividend per share	cents	**84.0**	130.9	142.5	174.5	170.0
Dividend cover	times	**1.3**	1.1*	1.2	1.2	1.2
Volume of shares traded		**274.5**	216.8	275.7	209.5	238.8
Percentage of shares traded	%	**57.1**	45.1	57.4	43.6	47.2
Market price per share – average	cents	**4 461**	4 177	4 472	3 486	3 145
Pick n Pay Holdings Limited (PWK)						
Number of shares in issue		**527.2**	527.2	527.2	527.2	527.2
Weighted average number of shares in issue		**516.4**	516.4	515.9	515.3	514.7
Headline earnings per share	cents	**55.1**	70.8	82.1	106.8	104.8
Price:earnings ratio	times	**34.4**	25.9	24.4	15.7	12.5
Dividend per share	cents	**40.8**	63.5	69.3	84.9	83.0
Dividend cover	times	**1.4**	1.1*	1.2	1.3	1.3
Volume of shares traded		**139.6**	122.8	165.7	60.4	85.7
Percentage of shares traded	%	**26.5**	23.3	31.4	11.5	16.3
Market price per share – average	cents	**1 944**	1 745	1 885	1 495	1 325

* *Due to an additional dividend paid to shareholders in respect of secondary tax on companies no longer payable, the dividend cover for this period decreased.*

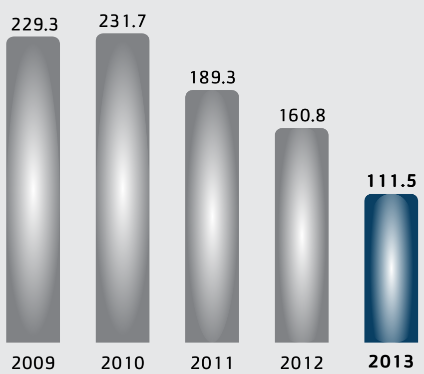
DEFINITIONS

Headline earnings	Net profit for the period adjusted for the after tax effect of certain capital items
EBITDA	Earnings before interest, tax, depreciation and amortisation
Return on shareholders' equity	Headline earnings expressed as a percentage of the average ordinary shareholders' equity for the period
Return on total assets	Headline earnings expressed as a percentage of the average total assets for the period
Headline earnings per share	Headline earnings divided by the weighted average number of shares in issue for the period
Dividend cover	Headline earnings per share divided by the dividends per share which relate to those earnings
Net asset value per share	Total value of net assets at period end, adjusted for directors' valuations of property and investments, divided by the number of shares in issue at period end, held outside the Group
Market capitalisation	The price per share at period end multiplied by the number of shares in issue at period end
Price:earnings ratio	The price per share at period end divided by headline earnings per share
Dividends per share	The interim dividend declared during the current financial period and the final dividend declared after period end, in respect of the current financial period

Number of stores (continuing operations)



Headline earnings per share (cents)



GROUP OVERVIEW
REPORT TO STAKEHOLDERS
CORPORATE GOVERNANCE
ANNUAL FINANCIAL STATEMENTS
CORPORATE AND SHAREHOLDER INFORMATION

Engaging with our stakeholders

The Pick n Pay mission statement and values form the foundation of the Group's approach to, and engagement with, its stakeholders. This is further underpinned by our Board's commitment to King III, which subscribes to a stakeholder-inclusive approach to corporate governance. Stakeholder engagement provides a platform for Pick n Pay to take into account the concerns and objectives of the Group's stakeholders in our decision-making and strategy development towards a sustainable future for the business.

Our key stakeholders have been identified through ongoing engagement with various individuals, groups and organisations and are defined as those parties that have a direct stake in our business because they can affect or be affected by our activities, objectives and policies.

We are committed to communicating accurate and relevant information to all our stakeholders and welcome open dialogue with all parties with whom we do business. We are continuously expanding our stakeholder interactions to improve and encourage the diversity of engagement.

Pick n Pay engages most actively with the stakeholders below, but also acknowledges a range of other stakeholders and interested parties, which include for example the media, government and unions. We engage with these parties when any material issue arises that affects the sustainability of the business and needs to be communicated or addressed on a wider basis.

Customers

Our vision	Our engagement	Key issues
• Be the retailer of choice for all South Africans • Provide a wide range of products of outstanding quality and price and great service • Commitment to ethical and informative marketing practices	• A Customer Director appointed on the Board • Personal meetings • Customer surveys, consumer forums and online customer panels • Our website and social media (269 423 Facebook and 17 331 Twitter followers as well as 30 Pinterest boards) • Marketing campaigns • Smartshopper programme	• Product quality and food safety • Affordability • Health, social responsibility and ethical issues • Opportunities for active engagement, such as buying sustainable seafood and using in-store recycling

Community

Our vision	Our engagement	Key issues
• Benefit from our ongoing investment in social economic development • Provide skills development, education, small enterprise support, community gardens and various other projects	• Forums such as township co-operatives, community affiliations, university partnerships, the Pick n Pay Schools Club • Social responsibility programmes of the individual stores and the Ackerman Pick n Pay Foundation	• Product quality and food safety • Affordability • Health, social responsibility and ethical issues • Opportunities for active engagement, such as buying sustainable seafood and using in-store recycling

Employees

Our vision	Our engagement	Key issues
• Working for the most sought after employer in the retail industry • Access to recognition, opportunities, good working conditions and competitive remuneration	• Management updates • Employee surveys • Monthly publications • In-house television and radio, employee conferences • Skills development and training • Ongoing union interaction	• Training, career development and wellness programmes (including HIV) • Recognition, remuneration and rewards • Business performance • Our sustainability goals and performance

Associates

Our vision	Our engagement	Key issues
• Support our associates in operations and expansion of their businesses • Provide the best shopping experience for our customers	• Co-operative operational structures assist with operational and strategic decisions • Use logistical infrastructure to assist with efficient and cost-effective business management	• Transformation and enterprise development • Opportunities for cost reductions • Infrastructure and logistical support • Research and development support




Franchisees

Our vision	Our engagement	Key issues
■ The most innovative and mutually beneficial franchise model in the retail industry ■ To operate as a sustainable franchisor of choice for retail entrepreneurs across the FMCG industry	■ One-on-one relationships ■ Store visits by franchise specialists and service area consultants ■ Monthly meetings between the regional operational teams ■ Monthly CEO forum meetings with national franchise representatives ■ CSI programmes in the communities in which our franchisees operate	■ Building a sustainable business ■ Resource efficiency (energy, water, waste, logistics) ■ Security and sustainability of supply, timely delivery, pricing, product innovation, marketing support, quality of product and food safety ■ Opportunities for cost reductions ■ Transformation and enterprise development

Shareholders

Our vision	Our engagement	Key issues
■ Generate consistent profits in a long-term, sustainable manner ■ Operate according to good corporate governance principles ■ Innovative business practices ■ Provide an attractive return on investment	■ CEO and CFO regularly engage with investors, analysts and fund managers ■ All relevant company information is made available to all our shareholders ■ Analyst presentations twice a year ■ Annual general meetings ■ Investor relations section on our website (www.picknpay-ir.co.za)	■ ROI ■ Sustainability ■ Dividends ■ Risks and opportunities ■ New stores, channels and products ■ Sufficient free float of shares for trade ■ Constitution of the Board

Suppliers

Our vision	Our engagement	Key issues
■ Fair, efficient and mutually beneficial business relationships ■ Develop new products that meet evolving customer needs and environmental requirements ■ Give "new product innovation" the best chance of success on shelf, through visibility and availability ■ Committed to continuous development of small businesses and suppliers ■ Contribute to job creation in Africa	■ Conduct food safety audits at supplier factories and production facilities on an annual basis ■ Store visits ■ Joint business planning sessions ■ New store opening programmes ■ Cycle meetings ■ Technical support ■ Compliance training ■ Supplier conferences ■ Dedicated enterprise development programme	■ Fair pricing, research and development support, contracts and agreements, certification, infrastructure and logistical support ■ Opportunities for cost reductions ■ Transformation and enterprise development ■ Resource efficiency (energy, water, waste, logistics)