
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply throughout this Circular, including this front cover.

Action required by Shareholders:

- This Circular is important and should be read in its entirety, with particular attention to be given to the section entitled “*Action required by Shareholders*” commencing on page 2 of this Circular, which sets out the detailed actions required of Shareholders in respect of the matters dealt with in this Circular.
- If you are in any doubt as to what action you should take in relation to this Circular, please consult your CSDP, Broker, agent, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Shares, this Circular should be handed to the purchaser of such Shares or to the CSDP, Broker or other agent through whom such disposal was effected.

The Company does not accept responsibility, and will not be held liable, under any applicable law, regulation or otherwise, for any action of, or omission by, any CSDP, Broker, or other service provider to, or other agent of, any beneficial owner of Shares including, without limitation, any failure on the part of the CSDP, Broker, or other service provider to, or agent of, any beneficial owner of Shares to notify such beneficial owner of the General Meeting or of the matters set out in this Circular.

This Circular does not, and is not intended to, constitute or form part of any offer, or invitation for or solicitation of any offer, to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of, or issue, any security in any jurisdiction, nor shall it or any part of it form the basis of, or be relied on in connection with, any agreement or commitment whatsoever in any jurisdiction. Any decision to approve the Resolutions contained herein should be made only on the basis of the information in this Circular.



Pick n Pay Stores Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1968/008034/06)

JSE and A2X share code: PIK

ISIN: ZAE000005443

(the “Company”)

CIRCULAR TO SHAREHOLDERS

regarding:

- conversion of all of the authorised Ordinary Shares (whether issued or unissued) from par value Ordinary Shares of 1,25 cents each to no par value Ordinary Shares;
- increase of the Company’s authorised Ordinary Shares by the creation of an additional 9 200 000 000 Ordinary Shares;
- increase of the Company’s authorised B Shares by the creation of an additional 4 300 000 000 B Shares;
- amendments to the MOI to reflect, among others, the abovementioned change to, and increase in, the authorised Shares of the Company;
- amendments to the MOI regarding the B Share Terms;
- amendments to the MOI regarding Director retirement by rotation; and
- authorisation to issue Shares pursuant to the Rights Offer with voting power equalling or exceeding 30% of the voting power of existing Shares;

and incorporating:

- a Notice of General Meeting; and
- a Form of Proxy (grey) in respect of the General Meeting (to be completed by Certificated Shareholders and Own-Name Dematerialised Shareholders only).

Legal Advisor to the Company
as to South African law



Legal Advisor to the Company
as to U.S. and English law

Milbank

Transaction Sponsor to
the Company



Transfer Secretaries

Computershare

Date of issue: Monday, 27 May 2024

This Circular is available in English only. This Circular will be made available electronically on the Company’s website (<http://www.picknpayinvestor.co.za>). A copy of this Circular may be inspected during office hours from the date of issue of this Circular up to and including the date of the General Meeting (both days inclusive) at the registered office of the Company and at the address of the Transaction Sponsor set out in the “Corporate information and advisors” section of this Circular.

IMPORTANT INFORMATION, DISCLAIMERS AND FORWARD-LOOKING STATEMENTS

The definitions and interpretations commencing on page 7 of this Circular apply to this section.

GENERAL

This Circular does not, and is not intended to, constitute or form part of any offer, or invitation for or solicitation of any offer, to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of, or issue, any security in any jurisdiction, nor shall it or any part of it form the basis of, or be relied on in connection with, any agreement or commitment whatsoever in any jurisdiction, (including, without limitation, South Africa, Australia, Canada, Japan, the United Kingdom, the United States, its territories and possessions and any state of the United States or any member state of the European Economic Area).

Subject to the passing of the Resolutions by the requisite majority of votes of Shareholders, the Rights Offer referred to in this Circular will be made to Shareholders pursuant to a Rights Offer Circular which will be distributed at a future point in time to Shareholders in accordance with the applicable South African law and regulations. The Rights Offer Circular will only be addressed to persons to whom the Rights Offer may lawfully be made. This Circular is not the Rights Offer Circular and does not contain all of the information required for a rights offer circular prepared in accordance with the relevant disclosure requirements under the Companies Act and the JSE Listings Requirements.

This Circular is not for distribution, directly or indirectly, in or into any jurisdiction outside of South Africa (including, without limitation, Australia, Canada, Japan, the United Kingdom, the United States or any member state of the European Economic Area) if such distribution is restricted or prohibited by, or would constitute a violation of, the relevant laws or regulations of such jurisdiction. If the distribution of this Circular and any accompanying documentation in or into any jurisdiction outside of South Africa is restricted or prohibited by, or would constitute a violation of, the laws or regulations of any such jurisdiction, this Circular is deemed to have been sent for information purposes only and should not be copied or redistributed. Further, any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements or restrictions. Any failure to comply with the applicable requirements or restrictions may constitute a violation of the securities laws of any such jurisdiction.

The contents of this Circular have not been reviewed by any regulatory authority, other than the JSE. This Circular does not take into account the investment objectives, financial situation or needs of any particular person. Further, the contents of this Circular do not constitute legal advice or purport to comprehensively deal with the legal, regulatory and tax implications of the Resolutions contained herein or any other matter for each Shareholder. Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the matters contained in this Circular.

The information contained in this Circular constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended, and should not be construed as an express or implied recommendation, guide or proposal that the Rights Offer, or the present or future business or investments of the Company is appropriate to the particular investment objectives, financial situations or needs of any Shareholder or prospective investor, and nothing in this Circular should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

FORWARD-LOOKING STATEMENTS

This Circular contains certain “*forward-looking statements*” which reflect the current views or expectations of the Company with respect to future events and future financial and operational performance. All statements other than statements of historical fact are, or should be deemed to be, forward-looking statements, including, without limitation, those concerning: the economic outlook for the industries in which the Group operates; use of the proceeds of the Rights Offer; the Group’s ability to implement its strategy; the competitive environments in which the Group operates; trends in the industries and markets in which the Group operates; future operating results, growth prospects and outlook for the operations of the Group, individually or in the aggregate, the Group’s liquidity and available capital resources and expenditure.

These forward-looking statements generally reflect the Company’s current plans, estimates, projections and expectations concerning future results and events and generally are identified by the use of forward-looking words or phrases such as “*believe*”, “*expect*”, “*forecast*”, “*foresee*”, “*planned*”, “*intend*”, “*seek*”, “*aim*”, “*anticipate*”, “*estimate*”, “*predict*”, “*potential*”, “*assume*”, “*continue*”, “*may*”, “*will*”, “*should*”, “*could*”, “*shall*”, “*risk*”, “*likely*” or the negative of these terms or similar expressions which are predictions of or indicate future events and future trends. Similarly, statements that describe the Company’s objectives, plans or goals are or may be forward-looking statements. Any forward-looking statement has not been reviewed nor reported on by the Company’s independent auditors.

Although the Company believes that the expectations reflected in these and other forward-looking statements are reasonable, no assurances can be given that such expectations will materialise or prove to be correct. These forward-looking statements are based on various estimates and/or assumptions subject to known and unknown risks, uncertainties and other factors that may cause future events or the Group’s actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Investors are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in this Circular are made only as of the Last Practicable Date. The Company undertakes no obligation to update publicly, or release any revisions to, these forward-looking statements to reflect events or circumstances after the Last Practicable Date or to reflect the occurrence of future events. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are qualified by the cautionary statements above.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information in this Circular is provided as at the Last Practicable Date. All references to times in this Circular are to South African Standard Time.

CORPORATE INFORMATION AND ADVISORS

Registered Office

Pick n Pay Stores Limited
(Registration number: 1968/008034/06)
101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa
(PO Box 23087, Claremont, Cape Town, 7735, South Africa)

Place of incorporation: South Africa

Date of incorporation: 18 July 1968

Website: <https://www.picknpayinvestor.co.za>

Legal Advisor to the Company as to South African law

Bowman Gilfillan Inc.
(Registration number: 1998/021409/21)
11 Alice Lane
Sandton, 2196
South Africa
(PO Box 785812, Sandton, 2146, South Africa)

Legal Advisor to the Company as to U.S. and English law

Milbank LLP
100 Liverpool Street
London EC2M 2AT
United Kingdom

Company Secretary

Vaughan Pierce
BA (LLB) (LLM)
101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa
(PO Box 23087, Claremont, Cape Town, 7735, South Africa)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
First Floor Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
South Africa
(Private Bag X9000, Saxonwold, 2132, South Africa)

Transaction Sponsor to the Company

Rand Merchant Bank, a division of FirstRand Bank Limited
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
(PO Box 786273, Sandton, 2146, South Africa)

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 7 of this Circular apply to this section.

This Circular is important and requires your immediate attention.

If you are in any doubt as to what action to take, please consult your CSDP, Broker, agent, banker, accountant, attorney or other professional advisor immediately.

If you have disposed of all your Shares, this Circular should, subject to compliance with applicable securities laws, be handed to the purchaser of such Shares or to the CSDP, Broker or other agent through whom such disposal was effected.

Shareholders are requested to take note of the following information regarding the actions required by them in connection with this Circular.

1. GENERAL MEETING

Shareholders are invited to speak and vote at, and participate in, a General Meeting, convened in terms of the Notice of General Meeting (which is attached to, and forms part of, this Circular) for purposes of considering and, if deemed fit, adopting, with or without modification, the Resolutions set out in the Notice of General Meeting.

The General Meeting will be held at **08:30 on Wednesday, 26 June 2024** and will be conducted entirely by electronic communication, as contemplated in the MOI and in section 63(2)(a) of the Companies Act. Shareholders will accordingly only be able to speak and vote at, and participate in, the General Meeting electronically via an electronic facility. Further details on the steps which need to be taken in order to access the electronic facility are provided below and in the Notice of General Meeting.

2. VOTING AND ATTENDANCE AT THE GENERAL MEETING

2.1 *Dematerialised Shareholders other than Own-Name Dematerialised Shareholders*

If you have Dematerialised your Shares without “*own name*” registration, then the following is relevant to you in connection with the General Meeting:

Voting at the General Meeting

- Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or to ascertain whether you wish to abstain from casting your vote) at the General Meeting, and thereafter cast your vote (or abstain from casting your vote) in accordance with your instructions.
- If you have not been contacted by your CSDP or Broker, it is advisable that you contact your CSDP or Broker and furnish it with your voting instructions.
- If your CSDP or Broker does not obtain voting instructions from you, it should vote in accordance with the instructions contained in the mandate agreement between you and your CSDP or Broker.
- You must **NOT** complete the attached Form of Proxy (*grey*).

Attendance and representation at the General Meeting

- In accordance with the mandate agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to speak and vote at, and participate in, the General Meeting yourself or through a proxy. If you do so, your CSDP or Broker should issue the necessary letter of representation to you or your proxy to speak and vote at, and participate in, the General Meeting.
- In order to speak and vote at, and participate in, the General Meeting, you or your proxy will additionally need to take the steps required in order to access the electronic facility, as provided below and in the Notice of General Meeting.
- Unless you advise your CSDP or Broker, in accordance with the mandate agreement between you and your CSDP or Broker, that you wish to attend the General Meeting and have been provided with a letter of representation from it or instructed it to send a proxy to represent you at the General Meeting, your CSDP or Broker may assume that you do not wish to attend the General Meeting and may act in accordance with the mandate between you and your CSDP or Broker.

The Company does not accept responsibility, and will not be held liable, under any applicable law, regulation or otherwise, for any action of, or omission by, any CSDP, Broker, or other service provider to, or agent of, any beneficial owner of Shares, including, without limitation, any failure on the part of the CSDP, Broker, or other service provider to, or agent of, any beneficial owner of Shares to notify such beneficial owner of the General Meeting or of the matters set out in this Circular.

2.2 *Own-Name Dematerialised Shareholders and Certificated Shareholders*

If you are a Certificated Shareholder or an Own-Name Dematerialised Shareholder, then the following actions are relevant to you in connection with the General Meeting:

Voting, attendance and representation at the General Meeting

- You may speak and vote at, and participate in, the General Meeting yourself by registering to do so in the manner provided below and in the “*Electronic participation*” section in the Notice of General Meeting.
- Alternatively, you may appoint one or more proxies to represent you at the General Meeting by completing the attached Form of Proxy (*grey*) in accordance with the instructions contained therein. In order for your proxy to speak and vote at, and participate in, the General Meeting, your proxy will additionally need to take the steps required in

order to access the electronic facility, as provided below and in the “*Electronic participation*” section in the Notice of General Meeting. A proxy need not be a Shareholder. For the purpose of effective administration, it is requested that the Form of Proxy (*grey*) be lodged with, emailed to or posted to the Transfer Secretaries, to the addresses provided below, so as to reach the Transfer Secretaries at or before **08:30 on Monday, 24 June 2024**, although such forms may be emailed to the Transfer Secretaries at proxy@computershare.co.za at any time prior to the commencement of the General Meeting:

Hand deliveries to:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

Postal deliveries to:

Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold, 2132
South Africa

Email deliveries to:

proxy@computershare.co.za

3. IDENTIFICATION OF SHAREHOLDERS AND PROXIES

In terms of section 63(1) of the Companies Act, before any person may speak or vote at, or participate in, the General Meeting, that person must present reasonably satisfactory identification, and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to speak and vote at, and participate in, the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver’s licence or a valid passport.

Before a Shareholder or its proxy will be entitled to speak and vote at, and participate in, the General Meeting, such Shareholder or its proxy must provide the necessary proof of its identification (to the satisfaction of the Transfer Secretaries), as follows:

- Shareholders or their proxies who register to participate in the General Meeting using the online registration method (described in more detail in paragraph 5 below and in the Notice of General Meeting), by uploading the relevant documentation via the online registration portal; or
- Shareholders or their proxies who register to participate in the General Meeting by submitting the written application via email (described in more detail in paragraph 5 below and in the Notice of General Meeting), by submitting the relevant documentation by email to proxy@computershare.co.za; or
- Shareholders or their proxies who have applied to Computershare to participate in the General Meeting by delivering the completed participation form to Computershare (described in more detail in paragraph 5 below and in the Notice of General Meeting), by submitting the relevant documentation by email to proxy@computershare.co.za.

If the Shareholder is not an individual, the necessary proof of identification of the representative (such as her/his valid green bar-coded, or smart card identification document issued by the South African Department of Home Affairs, valid South African driver’s licence or valid passport) must be accompanied by a copy of a resolution by the relevant entity which sets out that the representative is authorised to represent the relevant entity at the General Meeting.

4. VOTING BY WAY OF POLL

As the General Meeting will cater for electronic participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, to allow the voting preferences of all Shareholders to be taken into account, all voting will be conducted by way of poll through the electronic facility provided. Shareholders will have one vote in respect of each Share held.

5. ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Shareholders or their proxies who wish to speak and vote at, and participate in, the General Meeting via electronic communication must follow the instructions for registration, attendance and participation set out below and in the Notice of General Meeting.

The Company is pleased to offer Shareholders or their proxies an online facility for attendance, participation and voting via Lumi Global at <https://web.lumiconnect.com/132868207>.

Shareholders or their proxies who wish to participate in the General Meeting via electronic communication are required to register by no later than **08:30 on Monday, 24 June 2024**:

- **online** by using the online registration portal at <https://smartagm.co.za> to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or
- **by email** by making a written application to participate via electronic communication to proxy@computershare.co.za to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or
- **by applying** to Computershare by delivering the duly completed participation form (which can be requested from the Transfer Secretaries at proxy@computershare.co.za):
 - by hand to First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; or
 - by post to Private Bag X9000, Saxonwold, 2132, South Africa (at the risk of the Shareholder or proxy); or
 - by email to: proxy@computershare.co.za.

Lumi Global will, by email, inform Shareholders or their proxies (who duly notified Computershare of their intention to attend and participate in the General Meeting) of the relevant details through which Shareholders or their proxies can attend and participate in the General Meeting electronically, by no later than **17:00 on Tuesday, 25 June 2024**.

Shareholders or their proxies wishing to speak and vote at, and participate in, the General Meeting electronically may still register online after the above date and time, provided, however, that for those Shareholders or their proxies to speak and vote at, and participate in, the General Meeting, they must first be registered and verified (as required in terms of section 63(1) of the Companies Act) before the commencement of the General Meeting. Computershare will first validate such requests and confirm the identity of the Shareholder or proxy in terms of section 63(1) of the Companies Act. If the request is validated, further details will be provided to the Shareholder or proxy on using the electronic facility to participate electronically in the General Meeting.

While the Company will bear all costs for hosting the General Meeting by way of the electronic facility, the cost of electronic participation in the General Meeting is for the expense of the participant and will be billed separately by the participant's own service provider. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use of possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the General Meeting.

The Company cannot guarantee there will not be a break in electronic communication that is beyond its control and therefore the Company, the JSE, the Transfer Secretaries or any third-party service provider appointed in order to facilitate the General Meeting by electronic means cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, mobile data, internet connectivity, internet bandwidth and/or power outages which prevents any Shareholder from participating in and/or voting at the General Meeting.

Although voting will be permitted by way of electronic communication at the General Meeting, Shareholders are encouraged to, for administrative ease, make use of proxies for purposes of voting at the General Meeting in accordance with the instructions contained in the Form of Proxy (grey).

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IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 7 of this Circular apply to this section.

2024

Notice Record Date in order to be eligible to receive this Circular (including the Notice of General Meeting)	Friday, 17 May
SENS and ANS announcements confirming electronic distribution of the Circular (including the Notice of General Meeting) to Shareholders	Monday, 27 May
Electronic distribution of the Circular (including the Notice of General Meeting) to Shareholders	Monday, 27 May
Postal distribution of the Circular (including the Notice of General Meeting) to Shareholders	Tuesday, 28 May
Last day to trade in order to be eligible to speak and vote at, and participate in, the General Meeting	Tuesday, 18 June
Voting Record Date in order to be eligible to speak and vote at, and participate in, the General Meeting	Friday, 21 June
Last date and time to register to participate electronically in the General Meeting by 08:30 (see note 7)	Monday, 24 June
For the purpose of effective administration, requested last date and time on and at which Forms of Proxy (grey) are to reach the Transfer Secretaries, by 08:30 on (see note 5)	Monday, 24 June
General Meeting of Shareholders at 08:30 on	Wednesday, 26 June
Results of the General Meeting released on SENS and ANS	Wednesday, 26 June

Notes:

1. All dates and times above and elsewhere in this Circular are South African Standard Time.
2. The above dates and times may be amended, subject to the approval of the JSE, if required. Any material amendments will be released on SENS and ANS.
3. Shareholders are reminded that Shares can only be traded on the JSE in Dematerialised form. No orders to Dematerialise or rematerialise Shares will be processed from the business day following the Last Day to Trade up to and including the Voting Record Date. Such orders will again be processed from the first business day after the Voting Record Date.
4. The Register will be closed for Certificated Shareholders between the Last Day to Trade and the Voting Record Date.
5. As noted, above, for the purposes of effective administration, it is requested that Shareholders lodge, email or post the Form of Proxy (grey) so as to reach the Transfer Secretaries at or before **08:30** on **Monday, 24 June 2024**, provided that such form may nevertheless be emailed to the Transfer Secretaries at proxy@computershare.co.za at any time prior to the commencement of the General Meeting.
6. If the General Meeting is adjourned or postponed, Forms of Proxy (grey) submitted for the General Meeting will remain valid in respect of the resumption of the adjourned meeting, and the recommencement of the postponed meeting.
7. Shareholders may still register online to speak and vote at, and participate in, the General Meeting electronically after this date and time, provided; however, for those Shareholders to speak and vote at, and participate in, the General Meeting electronically, they must be verified and registered before the commencement of the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular (including the Notice of General Meeting but excluding the Annexures hereto), unless otherwise stated or the context indicates otherwise: (i) the words or expressions in the first column below shall have the meaning assigned to them in the second column; (ii) a reference to the singular shall include the plural and *vice versa*; (iii) a word or an expression which denotes one gender includes all other genders; (iv) a natural person includes a juristic person and *vice versa*; and (v) cognate words and expressions shall bear corresponding meanings:

“A2X”	the A2X Market, the market infrastructure licensed as an exchange in terms of section 9 of the Financial Markets Act;
“Absa”	Absa Bank Limited (acting through its Corporate and Investment Banking division), registration number: 1986/004794/06, a public company incorporated in accordance with the laws of South Africa;
“AGM”	means the first annual general meeting of the Company to be held after the completion of the Rights Offer;
“AIH”	Ackerman Investment Holdings Proprietary Limited, registration number: 2010/018805/07, a private company incorporated in accordance with the laws of South Africa, and the controlling Shareholder of the Company as at the Last Practicable Date;
“Amended MOI”	the MOI, if the amendments proposed by special resolutions numbers 4.1, 4.2, 5.1, 5.2, 6.1 and 6.2 set forth in the Notice of General Meeting are adopted and filed with the CIPC, which amendments are set forth in paragraph 7 below, and in Annexure 2 to this Circular;
“Annexures”	the annexures attached to this Circular;
“ANS”	the A2X News Service;
“B Share”	an unlisted, non-convertible, non-participating, no par value B ordinary share which the Company is authorised to issue, having the rights, privileges and conditions set out in the B Share Terms;
“B Share Issue Ratio”	means the ratio set out in the MOI of 1.98061 B Shares for every 1 Stapled Ordinary Share held by the B Shareholders at the time of the issue and allotment of the B Shares (as amended from time to time in terms of the MOI);
“B Share Terms”	the rights, privileges and conditions attaching to the B Shares set out in <i>Annexure D (Rights, Privileges and Conditions attaching to the B Shares)</i> to the MOI;
“B Shareholder”	a registered holder of an issued B Share from time to time;
“Board” or “Director”	the board of directors of the Company and Director means any member of the Board, as the context requires. The names of the Directors of the Company as at the Last Practicable Date are listed on page 10 of this Circular;
“Broker”	any person or entity registered as a “ <i>broking member (equities)</i> ” in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Certificated Share”	a Share which has not been Dematerialised, title to which is evidenced by a share certificate, or other physical document of title acceptable to the Company;
“Certificated Shareholder”	a Shareholder who holds a Certificated Share;
“CIPC”	the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
“Circular”	this bound document dated Monday, 27 May 2024 , including, without limitation, the Annexures hereto and incorporating the Notice of General Meeting and the Form of Proxy (<i>grey</i>);
“Companies Act”	the South African Companies Act, No. 71 of 2008, as amended;
“Companies Regulations”	the Companies Regulations, 2011, promulgated in terms of section 223 of the Companies Act, as amended;
“Company”	Pick n Pay Stores Limited, registration number: 1968/008034/06, a public company incorporated in accordance with the laws of South Africa, the Shares of which are listed on the main board of the JSE and the A2X;
“Company Secretary”	the company secretary of the Company from time to time. The name and details of the company secretary as at the Last Practicable Date is stated in the “ <i>Corporate information and advisors</i> ” section of this Circular;

“CSDP”	a central securities depository participant, being a “ <i>participant</i> ” as defined in section 1 of the Financial Markets Act;
“Dematerialised” or “Dematerialisation”	the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares in accordance with the rules of Strate, as contemplated in the Financial Markets Act;
“Dematerialised Share”	a Share which has been Dematerialised;
“Dematerialised Shareholder”	a Shareholder who holds a Dematerialised Share;
“EBITDA”	earnings before interest, dividends, taxes, depreciation and amortisation;
“Financial Markets Act”	the South African Financial Markets Act, No. 19 of 2012, as amended;
“Form of Proxy (<i>grey</i>)”	the form of proxy (<i>grey</i>) attached to the Notice of General Meeting and incorporated into this Circular for use by Certificated Shareholders and Own-Name Dematerialised Shareholders only, for purposes of appointing a proxy to represent such Shareholders at the General Meeting;
“General Meeting”	the general meeting of Shareholders to be held by electronic communication only at 08:30 on Wednesday, 26 June 2024 for the purposes of considering, and if deemed fit, passing, the Resolutions set forth in the Notice of General Meeting;
“Group”	the Company and its Subsidiaries from time to time;
“IPO”	the proposed offering and listing of shares in the Group’s Boxer business on the Main Board of the JSE;
“JIBAR”	the Johannesburg Interbank Average Rate;
“Joint Global Coordinators and Joint Underwriters”	collectively means Absa, RMB and SBSA, or each of them as the context requires;
“JSE”	as the context requires, either the: (i) JSE Limited, registration number: 2005/022939/06, a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act; or (ii) the Johannesburg Stock Exchange, a securities exchange licensed in terms of the Financial Markets Act and operated by the JSE Limited;
“JSE Listings Requirements”	the listings requirements of the JSE, as amended;
“Last Day to Trade”	the last JSE trading day to trade Shares in order to be reflected in the Register so as to be eligible to vote at the General Meeting, being Tuesday, 18 June 2024 ;
“Last Practicable Date”	Monday, 20 May 2024 , being the last practicable date prior to the finalisation of this Circular;
“Letter of Allocation”	means a renounceable (nil paid) letter of allocation to be issued to qualifying Ordinary Shareholders, in electronic form relating to the Rights Offer;
“MOI”	the memorandum of incorporation of the Company;
“MOI Amendments”	the MOI Director Rotation Amendments, the MOI Share Capital Amendments and/or the MOI B Share Terms Amendments, as the context requires;
“MOI B Share Terms Amendments”	the amendments to the MOI proposed by special resolutions numbers 5.1 and 5.2 set out in the Notice of General Meeting, which amendments are also set out in paragraph 7 of, and Annexure 2 to this Circular;
“MOI Director Rotation Amendments”	the amendments to the MOI proposed by special resolutions numbers 6.1 and 6.2 set out in the Notice of General Meeting, which amendments are also set out in paragraph 7 of, and Annexure 2 to this Circular;
“MOI Share Capital Amendments”	the amendments to the MOI proposed by special resolutions numbers 4.1 and 4.2 set out in the Notice of General Meeting, which amendments are also set out in paragraph 7 below, and in Annexure 2 to this Circular;
“Notice Record Date”	the date determined by the Board in terms of section 59 of the Companies Act for Shareholders to be eligible to receive this Circular (including the Notice of General Meeting), expected to be Friday, 17 May 2024 ;
“Notice of General Meeting”	the notice convening the General Meeting to conduct the business described therein and to consider and, if deemed fit, adopt, with or without modification, the Resolutions, and which notice is attached to, and forms part of, this Circular;
“Ordinary Share”	an ordinary share in the capital of the Company, which shares are admitted to listing and trading on the JSE and A2X;

“Ordinary Shareholder”	a registered holder of an issued Ordinary Share from time to time;
“Own-Name Dematerialised Shareholder”	a Dematerialised Shareholder who has instructed their CSDP to hold their Dematerialised Share in their own name on the sub-registers maintained by the CSDP;
“Recapitalisation Plan”	the Group’s proposed two-step recapitalisation plan, comprising the Rights Offer as the first step and followed by the IPO, which recapitalisation plan was announced on SENS and ANS by the Company on Thursday, 22 February 2024;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries on behalf of the Company and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Financial Markets Act;
“Resolutions”	collectively, the ordinary and special resolutions set out in the Notice of General Meeting;
“Rights”	the tradeable rights that qualifying Shareholders will receive to subscribe for the Rights Offer Shares in the form of renounceable (nil paid) letters of allocation in electronic form;
“Rights Offer”	the proposed renounceable offer by the Company to qualifying Ordinary Shareholders of new Ordinary Shares at a price and in an entitlement ratio to be determined by the Company;
“Rights Offer Amount”	the size of the Rights Offer, being an amount determined by the Company of ZAR4 000 000 000 (ZAR4.0 billion);
“Rights Offer Circular”	the circular setting out the detailed terms and conditions of the Rights Offer, and pursuant to which new Ordinary Shares will be offered to Ordinary Shareholders, which will be distributed to Shareholders in due course;
“Rights Offer Share”	an Ordinary Share to be offered to an Ordinary Shareholder in terms of the Rights Offer;
“RMB”	Rand Merchant Bank, a division of FirstRand Bank Limited, registration number: 1929/001225/06, a public company incorporated in accordance with the laws of South Africa;
“SBSA”	The Standard Bank of South Africa Limited, registration number: 1962/000738/06, a public company incorporated in accordance with the laws of South Africa;
“SENS”	the Stock Exchange News Service of the JSE;
“Share”	a B Share and/or an Ordinary Share, as the context requires;
“Shareholder”	a B Shareholder and/or an Ordinary Shareholder, as the context requires;
“South Africa”	the Republic of South Africa;
“Stapled Ordinary Share”	an Ordinary Share held by a B Shareholder at the time of issue and allotment of a B Share, determined in accordance with the B Share Issue Ratio, which Ordinary Share is subject to the restrictions on disposal described in clause 6 of the B Share Terms;
“Strate”	Strate Proprietary Limited, registration number: 1998/022242/07, a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository in terms of the Financial Markets Act, and which is responsible for the electronic settlement system for transactions that take place on the JSE and off market trades;
“Subsidiary”	a “ <i>subsidiary</i> ” as defined in the Companies Act, but also includes a person incorporated outside South Africa which would, if incorporated in South Africa, be a “ <i>subsidiary</i> ” as defined in the Companies Act;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited, registration number: 2004/003647/07, a private company incorporated in accordance with the laws of South Africa, and transfer secretaries to the Company;
“Transaction Sponsor”	RMB, being the transaction sponsor of the Company for purposes of this Circular and the Rights Offer;
“U.S.” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“Voting Record Date”	the date on which Shareholders must be entered in the Register in order to be eligible to speak and vote at, and participate in, the General Meeting, expected to be Friday, 21 June 2024 ; and
“ZAR”, “R” or “cents”	South African Rand and cents, the lawful currency of South Africa.



Pick n Pay Stores Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the “Company”)

DIRECTORS

Executive Directors:

S R Summers (*Chief Executive Officer*)
L Olivier (*Chief Finance Officer*)

Non-executive Directors:

G M Ackerman (*Chairman*)
J G Ackerman
S D Ackerman
D Robins
H I Bhorat*
M Cassim*
J R Formby*
D Friedland*
A Jakoet*
A M Mothupi*
A Van der Merwe*

* *independent*

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

- 1.1 Shareholders are referred to the SENS and ANS announcements released by the Company on Thursday, 22 February 2024 in terms of which the Company advised that it intended to raise ZAR4 000 000 000 (ZAR4.0 billion) from its Ordinary Shareholders by way of the Rights Offer, as the first step in a broader two-step Recapitalisation Plan, the second step of which will be the IPO. Details of the Rights Offer, including the timing thereof, and the Rights Offer Circular setting out the full terms and conditions of the Rights Offer will be distributed to Shareholders in due course.
- 1.2 The purpose of this Circular is to:
 - 1.2.1 provide Shareholders with additional information in relation to the Resolutions (including in respect of the MOI Amendments) and the Rights Offer, to enable Shareholders to make an informed decision in respect of the Resolutions set out in the Notice of General Meeting attached to this Circular; and
 - 1.2.2 convene the General Meeting for Shareholders to consider and, if deemed fit, adopt the Resolutions for which Shareholder approval is sought.
- 1.3 Please refer to the Notice of General Meeting for a detailed description of the Resolutions to be voted on by Shareholders at the General Meeting. To obtain a full understanding of the MOI Amendments and the background and salient terms of the Rights Offer, this Circular should be read in its entirety.

2. BACKGROUND TO, AND RATIONALE FOR, THE RIGHTS OFFER

- 2.1 During July 2023, the Group raised medium- and long-term funding facilities amounting to ZAR5 500 000 000 (ZAR5.5 billion) through new bilateral and syndicated loans, of which ZAR4 500 000 000 (ZAR4.5 billion) was drawn. The facilities were raised to support capital investment planned under the Group’s previous long-term strategy.
- 2.2 All of the Group’s financing arrangements, including the new medium- and long-term loans and short-term working capital facilities, are subject to floating interest rates. These rates are determined by margins that are tied to either the three-month JIBAR or the Prime rate, both of which are adjusted based on the South African Reserve Bank’s Repo rate.
- 2.3 Capital investment to date in the Group’s Boxer business and Pick n Pay Clothing division has generated strong investment returns, however a deterioration in the performance of the Group’s core Pick n Pay supermarket business has resulted in a substantial trading loss in the Pick n Pay division of ZAR1.5 billion and an overall loss for the period at Group level, including asset impairments, of ZAR3.2 billion for the 52 weeks ended 25 February 2024 (“FY24”).

- 2.4 The FY24 loss reflects the combined impact of muted sales growth, gross profit margin contraction and higher operating costs in the Pick n Pay division. Additionally, the Group's losses were worsened by a significant increase in interest charges. This escalation was driven by both the additional funding the Group had raised and an increase in the South African Reserve Bank's Repo rate, which rose from 4.0% following the 52-week period ended 26 February 2023 ("FY23") to 8.25% by the end of FY24.
- 2.5 The decline in Pick n Pay earnings alongside the escalation in the Group's net debt position from ZAR3 671 600 000 (ZAR3.7 billion) at February 2023 to ZAR6 061 600 000 (ZAR6.1 billion) at February 2024 placed significant pressure on Group's medium- and long-term debt covenants, with net debt increasing from 1.1 to 6.3 times EBITDA.
- 2.6 Subsequently, as a direct result of the losses incurred, management reviewed the fair value of the underlying Pick n Pay supermarket assets and identified the need for a non-cash asset impairment amounting to ZAR2 826 900 000 (ZAR2.8 billion). The increased gearing, together with this impairment, put significant pressure on the Group's liquidity and solvency.
- 2.7 The Board undertook several key steps to safeguard the Group's liquidity, maintain the Group's ability to continue trading as a going concern and to strengthen the underlying performance of the Pick n Pay supermarket business, including the appointment of new Chief Executive Officer, Sean Summers, to lead the Pick n Pay turnaround strategy, and the restructure of senior leadership and operational structures. Alongside the immediate action taken at an operational level, the Board prioritised the development of a sustainable capital structure for the Group, which would reduce debt levels, provide sufficient support for investment in the turnaround of Pick n Pay and unlock shareholder value inherent in the Group. To this end, the Group announced its two-step Recapitalisation Plan on SENS and ANS on 22 February 2024.
- 2.8 The Recapitalisation Plan comprises the Rights Offer, followed by the IPO. As will be discussed further in the Rights Offer Circular, the combined net proceeds of the Rights Offer and IPO will primarily be used to settle the Group's outstanding debt, and also to re-invest to secure the turnaround of the Group's Pick n Pay supermarket business.
- 2.9 The Group engaged closely with its medium and long-term lenders and was able to secure a full financial covenant waiver at the end of February 2024 and for the measurement period ending August 2024. In addition, the Group was able to secure a multilateral restructuring support agreement (the "RSA") with all its short-term and long-term funders in May 2024 to secure the availability of its debt facilities until 1 September 2025. One of the key terms of the RSA is that the Company is required to meet certain milestones, including the release of the Rights Offer declaration announcement by no later than 16 July 2024 (or such later date as the funders may agree). A detailed description of the terms of the RSA will be set out in the Rights Offer Circular.
- 2.10 The Company accordingly wishes to proceed with the Rights Offer, as the first step in its Recapitalisation Plan, for which purpose it requires the Resolutions to be adopted.

3. SALIENT TERMS OF THE RIGHTS OFFER

3.1 *Rights Offer*

- 3.1.1 Subject to the Company obtaining the requisite approvals for the Resolutions set out in the Notice of General Meeting and subject to fulfilment or waiver (as applicable) of all relevant conditions to the launch of the Rights Offer, the Rights Offer will be launched in due course and after the conclusion of the General Meeting.
- 3.1.2 A Rights Offer Circular to Shareholders setting out the full terms of the Rights Offer will be issued in due course, following the General Meeting.
- 3.1.3 Shareholders will accordingly have access to the full terms and conditions of the Rights Offer prior to the dates on which they are required to make a decision on whether to subscribe for the Rights Offer Shares.
- 3.1.4 The proceeds sought to be raised pursuant to the Rights Offer will be an amount equivalent to the Rights Offer Amount, the full details of which will be set out in the Rights Offer Circular.
- 3.1.5 Other key terms and conditions of the Rights Offer will include the following:
- 3.1.5.1 *Offering* – Ordinary Shareholders who are not excluded from participating in the Rights Offer will be offered Letters of Allocation, granting them rights to subscribe for the Rights Offer Shares, upon the terms and conditions set out in the Rights Offer Circular, as at a record date to be determined by the Board;
- 3.1.5.2 *Excess Rights Offer Shares* – Ordinary Shareholders who subscribe for all the Rights Offer Shares for which they are entitled to subscribe will be able to apply for excess Rights Offer Shares not taken up by other Ordinary Shareholders, upon the terms and conditions set out in the Rights Offer Circular;
- 3.1.5.3 *Class of shares to be offered pursuant to the Rights Offer* – Ordinary Shares, each to rank *pari passu* with each Ordinary Share already in issue, and which shares shall be fully paid up and freely transferable;
- 3.1.5.4 *Price per Rights Offer Share* – the price per Rights Offer Share will be set out in the Rights Offer Circular;
- 3.1.5.5 *Total number of shares to be offered under the Rights Offer* – As at the Last Practicable Date, the Company has not determined the total number of the Rights Offer Shares to be offered under the Rights Offer. The total number of the Rights Offer Shares, and the entitlement ratio for each qualifying Ordinary Shareholder will be determined shortly before the Rights Offer Circular is distributed to Shareholders; and

3.1.5.6 *Underwriting* – The Joint Global Coordinators and Joint Underwriters have entered into a standby underwriting agreement in terms of which they have agreed, subject, *inter alia*, to the conclusion of an underwriting agreement on customary terms, to underwrite the Rights Offer Amount in equal proportions, (by way of procuring subscribers for, or failing which, to themselves subscribe for, the Rights Offer Shares equivalent to such value) subject to the terms and conditions of the standby underwriting agreement and the underwriting agreement to be concluded.

4. PROPOSED CHANGES TO SHARE CAPITAL, AND MOI AMENDMENTS

- 4.1 Given the proposed size of the Rights Offer, and to facilitate the issue of the Rights Offer Shares, the Company proposes increasing its authorised Ordinary Shares from 800 000 000 Ordinary Shares (of which 493 450 321 Ordinary Shares are currently in issue) to 10 000 000 000 Ordinary Shares, by the creation of a further 9 200 000 000 new authorised Ordinary Shares. The Rights Offer price will be determined by the Company and the Joint Global Coordinators and Joint Underwriters immediately prior to the Rights Offer depending on, *inter alia*, market conditions prevailing at such time. Consequently, the Directors believe that it is necessary to increase the share capital by this number of Ordinary Shares in order to give the Company sufficient flexibility to cater for any unforeseen market volatility that may occur between now and the time at which that price is determined. To ensure that the authorised share capital is set at an appropriate level post implementation of the Rights Offer, the Company will, at the AGM following implementation of the Rights Offer, propose a resolution authorising the reduction of the authorised Ordinary Share capital of the Company to such number of Ordinary Shares such that, following such reduction, the unissued Ordinary Shares in the share capital of the Company constitute no more than 10% of the total number of authorised Ordinary Shares immediately after the date of completion of the Rights Offer (“**Ordinary Share Capital Reduction Resolution**”). This additional 10% would provide the Company with additional headroom for any potential future Ordinary Share issues which the Company may require, whether for capital raises, share incentive schemes or otherwise, although these would remain subject to any requisite authorisations and approvals being obtained.
- 4.2 Furthermore, as outlined in greater detail in paragraph 10 below, if a B Shareholder follows its Rights in the Rights Offer, this constitutes an “*Adjustment Event*” in terms of the B Share Terms, and the Company is legally obliged in terms of the MOI to issue additional B Shares to such B Shareholder to maintain the B Share Issue Ratio. For this reason, and in order to ensure that the Company is able to comply with its legal obligations in terms of the MOI, it is proposing to increase the authorised B Shares from 1 000 000 000 B Shares (of which 259 682 869 B Shares are currently in issue) to 5 300 000 000 B Shares, by the creation of a further 4 300 000 000 new authorised B Shares. To the extent that the newly created B Shares are not required for purposes of the Rights Offer and the Company complying with its obligations in terms of the MOI in relation thereto, the Company will, at the AGM following implementation of the Rights Offer, propose a resolution authorising a reduction of the authorised B Share capital of the Company to such number of B Shares that, following such reduction, the unissued B Shares in the share capital of the Company constitutes no more than 10% of the total number of authorised B Shares immediately after the date of completion of the Rights Offer (“**B Share Capital Reduction Resolution**”). This additional 10% would provide the Company with additional headroom for any potential future B Share issues which the Company may be required to make in terms of the MOI for any “*Adjustment Event*”, as described in further detail in paragraph 10 below.
- 4.3 Shareholders are advised that the number of new authorised Ordinary Shares and B Shares proposed to be created should not be taken as an indication as to the number of Ordinary Shares and B Shares (if applicable) to be issued by the Company pursuant to the Rights Offer. The Company will only issue such number of Ordinary Shares as is required to raise the Rights Offer Amount, and such additional number of B Shares as it is legally required to issue in terms of the MOI as outlined in paragraph 10 below.
- 4.4 In addition, it is proposed that, in order to allow greater flexibility with regard to “*Adjustment Events*” (as defined in clause 9 of the B Share Terms and further explained in paragraphs 10.4 and 10.5 below), which will include the Rights Offer, the B Share Terms be amended to permit, with the approval of the B Shareholders by way of a special resolution, a reduction in the ratio of B Shares to Stapled Ordinary Shares (i.e. a holding of less than 1.98061 (one point nine eight zero six one) B Shares for every 1 (one) Stapled Ordinary Share).
- 4.5 In order to increase the Company’s authorised Ordinary Shares, the Company first needs to convert the existing authorised and issued Ordinary Shares from par value Ordinary Shares of 1,25 cents each to no par value Ordinary Shares. The proposed MOI Share Capital Amendments are set out in greater detail in **Annexure 2** to this Circular.
- 4.6 Separately, the Company wishes to amend the provisions of its MOI dealing with the rotation of Directors. Article 22.2 of the MOI currently provides, as contemplated by the JSE Listings Requirements, that one-third of the non-executive Directors must retire at each annual general meeting of the Company, although they may stand for re-election. The article further proposes that the Directors so to retire at each annual general meeting of the Company shall be those who have been longest in office since their last election. However, in terms of the MOI, non-executive Directors are required to retire after three years, and in terms of the Group’s corporate governance charter, certain long-serving Directors of the Board who have served for more than nine years are required to retire annually. To avoid excessive rotation of Directors, the Company would like to have the flexibility to be able to include these long-serving Directors in the one-third of Directors that are required to retire each year. Accordingly, the Company wishes to amend article 22.2 of the MOI to align the MOI with the Group’s corporate governance charter. The proposed MOI Director Rotation Amendments are set out in greater detail in **Annexure 2** to this Circular.

- 4.7 In summary, Shareholder approval is required for the following corporate actions:
- 4.7.1 the conversion of the authorised Ordinary Shares of the Company (whether or not in issue) from par value Ordinary Shares of 1,25 cents each to no par value Ordinary Shares, discussed in further detail in paragraph 5 below;
 - 4.7.2 an increase of the authorised Ordinary Shares of the Company through the creation of 9 200 000 000 new authorised Ordinary Shares, such that the number of authorised Ordinary Shares is increased to 10 000 000 000 Ordinary Shares, discussed in further detail in paragraph 6 below;
 - 4.7.3 an increase of the authorised B Shares of the Company through the creation of 4 300 000 000 new authorised B Shares, such that the number of authorised B Shares is increased to 5 300 000 000 B Shares, discussed in further detail in paragraph 6 below;
 - 4.7.4 the MOI Amendments, discussed in further detail in paragraph 7 below; and
 - 4.7.5 the issue of Shares with voting power exceeding 30% of the voting power of the Shares currently in issue and the Letters of Allocation in relation to the Rights Offer Shares, discussed in further detail in paragraph 8 below.

5. CONVERSION OF AUTHORISED ORDINARY SHARES (WHETHER OR NOT ISSUED) FROM PAR VALUE TO NO PAR VALUE ORDINARY SHARES

5.1 The rationale

- 5.1.1 As noted in paragraph 4 above, the current number of authorised Ordinary Shares may be insufficient to give effect to the issue of new Ordinary Shares pursuant to the Rights Offer. Therefore in order to implement the Rights Offer and, in addition, to provide the Company with additional headroom for any potential future share issues which the Company may require, whether for capital raises, share incentive schemes or otherwise, the Company proposes to increase its authorised Ordinary Shares, discussed in more detail in paragraph 6 below.
- 5.1.2 In terms of regulations 31(2) and 31(5)(a) of the Companies Regulations, a company is not permitted to create new par value shares, the effect being that the new Ordinary Shares referred to in paragraph 6 below will have to be created as no par value Ordinary Shares.
- 5.1.3 Cognisant of this, the Board proposes to convert all of the Company's existing authorised Ordinary Shares (whether issued or unissued) from par value Ordinary Shares of 1,25 cents each to no par value Ordinary Shares, such that all authorised and issued Ordinary Shares in the Company will be no par value Ordinary Shares.

5.2 Shareholder approval

- 5.2.1 Special resolutions numbers 1.1 and 1.2 set out in the Notice of General Meeting are the resolutions proposing the conversion of the Ordinary Shares from par value Ordinary Shares of 1,25 cents each to no par value Ordinary Shares. Special resolution number 1.1 is a resolution of Ordinary Shareholders only, as required in terms of regulation 31(6)(b)(i) of the Companies Regulations. Special resolution number 1.2 is a resolution of all Shareholders (i.e. Ordinary Shareholders and B Shareholders), as required in terms of regulation 31(6)(b)(ii) of the Companies Regulations.
- 5.2.2 In order for special resolutions numbers 1.1 and 1.2 to be adopted, each Resolution must be supported by at least 75% of the voting rights exercised on it by the Ordinary Shareholders (in respect of special resolution number 1.1) and by all the Shareholders, including the B Shareholders (in respect of special resolution number 1.2).
- 5.2.3 Furthermore, as the conversion will require an amendment to the MOI, this will necessitate, in addition to the approval of all the Shareholders, specific approval of the B Shareholders (in terms of article 5 of the MOI) by way of a special resolution of B Shareholders (special resolution number 4.2), which must be supported by at least 75% of the voting rights exercised on it by the B Shareholders.

5.3 Board report requirement

- 5.3.1 Regulations 31(7) and 31(8) of the Companies Regulations require, in addition, that, when a company proposes a resolution to convert its shares into no par value shares, the board of directors of that company prepare a report in respect of the proposed conversion, which, amongst other things, evaluates whether the conversion will have any material adverse effects.
- 5.3.2 This report of the Board is attached as **Annexure 1** to this Circular and will be filed with the CIPC and the South African Revenue Service, in accordance with the Companies Regulations. The Board report confirms, *inter alia*, that the proposed conversion has (and will have) no adverse effects on the Ordinary Shareholders as they will remain in the same position and enjoy the same rights before and after the proposed conversion.

5.4 Consequences to Shareholders

Certificated Shareholders will not be asked to surrender their share certificates at this point in time. Ordinary Shareholders who wish to trade their Ordinary Shares on the JSE or A2X will be able to Dematerialise their share certificates, notwithstanding the fact that such certificates still refer to par value Ordinary Shares, in order to trade in their par value Ordinary Shares. If required, such Ordinary Shareholders may then request share certificates for their converted no par value Ordinary Shares and accordingly become Certificated Shareholders again.

5.5 Taxation

The share conversion is specifically deemed not to be a “*disposal*” in terms of paragraph 11(2)(l)(ii) of the Eighth Schedule to the South African Income Tax Act, No. 58 of 1962, as amended, therefore no taxable event arises.

6. INCREASE OF AUTHORISED SHARES

6.1 The rationale

- 6.1.1 As stated in paragraph 2, the Company wishes to raise proceeds equal to the Rights Offer Amount pursuant to the Rights Offer, as part of the Recapitalisation Plan approved by the Board. As will be explained further in the Rights Offer Circular, the proceeds of the Rights Offer and IPO will primarily be used to settle the Group's outstanding debt and also to re-invest to secure the turnaround of the Group's Pick n Pay supermarket business. The number of Ordinary Shares to be issued, pursuant to the Rights Offer, and the price at which such Ordinary Shares will be issued, will be determined shortly before the Rights Offer Circular is distributed to Shareholders, depending on, *inter alia*, market conditions prevailing at that time and will be disclosed in the Rights Offer Circular.
- 6.1.2 Given that, at the Last Practicable Date, there are only 306 549 679 authorised but unissued Ordinary Shares available for issuance, there may be insufficient authorised Ordinary Shares to issue the requisite number of Ordinary Shares pursuant to the Rights Offer. Consequently, the Directors believe that it is necessary to increase the number of Ordinary Shares in order to give the Company sufficient flexibility to cater for any unforeseen market volatility that may occur between now and the time at which the price at which the Rights Offer Shares will be issued is determined.
- 6.1.3 Furthermore, as outlined in greater detail in paragraph 10 below, if a B Shareholder follows its Rights in the Rights Offer, the Company is legally obliged in terms of the MOI to issue additional B Shares to such B Shareholder in the B Share Issue Ratio.
- 6.1.4 Consequently, in order to: (i) ensure that the Company has sufficient authorised but unissued Ordinary Shares available for the Rights Offer; (ii) ensure that the Company is able to comply with its legal obligations in terms of the MOI to issue additional B Shares (if required); and (iii) provide the Company with additional headroom for any potential future Share issues which the Company may require, whether for capital raises, share incentive schemes or in terms of the MOI or otherwise, the Board believes that it is necessary to increase the authorised Ordinary Shares from 800 000 000 Ordinary Shares to 10 000 000 000 Ordinary Shares, by the creation of a further 9 200 000 000 new authorised Ordinary Shares; and to increase the authorised B Shares from 1 000 000 000 Shares to 5 300 000 000 B Shares, by the creation of a further 4 300 000 000 new authorised B Shares. As discussed in greater detail in paragraph 4.1 above, the Company will, at the AGM, propose the Ordinary Share Capital Reduction Resolution and B Share Capital Reduction Resolution to normalise the authorised share capital post implementation of the Rights Offer in the manner outlined in paragraphs 4.1 and 4.2.

6.2 Shareholder approval

- 6.2.1 Special resolutions numbers 2 and 3 set out in the Notice of General Meeting are the relevant resolutions for approving an increase of the Company's authorised Shares. In order for special resolutions numbers 2 and 3 to be adopted, each such resolution must be supported by at least 75% of the voting rights exercised on it by the Shareholders, including the B Shareholders.
- 6.2.2 Furthermore, as the increase of the Company's authorised Shares will require amendments to the MOI, this will necessitate, in addition to the approval by a special resolution of all the Shareholders, specific approval of the B Shareholders (in terms of article 5 of the MOI) by way of a special resolution of B Shareholders (special resolution number 4.2), which must be supported by at least 75% of the voting rights exercised on it by the B Shareholders.

7. MOI AMENDMENTS

7.1 MOI Share Capital Amendments

- 7.1.1 As discussed in paragraph 5, the Companies Act and the Companies Regulations do not permit the creation of new par value shares and accordingly an amendment to the MOI is required to convert the Ordinary Shares to no par value Ordinary Shares.
- 7.1.2 In addition, the Company requires an amendment to the MOI to increase its authorised but unissued Ordinary Shares and B Shares to create sufficient authorised Ordinary Shares and B Shares (if applicable) for implementation of the Rights Offer and to provide additional headroom for any potential future share issues which the Company may require, whether for capital raises, share incentive schemes or otherwise.
- 7.1.3 Accordingly, in order to give effect to the share conversion and to increase the authorised Ordinary Shares and B Shares, the Board proposes the MOI Share Capital Amendments for Shareholder approval.
- 7.1.4 Special resolution number 4.1 set out in the Notice of General Meeting is the resolution proposing the MOI Share Capital Amendments. In order for special resolution number 4.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders, including the B Shareholders.
- 7.1.5 Furthermore, as noted above, the MOI Share Capital Amendments will (in terms of article 5 of the MOI) require the approval of the B Shareholders by way of a special resolution of B Shareholders (special resolution number 4.2), which must be supported by at least 75% of the voting rights exercised on it by the B Shareholders.

7.2 MOI B Share Terms Amendments

- 7.2.1 In order to allow greater flexibility with regard to “*Adjustment Events*” (as defined in clause 9 of the B Share Terms and further explained in paragraphs 10.4 and 10.5 below), which will include the Rights Offer, it is proposed that the B Share Terms be amended to permit, with the approval of the B Shareholders by way of a special resolution, a reduction in the ratio of B Shares to Stapled Ordinary Shares (i.e. a holding of less than 1.98061 (one point nine eight zero six one) B Shares for every 1 (one) Stapled Ordinary Share).
- 7.2.2 Accordingly, in order to give effect to the amendment to the B Share Terms, the Board proposes the MOI B Share Terms Amendments for Shareholder approval.
- 7.2.3 Special resolution number 5.1 set out in the Notice of General Meeting is the resolution proposing the MOI B Share Terms Amendments. In order for special resolution number 5.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders, including the B Shareholders.
- 7.2.4 Furthermore, as noted above, the MOI B Share Terms Amendments will (in terms of article 5 of the MOI and clause 5 of the B Share Terms) require the approval of the B Shareholders by way of a special resolution of B Shareholders (special resolution number 5.2), which must be supported by at least 75% of the voting rights exercised on it by the B Shareholders.

7.3 MOI Director Rotation Amendments

- 7.3.1 Furthermore, as discussed in paragraph 4.5 above, the Company proposes to amend article 22.2 of the MOI regarding the retirement of Directors by rotation.
- 7.3.2 Accordingly, in order to give effect to the amendment of the Director rotation by retirement provisions in the MOI, the Board proposes the MOI Director Rotation Amendments for Shareholder approval.
- 7.3.3 Special resolution number 6.1 set out in the Notice of General Meeting is the resolution proposing the MOI Director Rotation Amendments. In order for special resolution number 6.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders, including the B Shareholders.
- 7.3.4 Furthermore, as noted above, the MOI Director Rotation Amendments will (in terms of article 5 of the MOI) require the approval of the B Shareholders by way of a special resolution of B Shareholders (special resolution number 6.2), which must be supported by at least 75% of the voting rights exercised on it by the B Shareholders.

7.4 Details of the MOI Amendments are set out in **Annexure 2** to this Circular and in the Notice of General Meeting, and a copy of each of the MOI and the MOI Amendments will be available electronically on the Company’s website (<http://www.picknpayinvestor.co.za>) and be made available for inspection by Shareholders as referred to in paragraph 18 below.

7.5 The JSE has approved the MOI Amendments.

8. **AUTHORITY TO ISSUE ORDINARY SHARES AND LETTERS OF ALLOCATION IN TERMS OF THE RIGHTS OFFER**

- 8.1 In the expectation that the voting power of the Ordinary Shares to be issued upon implementation of the Rights Offer (and, if applicable, additional B Shares as contemplated in paragraph 10.5 below) will equal or exceed 30% of the voting power of all the Shares in issue immediately before implementation of the Rights Offer, the issue of those Shares (and the Letters of Allocation in relation to the Rights Offer Shares) will, in terms of section 41(3) of the Companies Act and article 8 of the MOI, require the approval of at least 75% of the votes exercised by Shareholder’s (including B Shareholders) voting (personally, or by proxy) at the General Meeting.
- 8.2 Special resolution number 7 set out in the Notice of General Meeting is the resolution to approve the issue of Ordinary Shares and Letters of Allocation in relation thereto under the Rights Offer, and the consequential issue of B Shares, if applicable, in the circumstances contemplated in paragraph 8.1 above. In order for special resolution number 7 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by Shareholders, including the B Shareholders.

9. **ORDINARY SHARE CAPITAL**

9.1 At the Last Practicable Date, the authorised and issued Ordinary Shares in the Company are as follows:

Class	Number	ZAR
Authorised Ordinary Shares with par value of 1,25 cents each	800 000 000	10 000 000
Issued Ordinary Shares with par value of 1,25 cents each	493 450 321	6 168 129

9.2 After the adoption of the Resolutions and the MOI Share Capital Amendments becoming effective, but before implementation of the Rights Offer, the authorised and issued Ordinary Shares of the Company will be as follows:

Class	Number
Authorised no par value Ordinary Shares	10 000 000 000
Issued no par value Ordinary Shares	493 450 321

9.3 The number of Ordinary Shares in issue once implementation of the Rights Offer has occurred will depend on the number of Ordinary Shares issued under the Rights Offer, which is not known as at the Last Practicable Date.

9.4 At the Last Practicable Date, 10 796 047 Ordinary Shares are held in treasury for the purposes of fulfilling share awards outstanding in terms of the Company’s share plans.

- 9.5 There has been no issue of Ordinary Shares in the three years preceding the Last Practicable Date.
- 9.6 At the Last Practicable Date, all the authorised and issued Ordinary Shares in the Company are of the same class and rank *pari passu* in every respect and accordingly, no Ordinary Shares have any special or preferent right to dividends, capital or profits or any other special or preferent right, including special or preferent redemption rights and special or preferent rights on liquidation or distribution of capital assets.

10. B SHARE CAPITAL

- 10.1 At the Last Practicable Date, the authorised and issued B Shares in the Company are as follows:

Class	Number
Authorised no par value B Shares	1 000 000 000
Issued no par value B Shares	259 682 869

- 10.2 After the adoption of the Resolutions and the MOI Share Capital Amendments becoming effective, but before implementation of the Rights Offer, the authorised and issued B Shares of the Company will be as follows:

Class	Number
Authorised no par value B Shares	5 300 000 000
Issued no par value B Shares	259 682 869

- 10.3 All the B Shares are stapled to certain Ordinary Shares and the B Shareholders are entitled to the same voting rights at a meeting of Shareholders, as the Ordinary Shareholders (i.e. one vote for every Share held).
- 10.4 In terms of the MOI, the Rights Offer will (only to the extent that the B Shareholders elect to exercise their rights to subscribe for the new Ordinary Shares for which they are entitled to subscribe under the Rights Offer) constitute an “*Adjustment Event*” (as such term is defined in clause 9 of the B Share Terms). The purpose of clause 9 of the B Share Terms is to allow for an automatic adjustment to the B Shares to ensure that the B Shareholders will 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 of voting rights of the B Shareholders).
- 10.5 In the event of a corporate event in or alteration of the capital of the Company (such as the Rights Offer, but only to the extent that the B Shareholders elect to exercise their rights to subscribe for the new Ordinary Shares for which they are entitled to subscribe under the Rights Offer), which has the effect of increasing the number of Stapled Ordinary Shares held by any B Shareholder, the number of B Shares held by such B Shareholder shall be increased pursuant to the provisions of clause 9 of the B Share Terms, to maintain the B Share Issue Ratio of Stapled Ordinary Shares to B Shares held by such B Shareholder and to prevent any unwarranted dilution of the voting rights of the B Shareholders. Any increase in the number of B Shares held by the B Shareholders pursuant to a corporate event in or alteration of the capital of the Company (such as the Rights Offer, but only to the extent that the B Shareholders elect to exercise their rights to subscribe for the new Ordinary Shares for which they are entitled to subscribe under the Rights Offer) 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 per B Share.
- 10.6 Furthermore, the MOI B Share Terms Amendment is proposed in order to allow greater flexibility with regard to “*Adjustment Events*” (including the Rights Offer), more specifically that, with the approval of the B Shareholders by way of a special resolution, the ratio of B Shares to Stapled Ordinary Shares can be reduced (i.e. a holding of less than 1.98061 (one point nine eight zero six one) B Shares for every 1 (one) Stapled Ordinary Share).
- 10.7 Accordingly, the number of B Shares in issue once implementation of the Rights Offer has occurred will depend on whether the B Shareholders elect to exercise their rights to subscribe for the new Ordinary Shares for which they are entitled to subscribe under the Rights Offer, whether they approve a B Share Issue Ratio which is less than 1.98061 (one point nine eight zero six one) B Shares for every 1 (one) Stapled Ordinary Share and the number of Ordinary Shares issued under the Rights Offer, which is not known as at the Last Practicable Date.
- 10.8 There has been no issue of B Shares in the three years preceding the Last Practicable Date.
- 10.9 At the Last Practicable Date, the B Shares have no economic rights. The B Shares are not entitled to any participation in the profits of the Company or any distributions of the assets or capital of the Company and have no rights to proceeds in the event of a winding up or liquidation of the Company.

11. CONTROLLING SHAREHOLDER FIRM COMMITMENT TO VOTE AND FOLLOW ITS RIGHTS

AIH, which as at the Last Practicable Date, holds 124 677 237 Ordinary Shares and 246 936 847 B Shares, has given the Company a firm written commitment, subject, *inter alia*, to their reasonable satisfaction with the terms and conditions of the Rights Offer, to: (i) vote in favour of all the Resolutions in respect of their Ordinary Shares and/or B Shares (as applicable); and (ii) follow its rights under the Rights Offer *pro rata* to its holding of Ordinary Shares, up to a maximum amount of ZAR1 025 000 000 (ZAR1,025 billion).

12. RESOLUTIONS TO BE PROPOSED TO SHAREHOLDERS

The Board proposes the Resolutions for consideration, and if deemed fit, adoption, by Shareholders. Further details in relation to each of these Resolutions are provided in paragraphs 5, 6, 7 and 8 above. The Resolutions are set out in the Notice of General Meeting.

13. OPINION AND RECOMMENDATION

13.1 The Board is of the view that the Rights Offer is consistent with the Company's strategic objectives and is in the best interests of the Company. It follows that the Board unanimously recommends that Shareholders vote in favour of the Resolutions.

13.2 Each Director who beneficially owns Shares will vote those Shares in favour of all the Resolutions.

14. CONSENTS

Each of the Company's advisors, whose names appear on the inside front cover of this Circular, have consented in writing to act in the capacities stated and to their names appearing in this Circular and has not withdrawn its consent prior to the Last Practicable Date.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors whose names are stated on page 10 of this Circular collectively and individually accept full responsibility for the accuracy of the information contained in this Circular in relation to the Group, and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement in this Circular in relation to the Group 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 JSE Listings Requirements.

16. NOTICE OF GENERAL MEETING

16.1 The General Meeting will be held entirely by electronic communication at **08:30 on Wednesday, 26 June 2024** for Shareholders to consider and, if deemed fit, adopt, with or without modification, the Resolutions.

16.2 The General Meeting will be conducted entirely by electronic communication as contemplated in the MOI and section 63(2)(a) of the Companies Act, and Shareholders will accordingly only be able to access the General Meeting electronically via an electronic facility. More information in this regard is provided in the section entitled "*Action required by Shareholders*" commencing on page 2 of this Circular and in the Notice of General Meeting.

16.3 The Notice of General Meeting is attached to and forms part of this Circular. A Form of Proxy (*grey*) is also included with this Circular for use by those Certificated Shareholders and Own-Name Dematerialised Shareholders who, while being unable to participate in the General Meeting may nevertheless wish to be represented thereat. Such persons are requested to complete and to return the Form of Proxy (*grey*) in accordance with its instructions.

16.4 Shareholders are advised to carefully read both the "*Action required by Shareholders*" section commencing on page 2 of this Circular and the Notice of General Meeting for information on the procedure to be followed by Shareholders in order to participate and to exercise their voting rights in respect of the Resolutions at the General Meeting.

16.5 The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present in person and entitled to vote on the Resolutions. In addition:

16.5.1 the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of the Resolutions; and

16.5.2 the Resolutions may not begin to be considered unless those who fulfilled the quorum requirements continue to be present.

16.6 As the General Meeting will cater for electronic participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, to allow the voting preferences of all Shareholders to be taken into account, all voting will be conducted by way of poll through the electronic facility provided. Shareholders will have one vote in respect of each Share held. More information in this regard is provided in the section entitled "*Action required by Shareholders*" commencing on page 2 of this Circular and the Notice of General Meeting.

17. DISCLOSURE OF CONFLICT

17.1 Notwithstanding the fact that the Joint Global Coordinators and Joint Underwriters are also lenders to the Group, and in the case of RMB, Transaction Sponsor, the Joint Global Coordinators and Joint Underwriters are acting only as Joint Global Coordinators and Joint Underwriters for purposes of the Rights Offer. It is the opinion of the Joint Global Coordinators and Joint Underwriters that there are no conflicts of interest that would prevent the Joint Global Coordinators and Joint Underwriters from performing their obligations under any standby underwriting or underwriting agreement entered into in respect of the Rights Offer as:

17.1.1 the underwriting fee will not be material in the context of the Joint Global Coordinators and Joint Underwriters' revenues or profits; and

17.1.2 the underwriting fee earned by the Joint Global Coordinators and Joint Underwriters' which will be stated in the Rights Offer Circular, will be market-related.

18. DOCUMENTS AVAILABLE FOR INSPECTION

18.1 The documents listed below, or copies thereof, will be available for inspection by Shareholders from **Monday, 27 May 2024**, being the issue date of this Circular, up to and including the date of the General Meeting from the registered office of the Company, as well as the address of the Transaction Sponsor, during office hours at the address set out in the "*Corporate information and advisors*" section of this Circular:

18.1.1 a signed copy of this Circular (*available in English only*);

18.1.2 the Amended MOI; and

18.1.3 a signed copy of each of the consent letters referred to in paragraph 14 above.

By order of the Board

PICK N PAY STORES LIMITED

VAUGHAN PIERCE

Company Secretary

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director in accordance with a round robin resolution of the Board signed by each and every Director)

27 May 2024

Registered Office:

101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa

ANNEXURE 1 – THE BOARD REPORT IN TERMS OF REGULATIONS 31(7) AND 31(8) OF THE COMPANIES REGULATIONS



Pick n Pay Stores Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the “Company”)

REPORT PREPARED BY THE BOARD OF DIRECTORS OF PICK N PAY STORES LIMITED IN TERMS OF REGULATIONS 31(7) AND 31 (8) OF THE COMPANIES REGULATIONS, 2011 IN RELATION TO THE CONVERSION OF ALL OF THE ORDINARY PAR VALUE SHARES OF THE COMPANY TO ORDINARY SHARES HAVING NO PAR VALUE

1. DEFINITIONS

For the purposes of this Board Report, unless the context requires otherwise:

- 1.1 **Board** means the board of directors of the Company;
- 1.2 **Board Report** means this report prepared by the Board in terms of regulation 31(7) of the Companies Regulations;
- 1.3 **B Share(s)** means an unlisted, non-convertible, non-participating, no par value share of the Company having the rights, privileges and conditions set out in *Annexure D (Rights, Privileges and Conditions attaching to the B Shares)* to the MOI;
- 1.4 **B Shareholder(s)** means a registered holder of an issued B Share from time to time;
- 1.5 **CIPC** means the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
- 1.6 **Circular** means the circular to Shareholders, dated on or about **Monday, 27 May 2024**, containing this Board Report;
- 1.7 **Companies Act** means the Companies Act, No. 71 of 2008, as amended;
- 1.8 **Companies Regulations** means the regulations promulgated under the Companies Act, as amended;
- 1.9 **Converted Share(s)** means an ordinary share of no par value in the Company to be derived from the Proposed Conversion;
- 1.10 **General Meeting** means the general meeting of Shareholders to be held by electronic communication only at **08:30 on Wednesday, 26 June 2024** for the purposes of considering, and if deemed fit, adopting, the resolutions set out in the Notice of General Meeting;
- 1.11 **MOI** means the memorandum of incorporation of the Company, in force as at the date of the Circular;
- 1.12 **Notice of General Meeting** means the notice to Shareholders convening the General Meeting which notice is attached to, and forms part of, the Circular;
- 1.13 **Ordinary Shareholder(s)** means a registered holder of an issued Par Value Share (and a Converted Share following implementation of the Proposed Conversion) from time to time;
- 1.14 **Par Value Share(s)** means an ordinary share with a par value of 1,25 cents in the Company that is authorised and in issue as at the date of this Board Report;
- 1.15 **SARS** means the South African Revenue Service;
- 1.16 **Security(ies)** means any share, debenture or other instrument irrespective of form or title, issued or authorised to be issued by the Company; and
- 1.17 **Shareholder** means a B Shareholder and/or an Ordinary Shareholder, as the context requires.

2. INTRODUCTION

- 2.1 As described in more detail in the Circular, the Company proposes to implement a renounceable rights offer (“**Rights Offer**”). In terms of the Companies Act and the Companies Regulations, as discussed in the Circular, the Company must convert its authorised and issued Par Value Shares to Converted Shares before it can effect an increase of its authorised ordinary shares to create sufficient (as there may not be sufficient) authorised ordinary shares for the Company to issue for purposes of the Rights Offer and to provide the Company with additional headroom for any potential future share issues which the Company may require, whether for capital raises, share incentive schemes or otherwise.
- 2.2 In terms of regulation 31(2) of the Companies Regulations (read with section 35(2) of the Companies Act), a company is not permitted to create any new par value shares or shares with a nominal value.
- 2.3 Since regulation 31(2) read with regulation 35(1)(a) of the Companies Regulations does not permit the creation of further authorised par value shares, new shares can only be authorised and created as no par value shares.
- 2.4 Accordingly, the Board has resolved to propose to Shareholders that the Company’s authorised and issued Par Value Shares be converted into Converted Shares, in accordance with the relevant conversion of par value shares requirements set out in the Companies Act and the Companies Regulations (“**Proposed Conversion**”).
- 2.5 In order to implement the Proposed Conversion, the following statutory requirements are relevant:
- 2.5.1 regulation 31(6) of the Companies Regulations provides that the board of directors of a company may at any time propose an amendment of the company’s memorandum of incorporation to effect a conversion of its authorised and issued shares of par value to shares of no par value, provided that such proposal will only have been adopted if it is approved by: (i) a special resolution adopted by the holders of shares of each class of existing issued shares; and (ii) a further special resolution adopted by a meeting of the company’s shareholders called for that purpose;
- 2.5.2 regulation 31(7) of the Companies Regulations provides that the board of directors of a company is required to prepare a report in respect of a proposed resolution to convert any par value shares into no par value shares. This document constitutes the Board Report in relation to the Proposed Conversion; and
- 2.5.3 regulation 31(8) of the Companies Regulations provides that a company must publish the shareholder resolutions referred to in paragraph 2.5.1, together with the Board Report referred to in paragraph 2.5.2, to the company’s shareholders before the meeting at which the resolution will be considered by the shareholders. In this respect, the special resolution which is required to effect the Proposed Conversion is published in the Notice of General Meeting attached to, and forming part of, the Circular.
- 2.6 This Board Report:
- 2.6.1 sets out and considers the various requirements of regulation 31 of the Companies Regulations, as more fully discussed under paragraph 2.5.1, which are required for the approval by special resolution by the Shareholders to effect the Proposed Conversion in order to allow for a restructuring of the Company’s ordinary shares; and
- 2.6.2 is delivered to Shareholders, in light of Shareholders being asked to approve the special resolution required to be approved by Shareholders in order to implement the Proposed Conversion.

3. THE BOARD REPORT

- 3.1 In terms of regulation 31(7) of the Companies Regulations, this Board Report is required to, at a minimum:
- 3.1.1 state all information relevant to the value of the Securities affected by the Proposed Conversion;
- 3.1.2 identify the class of holders of the Company’s Securities affected by the Proposed Conversion;
- 3.1.3 describe the material effects that the Proposed Conversion will have on the rights of the holders of the Company’s Securities affected by the Proposed Conversion; and
- 3.1.4 evaluate any material adverse effects of the Proposed Conversion against the compensation that any of those persons will receive as part of the Proposed Conversion.
- 3.2 Consistent with the foregoing, the Board publishes this Board Report.

4. RESOLUTIONS

In order to comply with the provisions of regulation 31(6) of the Companies Regulations and article 5 of the MOI, the Board intends proposing the following special resolutions to implement the Proposed Conversion:

- 4.1 **Special resolution number 1.1 – Conversion of the authorised Ordinary Shares (whether issued or unissued) from par value to no par value shares (Ordinary Shareholders)**

“Resolved as a special resolution that, following the Ordinary Shareholders’ consideration of the board report set out in Annexure 1 to the Circular and subject to the adoption of special resolutions numbers 1.2, 2, 3, 4.1 and 4.2, and in terms of the Companies Act (including regulations 31(5) and 31(6) of the Companies Regulations), each of the Company’s Ordinary Shares with a par value of 1,25 cents (whether issued or unissued) be and is hereby converted, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that conversion is filed with the CIPC as contemplated in section 16(7) of the Companies Act, into an Ordinary Share with no par value, on the basis that each no par value Ordinary Share will have the same rights as each existing par value Ordinary Share.”

4.2 **Special resolution number 1.2 – Conversion of the authorised Ordinary Shares (whether issued or unissued) from par value to no par value shares (All Shareholders)**

“Resolved as a special resolution that, following the Shareholders’ consideration of the board report set out in Annexure 1 to the Circular and subject to the adoption of special resolutions numbers 1.1, 2, 3, 4.1 and 4.2, and in terms of the Companies Act (including regulations 31(5) and 31(6) of the Companies Regulations), each of the Company’s Ordinary Shares with a par value of 1,25 cents (whether issued or unissued) be and is hereby converted, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that conversion is filed with the CIPC as contemplated in section 16(7) of the Companies Act, into an Ordinary Share with no par value, on the basis that each no par value Ordinary Share will have the same rights as each existing par value Ordinary Share.”

For the avoidance of doubt, it is noted that special resolution number 1.1 will be a resolution of holders of Ordinary Shares only (being the class being converted) and special resolution number 1.2 will constitute “a further special resolution adopted by a meeting of the company’s shareholders called for that purpose”, as contemplated by regulations 31(6)(b)(i) and (ii) of the Companies Regulations respectively.

In addition, as the conversion will require an amendment to the MOI, this will require, in addition to the approvals by the Ordinary Shareholders and by all the Shareholders, specific approval of the B Shareholders (in terms of article 5 of the MOI) by way of a special resolution of B Shareholders (special resolution number 4.2), which must be supported by at least 75% of the voting rights exercised on it by the B Shareholders.

4.3 **Special resolution number 4.1 – Approval of MOI Share Capital Amendments (all Shareholders)**

“Resolved as a special resolution that, subject to the adoption of special resolutions numbers 1.1, 1.2, 2, 3 and 4.2, and in terms of, inter alia, section 16(1)(c) read with section 16(5)(b) of the Companies Act:

- (i) *the MOI be amended, with effect from the date on, and time at, which the notice of that amendment is filed with the CIPC, by the additions to, and deletions from, the MOI set out in Annexure 2 to the Circular, entailing the:*
 - a. *substitution in article 7.1.1 of the MOI of the:*
 - i. *number and words “800 000 000 (eight hundred million)” for the number and words “10 000 000 000 (ten billion)”;*
 - ii. *words “a par value of 1,25 (one comma two five) cents each” with the words “no par value”;*
 - b. *substitution in article 7.1.2 of the MOI of the number and words “1 000 000 000 (one billion)” for the number and words “5 300 000 000 (five billion three hundred million)”;*
 - c. *deletion in its entirety of article 7.3 of the MOI given that it is no longer relevant and as a consequence of the Ordinary Share conversion; and*
- (ii) *the Company Secretary be and is hereby authorised, should he so elect, to file a consolidated revision of the MOI with the CIPC.”*

4.4 **Special resolution number 4.2 – Approval of MOI Share Capital Amendments (B Shareholders)**

“Resolved as a special resolution of the B Shareholders that, subject to the adoption of special resolutions numbers 1.1, 1.2, 2, 3 and 4.1, and in terms of article 5 of the MOI, the amendments to the MOI arising from and necessary to give effect to special resolutions 1.1, 1.2, 2, 3 and 4.1 be and are hereby approved.”

5. FURTHER INFORMATION AND EFFECT – REQUIREMENTS OF REGULATION 31(7)

This paragraph 5 sets out the disclosure required to be made as contemplated in regulation 31(7) of the Companies Regulations to the holders of the Par Value Shares.

5.1 **Information that may affect the value of the Securities affected by the Proposed Conversion**

- 5.1.1 The Securities affected by the Proposed Conversion are the authorised and issued Par Value Shares of the Company, currently comprising 800 000 000 authorised ordinary shares with a par value of 1,25 cents, of which 493 450 321 Par Value Shares with a par value of 1,25 cents each have been issued.
- 5.1.2 The issued Par Value Shares are listed on the Main Board of the Johannesburg Stock Exchange and the A2X Markets, trading under the share code PIK.
- 5.1.3 Information in relation to the historic net asset value, earnings, headline earnings and distribution per share is detailed in the summarised group annual financial statements for the 52 weeks ended 27 February 2022, 26 February 2023 and 25 February 2024, which are available in electronic form on the Company’s website: <https://www.picknpayinvestor.co.za>.
- 5.1.4 The underlying rights of the holders of the Par Value Shares will not be affected by the Proposed Conversion.
- 5.1.5 Given that the number of Par Value Shares in issue and the rights attaching to those shares will be unaffected by the Proposed Conversion, the Proposed Conversion will have no impact on the historic net asset value, earnings, headline earnings and distributions per share.

- 5.1.6 Ordinary Shareholders holding share certificates in respect of Par Value Shares:
 - 5.1.6.1 will not be asked to surrender their share certificates at this point in time; and
 - 5.1.6.2 who wish to trade their shares on the securities exchange operated by the JSE Limited or A2X Markets will be able to dematerialise the share certificates, notwithstanding the fact that they still refer to Par Value Shares, in order to trade in their Par Value Shares. If required, such shareholders may then request share certificates for their Converted Shares and accordingly become certificated Ordinary Shareholders again.

5.2 **Classes of holders of Securities affected by the Proposed Conversion**

- 5.2.1 The Proposed Conversion will affect all registered holders of the Par Value Shares. The only effect on each registered holder of Par Value Shares will be that such holder will now be the registered holder of Converted Shares, albeit the same number of shares as immediately before the Proposed Conversion.
- 5.2.2 The B Shares will not be affected by the Proposed Conversion.

5.3 **Material effects that the Proposed Conversion will have on the rights of the holders of Securities affected by the Proposed Conversion**

- 5.3.1 The rights of the registered holders of the Par Value Shares will not be affected by the Proposed Conversion.
- 5.3.2 Accordingly, immediately after the Proposed Conversion, each registered holder of Par Value Shares will own the identical number of Converted Shares as such registered holder held immediately before the Proposed Conversion, and the no par value Converted Shares held by a registered holder immediately after the Proposed Conversion will represent the same proportion of the total issued shares of the Company as the Par Value Shares which such registered holder held in the Company immediately before the Proposed Conversion.
- 5.3.3 In particular, but without limitation, not one of the following rights attaching to the Par Value Shares will be affected by the Proposed Conversion:
 - 5.3.3.1 the voting rights, namely the right to attend, speak, participate in and vote at a meeting of the Shareholders of the Company;
 - 5.3.3.2 the right to be entered into the Company's Securities register;
 - 5.3.3.3 the economic rights, including the right to receive dividends, if and when declared and/or made by the Company;
 - 5.3.3.4 the right to receive the net assets of the Company on its liquidation; and
 - 5.3.3.5 any other distribution rights,to the extent such rights attach to each class of shares in terms of the MOI.

5.4 **Evaluation of material adverse effects of the Proposed Conversion against the compensation offered**

- 5.4.1 As detailed in paragraph 5.3, the Proposed Conversion has (and will have) no adverse effects on the Ordinary Shareholders as they will remain in the same position and enjoy the same rights immediately before and immediately after the Proposed Conversion.
- 5.4.2 In light of the foregoing, the Company has determined that no compensation is required or is contemplated, in the context of the Proposed Conversion.
- 5.4.3 Because no compensation will be received by any persons pursuant to the Proposed Conversion, there will be no material adverse effects as a result of the Proposed Conversion.

6. GENERAL

- 6.1 In terms of regulation 31(8)(b) of the Companies Regulations, a copy of this Board Report will be filed with the CIPC and the SARS at the same time that this Board Report is published to the Shareholders.
- 6.2 At any time before the meeting of the Shareholders at which the Proposed Conversion will be considered:
 - 6.2.1 the Company may apply to a court for a declaratory order that the Proposed Conversion satisfies the requirements of the Companies Act;
 - 6.2.2 a Shareholder affected by the Proposed Conversion, who believes that the Proposed Conversion does not adequately protect his/her rights, or otherwise fails to satisfy the requirements of the Companies Act, may apply to the court for an order; or
 - 6.2.3 the CIPC, or the SARS, may apply to the court for a declaratory order, on the grounds that the Proposed Conversion is designed to evade the requirements of any applicable tax legislation.
- 6.3 If a court finds that the Proposed Conversion does not comply with the Companies Act, the Company may not proceed with the special resolutions contemplated in paragraph 4.

By order of the Board

PICK N PAY STORES LIMITED

VAUGHAN PIERCE

Company Secretary

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director in accordance with a round robin resolution of the Board signed by each and every Director)

27 May 2024

Registered Office:

101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa

ANNEXURE 2 – MOI AMENDMENTS

The Board proposes that:

Article 7 of the MOI is amended by the addition of the underlined wording, and the deletion of the wording struck out:

AUTHORISED SECURITIES AND ALLOTMENT AND ISSUE

- 7.1.1 ~~“10 000 000 000 (ten billion) 800 000 000 (eight hundred million) ordinary Shares with no par value a par value of 1.25 (one comma two five) cents each which shall have...”~~
- 7.1.2 ~~“5 300 000 000 (five billion three hundred million) 1 000 000 000 (one billion) “B” Shares having the preferences, limitations and other terms set forth in Annexure D.”~~
- 7.3 ~~To the extent that the Company immediately before the Effective Date had authorised but unissued par value Shares in its capital of a class of which there are issued Shares, the unissued Shares of that class may be issued at par or at a premium or at a discount.”~~

Article 22.2 of the MOI is replaced in its entirety with the new article 22.2. For convenience, additions to the article are reflected by the underlined wording, and deletions to the article are reflected by strike-through text:

ELECTION OF DIRECTORS AND ALTERNATE DIRECTORS AND VACANCIES

- 22.2. ~~“At the Annual General Meeting held in each year 1/3 (one third) of the Directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one third) shall retire from office, provided that in determining the number of Directors to retire no account shall be taken of any Director who has been appointed as the chief executive officer, chief finance officer managing director or any other executive Director for a fixed period and her/his contract provides that she/he is not subject to retirement during that fixed period. The nominations and corporate governance committee of the Board shall determine which Directors are to retire at so each Annual General Meeting, taking into account, *inter alia*, the requirements of the Companies Act, the Listings Requirements, any corporate governance charter adopted by the Board from time to time, and the length of time that each Director has served in shall be those who have been longest in office since their last election. As between Directors of equal seniority, the Directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that, if, at the date of any Annual General Meeting any Director will have held office for a period of 3 (three) years since her/his last election or appointment she/he shall retire at such Annual General Meeting, either as one of the Directors to retire in pursuance of the foregoing or additionally thereto. A retiring Director shall act as a Director throughout the Meeting at which she/he retires. The length of time a Director has been in office shall be computed from the date of her/his last election. Retiring Directors shall be eligible for re-election. No Person other than a Director retiring at the Meeting shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any Annual General Meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the Meeting, there shall have been given to the secretary notice In Writing by some Holder duly qualified to be present and vote at the Meeting for which such notice is given of the intention of such Holder to propose such Person for election and also notice In Writing signed by the Person to be proposed of her/his willingness to be elected. If at any Annual General Meeting, the place of any retiring Director is not filled, she/he shall if willing continue in office until the dissolution of the Annual General Meeting in the next year, and so on from year to year until her/his place is filled, unless it shall be determined at such Meeting not to fill such vacancy.”~~

RIGHTS, PRIVILEGES AND CONDITIONS ATTACHING TO THE B SHARES

Clause 1.1.3 of Annexure D to the MOI is amended by the addition of the underlined wording, and the deletion of the wording struck out:

- 1.1.3. ~~“B Share Issue Ratio” means the ratio of 1.98061 (one point nine eight zero six one) B Shares, or such lesser number of B Shares as the B Shareholders may approve from time to time by resolution adopted in accordance with clause 5.2 of these B Share terms, for every 1 (one) Stapled Ordinary Share held by the B Shareholders from time to time (it being recorded for the sake of clarity, that this ratio (as amended) may not be increased at any time) 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;”~~

Clause 9.2 of Annexure D to the MOI is amended by the addition of the underlined wording, and the deletion of the wording struck out:

- 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 upon 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 (as amended from time to time) is maintained.”~~

Article 9.3.1 of Annexure D to the MOI is amended by the addition of the underlined wording, and the deletion of the wording struck out:

- 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 that Adjustment Event than they did prior to the occurrence of that 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 held by a B Shareholder being less in than the B Share Issue Ratio (as amended from time to time), then such number of B Shares as will result in the B Share Issue Ratio (as amended from time to time) will be allotted and issued to the relevant B Shareholders (in proportion to their holding of Stapled Ordinary Shares) against payment of a subscription price of R0.00001 (zero point zero zero zero zero one) Rand per B Share;”~~

Article 9.3.2 of Annexure D to the MOI is amended by the addition of the underlined wording, and the deletion of the wording struck out:

- 9.3.2. ~~“the ratio of B Shares to Stapled Ordinary Shares held by a B Shareholder being more than the B Share Issue Ratio the B Shareholders exercising a greater portion of the total voting rights exercisable at meetings of the Company after the occurrence of that Adjustment Event than they did prior to the occurrence of that Adjustment Event, then the Company shall have the right and option to repurchase (in proportion to their holding of Stapled Ordinary Shares) such number of B Shares from the relevant B Shareholders as will result in them exercising the same proportion of the total voting rights exercisable holding B Shares in the B Share Issue Ratio (as amended from time to time), 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 held by each relevant B Shareholder 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.”~~



Pick n Pay Stores Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the “Company”)

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 7 of the Circular to which this Notice of General Meeting (“**Notice**”) is attached, and of which it forms part, (“**Circular**”) apply throughout this Notice.

NOTICE IS HEREBY GIVEN to Shareholders that a general meeting of Shareholders (“**General Meeting**”) will be held at **08:30** on **Wednesday, 26 June 2024** entirely by electronic communication, as contemplated in the MOI and in section 63(2)(a) of the Companies Act.

Shareholders are reminded that as the General Meeting will be conducted entirely by electronic communication, Shareholders will only be able to access the General Meeting via an electronic facility. More information in this regard is provided in the section entitled “*Action required by Shareholders*” commencing on page 2 of the Circular and under the heading “*Electronic participation*” near the end of this Notice.

If you are in any doubt as to the actions you should take in respect of the General Meeting and/or the Resolutions, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.

PURPOSE

The purpose of the General Meeting is to consider and, if deemed fit, adopt, with or without amendment, the Resolutions set out hereunder.

NOTES

- Only Shareholders who are registered in the Register on **Friday, 21 June 2024** will be entitled to speak and vote at, and participate in, the General Meeting. Therefore, the Last Day to Trade to be eligible to speak and vote at, and participate in, the General Meeting is **Tuesday, 18 June 2024**.
- Shareholders who are entitled to speak and vote at, and participate in, the General Meeting are reminded that they are entitled to appoint a proxy to speak and vote at, and participate in, the General Meeting in place of such Shareholder, provided that in doing so such Shareholder completes the attached Form of Proxy (*grey*), in accordance with the instructions contained therein. In order for the proxy to speak and vote at, and participate in, the General Meeting, the proxy will additionally need to take the steps required in order to access the electronic facility, as provided in the section entitled “*Action required by Shareholders*” commencing on page 2 of the Circular and under the heading “*Electronic participation*” near the end of this Notice.
- In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification, and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to speak and vote at, and participate in, the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver’s licence or a valid passport.
- Before a Shareholder or its proxy will be entitled to speak and vote at, and participate in, the General Meeting, such Shareholder or its proxy must provide the necessary proof of its identification (to the satisfaction of the Transfer Secretaries), as follows:
 - Shareholders or their proxies who register to participate in the General Meeting using the online registration method (described in more detail in the section entitled “*Action required by Shareholders*” commencing on page 2 of the Circular and under the heading “*Electronic participation*” near the end of this Notice), by uploading the relevant documentation via the online registration portal; or
 - Shareholders or their proxies who register to participate in the General Meeting by submitting the written application via email (described in more detail in the section entitled “*Action required by Shareholders*” commencing on page 2 of the Circular and under the heading “*Electronic participation*” near the end of this Notice), by submitting the relevant documentation by email to proxy@computershare.co.za; or
 - Shareholders or their proxies who have applied to Computershare to participate in the General Meeting by delivering the completed participation form to Computershare (described in more detail in the section entitled “*Action required by Shareholders*” commencing on page 2 of the Circular and under the heading “*Electronic participation*” near the end of this Notice), by submitting the relevant documentation by email to proxy@computershare.co.za.

- If the Shareholder is not an individual, the necessary proof of identification of the representative (such as the representative's valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, valid South African driver's licence or valid passport) must be accompanied by a copy of a resolution by the Shareholder which sets out that the representative is authorised to represent the Shareholder at the General Meeting.
- In terms of clause 4 of the B Share Terms, each B Shareholder shall be entitled to exercise one vote for every B Share held and entitled to vote on any particular matter on which Ordinary Shareholders and B Shareholders are entitled to vote.

RECORD DATES

In terms of sections 59(1)(a) and (b) of the Companies Act (and, to the extent relevant, the JSE Listings Requirements), the Board has set the following record dates for the purposes of determining which Shareholders are entitled to:

- receive this Notice (being the date on which a Shareholder must be registered in the Register in order to receive this Notice), which date is **Friday, 17 May 2024**; and
- speak and vote at, and participate in, the General Meeting (being the date on which a Shareholder must be registered in the Register in order to speak and vote at, and participate in, the General Meeting), which date is **Friday, 21 June 2024**.

RESOLUTIONS

Special resolution number 1.1 – Conversion of the authorised Ordinary Shares (whether issued or unissued) from par value to no par value shares (Ordinary Shareholders)

“Resolved as a special resolution that, following the Ordinary Shareholders’ consideration of the board report set out in Annexure 1 to the Circular and subject to the adoption of special resolutions numbers 1.2, 2, 3, 4.1 and 4.2, and in terms of the Companies Act (including regulations 31(5) and 31(6) of the Companies Regulations), each of the Company’s Ordinary Shares with a par value of 1,25 cents (whether issued or unissued) be and is hereby converted, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that conversion is filed with the CIPC as contemplated in section 16(7) of the Companies Act, into an Ordinary Share with no par value, on the basis that each no par value Ordinary Share will have the same rights as each existing par value Ordinary Share.”

Special resolution number 1.2 – Conversion of the authorised Ordinary Shares (whether issued or unissued) from par value to no par value shares (All Shareholders)

“Resolved as a special resolution that, following the Shareholders’ consideration of the board report set out in Annexure 1 to the Circular and subject to the adoption of special resolutions numbers 1.1, 2, 3, 4.1 and 4.2, and in terms of the Companies Act (including regulations 31(5) and 31(6) of the Companies Regulations), each of the Company’s Ordinary Shares with a par value of 1,25 cents (whether issued or unissued) be and is hereby converted, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that conversion is filed with the CIPC as contemplated in section 16(7) of the Companies Act, into an Ordinary Share with no par value, on the basis that each no par value Ordinary Share will have the same rights as each existing par value Ordinary Share.”

For the avoidance of doubt, it is noted that special resolution number 1.1 will be a resolution of holders of Ordinary Shares only (being the class being converted) and special resolution number 1.2 will constitute “a further special resolution adopted by a meeting of the company’s shareholders called for that purpose”, as contemplated by regulations 31(6)(b)(i) and (ii) of the Companies Regulations.

In addition, as special resolutions numbers 1.1 and 1.2 constitutes an amendment to the MOI, and article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class special resolution of the B Shares, the adoption of such resolutions will also be subject to the passing of special resolution number 4.2.

Threshold:

In order for special resolution number 1.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Ordinary Shareholders. Only the votes exercised by the Ordinary Shareholders (whether present in person or represented by proxy, at the General Meeting) will be taken into account for the purposes of determining whether special resolution number 1.1 has been adopted by the requisite majority as envisaged in regulation 31(6)(b)(i) of the Companies Regulations.

In order for special resolution number 1.2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

Reason and effect:

The reason for special resolutions numbers 1.1 and 1.2 is that the Companies Regulations restrict the ability of a company to create new par value shares and only provide for the creation of new no par value shares. Accordingly, given that all the unissued Ordinary Shares are par value shares and given the proposal in special resolution number 2 to increase the Company’s existing authorised Ordinary Shares, the Board proposes special resolutions numbers 1.1 and 1.2 (as required in terms of regulation 31(6)(b) of the Companies Regulations) to convert the existing authorised Ordinary Shares (issued and unissued) from par value Ordinary Shares of 1,25 cents each to no par value Ordinary Shares, such that all authorised and issued Ordinary Shares of the Company will be no par value Ordinary Shares.

The effect of adopting special resolutions numbers 1.1 and 1.2 is that, subject to the adoption of special resolutions numbers 2, 3, 4.1 and 4.2, the Company’s authorised Ordinary Shares (issued and unissued) will be converted from authorised Ordinary Shares of 1,25 cents each into authorised Ordinary Shares of no par value.

Special resolution number 2 – Increase of authorised Ordinary Shares by the creation of additional Ordinary Shares

“Resolved as a special resolution that, subject to the adoption of special resolutions numbers 1.1, 1.2, 3, 4.1 and 4.2, and in terms of, inter alia, section 36(2)(a) read with section 16(1)(c) of the Companies Act, the authorised Ordinary Shares of the Company be and are hereby increased from 800 000 000 Ordinary Shares to 10 000 000 000 Ordinary Shares, by the authorisation of an additional 9 200 000 000 Ordinary Shares, ranking pari passu in every respect with the Ordinary Shares, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that increase is filed with the CIPC as contemplated in section 16(7) of the Companies Act.”

Threshold:

In order for special resolution number 2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

In addition, as special resolution number 2 constitutes an amendment to the MOI, and article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class special resolution of the B Shares, the adoption of such resolution will also be subject to the passing of special resolution number 4.2.

Reason and effect:

The reason for special resolution number 2 is to ensure that the Company has sufficient authorised but unissued Ordinary Shares to implement the Rights Offer. An additional reason for special resolution number 2 is that an increase in the Company's authorised Ordinary Share capital would provide the Company with additional headroom for any potential future share issues which the Company may require, whether for capital raises, share incentive schemes or otherwise, subject to any requisite authorisations and approvals being obtained. However, Shareholders are advised that, as set out in detail in paragraph 4.1 of the Circular, the Company will, at the AGM, propose resolutions to normalise the authorised share capital post implementation of the Rights Offer in the manner outlined in paragraphs 4.1 and 4.2 of the Circular.

The effect of adopting special resolution number 2 is that subject to the adoption of special resolutions numbers 1.1, 1.2, 3, 4.1 and 4.2, the Company's authorised Ordinary Shares will be increased to 10 000 000 000 Ordinary Shares of no par value, to be used as required for purposes of the Rights Offer.

Special resolution number 3 – Increase of authorised B Shares by the creation of additional B Shares

“Resolved as a special resolution that, subject to the adoption of special resolutions numbers 1.1, 1.2, 2, 4.1 and 4.2, and in terms of, inter alia, section 36(2)(a) read with section 16(1)(c) of the Companies Act, the authorised B Shares of the Company be and are hereby increased from 1 000 000 000 B Shares to 5 300 000 000 B Shares, by the authorisation of an additional 4 300 000 000 B Shares, ranking pari passu in every respect with the B Shares, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that increase is filed with the CIPC as contemplated in section 16(7) of the Companies Act.”

Threshold:

In order for special resolution number 3 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders). In addition, as special resolution number 3 constitutes an amendment to the MOI, and article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class special resolution of the B Shares, the adoption of such resolution will also be subject to the passing of special resolution number 4.2.

Reason and effect:

The reason for special resolution number 3 is to ensure that the Company has sufficient authorised but unissued B Shares, to be issued pursuant to the Rights Offer, as described in paragraph 4.2 and 10.5 of the Circular.

The effect of adopting special resolution number 3 is that subject to the adoption of special resolutions numbers 1.1, 1.2, 2, 4.1 and 4.2, the Company's authorised B Shares will be increased to 5 300 000 000 B Shares, to be used as required for purposes of the Rights Offer.

Special resolution number 4.1 – Approval of MOI Share Capital Amendments (all Shareholders)

“Resolved as a special resolution that, subject to the adoption of special resolutions numbers 1.1, 1.2, 2, 3 and 4.2, and in terms of, inter alia, section 16(1)(c) read with section 16(5)(b) of the Companies Act:

- (i) *the MOI be amended, with effect from the date on, and time at, which the notice of that amendment is filed with the CIPC, by the additions to, and deletions from, the MOI set out in Annexure 2 to the Circular, entailing the:*
 - a. *substitution in article 7.1.1 of the MOI of the:*
 - i. *number and words “800 000 000 (eight hundred million)” for the number and words “10 000 000 000 (ten billion)”;*
 - ii. *words “a par value of 1,25 (one comma two five) cents each” with the words “no par value”;*
 - b. *substitution in article 7.1.2 of the MOI of the number and words “1 000 000 000 (one billion)” for the number and words “5 300 000 000 (five billion three hundred million)”;*
 - c. *deletion in its entirety of article 7.3 of the MOI given that it is no longer relevant and as a consequence of the Ordinary Share conversion;*
- (ii) *the Company Secretary be and is hereby authorised, should he so elect, to file a consolidated revision of the MOI with the CIPC.”*

Special resolution number 4.2 – Approval of MOI Share Capital Amendments (B Shareholders)

“Resolved as a special resolution of the B Shareholders that, subject to the adoption of special resolutions numbers 1.1, 1.2, 2, 3 and 4.1, and in terms of article 5 of the MOI, the amendments to the MOI arising from and necessary to give effect to special resolutions 1.1, 1.2, 2, 3 and 4.1 be and are hereby approved.”

Threshold:

In order for special resolution number 4.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

In order for special resolution number 4.2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the B Shareholders. Only the votes exercised by the B Shareholders (whether present in person or represented by proxy, at the General Meeting) will be taken into account for the purposes of determining whether special resolution number 4.2 has been adopted by the requisite majority.

Reason and effect:

The reason for and effect of special resolutions numbers 4.1 and 4.2 is to amend the MOI to:

- (i) give effect to and reflect the conversion of the Company’s authorised Ordinary Shares (whether issued or unissued) to no par value Ordinary Shares as contemplated in special resolutions numbers 1.1 and 1.2;
- (ii) give effect to and reflect the increase in the authorised Ordinary Shares of the Company, as contemplated in special resolution number 2; and
- (iii) give effect to and reflect the increase in the authorised B Shares of the Company, as contemplated in special resolution number 3.

An additional reason for special resolution number 4.2 is that article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class resolution of the B Shares and special resolution numbers 1.1, 1.2, 2, 3 and 4.1 constitute and are given effect to by an amendment of the MOI.

Special resolution number 5.1 – Approval of MOI B Share Terms Amendments (all Shareholders)

“Resolved as a special resolution that, subject to the adoption of special resolution number 5.2, and in terms of, *inter alia*, section 16(1) (c) read with section 16(5)(b) of the Companies Act:

- (i) the MOI be amended, with effect from the date on, and time at, which the notice of that amendment is filed with the CIPC, by the additions to, and deletions from, the MOI set out in Annexure 2 to the Circular, entailing the amendment of clauses 1.1.3, 9.2, 9.3.1 and 9.3.2 of Annexure D to the MOI by replacing it with the revised clauses 1.1.3, 9.2, 9.3.1 and 9.3.2 set out in Annexure 2 to the Circular; and
- (ii) the Company Secretary be and is hereby authorised, should he so elect, to file a consolidated revision of the MOI with the CIPC.”

Special resolution number 5.2 – Approval of MOI B Share terms Amendments (B Shareholders)

“Resolved as a special resolution of the B Shareholders that, subject to the adoption of special resolution number 5.1, and in terms of article 5 of the MOI and clause 5 of Annexure D to the MOI, the amendments to the MOI arising from and necessary to give effect to special resolutions 5.1 be and is hereby approved.”

Threshold:

In order for special resolution number 5.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

In order for special resolution number 5.2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the B Shareholders. Only the votes exercised by the B Shareholders (whether present in person or represented by proxy, at the General Meeting) will be taken into account for the purposes of determining whether special resolution number 5.2 has been adopted by the requisite majority.

Reason and effect:

The reason for and effect of special resolutions numbers 5.1 and 5.2 is to amend the MOI to allow greater flexibility with regard to “Adjustment Events” (including the Rights Offer), more specifically that, with the approval of B Shareholders by way of a special resolution, the ratio of B Shares to Stapled Ordinary Shares can be reduced (i.e. a holding of less than 1.98061 (one point nine eight zero six one) B Shares for every 1 (one) Stapled Ordinary Share).

An additional reason for special resolution number 5.2 is that article 5 of the MOI and clause 5 of Annexure D to the MOI provides that any amendment to the MOI requires the approval of a separate class resolution of the B Shares and special resolution numbers 5.1 and 5.2 constitute and are given effect to by an amendment of the MOI.

Special resolution number 6.1 – Approval of MOI Director Rotation Amendments (all Shareholders)

“Resolved as a special resolution that, subject to the adoption of special resolution number 6.2, and in terms of, inter alia, section 16(1)(c) read with section 16(5)(b) of the Companies Act:

- (i) the MOI be amended, with effect from the date on, and time at, which the notice of that amendment is filed with the CIPC, by the additions to, and deletions from, the MOI set out in Annexure 2 to the Circular, entailing the amendment of article 22.2 by replacing it with the revised article 22.2 set out in Annexure 2 to the Circular; and*
- (ii) the Company Secretary be and is hereby authorised, should he so elect, to file a consolidated revision of the MOI with the CIPC.”*

Special resolution number 6.2 – Approval of MOI Director Rotation Amendments (B Shareholders)

“Resolved as a special resolution of the B Shareholders that, subject to the adoption of special resolution number 6.1, and in terms of article 5 of the MOI, the amendments to the MOI arising from and necessary to give effect to special resolution 6.1 be and are hereby approved.”

Threshold:

In order for special resolution number 6.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

In order for special resolution number 6.2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the B Shareholders. Only the votes exercised by the B Shareholders (whether present in person or represented by proxy, at the General Meeting) will be taken into account for the purposes of determining whether special resolution number 6.2 has been adopted by the requisite majority.

Reason and effect:

The reason for and effect of special resolutions numbers 6.1 and 6.2 is to amend the MOI to revise article 22.2 of the MOI relating to rotation of Directors for the reasons set out in paragraph 4.5 of the Circular as set out in **Annexure 2** to the Circular.

An additional reason for special resolution number 6.2 is that article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class resolution of the B Shares and special resolution number 6.1 constitutes and is given effect to by an amendment of the MOI.

Special resolution number 7 – Authorisation to issue Shares pursuant to the Rights Offer with voting power equalling or exceeding 30% of the voting power of existing Shares and Letters of Allocation in relation to the Rights Offer Shares

“Resolved as a special resolution that, subject to the adoption of special resolutions numbers 1.1, 1.2, 2, 3, 4.1 and 4.2, and in terms of section 41(3) of the Companies Act (to the extent applicable) read with article 8 of the MOI, the Board be and is hereby authorised to allot and issue such number of Ordinary Shares (and Letters of Allocation in relation thereto), and, to the extent required in terms of the MOI, B Shares, in the authorised but unissued Share capital of the Company as are required pursuant to and for the purposes of the Rights Offer (including any issue of B Shares to the extent required in terms of the MOI), even if such number of: (i) Ordinary Shares have voting power equal to or in excess of 30% of the voting rights of all the Ordinary Shares immediately prior to such issue; or (ii) B Shares have voting power equal to or in excess of 30% of the voting rights of all the B Shares immediately prior to such issue.”

Threshold:

In order for special resolution number 7 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by Shareholders (including the B Shareholders).

Reason and effect:

The reason for special resolution number 7 is to authorise the issue of Ordinary Shares (and Letters of Allocation in relation thereto) (and, if applicable, in terms of the MOI, B Shares) which have voting rights equal to or in excess of 30% of the voting rights of all Shares immediately prior to the issue, to the extent required for the purposes of implementing the Rights Offer.

The effect of special resolution number 7 is to authorise the Board, in terms of section 41(3) of the Companies Act, to issue Ordinary Shares (and Letters of Allocation in relation thereto) (and, if applicable, in terms of the MOI, B Shares) which have voting rights equal to or in excess of 30% of the voting rights of all Ordinary Shares immediately prior to the issue, to the extent required for the purposes of implementation of the Rights Offer.

VOTING

As the General Meeting will cater for electronic participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, to allow the voting preferences of all Shareholders to be taken into account, all voting will be conducted by way of poll through the electronic facility provided. Shareholders will have one vote in respect of each Share held. More information in this regard is provided in the section entitled “Action required by Shareholders” commencing on page 2 of the Circular and under the heading “Electronic participation” near the end of this Notice.

Although voting will be permitted by way of electronic communication at the General Meeting, Shareholders are encouraged to, for administrative ease, make use of proxies for purposes of voting at the General Meeting in accordance with the instructions contained in the Form of Proxy (grey).

QUORUM

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present in person and entitled to vote on the Resolutions. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of the Resolutions; and
- the Resolutions may not begin to be considered unless those who fulfilled the quorum requirements continue to be present.

CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

A Certificated Shareholder or Own-Name Dematerialised Shareholder or its proxy may speak and vote at, and participate in, the General Meeting by registering to do so in the manner provided in the section entitled “*Action required by Shareholders*” commencing on page 2 and the “*Electronic participation*” section below.

Alternatively, a Certificated Shareholder or Own-Name Dematerialised Shareholder may appoint one or more proxies to represent it at the General Meeting by completing the attached Form of Proxy (*grey*) in accordance with the instructions contained therein. The Certificated Shareholder’s or Own-Name Dematerialised Shareholder’s proxy may then speak and vote at, and participate in, the General Meeting if the proxy registers to do so in the manner provided in the section entitled “*Action required by Shareholders*” commencing on page 2 and the “*Electronic participation*” section below.

For the purpose of effective administration, it is requested that the Form of Proxy (*grey*) be lodged with, emailed to or posted to the Transfer Secretaries, to the addresses provided below, so as to reach the Transfer Secretaries by no later than **08:30 on Monday, 24 June 2024**:

Hand deliveries to:

Computershare Investor Services Proprietary Limited
First Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

Postal deliveries to:

Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold, 2132
South Africa

Email deliveries to:

proxy@computershare.co.za

If a Certificated Shareholder or Own-Name Dematerialised Shareholder does not lodge, email or post the Form of Proxy (*grey*) to reach the Transfer Secretaries by **08:30 on Monday, 24 June 2024**, the Shareholder will nevertheless be entitled to email the Form of Proxy (*grey*) to the Transfer Secretaries at proxy@computershare.co.za so as to reach them prior to the time of commencement of the General Meeting.

DEMATERIALISED SHAREHOLDERS OTHER THAN OWN-NAME DEMATERIALISED SHAREHOLDERS

A beneficial owner of Shares which has Dematerialised its Shares, other than a Dematerialised Own-Name Shareholder should note the following:

- its CSDP or Broker should contact it to ascertain how it wishes to cast its vote (or to ascertain whether it wishes to abstain from casting its vote) at the General Meeting, and thereafter cast its vote (or abstain from casting its vote) in accordance with those instructions;
- if it has not been contacted by its CSDP or Broker, it is advisable that it contact its CSDP or Broker and furnish it with its voting instructions; and
- if its CSDP or Broker does not obtain voting instructions from it, the CSDP or Broker should vote in accordance with the instructions contained in the mandate agreement between the beneficial owner and the CSDP or Broker.

In accordance with the mandate agreement with its CSDP or Broker, a beneficial owner of Shares which has Dematerialised its Shares, other than a Dematerialised Own-Name Shareholder must advise its CSDP or Broker if it wishes to speak and vote at, and participate in, the General Meeting itself or through a proxy. If it does so, its CSDP or Broker should issue the necessary letter of representation to it or its proxy to speak and vote at, and participate in, the General Meeting. In order to speak and vote at, and participate in, the General Meeting, the beneficial owner or proxy will additionally need to take the steps required in order to access the electronic facility, as provided in the section entitled “*Action required by Shareholders*” commencing on page 2 and the “*Electronic participation*” section below.

ELECTRONIC PARTICIPATION

Shareholders or their proxies who wish to speak and vote at, and participate in, the General Meeting via electronic communication must follow the instructions for registration, attendance and participation set out below.

The Company is pleased to offer Shareholders or their proxies an online facility for attendance, participation and voting via Lumi Global at <https://web.lumiconnect.com/132868207>.

Shareholders or their proxies who wish to participate in the General Meeting via electronic communication are required to register by no later than **08:30 on Monday, 24 June 2024**:

- **online** by using the online registration portal at <https://smartagm.co.za> to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or
- **by email** by making a written application to participate via electronic communication to proxy@computershare.co.za to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or
- **by applying** to Computershare by delivering the duly completed participation form (which can be requested from the Transfer Secretaries at proxy@computershare.co.za):
 - by hand to First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; or
 - by post to Private Bag X9000, Saxonwold, 2132, South Africa (at the risk of the Shareholder or proxy); or
 - by email to: proxy@computershare.co.za.

Lumi Global will, by email, inform Shareholders or their proxies (who duly notified Computershare) of the relevant details through which Shareholders or their proxies can attend and participate in the General Meeting electronically, by no later than **17:00 on Tuesday, 25 June 2024**.

Shareholders or their proxies wishing to speak and vote at, and participate in, the General Meeting electronically may still register online after the above date and time, provided, however, that for those Shareholders or their proxies to speak and vote at, and participate in, the General Meeting, they must first be registered and verified (as required in terms of section 63(1) of the Companies Act) before the commencement of the General Meeting. Computershare will first validate such requests and confirm the identity of the Shareholder or proxy in terms of section 63(1) of the Companies Act. If the request is validated, further details will be provided to the Shareholder or proxy on using the electronic facility to participate electronically in the General Meeting.

While the Company will bear all costs for hosting the General Meeting by way of the electronic facility, the cost of electronic participation in the General Meeting is for the expense of the participant and will be billed separately by the participant's own service provider. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use of possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the General Meeting.

The electronic facilities will permit all participants at the General Meeting to communicate concurrently, without an intermediary, and to participate reasonably effectively in the General Meeting. Shareholders who wish to participate electronically in and/or vote at the General Meeting are required to follow the instructions and relevant prompts provided in the Notice of General Meeting. The Company cannot guarantee there will not be a break in electronic communication that is beyond its control and therefore the JSE, the Transfer Secretaries or any third-party service provider appointed in order to facilitate the General Meeting by electronic means cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, mobile data, internet connectivity, internet bandwidth and/or power outages which prevents any Shareholder from participating in and/or voting at the General Meeting.

By order of the Board

PICK N PAY STORES LIMITED

VAUGHAN PIERCE
Company Secretary

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director in accordance with a round robin resolution of the Board signed by each and every Director)

27 May 2024

Registered Office:

101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
First Floor Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa
Private Bag X9000, Saxonwold, 2132, South Africa)



Pick n Pay Stores Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the “Company”)

FORM OF PROXY (GREY)

The definitions and interpretations commencing on page 7 of the Circular to which this Form of Proxy (*grey*) (“**Form**”) is attached, and of which it forms part, (“**Circular**”) apply throughout this Form.

FOR USE BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALIZED SHAREHOLDERS

For completion by Certificated Shareholders and Own-Name Dematerialised Shareholders at the General Meeting of the Company to be conducted entirely by electronic communication, as contemplated in the MOI and permitted by section 63(2)(a) of the Companies Act on **Wednesday, 26 June 2024**, and any adjournment or postponement thereof (“**General Meeting**”).

Each Certificated Shareholder and Own-Name Dematerialised Shareholder is entitled to appoint a proxy (who need not be a Shareholder) to speak and vote at, and participate in, the General Meeting in place of that Shareholder. Please read the notes to this Form of Proxy (*grey*) below.

Note: If your Dematerialised Shares are held through a CSDP or Broker, and you have not provided the nominee with a general mandate to act on your behalf at shareholder meetings, and you want to participate in the electronic General Meeting in person, please contact your CSDP or Broker.

Note that voting will be performed by way of a poll so each validated Shareholder or proxy will be entitled to vote.

I/We _____ (block letters)
(the registered Shareholder)

I/We _____ (block letters)
(the beneficial Shareholder – insert details of beneficial Shareholder only if different to the registered Shareholder)

of _____ (address)

Telephone (work) _____ (mobile) _____

being the holder(s) of (insert number of Ordinary Shares or B Shares) _____ [Ordinary Shares or B Shares]

in the Company, do hereby appoint (*refer to note 1*)

1. _____ or failing him/her

2. _____ or failing him/her

the Chairperson of the General Meeting,

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, with or without modification, the Resolutions to be proposed thereat and at any adjournment or postponement thereof, and to vote for or against the Resolutions and/or abstain from voting, in respect of the Shares registered in my/our name(s) in accordance with the instructions set out on the reverse side hereof.

Please indicate the instructions to your proxy with an “X” in the spaces provided below. In the absence of such indication, the proxy will be entitled to exercise his/her discretion in voting. If you wish to cast your votes in respect of a lesser number of Shares than you own in the Company, insert the number of Shares held in respect of which you wish to vote (*refer to note 3*).

	For	Against	Abstain
Special resolution number 1.1: Conversion of the authorised Ordinary Shares (whether issued or unissued) from par value to no par value shares (Ordinary Shareholders) <i>(To be voted on by Ordinary Shareholders only)</i>			
Special resolution number 1.2: Conversion of the authorised Ordinary Shares (whether issued or unissued) from par value to no par value shares (All Shareholders) <i>(To be voted on by all the Shareholders)</i>			
Special resolution number 2: Increase of authorised Ordinary Shares by the creation of additional Ordinary Shares <i>(To be voted on by all the Shareholders)</i>			
Special resolution number 3: Increase of authorised B Shares by the creation of additional B Shares <i>(To be voted on by all the Shareholders)</i>			
Special resolution number 4.1: Approval of MOI Share Capital Amendments (All Shareholders) <i>(To be voted on by all the Shareholders)</i>			
Special resolution number 4.2: Approval of MOI Share Capital Amendments (B Shareholders) <i>(To be voted on by B Shareholders only)</i>			
Special resolution number 5.1: Approval of MOI B Share Terms Amendments (All Shareholders) <i>(To be voted on by all the Shareholders)</i>			
Special resolution number 5.2: Approval of MOI B Share Terms Amendments (B Shareholders) <i>(To be voted on by B Shareholders only)</i>			
Special resolution number 6.1: Approval of MOI Director Rotation Amendments (All Shareholders) <i>(To be voted on by all the Shareholders)</i>			
Special resolution number 6.2: Approval of MOI Director Rotation Amendments (B Shareholders) <i>(To be voted on by B Shareholders only)</i>			
Special resolution number 7: Authorisation to issue Shares pursuant to the Rights Offer with voting power equalling or exceeding 30% of the voting power of existing Shares (and renounceable letters of allocation in relation to the Rights Offer Shares) <i>(To be voted on by all the Shareholders)</i>			

I give permission to my CSDP to disclose to the Company how my votes have been cast, should the Company request such information from my CSDP. Yes

Please note: if an “X” is not inserted into the box, it will be taken that permission has been declined and that the CSDP will not be permitted to disclose to the Company how the votes have been cast.

Signed at _____ on _____ 2024

Signature _____

Authority of signatory to be attached if applicable (*refer to note 7*)

Assisted by (where applicable – *refer to note 9*) _____ Telephone _____

Please read the notes on the next page.

SUMMARY OF SHAREHOLDER'S RIGHTS IN RESPECT OF PROXY APPOINTMENTS

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

- This 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, to speak and vote at, and participate in, the General 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 Form.
- This Form must be delivered to the Transfer Secretaries, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a Shareholder at the General Meeting.
- The appointment of your proxy 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 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 Transfer Secretaries. Please note that 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 Transfer Secretaries and the proxy as aforesaid.
- If this Form has been delivered to the Transfer Secretaries, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to you will be delivered by the Transfer Secretaries to you or your proxy, 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 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 six months, whichever is shortest, unless it is revoked by you before then on the basis set out above. This 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 as modified or amended, including any such modified or amended Resolution to be voted on at any adjourned or postponed General Meeting to which the proxy relates, unless the proxy is revoked before the adjourned or postponed General Meeting.

Notes:

1. The person whose name stands first on the 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 Chairperson shall be deemed to be appointed as the proxy to vote or abstain as the Chairperson 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, this Form will be deemed to authorise the proxy to vote or to abstain from voting at the 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. Forms must be lodged with, emailed to or posted to the Transfer Secretaries, to the addresses provided below:
 - Hand deliveries to: Computershare Investor Services Proprietary Limited: First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa;
 - Postal deliveries to: Computershare Investor Services Proprietary Limited: Private Bag X9000, Saxonwold, 2132, South Africa; and
 - Email: proxy@computershare.co.za.
6. For the purpose of effective administration, it is requested that the Form be lodged with, emailed to or posted to the Transfer Secretaries, so as to reach the Transfer Secretaries at or before **08:30 on Monday, 24 June 2024**, although the Form may be emailed to the Transfer Secretaries at proxy@computershare.co.za at any time prior to the commencement of the General Meeting.
7. Documentary evidence establishing the authority of a person signing this Form in a representative capacity must be attached to this Form unless previously recorded by the Company Secretary or waived by the Chairperson 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 sub-register voting on instructions from beneficial owners of Shares registered in the Company's 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, together with this Form.
8. Any alteration or correction made to this Form must be initialled by the signatory/ies but will only be validly made if such alteration or correction is accepted by the Chairperson 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.