

THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of the Circular apply, *mutatis mutandis*, to this front cover.

Action required

- If you are in any doubt as to what action you should take arising from the Circular, please consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Shoprite Holdings Shares, please forward the Circular to the purchaser of such Shoprite Holdings Shares or to the broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
- Shoprite Holdings Shareholders are referred to page 1 of the Circular, which sets out the action required by them.

Shoprite Holdings does not accept responsibility, and will not be held liable for any action of or omission by, any CSDP or broker including, without limitation, any failures on the part of the CSDP or the broker of any beneficial owner of Shoprite Holdings Shares to notify such beneficial owner of the contents of the Circular.



Shoprite Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP NSX share code: SRH
LuSE share code: SHOPRITE
ISIN: ZAE00012084

Circular to Shoprite Holdings Shareholders

regarding

- **the Specific Repurchase of 8 683 327 Shoprite Holdings Ordinary Shares from Bassgro Proprietary Limited;**

and incorporating

- **a notice convening a General Meeting; and**
- **a form of proxy (for use by holders of Certificated Shares and Dematerialised Shares with "own-name" registration only) in respect of the General Meeting.**

Corporate Advisor and Sponsor



Independent Expert



Attorneys



Date of issue: 7 August 2017

Corporate information and advisors

Secretary and registered office

Mr PG du Preez
Corner William Dabs and Old Paarl Roads
Brackenfell, 7560
South Africa
(PO Box 215, Brackenfell, 7561)

Corporate Advisor and Sponsor

Nedbank Corporate and Investment Banking
a division of Nedbank Limited
(Registration number 1951/000009/06)
3rd Floor, Corporate Place
135 Rivonia Road
Sandton, 2196
South Africa
(PO Box 1144, Johannesburg, 2000)

Attorneys

Werksmans Attorneys
2nd Floor, Block B
De Wagenweg Office Park
Stellentia Avenue
Stellenbosch, 7600

Namibian Transfer Secretaries

Transfer Secretaries Proprietary Limited
(Registration number 93/731)
4 Robert Mugabe Street
Windhoek
Namibia
(PO Box 2401, Windhoek, Namibia)

Date of incorporation: 26 February 1936

Place of incorporation: Pretoria, South Africa

Independent Expert

Rand Merchant Bank, a division of FirstRand Bank Limited
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
(PO Box 786273, Sandton, 2146)

South African Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa
(PO Box 61051, Marshalltown, 2107)

Zambian Transfer Agent

Spectrum Corporate Services Limited
(Trading as ShareTrack Zambia)
Farmers House, Central Park
1st Floor, Main Building
Cairo Road
Lusaka
Zambia
(PO Box 37283, Lusaka, Zambia)

Action required by Shoprite Holdings Shareholders

The definitions and interpretations commencing on page 5 of the Circular apply, *mutatis mutandis*, to this "Action required by Shoprite Holdings Shareholders" section.

Please take careful note of the following provisions regarding the action required by Shoprite Holdings Shareholders:

1. If you are in any doubt as to what action you should take arising from the Circular, please consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately.
2. If you have disposed of all of your Shoprite Holdings Shares, please forward the Circular to the purchaser of such Shoprite Holdings Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
3. The Circular contains information relating to the Specific Repurchase. You should carefully read through the Circular and decide how you wish to vote on the resolutions to be proposed at the General Meeting.
4. **General Meeting**

4.1 Notice of General Meeting

The notice convening the General Meeting to approve the Specific Repurchase is attached to the Circular. The General Meeting will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Tuesday, 5 September 2017 at 09:00 (South African time).

4.2 If you hold Dematerialised Shares

4.2.1 "Own-name" registration

You are entitled to attend in person, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting but wish to be represented thereat, it is recommended that you complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries or the Company secretary by no later than 09:00 (South African time) on Friday, 1 September 2017:

Hand deliveries to:

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

The Company Secretary
Corner William Dabs and Old Paarl Roads
Brackenfell, 7560
Facsimile: +27 (0) 21 980 4468

Postal deliveries to:

Computershare Investor Services
Proprietary Limited
PO Box 61051
Marshalltown, 2107

The Company Secretary
PO Box 215
Brackenfell, 7560
Email address: cosec@shoprite.co.za

4.2.2 Other than "own-name" registration

In accordance with the mandate between you and your CSDP or broker you must advise your CSDP or broker timeously if you wish to attend, or be represented at, the General Meeting. If your CSDP or broker has not contacted you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it.

You must **not** complete the attached form of proxy.

4.3 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting, but wish to be represented thereat, it is recommended that you complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries or the Company secretary, by no later than 09:00 (South African time) on Friday, 1 September 2017:

Hand deliveries to:

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

The Company Secretary
Corner William Dabs and Old Paarl Roads
Brackenfell, 7560
Facsimile: +27 (0) 21 9804468

Postal deliveries to:

Computershare Investor Services
Proprietary Limited
PO Box 61051
Marshalltown, 2107

The Company Secretary
PO Box 215
Brackenfell, 7560
Email address: cosec@shoprite.co.za

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Salient dates and times

The definitions and interpretations commencing on page 5 of the Circular apply, *mutatis mutandis*, to this "Salient dates and times" section:

2017

Record date to determine which Shoprite Holdings Shareholders are eligible to receive the Circular together with the Notice of General Meeting	Friday, 28 July
Circular posted to Shareholders and announcement on SENS on	Monday, 7 August
Last day to trade to be entitled to attend, participate and vote at the General Meeting	Tuesday, 22 August
Financial results for the year ended 30 June 2017 released on SENS on	Tuesday, 22 August
Record date to be entitled to attend, participate and vote at the General Meeting	Friday, 25 August
Recommended day to lodge forms of proxy in respect of the General Meeting to be received by 09:00 on	Friday, 1 September
General Meeting to be held at 09:00 on	Tuesday, 5 September
Results of General Meeting to be released on SENS on	Tuesday, 5 September
Cancellation and delisting of the Put Option Shares on or about	Tuesday, 12 September

Notes:

1. All times indicated above are South African times.
2. These dates and times are subject to amendment. Any such amendment will be released on SENS.
3. The Circular is available in English only. Copies may be obtained from the registered office of Shoprite Holdings or from Nedbank Corporate and Investment Banking at the address set out in the "Corporate information and advisors" section of the Circular, or on the Company's website, www.shopriteholdings.co.za, from 7 August 2017 until the date of the General Meeting.

Definitions and interpretations

In the Circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other gender, and an expression denoting natural persons shall include juristic persons and associations of persons:

"Bassgro"	Bassgro Proprietary Limited (Registration number 1986/004042/07), a private company incorporated in South Africa, of which Dr J.W. Basson is an executive director and a related party;
"Board" or "Directors"	the directors of Shoprite Holdings whose names are reflected on page 8 of the Circular;
"Business Day"	a day other than a Saturday, Sunday or official public holiday in South Africa;
"Certificated Shareholder(s)"	Shoprite Holdings Shareholder(s) who hold Certificated Share(s);
"Certificated Share(s)"	Shoprite Holdings Share(s) represented by a Share certificate(s) or other physical Document(s) of Title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
"Certificated Ordinary Share(s)"	Ordinary Shares(s) represented by a Share certificate(s) or other physical Document(s) of Title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
"the Circular"	this circular dated Monday, 7 August 2017 including the Notice of General Meeting and the form of proxy;
"Companies Act"	the Companies Act, 71 of 2008, as amended;
"Companies Regulations"	the Companies Regulations, 2011 in terms of the Companies Act, to regulate matters relating to companies;
"CSDP"	a participant as defined in section 1 of the Financial Markets Act, authorised by a licensed central securities depository as a participant in that central securities depository in terms of the depository rules as contemplated in section 31 of the Financial Markets Act;
"CTC"	Contributed Tax Capital, a tax concept of capital, and as defined in the Income Tax Act, 58 of 1962, as amended;
"Deed of Amendment"	the deed of amendment entered into between Bassgro and Shoprite Holdings on 1 August 2017, in terms whereof the purchase price payable per Put Option Share in terms of the Sale Agreement was reduced to R201.07;
"Deferred Shares"	non-convertible, non-participating, no par value deferred shares in the share capital of the Company, having the rights, limitations and other terms contemplated in the MOI;
"Dematerialised Ordinary Shares"	Ordinary Share(s) that have been dematerialised through a CSDP or broker and are held on the sub-register of Shareholders administered by CSDPs in electronic form;
"Dematerialised Shareholder(s)"	Shoprite Holdings Shareholder(s) that have dematerialised their Shoprite Holdings Share(s) through a CSDP and have instructed the CSDP to hold their Shoprite Holdings Share(s) on the sub-register maintained by the CSDP and forming part of the Shoprite Holdings Share register;
"Dematerialised Share(s)"	Shoprite Holdings Share(s) that have been dematerialised through a CSDP or broker and are held on the sub-register of Shareholders administered by CSDPs in electronic form;
"Dr Basson"	Dr J.W. Basson, a non-executive Director of Shoprite Holdings and a director and an indirect shareholder of Bassgro;

"Document(s) of Title"	Share certificate(s), transfer deed(s) or form(s), balance receipt(s) or any other document(s) of title acceptable to Shoprite Holdings in respect of Certificated Shareholder(s);
"Fairness Opinion"	the fairness opinion expressed by the Independent Expert as to whether the Specific Repurchase has been concluded at a fair value to Shareholders as required by and in compliance with the Listings Requirements, a copy of which is included in Annexure 1 to the Circular;
"Financial Markets Act"	the Financial Market Act, 19 of 2012, as amended;
"General Meeting"	the general meeting of Shoprite Holdings Shareholders to be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Tuesday, 5 September 2017 at 09:00 (South African time) to consider and, if deemed appropriate, approve the Specific Repurchase;
"Group"	Shoprite Holdings and all its subsidiaries (as defined in the Companies Act);
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company registered and incorporated in South Africa and licensed under the Financial Markets Act, to operate as an exchange;
"Last Practicable Date"	the last practicable date prior to the finalisation of the Circular, being 1 August 2017;
"Listings Requirements"	the JSE Listings Requirements, as amended from time to time;
"Middle Market Price"	the middle market price of the Shoprite Holdings Shares on the date of exercise of the Put Option on Tuesday, 2 May 2017, being R210.77 per Ordinary Share;
"MOI"	the memorandum of incorporation of Shoprite Holdings;
"Notice of General Meeting"	the notice convening the General Meeting forming part of the Circular;
"Ordinary Share(s)" or "Shoprite Holdings Ordinary Share(s)"	ordinary share(s) with a par value of 113.4 cents each in the Share capital of Shoprite Holdings;
"Ordinary Shareholders"	the holders of Ordinary Shares;
"Put Option"	the rights granted to Dr Basson in terms of an employment agreement concluded between Shoprite Holdings and Dr Basson in December 2003, whereby Dr Basson is entitled to put Ordinary Shares held either directly or indirectly by him to Shoprite Holdings whilst still in the employ of Shoprite Holdings and in terms whereof Shoprite Holdings is obliged to repurchase such Ordinary Shares at the Middle Market Price on the date of exercise of those rights subject to amongst others, the approval thereof by Shareholders;
"Put Option Shares"	8 683 327 Ordinary Shares;
"Rand" or "R"	South Africa Rand, the official currency of South Africa;
"Repurchase Price"	R1 745 956 559.89;
"RMB" or "Independent Expert"	Rand Merchant Bank, a division of FirstRand Bank Limited (Registration number 1929/001225/06), a public company incorporated and registered in South Africa and the independent expert appointed by the Board to provide a Fairness Opinion for the purposes of paragraph 5.69(e) of the Listings Requirements;
"Sale Agreement"	the sale agreement that came into being, but remained subject to certain conditions precedent, between Bassgro and Shoprite Holdings when Dr Basson exercised his right in terms of the Put Option on 2 May 2017 and in terms whereof Bassgro sold and Shoprite Holdings purchased the Put Option Shares;
"SENS"	the Stock Exchange News Service of the JSE;

"Shareholder(s)" or "Shoprite Holdings Shareholder(s)"	registered holder(s) of Shoprite Holdings Shares;
"Shoprite Holdings" or "the Company"	Shoprite Holdings Limited (Registration number 1936/007721/06), a public company incorporated and registered in South Africa and listed on the JSE, the Namibian Stock Exchange and the Lusaka Securities Exchange;
"Shoprite Holdings Shares"	issued Ordinary Shares and Deferred Shares;
"South Africa"	the Republic of South Africa;
"Specific Repurchase"	the specific acquisition by Shoprite Holdings of the Put Option Shares from Bassgro at a price of R201.07 per Put Option Share (being the 30-day VWAP of the Ordinary Shares up to and including 2 May 2017, being the date Dr Basson exercised his rights in terms of the Put Option, resulting in the Sale Agreement (which was subsequently amended in terms of the Deed of Amendment) and which amounts to an aggregate repurchase price of R1 745 956 559.89 payable by Shoprite Holdings for all the Put Option Shares;
"Special Resolution"	a Special Resolution as defined in the Companies Act;
"Strate"	Strate (Proprietary) Limited (Registration number 1998/022242/07), a private company registered and incorporated in South Africa, and the electronic settlement system for transactions that take place on the JSE and off-market transactions;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated and registered in South Africa and the transfer secretaries of Shoprite Holdings;
"VWAP"	volume weighted average price;
"Wellwood Basson Familietrust"	the Wellwood Basson Familietrust (Master's reference number IT 558/1986), a trust established during 1986, and the ultimate shareholder of Bassgro; and
"Werksmans" or "Attorneys"	Werksmans Incorporated (Registration number 1990/007215/21), a company duly incorporated in terms of the laws of South Africa and the attorneys to Shoprite Holdings.



Shoprite Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1936/007721/06)

JSE share code: SHP NSX share code: SRH

LuSE share code: SHOPRITE

ISIN: ZAE000012084

Directors

PC Engelbrecht (*Chief Executive Officer*)

M Bosman (*Chief Financial Officer*)

Dr CH Wiese (*Chairman*) #

Dr JW Basson (*Vice-Chairman*) #

B Harisunker

EL Nel

CG Goosen

* *Independent*

Non-executive

EC Kieswetter (*Lead*) **

Dr ATM Mokgokong **

JF Basson **

JJ Fouche **

JA Louw **

JA Rock **

Circular to Shoprite Holdings Shareholders

1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

Shoprite Holdings Shareholders are advised that the Board proposes, subject to Shareholder approval, the Specific Repurchase.

The purpose of the Circular is to provide Shareholders with the relevant information relating to the Specific Repurchase, the implications thereof and to enable Shareholders to make an informed decision as to whether or not they should vote in favour of the requisite resolutions necessary to give effect to the Specific Repurchase.

2. THE SPECIFIC REPURCHASE

2.1 Background

In terms of an employment agreement concluded between Shoprite Holdings and Dr Basson in 2003, Dr Basson is entitled to the Put Option, whereby Dr Basson is entitled to put Ordinary Shares held either directly or indirectly by him to Shoprite Holdings whilst still in the employ of Shoprite Holdings and in terms whereof Shoprite Holdings is obliged to repurchase such Ordinary Shares at the Middle Market Price per such share on the date of exercise of the Put Option subject to, *inter alia*, Shoprite Holdings' Shareholder approval. Shoprite Holdings has a reciprocal right of pre-emption should Dr Basson wish to dispose of the Ordinary Shares.

Dr Basson, in his personal capacity and as a duly authorised director of Bassgro, of which the Wellwood Basson Familietrust is the ultimate shareholder (and of which Dr Basson is a beneficiary), notified Shoprite Holdings of the exercise of the Put Option in respect of the Put Option Shares on 2 May 2017 at the Middle Market Price of R210.77 per Put Option Share. On the exercise of the Put Option on 2 May 2017, the Sale Agreement came into being between Bassgro and Shoprite Holdings in terms whereof Bassgro sold and Shoprite Holdings purchased the Put Option Shares at the Middle Market Price on 2 May 2017, being R210.77 per Put Option Share, subject to compliance with the provisions of the MOI of Shoprite Holdings, the Companies Act and the Listings Requirements, where applicable to the Specific Repurchase.

On Tuesday, 1 August 2017, Bassgro and Shoprite Holdings entered into the Deed of Amendment in terms whereof the Sale Agreement was amended with the effect that the purchase price of each Put Option Share was reduced to R201.07, being the 30-day VWAP of the Ordinary Shares up to and including 2 May 2017, which would require no fairness opinion for the Specific Repurchase in terms of the Listings Requirements.

Simultaneously with the conclusion of the Deed of Amendment, Dr Basson has requested that the Board of Shoprite Holdings, at its discretion, considers the establishment of a fund by the Group, to be utilised for the education of previously disadvantaged individuals. The value to be contributed to the fund (if approved) will be approximately R84 000 000, being the difference between the 30-day VWAP of the Ordinary Shares up to and including 2 May 2017 and the Middle Market Price on 2 May 2017 multiplied by the number of Put Option Shares. The Deed of Amendment is, however, not conditional on such proposed arrangement.

In terms of clause 16 of the MOI, the Company may, subject to the provisions of the Companies Act and the Listings Requirements, acquire any Shares issued by the Company on the basis that all or a portion of the price payable on such acquisition may be paid out of the funds of or available to the Company whether or not such payment results in a reduction of the Share capital, stated capital, reserves, any capital redemption reserve fund and/or any other account of the Company.

The Companies Act requires the following resolutions to approve the Specific Repurchase:

- a Board resolution in terms of section 48(2)(a) of the Companies Act;
- a Board resolution in terms of section 46 of the Companies Act of the kind described in paragraph 2.7.2 hereunder; and
- the adoption of Special Resolution number 1 described in the Notice of General Meeting in terms of section 48(8)(a) of the Companies Act.

The Board has in terms of section 48(2)(a) of the Companies Act, subject to the adoption of the Special Resolution referred to above, determined that Shoprite Holdings acquires the Put Option Shares at a purchase price of R201.07 per Put Option Share.

The Listings Requirements that must be complied with and the resolutions required in terms of section 46 of the Companies Act, are dealt with hereunder.

2.2 Details and terms of the Specific Repurchase

- 2.2.1 The Specific Repurchase will be effected through the repurchase by the Company from Bassgro of the Put Option Shares at a price of R201.07 per Put Option Share, being the 30-day VWAP of the Ordinary Shares up to and including Tuesday, 2 May 2017 (and being the date that Dr Basson exercised his rights under the Put Option). The aggregate consideration payable for the Put Option Shares will be the Repurchase Price.
- 2.2.2 The Specific Repurchase represents 1.447% of Shoprite Holdings Ordinary Shares in issue as at the date of the Circular.
- 2.2.3 Subsequent to the approval of the Specific Repurchase, the Put Option Shares will revert to authorised but unissued Ordinary Shares in the Share capital of the Company and, application will be made to the JSE for the cancellation and delisting of the Put Option Shares.
- 2.2.4 The Specific Repurchase has no impact on the number of Shoprite Holdings treasury shares, which is 35 436 572 treasury shares.
- 2.2.5 Shoprite Holdings will not undertake the Specific Repurchase during a "prohibited period" as defined in paragraph 3.67 of the Listing Requirements.

2.3 Fairness opinion

- 2.3.1 In terms of paragraph 5.69(e) of the Listings Requirements, if the Specific Repurchase:
- is from a "related party" as defined in paragraph 10.1(b) of the Listings Requirements; and
 - is at a premium to the VWAP of the Shares measured over the 30 Business Days prior to the date that the Specific Repurchase is agreed,
- the Board of Shoprite Holdings must obtain a fairness opinion.
- 2.3.2 In this regard, Bassgro (being an "associate" of Dr Basson, as defined in the Listings Requirements) is deemed to be a "related party" to Shoprite Holdings. However, as a result of the conclusion of the Deed of Amendment, the Specific Repurchase will take place at the 30-day VWAP of the Ordinary Shares up to and including 2 May 2017, being R201.07 per Put Option Share.

- 2.3.3 The Board (excluding Dr Basson being a "related party" in terms of the Listings Requirements) had prior to the conclusion of the Deed of Amendment, appointed RMB as the Independent Expert to provide a fairness opinion on the Specific Repurchase at a purchase price of R210.77 per Put Option Share (being the Middle Market Price).
- 2.3.4 Despite the Specific Repurchase taking place at the 30-day VWAP, the Board, in terms of section 5.69(e) of the Listings Requirements and in keeping with corporate governance best practices, has decided to include the Fairness Opinion from the Independent Expert. The Fairness Opinion is set out in Annexure 1 to the Circular and will also be available for inspection at the registered office of the Company.
- 2.3.5 The Independent Expert has found the Specific Repurchase to be fair to Shareholders of Shoprite Holdings under both the original Middle Market Price of R210.77 per Put Option Share as well as the 30-day VWAP of R201.07 per Put Option Share in terms of the Deed of Amendment.
- 2.3.6 The Board (excluding Dr Basson being a "related party" in terms of the Listings Requirements and having a personal financial interest, as defined in the Companies Act, in the Specific Repurchase) having taken into account the Fairness Opinion by the Independent Expert, has considered the terms and conditions of the Specific Repurchase and is of the opinion that the Specific Repurchase is fair insofar as Shoprite Holdings Shareholders are concerned.
- 2.3.7 The Board (excluding Dr Basson being a "related party" in terms of the Listings Requirements and having a personal financial interest, as defined in the Companies Act, in the Specific Repurchase) unanimously recommends that Shareholders vote in favour of the resolution set out in the Notice of General Meeting, necessary to give effect to the implementation of the Specific Repurchase.
- 2.3.8 The Board (excluding Dr Basson being a "related party" in terms of the Listings Requirements and having a personal financial interest, as defined in the Companies Act, in the Specific Repurchase) intends to vote in favour of the resolution set out in the Notice of General Meeting, necessary to give effect to the implementation of the Specific Repurchase, in respect of their personal holdings in the issued Share capital of Shoprite Holdings.

2.4 Rationale

As set out in paragraph 2.1 above, in terms of an employment agreement concluded between Dr Basson and Shoprite Holdings in 2003, Shoprite Holdings is obliged to repurchase the Put Option Shares from Dr Basson on the exercise of the Put Option, subject to Shareholder approval.

The Specific Repurchase will ensure:

- that an orderly disposal process takes place in regard to the Put Option Shares; and,
- as Shoprite Holdings will be repurchasing, delisting and cancelling the Put Option Shares, the Specific Repurchase will be anti-dilutionary for Shoprite Holdings Shareholders due to a decrease in the issued Ordinary Shares of the Company.

2.5 Source of funds

The Specific Repurchase will be funded through the use of cash to the extent available at the time of the Specific Repurchase and any shortfall will be settled utilising existing, short-term unutilised bank facilities. The Company has elected not to fund the Specific Repurchase from CTC because there is no tax liability for the Company whether it is funded from CTC or not, and there could be other benefits to the Company for the potential use of the Company's CTC in the future. The Company has confirmed this view with its external tax advisors.

2.6 The impact of the Specific Repurchase on financial information

It is intended to fund the Specific Repurchase through the use of cash to the extent available at the time of the Specific Repurchase and existing, short-term unutilised bank facilities currently available from nine facility providers. As such, the impact of the Specific Repurchase on the financial information of Shoprite Holdings is as follows:

- 2.6.1 on the basis that existing, short-term unutilised bank facilities will be used to settle the Repurchase Price, an increase in short-term facilities of c. R1.7 billion;
- 2.6.2 the expenses relating to the Specific Repurchase as set out in paragraph 11 below, will reduce net income by R5.419 million;

- 2.6.3 an increase in net interest charged before tax of approximately R137.4 million per annum, assuming a weighted average interest rate of 7.87% per annum; and
- 2.6.4 a decrease in Shoprite Holdings' issued Ordinary Shares by 8 683 327 Ordinary Shares.

The above financial information has not been reported on by the Company's auditors.

2.7 Working capital statement

2.7.1 The Specific Repurchase is subject to the provisions of the MOI, the Companies Act and the Listings Requirements, where applicable. The Directors of the Company are of the opinion that, after considering the effect of the Specific Repurchase:

- the Company and the Group are in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of approval of the Circular;
- the assets of the Company and the Group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the Group for a period of 12 months after the date of approval of the Circular;
- the Ordinary Share capital and reserves of the Company and the Group are adequate for a period of 12 months after the date of approval of the Circular; and
- the available working capital is adequate to continue the operations of the Company and the Group for a period of 12 months after the date of approval of the Circular.

2.7.2 The Board has, in terms of section 48(2) and section 46 of the Companies Act, adopted the following resolutions on 7 August 2017:

- approving and authorising the payment of the Repurchase Price; and
- that the Board acknowledged that it has applied the solvency and liquidity test, as set in out in section 4 of the Companies Act, and reasonably concluded that Shoprite Holdings will satisfy the solvency and liquidity test immediately after completing the payment of the Repurchase Price.

2.8 The Board proposed the Special Resolution in respect of the Specific Repurchase that is recorded in the Notice of General Meeting and has accordingly convened the General Meeting.

3. SHARE CAPITAL OF SHOPRITE HOLDINGS

The Share capital comprising Ordinary Shares and Deferred Shares before and after the Specific Repurchase is as follows:

Before the Specific Repurchase	R'000
Authorised Share capital	
650 000 000 Ordinary Shares with a par value 113.4 cents each	737 100
360 000 000 non-convertible, non-participating Deferred Shares having no par value	360
Issued Share capital	
600 021 829 Ordinary Shares with a par value 113.4 cents each	680 424
305 621 601 non-convertible, non-participating Deferred Shares having no par value	305
Share premium	8 585 211
After the Specific Repurchase	R'000
Authorised Share capital	
650 000 000 Ordinary Shares with a par value 113.4 cents each	737 100
360 000 000 non-convertible, non-participating Deferred Shares having no par value	360
Issued Share capital	
591 338 502 Ordinary Shares with a par value 113.4 cents each	670 578
305 621 601 non-convertible, non-participating Deferred Shares having no par value	305
Share premium	6 849 102

The Specific Repurchase has no impact on the number of Ordinary Shares held as treasury Shares, being 35 436 572 treasury Shares.

The voting rights for Ordinary Shares held by a Shoprite Holdings Shareholder are one vote in respect of each Ordinary Share held by that Shoprite Holdings Shareholder. The voting rights for Deferred Shares held by a Shoprite Holdings Shareholder are also one vote in respect of each Deferred Share held by that Shoprite Holdings Shareholder.

4. MAJOR SHAREHOLDERS OF SHOPRITE HOLDINGS

4.1 As at the Last Practicable Date, the following Shoprite Holdings Shareholders, other than directors, are direct or indirect beneficial owners of 5% or more of the issued Ordinary Shares:

Shareholder	Number of Ordinary Shares	% of issued Ordinary Share capital*
Government Employees Pension Fund	63 317 013	10.55
Shoprite Checkers Proprietary Limited**	35 436 572	5.91
Total	98 753 585	16.46

* Based on 600 021 829 Ordinary Shares in issue as at the Last Practicable Date.

** A wholly-owned subsidiary of Shoprite Holdings and whose holding in Ordinary Shares is classified as treasury Shares.

4.2 As at the Last Practicable Date, Thibault Square Financial Services Proprietary Limited held 100% of the Deferred Shares.

5. DIRECTORS' INTERESTS IN SHOPRITE HOLDINGS SHARES

5.1 Ordinary Shares

As at the Last Practicable Date, the Directors' interests in Ordinary Shares were as follows:

30 June 2016	Direct beneficial	Indirect beneficial	Total	% held*
Executive Directors				
JW Basson	–	9 104 122	9 104 122	1.52
M Bosman	115 000	60 000	175 000	0.03
CG Goosen	3 000	1 114 202	1 117 202	0.19
B Harisunker	407 379	–	407 379	0.07
AE Karp**	225 269	–	225 269	0.04
EL Nel	–	148 727	148 727	0.02
BR Weyers***	284 594	–	284 594	0.05
JAL Basson	40 000	89 201	129 201	0.02
PC Engelbrecht	210 000	201 039	411 039	0.07
Sub-total	1 285 242	10 717 291	12 002 533	2.01
Non-executive Directors				
CH Wiese	–	91 252 531	91 252 531	15.21
JJ Fouché	472 171	–	472 171	0.08
JF Basson	–	1 000	1 000	0.0002
EC Kieswetter	6 304	–	6 304	0.001
JA Louw	–	50 000	50 000	0.008
ATM Mokgokong	–	–	–	–
JA Rock	–	–	–	–
JD Wiese	–	14 074	14 074	0.002
Sub-total	478 475	91 317 605	91 796 080	15.30
Total	1 763 717	102 034 896	103 798 613	17.31

* Based on 600 021 829 Ordinary Shares in issue as at the Last Practicable Date.

** Resigned with effect from 1 February 2017.

*** Resigned with effect from 30 June 2017.

The following changes to the Directors' interests in Ordinary Shares have taken place between 30 June 2016 and the Last Practicable Date.

Director	Date	Nature of transaction	Nature of interest	Number of Ordinary Shares
CH Wiese	30 March 2017	Conversion of convertible bonds (off market)	Indirect beneficial	10 062 744
BR Weyers*	12 June 2017	Selling of shares (open market)	Direct beneficial	30 594
M Bosman	15 June 2017	Vesting of forfeitable share awards in terms of the co-investment and retention options of the Shoprite Holdings executive share plan (off market)	Direct beneficial	83 147
PC Engelbrecht	15 June 2017	Vesting of forfeitable share awards in terms of the co-investment and retention options of the Shoprite Holdings executive share plan (off market)	Direct beneficial	132 681
JAL Basson**	15 June 2017	Vesting of forfeitable share awards in terms of the co-investment and retention options of the Shoprite Holdings executive share plan (off market)	Direct beneficial	66 044

* Resigned with effect from 30 June 2017.

** Alternate director.

5.2 Deferred Shares

As at the Last Practical Date, the Directors' interests in Deferred Shares were as follows:

	Indirect beneficial
Non-executive Director	
Dr CH Wiese	305 621 601

There have been no changes to the above Directors' interests between 30 June 2016 and the Last Practicable Date.

6. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Shoprite Holdings since the end of its last financial period, being 31 December 2016, up to and including the Last Practicable Date, save for the operational update released on 18 July 2017.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of Shoprite Holdings, whose names are given on page 8 of the Circular:

- 7.1 have considered all statements of fact and opinion in the Circular;
- 7.2 collectively and individually, accept full responsibility for the accuracy of the information given;

- 7.3 certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- 7.4 have made all reasonable enquiries in this regard; and
- 7.5 certify that, to the best of their knowledge and belief, that the Circular contains all information required by law and by the JSE Listings Requirements.

8. GENERAL MEETING AND SHOPRITE HOLDINGS SHAREHOLDER APPROVAL

8.1 Notice of General Meeting

The Notice convening the General Meeting to approve the Specific Repurchase forms part of the Circular. The General Meeting will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Tuesday, 5 September 2017 at 09:00 (South African time).

8.2 If you hold Dematerialised Shares

8.2.1 "Own-name" registration

You are entitled to attend in person, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting but wish to be represented thereat, it is recommended that you complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries or the Company secretary by no later than 09:00 (South African time) on Friday, 1 September 2017:

Hand deliveries to:

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

The Company Secretary
Corner William Dabs and Old Paarl Roads
Brackenfell, 7560
Facsimile: +27 (0) 21 980 4468

Postal deliveries to:

Computershare Investor Services
Proprietary Limited
PO Box 61051
Marshalltown, 2107

The Company Secretary
PO Box 215
Brackenfell, 7560
Email address: cosec@shoprite.co.za

8.2.2 Other than "own-name" registration

You are entitled to attend, or to be represented by proxy, at the General Meeting. You must advise your CSDP or broker timeously if you wish to attend, or be represented at, the General Meeting. If you do wish to attend or be represented at the General Meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

You must not complete the attached form of proxy.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

8.3 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting, but wish to be represented thereat, it is recommended that you complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries or the Company secretary, by no later than 09:00 (South African time) on Friday, 1 September 2017:

Hand deliveries to:

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

The Company Secretary
Corner William Dabs and Old Paarl Roads
Brackenfell, 7560
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Proprietary Limited
PO Box 61051
Marshalltown, 2107

The Company Secretary
PO Box 215
Brackenfell, 7560
Email address: cosec@shoprite.co.za

8.4 Shareholder approval

The Specific Repurchase is subject to Shoprite Holdings Shareholder approval as set out in the Notice of General Meeting forming part of the Circular.

8.5 Voting rights

Votes at the General Meeting on the resolutions will be conducted by way of a poll and not on a show of hands. Every Shoprite Holdings Shareholder present in person or represented by proxy shall have one (1) vote for every Shoprite Holdings Share held by it.

It should be noted that neither Dr Basson nor Bassgro (being "related parties" in terms of the Listings Requirements) will be eligible to vote his or its direct or indirect shareholding on the resolutions relating to the Specific Repurchase, as contained in the Notice of General Meeting forming part of the Circular.

9. CONSENTS

Nedbank Corporate and Investment Banking, RMB, Werksmans and Computershare have provided their written consents to act in the capacity stated and to their name being used in the Circular and have not withdrawn their consent prior to the publication of the Circular.

10. CONFLICTS OF INTERESTS

In terms of paragraph IV of the appendix to Schedule 16 contained in the Listings Requirements, the Sponsor is required to disclose details of all matters that might reasonably be expected to impair its independence and objectivity in its professional dealings with Shoprite Holdings in relation to the Specific Repurchase.

The following matter may be considered to have an impact on the Sponsor's independence in relation to the Specific Repurchase:

- as at 31 December 2016, being Shoprite Holdings' most recent interim results, Nedbank's total funding advanced to Shoprite Holdings (through Nedbank Limited, acting through its Client Coverage business unit ("Client Coverage")) was Rnil, with total, undrawn Nedbank facilities available to Shoprite Holdings amounting to R1.85 billion. This is immaterial in relation to Nedbank's total facilities to its clients.

The following procedures are in place to manage/mitigate such perceived conflict:

- Nedbank Limited, as a strictly regulated entity, has significant compliance procedures in place to ensure that the activities of the Sponsor are monitored and that effective Chinese Walls are in place between the Sponsor and Client Coverage, which ensures that the Sponsor's independence and objectivity in relation to the Specific Repurchase and its professional dealings with Shoprite Holdings are maintained;
- the current utilisation of the Nedbank facilities available to Shoprite Holdings is negligible and Nedbank is one of nine funding providers to Shoprite Holdings; and
- the existing Nedbank facilities available to Shoprite Holdings will not change as a result of the Specific Repurchase.

11. EXPENSES RELATING TO THE SPECIFIC REPURCHASE

The expenses relating to the Specific Repurchase are estimated at approximately R5 419 417 (excluding VAT) and comprise:

Description	R
Nedbank Corporate and Investment Banking (Investment Bank, Corporate Advisor and Sponsor)	125 000
RMB (Independent Expert)	500 000
Werksmans (Attorneys)	300 000
Computershare (Transfer Secretaries)	20 000
JSE documentation fees	19 526
Printing costs	90 000
Securities Transfer Tax	4 364 891
Total	5 419 417

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by Shoprite Holdings Shareholders at the registered office of Shoprite Holdings and Nedbank Corporate and Investment Banking from 7 August 2017 up to and including the date of the General Meeting, during normal business hours:

- 12.1 a signed copy of the Circular;
- 12.2 the MOI of Shoprite Holdings;
- 12.3 the Fairness Opinion;
- 12.4 the employment contract between Shoprite Holdings and Dr Basson dated December 2003;
- 12.5 notification to Shoprite Holdings by Dr Basson of the exercise of the Put Option by Bassgro dated 28 April 2017 and received by Shoprite Holdings on 2 May 2017;
- 12.6 the Deed of Amendment;
- 12.7 the historical annual financial statements of Shoprite Holdings for the years ended 31 June 2016, 31 June 2015 and 31 June 2014 and the results for the six months ended 31 December 2016 and 31 December 2015; and
- 12.8 the written consents of Nedbank Corporate and Investment Banking, RMB, Werksmans and Computershare as set out in paragraph 9 of the Circular.

The Circular is signed in Cape Town on behalf of all the Directors in terms of the powers of attorney granted on 31 July 2017.

PG du Preez

Company secretary

Cape Town

7 August 2017

Fairness opinion

The Board of Directors
Shoprite Holdings Limited
Corner William Dabs and Old Paarl Roads
Brackenfell
Cape Town
2 August 2017

Dear Sirs

REPORT TO SHOPRITE HOLDINGS LIMITED REGARDING THE SPECIFIC REPURCHASE BY SHOPRITE HOLDINGS LIMITED OF ITS ORDINARY SHARES FROM BASSGRO PROPRIETARY LIMITED

1. INTRODUCTION AND BACKGROUND

Rand Merchant Bank Corporate Finance ("**RMB**"), a division of FirstRand Bank Limited, has been appointed by the board of directors ("**Board**") of Shoprite Holdings Limited ("**Shoprite**" or the "**Company**") to provide an independent fairness opinion to the directors of Shoprite with regards to the value at which a specific repurchase is to be affected from a related party.

On 5 May 2017, Shoprite announced the proposed specific repurchase of 8 683 327 Shoprite ordinary shares ("**Put Option Shares**") from Bassgro Proprietary Limited ("**Bassgro**") at a repurchase price of R211.01 per share ("**Initial Repurchase Price**").

In terms of an employment contract ("**Agreement**") concluded between the Company and Dr Basson in 2003, Dr Basson is entitled to put the Shares to Shoprite ("**Put Option**") at the middle market price on the exercise date and Shoprite has a reciprocal right of pre-emption should Dr Basson wish to dispose of the Put Option Shares.

On 1 August 2017, Bassgro and Shoprite entered into a deed of amendment ("**Deed of Amendment**") in terms whereof the Agreement was amended with the effect that the purchase price of each Put Option Share was reduced to R201.07 ("**Revised Repurchase Price**"), being the 30-day volume weighted average price ("**30-day VWAP**") of Shoprite's ordinary shares ("**Shares**") up to and including 2 May 2017 ("**the Specific Repurchase**"), in order to align to section 5.69(e) of the Listings Requirements of the JSE Limited ("**Listings Requirements**") where no fairness opinion would be required for the Specific Repurchase.

The Company's non-executive Vice-Chairman, Dr James Wellwood Basson ("**Dr Basson**"), is a duly authorised director of Bassgro, of which the Wellwood Basson Familietrust is the ultimate shareholder. Accordingly, Bassgro is an associate of Dr Basson as defined in the Listings Requirements.

2. FAIRNESS OPINION REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS

Despite the Specific Repurchase being effected at the 30-day VWAP the Board in terms of section 5.69(e) of the Listings Requirements has obtained a fairness opinion from an independent professional expert in respect of whether the Specific Repurchase is at a fair value ("**the Fairness Opinion**").

The Fairness Opinion will be available for inspection at the registered offices of Shoprite during normal business hours for a period of 28 business days from the date of this opinion.

3. RESPONSIBILITY

Compliance with the Listings Requirements is the responsibility of the Board. RMB's responsibility is to report to the Board of Shoprite on the fairness of the Specific Repurchase.

4. **EXPLANATION AS TO HOW THE TERM "FAIR" APPLIES IN THE CONTEXT OF THE SPECIFIC REPURCHASE**

In line with Schedule 5.7 of the Listings Requirements, the JSE requires an independent professional expert opine on the fairness of the transaction under review. Schedule 5.7 further states that "fairness" is based on quantitative considerations. A transaction will generally be considered fair to a company's shareholders if the benefits received by a company, as a result of the corporate action, are equal to or greater than the value surrendered by the company.

The Specific Repurchase may be said to be fair, with reference to the Listings Requirements, if the value of the Shares is greater than or equal to the Revised Repurchase Price paid by Shoprite.

5. **DETAILS AND SOURCES OF INFORMATION**

In arriving at its opinion, RMB has relied on the following principle sources of information:

- The terms and conditions of the Agreement and Deed of Amendment;
- Shoprite integrated report for the financial years ended June 2013, 2014, 2015 and 2016;
- Shoprite unaudited results for the six months ended 31 December 2016;
- Shoprite management forecasts for the financial years ending 2017 to 2022;
- Shoprite management accounts for the 11 months to 31 May 2017;
- March 2017 Group Financial Report presented to the Shoprite Board;
- Shoprite Operational Update released on 18 July 2017;
- Select macro-economic analysis and forecasts regarding target markets in which the Company operates;
- Bloomberg, Capital IQ, Aswath Damodaran's research specific to the food retailer sector, BNPP/Cadiz financial risk service quantitative research for beta information used in our cost of capital calculations;
- Bloomberg, Capital IQ, I-Net and the relevant financial statements used for our assessment based on comparable companies;
- PWC 2016/2017 Valuation Methodology Survey for research on appropriate discounts to be applied in our valuation;
- Engagement with directors and management of the Company regarding the Agreement;
- Discussions with directors and management of the Company regarding the historical and forecast financial information of Shoprite;
- Discussions with directors and management of the Company on prevailing market, economic, legal and other conditions which may affect the underlying value of Shoprite; and
- Publicly available information which we considered applicable to, or potentially influencing Shoprite.

6. **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

RMB has satisfied itself as to the appropriateness and reasonableness of the information and assumptions employed in arriving at the opinion:

- Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with Shoprite management.
- Forecast information provided by Shoprite:
 - detailed discussions were held with Shoprite management to assess the reasonableness of forecasted information;
 - a market and peer analysis was performed on forecast assumptions and adjustments were made to key metrics where relevant; and
 - conducted analytical reviews, such as ratio and trend analysis on key metrics.

7. PROCEDURES

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Specific Repurchase:

- Reviewed and considered the terms and conditions of the Specific Repurchase as set out in the Agreement and Deed of Amendment;
- Reviewed the historical and forecast financial information of Shoprite;
- Held discussions with Shoprite management to obtain an explanation and clarification of data provided;
- Consideration of the key external and internal value drivers:
 - We considered key external value drivers comprising of the prevailing economic and market conditions in the industries in which the Company operates. The assessment included an understanding of the macro drivers of the business, including, *inter alia*: real gross domestic product forecasts, inflation expectations, risk-free rates, relative market returns and their respective influences on the retail sector;
 - We analysed key internal value drivers comprising of the financial and operating projections prepared by Shoprite including, *inter alia*: retail sales growth, operating margins, working capital investments and capital expenditures based on the historical and forecast operating results of the Company; and
 - Both the external and internal value drivers were important inputs in assessing and stress testing the valuations performed. We considered the sensitivity of the valuations to changes in the assumptions around retail sales growth, operating margins, working capital investments, capital expenditures and the impact that they may have on the value attributed to the Company. Our valuation results are also sensitive to the weighted average cost of capital applied to the discounted cash flows performed and sensitive to the EV/EBITDA multiples applied through the market approach and further analysis was conducted on the sensitivity of the valuation to changes in these assumptions.
- We have performed a valuation of the Company which is described further in section 8 (Valuation approach). The inputs considered above formed the basis of our detailed valuation of the Company, performed through a combination of a Discounted Cash Flow ("DCF") valuation and comparable company analysis;
- Where appropriate we obtained and considered financial data for publicly traded companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons to apply to the Company;
- We considered and applied an appropriate minority discount to the results of our DCF valuation analyses given the size of the Specific Repurchase; and
- We analysed other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

8. VALUATION APPROACH

We have considered the following main approaches in determining the market value of the Shares, namely: the Income Approach and the Market Approach.

The Income Approach relies on a DCF analysis and indicates the Market Value of the ordinary shares of a business based on the value of the cash flows that the company under consideration can be expected to generate in the future.

The Market Approach indicates the market value of the ordinary shares of a business based on a comparison of the company under consideration with comparable publicly traded companies in its industry.

In considering these approaches, we have considered and applied an appropriate minority discount to the results of our DCF analysis to provide for lack of control in the Shares of the Company.

For the purposes of our valuation we used the Income Approach as our primary valuation methodology. The Income Approach valuation was performed based on information as at 30 June 2017, which value was rolled back to 2 May 2017 (being the date on which Dr Basson gave notice under the Agreement to the Company) using the Company's cost of equity. As a secondary valuation methodology, the results of the Income Approach were benchmarked against the Market Approach (based on the trading metrics of comparable publicly listed companies) to support the results of our Income Approach analysis.

9. ASSUMPTIONS

In arriving at its opinion, RMB has made the following key assumptions

- That the Agreement and Deed of Amendment are legally enforceable;
- That reliance can be placed on the information provided by the Directors and management team of the Company;
- That reliance can be placed on the audited and unaudited financial information of Shoprite; and
- That reliance can be placed on trading and market data obtained from external data providers.

10. OPINION

- Our opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated as at the date of this report. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.
- We do not provide an opinion on the legality, fairness or otherwise of the Agreement or Deed of Amendment concluded between the Company and Dr Basson. The Fairness Opinion relates to the fairness of the Specific Repurchase insofar the Shareholders are concerned only.
- Based on the results of our procedures performed, our detailed valuation work and other considerations, we are of the opinion that the Specific Repurchase both at the Initial Repurchase Price as well as the Revised Repurchase is considered to be fair to Shareholders as the value of the Shares is greater than the price paid by Shoprite.

11. LIMITING CONDITIONS

- This Fairness Opinion is provided to the Board, in connection with, and for the purposes of, the Specific Repurchase. The Fairness Opinion does not purport to cater for each individual Shareholder's circumstances, but rather that of the general body of Shareholders. An individual Shareholder's decision may be influenced by such Shareholder's particular circumstances, and accordingly Shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Specific Repurchase on their personal shareholdings or otherwise.
- RMB has relied upon and assumed the accuracy of the information provided to it in deriving its opinion. Where practical, RMB has corroborated the reasonableness of the information provided to it for purposes of its opinion, whether in writing or procured through its discussions with the management of the Company. While RMB's work has involved an analysis of, *inter alia*, the trading pattern of the Company, and other information provided to it, the engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.
- RMB has furthermore assumed that the Specific Repurchase will have the legal consequences described in discussions with, and materials furnished to it by representatives and advisors of the Company and expresses no opinion on such consequences.
- RMB's opinion is based on current economic, regulatory and market conditions. Subsequent developments may affect this opinion, and RMB is under no obligation to update, review or re-affirm its opinion based on such developments.

12. INDEPENDENCE, COMPETENCE AND FEES

- RMB has no material equity interest in the Company or in any other party to the Specific Repurchase. It should, however, be noted that RMB, FirstRand Bank Limited and the other companies in the FirstRand Group and their respective directors may hold shares in the Company in the ordinary course of their portfolio investments. Other than for any such interests, RMB has no interest, direct or indirect, beneficial or non-beneficial, in the Company or in the outcome of the Specific Repurchase.
- Shoprite has existing banking facilities with RMB and has indicated that these facilities will not be drawn from to fund all or a portion of the Specific Repurchase.

- The fee to be paid for providing the Fairness Opinion, expressed as a percentage of the fees:
 - is less than 10% of the gross fees received by RMB for the last financial year of RMB; and
 - the total of all fees receivable from the issuer is not more than 5% of the budgeted fees of RMB for the current financial year.
- Furthermore, RMB confirms that its professional fee for the provision of the Fairness Opinion, which is payable in cash, is not contingent upon the success of the Specific Repurchase.

Yours faithfully

Craig Forbes

For and on behalf of FirstRand Bank Limited, acting through Rand Merchant Bank Corporate Finance

1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Richard Isaacs

For and on behalf of FirstRand Bank Limited, acting through Rand Merchant Bank Corporate Finance

25th Floor, Portside
No. 5 Buitengracht Street
Cape Town, 8001
(PO Box 911, Cape Town, 8000)



Shoprite Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1936/007721/06)

JSE share code: SHP NSX share code: SRH

LuSE share code: SHOPRITE

ISIN: ZAE000012084

Notice of General Meeting

In this Notice of General Meeting unless the contrary appears from the context, words, phrases used will have the defined meanings given thereto in the Circular of which this Notice of General Meeting forms part.

1. NOTICE OF MEETING

Notice is hereby given that a General Meeting ("General Meeting") of Shoprite Holdings Shareholders will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Tuesday, 5 September 2017 at 09:00 (South African time).

2. WHO MAY ATTEND AND VOTE?

2.1 If you hold Dematerialised Shares which are registered in your name or if you are the registered holder of Certificated Shares:

- you may attend the General Meeting in person;
- alternatively, you may appoint a proxy to represent you at the General Meeting and to attend, participate in, and speak and vote at the General Meeting in your place by completing the attached form of proxy in accordance with the instructions it contains. It is recommended that the form of proxy is returned to the Company secretary or Transfer Secretaries at their addresses set out below to be received no later than 09:00 (South African time) on Friday, 1 September 2017. However, Shareholders are entitled to deliver voting proxies to the chairman of the General Meeting at any time prior to the vote. A proxy need not be a Shareholder of the Company.

2.2 Forms of proxy to be delivered to one of these addresses:

THE COMPANY SECRETARY

Corner William Dabs and Old Paarl Roads
PO Box 215, Brackenfell, 7560 South Africa
Facsimile: +27 (0) 21 980 4468
Email address: cosec@shoprite.co.za; or

SOUTH AFRICAN TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Facsimile: +27 (0) 11 688 5238

2.3 If you are a beneficial Shareholder, but not a registered Shareholder as at the record date and:

- wish to attend the General Meeting, you must obtain the necessary letter of representation from your CSDP or broker to represent the registered shareholder; or
- do not wish to attend the General Meeting, but would like your vote to be recorded at the General Meeting, you should contact your CSDP or broker and furnish them with your voting instructions; and
- you must not complete the attached form of proxy.

2.4 The record date for purposes of determining which Shareholders are entitled to receive this Notice has been determined in terms of section 59(1)(a) of the Companies Act and is Friday, 28 July 2017.

- 2.5 The date on which Shareholders must be recorded as such in the securities register of Shoprite Holdings maintained by the Transfer Secretaries of Shoprite Holdings for purposes of being entitled to attend and vote at the General Meeting has been determined in terms of section 59(1)(b) of the Companies Act and is Friday, 25 August 2017.
- 2.6 In terms of section 63(1) of the Companies Act, any person attending or participating in the General Meeting must present reasonably satisfactory identification and the chairperson of the General Meeting must be reasonably satisfied that the right of any person to participate and vote has been reasonably verified. Suitable forms of identification will include a valid identification document, driver's licence or passport.
- 2.7 Should any Shareholder, or a representative of or a proxy for a Shareholder, wish to participate in the General Meeting by way of electronic participation, that Shareholder should make an application in writing (including details on how the Shareholder or its representative or proxy wish to participate) to the Transfer Secretaries or Company secretary at their addresses listed above, to be received by them at least seven (7) Business Days before the General Meeting, to enable the Transfer Secretaries to arrange for the Shareholder or its representative or proxy, to provide reasonably satisfactory identification to the Transfer Secretaries for purposes of section 63(1) of the Companies Act and to enable the Transfer Secretaries to provide details on how to access the General Meeting by way of electronic participation. Please note that a Shareholder who wishes to participate in the General Meeting by way of electronic participation must appoint a proxy to exercise his voting rights or furnish his CSDP or broker with voting instructions.
- 2.8 Votes at the General Meeting will be conducted by way of a poll and not on a show of hands. Every Shareholder present in person or represented by proxy shall have one (1) vote for every Shoprite Holdings Share held in the Company.

3. PURPOSE OF MEETING

The purpose of the General Meeting is to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

4. RESOLUTIONS

The following resolutions will be considered at the General Meeting, and, if deemed fit, passed with or without modification:

4.1 SPECIAL RESOLUTION NUMBER 1: Specific Repurchase

"Resolved as a Special Resolution, that the Company be and is hereby authorised, by way of a specific authority, in terms of the Companies Act, the Listings Requirements and the MOI of the Company, to acquire 8 683 327 Shoprite Holdings Ordinary Shares from Bassgro at a purchase price of R201.07 per such share, with a total repurchase price of R1 745 956 559.89 to be funded through the use of cash and existing bank facilities and from amounts other than CTC, payable by the Company to Bassgro for all of those shares and that the decision and determination by the Board that the Company acquires those shares on those terms and pay R1 745 956 559.89 to Bassgro for those shares are hereby approved in terms of section 48(8)(a) of the Companies Act".

The reasons for and effect of Special Resolution Number 1 are recorded in the Circular.

Bassgro is related to Dr Basson, a director of Shoprite Holdings. Section 48(8)(a) of the Companies Act requires that Special Resolution Number 1 be a Special Resolution. For Special Resolution Number 1 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on that resolution by the Shoprite Holdings Shareholders present in person or represented by proxy at the General Meeting. Furthermore in accordance with paragraph 5.69(b) of the Listing Requirements Bassgro and its associates will be taken into account in determining the quorum at the General Meeting, but their votes will not be taken into account in determining the results of the voting at the General Meeting in respect of Special Resolution Number 1 or Ordinary Resolution Number 1.

The Directors of the Company are of the opinion that, after considering the effect of the Specific Repurchase:

- sections 4, 46 and 48 of the Companies Act will have been complied with after the completion of the acquisition described in Special Resolution Number 1;
- Shoprite Holdings and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of the Circular;

- the assets of Shoprite Holdings and the Group will be in excess of the liabilities of Shoprite Holdings and the Group for a period of 12 months after the date of the approval of the Circular. For these purposes, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of Shoprite Holdings which comply with the Companies Act;
- the share capital and reserves of the Shoprite Holdings and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular; and
- the working capital of the Shoprite Holdings and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular.

A resolution by the Board has in terms of section 48(2)(a) of the Companies Act been adopted in terms whereof the Board has determined and decided that the Company, subject to the adoption of Special Resolution number 1 above, acquires the Put Option Shares, and pay the Repurchase Price to Bassgro on the same terms as those recorded in the Special Resolution. The Board has also adopted a resolution in terms of section 46 of the Companies Act:

- in terms whereof the Board acknowledged that it has applied the solvency and liquidity test, as set in out in section 4 of the Companies Act, and reasonably concluded that Shoprite Holdings will satisfy the solvency and liquidity test immediately after payment of the Repurchase Price.

Since the above test was performed, there have been no material changes in the financial or trading position of Shoprite Holdings.

4.2 **ORDINARY RESOLUTION NUMBER 1: Signature of documents**

"Resolved that any of the Directors or the Company secretary of Shoprite Holdings be and are hereby authorised to do all such things and sign all documents including Company forms and to take all such action as they consider necessary to give effect to and implement Special Resolution 1 above and to make such entries in the accounts of Shoprite Holdings that are required to record the Specific Repurchase."

For Ordinary Resolution Number 1 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on that resolution by the Shoprite Holdings Shareholders present in person or represented by proxy at the General Meeting.

5. If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.

By order of the Board

PG du Preez
Company secretary

Cape Town
7 August 2017

Registered office
Corner William Dabs and Old Paarl Roads
Brackenfell, 7560



Shoprite Holdings Limited

(Incorporated in the Republic of South Africa)
 (Registration number 1936/007721/06)
 JSE share code: SHP NSX share code: SRH
 LuSE share code: SHOPRITE
 ISIN: ZAE000012084

Form of proxy – Shoprite Holdings Shareholders

For use by the Shoprite Holdings Certificated Shareholders and Dematerialised Shareholders with "own-name" registration at the General Meeting ("General Meeting") to be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Tuesday, 5 September 2017 at 09:00 (South African time) or at any adjournment thereof.

Dematerialised Shareholders holding Shares other than in "own-name" registration, must inform their CSDP or broker to issue them with the necessary letter of representation to attend the General Meeting in person and to vote or provide their CSDP or broker with their voting instructions should they not wish to attend the General Meeting in person, but who wish to be represented thereat. These Shareholders must not use this form of proxy.

I/We (full name(s) in BLOCK LETTERS)

of (address)

Telephone number ()

Cellphone number

Email address

being the holder(s) of Shoprite Holdings Shares

hereby appoint:

1. _____ of _____ or failing him/her

2. _____ of _____ or failing him/her

3. the chairman 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 thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shoprite Holdings Shares registered in my/our name(s), in accordance with the following instructions:

	Number of Shoprite Holdings Shares		
	For	Against	Abstain
Special Resolution Number 1: Specific Repurchase			
Ordinary Resolution Number 1: Signature of documents			

***Note:** Please indicate with an "X" in the appropriate space above how you wish your vote to be cast. Unless otherwise instructed, my/our proxy may vote as she/he thinks fit.

Signed at (place)

on (date)

2017

Shareholder's signature

Please read the notes on the reverse side hereof.

Important notes about the General Meeting

1. This form of proxy must only be used by Certificated Shareholders or Dematerialised Shareholders who hold Dematerialised Shares with "own-name" registration.
2. Dematerialised Shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
3. Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder(s) of the Company) to attend, speak and on poll, vote in place of that Shareholder at the General Meeting.
4. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the spaces provided, with or without deleting "the chairman of the General Meeting". The person whose name stands first on the proxy form and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those names that follow.
5. A Shareholders instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting to vote in favour of the ordinary and Special Resolution at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as she/he deems fit, in respect of all the Shareholder's total holding.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
7. The chairman of the General Meeting may accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a Shareholder wishes to vote.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
10. A minor must be assisted by her/his parent or guardian unless relevant documents establishing her/his legal capacity are produced or have been registered by the Company.
11. Where there are joint holders of any Share:
 - any one holder may sign this form of proxy;
 - the vote(s) of the senior Shareholders (for that purpose, seniority will be determined by the order in which the names of Shareholders appear in the Company's register of Shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the joint Shareholder(s).
12. The proxy may not delegate any of the rights or powers granted to it.
13. It is recommended that forms of proxy should be lodged with or mailed to the Transfer Secretaries or the Company secretary:

Hand deliveries of proxy forms to:

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

The Company Secretary
Corner William Dabs and Old Paarl Roads
Brackenfell, 7560
Facsimile: +27 (0) 21 9804468

Postal deliveries of proxy forms to:

Computershare Investor Services Proprietary Limited
PO Box 61051
Marshalltown, 2107

The Company Secretary
PO Box 215
Brackenfell, 7560
Email address: cosec@shoprite.co.za

to be received by no later than 09:00 (South African time) on Friday, 1 September 2017 (or 48 hours before any adjourned General Meeting which date, if necessary, will be notified on SENS).

