



**LOW PRICE LEADERSHIP
FOR TOMORROW'S CUSTOMER**



THIS YEAR WE PREVENTED OVER
R1 BILLION
IN PRICE INCREASES
FROM REACHING OUR SHOPPERS

Shoprite Holdings Ltd is an investment holding company whose combined subsidiaries constitute the largest fast moving consumer goods (FMCG) retail operation on the African continent.

Shoprite Holdings Ltd comprises the following brands:

SHOPRITE

U SHOPRITE
save

Checkers better and better

CheckersHyper

OK
FRANCHISE DIVISION

OK
Furniture
NO PROBLEM

OK
Furniture
NO PROBLEM

**House
& Home**
Making Your House a Home

LiquorShop

LiquorShop



Table of Contents 1

Business Overview

- Organisational Structure..... 2
- The Group 4
- Financial Highlights 6
- Board of Directors 8
- Chairman’s Report..... 10
- Chief Executive’s Report... 13
- Five-year Financial Review 16
- Financial Report 17
- Non-Financial Report 20

Corporate Governance

- Corporate Governance Report..... 26
- Nominations Committee Report..... 30
- Social and Ethics Committee Report..... 31
- Remuneration Report 32

Summary Consolidated Financial Statements

- Contents..... 40

Shareholder Information

- Shareholder Analysis..... 62
- Notices to Shareholders and Forms of Proxy 64
- Administration 111
- Shareholder’s Diary 111

Its various chains operate a total of 1 581 corporate stores in 15 countries, all integrated electronically into a central database and replenishment system. The Group’s primary business is food retailing to consumers of all income levels, and there are outlets from Cape Town to Accra and on some Indian Ocean islands. It’s goal is to provide all communities in Africa with food and household items in a first-world shopping environment, at the lowest prices. At the same time the Group is inextricably linked to Africa, contributing to the nurturing of stable economies and the social upliftment of its people.



This Integrated Report is printed on Cocoon Silk. 100% recycled en 100% FSC certified.



Integrated Report

2

The scope of the Integrated Report is equal to that of the summary consolidated financial statements. This Integrated Report is for the Shoprite Group, incorporating Shoprite Holdings Ltd and all its subsidiaries for the year ended June 2014.



SUBSIDIARIES OF



100%

Shoprite Checkers (Pty) Ltd

Has operations in:
South Africa
Namibia
Swaziland
Lesotho
Mauritius

100%

Medirite (Pty) Ltd

Has operations in:
South Africa
Angola
Swaziland

100%

Computicket (Pty) Ltd

Has operations in:
South Africa
Namibia
Botswana
Zambia

100%

Shoprite International Ltd

Has operations in:
Zambia
Mozambique
Botswana
Madagascar
Uganda
Angola
Ghana
Nigeria
Malawi
Democratic Republic of Congo

100%

Shoprite Insurance Company Ltd

100%

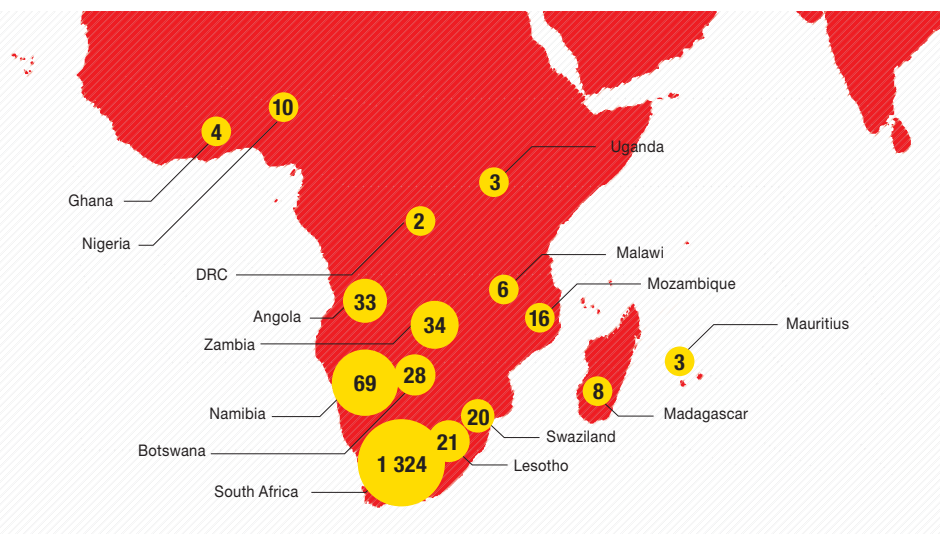
Shoprite Investments Ltd



Distribution of Operations

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

Total
1581
corporate
stores



	Shoprite	Checkers	Checkers Hyper	Usave	OK Furniture	OK Power Express	House & Home	Hungry Lion	Shoprite LiquorShop	Checkers LiquorShop	Shoprite MediRite	Checkers MediRite	OK Franchise
South Africa	400	180	31	266	255	23	45	124	130	105	52	92	329
Angola	7			14	5			7			3		
Botswana	5	1		5	7		1	9					
DRC	1							1					
Ghana	3			1									
Lesotho	5			6	6	1		3	1				
Madagascar	8												
Malawi	3			3									
Mauritius	3												
Mozambique	8			3	5								
Namibia	18	4		23	11		2	11	4	1			38
Nigeria	10												
Swaziland	9			5	4	1		1			3		
Uganda	3												
Zambia	20			1	2			11					
Outside SA	103	5		61	40	2	3	43	5	1	6		38
Total	503	185	31	327	295	25	48	167	135	106	58	92	367

ECONOMIC OVERVIEW

	Angola	Botswana	DRC	Ghana	Lesotho	Madagascar	Malawi	Mauritius
Gross domestic product, constant prices (% change)	4.059	3.938	8.481	5.450	5.783	2.363	4.969	3.100
Inflation, average consumer prices (% change)	8.782	5.763	0.807	11.666	5.308	5.825	27.706	3.483
Population (millions)	20.820	2.079	76.991	25.563	1.906	22.970	17.111	1.302

























	Mozambique	Namibia	Nigeria	South Africa	Swaziland	Uganda	Zambia
Gross domestic product, constant prices (% change)	7.149	4.311	6.265	1.891	2.786	6.025	6.043
Inflation, average consumer prices (% change)	4.208	6.170	8.476	5.752	5.620	5.439	6.978
Population (millions)	25.860	2.174	169.282	52.982	1.093	36.824	14.539

Source: International Monetary Fund, World Economic Outlook Database, April 2014






















































The Group

4

Brand	Summary	Target market	Store numbers		
	<p>Shoprite is the original business of the Group and remains the flagship brand, serving the mass middle market. It's the brand with the most stores in RSA as well as the brand used to spearhead growth into Africa. The brand's core focus is to provide the lowest possible prices on a range of groceries and household items. Specific emphasis is placed on basic commodities, which is critical to the core target market.</p>	LSM 4 – 7	<p>RSA: </p> <p>400</p>	<p>Non-RSA: </p> <p>103</p>	<p>Total: </p> <p>503</p>
	<p>Usave is a no-frills discounter focussing on lower income consumers. This smaller format, limited range store is also an ideal vehicle for the Group's expansion into Africa and allows far greater penetration into previously underserved areas within South Africa.</p>	LSM 1 – 5	<p>RSA: </p> <p>266</p>	<p>Non-RSA: </p> <p>61</p>	<p>Total: </p> <p>327</p>
	<p>Checkers focuses on time-pressed, higher income consumers and differentiates on its specialty ranges of meats, cheeses, wines and coffee. Its full range of groceries and household general merchandise items are all promised at the consistently good value for which the Group is famous. The stores across South Africa, Namibia and in Botswana are located in shopping malls and other premises conveniently accessible to more affluent residential areas.</p>	LSM 8 – 10	<p>RSA: </p> <p>180</p>	<p>Non-RSA: </p> <p>5</p>	<p>Total: </p> <p>185</p>
	<p>Checkers Hyper offers the same specialty food selections and great value as Checkers, but within large-format stores. The layout and location of these stores facilitates convenience shopping with a wider range of specific general merchandise categories like small appliances, pet accessories, garden and pool care, outdoor gear, home improvement, homeware, baby products, toys and stationery. Checkers Hyper stores operate in South Africa only and are found in areas with high population densities.</p>	LSM 8 – 10	<p>RSA: </p> <p>31</p>	<p>Non-RSA: </p> <p>0</p>	<p>Total: </p> <p>31</p>
	<p>The OK Furniture chain, with its wide geographic spread of stores, strives to offer a wide range of furniture, electrical appliances and home entertainment products at the lowest prices with impeccable service, at discounted prices, for cash or on credit. It sells quality cheaply, not cheap quality.</p>	LSM 5 – 7	<p>RSA: </p> <p>255</p>	<p>Non-RSA: </p> <p>40</p>	<p>Total: </p> <p>295</p>
	<p>A chain of small-format stores located mainly in high-density areas, selling a carefully selected range of white goods and home entertainment products in addition to bedding and carpeting, for cash or competitive credit options.</p>	LSM 5 – 7	<p>RSA: </p> <p>23</p>	<p>Non-RSA: </p> <p>2</p>	<p>Total: </p> <p>25</p>



Brand	Summary	Target market	Store numbers									
	<p>House & Home offers its consumers a quality shopping experience with a large selection of affordable, exclusive and well-known ranges of furniture, appliances, home entertainment products and floor coverings.</p>	LSM 7 – 10	<table border="1"> <thead> <tr> <th>RSA:</th> <th>Non-RSA:</th> <th>Total:</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>45</td> <td>3</td> <td>48</td> </tr> </tbody> </table>	RSA:	Non-RSA:	Total:				45	3	48
RSA:	Non-RSA:	Total:										
												
45	3	48										
	<p>MediRite is on its way to becoming the most convenient pharmacy for millions of South African grocery shoppers. MediRite pharmacies inside Shoprite and Checkers stores meet the growing need for easily accessible and affordable healthcare for all our customers. Many of our pharmacies are located in supermarkets serving previously disadvantaged areas where there are few medical practitioners.</p>	Same as Shoprite and Checkers	<table border="1"> <thead> <tr> <th>RSA:</th> <th>Non-RSA:</th> <th>Total:</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>144</td> <td>6</td> <td>150</td> </tr> </tbody> </table>	RSA:	Non-RSA:	Total:				144	6	150
RSA:	Non-RSA:	Total:										
												
144	6	150										
	<p>LiquorShop offers an upmarket, convenient shopping experience to Shoprite and Checkers customers. LiquorShop primarily targets Shoprite and Checkers customers, however the location of the outlets have a separate entrance to that of the supermarket and is therefore inviting to passing trade as well. It offers a full assortment of wine, beer and spirits.</p>	Same as Shoprite and Checkers	<table border="1"> <thead> <tr> <th>RSA:</th> <th>Non-RSA:</th> <th>Total:</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>235</td> <td>6</td> <td>241</td> </tr> </tbody> </table>	RSA:	Non-RSA:	Total:				235	6	241
RSA:	Non-RSA:	Total:										
												
235	6	241										
	<p>Transpharm Pharmaceutical Wholesalers distributes a wide range of pharmaceutical products and surgical equipment to our MediRite pharmacies as well as other pharmacies, hospitals, clinics, dispensing doctors and veterinary surgeons across South Africa. The Shoprite Group is expanding this dynamic company to improve its existing national distribution network.</p>	Targets pharmacies, vets, clinics, hospitals and dispensing doctors.										
	<p>The OK Franchise Division (OKFD) enabled the Group to gain a foothold in a diverse range of mostly smaller, convenience-oriented markets situated in rural towns, suburbs and neighbourhoods. The stores offer a wide range of fresh and non-perishable food items, as well as non-foods. The OKFD encompasses six super-market and convenience outlet formats under the OK and Friendly brands, a wholesaler (Megasave) and two add-on liquor outlets (Enjoy OK Liquor Store, Friendly Liquormarket). The OK brand is only awarded to outlets that meet specific requirements.</p>	The various store formats, with their different identities and facilities, cater to the needs of the community in which they are located.	<table border="1"> <thead> <tr> <th>RSA:</th> <th>Non-RSA:</th> <th>Total:</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>329</td> <td>38</td> <td>367</td> </tr> </tbody> </table>	RSA:	Non-RSA:	Total:				329	38	367
RSA:	Non-RSA:	Total:										
												
329	38	367										
	<p>Hungry Lion presently operates in eight countries in Africa, serving delicious fried chicken in a competitive Quick Service Restaurant (QSR) environment. Its goal is to grow the brand through applying first-world standards, ensuring great quality and service at affordable prices. This is achieved with the consistent and efficient delivering of the Hungry Lion brand promise, which is to always provide king size chicken portions and service to its customers.</p>	LSM 3 – 6	<table border="1"> <thead> <tr> <th>RSA:</th> <th>Non-RSA:</th> <th>Total:</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>124</td> <td>43</td> <td>167</td> </tr> </tbody> </table>	RSA:	Non-RSA:	Total:				124	43	167
RSA:	Non-RSA:	Total:										
												
124	43	167										



Financial Highlights

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

6

	% increase	June 2014 R'000	Restated June 2013 R'000
Sale of merchandise	10.5	102 204	92 457
Trading profit	6.0	5 714	5 392
Earnings before interest, income tax, depreciation and amortisation (EBITDA)	8.7	7 406	6 811
Profit before income tax	5.3	5 467	5 191
Headline earnings	3.3	3 733	3 614

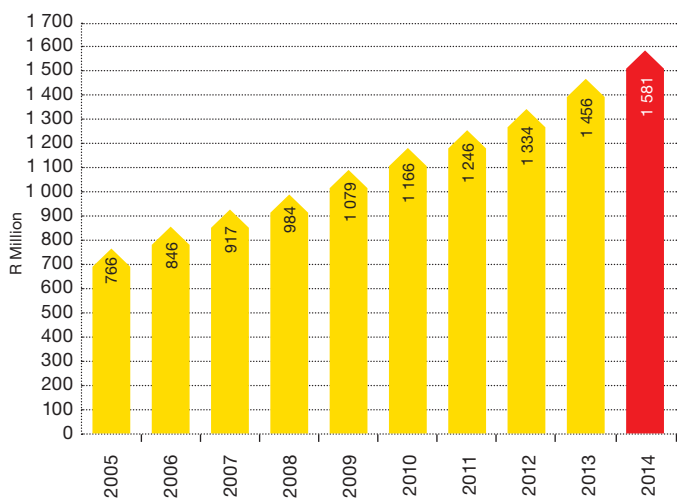
PERFORMANCE MEASURES

Headline earnings per share (cents)	3.3	697.6	675.4
Dividends per share declared (cents)	3.6	350.0	338.0
Dividend cover (times)		2.0	2.0
Trading margin (%)		5.59	5.83
Return on average shareholders' equity (%)		18.1	20.0

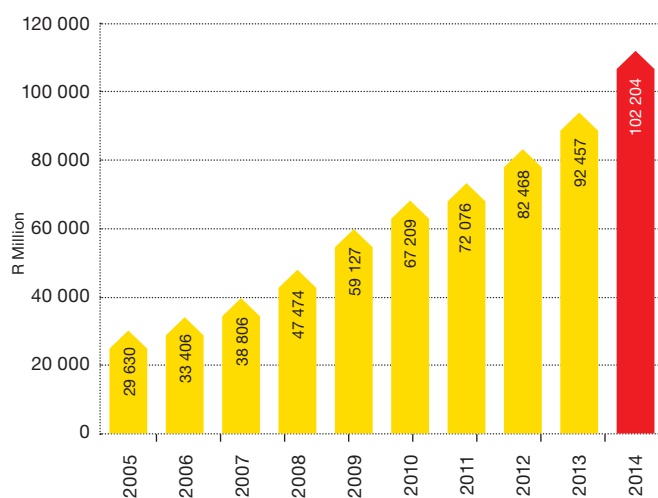
DEFINITIONS

Return on average shareholders' equity: Headline earnings, expressed as a percentage of the average of capital and reserves and interest-bearing borrowings at the beginning and the end of the financial year.

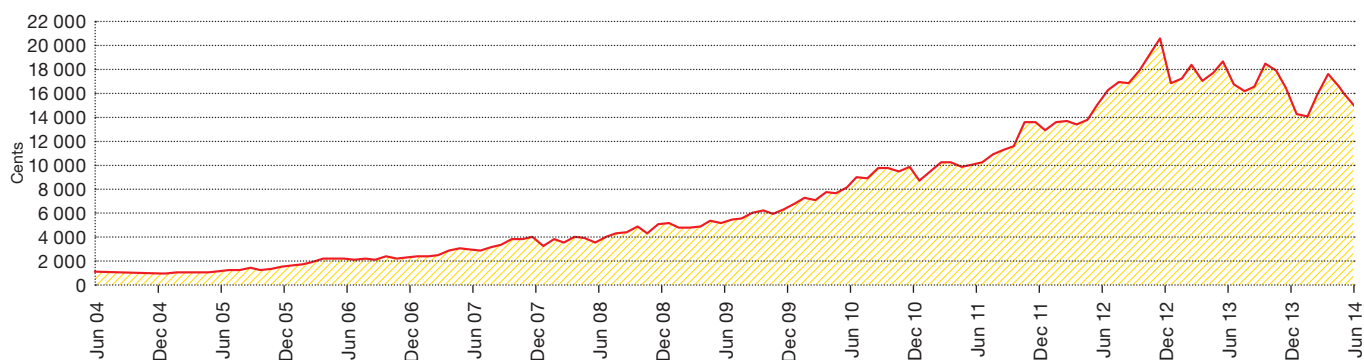
NUMBER OF CORPORATE STORES



SALES



SHOPRITE HOLDINGS LTD SHARE PRICE



11 762
NEW JOBS
CREATED IN 2014

123 100
people employed in total

BLACK
REPRESENTATION
95.9%



130

**NEW CORPORATE
STORES BY
JUNE 2015**

Total CSI spend
R118 456 338

South African
National food
inflation

6.1%

Shoprite Checkers
Internal food
inflation

4.7%

B-BBEE
Level 4
contributor

Group
turnover
grew

10.5%

Number of
food safety
incidents

ZERO

Board of Directors

Shoprite Holdings Ltd

8

EXECUTIVE DIRECTORS



DR JW BASSON (68)
BCom CTA CA(SA) DCom (hc)
Chief Executive Officer

- Joined Pep Stores Ltd as financial manager in 1971.
- Appointed as Chief Executive Officer of Shoprite Holdings in 1979.
- Managing director of Shoprite Checkers (Pty) Ltd.



MR CG GOOSEN (61)
BCom Hons CA(SA)
Deputy Managing Director

- Joined the Pepkor Group as financial manager in 1983.
- Served as financial director of Shoprite Holdings from 1993 to 2014.
- Director of Shoprite Checkers (Pty) Ltd.



MR M BOSMAN (57)
BAcc Hons CA(SA)
Chief Financial Officer

- Appointed as Shoprite Holdings financial director in 2014.
- Served as executive alternate director of Shoprite Holdings from 2005 to 2014.
- Director of Shoprite Checkers (Pty) Ltd and various other group subsidiaries.
- Serves on the Social and Ethics Committee.



MR B HARISUNKER (62)
Divisional Manager

- Joined Checkers in 1969.
- Appointed to the board of Shoprite Holdings in 2002.
- Director of Shoprite Checkers (Pty) Ltd and various other group subsidiaries. Responsible for the group's retail operations in Mauritius, Madagascar and Mozambique and international sourcing.



MR AE KARP (55)
General Manager: Furniture Division

- Joined OK Bazaars during 1990.
- Appointed to the board of Shoprite Holdings in 2005.
- Director of Shoprite Checkers (Pty) Ltd and various other group subsidiaries.



MR EL NEL (65)
BCom CTA CA(SA)
General Manager: Retail Investments

- Joined the Shoprite group in 1997.
- Appointed to the board of Shoprite Holdings in 2005.
- Director of Shoprite Checkers (Pty) Ltd and various other group subsidiaries.



MR BR WEYERS (62)
General Manager: Product Development

- Joined the Shoprite Group in 1980.
- Appointed as director of Shoprite Holdings in 1997.
- Director of Shoprite Checkers (Pty) Ltd.
- Serves on the Social and Ethics Committee.

EXECUTIVE ALTERNATE DIRECTORS



MR JAL BASSON (38)
BAcc
General Manager: Hungry Lion

- Appointed as Shoprite Holdings alternate director in 2005.
- Director of Shoprite Checkers (Pty) Ltd and various other group subsidiaries.
- Serves on the Social and Ethics Committee.



MR PC ENGELBRECHT (45)
BCompt Hons CA(SA)
Chief Operating Officer

- Appointed as Shoprite Holdings alternate director and as Chief Operating Officer of Shoprite Checkers (Pty) Ltd in 2005.
- Director of Shoprite Checkers (Pty) Ltd and various other group subsidiaries.

NON-EXECUTIVE DIRECTOR



DR CH WIESE (72)
BA LLB DCom (hc)

- Appointed as Chairman of Shoprite Holdings in 1991.
- Chairs the Nomination Committee.
- Serves on the Remuneration Committee.
- Chairperson of Pepkor Holdings (Pty) Ltd, Tradehold Ltd and Invicta Holdings Ltd.
- Serves as a non-executive director on the boards of Brait SA Ltd, Steinhoff International Holdings Ltd and Pallinghurst Resources Ltd.



INDEPENDENT NON-EXECUTIVE DIRECTORS

**MR JG RADEMEYER (65)**

BCom CTA CA(SA)

- Appointed as a director of Shoprite Holdings in 2002.
- Lead Independent director and Chairperson of the Audit and Risk Committee.

**MR JF BASSON (62)**

BCom (Cum Laude) CTA CA(SA)

- Appointed as a director of Shoprite Holdings in 2014.
- Member of the Audit and Risk Committee.
- Previously partner of PricewaterhouseCoopers.
- Chairman of the Audit and Risk Committee of Cape Consumers (Pty) Ltd.
- Member of the board of Cape Consumers (Pty) Ltd.

**MR JJ FOUCHÉ (66)**

BCom LLB

- Re-appointed as director of Shoprite Holdings in 2012.
- Member of the Audit and Risk Committee.
- Serves as a non-executive director of Pepkor Holdings (Pty) Ltd.

**MR EC KIESWETTER (55)**

BEd (Science Education)

MCom (cum laude) (SA and International Tax)
Executive MBA (Strategy and Business Transformation) (UK)

MA (Science Education – Cognitive Development)

- Appointed as a director of Shoprite Holdings in 2010.
- Serves on the Nomination and Remuneration Committees.
- Group Chief Executive of Alexander Forbes Group Holdings Limited and holds various directorships within Alexander Forbes group subsidiaries.
- Previously Deputy Commissioner at SARS and member of National Treasury Tax Revenue Committee.
- Chancellor of the Da Vinci Institute, a private University in South Africa.

**MR JA LOUW (70)**

BSc Hons B(B&A) Hons

- Appointed as a director of Shoprite Holdings in 1991.
- Chairs the Social and Ethics, and Remuneration Committees.
- Serves on the Audit and Risk, and Nomination Committees.
- Holds directorships in various private companies.

**DR ATM MOKGOKONG (57)**

MB ChB DCom (hc)

- Appointed as a director of Shoprite Holdings in 2012.
- Executive Chairperson of Community Investment Holdings (Pty) Ltd and non-executive Chairperson of Rebosis Property Fund Ltd and Jasco Electronics Ltd.
- Non-executive Director of Adcock Ingram, Afrocentric Investment Corporation Ltd and Medscheme Ltd.

**MR JA ROCK (44)**

BA Hons MA ACA AMP (Insead)

- Appointed as a director of Shoprite Holdings in 2012.
- Member of the Audit and Risk Committee.
- Qualified chartered accountant.
- Previously Group Executive at SARS.
- Currently General Manager at Exxaro Services.

ALTERNATE NON-EXECUTIVE DIRECTOR

**ADV JD WIESE (33)**

BA MIEM (Italy) LLB

- Appointed as alternate director of Shoprite Holdings in 2005.
- Serves on the boards of various listed companies.
- Advocate of the High Court of South Africa.





CH Wiese

SOUTH AFRICA AND THE GLOBAL ECONOMIC ENVIRONMENT

The effects of the global economic meltdown of 2008/2009 are slowly diminishing in the United States and the developed countries in the EU. The recovery in the US now seems firmly rooted while the UK's economy is steadily improving with the IMF expecting it to grow by 2.9% in 2014. On the Continent, the export-driven German economy is leading the EU recovery although there are still concerns about some of the member countries bordering the Mediterranean.

The performance of South Africa's partners in the BRICS bloc has

been mixed over the past year. Brazil's economy in particular has been in the doldrums, while India has reported the lowest growth in years, although commentators expect a resurgence under the newly elected government. To what extent intensified sanctions against Russia for its aggression in the Ukraine will harm its economy is too early to tell. The slower economic growth in China, by far the dominant presence in BRICS, might in the long run turn out to be to the benefit of its economy which had been rushing along at such a breakneck pace that there was little time for consolidation.

Most of the emerging markets are starting to grow again at an acceptable rate, especially those in Asia where the GDP of a country such as South Korea is expected to increase by about 4% this year. The Antipodes are also reporting robust growth. In Latin America, Chile is leading the pack with GDP growth of over 5%.

Compared with most other emerging economies, South Africa is lagging badly with growth of 2% predicted for 2014 – and next year is expected to be only marginally better. SA Reserve Bank governor Gill Marcus recently said South Africa could no longer blame the global financial crisis for its flagging economic performance as its present slow pace of growth, in her opinion, was domestically driven and largely self-inflicted.

While the government failed to address the structural problems which hamstringing the local economy, Nigeria surpassed South Africa as the largest economy on the African continent, growing at an astonishing 6.7% in 2012 and 7.4% in 2013 according to African Economic Outlook. This compares with South Africa's growth of 1.9% in 2013 and the 2% the World Bank has predicted for 2014.



It is likely that this pattern of sluggish growth will continue until such time as there is a concerted effort by government and other stakeholders to address the economy's structural problems that remain such an impediment to growth. Government also needs as a matter of urgency to improve the country's inadequate energy and transport infrastructure. Business can only supply the growth if the state provides an environment in which business can invest with confidence for the long term.

Growth is the only way to create jobs, attract skills and establish a stable and affluent society. At present unemployment levels have again risen to above 25% while 65% of young people are without jobs despite the government's efforts at job creation.

I believe South Africa has the potential and the opportunities to achieve so much more on the African continent than it does at present. As the only African member of BRICS, it is in a position to play a major role in sub-Saharan Africa through the sophistication and diversity of its economy, and the access provided for trading partners into Africa.

THE GROUP AND AFRICA

Next year it will be 20 years since Shoprite first ventured into Africa beyond the BLNS countries to open its first stores in Zambia. In the two decades since, Africa has changed almost beyond recognition. It is now growing over a wide geographic reach and is no longer primarily resource-dependent for its economic success. The pessimism provoked by its political instability, lack of infrastructure and wide-spread poverty has dissipated over the years to the point where Africa

is seen as a continent offering vast potential inter alia, as a future food basket of the world.

It is interesting to note that nowadays, much of its economic growth is fuelled not so much by its raw materials but by consumer demand, to the benefit of Shoprite's outlets on the continent. The African Development Bank calculates in its latest annual report that over the past year, Africa has attracted some \$80 billion (some R864 billion) in foreign investment, most of which has been directed to manufacture rather than the extractive industries.

Some countries obviously attract more investment than others which means growth is uneven across the continent; despite a growing middle class, poverty still very much prevails; and violence remains a daily reality in the DRC, Kenya, Nigeria and the South-Sudan. So while the potential is vast and is increasingly being realised, Africa still presents enormous difficulties to trade. The problems experienced especially by food retailers have not diminished. Finding well located, appropriate trading sites; moving perishable merchandise over borders; and frequently having to provide your own store infrastructure, has not become any easier due to the endless red tape involved.

On the positive side, Africa has also bred for us a new generation of retailers who have learnt their trade in an environment in which they have had to be mentally strong and resourceful to survive. It has also taught us self-sufficiency and forced us to develop an extensive infrastructure to ensure the efficient operation of our stores spread across the continent. Ironically, the knowledge we acquired this way we could also apply very successfully in South Africa.



Centurion Distribution Centre

Chairman's Report (continued)

12

SHOPRITE AND ITS CUSTOMERS

The theme of this year's annual report is Low Price Leadership for Tomorrow's Customer.

In difficult economic times such as we have been experiencing these past few years, price competition in the retail environment becomes even fiercer as retailers aggressively pursue the dwindling disposable income of consumers. This competition changes when conditions improve and consumers start spending more freely again.

The Group has never followed this opportunistic approach, for low prices have formed the bedrock of our business philosophy from the outset. The Shoprite brand, the core business of the Group, has operated on this basis since inception.

What differentiates the Group is that it can offer the lowest prices of any food retailer in South Africa without sacrificing profitability. Because of the economies of scale we have managed to achieve a net profit margin substantially higher than that of any of our competitors. Fundamental to our success has been the level of self-sufficiency we have achieved. In plain language: We control every aspect of our business ourselves.

We interact with our customers on the shop floor and online, and we analyse shopping patterns to better understand their needs and aspirations. These we satisfy by sourcing globally where we can find the best quality at the lowest prices. To ensure these products are on the shelf where and when our customers want them we have invested in some of the most sophisticated stock management and distribution systems.

It is a model which we are constantly refining, using the latest information technology available, and it is one we believe can serve us successfully into the future.

SUSTAINABILITY

The sustainability of our operations is central to our forward planning which is focused on ensuring that the business is structured in such a way that it can withstand any downswing and benefit from any upturn in the economies in which we operate. We therefore have protective measures built into our business, structured in such a way that they do not impede our growth.

Most important in ensuring our profitability has been the creation over the years of a network of highly sophisticated distribution facilities linked to our stores by modern transport fleets. By operating supply lines ourselves, we take responsibility for getting the right product to our stores at the right time, with a high level of efficiency.

In Africa we are focusing our operations increasingly on countries with sufficiently strong growth potential that can accommodate a large enough number of stores to give us a dominant position in the market and provide us with economies of scale in a number of areas, from marketing to the provisioning of stores from our own distribution centres.

In the highly competitive South African food retailing environment we focus our growth on developing urban areas as well as those where buying power offers new potential. When our research shows us that areas earmarked for residential development will have sufficient potential in the future, we buy up land well positioned for future retail development.

We are constantly improving the level of customer service in our existing stores and we are adding to the ancillary services we provide such as pharmacies and upmarket liquor stores, also facilities to buy

tickets for anything from overseas travel to sporting events, etc – all aimed at inviting consumers to come and do all their business in one place.

To provide us with a deeper penetration of the market, several years ago we introduced a new, smaller format called Usave which is able to operate profitably in areas too small to sustain conventional super-markets.

Because of our daily exposure to the community – the Shoprite chain in South Africa alone has close to 22 million shoppers in the middle to lower sectors of the market – we are acutely aware of our responsibility to our customers and to the community, not only in providing basic food stuffs at the lowest possible prices but also to assist in enhancing their quality of life.

Several years ago we created the Shoprite Checkers Development Trust as the primary vehicle for B-BBEE enterprise and socio-economic development. The fund has to date invested more than R110 million in projects in which local communities own the majority shareholding. These include shopping centre developments in Mossel Bay and Khayelitsha as well as business ventures in Jeffrey's Bay and in Namibia, the latter aimed at increasing food security in that country.

THE BOARD

During the year an old stalwart of the company and a friend of many years passed away. Jeff Malherbe, 84, was involved as legal adviser in every major transaction and acquisition of Shoprite from its establishment in 1979 until he retired as senior partner of the Cape Town legal practice of Jan S de Villiers, today part of Werkmans. He was elected to the Shoprite board in 1999. My own relationship with Mr Malherbe, who retired from the board last year, goes back to the late 1960s when he became the legal adviser to the fledgling Pep, today Pepkor, from which Shoprite would later develop. Despite the passing of the years, Mr Malherbe, who was also a Naspers director for 31 years, continued to make a valuable contribution to our board discussions. He was in many respects a remarkable man and one whose friendship I valued highly.

ACKNOWLEDGMENT

The retail sector in South Africa can look back on another bruising year in which enormous demands were made on the Group's ability to maintain its growth in a most challenging environment. I want to thank my fellow directors and senior management for the foresight they have shown over the years in initiating and developing strategies that have equipped us not only to survive, but to survive well under these conditions. In doing so, I also want to thank every member of staff who helped ensure that these strategies were – and still are – successfully implemented as well as for their unremitting hard work on a daily basis.



CH Wiese
Chairman

18 August 2014





JW Basson

OPERATING ENVIRONMENT

In the year under review the Group increased turnover by 10.5% from R92.5 billion to R102.2 billion, for the first time exceeding the R100 billion threshold in sales and gaining market share for the eighth year in succession. We believe this represents a sound performance within the context of the challenging conditions that existed in the food retail market.

The major factor influencing food retailing in the year to June 2014 was consumers' lack of disposable income given the low economic growth, unemployment and labour unrest. What we experienced in our stores was a reflection of the country's broader economy which struggled to maintain a growth rate of 2% – lower than most emerging economies recovering from the global economic crisis of 2008/2009.

The prolonged strike action in the platinum industry affected our sales in Shoprite outlets in those parts of the country in which the 70 000 affected miners and their families live. According to the Chamber of Mines, workers lost R10.7 billion in wages during the five-month strike. Lower-income consumers spend the bulk of their income on food and these lost wages therefore represent a substantial loss in sales for food retailers.

Against this background business confidence in recent months has dropped to levels last seen in 2000, while consumer confidence has been on a consistent decline as the pressure on households increase because of constantly rising prices. The high level of indebtedness of South African consumers also impacted retailers in an environment where interest rates are rising.

OPERATIONAL REVIEW

In the 12 months to June the Group restricted food price increases to 4.7% or 1.4 percentage points below South Africa's official food inflation figure of 6.1%.

Economies of scale, meticulous cost control and increased efficiencies generated by the Group's extensive distribution infrastructure enabled us to achieve a world class trading profit margin of 5.6%, marginally below the 5.8% of 2013.

The Group continued to invest in the future with a net 125 new corporate stores as well as in the supply-line infrastructure and information technology to support them. We opened a net 92 supermarkets – more than ever before and more than any of our competitors – as well as a net 32 furniture stores. Although the country's present low economic growth may force the business to limit expansion plans, the Group is investing for the future and is well positioned to take advantage of the eventual economic upswing.

The effect of higher depreciation and staff costs resulting from the high number of new stores opened particularly in the second half, affected profitability.

To satisfy our growth appetite, the Group has purposefully looked to supplement its income by expanding its operations in countries outside South Africa where one third of Africa's 54 countries have an annual GDP growth rate of more than 6%.

While the country's official unemployment figure had again soared to above 25%, the Group created 11 762 new jobs during the reporting period and now employ 123 100 people; 107 467 in South Africa and 15 633 beyond its borders.

During the past year management was reinforced as a talented younger generation moved into positions of responsibility and was equipped to take the business into the future. It is a measure of our level of forward planning that we could fill all relevant positions from our own ranks.

CORE BUSINESS

In the year to June, the Group opened a net 76 supermarkets in South Africa, the highest number by any food retailer, and the three chains together now operate 877 supermarkets within the country.

The Group is fortunate in that it dominates the market and possesses more bargaining power and has substantially more trading space than any of its competitors. Linked to these stores are a sophisticated technology infrastructure and advanced sourcing and replenishment systems for the benefit of consumers.

In the densely traded South African environment short term cannibalisation of sales by our own new stores does occur, although we believe in the long term we will be reaping the benefits represented by a rising middle class consumer.

The Group continues as a major pay-point for social grants, paying out about R850 million to some 1.5 million recipients each month and believes it provides an important service to many who are also its customers.

We are continually developing new and more effective ways of communicating with customers. We believe the potential for online shopping in the South African food retail market, and particularly in the segment representing the bulk of our business, is limited to certain lines of non-perishable products. However, we believe digital marketing, particularly through the use of mobile technology, has enormous potential for our business. Effective utilisation of customer data gathered from electronic marketing channels allows us to construct profiles of individual shoppers so we can market to their specific needs and preferences.

Through our three distinct supermarket brands – Shoprite, Checkers and Usave – we cover the whole income spectrum of South African consumers. Each one has its own product offering aimed at satisfying the needs and aspirations of its target audience, and each is supported by its own infrastructure.

Shoprite remains the flagship brand of the Group both in terms of turnover and the number of supermarkets, having opened a further net 37 branches during the year to bring the total to 400 supermarkets which generated a turnover growth of 7.5% (2013: 7.3%) and was voted the Number 1 supermarket brand in the 2014 Sunday Times Top Brands survey.

Our low price positioning was entrenched through a strong, consistent focus on discounting and the chain is continuing its strategic defence of its position. Proof of the successful positioning was evidenced in the outcome of a market survey involving 1 500 respondents from our core target market of which some 50% considered Shoprite the supermarket offering the lowest prices – a figure five times more than the support received by any of its competitors. Recent AMPS data shows Shoprite has by far the highest number of loyal customers in South Africa at 34% and the highest number of regular shoppers at 21.7 million.

Checkers continued to strengthen its position as a value retailer, expanding its support base in the more affluent LSM 8–10 consumer segment. At the end of the reporting period it operated 211 Checkers and Checkers Hyper outlets within the country, reporting a combined turnover growth of 8.2% for the two formats. The hypers are now being positioned as more compact one-stop shopping outlets offering customers an extensive product choice in an easy-to-shop environment. The chain's appeal continues to be enhanced by destination departments devoted to specialist product categories such as wine,



Chief Executive's Report (continued)

14

cheese, meat and coffee. Much work was done to enhance the chain's fresh produce offerings and the customer service that underlies it.

Although the South African market is maturing for supermarket chains such as Shoprite and Checkers, there are still ample growth opportunities for the small-format outlets of Usave, which is becoming a relevant player at the lower end of the spectrum. Usave's share of the South African food retail market has now grown to above 2%. The chain sticks unwaveringly to its business model of offering a limited range of basic foods at permanently discounted prices. It continues to grow sales at almost twice the industry's rate and in the year to June reported a sales increase of 12.9% generated by 266 outlets, of which 30 are new.

NON-RSA EXPANSION

Our non-RSA operations continue to gain momentum and our stores all enjoy high levels of acceptance in the countries where we operate. We opened a net 16 supermarkets during the reporting period and we now operate 169 supermarkets outside the borders of South Africa. Sales increased by 26.8% (16.2% in constant currencies) compared to the previous year.

Over the years we have amassed a sizeable property portfolio in non-RSA countries of which the replacement value far exceeds its initial cost given the weakening of the rand over time coupled with higher building and rental costs that prevail in Africa.

More and more South African retailers are following Shoprite into Africa. However, the Group's first-mover advantage built up over years will ensure that competitors find it difficult to present a real threat to its growth. In Zambia, where most of these retailers have now established themselves, the Group has also recorded its strongest operations growth ever.

Our Zambian, Namibian and Angolan operations were again the top achievers. Shortly before year-end the Group sold its three stores in Tanzania, where its operation had not been profitable, to the Kenyan retailer Nakumatt that owns stores in several East-African countries.

In Nigeria our profitability has been impeded by a law forcing banks to levy a 3% surcharge on all cash deposits. This was recently rescinded after strenuous objections from businesses including Shoprite. The surcharge now applies exclusively to cash withdrawals.

Although we encourage the sourcing of products in the countries where we operate and buy from local manufacturers and producers where products are of the required standard, we are still hugely dependent on products sourced from South Africa and other countries. However, due to poor infrastructure and administrative red tape replenishing our stores is often still slow and erratic, impacting on-shelf product availability. To overcome this problem we are investigating expanding our distribution facilities in key countries such as Nigeria and Angola.

We are working hard with South African manufacturers to follow us into Africa and set up production plants that could supply our stores and also what would be completely new markets for them. In the interim we have been sourcing from elsewhere but strides are being made in Angola, for instance, where our product range initially consisted of 100% of South African goods, it has now dropped to about 30%.

In the new financial year we shall be opening 30 supermarkets outside South Africa's borders – an increase of 17.8% on the existing number. We shall then be trading from almost 200 supermarkets elsewhere on the continent.

The Group's focus for growth in Africa today is mainly on resource rich countries where the Group has built up a strong presence over the years and also present many opportunities.

COMPLEMENTARY SERVICES

Money Market

The Money Market concept, introduced in our stores several years ago to enable shoppers to do most of their business under one roof, has developed into a substantial business in its own right. The in-store

kiosks not only sell airtime and bus tickets, but handle money transfers to anywhere in the country while also accepting payments of utility accounts and traffic fines. These services were recently expanded by the introduction of a personal loans facility.

A range of Money Market services was successfully introduced into several other African countries. Money transfers, one of the most popular services in South Africa, were launched in Zambia in March this year to great success.

Operating profit for the year increased by 13.1% to continue a growth momentum maintained since the introduction of the service.

Computicket

Computicket, South Africa's foremost ticketing business which operates from 857 in-store kiosks and 40 freestanding outlets had a subdued year as promoters of live events found the fees of top international artists prohibitively expensive due to the weakness of the rand. During the year Computicket launched a new Deals website offering customers substantial discounts and value-added offers on entertainment and travel. Computicket's sales of airline tickets rose to close to R500 million for the year, placing Computicket Travel on par with the biggest travel agencies in South Africa.

MediRite and Transpharm

The Group's pharmaceutical division consists of two components: a chain of 150 in-store MediRite pharmacies, of which 144 are in South Africa and six in neighbouring countries, and a wholesale operation trading as Transpharm, which supplies to MediRite as well as a number of external customers. Transpharm has greatly improved the on-shelf availability of the extensive range of medication in our pharmacies.

During the year MediRite, which increased turnover by 20.1% in South Africa and served a record 5.7 million prescriptions to our supermarket customers, has been appointed a preferred service provider by a number of medical aids. In the new financial year it plans to grow into Africa, focusing in particular on Angola.

LiquorShop

LiquorShop is one of the fastest growing smaller businesses in the Group. During the year it opened 47 outlets to bring the total number of outlets to 241, the majority of them conveniently located close to the entrances of Checkers and Shoprite supermarkets. LiquorShop complements in-store wine sales with an extensive range of its own to which is added a wide selection of beers, ciders and ready-to-drink products as well as a comprehensive line-up of spirits. It has fast acquired a reputation among customers as a purveyor of fine whiskies, having recently introduced an exclusive range of single malts. Total turnover for the year to June grew 33.6% to top the R2 billion level for the first time.

GROUP SERVICES

One of the major strengths of the Group is the sophisticated supply chain developed to replenish stores both in South Africa and even in some remote parts on the African continent. We work closely with local and overseas suppliers on volumes and delivery dates to ensure a consistent product flow into our network of distribution centres from where products are then distributed by a fleet of either refrigerated or ambient trucks to stores according to their needs.

Stores are on average replenished several times a week, thereby improving product availability and providing the Group with an ability to reduce both the buffer stock and space that stores would have required in the outdated "direct-to-store" route to market. The Group's distribution centres now command about 600 000m² of space and they're constantly being expanded and upgraded both in terms of infrastructure as well as systems. This assists in maintaining the Group's competitive advantage in supply chain management and international trade. These advanced systems play a major role in reducing operational costs through the optimal use of resources and improved process efficiencies.



The Group's key distribution nodes are located at Centurion in Gauteng, in Durban and in Cape Town. The Centurion hub, which services 565 retail outlets, also accommodates distribution facilities for exports into Africa. Pioneering work is being conducted at Centurion with the reverse logistics leg of the supply chain – ultimately, this enhances the Group's sustainability initiatives. The new distribution node in Durban consolidated three older distribution centres. A major new centre for Cape Town is being planned to replace and supplement some of the present rented facilities.

FURNITURE DIVISION

Despite the tougher environment, the furniture division managed to increase turnover by 12.2% in a highly competitive durables market. The best performance came from its flagship chain, OK Furniture, which grew turnover by 19.5%, as well as from the smaller-format OK Power Express. Both these formats cater to the middle income sectors of the market. House & Home, aimed at the higher LSMs, showed signs of turnaround after being restructured in the previous financial year.

Despite the weak rand, the division was able to continue sourcing quality products abroad, which are sold at highly competitive prices but still provide the business with an excellent profit margin.

With consumer debt levels averaging about 75% of disposable income, the division followed a prudent policy in granting credit and at the same time placed a strong focus on collections to keep total arrears at acceptable levels of just under 9%.

The division now operates 368 outlets, having gained a net 32 stores during the reporting period. Of these, 323 are in South Africa and 45 are beyond the country's borders. The division intends to continue growing strongly in the new financial year through the addition of a further 30 stores.

FRANCHISE DIVISION

The results of the Franchise Division echo the extremely challenging conditions faced by many of its members of whom the majority trade in the rural areas of South Africa and Namibia. Total turnover grew by

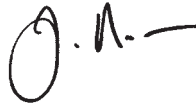
4.7% while growth on existing business was higher at 9.5%. Despite gaining 21 members during the year, membership dropped from 380 in 2013 to 367. In certain instances OK Franchise had to terminate its relationship with certain members because of their inability to meet their financial obligations.

As part of its membership drive the division also operates an empowerment project to create opportunities for black entrepreneurs to enter the food retailing sector of the economy. Such members are not only assisted with generous credit terms but they also receive assistance and guidance in running their own businesses. They have, in addition, the very substantial buying power of the Group behind them enabling them to sell within their communities at highly competitive prices.

In addition to Enjoy liquor stores, Megasave and Friendly Stores, the division operates four different OK grocery outlet formats to make them viable as businesses within different communities. Of the four, OK Grocer is the dominant format.

ACKNOWLEDGMENT

Retailing is hard work, ask anyone in the industry. Some years are slightly easier than others; 2014 wasn't one of them. Conditions were challenging and a less experienced management team could easily have faltered under these conditions. I'm fortunate in having a seasoned team about whose loyalty and commitment there is never any doubt. To every member of the team my grateful thanks. Then there are also 123 100 staff members whose hard work and unqualified support is enormously appreciated!



JW Basson
Chief executive

18 August 2014



Five-year Financial Review

Shoprite Holdings Ltd and its Subsidiaries

16

	June 2014 Rm	Restated June 2013 Rm	June 2012* Rm	June 2011* Rm	June 2010* Rm
STATEMENT OF COMPREHENSIVE INCOME					
Sale of merchandise	102 204	92 457	82 731	72 298	67 402
Trading profit	5 714	5 392	4 665	3 987	3 490
Exchange rate losses	(9)	(4)	(8)	—	(78)
Items of a capital nature	3	(31)	(94)	(79)	(26)
Operating profit	5 708	5 357	4 563	3 908	3 386
Interest received	225	259	142	95	106
Finance costs	(461)	(430)	(224)	(126)	(94)
Share of (loss)/profit of associates and joint ventures	(5)	5	—	—	—
Profit before income tax	5 467	5 191	4 481	3 877	3 398
Income tax	(1 727)	(1 576)	(1 439)	(1 347)	(1 112)
Profit for the year	3 740	3 615	3 042	2 530	2 286

STATEMENT OF FINANCIAL POSITION

ASSETS

Property, plant and equipment	13 576	11 652	9 669	8 169	6 578
Other investments	471	179	108	64	66
Deferred income tax assets	440	420	414	326	289
Intangible assets	1 225	1 041	894	719	611
Current assets	24 803	20 176	19 988	11 417	10 442
Fixed escalation operating lease accruals	18	12	11	9	6
TOTAL ASSETS	40 533	33 480	31 084	20 704	17 992

EQUITY AND LIABILITIES

Capital and reserves	17 217	15 184	12 745	7 084	5 906
Non-controlling interest	66	68	63	59	67
Permanent capital	17 283	15 252	12 808	7 143	5 973
Borrowings	4 684	4 152	4 035	50	40
Other liabilities	18 566	14 076	14 241	13 511	11 979
TOTAL EQUITY AND LIABILITIES	40 533	33 480	31 084	20 704	17 992

STATISTICS PER ORDINARY SHARE AND FINANCIAL RATIOS

Net asset value per share	(cents)	3 218.1	2 837.4	2 381.6	1 399.8	1 166.7
Earnings per share	(cents)	697.0	672.3	590.0	495.9	450.1
Headline earnings per share	(cents)	697.6	675.4	607.0	507.6	455.4
Diluted headline earnings per share	(cents)	697.6	675.4	607.0	507.6	451.6
Dividend per share	(cents)	350.0	338.0	303.0	253.0	227.0
Dividend cover (based on headline earnings)	(times)	2.0	2.0	2.0	2.0	2.0
Trading margin	(%)	5.59	5.83	5.64	5.51	5.18
Headline earnings on average total permanent capital	(%)	22.9	25.8	31.2	39.2	41.7
Inventory turn	(times)	7.1	7.7	8.4	8.8	8.9
Borrowings: Total equity	(:1)	0.271	0.272	0.315	0.007	0.007
Net finance costs cover	(times)	31.38	39.83	70.60	156.24	N/A

*Not restated for the impact of the application of IFRS 11, as the effect is not considered to be material to the Group.

DEFINITIONS

Trading margin: Trading profit expressed as a percentage of sales.

Inventory turn: Cost of merchandise sold, divided by the average of inventories at the beginning and the end of the financial year.

Headline earnings: Profit before items of a capital nature, net of income tax.

Net finance costs cover: Earnings before interest, income tax, depreciation and amortisation (EBITDA) divided by net finance costs.



STATEMENT OF COMPREHENSIVE INCOME

Sale of merchandise

- Total turnover increased by 10.5% to R102.2 billion, exceeding R100 billion for the first time. This was a good performance seen in context of the state of the economy in general and the fall-out from the disruptive labour unrest. The Group performed better in the second half of the year when compared to the first half, with sales increasing from 9.7% to 11.4% compared to the corresponding periods.

- The following table gives the relevant turnover per segment:

	Sales Growth %	June 2014 R'm	June 2013 R'm
Supermarkets RSA	8.7	76 881	70 707
Supermarkets Non-RSA	26.8	14 779	11 657
Furniture	12.2	3 996	3 562
Other Segments	0.3	6 548	6 531
Total Sales	10.5	102 204	92 457

- Supermarkets RSA reported an 8.7% growth in turnover to R76.9 billion. The average customer remained financially stressed, but Supermarkets RSA opened a net 76 supermarkets and again had a number of highly successful promotions during the year which contributed to its turnover growth. Value added categories like cheese, wine and meat saw continued improvements to its ranges and thus supplying customers with world class products.
- Internal food inflation increased from 4.3% in 2013 to 4.7% in 2014. This in comparison to the official food inflation of 6.1% for the 2014 financial year indicates that not all increases were passed on to the customers.
- The rand maintained its relative weakness to the USA dollar and most African currencies in which the Group trades, with the result that Supermarkets Non-RSA reported a growth of 26.8%, contributing R14.8 billion to Group turnover after conversion to rand. In constant currencies the growth in turnover was 16.2%. The Group opened a net 16 new supermarkets during the year outside of South Africa.
- Trading conditions for the furniture business also remained difficult, but it managed to increase turnover by 12.2% to almost R4 billion. This turnover growth was achieved without sacrificing margins and trading profit increased by almost 50% to R196.2 million (2013: R130.7 million), mainly due to margins that remained intact while expenses were properly controlled. The strongest turnover growth was again reported by OK Furniture at 19.5%, which targets middle- to lower income consumers. Credit participation was virtually unchanged at 30.4% and assisted in the growth of finance income which grew by 14.0%, in line with turnover growth. The furniture division opened a net 32 new stores during the year.

Gross profit

Gross profit comprises primarily gross margin after markdowns and shrinkage. In line with IFRS (IAS 2: Inventory and IFRIC Circular 9/2006), the Group deducted settlement discounts and rebates received from the cost of inventory.

The Group continued to maintain its price competitiveness in a market characterised by aggressive food discounting. Despite cutting the margins on basic foods the Group maintained gross profit margins as a result of efficiencies in systems and logistics infrastructure, the latter now able to handle bigger volumes due to the new and extended distribution centres. This resulted in the gross profit margin remaining almost unchanged at 20.8%. Gross profit increased by 10.2% to R21.3 billion, in line with turnover growth. Shrinkage remains well under control, but crime is becoming a scourge with perpetrators becoming more brazen by the day. This forced the Group to increase its spend on security and loss control.

Other operating income

Other operating income increased by 8.9% to R2.8 billion, mainly due to an increase in commissions received, premiums earned as well as advertising recoupments that increased with a similar amount.

Expenses

Cost management remains a high priority for the Group as trading margins are always under pressure due to the increased competition in food retailing.

Depreciation and amortisation: The Group is continuing to increase its investment in information technology. It is also opening new stores while simultaneously implementing an on-going refurbishment programme for older stores. On average, stores are revamped every seven to eight years. In addition 153 new corporate stores were opened during the year with 28 closing down.

Operating leases: Rental increases for existing stores are generally in line with those in the property market as a whole. 125 net new corporate stores were opened during the year and the increase in turnover also saw a commensurate increase in turnover rentals paid. Certain lease payments were reduced by head leases that were either not renewed or were renegotiated during the year.

Employee benefits: The increase in staff costs of 8.1%, well under the turnover growth, was mainly due to the resulting staff requirements of increased turnover as well as the number of new store openings. Productivity improvement continued with additional focus on improving and maintaining in-store service levels. Included in employee benefits are provisions for long term incentives to retain staff.

Other operating expenses: These costs, which increased by 12.5%, cover expenses such as electricity and water, repairs and maintenance, security and credit card commissions paid. The Group maintained its provision for reinstatement of leased buildings where it has an obligation to maintain the exterior of such buildings. The growth in other operating expenses was more than that of turnover, but was mainly due to the increases in electricity (tariff increases), commission paid (more customers making use of expensive hybrid cards), repairs and maintenance (revamps and other normal expenses) and car running expenses (fuel and other costs) growing more than turnover growth. Some of the other expenses also outgrew turnover due to the number of new stores opened.

Trading profit

Trading margins reduced slightly from 5.8% to 5.6%, due to a bigger increase in expenses because of the number of new stores opened.

Foreign exchange differences

As stated in the accounting policies, the assets and liabilities of foreign subsidiaries are converted to rand at closing rates. These translation differences are recognised in equity in the foreign currency translation reserve (FCTR). In essence, most foreign exchange differences in the statement of comprehensive income are due to USA dollar denominated short-term loans of operations outside South Africa and balances in USA dollar held in offshore accounts.

During the year the rand remained weak while the currencies of some of the countries in Africa where the Group does business, maintained their levels against the USA dollar. In addition we saw a devaluation of the Malawi kwacha and the Ghana cedi affecting the short term loans. The result was a currency loss of R9.4 million compared to a loss of R3.8 million in the previous financial year.



Financial Report (continued)

18

The table below gives the approximate Rand cost of a unit of the following major currencies at year-end:

	2014	2013	2012
USA dollar	10.617	9.959	8.297
Euro	14.478	13.017	10.443
Zambia kwacha	1.710	1.816	1.590
Angola kwanza	0.109	0.103	0.087
Mozambique metical	0.332	0.331	0.293
Nigeria naira	0.065	0.062	0.051

Net interest paid

The Group utilised overnight call facilities for both short-term deposits and borrowings for the most part of the year. As in the past, the Group funded all capital projects utilising short-term borrowings and cash reserves.

Net interest paid increased to R236 million for the year compared to a net payment of R171 million in the previous year. This is mainly due to the cash outflows resulting from assets purchased (R3.9 billion), as well as the mismatch between the interest paid on the convertible bonds and the interest earned.

In addition the Group is faced with the requirements of IFRS 39 for the treatment of the interest on the convertible bonds. IFRS requires the debt component of the convertible bonds to be measured at amortised cost, using the effective interest method at the Internal Rate of Return. The interest expense calculated at the Internal Rate of Return of 10.09% amounted to R408.3 million for the year under review compared to the actual interest paid amounting to R292.5 million at the coupon rate of 6.5%.

Income tax expense

The effective income tax rate is higher than the nominal income tax rate due to certain non-deductible expenses such as leasehold improvements as well as income tax losses in certain non-RSA countries that cannot be utilised for Group purposes. In a number of these countries a minimum tax was raised, contributing to the higher overall tax rate.

Headline earnings per share

Headline earnings per share increased 3.3% from 675.4 cents to 697.6 cents and result mainly from the expense growth due to the number of new stores opened.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment and intangible assets

During the year the Group spent R3.921 billion on property, plant and equipment and software compared to R3.300 billion in 2013. The Group is also continuing with its policy to purchase vacant land for strategic purposes and building retail premises when no developers can be found. During the year the Group spent R354 million on such land and buildings. The investment in refurbishments amounted to R580 million, while R1.6 billion was spent on new stores (excluding land and buildings), R551 million on information technology and the balance on normal replacements. The Group is in the process of upgrading its merchandising, master data and central stock ledger systems. This will be continuing into the next financial year. Capital commitments of R2.48 billion have been made relating to expansion and improvements for the next financial year.

Intangible assets consist mainly of goodwill paid for acquisitions, trademarks acquired and software. Goodwill represents the premium paid for certain businesses and is tested for impairment annually based on the value-in-use of these businesses, calculated by using cash flow projections.

Software represents the Group's investment in certain computer software that is used in its daily operations. The Group continued its

investment in new SAP software. Software is amortised over its useful life of three to seven years.

Trademarks mainly represent the purchased Computicket, Transpharm and Seven Eleven/Friendly Grocer trademarks and is amortised over 20, 16 and 20 years respectively.

Investment in associates and joint ventures

During the year the Group reclassified its investment in Hungry Lion, a jointly controlled fast food outlet, in terms of IFRS 11. In terms of IFRS 11 it now becomes mandatory to equity account, whereas it was previously proportionally consolidated.

Deferred income tax assets

Deferred income tax is provided, using the liability method, for calculated income tax losses and temporary differences between the income tax bases of assets and liabilities, and their carrying values for financial reporting purposes. This asset developed primarily from provisions created for various purposes as well as the fixed escalation operating lease accrual.

Current assets

Inventories

Inventories amounted to R12.3 billion, an increase of 19.7% on the previous year. The inventory turn, based on cost of merchandise sold, was 7.1 times (2013: 7.7 times). The increase in inventory resulted mainly from the following:

- The provisioning for a net 125 new corporate stores
- The extension to the DCs in Centurion and Brackenfell, and the completion of the DC in KZN with more suppliers and products now flowing through these facilities.

Trade and other receivables

Trade and other receivables mainly represent instalment sale debtors, franchise debtors, buy-aid societies and rental debtors. Adequate allowance is made for potential bad debts and the outstanding debtor's book is reviewed regularly.

The allowance for impairment and unearned finance income in respect of instalment sale debtors amounted to 15.2% compared to 13.5% the previous year. This increase was to take cognisance of the general debt environment and to maintain the Group's conservative approach.

Cash and cash equivalents and bank overdrafts

Net cash and cash equivalents amounted to R8.1 billion at year-end, compared to R6.1 billion in 2013. This movement was mainly due to the following:

- Capital expenditure, including land and buildings, of R3.9 billion
 - Certain 30-day term creditors were paid after the reporting date in June whereas they were paid before this date in the previous year.
- This also accounts for the increase in trade and other payables.

Non-current liabilities

6.5% Convertible bonds

On 2 April 2012 Shoprite Investments Ltd issued 6.5% convertible bonds due April 2017 for a nominal amount of R4.5 billion. On 9 May 2012 a further issue in a nominal amount of R200 million was made to Shoprite Checkers (Pty) Ltd, to be utilised as part of an incentive scheme for its employees. This scheme was implemented during June 2014.

A specific authority was granted at an extraordinary general meeting held on 28 June 2012 for the issue of a maximum of 30 million new ordinary shares of Shoprite Holdings upon conversion of the convertible bonds. The initial conversion price is R168.94 per ordinary share. On 28 May 2012 these convertible bonds were successfully listed on the Johannesburg Stock Exchange.



In terms of the Memorandum of Incorporation of Shoprite Holdings Ltd its borrowing powers are unlimited.

In terms of IFRS 39 the convertible bonds are classified as compound financial instruments and thus requires a split between equity and liability components.

The liability component (bond) is recognised initially at the fair value of a similar bond that does not have an equity conversion option, in other words a vanilla bond. The rate used is a market related borrowing rate which would normally be swap rate plus a credit margin. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry.

The movement in the closing value of the liability as well as the difference in interest calculated and paid is demonstrated below.

	June 2014 R'm	June 2013 R'm
Liability component at the beginning of the year	4 078	3 975
Sold i.t.o. share scheme during the year	187	—
Calculated interest expense	408	396
Interest paid (6.5%)	(292)	(293)
Liability component at the end of the year	4 381	4 078

Current liabilities

Provisions

Adequate provision is made for post-retirement medical benefits, reinstatements, onerous lease contracts, long-term employee benefits and all outstanding insurance claims. The Group has settled a major portion of the post-employment medical liability in the past. The remaining liability relates mainly to pensioners and will be settled during the next financial years.

CREDIT SALES

The Group continued to supply credit facilities as part and parcel of its furniture business. The management and administration of this debtor's book is done in-house as the granting of credit is deemed an integral part of selling furniture.

SHOPRITE INSURANCE

The Group operates its own short-term insurance company as part of the furniture business and as an insurance vehicle for its own assets. During the year under review net premiums earned relating to third parties amounted to R370 million compared to R333 million the previous year. As in the past, the Group accounts for premiums earned and extended guarantee fees over the life of the policy. In South Africa insurance premiums are invoiced and earned on a monthly basis. This is in line with the National Credit Act.

At year-end the equity of the insurance company exceeded its Capital Adequacy Requirement (CAR) as required by the Short-Term Insurance Act. The insurance company had a CAR cover of 2.8 times (2013: 1.9 times) at the reporting date.

Non-financial Report

The Shoprite Group has a legacy of doing more and talking less. We have a strong tradition of quietly empowering, sharing wealth and resources with a broader set of stakeholders and investing in community and societal improvement projects that have proven to be sustainable and continue to deliver ongoing benefits where there is a need.

We strongly believe that factors impacting the sustainability of our business is well understood by Management and the Board.

Business metrics have been defined and internal reporting systems support decision-making and management of these factors.

In this report we provide our stakeholders with an indication of what sustainability means in the Shoprite Group context, our material sustainability issues and some evidence of the extent to which sustainability is embedded in our business.

Where further information is required for investment analysis or other purposes, we encourage stakeholders to engage with us to understand the measures we have in place to drive the long-term sustainability of our business.

Segment analysis

In this report we focus on the supermarket segment of the Shoprite Group as this represents 90% of revenue, or 95% of trading profit for the Group, and in some instances, such as B-BBEE, information pertains only to the South African operations. Below we provide an analysis of revenue and trading profit per segment to illustrate the relative size of each:

Sustainability in our context means that we must:

- Have a primary focus on the needs and expectations of our **customers**, providing them with **affordable, safe food**;
- Attract and retain over 123 000 **employees** who are enthusiastic and passionate about the Shoprite business, working within the same **culture** and towards the **same objectives**;
- Consider the **environmental impact** of our operations and value chain, as it contributes to our **product costs** and will increasingly do so, and affects our **reputation**;
- Work with our **suppliers** to ensure **food security, sustainable supply, food safety and cost effectiveness**; and
- Consider the impact of our Group on the **communities** we serve.

FOCUSING ON OUR CUSTOMERS

Affordability of products

The Shoprite Group's promise is simply to provide quality food at low prices. In the Shoprite context, where we serve customers across LSM brackets and expand into under-served markets, this means that we consciously use our massive buying power to serve the communities of Africa.

Our internal food inflation, which is consistently lower than official food inflation, quantifies the impact of our price leadership. An analysis of the Shoprite Internal All Items inflation in relation to Stats SA CPI over a five-year period shows this as a long-term trend and not extraordinary short-term performance.

This year alone the difference between Stats SA CPI and Shoprite Group's Internal All Item Inflation resulted in the prevention of over R1 billion in price increases from reaching our customers. We believe this represents real savings for our shoppers.

Food safety

Apart from providing our customers with low prices, we have an unwavering commitment to food safety. Our commitment extends beyond our own operations and we engage and collaborate with our suppliers to ensure that our customers buy safe, correctly labelled food.

We have developed a comprehensive process to proactively drive food safety that includes auditing our operations and suppliers in accordance with international food safety standards.

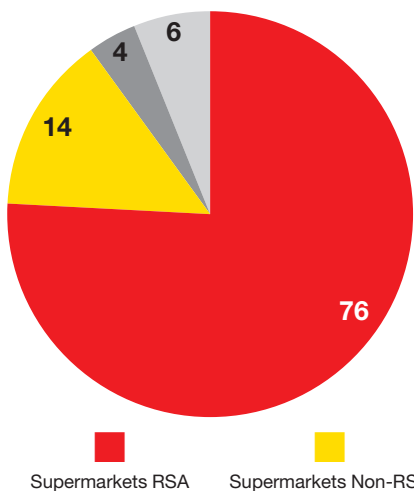
We have embedded food safety protocols in our operations covering our distribution centres on an annual basis, and all our stores quarterly. All suppliers, including own brands and national brands, are incorporated in our food safety programme. Our programme allows for staggered audit requirements ranging from hygiene and regulatory reviews for small-scale suppliers to accredited certification audits for large suppliers. In terms of our programme a supplier of food items can only be listed once food safety approval has been granted.

Food safety audit results are reported monthly and compliance is strictly monitored. The PPECB (Perishable Products Export Control Board) audited our export distribution centre which received compliance enabling it to continue exporting.

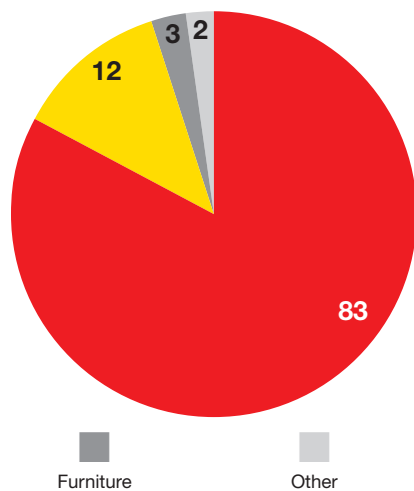
We provide clear food safety specifications and rules that set unambiguous expectations relating to food safety and labelling issues.

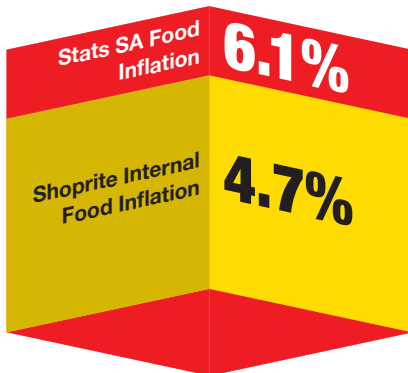
For example, a DNA species meat testing protocol is now in place to reduce the risk of foreign and undeclared species entering our

Percentage revenue per segment



Percentage trading profit per segment





supply chain. The protocol ensures compliance with our strict labelling regulations as well as the Consumer Protection Act. Likewise, a free-range protocol and audit programme ensures that suppliers' actions comply with their free-range claims.

We test labels to ensure compliance with legislation as well as internal standards.

Food labels have to meet stringent legal requirements. All food and non-food local,

imported and own-brand labels are viewed and approved on a daily basis to ensure compliance.

Although publication of the final regulation on genetically modified labelling has been delayed, we are actively engaging with our suppliers to identify products with GMO content to ensure appropriate labelling.

We remain at the forefront of food safety and labelling developments.

The Shoprite Group's food technologists participate in industry forums, specifically with government organisations and technical committees, to ensure proposed regulations and inspections are done for the benefit of suppliers, retailers and consumers.

We test the quality, safety and compliance of products before they reach the shelf.

The move to central distribution further improved supply-chain management as a smaller number of receiving points enabled us to exercise better quality control.

FOCUSING ON OUR EMPLOYEES

It is important for the sustainability of our Group that we attract the right people, provide them with relevant and timely training, create a workplace that is safe, respect diversity, support strategic priorities such as B-BBEE and HIV/Aids, and consider the long-term career progression and succession planning for key positions.

We have 123 100 dedicated employees in 15 countries supporting the successful running of our business. The sheer size of the Shoprite Group ensures that our employees have multiple opportunities to do more within the Group by capitalising on their existing capabilities, learn more through our focused

training programmes, with the ambition to be more as an individual and an employee.

Centralised recruitment centre

Sourcing the correct candidate from a strategic business perspective and retaining such talent are crucially important. We have implemented a standard processing and recruitment facility as a practical solution to our stores with a dedicated central recruitment centre covering the Western Cape and Gauteng operations, to ensure our stores have a database of screened candidates to recruit from. These candidates, who have been selected following a standard and fair selection process, are available for employment by stores close to where they live. A major objective of the programme is to free store management of the need to recruit staff by providing a constant stream of good potential candidates for appointment.

One of our key focus areas in our South African divisions is transformation to ensure that we reflect diversity of skills, race and gender across the organisation. We are committed to equality and non-discriminatory practices and aim to embed these values in the company culture. We support Government's efforts to expand the economy across the population diversity of South Africa. Even with the increased compliance targets required in 2014 by the B-BBEE codes, we were able to improve our B-BBEE rating to a level 4 contributor.

In support of our goal of sustainable transformation, black representation as a percentage of our total staff complement has increased year after year.



“My legacy should be about how many children are professionals because we gave their parents jobs. That’s how I want to be remembered.”

CEO, Whitey Basson

Non-financial Report (continued)

22

BUSINESS OVERVIEW

123 100
Employees

11 762
New Positions Created

95.9%
Black Representation

Skills development and training

Creating 11 762 new positions in the Group and facilitating career progression for tens of thousands of employees require a well-oiled training machine. We believe our Learning and Development vision will lead to the development of the most cost-effective and efficient Retail Varsity in the world. A training model, underpinned by a blended learning approach, has been built. It includes a customised Group eLearning Solution. The new eLearning methodology will assist us in the rapid roll-out of induction-; product knowledge-; system-; compliance- and customer service related training. We will be taking training to our stores instead of taking employees to external training venues. We aim to transform our stores into learning hubs where the knowledge, skills and practical application of learning will be assessed, supported by an in-store coaching model.

The Group is one of the largest contributors to skills development in South Africa – not only in terms of money spent but also in terms of our dedication to and passion for the development and upliftment of all our employees. The graphic representation below provides you training statistics for the financial year under review.

Succession planning

Our future success depends on our ability to identify, develop and retain key talent in our organisation. To this end we assess the potential and performance of staff to ensure our critical management talent pools have the “bench strength” to take the business forward. Our key focus for a formalised

succession process is aimed at trainee, branch, regional and divisional management levels, as well as at our buyers who represent a key capability in our retail functionality.

Health and safety

To ensure that all our employees work in a safe environment, we employ a comprehensive IT-based occupational health and safety management system. This system includes awareness campaigns and training programmes, committee meeting agendas and minutes, inspection checklists, incident capturing and line management reporting. It provides us with a streamlined approach to measuring, monitoring and managing all health- and safety-related activities.

Senior management has access to all health and safety reports through the corporate intranet, and all serious incidents are reported to the general manager – group finance for immediate attention and action. Regular divisional inspections and spot-checks are conducted to ensure store-level adherence to company health and safety guidelines.

Organised labour relations

Our key strategy is to have and maintain open communication channels with representatives of organised labour at all strata and to address concerns at the earliest possible stage with the minimum of bureaucratic interference. The period under review was characterised by a continuation of the good-faith relationship which has been established over time with organised labour unions.

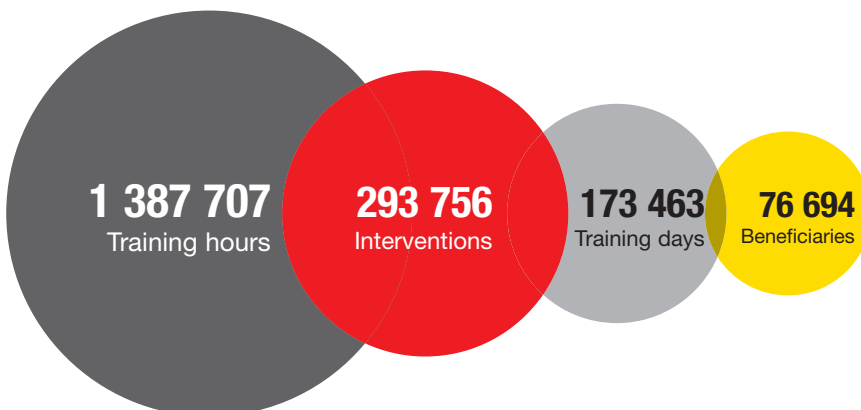


*As defined in the Occupational Health and Safety Act

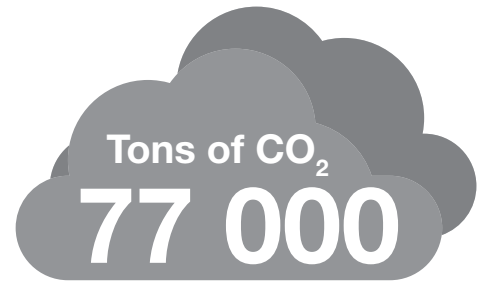
We have concluded several collective agreements in the past year with labour unions across Africa. The Group’s strategy when engaging with unions is to share information such as Group performance and economic forecasts openly and freely in an effort to stimulate the development of trust and interest-based bargaining. The agreements concluded during the year under review primarily pertain to wages and conditions of employment.

HIV and AIDS

HIV and AIDS remain one of the key challenges facing South Africa. The Group’s HIV and AIDS programme is overseen by the HIV and AIDS Steering Committee. The committee, representing the Group, employees and labour, meets on a regular basis to review and administer the implementation of HIV and AIDS interventions. All employees and their immediate families are covered by the Post Exposure Prophylactics (PEP) medication programme in case of accidental exposure to the HIV virus. The Group’s Voluntary Counselling and Testing (VCT) project, managed by Life Assist, continued during the review period offering free VCT at a further 249 Group facilities. Testing revealed an overall prevalence rate of 6.9%. VCT will continue at these facilities in the new financial year.



R85 000 000 Fossil fuel cost savings



Direct emission reductions

Twelve Number of projects under investigation or in implementation

FOCUSING ON THE ENVIRONMENTAL IMPACT OF OUR VALUE CHAIN

The environmental impact of our activities has a direct impact on the current and future price of our products. In aligning with our low price promise, we concentrate our efforts on initiatives that will sustainably reduce costs across the value chain.

Climate change

Our response to climate change forms part of our overall business strategy and is aligned with investor requirements, regulatory changes and operational impacts.

We have completed four reports to the Carbon Disclosure Project with extensive reports on our approach to climate change, our perceived risks and opportunities, current initiatives and targets to drive future projects. We decided to keep these reports non-public as current CDP benchmarks, reporting protocols and procedures do not always allow like-for-like comparisons. Interested parties are welcome to contact us for further information. Such enquiries will enable us to enter into discussions and provide further insight into carbon footprint calculations and factors to consider for comparative analyses.

We recognise the potential impacts of climate change on our business and are committed to managing these in a sustainable manner. The biggest direct impact of climate change on our business will be increased costs due to the impact of the planned South African carbon tax, operational costs due to potential requirements for mandatory emissions reporting, costs associated with fuel and energy taxes and regulations, increases in capital expenditure due to green building requirements and other general environmental regulations.

In response to these risks, we focus on:

- Continuously increasing the accuracy of our emissions data capturing systems, through our Utility Consumption Information System (UCIS) and the continuation of a project to install electricity meters enabling more accurate emissions calculations and associated carbon tax estimates; and

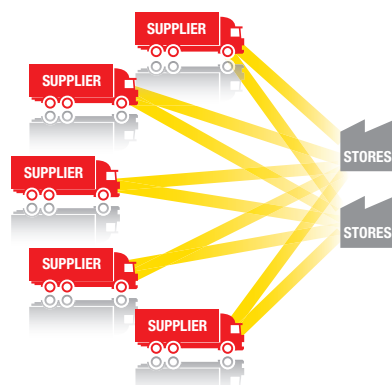
- Implementing emission reduction projects as well as assisting our wider value chain. Some examples in this regard are:
 - Replacing light fittings with more energy efficient alternatives;
 - Optimising supply chain activities both with trading partners and within the Shoprite distribution network, at all-time optimising travel distances;
 - Fuel efficient driving practices, reduced kilometres travelled and fugitive emission reductions; and
 - Utilising environmentally friendly fuels for refrigeration in trucks to reduce carbon emissions.

The investment in centralised distribution plays a major role in providing the Group with the necessary infrastructure that empowers suppliers by allowing them access to a more efficient route to market than the costly traditional "direct-to-store" option where supplier vehicles drive extra mileage and waste time between store deliveries. Suppliers no longer need to tie up their capital in expensive warehousing and vehicles that offer no financial return, instead, they can focus their financial resources on product development and production related aspects. This principle guides our sustainability initiative for trading and reduces our suppliers' fuel costs. These savings ultimately affect our supplier product prices, which helps us keep internal food inflation low.

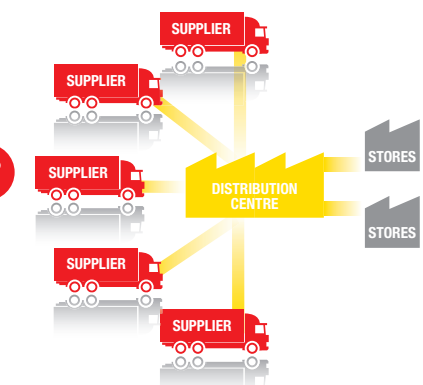
Below we provide a graphic representation of each route to market and the multiplier effect can clearly be seen between the two delivery mechanisms.

Pioneering initiatives relating to the reverse logistics component of the supply chain provide new opportunities and are fundamental in enhancing Shoprite's sustainability profile. The Centurion centre remains the testing ground for all store returns including the return of damaged product – further reducing the mileage, fuel and carbon emissions of our trading partners.

Direct distribution model:



Centralised distribution model:



Waste

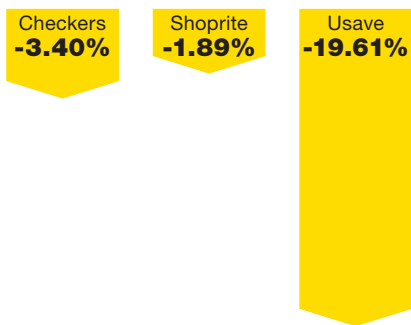
The Group has a number of waste minimisation initiatives in place as recyclable waste can provide a potential revenue stream that can be used to offset waste removal costs.

Infrastructure to enable the safe transportation of food has traditionally been a major source of waste once the product is merchandised on the store's shelf. In response, the Group introduced reusable equipment for moving products, including plastic totes, crates and roll-tainers. This change resulted in a large reduction in wooden pallets. Also, an added benefit of this equipment is the reduced physical involvement of effort required from staff, thereby increasing efficiency.

We are at present implementing procedures for the collection of recyclable waste with a view to baling and selling it centrally. For our first year, we baled and sold more than 100 tons of cardboard and 30 tons of plastic. The potential to increase this is promising and we have set significantly higher targets for next year.

The reclamation centre at Centurion plays a significant part in increasing our efficiency in handling product returns as well as in equipment management and waste management processes. This central point further enables supplier collaboration on damaged goods and drives initiatives to derive the maximum value from products while reducing waste taken to landfill.

Reduction in food waste as a percentage of sales



2.89%
Average reduction in food waste across South African stores

Over 1 000 000 reusable crates in use

Food waste

Food waste represents a direct cost to our Group and we are committed to keeping food waste as low as possible. Food waste comes mainly from fresh items such as from our deli's and bakeries as well as from our perishables and fruit and vegetables sections. The range of food items in each store format has a material impact on wastage and as such food waste varies significantly between different supermarket brands.

With food safety checks and balances in place, the Group has a hierarchy of action steps to ensure that food waste is reduced as much as possible through rework, return to supplier and safe disposal.

The Shoprite Group enters into joint programmes with its suppliers to manage food waste. Some items such as ruptured bags of maize flour may be reworked into animal feed, but items that cannot be reworked are wasted.

Food waste as a percentage of sales is a highly visible item which is closely monitored on a monthly basis by executive management. Monitoring is per brand and in each store food waste from different sections such as the deli, bakery, etc. is continuously monitored.

A reduction of 2.89% in food waste as a percentage of sales value was achieved in those departments with a significant percentage of food waste in the Group's South African supermarket operations.

Packaging

Packaging is essential in our business, as it enables the stable transportation of food, enhances food safety, protection and hygiene, it can increase the shelf life of products and improve customer experience with visually attractive food. On the negative side, packaging increases the cost of a product and generates waste.

To reduce costs, the Group strives to reduce packaging where possible. We collaborate with suppliers to identify potential weaknesses in the packaging which could result in product damage; we consider various designs and types of material which could increase shelf life and so reduce food waste; and we work at increasing the recyclability of packaging materials.

At the reclamation centre mentioned earlier, damage to products is also analysed and ways are developed to reduce such damage in collaboration with suppliers.

We also collaborated with the supplier of Checkers carrier bags in increasing the use of recycled plastics in these bags to 100%. The production of these bags will see 2 100 tons of plastic waste diverted from landfill sites each year. That equates to a saving of 11 970 m³ of landfill space and a saving of 726.6 tons of CO₂ per annum.

Another example is the dog food bags for our Housebrand and Ritebrand that have been changed from two-ply paper with a plastic inner layer to a monolayer plastic bag which is more easily recyclable. This reduces solid waste in landfills, uses less materials and less energy in the manufacturing process.

Our Freshmark division implemented the use of extend bags for bananas. During pre-ripening and ripening it helps to maintain a constant microclimate in the bag, resulting in even ripening and moisture loss prevention. Even after ripening the bags maintain the micro-climate inside them thereby reducing the effects of external environmental factors until such time as the product has reached the shelves, thereby also helping to reduce wastage.



Win-win

A relationship based on mutual respect and trust, with collaboration on logistics and planting programmes that enables proactive planning, forges mutual reliance and builds a long-term partnership.



FOCUSING ON OUR SUPPLIERS

The Shoprite Group cannot deliver on the promise of affordable, safe food on its own – it needs a stable and reliable supply of products, linked to ever greater efficiencies and related cost reductions in the supply chain. To achieve this, we strive to maintain a balance between not interfering in their business and supporting them in their initiatives to ensure food safety and to reduce operational costs.

The Group uses capital in various forms – be it infrastructure, financial or institutional systems and processes – to assist suppliers in increasing efficiency and reducing costs. Its central distribution system is a prime example of significant capital investment resulting in a substantial reduction in operating costs for suppliers. Another example is the team of food technologists that assist and advise small suppliers of legal, food safety and quality requirements. Through our involvement these suppliers save costs which directly impact on the cost price of goods purchased from them.

Forming long-term relationships with suppliers is also critical, as it ensures a reliable supply of products while the trust built up over time facilitates increased transparency in respect of cost drivers. This enables us to identify areas where we can play a role in reducing costs. To enable the establishment of long-term relationships we have a formal contracting process in place which details product specifications, food safety and auditing requirements prior to any purchases.

An example of such a relationship is that between Freshmark and the Farmer of the Year of 2013, Rossouw Cillié. Mr Cillié supplies fruit and vegetables to various South African and international retailers, and characterises the relationship with the Shoprite Group as win-win. A relationship based on mutual respect and trust, with collaboration on logistics and planting programmes that enables proactive planning, forges mutual reliance and builds a long-term partnership.

FOCUSING ON OUR COMMUNITIES

The Group continues to play an active role in supporting the communities in which it operates through various philanthropic initiatives. A total of R118.5 million was invested in community projects and food donations, with the following highlights for the year:

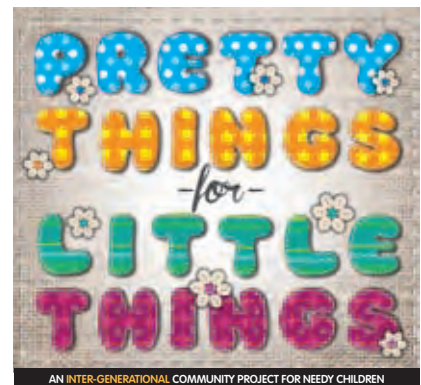
- R99.3 million in food donations; and
- R8.4 million in the Shoprite Mobile Soup Kitchen feeding programme that has to date served 19 million cups of nutritious soup through its fleet of 22 soup trucks.

In addition to the Group's own contribution to our communities, we create opportunities for customers to become involved in our philanthropic initiatives, and make a difference in our communities. Some examples of these are:

The Pretty Things Project in conjunction with Age in Action urges customers, especially senior citizens, to put their creative talents to work to make clothes, blankets and toys for needy children. Since its inception 12 years ago, more than 120 000 handmade items were donated to needy children across South Africa.

The Group continuously embarks on community orientated trolley collection campaigns. During these campaigns customers are urged to donate items such as blankets, non-perishable food, clothes and books for communities in need, especially in the case of disasters. These items are then distributed to the communities by a national intervention society on behalf of Shoprite. Through the RSG/KKNK Book Collection our consumers donated 81 000 books which were donated to needy schools and libraries.

Customers also contributed to their favourite local charities by supporting the Shoprite and Checkers gift-wrapping services during the Festive Season. More than R2.2 million was donated to charities across the country.



◀ Shoprite Checkers Marketing Director, Neil Schreuder, and Jeanne Cerff, General Manager Food: Mars Africa.



Total investment in our communities
R118 456 338

Good corporate governance is an integral part of the sustainability of Shoprite Holdings and its subsidiaries (“the Group”). The board of directors (“the Board”) of Shoprite Holdings Limited (“Shoprite Holdings” or “the Company”) promotes and supports high standards of corporate governance, integrity and ethics that will contribute towards the on-going sustainability, facilitate long term shareholder value and enhance the benefits that all other stakeholders derive from the Group’s continued success.

In an environment of increasing regulation, it is the Group’s objective to maintain a balance between the governance expectations of investors and other stakeholders, and the expectation to deliver increasing financial returns.

The Board is ultimately responsible for ensuring that governance standards are met and is assisted in this regard by senior management who aims to instil a culture of compliance and good governance throughout the Group. To achieve this, the Group continues to enhance and align its governance structures, policies and procedures to support its operating environment and strategy.

The Board endorses the King Report on Governance for South Africa 2009 (“King III”) which prescribes sound governance, best practice principles of accountability, integrity, fairness and transparency. The directors confirm that Shoprite Holdings applied the principles as set out in the latest King Code with explanations where practical and appropriate. This enables stakeholders to evaluate how the principles were applied and assess the statements of the extent of compliance or non-compliance. This report sets out the key governance principles adopted by the directors in governing the Company. The full King III narrative statement can be found on the Company’s website at www.shopriteholdings.co.za. The Company has furthermore complied with all the corporate governance provisions in the JSE Listings Requirements during the reporting period.

THE BOARD OF DIRECTORS

The Board currently consists of eight (8) non-executive directors and seven (7) executive directors. The directors are diverse in their academic qualifications, industry knowledge and experience. This diversity enables directors to provide the Board with relevant judgement to work effectively when conducting and determining the business affairs of the Company.

Non-executive directors are required to dedicate sufficient time to the affairs of the Board and may serve on other boards provided that they continue demonstrating that such other directorships have not, or will not, impede the discharge of their duties to the Shoprite Holdings board but rather add value by bringing a broader dimension to board deliberations. The Board is satisfied that the chairman and each of the non-executive directors, in their respective roles, comply with this requirement.

The Board is collectively responsible to the shareholders of Shoprite Holdings for the long term success of the Group and for its overall strategic direction, values and governance. It provides the leadership necessary for the Group to meet its business objectives within the framework of its internal controls, whilst also discharging the Group’s obligations to its shareholders.

Governance framework

The Board is the custodian of corporate governance and is structured to perform this function effectively. A number of committees have been established to assist the Board in its oversight function.

1. The Audit and Risk Committee assists the Board in monitoring the integrity of the Group’s financial statements and oversees integrated reporting. It also assesses the effectiveness of internal financial controls as well as the external and internal audit functions. In addition, it ensures that the Group has implemented an effective risk management process that identifies and monitors the management of the Group’s key risks.
2. The Social and Ethics Committee performs the social and ethics functions required by the Companies Act 2008, as amended (“the Companies Act”).

3. The Nominations Committee assists with the appointments of directors and guided by the company secretary, ensures a transparent process to determine Board and committee composition.
4. The Remuneration Committee ensures the adoption of remuneration policies that retain and attract talent, are aligned to the Group’s strategy, are market related and drive performance in the short and long term.
5. The Group’s executive management are responsible for the day-to-day management of the various business operations.
6. The governance department comprising of legal, compliance and the company secretary, provides support and guidance to the committees.
7. Assurance providers provide a level of assurance on integrated reporting, including the annual financial statements and the B-BBEE scorecard.

Board responsibilities

The detailed responsibilities of the Board are set out in a formal board charter which forms the basis of their responsibilities and duties. This charter sets out the powers of the Board and provides a clear division of responsibilities and the accountability of board members, both collectively and individually and was reviewed during the reporting period.

The general powers of the directors are set out in the Company’s Memorandum of Incorporation.

The Board’s principle responsibilities include:

- providing effective leadership based on an ethical foundation;
- addressing all aspects that are of strategic importance for the Group;
- ultimate responsibility for the strategic direction of the Group;
- ensuring that the Group’s strategy will result in sustainable outcomes;
- risk management and IT governance;
- monitoring compliance with laws, regulations and codes of good practice; and
- ensuring that the Group is and is seen to be a responsible corporate citizen.

The Board is of the opinion that it has adhered to the terms of reference as detailed in the board charter for the financial year under review.

Meetings of the Board

The Board meets at least four (4) times per year or more often should circumstances require. The attendance of directors at board meetings during the reporting period are recorded below.

	19.08.2013	04.11.2013	24.02.2014	19.05.2014
NON-EXECUTIVE DIRECTORS				
CH WIESE	●	●	●	●
JF BASSON*	n/a	n/a	n/a	n/a
JJ FOUCHÉ	●	●	●	●
EC KIESWETTER	●	○	●	○
JA LOUW	●	●	●	●
ATM MOKGOKONG	●	●	●	●
JG RADEMEYER	●	●	●	●
JA ROCK	●	●	●	●
EXECUTIVE DIRECTORS				
JW BASSON	●	●	●	●
M BOSMAN #	●	●	●	●
CG GOOSEN	●	●	●	●
B HARISUNKER	●	●	●	●
AE KARP	●	●	●	●
EL NEL	●	●	●	●
BR WEYERS	●	●	●	●

* Appointed with effect from 18 August 2014

Appointed as financial director with effect from 18 August 2014 but attended Board meetings as invitee/alternate director



Chairman and Chief Executive Officer

The roles and duties of the non-executive chairman and the chief executive officer are separated and clearly defined.

Dr CH Wiese is the non-executive chairman who provides guidance and leadership to the Board and also ensures that the Board functions effectively, focussed and as a unit.

The Chairman's role includes:

- encouraging debate and constructive criticism;
- setting agendas for board meetings in conjunction with the chief executive officer and the company secretary;
- leading the Board's and individual director performance assessments;
- facilitating the relationship between the Board and the chief executive officer; and
- ensuring that adequate time is allocated for discussion on strategic issues.

The chief executive officer, Dr JW Basson, reports to the Board and is responsible for the day-to-day business of the Group as well as the formulation and implementation of strategies once approved by the Board. He is assisted in this regard by members of executive and senior management that heads the various divisions and departments within the Group.

Lead independent director

Due to the fact that the Chairman is a material shareholder in Shoprite Holdings, he is not considered to be independent. Mr JG Rademeyer is the lead independent director. The function of the lead independent director is to provide leadership and advice to the Board when the Chairman has a conflict of interest without detracting from or undermining the authority of the Chairman.

Non-executive directors

The Board consists of eight (8) non-executive directors of which seven (7) are independent as defined in the King III Code. Dr CH Wiese is not independent in view of his material shareholding in Shoprite Holdings.

The full particulars of the directors of Shoprite Holdings are set out on pages 8 and 9 of this report.

The Board is satisfied that its current members possess the required collective skills and experience to carry out its responsibilities of achieving the Group's objectives and to create value to shareholders over the long term.

Board appointment

The Board regularly reviews its composition as well as the composition of board committees which are aligned with applicable legislation and regulations. In making an appointment the Board takes cognisance of the knowledge, skills, and experience of a potential candidate, as well as any other attributes considered necessary for the role.

The appointment of directors is a matter for the Board as a whole. The Board is assisted by the Nominations Committee who considers the suitability of potential directors and makes recommendations to the Board in this regard.

Directors are not appointed for a fixed term. In terms of the Memorandum of Incorporation ("MOI") of Shoprite Holdings, one third of the aggregate number of non-executive directors retire at each annual general meeting, but can make themselves available for re-election by shareholders. If eligible, available and recommended for re-election by the Nomination Committee, their names are submitted for re-election by shareholders at the annual general meeting.

The appointment of new directors is subject to confirmation by shareholders at the first annual general meeting after their appointment.

Induction of directors and on-going updates

A comprehensive induction programme has been developed for new directors to ensure that they are briefed and have the required under-

standing of their fiduciary and statutory duties, the Group's structure, operations and policies to enable them to fulfil their duties and responsibilities as directors. The company secretary is responsible for the administration of the Group's induction programme.

New directors are also provided with details of applicable legislation and regulations, Shoprite Holdings' MOI, relevant mandates as well as documents setting out their duties and responsibilities as directors. Directors are invited to briefing sessions or are provided with written summaries to keep them abreast of pending new legislation.

Conflicts of interests and directors' personal financial interests

The Group's policy in this regard is applicable to all directors and employees. Directors are required to declare their personal financial interests and those of related persons in contracts with the Group annually. A list in this regard is tabled annually and the register in which such interests are recorded is available for inspection at each annual general meeting of Shoprite Holdings.

Board effectiveness and evaluation

The annual evaluation of the Board was performed during July 2014. Directors were required to complete a questionnaire compiled by the company secretary in conjunction with the Chairman. This evaluation covered the size and composition of the Board, directors' induction and development effectiveness, board meetings, relationship between the Board and management, skills needed by the Board and its committees as well as stakeholder relations.

The Board is provided with the results of the board effectiveness evaluation. The overall outcome of the 2013/14 evaluations were that:

- the composition of the Board is sound and has a good mix of skills and experience;
- the agendas of the Board and the attention thereto include appropriate matters for review, monitoring and approval;
- the frequency of board meetings are sufficient to enable the Board to fulfil its responsibilities;
- the Board's review, approval, monitoring and oversight include both strategic matters and current operating performance and results;
- the Board has the appropriate committees to assist it and the committees have a clear terms of reference, appropriate leadership and composition and reported appropriately to the Board on their deliberations and decisions;
- board authority and leadership was separate from the executive leadership and authority; and
- the Chairman's leadership and contribution and the company secretary's role and contribution were considered to be effective.

COMPANY SECRETARY

Mr PG du Preez is the company secretary of Shoprite Holdings and was appointed on 27 October 2008. He is not a director of Shoprite Holdings, although he is a director of a number of Group subsidiaries. This relationship does not affect his arm's length relationship with the Shoprite Holdings Board.

The company secretary is appointed and removed by the Board and acts as a central source of information and advice to the Board and within the Group on matters of ethics and good corporate governance. Independent advisory services are retained by the company secretary at the request of the Board or board committees.

All directors have unlimited access to the advice and services of the company secretary, supported by the legal department. The company secretary is responsible for the duties set out in section 88 of the Companies Act and for ensuring compliance with the listings requirements of the JSE Limited. The company secretary also provides a communication link with investors and liaises with the Group's transfer secretaries and sponsors on relevant matters. As required by King III, the company secretary also acts as secretary to the various sub-committees of the Board and attends all meeting of the Board and the



committees. The company secretary is also the compliance officer and ensures that the Group complies with all the required legislation and regulations applicable to its various business activities.

As required by the JSE Listings Requirements, a detailed assessment was conducted by the Board to satisfy itself of the competence, qualifications and experience of the company secretary. Refer to principle 2.21 of the Group's King III compliance register for further details.

SHARE DEALINGS BY DIRECTORS AND SENIOR PERSONNEL

The Group has implemented a policy relating to share dealings by directors and senior personnel who, by virtue of their positions, have comprehensive knowledge of the Group's affairs. This policy imposes closed periods to prohibit dealing in Shoprite Holdings securities before the announcement of the interim and year-end financial results or during any other period that is considered to be price-sensitive. The company secretary disseminates written notices to all directors and senior personnel throughout the Group. This is in compliance with the market abuse provisions of the Financial Markets Act 19 of 2012 and the JSE Listings Requirements in respect of dealings by directors.

Dealings in Shoprite Holdings securities by directors and alternate directors of Shoprite Holdings and its main trading subsidiary are disclosed as required by the JSE Listings Requirements. The Board has also implemented a formal approval framework which governs the approvals required by these directors prior to their dealings in Shoprite Holdings securities.

ACCOUNTABILITY

Audit and Risk Committee

A description of the responsibilities and work undertaken by the Audit and Risk Committee during this year is included in the report by the chairman of the committee on page 45. His report also deals with the Group's internal controls, governance of risk as well as the internal audit function.

Group auditors

At the annual general meeting of Shoprite Holdings held on 28 October 2013, the appointment of PricewaterhouseCoopers Inc as the external auditors of the Group until the 2014 annual general meeting was approved by shareholders. Further details on the external auditors are contained in the report of the chairman of the Audit and Risk Committee.

Corporate ethics

The Group is committed to achieving high standards of ethical behaviour. All staff is expected to comply with the Group's code of ethics at all times. All new staff members are required to read, acknowledge and agree to adhere to the code of ethics as part of their induction.

The Tip-Offs anonymous hotline is independently managed by a third party service provider. Employees are encouraged to report any unethical behaviour identified, anonymously and confidentially. Although this hotline allows employees to make anonymous reports and guarantees the protection of their identity in accordance with the provisions of the Protected Disclosure Act, 2000, the Group prefers to create an open reporting environment through the various line managers. All cases are investigated by the Group Risk Manager in conjunction with internal audit and the Group legal department where required. During the 2014 financial year a total of 133 incidents of suspected unethical behaviour within the Group were reported of which 33 resulted in disciplinary action, dismissals, resignations and/or criminal charges being laid against such employees.

During the period under review the Group's code of conduct was reviewed by the Social and Ethics Committee and amended in line with best practices in this regard. The code of conduct sets out the standard expected from employees when dealing with customers, fellow employees, suppliers, competitors and other stakeholders. All employees are required to adhere to the code of conduct.

No material breaches of the Group's code of conduct were reported during the 2014 financial year.

Legislative and regulatory compliance

The Shoprite Group encompasses operations in 15 countries, 14 outside of South Africa located on the African continent and the Indian Ocean Islands. In keeping up with its vision and strategy, the Group subscribes to and applies all the significant principles contained in the King Code of Governance principles.

In the Non-RSA jurisdiction where the Group operates, governance developments are monitored on an on-going basis to ensure that local regulatory requirements are complied with. The Board monitors the compliance by means of committee reports, which include information on any significant interaction with key stakeholders, including regulators.

The Group's compliance function resorts under the company secretary and monitors and assesses the impact of legislation on the business. External specialists have been engaged to assist and advise the Group in this regard.

During the reporting period, the compliance function focussed on the following areas to support the directors, chief executive officer, management and employees to fulfil their compliance responsibilities:

Identification and implementation of changes in regulatory requirements

The Group operates in a dynamic and continuously evolving regulatory and supervisory environment. A regulatory universe is compiled annually for the Group with the assistance of a specialist service provider that identifies and reviews all current, proposed and impending legislation and the potential impact on the Group's various business units. Response to such legislation is addressed through the most efficient and effective channel. Compliance resources and programs are introduced by utilising a risk based approach where after on-going compliance is monitored and tested through various means. Compliance reports are presented to the Audit and Risk Committee.

Regulatory frameworks

Frameworks are updated on a regular basis whilst controls are monitored continuously using a risk based approach. Any non-compliance is reported using the governance processes.

General guidance and support to business

Management and business operations are assisted with the implementation of appropriate controls to comply with relevant regulatory obligations. Incidents of non-compliance are also managed.

Compliance monitoring

Compliance risks were monitored and tracked by regulators, management, internal audit and group compliance. Management monitors compliance as part of the day-to-day operations. Group compliance utilises a risk-based methodology for monitoring.

Legal compliance reports are presented to the Audit and Risk and Social and Ethics Committees on a regular basis.

The Group's tax management framework, approved by the Board, is aligned with the Group's business strategy and risk management objectives. It seeks to achieve tax efficiency across the Group, in compliance with the applicable laws in all jurisdictions in which it operates.

Pending legislation or legislation recently enacted that may have a potentially material impact on the Group includes:

- Protection of Personal Information Act;
- Labour and Employment legislation; and
- Various regulations relating to food and product safety.

Shoprite Holdings fully understands the role and responsibilities of the sponsor, Nedbank Capital, as stipulated in the JSE Listings



Requirements. It is the opinion of Shoprite Holdings that Nedbank Capital has discharged its responsibilities in this regard with due care during the period under review.

No significant financial penalties or regulatory censure were imposed on the Group or any of its subsidiaries during the financial year to 30 June 2014.

INVESTOR AND STAKEHOLDER RELATIONS

The Group's relevance to the markets and societies in which it operates, depends on meaningful engagement with all stakeholders. Its stakeholder management approach involves the optimal application of resources to build and maintain good relationships with stakeholders. This assists the Group to understand the expectations of its stakeholders, minimise reputational risk and form strong partnerships which ultimately underpins the sustainability of the Group.

The Group appreciates the importance of dissemination of accurate information to all its stakeholders. Financial and non-financial information are disseminated timeously and accurately to all stakeholders.

Regular, pertinent communication with shareholders assists the Group to improve shareholder relationships. The chief executive officer, deputy managing and financial director are designated investor spokespersons and meet with fund managers, analysts and the media on a regular basis. Investor activities include the presentation of interim and annual results, participation in investor conferences and the issuing

of regular operational updates. A corporate website also communicates all the latest financial and non-financial data to all stakeholders.

Shareholders are also encouraged to attend the annual general meeting of Shoprite Holdings which provides an opportunity for shareholders to raise pertinent questions and to interact with directors. Committee chairpersons also attend the annual general meetings to respond to shareholder's questions.

Further information on the Group's stakeholder engagement can be obtained on the Group's website at www.shopriteholdings.co.za.

The Board is not aware of any material requests made by any stakeholder under the Promotion of Access to Information Act during the reporting period that were either complied with or denied.

COMPETITIVE CONDUCT

The Group operates in the retail sector which is a highly competitive industry. It is therefore highly protective of all its intellectual property and know-how. Interaction with other retailers is generally restricted to forums in which co-operation at industry level is required for purposes of making representation to government. The Group is a member of the Consumer Goods Council of South Africa.

POLITICAL PARTY SUPPORT

Whilst the Group supports the democracy in South Africa, it does not make financial donations to individual political parties.



Nominations Committee Report

30

The Nominations Committee consists of three (3) non-executive directors of which two (2) are independent.

The following directors served on the Nominations Committee during the financial year to 30 June 2014:

Dr CH Wiese: Non-executive Chairman;

Mr JA Louw: Independent non-executive director; and

Mr EC Kieswetter: Independent non-executive director.

The Nominations Committee had two (2) meetings during the period under review. Details of attendance at the meetings are set out below:

DIRECTOR	4.11.2013	19.05.2014
CH WIESE	●	●
JA LOUW	●	●
EC KIESWETTER	○	●

The Nominations Committee is responsible for:

- making recommendations to the Board on non-executive and executive director appointments as well as the Board's composition as a whole;
- reviewing and making recommendations on the Board's structure, size and balance between executive and non-executive directors;
- overseeing the formal induction programme for new directors;
- ensuring the development of succession plans for the Board, CEO and senior management; and
- assessing the effectiveness of the Board and its committees.

During the reporting period the Nominations Committee:

- reviewed the composition of the Board and board committees;
- recommended the appointment of Mr JF Basson as independent non-executive director and member of the Audit and Risk Committee;
- reviewed the retirement by rotation of the non-executive directors;
- reviewed and approved its formal terms of reference; and
- complied with its terms of reference.

As required by the Memorandum of Incorporation of Shoprite Holdings (MOI), at least one-third of the non-executive directors will retire by rotation at the forthcoming annual general meeting. Dr ATM Mokgokong, Messrs JJ Fouché, JG Rademeyer and JA Rock will retire in terms of this provision but have offered themselves for re-election. Mr JF Basson retires at the annual general meeting on 27 October 2014, as required by article 13.2 of the MOI, but has offered himself for re-election.

The Nominations Committee annually reviews the independence of non-executive directors that retire, based on whether the director:

- was employed in an executive capacity within the Group in the previous three (3) years;
- served on the Board for a period of longer than nine (9) years. In this instance the Nominations Committee considers if the director's independence, judgement and contribution to the Board deliberations could be compromised, or appear to be compromised, by this length of services;
- is a representative of a major shareholder;
- is independent in character and judgement and whether there are any circumstances which may or is likely to affect the director's judgement; and
- is a shareholder in Shoprite Holdings and that his shareholding represents a material part of the director's personal wealth.

Having considered the circumstances of the non-executive directors, the Nominations Committee is of the view that Dr Mokgokong, Messrs JJ Fouché, JG Rademeyer, JA Rock and JF Basson can be considered as independent.

CH Wiese
Chairman



The Social and Ethics Committee (“the Committee”) is constituted as a statutory committee of the Board under section 72(4) of the Companies Act (read together with Regulation 43 of the Companies Regulations). The Committee additionally fulfils the role of a Group committee and therefore no other Shoprite Holdings subsidiaries have established social and ethics committees.

A formal term of reference has been adopted and guides the Committee to perform its oversight role to ensure that the Group conducts its business in an ethical and properly governed manner and to develop or review policies, governance structures and existing practices which guide the Group’s approach to new and emerging challenges. This charter was reviewed during the period under review.

The Committee is responsible for:

- Monitoring activities with regard to legislation, other legal requirements and codes of best practice;
- Drawing relevant social and ethics matters to the attention of the Board; and
- Reporting to shareholders at the annual general meeting.

The Committee focuses in particular on the Group’s strategy and performance in respect of:

- social and economic development;
- the promotion of equality and the prevention of unfair discrimination;
- the Group’s ethics and the prevention of fraud, bribery and corrupt practices;
- the deterrence of human rights violations;
- the contribution to the development of communities in which the Group’s activities are predominantly conducted;
- consumer relationships which includes advertising, public relations and compliance to consumer protection laws;
- the environment, health and public safety, and the impact of activities and products and services; and
- labour and employment.

The following members served on the Committee during the 2013/14 financial year:

Mr JA Louw: Independent non-executive director and chairman;
 Mr BR Weyers: Executive director;
 Mr M Bosman: Alternate director;
 Mr JAL Basson: Alternate director; and
 Mr C Burger: General Manager Human Resources.

The Committee meets at least twice a year. Other attendees include subject-matter experts on each of the areas falling within the mandate of the Committee. The details of attendance of members during the reporting period are set out below:

MEMBER	12.09.2013	1.11.2013	20.02.2014
JA LOUW	●	●	●
BR WEYERS	●	●	●
M BOSMAN	●	●	●
JAL BASSON	●	○	●
C BURGER	●	●	●

The Committee received and considered the following reports by management during the period under review:

- the Group’s compliance with the principles of the UN Global Compact Principles and the OECD Guidelines;
- skills and other development programmes aimed at the educational development of employees;
- corporate social investment programmes, including details of charitable giving;
- employment equity plans for the Group;
- labour practices and policies;
- compliance with the Group’s code of conduct and ethics management and performance;
- performance in respect of Black Economic Empowerment as measured against the Department of Trade and Industry generic Broad Based Black Economic Empowerment scorecard;
- confirmation that the Group adheres to South African legislation aligned to compliance with the International Labour Protocol on decent work and working conditions;
- anti-corruption trends, legislation and information; and
- environmental, health and safety performance.

No substantive non-compliance with legislation and regulations relevant to the areas within the Committee’s mandate has been brought to its attention during the period under review. The Committee also has no reason to believe that any such non-compliance has occurred.

JA Louw
Chairman



The board (“Board”) of Shoprite Holdings Limited (“Shoprite Holdings” or “the Group”) and the remuneration committee (“the Remuneration Committee”) herewith present the remuneration report for the 2014 financial year. It sets out information applicable to the Group’s remuneration policy and in particular executive remuneration, encompassing both the fixed and variable elements of the remunerative package, as well as fees paid to non-executive directors.

During the year under review the South African consumer environment has tightened and our research has indicated that consumers are less responsive to promotions due to less disposable income. However, the Group, in line with its business strategy, continues to gain market share. Although the Group’s underlying cost control remains good, it also remains on the front foot in terms of investing in new stores and infrastructure. Therefore, by investing in new stores and infrastructure these costs may from time to time grow ahead of sales. The Group remains aggressive in terms of new space openings in and outside of South Africa and have in this regard made particular head way outside of South Africa.

It is this business strategy which informs the Group’s executive remuneration policy aimed at achieving the Group’s growth objectives by retaining skilled, key talent and attracting new talent to deliver the growth objectives. The executive remuneration policy is based on the principles of Company and individual performance driven remuneration which is fair and reasonable for shareholders and support shareholder value creation.

Our report this year has been enhanced in the following ways:

- Part 1 of the report contains the Group Remuneration Policy;
- Part 2 illustrates the implementation of the Remuneration Policy;
- Details have been provided regarding the special remuneration arrangement between the Board and the Group CEO; and
- It now reports on the share awards made in terms of the Group’s shareholder-approved long term incentive plan, namely the Executive Share Plan, to executives, senior management and key talent. These instruments are equity settled and therefore provide natural alignment with shareholders.

As was the case last year, the Remuneration Committee engaged the services of external reward consultants to review this report in line with best practice governance standards.

Aligned with our business strategy, the Group continues to commit itself to outperform in the retail industry and to increase its footprint in Africa, thereby creating value for shareholders, customers, our people and other stakeholders. We are excited about the Group’s growth prospects for the year ahead and are confident that its remunerative practices will prove an invaluable tool in achieving them.

JA Louw
Chairman

GOVERNANCE FRAMEWORK AND REMUNERATION COMMITTEE

Mandate

In line with the best practice set out in King III the Group’s Remuneration Committee is appointed by the Board and has delegated authority, in accordance with its terms of reference, to review and make decisions regarding the Group’s remuneration policies and implementation thereof. During the reporting period the terms of reference were reviewed for compliance with King III governance standards and legislation. No changes were made to the mandate and it was approved by the Board.

Composition, mandate and attendance

The Remuneration Committee members during the year under review were:

- Mr JA Louw (Chairman)
- Dr CH Wiese; and
- Mr EC Kieswetter

All the members of the Committee are non-executive directors and the chairman, Mr JA Louw as well as Mr EC Kieswetter, are both independent non-executive directors as defined by King III. The Committee had two (2) meetings during the reporting period. The composition of the Committee and meeting attendance are set out in the table below.

Table 1: Remuneration Committee composition and meeting attendance

Director	Status	15 May 2014	23 June 2014
JA Louw	Independent non-executive director	●	●
EC Kieswetter	Independent non-executive director	●	● (by teleconference)
CH Wiese	Non-executive director	●	●

The chief executive officer, deputy managing director, chief operating officer, and head of human resources attend meetings, by invitation, to assist the Remuneration Committee with the execution of its mandate. The company secretary also attends the meetings. No executive or senior executive is present at meetings of the Committee when his/her own remuneration is discussed or considered.

The chairman of the Remuneration Committee, or in his absence, another member of the Remuneration Committee is required to attend the annual general meeting to answer questions on remuneration. The Remuneration Committee, as part of its annual policy implementation plan and in accordance with King III, engaged with the shareholders at the annual general meeting in order to solicit their views and suggestions on the remuneration policy. Where feedback was received this was considered and applied insofar as it supported the Group’s overall business strategy.

External advisors provide advice to the Group when necessary. In addition, the Group subscribes to a salary survey database to benchmark guaranteed pay and short term incentives, against the retail industry and the general South African market.

The terms of reference as set out in the mandate of the Remuneration Committee include:

- Assisting the Board in establishing a remuneration policy for directors and senior executives that will promote the achievement of strategic objectives and encourage individual performance;
- Ensuring that the mix of fixed and variable pay meet the Group’s needs and strategic objectives;



- Reviewing short and long term incentive schemes to ensure continued contribution to shareholder value;
- Determining any on-target and stretch performance criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;
- Reviewing and recommending to the Board the relevant criteria necessary to measure the performance of executives, which plays a pivotal role in determining their remuneration;
- Considering recommendations from management (based on external benchmarks and independent non-executive directors surveys) on the remuneration of the chairman and non-executive directors, whose remuneration is subject to shareholder approval;
- Reviewing the outcomes of the remuneration policy post-implementation to determine if the objectives were achieved;
- Reviewing and approving the remuneration policy as contained in the remuneration report, which in turn forms part of the Group's integrated report;
- Overseeing the preparation of the remuneration report (as contained in the Group's integrated report) to ensure that it is clear, concise and transparent;
- Ensuring that the remuneration report is put to a non-binding advisory vote by shareholders and engaging with shareholders and other stakeholders on the Group's remuneration philosophy;
- Ensuring that consideration is given to executive succession planning in the Group; and
- Ensuring compliance with applicable laws and codes applicable to executive remuneration.

Activities of the Remuneration Committee for the 2014 financial year

During the 2014 financial year, the Remuneration Committee reviewed components of the Group's remuneration policy and how this links to the Group's strategic objectives. The following were the key activities for the past year:

- Approval of the salary increases of the Group's management and senior management on the following terms: Management (general mandate of 6.5% with an additional 1% for exceptional performance) and Senior Management (general mandate of 8.5% with a margin of 0.6% for promotions etc);
- Reviewing and approving increase mandates for management level for other countries (apart from South Africa) on a per country basis;
- Review proposed increases for non-executive directors' fees. Such increases will be tabled for approval by the shareholders at the annual general meeting on 27 October 2014;
- Considering and approving the list of participants nominated by their employer companies within the Group for participation in the Executive Share Plan ("ESP"); and
- Reviewing and approval of the issue of 2,292,500 (two million two hundred and ninety-two thousand five hundred) new ordinary shares in order to settle awards in terms of the ESP.

PART 1 – REMUNERATION POLICY

Remuneration philosophy

The remuneration policy is aligned to the Group's approach of rewarding directors and senior executives fairly and competitively, structuring their reward package in a manner commensurate with each executive's capabilities, skills, responsibilities and level of performance. It is based on the following underlying principles:

- Awarding remuneration that is fair and just;
- Retaining the services of key talent and critical skills necessary to realise the Group's strategic objectives over the long term;
- Attracting the key talent and skills required by the Group;
- Ensuring that remuneration structures are consistent with the Group's long term value creation for shareholders;
- Remuneration that is sustainable in the long term and does not encourage excessive risk taking by key decision makers;

- Key performance areas for executives which support an integrated approach taking into account financial metrics, sustainability, risk management, governance and other strategic objectives;
- Recognising and encouraging exceptional performance, both on an individual level as well as on a Group level.

It is the Group's objective to provide a level of remuneration that will attract, develop, retain and motivate its employees to execute its strategy in a highly competitive retail environment.

The Group's remuneration policy encourages sustainable performance and stimuli for employee motivation and retention. Executive reward policies are underpinned by the principle of creating and sustaining a strong link between reward and performance, placing a significant portion of the remuneration "at risk" measured at Group, operational/business unit and individual performance level. The "at risk" or variable pay includes short term incentive bonuses and long term incentives which align the interests of executives and shareholders.

Benchmarking and position in the market

To ensure that the Group remains competitive within the markets in which it operates, annual benchmarking exercises of its remunerative packages in comparison to the retail industry and the general South African market are performed. Executive positions are also periodically evaluated. Generally, guaranteed pay in the Group is placed at the median of the retail sector remuneration scale. For the retention of exceptional and/or scarce skills a premium may be paid on the remuneration package of these employees resulting in their guaranteed pay level exceeding the median.

Due to the size of the Group, its multiple brands and its large footprint on the African continent, executive guaranteed pay, together with on-target short term incentive bonuses are benchmarked at the upper quartile values of the South African remuneration market. The Group believes that its remuneration policy plays an essential role in realising its business strategy; therefore, it should be highly competitive in the challenging markets in which the Group operates.

Pay mix

The Group's executive total pay mix based on on-target and stretch is illustrated below. This pay mix aligns with the best practice executive pay mix which generally constitutes 40% (guaranteed pay), 25% (short term incentives) and 35% (long term incentives).

Shoprite pay mix

Pay Mix On target		Pay Mix Stretch
35%	Guaranteed pay	31%
20%	Short Term Incentives	27%
45%	Long Term Incentives	42%

This pay mix takes into account the expected or fair value (at grant) of the ESP awards made to executive directors during the year. In the case of the CEO where a special remuneration arrangement exists (see detail later in this report), his average remuneration was not included in the pay mix calculation.

It is clear that the policy on-target and stretch pay mix supports the emphasis on variable "at-risk" remuneration, where value is realised based on performance conditions such as increase in share price and increased earnings and profitability.



Remuneration Report (continued)

34

Components of remuneration

The different components of remuneration, their objectives and their link to the business strategy as well as proposed changes to the remuneration policy are summarised below.

Table 2: Summary of components of remuneration

Component	Nature	Objective	Link to business strategy	Policy	Proposed changes for 2015
Total Guaranteed Pay (TGP)	Fixed	TGP must reflect scope and nature of role, job content, performance and experience; and include basic employee benefits.	TGP ensures competitiveness and rewards individuals fairly based on similar positions in the market. Benefits recognise employees' need for a holistic TGP package which includes retirement benefits and insured benefits.	TGP generally positioned at the median; exceptions are made where necessary to retain key and critical skills. Company contributes between 7.5% – 15% towards retirement benefits. TGP includes risk and insurance benefits.	No proposed changes.
Variable Pay [short term incentive bonus ("STI"), virtual option plan ("VOP"), deferred bonus plan ("DBP") and executive share plan ("ESP")].	Variable	<p>STI: Rewards and motivates the achievement of Group and operational performance over a 12 month period.</p> <p>VOP: Incentive and retention plan for employees not part of the ESP and benefits realised are based on growth in the Group's trading profit.</p> <p>DBP: Employees defer a portion of their bonuses for up to 5 years.</p> <p>ESP: Aligning interests of executives with shareholders by encouraging executives to acquire and hold Shoprite shares. This could consist of co-investment shares (based on an investment made by senior employees) or performance based shares (subject to Group performance) or retention based shares for vesting.</p>	<p>STI: Rewards employees for contributing to growth in sustainable short term trading profit.</p> <p>VOP: Creates shareholder value and increases trading profit.</p> <p>DBP: Retention mechanism.</p> <p>ESP: Aligns behaviour of senior employees with shareholders' interests through direct shareholding of Shoprite shares.</p>	<p>STI: Depends on trading profit. Bonus pool accrual is capped at 150%. If actual profit falls below 70% of Group operating target, a modest bonus may be paid.</p> <p>VOP: Participants receive a notional capital amount based on the growth in the Group's trading profit; tranche vesting in equal amounts in years 3, 4 and 5.</p> <p>DBP: Same conditions as STI, with deferral of bonuses and tranche vesting in years 3, 4 and 5. A condition of continued employment applies for vesting.</p> <p>ESP: Uses performance shares, retention shares and co-investment shares (on condition the underlying investment is retained for the period pending vesting), with vesting on all occasions subject to continued employment with the Group. Vesting is set in the participants' individual award letter.</p>	It is proposed that for the 2015 financial year employees participating in the DBP and VOP benefits can be settled in restricted shares (for this purpose restricted retention shares in terms of the ESP will be used as settlement mechanism). The intention of this proposed change is to provide greater alignment of middle and junior management with shareholders' interests and will encourage employees (lower than executive level) to also hold shares in Shoprite Holdings.



TOTAL GUARANTEED PACKAGE (“TGP”)

The Group offers its employees a total guaranteed package structure which includes all fixed pay components summarised above, namely:

- Guaranteed pay; and
- Benefits.

In terms of its terms of reference and benchmarking policy, the Remuneration Committee conducts an annual review of the Group’s guaranteed packages.

Increases

Annual increases are awarded based on employees’ total guaranteed package value. Annual increases in the total guaranteed packages are determined with reference to:

- the scope and nature of an employee’s role;
- market benchmarks;
- personal performance and competence;
- affordability;
- company performance; and
- projected consumer price index figures.

The Chief Executive Officer of the Group may review and recommend amendments to proposed increases to guaranteed packages for employees. Such recommendations are presented to the Remuneration Committee for approval. The annual increase in guaranteed packages for executives is reviewed and approved by the Remuneration Committee in terms of the Remuneration Committee’s terms of reference.

Collective bargaining agreements typically exclude performance based increases and uniform increases are normally granted which are based on the specific agreements reached between the Company and the bargaining units for pre-determined periods of time.

CEO arrangement

Globally the retail environment is challenging and fast paced. Recently in South Africa it has become a trend for retailers to recruit their CEOs from multinational retailers outside of South Africa. Hence, it is evident that the war for talent in this space is not confined to the African continent.

It is common market knowledge that both locally and internationally the Group has outperformed its peer companies over the last ten years in terms of growth and shareholder return. This strong growth was the foundation for the Group’s expansion into Africa, with Shoprite Holdings being the largest retailer on the African continent for some years. Such growth is spearheaded by strong leadership.

The Remuneration Committee and the Board therefore entered into an agreement with the Group’s CEO which provides him with a total guaranteed pay package. Annual increases are based on the greater of the:

- Group’s HEPS growth for the past financial year;
- Rand/USA Dollar exchange rate for the past 12 months; or
- Consumer price index growth in South Africa.

This arrangement is in place until his employment contract terminates which can be effected by giving twelve (12) months written notice. For the 2014 financial year the CEO agreed with the Remuneration Committee and the Board not to take an annual increase. His total guaranteed pay package will therefore remain the same as for the 2013 financial year.

Some of the factors considered by the Board with the CEO arrangement were:

- **No variable pay component in recent years** – The CEO has not been paid short term incentives or has not received any long term incentive allocations for the past four (4) financial years. Therefore, where comparative CEO’s may have some leveraged components

(especially outperformance share plans, rendering very large value upon vesting) the Group’s CEO did not participate in such plans for the past four (4) years.

- **Alignment with shareholders through direct shareholding** – The CEO currently has 1.74% shareholding in the Group through Bassgro (Pty) Ltd. Therefore a substantial part of the CEO’s personal wealth is invested in Shoprite Holdings which serves to align his interests directly with those of shareholders.

VARIABLE REMUNERATION

Short term incentive bonus plan

The annual short term incentive plan is designed to recognise the achievement of a combination of Group and operational/business unit objectives.

Executives and management participate in the short term incentive scheme which operates over a 12 month period (i.e. financial year). This is a self-funding scheme as the bonus pool is determined based on a trading profit target. The value of the on target bonus earning potential (i.e. bonus pool) for the plan is included in the annual budget and is provided for in the financial statements.

The quantum of the bonus pool is determined at Group level, but is moderated by the financial performance of each operational/business unit within the Group. Therefore, on Group level, where between 70% and 100% of trading profit target is achieved and the operational/business unit achieves the same or a larger percentage of its trading profit budget, the operational/business units’ bonus pool will be the actual percentage of trading profit budget achieved. However, where the operational/business unit performance does not match or exceed Group performance, participants may earn a bonus based on the bespoke performance criteria applicable to each operational/business unit pre-determined at the beginning of the financial year. This ensures that each participant is measured against his specific area of responsibility. Various weightings are also included in the criteria to encourage participants to maximise their role and functionality, and the criteria may include:

- market share growth;
- sales;
- shrinkage;
- strategic transformation targets (B-BBEE);
- cost savings; and
- stock days, etc.

Due to the diversified nature of the Group, nineteen (19) operational units exist. Employees from all of these operational units participate in the short term incentive bonus plan. Employees falling under branch management have a choice to receive their bonus on a quarterly basis, in which case the determining criteria is matched against the quarterly results. If the election is to receive the bonus at the end of the fourth quarter, the results over all four quarters are considered. In the event that an annual bonus would exceed the sum of the four quarterly bonuses, the annual bonus will be paid to the employee, and vice versa.

No incentive bonus will be payable if none of the performance criteria are met.

The plan also makes provision for stretch targets above the trading profit target set. Where more than 70% of target is achieved on a Group level and this performance is matched or exceeded on an operational/business unit level participants can earn up to 150% of their on-target incentive. However, where the current year trading profit does not exceed the previous year trading profit the bonus pool is limited to 100% of the trading profit target.

The annual bonus pool is therefore capped at 150% of trading profit target in instances of financial outperformance.

On an individual executive level the earning potential as a percentage of guaranteed remuneration is expressed in table 3 on the next page.



Remuneration Report (continued)

36

Table 3: Short term incentive bonus earning potential as % of guaranteed remuneration

Position	Target as % of guaranteed remuneration in 2014	Stretch as % of guaranteed remuneration in 2014
Deputy Managing Director	60%	90%
Executives	56%	85%

The CEO does not participate in the short term incentive bonus plan, due to the special CEO remuneration arrangement referred to earlier in this report.

Retention

The Group recognises that key strategic talent, required to deliver the Group's business strategy, should be retained.

Therefore, the Remuneration Committee has the discretion to make retention payments to and/or impose a paid restraint of trade upon key talent which it deems necessary to retain in order to realise its business strategy. In exercising this discretion the Remuneration Committee members must satisfy themselves that such payments are fair and reasonable and are disclosed to shareholders as required by remuneration governance principles.

No cash retention payments were made to the executives in the year under review. However, where executives were awarded co-investment and retention shares in terms of the ESP such executives will be subject to a restraint of trade for two (2) years post the vesting date. These are contractual restraint of trade agreements and not paid restraints.

Long term incentive plans

Currently long term incentives are offered through participation in the ESP, the virtual option plan and a deferred bonus plan.

The salient features of the current long term incentives are set out below:

ESP

Based on best practice locally and globally, the ESP was designed and approved at the 2012 Annual General Meeting by shareholders. This plan provides for considerable shareholder alignment as executives hold equity in the Group, subject to the meeting of performance hurdles and continued employment with the Group. The plan also provides executives with an opportunity to invest in the Group (with their own funds) and based on such investment they may receive matching co-investment shares.

A proposed list of participants and award levels for the ESP was tabled and approved by the Remuneration Committee in 2014.

The main characteristics of the Executive Share Plan are set out below.

Nature of the instrument, performance and vesting conditions

The following restricted shares may be awarded in terms of the plan:

- **Co-investment shares:** Forfeitable, restricted shares allocated based on the value of the investment made by the participant in Shoprite Holdings shares or convertible bonds issued by the Group. Vesting after a pre-determined period and subject to continued employment and that the underlying investment should be held for the entire vesting period.
- **Retention shares:** Could be used where the Remuneration Committee recognises a need for retaining key employees required to deliver the Group's business strategy. Retention shares are forfeitable, restricted shares with a pre-determined vesting period subject to continued employment only.

- **Performance shares:** Forfeitable, restricted shares allocated which are subject to pre-determined performance hurdles. The hurdles are set based on the Group's business strategy and the performance or value creation it seeks to create. The performance period could be three (3) years, but is determined in terms of the award letter, with a further condition of continued employment. The percentage of performance shares which vest is based on the extent of the performance hurdles met.

All these shares are forfeitable prior to vesting should participants terminate employment with the Group. However, in line with King III, for "no-fault leavers" i.e. death, retirement and disability some pro-rata vesting may be allowed upon early termination of employment.

Virtual option plan

The virtual option plan is aimed at providing employees who do not participate in other executive share plans, for example middle management and other key employees and scarce skilled employees, with an incentive to advance the interests of the Group over the long term.

The strategic intent of the plan includes the retention of key employees, providing employees with an opportunity to earn variable remuneration, based on performance to create alignment with shareholders' interests.

In terms of this plan, a notional capital amount is allocated to participants. Subject to certain conditions, a bonus is determined each year by multiplying the capital amount allocated with the percentage growth in the trading profit of the Group on a year to year basis (i.e. the calculation is based on the percentage growth in trading profit between the current financial year and the previous financial year). The bonus determined in terms of this plan vests equally over a three (3), four (4) and five (5) year period and is only paid on the dates of tranche vesting.

Deferred bonus plan

In terms of the deferred bonus plan participants are measured on the same criteria which are applicable for the short term incentive bonus plan. The bonus determined as such, however, is deferred and is paid in equal amounts after year three, four and five. Deferred bonuses can be forfeited prior to payment in the event of the participant terminating employment with the Company (apart from death and disability).

The deferred bonus plan therefore serves as a retention mechanism.

Dilution and share plan limits approved

The virtual option plan is cash settled, therefore settlement creates no dilution.

In terms of the ESP rules an overall limit of approximately 3% (three percent) of the issued shares of the Company has been imposed when shares are allocated and issued in terms of the plan. An individual limit of approximately 0.5% (half a percent) has been imposed.

However, if shares are purchased in the open market for settlement of allocations in terms of the ESP the limits will not be impacted.

The Remuneration Committee investigated the most cost-effective method of settling the ESP awards, which was found to be the issuing of new Shoprite Holdings ordinary shares and the Board approved the issuing of 2,292,500 (two million two hundred and ninety-two thousand five hundred) new ordinary shares. This fresh issue of shares comprise 0.4% (zero point four per cent) of the total issued share capital of the Group. Best practice indicates that companies should not issue more than 1% (one per cent) per annum of its issued share capital in terms of employee share plans. Therefore this issue of shares is well within this benchmark.



CONTRACTS OF EMPLOYMENT

Executive directors and executives of the Group do not have fixed term or bespoke executive contracts, but are employed in terms of the Group's standard contract of employment. The notice period for termination of service is one (1) calendar month. Normal retirement age ranges between 60 and 65 years, unless requested by the Board to extend this term. Executive directors and executives also do not have exceptional benefits associated with the termination of services.

Certain executives are subject to a restraint of trade for two (2) years post the ESP vesting date (i.e. 2 years post 15 June 2017) as they were recognised as instrumental in carrying out the Group's business strategy. However, these restraint of trade agreements are not paid restraints.

Mr E Nel who has reached retirement age was re-appointed for a fixed term of one (1) year from 1 July 2013. This agreement can be terminated on 30 days written notice and is renewable on an annual basis.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Independent non-executive directors

Independent, non-executive directors do not have any employment contracts and do not receive any benefits associated with permanent employment.

The Board, on recommendation by management have decided that independent non-executive directors should not be remunerated by means of a base fee and attendance fee in respect of their Board and committee obligations. This is as non-executive directors are required to prepare for all meetings and feedback and inputs are required by the Board, albeit the meeting is not actually attended by the non-executive director. The fee structure is therefore based on a retainer basis, which is also more comparable to benchmarking in the market against other companies' non-executive directors fees.

The fee structure is reviewed annually and benchmarks for non-executive fees for companies of similar size and comparable industries are considered in setting the proposed non-executive fees.

Prior to payment the fee structure is subject to approval by shareholders at the annual general meeting of Shoprite Holdings. Therefore, all non-executive directors' fees are only paid after the annual general meeting for the preceding 12 months.

Travelling and accommodation expenses actually incurred by directors to attend meetings are paid by the Group.

The proposed fee structure for the period 30 October 2013 to 1 November 2014 is as follows:

Table 4: Proposed non-executive directors' fees

BOARD	
Chairman of the Board	R317 200
Lead Independent Director	R165 000
Non-Executive Director	R150 000
AUDIT AND RISK COMMITTEE	
Chairman	R224 300
Member	R112 000
REMUNERATION COMMITTEE	
Chairman	R58 100
Member	R34 800
NOMINATION COMMITTEE	
Chairman	R58 100
Member	R34 800
SOCIAL AND ETHICS COMMITTEE	
Chairman	R75 500

The proposed remuneration will be tabled for approval by shareholders in accordance with the Companies Act 71 of 2008 ("the Companies Act") and King III at the Group's annual general meeting to be held on 27 October 2014.

Non-independent non-executive directors

Shoprite Holdings has one (1) non-independent non-executive director, Dr CH Wiese. The emoluments paid by the Group to Dr Wiese is paid to Chaircorp (Pty) Ltd, a management company of which Dr Wiese is an employee.

Fees paid to non-executive directors

In 2013 the Committee set the fees payable to non-executive directors, who are paid a retainer. These fees are presented in the table below:

Table 5: Fees paid to non-executive directors in 2013

BOARD	
Chairman of the Board	R292 000
Lead Independent Director	R152 000
Non-Executive Director	R138 000
AUDIT COMMITTEE	
Chairman	R206 500
Member	R103 000
REMUNERATION COMMITTEE	
Chairman	R53 000
Member	R32 000
NOMINATION COMMITTEE	
Chairman	R53 000
Member	R32 000
SOCIAL AND ETHICS COMMITTEE	
Chairman	R69 500



Remuneration Report (continued)

38

PART 2 – IMPLEMENTATION OF REMUNERATION POLICY

Remuneration paid to executive and alternate directors

The Group views its executive and alternate directors as prescribed officers as defined in terms of the Companies Act.

Table 6: Total remuneration for the financial year ending June 2014

The single figure remuneration for the year under review for executive directors and alternative directors is disclosed in tabular format below:

Executive directors and alternates R'000	June 2014						June 2013						
	Remuneration	Performance bonus	Retirement and medical benefits	Other benefits	Long term incentives vesting in year under review	Total	Remuneration	Performance bonus	Retirement and medical benefits	Cash retention payment*	Other benefits	Long term incentives vesting in year under review	Total
JW Basson	49 656	—	50	266	—	49 972	49 656	—	43	—	302	—	50 001
JAL Basson	1 484	255	254	173	—	2 166	1 383	288	236	1 164	166	5 625	8 862
M Bosman	1 959	1 568	458	178	—	4 163	1 866	1 481	436	3 259	175	15 749	22 966
PC Engelbrecht	3 262	2 066	603	214	—	6 145	3 015	1 933	557	6 983	200	33 747	46 435
CG Goosen	3 849	2 868	1 001	175	—	7 893	3 635	2 721	877	8 845	217	42 747	59 042
B Harisunker	2 399	1 308	811	245	—	4 763	2 260	1 205	759	3 259	208	15 749	23 440
AE Karp	3 595	2 966	745	248	16 492	24 046	3 395	530	697	—	461	15 401	20 484
EL Nel	2 780	1 941	—	192	—	4 913	2 251	1 656	396	3 724	173	17 999	26 199
BR Weyers	1 842	1 354	525	162	—	3 883	1 747	1 286	460	2 793	206	13 499	19 991
	70 826	14 326	4 447	1 853	16 492	107 944	69 208	11 100	4 461	30 027	2 108	160 516	277 420

*Refer to the 2013 Remuneration Report for details

ESP awards

In accordance with the ESP rules the Remuneration Committee approved the award of:

- Co-investment shares; and
- Retention shares,

to executives and management below executive level and key talent.

In order to receive matching co-investment shares employees have to invest either in Shoprite Holdings shares or in convertible bonds issued by the Group. For this ESP award the participants invested in convertible bonds issued by the Group. In addition the Remuneration Committee also approved a smaller award of retention shares to address recognised retention requirements. The mix between co-investment and retention shares comprised 66% (co-investment shares) and 34% (retention shares). This mix ensures that executives are exposed to the share price of the Company.



Awards to executive directors and alternate directors

The awards made in terms of the ESP to executive directors are set out in the table below.

Table 7: Awards made to executive directors for the financial year ended 30 June 2014

Name	Title	Retention Shares	Co-Investment Shares	Total Shares	Fair Value of Shares on Award Date (R'000)
PC Engelbrecht	Alternate Executive Director	27 365	52 635	80 000	R12 557
AE Karp	Executive Director	19 200	40 800	60 000	R9 418
M Bosman	Alternate Executive Director	16 882	33 118	50 000	R7 848
JAL Basson	Alternate Executive Director	13 978	26 022	40 000	R6 278

The CEO did not receive any ESP awards due to the special CEO remuneration arrangement. The following executive directors did not receive ESP awards during the year – CG Goosen, B Harisunker, EL Nel and BR Weyers.

ESP awards to employees below executive level

The Remuneration Committee also approved the award of approximately two (2) million share instruments, in terms of the rules of the ESP, to 99 senior and middle managers below executive director and alternate executive director level recognised as key talent. These awards comprised a combination of co-investment and retention shares.



Summary Consolidated Financial Statements

Shoprite Holdings Ltd and its Subsidiaries as at June 2014

40

Contents

Statement of Responsibility by the Board of Directors	41
Certificate of the Company Secretary	41
Directors' Report	42
Audit and Risk Committee Report	45
Currency of the Summary Consolidated Financial Statements	47
Independent Auditor's Report on the Summary Consolidated Financial Statements	47
Value-added Statement	48
Summary Consolidated Statement of Financial Position	49
Summary Consolidated Statement of Comprehensive Income	50
Summary Consolidated Statement of Changes in Equity	51
Summary Consolidated Statement of Cash Flows	52
Selected Explanatory Notes to the Summary Consolidated Financial Statements	53
Annexure A – Interests in Subsidiaries	61

The summary consolidated financial statements comprise a summary of the audited annual financial statements of the Group for the year ended June 2014. The annual financial statements of the Group for the year ended June 2014 have been audited by PricewaterhouseCoopers Inc., in compliance with the applicable requirements of the Companies Act, 2008. The preparation of the audited annual financial statements of the Group was supervised by Mr M Bosman, CA(SA). A copy of the full audited annual financial statements is available on www.shopriteholdings.co.za or may be requested from the company secretary (cosec@shoprite.co.za, tel +27 (0) 21 980 4284) at PO Box 215, Brackenfell, 7561, South Africa.



Statement of Responsibility by the Board of Directors

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

41

The summary consolidated financial statements are the responsibility of the directors of Shoprite Holdings Ltd. The audited annual financial statements of the Group for the year ended June 2014, from which these summary consolidated financial statements have been derived, were prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

The directors are responsible for the preparation and fair presentation of the summary consolidated financial statements and are satisfied that the systems and internal financial controls implemented by management are effective and that these summary consolidated financial statements are a true and accurate extract from the audited annual financial statements of the Group.

The directors believe that the Company and Group have adequate resources to continue trading as a going concern in the foreseeable future. The annual financial statements support the viability of the Company and the Group.

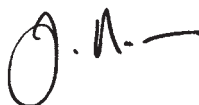
The Group's external auditor, PricewaterhouseCoopers Incorporated, audited the summary consolidated financial statements, and their report is presented on page 47. The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

APPROVAL OF THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements of the Shoprite Holdings Ltd Group were approved by the board of directors on 18 August 2014 and signed on its behalf by:



CH Wiese
Chairman



JW Basson
Chief Executive Officer

Certificate of the Company Secretary

In terms of section 88(e) of the Companies Act no 71 of 2008 (as amended) I, PG du Preez, in my capacity as Company Secretary, confirm that for the year ended June 2014, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.



PG du Preez
Company Secretary

18 August 2014



Directors' Report

Shoprite Holdings Ltd and its Subsidiaries

42

NATURE OF BUSINESS

Shoprite Holdings Limited ("Shoprite Holdings") is an investment holding company listed on the Johannesburg Stock Exchange Limited ("JSE") in the "food retailers & wholesalers" sector. Secondary listings are also maintained on the Namibian and Zambian Stock Exchanges.

SHOPRITE HOLDINGS COMPRISES OF THE FOLLOWING MAIN SUBSIDIARIES:

Shoprite Checkers (Pty) Ltd:

Supermarkets: Serves a broad customer base through our Shoprite, Shoprite Hyper, Checkers, Checkers Hyper and Usave store formats.

Supply Chain Management: Supplies the Group's outlets in South Africa and 14 Non-RSA countries. The Group prides itself in running a state-of-the-art distribution operation and became the first South African retailer to receive the ISO 9002 accreditation for import and export handling.

Fast Foods: The Hungry Lion chain now boasts modern, well-designed stores with an inescapable focus on fried chicken and operates outlets within South Africa, Botswana, Zambia, Lesotho, Swaziland, Namibia, Angola and the Democratic Republic of Congo.

Franchise: The OK Franchise Division's stores offer a wide range of perishable and non-perishable food items and liquor. The franchise division encompasses six (6) supermarket/convenience outlet brands namely OK Foods, OK Grocer, OK Minimark, OK Value, Friendly Grocer and 7-Eleven, a wholesaler Megasave as well as three (3) add-on liquor outlets under the OK Enjoy, Friendly Liquormarket and 7-Eleven Liquormarket brands.

Freshmark: Freshmark is the Group's fruit and vegetable procurement and distribution arm and supplies fresh produce to the Group's retail outlets. As one of the largest buyers of fresh produce in South Africa, Freshmark also imports fruit and vegetables to ensure a wide variety and continuity of traditionally seasonal fresh produce.

Liquor Stores: Trading under the Shoprite and Checkers LiquorShop brands respectively, the liquor shops have extended the Group's offering by providing a selection of wines, beers and a wide range of premium spirits to its customers.

Meat Markets: The Group's meat market division is the largest retailer of fresh meat on the African continent. Customers are served through in-store butcheries that employ qualified butchers and technicians.

Money Markets: The Money Markets offer a comprehensive range of financial services and products to the Group's customers through dedicated in-store service counters.

Furniture: The Furniture division offers furniture, electrical appliances and home entertainment products to customers for cash or credit through its OK Furniture, OK Power Express and House and Home outlets in South Africa, Botswana, Namibia, Swaziland, Lesotho, Zambia, Mozambique and Angola.

Pharmacies and wholesale distribution: MediRite's in-store pharmacies offer consumers easy access to affordable healthcare and healthcare professionals. These in-store dispensaries currently operate throughout South Africa and also in Angola and Swaziland. The Group's pharmaceutical wholesaler, Transpharm, sells and distributes a wide range of pharmaceutical products and surgical equipment to hospitals and clinics, dispensing doctors, veterinary surgeons and private and corporate pharmacies.

Properties: This division is tasked with the responsibility to expand the Group's supermarket portfolio through the identification and leasing of new supermarket premises or developing new shopping centres to accommodate one of the supermarket formats. New retail developments and the redevelopment of existing properties are supervised through every stage of the planning-, design- and construction process.

Shoprite Investments Ltd:

As a wholly owned subsidiary of Shoprite Holdings, Shoprite Investments conducts the Group's treasury function and financing of credit sales to third parties.

Computicket (Pty) Ltd:

As a premier ticketing solution provider and one of the most recognised brand names, Computicket offers theatre, concert, festival, sport and cinema tickets along with bus tickets and gift vouchers through a network of outlets located across South Africa, Botswana, Namibia and Zambia, a call centre as well as the Computicket website. Computicket Travel also offers a variety of travel packages.

Shoprite International Ltd:

Incorporated in the Republic of Mauritius, Shoprite International is the holding company for the majority of the Group's non-South African retail and property investments.

Shoprite Insurance Company Ltd:

Provides first and third party short term insurance to the Group and its customers.

Other Group Subsidiaries:

The interests of Shoprite Holdings in other subsidiaries are set out on page 61 of the Integrated Report.

FINANCIAL REVIEW

The Group's headline earnings per share amounts to 697.6 cents for the year (2013: 675.4 cents). Details of the profit of Shoprite Holdings and its subsidiaries are contained in the statement of comprehensive income on page 50 with reference to the operating segment information on page 54. The financial position of Shoprite Holdings and its subsidiaries are recorded in the statement of financial position on page 49. Further details are furnished in the notes to the annual financial statements on page 53 to 60. The Group's net asset value per share as at 30 June 2014 was 3 218 cents (2013: 2 837 cents).

DISTRIBUTION TO SHAREHOLDERS

Preference dividends

During the reporting period Shoprite Holdings paid a total of R126 000 in dividends to the holders of its four (4) classes of preference shares.

Ordinary dividends

An interim cash dividend (no. 130) of 132 cents per share was paid on 24 March 2014. A final dividend (no. 131) of 218 cents per share, is payable on 15 September 2014, bringing the total dividend for the year to 350 cents (2013: 338 cents) per ordinary share.

SHARE CAPITAL

The authorised share capital of Shoprite Holdings remained unchanged at 650 000 000 (six hundred and fifty million) ordinary shares of 113.4 cents (one hundred and thirteen point four cents) each.

On 30 June 2014, the Company issued an additional 2 292 500 (two million two hundred and ninety two thousand five hundred) ordinary shares in the share capital of Shoprite Holdings to settle Awards made by the Remuneration Committee in terms of the rules of the Shoprite Holdings Executive Share Plan (ESP) which was approved by shareholders on 29 October 2012. The issued share capital now totals 572 871 960 ordinary shares of 113.4 cents each.



GOING CONCERN

The annual financial statements of the Group were prepared on a going concern basis.

The Board has performed a formal review of the Group's results and its ability to continue trading as a going concern in the foreseeable future.

The directors of Shoprite Holdings confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future.

BORROWINGS

Shoprite Holdings has unlimited borrowing powers in terms of its Memorandum of Incorporation (MOI).

The Group's overall level of debt increased from R4.152 billion to R4.684 billion during the financial year under review.

SPECIAL RESOLUTIONS

At the annual general meeting of Shoprite Holdings held on 28 October 2013, shareholders approved the following special resolutions:

- **Special resolution number 1** – Remuneration payable to non-executive directors;
- **Special resolution number 2** – Financial assistance to subsidiaries, related and inter-related entities;
- **Special resolution number 3** – Financial assistance for subscription of securities; and
- **Special resolution number 4** – General approval to repurchase shares.

During the reporting period the following special resolution was passed by a main Group subsidiary:

Shoprite Checkers (Pty) Ltd

- **Special resolution number 1** – Financial assistance to subsidiaries, related and inter-related entities.

DIRECTORS AND SECRETARY

The directors' names and details are furnished on pages 8 to 9 and the company secretary's name, business and postal address on page 111 of the Integrated Report.

On 18 August 2014, the Board appointed Mr M Bosman as the Financial Director of Shoprite Holdings. Mr CG Goosen remains the Deputy Managing Director.

In terms of the Memorandum of Incorporation of Shoprite Holdings ("the MOI"), no less than one third of the non-executive directors shall retire by rotation at each annual general meeting.

Dr ATM Mokgokong, Messrs JJ Fouché, JG Rademeyer and JA Rock retire as directors, in terms of Clause 33.5.1 of the MOI of the Company, at the annual general meeting. All these directors have offered themselves for re-election as directors of Shoprite Holdings.

On 18 August 2014, Mr JF Basson was appointed as a Non-Executive Director of the Company. In terms of Clause 13.2 of the MOI Mr Basson retires at the annual general meeting on 27 October 2014, but being eligible, offers himself for re-election.

The Board supports the re-election of these directors.

DIRECTORS' AND ALTERNATE DIRECTORS' INTERESTS IN ORDINARY SHARES

Non-executive directors

	Direct beneficial	Indirect beneficial	Total 2014	Total 2013
CH Wiese	–	87 699 198	87 699 198	85 627 398
JJ Fouché	472 171	–	472 171	472 171
JF Basson	–	1 000	1 000	1 000
EC Kieswetter	2 953	–	2 953	1 850
JA Louw	–	50 000	50 000	50 000
ATM Mokgokong	–	–	–	–
JG Rademeyer	–	10 000	10 000	10 000
JA Rock	–	–	–	–
JD Wiese	–	14 074	14 074	14 074

Executive directors

	Direct beneficial	Indirect beneficial	Total 2014	Total 2013
JW Basson	–	10 174 122	10 174 122	9 994 122
CG Goosen	3 000	1 203 202	1 206 202	1 206 202
B Harisunker	407 379	–	407 379	407 379
AE Karp	207 269	–	207 269	147 269
EL Nel	–	148 727	148 727	148 727
BR Weyers	404 594	–	404 594	404 594
JAL Basson	43 070	86 131	129 201	89 201
M Bosman	115 000	60 000	175 000	125 000
PC Engelbrecht	210 000	201 039	411 039	330 000

During the reporting period, the following executive directors and alternate directors accepted forfeitable share Awards in terms of the ESP, which are included in the totals reflected above:

	Total 2014
AE Karp	60 000
JAL Basson	40 000
M Bosman	50 000
PC Engelbrecht	80 000

NON-EXECUTIVE DIRECTOR'S INTEREST IN NON-CONVERTIBLE, NON-PARTICIPATING, NO PAR VALUE DEFERRED SHARES

	Total 2014	Total 2013
CH Wiese	290 625 071	290 625 071



Directors' Report (continued)

Shoprite Holdings Ltd and its Subsidiaries

44

CORPORATE GOVERNANCE

Statements of the Board's application of the codes of good corporate governance are set out in the corporate governance report, which forms part of this directors' report and the remuneration report on pages 32 to 39.

BOARD COMMITTEES

The reports of the various board committees are included in the corporate governance report on pages 26 to 29.

AUDITORS

PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 90(1) of the Companies Act.

EVENTS AFTER THE REPORTING DATE

At the end of July 2014, a fire at the Group's Palanca retail outlet and distribution centre situated in Angola, resulted in the destruction of a substantial portion of the development. Trading from the premises has ceased and a disaster recovery plan was implemented. A temporary site has been secured for the distribution of dry goods and perishables and the supply chain to other stores in Angola is in place. It is too early to estimate the full financial impact which is in the process of being assessed. The Group is however insured and it is foreseen that the potential loss to the Group as a consequence of this incident will not be material.

Other than the facts in this Integrated Report, there have been no material changes in the affairs or financial position of the Group and its subsidiaries from 30 June 2014 to the date of this report.

HOLDING COMPANY

Shoprite Holdings has no holding company. An analysis of the main shareholders appears on page 62 of this report.

LITIGATION STATEMENT

The dispute between the Group and SAB Miller Plc related to closing date accounts of OK Bazaars is still in the process of being determined through arbitration.

The investigation initiated during June 2009 by the Competition Commission of South Africa ("the Competition Commission") into the alleged anti-competitive conduct of various food retailers which includes the Group's main trading subsidiary, Shoprite Checkers (Pty) Ltd, was concluded. The relevant Notice of Non-Referral was issued by the Competition Commission on 24 January 2014.

The referral by the Competition Commission of the complaint of alleged abuse of dominance against Computicket (Pty) Ltd must still be heard by the Competition Tribunal.

The claim instituted in the High Court of Lagos by AIC Limited during April 2010 against the Group's main trading subsidiary, Shoprite Checkers (Pty) Ltd, and its Nigerian subsidiary, Retail Supermarkets Nigeria Ltd, on the basis of alleged breach of contract is still in the trial phase.

Save as recorded above, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve (12) months, a material effect on the Group's financial position.



Audit and Risk Committee Report

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

INTRODUCTION

The Audit and Risk Committee ("the Audit Committee") is established as an independent statutory committee in terms of section 94(2) of the Companies Act 71 of 2008, as amended ("the Companies Act") and oversees audit and risk committee matters for all of the South African subsidiaries of Shoprite Holdings, as permitted by section 94(2)(a) of the Companies Act.

The main purpose of the Audit Committee is to assist the Board in monitoring the integrity of financial statements and overseeing the Integrated Report. It is also responsible to oversee the effectiveness of the Group's internal financial controls as well as the internal and external audit functions. The Companies Act furthermore requires the Audit Committee to perform specific responsibilities.

The Audit Committee's terms of reference is formalised in a charter which is reviewed annually.

During the period under review, the Audit Committee conducted its affairs in accordance with the charter and has discharged its responsibilities as required by the charter, the Companies Act and the material requirements of King III.

AUDIT COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit Committee consists of five (5) independent non-executive directors elected by the shareholders of Shoprite Holdings on recommendation by the Board and is chaired by Mr JG Rademeyer.

Audit Committee meetings are held at least four (4) times a year as required by the charter. During the period under review, the committee met five (5) times. A special Audit Committee meeting was held on 16 August 2013 to approve the 2013 annual financial statements of the Company.

The attendance of the committee members is recorded below:

	12.08.2013	16.08.2013 (Special)	01.11.2013	21.02.2014	16.05.2014
NON-EXECUTIVE DIRECTORS					
JG RADEMEYER	●	●	●	●	●
JF BASSON*	n/a	n/a	n/a	n/a	n/a
JA LOUW	●	●	●	●	○
JJ FOUCHÉ	○	○	●	●	●
JA ROCK*	n/a	n/a	n/a	n/a	n/a

*Appointed with effect from 18 August 2014.

The financial director, general manager – group finance, internal and external auditors attended the Audit Committee meetings by invitation. Other members of management attended as required.

The Audit Committee agendas provide for meetings between the members and internal and external auditors. During the period under review the Audit Committee had one (1) meeting with the external auditor where executive management was not present.

Audit Committee evaluation

As part of the annual evaluation, the performance of the Audit Committee and its members were assessed and found to be satisfactory. In addition, members were assessed in terms of the independence requirements of King III and the Companies Act. All members of the Audit Committee continue to meet the independence requirements.

ROLES AND RESPONSIBILITIES

During the period under review, the Audit Committee fulfilled the statutory duties as required by the Companies Act and recommended in King III, as well as various additional responsibilities assigned to it by the Board.

External auditor appointment and independence

The Audit Committee annually assesses the independence of the external auditor, PricewaterhouseCoopers (PwC). At the committee's meeting on 11 August 2014, PwC were required to confirm that they:

- are not precluded from re-appointment due to any impediment as listed in section 90(2)(b) of the Companies Act;
- are in compliance with section 91(5) of the Companies Act, by comparison with the membership of the firm at the time of its re-appointment in 2013, more than one half of the members remain in 2014; and
- remain independent as required by section 94(7) of the Companies Act and the relevant provision in the JSE Listings Requirements.

In consultation with the Group's executive management, the Audit Committee agreed to the terms of the PwC engagement letter, audit plan and budgeted audit fees in respect of the 2014 financial year.

A formal framework governs the process through which PwC renders non-audit services to ensure that the audit independence is not impaired. The Audit Committee approved the terms of a master service agreement for the provision of non-audit services by PwC as well as the nature and extent of non-audit services that may be provided in terms of a pre-approval policy. Non-audit services rendered by PwC during the period under review comprised tax advisory and compliance services and other advisory services.

Based on the above assessment, the committee re-nominates PwC as independent external auditor for the 2014/15 financial year and Mr A Wentzel as the designated partner to perform the functions of external auditor, until the 2015 annual general meeting of Shoprite Holdings. Shareholders will therefore be requested to re-elect PwC as independent external auditor for the 2014/15 financial year at the annual general meeting on 27 October 2014.

Financial statements and accounting practices

During the reporting period, the Audit Committee reviewed the interim and annual financial reports of the Group and recommended the acceptance and approval thereof to the Board.

During the review of the financial reports the Audit Committee considered:

- the accounting policies and financial statements, in order to ensure compliance with International Financial Reporting Standards and requirements of the Companies Act and the JSE Listings Requirements; and
- the audit report issued by the external auditors.

Internal controls

The Group's systems of internal control are designed and implemented to support the identification, evaluation and management of risks affecting the Group. These include controls in respect of the financial reporting process but extend across all areas of operations.

During the period under review an internal review was performed to assess the effectiveness of the Group's system of internal controls and risk management procedures. This assessment formed the basis for the Audit Committee's recommendation in this regard to the Board.

Management, internal and external auditors have agreed on a combined assurance model to enable these parties to report to the Audit Committee on the efficiency of the Group's internal financial controls. Assurance on compliance with systems of internal control and on their effectiveness is obtained through regular management reviews, assurance, testing of certain aspects of the internal financial control systems by the external auditors during the course of their statutory audit and regular reports to the Audit Committee by the external and internal auditors.

During the period under review, the Audit Committee reviewed the reports on the design, implementation and effectiveness of the Group's systems of internal financial and risk controls. No material breakdowns in the internal and financial controls came to the attention of management of the Group that required reporting.



Audit and Risk Committee Report (continued)

Shoprite Holdings Ltd and its Subsidiaries

46

Integrated and sustainability reporting

In fulfilling its oversight responsibilities, the Audit Committee has reviewed the sustainability information that forms part of the Group's Integrated Report and has assessed its consistency with operational and other information known to the Audit Committee members, as well as its consistency with the Group's annual financial statements.

The Audit Committee is satisfied that the above is consistent with the Group's financial results. As such the Audit Committee has recommended that the Group's Integrated Report be approved by the Board.

Going concern

The Audit Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the Group. The Board's statement on the going concern status of the Group, as supported by the Audit Committee, is contained in the Directors' Report.

Governance of risk

Whilst the Board is ultimately responsible for the maintenance of an effective risk management process, the Committee assisted the Board in assessing the adequacy of the risk management process.

The risk forum (a management committee consisting of senior managers from all business units) met four (4) times during the reporting period. During these meetings significant risks affecting the Group were considered and discussed to ensure that executive management is aware of the risks affecting the Group and their business units. Minutes of these meetings are submitted to the Audit Committee for consideration.

Each significant business unit within the Group has their own enterprise wide risk management (EWRM) plan which is updated regularly to ensure that risks affecting business units are current and that the necessary controls to mitigate these risks are in place.

The Group also has a top 20 risk document which details the material risks of the Group as well as the necessary controls to mitigate these risks. All business units are required to report on the risk control measures that they have implemented to address specific risks affecting their respective business units.

The Audit Committee is satisfied that, during the course of the 2013/14 financial year, executive management was aware of and addressed the material risks affecting their respective business units and the Group as a whole.

Internal audit

The Audit Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its responsibilities effectively. Furthermore, it oversees cooperation between the internal and external auditors, and serves as a link between the Board and these functions.

Internal audit activities, all of which are risk based, are performed by a team of appropriately qualified and experienced employees who are led by the internal audit manager. The internal audit department is responsible for reviewing and providing assurance on the adequacy of the internal control environment across all of the significant areas of the Group's operations. Internal audit's activities are measured against the Group's approved internal audit plan and the internal audit manager tables a progress report in this regard to the Audit Committee at each meeting.

The internal audit manager has direct access to the Audit Committee, primarily through the Chairman.

During the reporting period the Audit Committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter;
- considered the reports of internal audit on the Group's systems of internal control;
- reviewed significant issues raised by the internal audit process and the adequacy of corrective actions taken in response to findings; and
- formed an opinion that adequate, objective internal audit standards and procedures exist within the Group and that the Group's internal audit department has complied with the required legal, regulatory and other responsibilities as stipulated in their charter during the period under review.

Governance of information technology (IT)

In executing the Board's mandate for IT governance, the Audit Committee successfully built on the foundations set in previous years under the direction of the General Manager IT.

During the financial year, the Audit Committee reviewed the implementation of all relevant IT governance mandates, policies, processes and control frameworks. Furthermore, the Audit Committee also provides assurance to the Board on all IT related matters, including significant IT investments, by engaging both internal and external assurance providers. This assurance forms part of the Group's combined assurance framework.

The Group's IT governance framework is formalised in an IT governance charter and policies were formulated and implemented. The charter and policies outline the decision making rights and accountability framework for IT governance within the Group.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND FINANCE FUNCTION

As required by JSE Listing Requirement 3.84(h), the Audit Committee, through a formal process, has satisfied itself that the financial director, Mr CG Goosen, has the appropriate expertise and experience to act in this capacity. Mr Goosen is a chartered accountant and was appointed as financial director of the Group in 1993.

On 18 August 2014, the board approved the appointment of Mr M Bosman as financial director of Shoprite Holdings. Mr Bosman is a chartered accountant and holds the qualifications BAcc Hons CA(SA) and has been an alternate director to Mr Goosen since 2005. The Audit Committee supports the appointment of Mr Bosman in this capacity.

The Audit Committee also considered a written report that records the manpower, roles and responsibilities, qualifications and experience of senior members of the Group finance department. Based on this assessment, the Audit Committee is satisfied that the Group finance function has the required expertise and adequacy of resources to perform the Group financial function.

JG Rademeyer
Chairman



Currency of the Summary Consolidated Financial Statements

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

47

The summary consolidated financial statements are expressed in South African rand. The approximate Rand cost of a unit of the following currencies at year-end was:

	2014	2013		2014	2013		2014	2013
USA dollar	10.617	9.959	Botswana pula	1.209	1.160	India rupee	0.177	0.166
Pound sterling	18.064	15.214	Uganda shilling	0.004	0.004	Ghana cedi	3.257	4.912
Euro	14.478	13.017	Malawi kwacha	0.027	0.030	Madagascar ariary	0.005	0.005
Zambia kwacha	1.710	1.816	Mauritius rupee	0.349	0.320	Nigeria naira	0.065	0.062
Mozambique metical	0.332	0.331	Angola kwanza	0.109	0.103	DRC franc	0.011	0.011

Independent Auditor's Report on the Summary Consolidated Financial Statements to the Shareholders of Shoprite Holdings Limited

The summary consolidated financial statements of Shoprite Holdings Limited, set out on pages 49 to 61 of the Integrated Report, which comprise the summary consolidated statement of financial position as at 30 June 2014, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Shoprite Holdings Limited for the year ended 30 June 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 18 August 2014. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other Reports Required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Shoprite Holdings Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Limited's (JSE) requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY


Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

OPINION

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Shoprite Holdings Limited for the year ended 30 June 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE's requirements for summary consolidated financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "Other Reports Required by the Companies Act" paragraph in our audit report dated 18 August 2014 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.



PricewaterhouseCoopers Inc.

Director: Anton Wentzel

Registered Auditor

Cape Town

18 August 2014

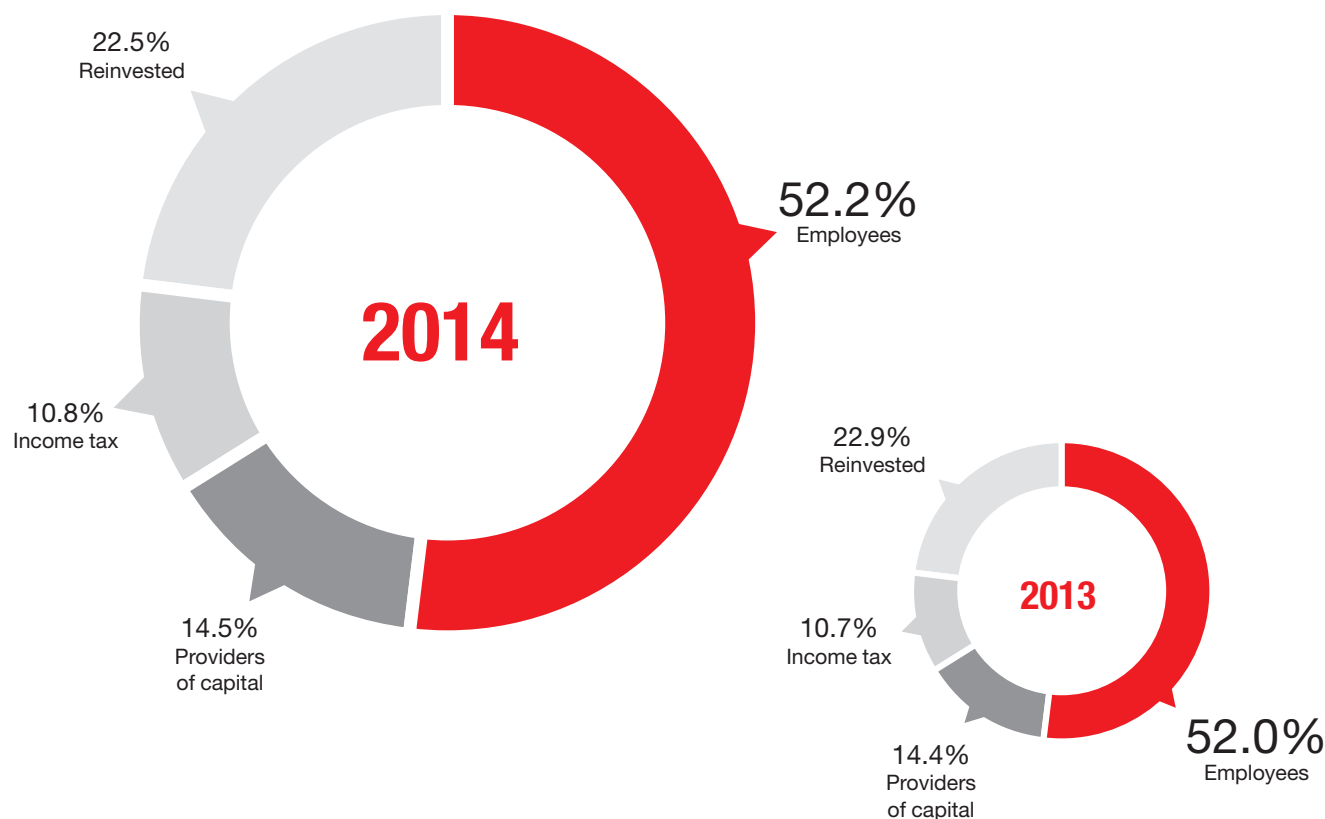


Value-added Statement

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

48

	June 2014 Rm	%	Restated June 2013 Rm	%
Sale of merchandise	102 204		92 457	
Investment income	261		299	
Cost of goods and services	(86 444)		(78 049)	
VALUE ADDED	16 021	100.0	14 707	100.0
Employed as follows:				
Employees				
Salaries, wages and service benefits	8 373	52.2	7 629	52.0
Providers of capital				
Finance costs to providers of funds	461	2.9	430	2.9
Dividends to providers of share capital	1 857	11.6	1 696	11.5
Income tax				
Income tax on profits made	1 727	10.8	1 576	10.7
Reinvested				
Reinvested in the Group to finance future expansion and growth	3 603	22.5	3 376	22.9
Depreciation and amortisation	1 730	10.8	1 475	10.0
Retained earnings	1 873	11.7	1 901	12.9
EMPLOYMENT OF VALUE ADDED	16 021	100.0	14 707	100.0



Summary Consolidated Statement of Financial Position

Shoprite Holdings Ltd and its Subsidiaries as at June 2014

49

	Notes	June 2014 Rm	Restated June 2013 Rm
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		13 576	11 652
Investment in associates and joint ventures		155	169
Loans and receivables		316	10
Deferred income tax assets		440	420
Intangible assets		1 225	1 041
Fixed escalation operating lease accruals		18	12
		15 730	13 304
CURRENT ASSETS			
Inventories		12 344	10 310
Trade and other receivables		4 080	3 472
Derivative financial instruments		1	24
Current income tax assets		31	172
Loans and receivables		26	19
Cash and cash equivalents		8 161	6 122
		24 643	20 119
Assets held for sale		160	57
TOTAL ASSETS		40 533	33 480
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	3	650	647
Share premium		4 029	3 672
Treasury shares	3	(680)	(320)
Reserves		13 218	11 185
		17 217	15 184
NON-CONTROLLING INTEREST		66	68
TOTAL EQUITY		17 283	15 252
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	4	4 373	3 824
Deferred income tax liabilities		187	196
Provisions		277	251
Fixed escalation operating lease accruals		694	576
		5 531	4 847
CURRENT LIABILITIES			
Trade and other payables		16 332	12 725
Borrowings	4	311	328
Current income tax liabilities		870	181
Provisions		138	133
Bank overdrafts		61	8
Shareholders for dividends		7	6
		17 719	13 381
TOTAL LIABILITIES		23 250	18 228
TOTAL EQUITY AND LIABILITIES		40 533	33 480



Summary Consolidated Statement of Comprehensive Income

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

50

	Notes	% change	June 2014 Rm	Restated June 2013 Rm
Sale of merchandise		10.5	102 204	92 457
Cost of sales		10.6	(80 936)	(73 156)
GROSS PROFIT		10.2	21 268	19 301
Other operating income		8.9	2 840	2 607
Depreciation and amortisation		14.1	(1 525)	(1 336)
Operating leases		17.3	(2 596)	(2 213)
Employee benefits		8.1	(7 723)	(7 145)
Other operating expenses		12.5	(6 550)	(5 822)
TRADING PROFIT		6.0	5 714	5 392
Exchange rate losses		125.0	(9)	(4)
Items of a capital nature		(109.7)	3	(31)
OPERATING PROFIT		6.6	5 708	5 357
Interest received		(13.1)	225	259
Finance costs		7.2	(461)	(430)
Share of (loss)/profit of associates and joint ventures		(200.0)	(5)	5
PROFIT BEFORE INCOME TAX		5.3	5 467	5 191
Income tax expense		9.6	(1 727)	(1 576)
PROFIT FOR THE YEAR		3.5	3 740	3 615
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		(76.0)	129	538
Items that will not be reclassified to profit or loss				
Re-measurements of post-employment benefit obligations		—	5	—
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation differences		(76.1)	123	514
Share of foreign currency translation differences of associates and joint ventures		(95.8)	1	24
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(6.8)	3 869	4 153
PROFIT ATTRIBUTABLE TO:				
Owners of the parent		3.7	3 730	3 597
Non-controlling interest		(44.4)	10	18
		3.5	3 740	3 615
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent		(6.7)	3 859	4 135
Non-controlling interest		(44.4)	10	18
		(6.8)	3 869	4 153
Basic and diluted earnings per share (cents)	5	3.7	697.0	672.3



Summary Consolidated Statement of Changes in Equity

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

51

Rm	Total equity	Non-controlling interest	Attributable to owners of the parent					
			Total	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings
BALANCE AT JUNE 2012	12 807	62	12 745	647	3 672	(320)	543	8 203
Total comprehensive income	4 153	18	4 135	—	—	—	538	3 597
Profit for the year	3 615	18	3 597					3 597
Recognised in other comprehensive income								
Foreign currency translation differences	538		538				538	
Dividends distributed to shareholders	(1 708)	(12)	(1 696)					(1 696)
BALANCE AT JUNE 2013	15 252	68	15 184	647	3 672	(320)	1 081	10 104
Total comprehensive income	3 869	10	3 859	—	—	—	124	3 735
Profit for the year	3 740	10	3 730					3 730
Recognised in other comprehensive income								
Re-measurements of post-employment benefit obligations	6		6					6
Income tax effect of re-measurements of post-employment benefit obligations	(1)		(1)					(1)
Foreign currency translation differences	124		124				124	
Share-based payments – value of employee services	4		4				4	
Equity component of convertible bonds sold during the year	27		27				27	
Proceeds from ordinary shares issued	—		—	3	357	(360)		
Dividends distributed to shareholders	(1 869)	(12)	(1 857)					(1 857)
BALANCE AT JUNE 2014	17 283	66	17 217	650	4 029	(680)	1 236	11 982



Summary Consolidated Statement of Cash Flows

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

52

	Notes	June 2014 Rm	Restated June 2013 Rm
CASH FLOWS FROM OPERATING ACTIVITIES		5 720	1 121
Operating profit		5 708	5 357
Less: investment income		(36)	(40)
Non-cash items	7.1	1 859	1 568
Payments for cash settlement of share appreciation rights		(21)	(535)
Changes in working capital	7.2	1 078	(1 902)
Cash generated from operations		8 588	4 448
Interest received		252	285
Interest paid		(345)	(327)
Dividends received		30	14
Dividends paid		(1 868)	(1 707)
Income tax paid		(937)	(1 592)
CASH FLOWS UTILISED BY INVESTING ACTIVITIES	7.3	(4 165)	(3 009)
CASH FLOWS FROM FINANCING ACTIVITIES	7.4	453	12
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		2 008	(1 876)
Cash and cash equivalents at the beginning of the year		6 114	7 901
Effect of exchange rate movements on cash and cash equivalents		(22)	89
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		8 100	6 114
Consisting of:			
Cash and cash equivalents		8 161	6 122
Bank overdrafts		(61)	(8)
		8 100	6 114



Selected Explanatory Notes to the Summary Consolidated Financial Statements

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

53

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, with the exception of adopting the following new accounting standards:

- **IFRS 10: Consolidated Financial Statements**

The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Group has revised its accounting policies on the consolidation of subsidiaries and concluded that the adoption of IFRS 10 did not result in any material change in the consolidation of the Group.

- **IFRS 11: Joint Arrangements**

IFRS 11 eliminates the previous policy choice of proportionate consolidation for jointly controlled entities. Equity accounting becomes mandatory for participants in joint ventures. Previously, the Group proportionately consolidated all joint ventures which entailed that it included its share of the assets, liabilities, income and expenses of jointly controlled entities on a line-by-line basis in its financial statements. Under the equity method, the investment in joint ventures is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and movements in other comprehensive income of joint ventures after the date of acquisition. The Group's share of the profit or loss of joint ventures is recognised as a single line item in profit or loss under the equity method. The change from proportionate consolidation to equity accounting resulted in a change in individual asset, liability, income, expense and cash flow line items with no impact on equity or profit attributable to owners of the parent. The impact of the application of IFRS 11 on the Group's results is disclosed in note 10.

- **IFRS 13: Fair Value Measurement**

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. IFRS 13 was adopted and applied prospectively and it was assessed that the adoption did not result in any material impact on the financial results of the Group.



Selected Explanatory Notes to the Summary Consolidated Financial Statements (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

54

2. OPERATING SEGMENT INFORMATION

2.1 Analysis per reportable segment

	June 2014				
	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Consolidated Rm
Sale of merchandise					
External	76 881	14 779	3 996	6 548	102 204
Inter-segment	2 770	8	—	62	2 840
	79 651	14 787	3 996	6 610	105 044
Trading profit	4 751	673	196	94	5 714
Depreciation and amortisation*	1 388	266	53	23	1 730
Total assets	27 203	7 720	3 740	1 870	40 533

	Restated June 2013				
	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Consolidated Rm
Sale of merchandise					
External	70 707	11 657	3 562	6 531	92 457
Inter-segment	2 121	6	—	39	2 166
	72 828	11 663	3 562	6 570	94 623
Trading profit	4 513	600	131	148	5 392
Depreciation and amortisation*	1 204	201	49	21	1 475
Total assets	22 292	6 327	3 021	1 840	33 480

2.2 Geographical analysis

	June 2014		
	South Africa Rm	Outside South Africa Rm	Consolidated Rm
Sale of merchandise – external	85 877	16 327	102 204
Non-current assets**	11 242	3 577	14 819

	Restated June 2013		
	South Africa Rm	Outside South Africa Rm	Consolidated Rm
Sale of merchandise – external	79 575	12 882	92 457
Non-current assets**	9 916	2 789	12 705

* Represent gross depreciation and amortisation before appropriate allocations of distribution cost.

** Non-current assets consist of property, plant and equipment, intangible assets and fixed escalation operating lease accruals.



Restated
June
2013
Rm

June
2014
Rm

3. SHARE CAPITAL AND TREASURY SHARES

3.1 Ordinary share capital

Authorised:

650 000 000 (2013: 650 000 000) ordinary shares of 113.4 cents each

Issued:

572 871 960 (2013: 570 579 460) ordinary shares of 113.4 cents each

650

647

Reconciliation of movement in number of ordinary shares issued:

	Number of shares	
	June 2014	June 2013
Balance at the beginning of the year	570 579 460	570 579 460
Shares issued during the year	2 292 500	—
Balance at the end of the year	572 871 960	570 579 460

Details of the shareholder spread and major shareholders are disclosed in the Shareholder Analysis contained in the Integrated Report.

Treasury shares held by Shoprite Checkers (Pty) Ltd are netted off against share capital on consolidation. The net number of ordinary shares in issue for the Group are:

	Number of shares	
	June 2014	June 2013
Issued ordinary share capital	572 871 960	570 579 460
Treasury shares (note 3.3)	(37 729 072)	(35 436 572)
	535 142 888	535 142 888

The unissued ordinary shares are under the control of the directors who may issue them on such terms and conditions as they deem fit until the Company's next annual general meeting.

All shares are fully paid up.



Selected Explanatory Notes to the Summary Consolidated Financial Statements (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

56

	June 2014 Rm	Restated June 2013 Rm
3. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)		
3.2 Deferred share capital		
Authorised:		
360 000 000 (2013: 360 000 000) non-convertible, non-participating no par value deferred shares		
Issued:		
290 625 071 (2013: 290 625 071) non-convertible, non-participating no par value deferred shares	—	—
Reconciliation of movement in number of deferred shares issued:		
	Number of shares	
	June 2014	June 2013
Balance at the beginning of the year	290 625 071	276 821 666
Shares issued during the year	—	13 803 405
Balance at the end of the year	290 625 071	290 625 071
The unissued deferred shares are not under the control of the directors, and can only be issued under predetermined circumstances as set out in the Memorandum of Incorporation of Shoprite Holdings Ltd.		
All shares are fully paid up and carry the same voting rights as the ordinary shares.		
	650	647
3.3 Treasury shares		
37 729 072 (2013: 35 436 572) ordinary shares	680	320
Reconciliation of movement in number of treasury shares for the Group:		
	Number of shares	
	June 2014	June 2013
Balance at the beginning of the year	35 436 572	35 436 572
Movement in shares held by Shoprite Checkers (Pty) Ltd		
Shares purchased during the year	2 292 500	—
Balance at the end of the year	37 729 072	35 436 572



	June 2014 Rm	Restated June 2013 Rm
4. BORROWINGS		
Consisting of:		
Shoprite Holdings Ltd preference share capital	2	2
Convertible bonds (note 4.1)	4 381	4 078
Standard Bank de Angola, S.A.	218	—
First National Bank of Namibia Ltd	83	72
	4 684	4 152
4.1 Convertible bonds		
<p>The Group has issued 6.5% convertible bonds for a principal amount of R4.7 billion (2013: R4.5 billion). The bonds mature on 3 April 2017 at their nominal value of R4.7 billion (2013: R4.5 billion) or can be converted into shares at the holders' option at the maturity date at the rate of 5 919.26 shares per R1 million. The Group holds, subject to conditions, rights on early redemption. The values of the liability component and the equity conversion component were determined at issuance of the bonds.</p> <p>The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond at initial recognition. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves, net of income taxes.</p> <p>The convertible bonds recognised in the statement of financial position is calculated as follows:</p>		
Face value of convertible bonds at the beginning of the year*	4 548	4 445
Equity component*	(470)	(470)
Liability component at the beginning of the year	4 078	3 975
Face value of convertible bonds sold on 15 June 2014	224	—
Equity component	(37)	—
Liability component on initial recognition of convertible bonds at 15 June 2014	187	—
Interest expense	408	396
Interest paid	(292)	(293)
Liability component at the end of the year	4 381	4 078
<p>*The transaction costs have been allocated to the equity and liability components based on their relative day one values.</p> <p>The fair value of the liability component of the convertible bonds amounted to R4.5 billion (2013: R4.3 billion) at the statement of financial position date. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 8.9% (2013: 8.6%) and are within level 2 of the fair value hierarchy.</p>		

Selected Explanatory Notes to the Summary Consolidated Financial Statements (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

58

	June 2014 Rm	Restated June 2013 Rm
5. EARNINGS PER SHARE		
Profit attributable to owners of the parent	3 730	3 597
Re-measurements	(1)	32
Profit on disposal of property	(13)	(8)
Profit on disposal of assets held for sale	—	(42)
Loss on disposal and scrapping of plant and equipment	26	34
(Reversal of impairment)/impairment of property, plant and equipment	(42)	31
Impairment of goodwill	12	14
Insurance claims paid	1	—
Loss on other investing activities	13	2
Re-measurements included in equity-accounted profit of associates and joint ventures	2	1
Income tax effect on re-measurements	4	(15)
Headline earnings	3 733	3 614
Number of ordinary shares	Millions	
– In issue	535	535
– Weighted average	535	535
Earnings per share	Cents	
– Basic and diluted earnings	697.0	672.3
– Basic and diluted headline earnings	697.6	675.4
Diluted earnings per share is unchanged from basic earnings per share, as the inclusion of the dilutive potential ordinary shares would increase earnings per share and is therefore not dilutive. Convertible debt outstanding at the reporting date (refer note 4.1), which were anti-dilutive in the current year, could potentially have a dilutive impact in the future. Full share grants outstanding at the reporting date will have a dilutive impact in the future.		
6. DIVIDENDS PER SHARE		
6.1 Dividends per share paid		
	Cents	
No 129 paid 16 September 2013 (2013: No 127 paid 17 September 2012)	215.0	194.0
No 130 paid 24 March 2014 (2013: No 128 paid 18 March 2013)	132.0	123.0
	347.0	317.0
6.2 Dividends per share declared		
No 131 payable 15 September 2014 (2013: No 129 paid 16 September 2013)	218.0	215.0



	June 2014 Rm	Restated June 2013 Rm
7. CASH FLOW INFORMATION		
7.1 Non-cash items		
Depreciation of property, plant and equipment	1 568	1 333
Amortisation of intangible assets	162	142
Net fair value gains/(losses) on financial instruments	23	(24)
Exchange rate losses	9	4
Profit on disposal of property	(13)	(8)
Profit on disposal of assets held for sale	—	(42)
Loss on disposal and scrapping of plant and equipment	26	34
(Reversal of impairment)/impairment of property, plant and equipment	(42)	31
Impairment of goodwill	12	14
Movement in provisions	37	(93)
Movement in cash-settled share-based payment accrual	(37)	98
Movement in share-based payment reserve	4	—
Movement in fixed escalation operating lease accruals	110	79
	1 859	1 568
7.2 Changes in working capital		
Inventories	(1 994)	(1 442)
Trade and other receivables	(586)	(506)
Trade and other payables	3 658	46
	1 078	(1 902)
7.3 Cash flows utilised by investing activities		
Investment in property, plant and equipment and intangible assets to expand operations	(2 917)	(2 583)
Investment in property, plant and equipment and intangible assets to maintain operations	(992)	(699)
Investment in assets held for sale	(2)	(4)
Proceeds on disposal of property, plant and equipment and intangible assets	126	157
Proceeds on disposal of assets held for sale	—	212
Other investing activities	(313)	(9)
Acquisition of operations	(67)	(83)
	(4 165)	(3 009)
7.4 Cash flows from financing activities		
Proceeds from convertible bonds sold	224	—
Increase in borrowing from Standard Bank de Angola, S.A.	218	—
Increase in borrowing from First National Bank of Namibia Ltd	11	12
	453	12

Selected Explanatory Notes to the Summary Consolidated Financial Statements (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

60

	June 2014 Rm	Restated June 2013 Rm
8. RELATED-PARTY INFORMATION		
During the year under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. All these intergroup transactions are similar to those in the prior year and have been eliminated in the annual financial statements on consolidation. For further information, refer to the audited annual financial statements.		
9. SUPPLEMENTARY INFORMATION		
Contracted capital commitments	2 477	1 737
Contingent liabilities	235	126
Net asset value per share (cents)	3 218	2 837

10. IMPACT OF THE APPLICATION OF IFRS 11

In terms of IFRS 11: Joint Arrangements, the Group ceased proportionate consolidation of its investment in joint ventures and now accounts for this investment using the equity method in accordance with IAS 28: Investments in Associates and Joint Ventures.

The Group has applied the change in accounting policy in accordance with the transitional provisions of IFRS 11 from the beginning of the earliest period presented (1 July 2012). The Group recognised its investment in joint ventures as at 1 July 2012 as the aggregate of the carrying amounts of the assets and liabilities that were previously proportionately consolidated. This is the deemed cost of the Group's investment in its joint ventures at initial recognition for purposes of applying equity accounting.

As per the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the relevant comparative information has been restated. The effect of the restatement on the statement of financial position at the beginning of the preceding period is not considered material and in line with IAS 1: Presentation of Financial Statements, no statement of financial position as at 1 July 2012 has been presented. The effect of the restatement is reflected below.

	June 2013		Restated Rm
	Previously reported Rm	Effect of transition to IFRS 11 Rm	
10.1 Impact on statement of comprehensive income			
Sale of merchandise	92 747	(290)	92 457
Operating profit	5 359	(2)	5 357
Profit before income tax	5 194	(3)	5 191
Income tax expense	(1 579)	3	(1 576)
Profit for the year	3 615	—	3 615
10.2 Impact on statement of financial position			
Non-current assets	13 330	(26)	13 304
Current assets	20 102	17	20 119
Non-current liabilities	4 851	(4)	4 847
Current liabilities	13 386	(5)	13 381
10.3 Impact on statement of cash flows			
Cash flows from operating activities	1 146	(25)	1 121
Cash flows utilised by investing activities	(3 039)	30	(3 009)



Annexure A – Interests in Subsidiaries

Shoprite Holdings Ltd and its Subsidiaries as at June 2014

61

	Country of incorporation and place of business	Issued ordinary and preference share capital and premium Rm	Percentage shares held by Group %	Investment in shares		Amount owing by	
				June 2014 Rm	June 2013 Rm	June 2014 Rm	June 2013 Rm
DIRECT SUBSIDIARIES							
OK Bazaars (1998) (Pty) Ltd	South Africa	3	100	—	—	—	—
Shoprite Checkers (Pty) Ltd	South Africa	1 129	100	174	174	2 261	386
Shoprite Investments Ltd	South Africa	100	100	100	100	—	1 305
Shoprite International Ltd	Mauritius	2 758	100	2 758	2 074	6	6
Shoprite Insurance Company Ltd	South Africa	20	100	20	20	—	—
Shoprite Checkers Properties Ltd	South Africa	26	100	—	—	—	—
				3 052	2 368	2 267	1 697
INDIRECT SUBSIDIARIES							
Africa Supermarkets Ltd	Zambia*	—	100				
Checkers Chatsworth Ltd**	South Africa	2	48				
Computicket (Pty) Ltd	South Africa	69	100				
Megasave Trading (Pvt) Ltd	India*	118	100				
Mercado Fresco de Angola Lda	Angola*	137	100				
Medirite (Pty) Ltd	South Africa	—	100				
OK Bazaars (Lesotho) (Pty) Ltd**	Lesotho*	—	50				
OK Bazaars (Namibia) Ltd	Namibia*	1	100				
OK Bazaars (Swaziland) (Pty) Ltd	Swaziland*	—	100				
OK Bazaars (Venda) Ltd**	South Africa	2	50				
Propco Mozambique Lda	Mozambique*	45	100				
Retail Holdings Botswana (Pty) Ltd	Botswana*	109	100				
Retail Supermarkets Nigeria Ltd	Nigeria*	80	100				
Royal Retail (Pty) Ltd**	South Africa	—	75				
Sentra Namibia Ltd	Namibia*	6	100				
Shophold (Mauritius) Ltd	Mauritius*	189	100				
Shoprite Angola Imobiliaria Lda	Angola*	39	100				
Shoprite Checkers Uganda Ltd	Uganda*	148	100				
Shoprite Egypt for Internal Trade SAE	Egypt*	42	100				
Shoprite Ghana (Pty) Ltd	Ghana*	31	100				
Shoprite Lesotho (Pty) Ltd	Lesotho*	—	100				
Shoprite Madagascar S.A.	Madagascar*	145	100				
Shoprite (Mauritius) Ltd	Mauritius*	133	100				
Shoprite Namibia (Pty) Ltd	Namibia*	—	100				
Shoprite RDC SPRL	DRC*	82	100				
Shoprite Supermercados Lda	Angola*	—	100				
Shoprite Trading Ltd	Malawi*	26	100				

* Investments in subsidiaries outside South Africa are converted at historical exchange rates.

** Non-controlling interests in respect of these subsidiaries are not material.

Significant restrictions

Cash and short-term deposits of R307 million (2013: R172 million) are held in Angola and are subject to onerous local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

NOTE:

General information in respect of subsidiaries is set out in respect of only those subsidiaries of which the financial position or results are material for a proper appreciation of the affairs of the Group. A full list of subsidiaries is available on request.



Shareholder Analysis

Shoprite Holdings Ltd and its Subsidiaries as at June 2014

62

SHAREHOLDER SPREAD	No of		No of Shares	
	Shareholdings	%		%
1 – 1 000 shares	16 347	78.98	4 599 277	0.80
1 001 – 10 000 shares	3 490	16.86	10 549 228	1.84
10 001 – 100 000 shares	630	3.04	19 782 663	3.45
100 001 – 1 000 000 shares	157	0.76	48 767 792	8.51
Over 1 000 000 shares	75	0.36	489 173 000	85.40
Totals	20 699	100.00	572 871 960	100.00

DISTRIBUTION OF SHAREHOLDERS	No of		No of Shares	
	Shareholdings	%		%
Banks	198	0.96	269 343 955	47.02
Brokers	49	0.24	6 032 225	1.05
Close Corporations	189	0.91	918 287	0.16
Endowment Funds	102	0.49	764 482	0.13
Government	2	0.01	71 518	0.01
Individuals	15 881	76.72	18 526 221	3.23
Insurance Companies	94	0.45	5 546 919	0.97
Investment Companies	19	0.09	1 630 092	0.28
Medical Aid Schemes	13	0.06	67 644	0.01
Mutual Funds	238	1.15	27 432 734	4.80
Other Corporations	115	0.56	139 430	0.02
Private Companies	428	2.07	75 018 516	13.10
Public Companies	18	0.09	666 624	0.12
Retirement Funds	160	0.77	84 177 443	14.69
Treasury Shares	1	0.01	37 729 072	6.59
Trusts	3 192	15.42	44 806 798	7.82
Totals	20 699	100.00	572 871 960	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS	No of		No of Shares	
	Shareholdings	%		%
Non-Public Shareholders	62	0.31	139 011 901	24.27
Directors of the Company*	61	0.30	101 512 929	17.72
Treasury Shares**	1	0.01	37 498 972	6.55
Public Shareholders	20 637	99.69	433 860 059	75.73
Totals	20 699	100.00	572 871 960	100.00

* Includes shares held by directors in Shoprite Holdings Ltd Executive Share Plan.

** Excludes shares held by directors in Shoprite Holdings Ltd Executive Share Plan.

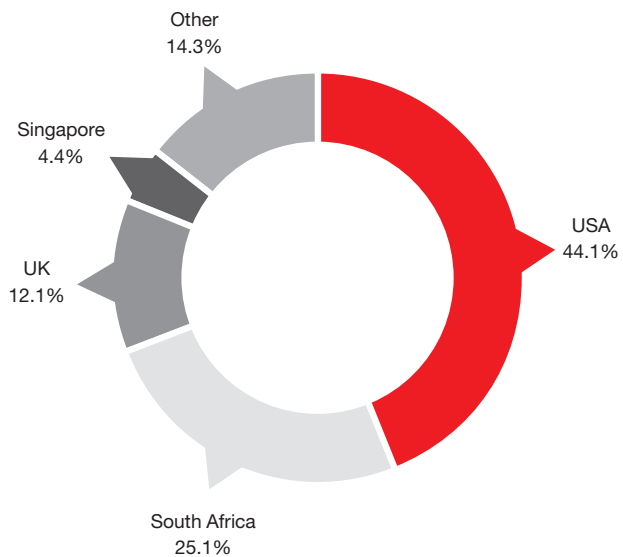
BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	No of Shares	
		%
Wiese, CH	87 699 198	15.31
Government Employees Pension Fund	67 166 760	11.72
Capital Group	42 105 783	7.35
Shoprite Checkers (Pty) Ltd	35 436 572	6.19
Lazard	21 606 694	3.77
JPMorgan	16 135 587	2.82
T. Rowe Price	14 624 365	2.55
BlackRock	13 830 592	2.41
Government of Singapore Investment Corporation	13 523 185	2.36
Vanguard	11 863 168	2.07
Basson, JW	10 174 122	1.78
First State Investments	8 012 578	1.40
Le Roux, JF	7 434 585	1.30
Namibian Government Institutions Pension Fund	6 464 491	1.13
Fidelity	5 942 276	1.04
Totals	362 019 956	63.19



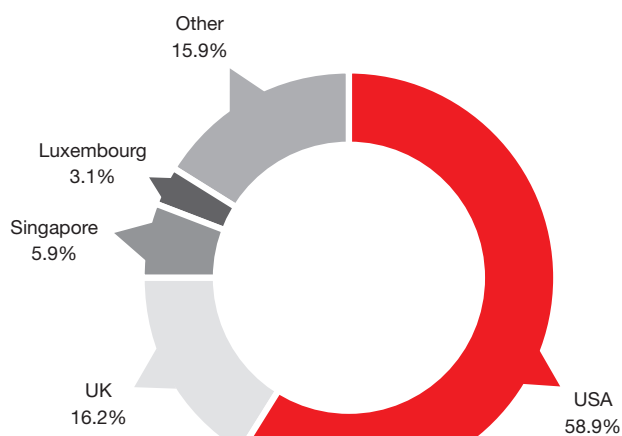
Shareholders

Country Classification

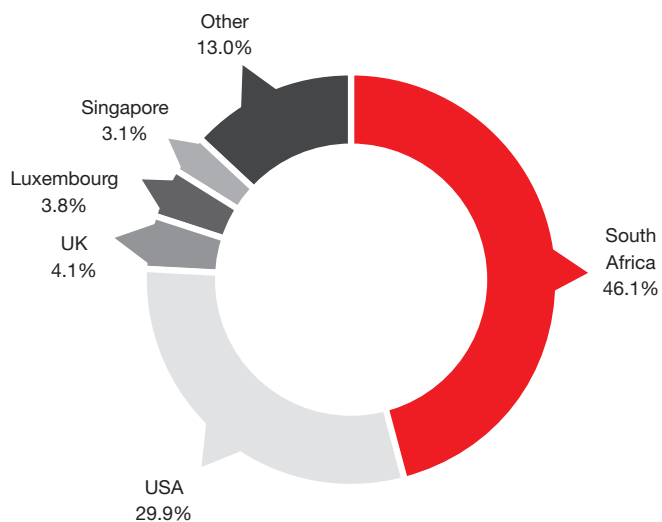
FUND MANAGERS



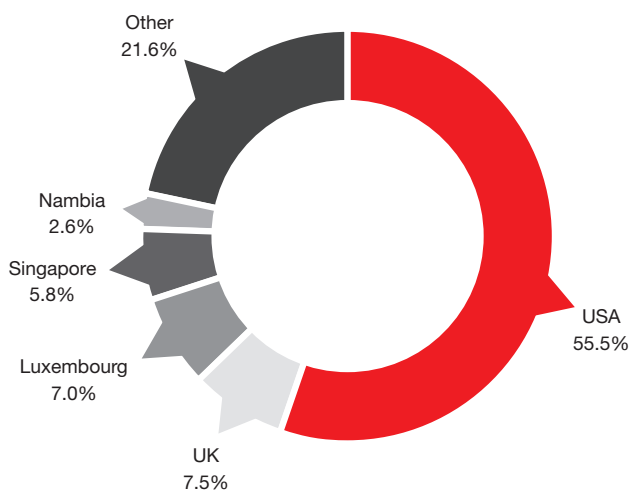
FOREIGN FUND MANAGERS



BENEFICIAL SHAREHOLDERS



FOREIGN BENEFICIAL SHAREHOLDERS



INVESTOR INFORMATION



Notice to Shareholders: Annual General Meeting (AGM)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

64

1. NOTICE OF MEETING

Notice is hereby given that the AGM of Shoprite Holdings will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Monday, 27 October 2014 at 09:30 (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 AGM in person;
 - alternatively, you may appoint a proxy to represent you at the AGM and to attend, participate in, and speak and vote at the AGM in your place by completing the attached form of proxy in accordance with the instructions it contains and returning it to the company secretary or transfer secretaries at their addresses set out below to be received not later than 09:15 (SA time) on Friday 24 October 2014. A proxy need not be a shareholder of the Company.
- 2.2 If you are a beneficial shareholder, but not a registered shareholder as at the record date and:
 - wish to attend the annual 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 annual general meeting, but would like your vote to be recorded at the 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.
- 2.3 The record date for purposes of determining which shareholders are entitled to receive this notice is determined in terms of section 59(1)(a) of the Companies Act, no 71 of 2008 ("the Companies Act") being 19 September 2014.
- 2.4 The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at this meeting is determined in terms of section 59(1)(b) of the Companies Act being Friday, 17 October 2014 ("Voting Record Date")
- 2.5 In terms of section 63(1) of the Companies Act, any person attending or participating in the AGM must present reasonably satisfactory identification and the chairperson of the 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 license or passport.
- 2.6 Should any shareholder, or a representative proxy from a shareholder, wish to participate in the AGM by way of electronic participation, that shareholder should make an application in writing (including details on how the shareholder or its representative wish to participate) to the transfer secretaries or company secretary at their addresses listed below, to be received by them at least seven (7) business days before the AGM, 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 AGM by way of electronic participation. Please note that shareholders who wish to participate in the AGM by way of electronic participation must appoint a proxy

to exercise his voting rights in terms of paragraph 2.1 above or furnish his CSDP or broker with voting instructions in terms of paragraph 2.2 above.

- 2.7 Votes at the AGM on all resolutions 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 share held in the Company.
- 2.8 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.

3. INTEGRATED REPORT

A copy of the Company's Integrated Report for the year ended 30 June 2014 and the reports of the directors and independent auditors are delivered herewith.

4. PURPOSE OF MEETING

The purpose of this meeting is to:

- present the summarised audited financial statements for the year ended 30 June 2014, the report of the directors and the report of the auditors thereon;
- present the reports of the audit and risk as well as the social and ethics committees;
- consider any matters raised by shareholders; and
- consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

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

- 4.1 **Ordinary resolution number 1:
Approval of annual financial statements**
"Resolved that the summary consolidated financial statements and annual financial statements of the Company and the Group for the year ended 30 June 2014, including the reports of the directors and independent auditors, be and are hereby approved."

For ordinary resolution number 1 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.
- 4.2 **Ordinary resolution number 2:
Re-appointment of auditors**
"Resolved that PricewaterhouseCoopers Inc. (PwC) be re-elected as independent registered auditors of the Company for the period until the next annual general meeting of the Company (noting that Mr A Wentzel is the individual registered auditor of PwC who will undertake the audit in respect of the financial year ending 30 June 2015) as recommended by the Company's Audit and Risk Committee."

For ordinary resolution number 2 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.
- 4.3 **Ordinary resolution number 3:
Re-election of Dr ATM Mokgokong**
"Resolved that Dr ATM Mokgokong, who is required to retire as director of the Company at this AGM and who is eligible and available for re-election, is hereby reappointed as director with immediate effect."



Age: 57
 First Appointed: 2012
 Educational qualifications: MB ChB Doctorate Commerce (Honoris Causa)
 Directorship: Afrocentric Investment Corporation Ltd, Jasco Electronics Ltd, Medscheme Ltd, Rebosis Property Fund Ltd, Adcock Ingram Holdings Ltd and CIH (Pty) Ltd.

For ordinary resolution number 3 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.4 Ordinary resolution number 4: Re-election of Mr JJ Fouché

"Resolved that Mr JJ Fouché, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and available, is hereby reappointed as director with immediate effect."

Age: 66
 First Appointed: 1991
 Educational qualifications: BCom LLB
 Other directorships: Pepkor Holdings (Pty) Ltd

For ordinary resolution number 4 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.5 Ordinary resolution number 5: Re-election of Mr JG Rademeyer

"Resolved that Mr JG Rademeyer, who is required to retire as director of the Company at this AGM and who is eligible and available for re-election, is hereby reappointed as director with immediate effect."

Age: 65
 First Appointed: 2002
 Educational qualifications: BCom CTA CA(SA)
 Other directorships: None

Mr Rademeyer is the Lead Independent director and also serves as the Chairman of the Audit and Risk Committee.

For ordinary resolution number 5 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.6 Ordinary resolution number 6: Re-election of Mr JA Rock

"Resolved that Mr JA Rock, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and available, is hereby reappointed as director with immediate effect."

Age: 44
 First Appointed: 2012
 Educational qualifications: BA Hons MA ACA AMP (Insead)
 Other directorships: None

For ordinary resolution number 6 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.7 Ordinary resolution number 7: Re-election of Mr JF Basson

"Resolved that Mr JF Basson, who is required to retire as a director of the Company at this AGM and who is eligible for re-election and available, is hereby reappointed as director with immediate effect."

Age: 62
 First Appointed: 2014
 Educational qualifications: B Com CTA CA(SA)
 Other directorships: Cape Consumers (Pty) Ltd

For ordinary resolution number 7 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.8 Ordinary resolution number 8: Appointment of Mr JG Rademeyer as chairperson and member of the Shoprite Holdings Audit and Risk Committee

"Subject to his re-election as a director, it is resolved that Mr JG Rademeyer be elected as Chairperson and member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act."

Age: 65
 First Appointed to Audit Committee: 2005
 Educational qualifications: BCom CTA CA(SA)
 Other directorships: None

For ordinary resolution number 8 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.9 Ordinary resolution number 9: Appointment of Mr JA Louw as member of the Shoprite Holdings Audit and Risk Committee

"It is resolved that Mr JA Louw be elected as member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act."

Age: 70
 First Appointed to Audit Committee: 2011
 Educational qualifications: BSc Hons B(B&A) Hons
 Other directorships: Mr Louw serves as a director on the board of various private companies.

For ordinary resolution number 9 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.10 Ordinary resolution number 10: Appointment of Mr JJ Fouché as member of the Shoprite Holdings Audit and Risk Committee

"Subject to his re-election as a director, it is resolved that Mr JJ Fouché be elected as member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act."

Age: 66
 First Appointed to Audit Committee: 2013
 Educational qualifications: BCom LLB
 Other directorships: Pepkor Holdings (Pty) Ltd



Notice to Shareholders: Annual General Meeting (AGM) (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

66

For ordinary resolution number 10 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.11 Ordinary resolution number 11: Appointment of Mr JF Basson as member of the Shoprite Holdings Audit and Risk Committee

"Subject to his re-election as a director, it is resolved that Mr JF Basson be elected as member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act."

Age: 62
First Appointed: 2014
Educational qualifications: B Com CTA CA(SA)
Other directorships: Cape Consumers (Pty) Ltd

For ordinary resolution number 11 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting

4.12 Ordinary resolution number 12: Appointment of Mr JA Rock as member of the Shoprite Holdings Audit and Risk Committee

"Subject to his re-election as a director, it is resolved that Mr JA Rock be elected as member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act."

Age: 44
First Appointed: 2012
Educational qualifications: BA Hons MA ACA AMP (Insead)
Other directorships: None

For ordinary resolution number 12 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.13 Ordinary resolution number 13: General authority over unissued ordinary shares

"Resolved that 28.6 million (approximately 5% of the issued ordinary share capital that includes treasury shares) of the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company until the next annual general meeting and that the directors of the Company be and are hereby authorised and empowered to, without first offering those shares to shareholders pro rata to their shareholding, allot, issue and otherwise dispose of such ordinary shares to a person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation ("MOI") of the Company and JSE Listings Requirements, when applicable, and any other exchange on which the shares of the Company may be quoted or listed from time to time."

For ordinary resolution number 13 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

4.14 Ordinary resolution number 14: General authority to issue shares for cash

"Resolved that the directors of the Company be and are hereby authorised by way of a general authority, to issue all or any of the authorised, but unissued shares in the capital of the Company, for cash, as and when they in their discretion deem fit, subject to the Companies Act, the MOI of the Company, the JSE Listings Requirements and any other exchange on which the shares of the Company may be quoted from time to time, when applicable, subject to the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not related parties, unless the JSE otherwise agrees, but may be made to such "public shareholders" and in such quantities that the directors in their discretion may deem fit;
- the number of ordinary shares issued for cash shall not in the aggregate in any 1 (one) financial year, exceed 5% (five percent) of the Company's issued ordinary shares being 26 757 144 shares (excluding treasury shares). The number of ordinary shares to be issued is based on the number of ordinary shares in issue at the date of this notice of annual general meeting, less any ordinary shares issued in terms of this general authority by the Company during the current financial year;
- In the event of a subdivision or a consolidation of issued ordinary shares during the period of this general authority, the general authority will be adjusted accordingly to represent the same allocation ratio;
- this authority be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement will be published giving full details, including the impact on the net asset value and earnings per share, at the time of any issue, representing on a cumulative basis within one (1) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue in terms of this authority;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company."

For ordinary resolution number 14 to be approved by shareholders it must in terms of the JSE Listings Requirements be supported by more than 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.



**4.15 Ordinary resolution number 15:
General authority to directors and/or
company secretary**

“Resolved that any one of the directors of Shoprite Holdings or the company secretary be and are hereby authorised to do all things, perform all acts and to sign and execute all documentation necessary to implement the ordinary and special resolutions adopted at the AGM.”

For ordinary resolution number 15 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

**4.16 Resolution number 16:
Non-binding advisory vote on the remuneration
policy of Shoprite Holdings**

“Resolved that, through a non-binding advisory vote, that the Company’s remuneration policy (excluding the remuneration of the non-executive directors and members of board committees for their services as directors) as set out in the Remuneration report in the Integrated Report on pages 32 to 39 is endorsed.”

For resolution number 16 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

**4.17 Ordinary resolution number 17:
Redemption of preference shares**

“Resolved, subject to special resolution numbers 6 – 9 being passed and the amendments to the Memorandum of Incorporation made in terms thereof being filed with the Companies and Intellectual Property Commission, that all of the cumulative redeemable preference shares in the issued share capital of the Company be and are hereby redeemed at a price of R2.00 (two Rand) per share, with effect from and on 17 November 2014, as contemplated in clauses 9.3.4, 9.4.7, 9.5.7 and 9.6.8 of the Memorandum of Incorporation, as amended.”

For ordinary resolution number 17 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM.

**4.18 Special resolution number 1:
Remuneration payable to non-executive
directors**

“Resolved in terms of section 66(9) of the Companies Act, that the annual remuneration of the non-executive directors for the twelve months from 1 November 2013 – 31 October 2014 be approved as follows:

SHOPRITE HOLDINGS BOARD AND COMMITTEE FEES

	2013/2014	2012/2013
BOARD		
Chairman of the Board	R317 200	R292 000
Lead Independent Director	R165 000	R152 000
Non-Executive Director	R150 000	R138 000
AUDIT AND RISK COMMITTEE		
Chairman	R224 000	R206 500
Member	R112 000	R103 000
REMUNERATION COMMITTEE		
Chairman	R58 100	R53 500
Member	R34 800	R32 000
NOMINATION COMMITTEE		
Chairman	R58 100	R53 500
Member	R34 800	R32 000
SOCIAL AND ETHICS COMMITTEE		
Chairman	R75 500	R69 500

For special resolution number 1 to be approved by shareholders it must be supported by at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to grant the Company the authority to pay remuneration to its non-executive directors for their services as directors for the period ending on 31 October 2014.

**4.19 Special resolution number 2:
Financial assistance to subsidiaries,
related and inter-related entities**

“Resolved in terms of section 45(3)(a)(ii) of the Companies Act, subject to compliance with the requirements of the Company’s MOI and the JSE Listings Requirements as presently constituted and amended from time to time as a general approval, that the board of the Company be authorised during a period of two (2) years from the date of this special resolution to authorise the Company to provide direct or indirect financial assistance to a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, (“any related or inter-related company or corporation” has herein the same meaning as in section 45 of the Companies Act and which meaning includes all the subsidiaries of the Company) to the Company or to a member of such a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, in one or more of the following forms:

- loan to,
- guarantee of any obligation of,
- suretyship in respect any obligation of,
- indemnity undertakings in respect of obligations of,
- the securing (in any form) of any debt or obligations of, or
- payments to or for the benefit of,



Notice to Shareholders: Annual General Meeting (AGM) (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

68

such a person or company or corporation, director, prescribed officer or member which the board of the Company may deem fit on the terms and conditions and for amounts that the board of the Company may determine.”

For special resolution number 2 to be approved by shareholders it must be supported by at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

Reason for and effect of special resolution number 2

This special resolution will grant the Company's directors the authority to authorise financial assistance in any of the forms described in the resolution to a director or prescribed officer of the Company (to be utilised as part of an incentive scheme, where applicable) or of a related or inter-related company, or to a related or inter-related company or corporation, (“any related or inter-related company or corporation” has herein the same meaning as in section 45 of the Companies Act and which meaning includes all the subsidiaries of the Company) to the Company or to a member of such a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member as contemplated in section 45 of the Companies Act.

Notice to the shareholders of the Company in terms of section 45(5) of the Companies Act, of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance:

- By the time that this notice of AGM is delivered to shareholders, the Board would have adopted a written board resolution (“the Section 45 Board Resolution”) authorising the Company to provide at any time during the period of two (2) years from the date the above special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company;
- The Section 45 Board Resolution will only be subject to and only effective to the extent that special resolution number 2 is adopted by shareholders and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act and that the terms under which the financial assistance will be given are fair and reasonable to the Company as required in section 45(3)(b)(ii) of the Companies Act; and
- The Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company.

4.20 Special resolution number 3:

Financial assistance for subscription of securities
“Resolved that the Company be and is hereby authorised, as a general authority contemplated in section 44(3)(a)(ii) of the Companies Act to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise of the kind referred to in section 44 of the Companies Act to any employee of the Company or of a subsidiary of the Company or of a related or inter-related company (“related or inter-related company” has herein the same meaning as in section 44 of the Companies Act) to the Company, for the purpose of, or in connection with, the subscription of any shares or other securities to be issued by

the Company or for the purchase of any shares or other securities of the Company or for the purchase of any convertible bonds issued by Shoprite Investments Limited or for the subscription of those bonds by such employees, on the terms and conditions that the Board of the Company may deem fit.”

For special resolution number 3 to be approved by shareholders it must be supported by at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

Reason for and effect of special resolution number 3

The Shoprite Holdings Executive Share Plan (“the Plan”) approved by shareholders on 29 October 2012 provides selected senior executives of the Group (“Participants”) with the opportunity of receiving Shoprite Holdings securities through the awarding of forfeitable shares. Forfeitable share awards comprise three (3) types of instruments, namely Co-investment Shares, Performance Shares and Retention Shares.

Participants may for instance in terms of the Plan rules be required to purchase Shoprite Holdings shares or 6.5% convertible bonds issued by Shoprite Investments Limited from Shoprite Checkers (Pty) Ltd and Co-investment Shares are then awarded to them based on the value of Participant's investment in this regard. A Participant's investment in the bonds will be financed by utilising his own funds or by way of a loan from the Company or the subsidiary employer. Loans could also be made in terms of the Plan to provide financial assistance in respect of the acquisition of shares in terms of the Plan. Loans to Participants are interpreted as financial assistance for the subscription of or purchase of securities in terms of section 44 of the Companies Act. Financial assistance by the Company (should it be granted) may fall within the exemption in section 44(3)(a)(i) of the Companies Act which will mean that the Company may provide that financial assistance without the approval of a special resolution. However to ensure that the Board is properly authorised to provide such financial assistance in cases where that exemption does not apply, this special resolution is required.

This special resolution will grant the Company the authority to provide financial assistance as contemplated by section 44 of the Companies Act.

4.21 Special resolution number 4:

General approval to repurchase shares

“Resolved that, the Company and/or any subsidiary of the Company be and are hereby authorised by way of a general approval to acquire the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI of the Company, the provisions of the the Companies Act, the JSE Listings Requirements and any other exchange on which the shares of the Company may be quoted or listed from time to time, where applicable, and provided that:

- the repurchase of securities will be effected through the main order book operated by the JSE trading system without any prior understanding or arrangement between the Company and the counterparty, or other manner approved by the JSE;
- this general authority shall be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;



- in determining the price at which the Company's ordinary shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five (5) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company;
- the number of ordinary shares acquired in the aggregate in any one (1) financial year do not exceed 5% (five percent) of the number of the Company's issued ordinary shares on the date that this special resolution is adopted;
- prior to entering the market to proceed with the repurchase, the Company's sponsor has complied with its responsibilities contained in Schedule 25 of the JSE Listings Requirements;
- prior to entering the market to repurchase the Company's securities, a board resolution to authorise the repurchase will have been passed in accordance with the requirements of section 46 of the Companies Act, and stating that the Board has acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Companies Act and has reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after completing the proposed repurchase;
- the Company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless there is a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- when the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- the Company only appoints one agent to effect any repurchase(s) on its behalf."

For special resolution number 4 to be approved by shareholders it must be supported by at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at this meeting.

Statement by the Board of Directors

The directors of the Company have no specific intention to effect the resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to repurchase its own shares.

After having considered the effect of the repurchase of ordinary shares pursuant to this general authority, the directors of the Company in terms of the relevant provisions of the Companies Act and the JSE Listings Requirements confirm that they will not undertake such purchase unless:

- the Company and the Group are in a position to repay their debt in the ordinary course of business for the 12 (twelve) month period after the date of the notice of the AGM;

- the assets of the Company and the Group, being fairly valued in accordance with the accounting policies used in the latest annual financial statements are, after the repurchase, in excess of the liabilities of the Company and the Group for the 12 (twelve) month period after the date of the notice of the AGM;
- the ordinary capital and reserves of the Company and the Group are adequate for the 12 (twelve) month period after the date of the notice of the AGM; and
- the available working capital is adequate to continue the operations of the Company and the Group for a period of 12 (twelve) months after the date of the notice of the AGM.

Reason for and effect of special resolution number 4

The JSE Listing Requirements 5.72(c) and 5.76 require that the Company or any subsidiary of the Company may only repurchase or purchase securities issued by the Company if approved by its shareholders by way of a special resolution. The existing general authority granted by the shareholders of the Company at the previous AGM on 29 October 2013, is due to expire, unless renewed.

The directors are of the opinion that it would be in the best interest of the Company to extend such general authority.

The proposed general authority would enable the Company or any subsidiary of the Company to repurchase up to a maximum of 28 643 598 (twenty eight million six hundred and forty three thousand five hundred and ninety eight) ordinary shares of the Company, representing 5% (five percent) of the issued ordinary share capital of the Company as at 30 June 2014.

The reason for the passing of special resolution number 4 is to authorise the Company and/or its subsidiaries by way of a general authority from shareholders to repurchase ordinary shares issued by the Company.

Once adopted this special resolution will permit the Company or any of its subsidiaries, to repurchase such ordinary shares in terms of the Companies Act, its MOI and the JSE Listings Requirements.

Disclosures in terms of section 11.26 of the JSE listings requirements

The JSE Listings Requirements require the following disclosures in respect of special resolution number 4, some of which are disclosed in the Integrated Report of which this notice forms part:

- Directors and management pages 8 to 9
- Major shareholders of the Company page 62
- Directors' interests in securities page 43
- Share capital of Company pages 55 to 56

Material change

Other than the facts and developments as referred to on page 44 of the Integrated Report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Directors' responsibility statement

The directors, whose names are given on pages 8 to 9 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made.



Notice to Shareholders: Annual General Meeting (AGM) (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

70

Litigation statement

Save for the disclosure in the directors report on page 44, the directors, whose names are given on pages 8 to 9 of the Integrated Report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position.

4.22 Special resolution number 5: Specific authority to issue deferred shares to Thibault Square Financial Services (Proprietary) Limited

"It is resolved as a special resolution in terms of section 41(1) of the Companies Act, that the Company in accordance with the provisions of its Memorandum of Incorporation issues 1 167 723 (one million one hundred and sixty seven thousand seven hundred and twenty three) non-convertible, non-participating no par value deferred shares ("Deferred Shares") to Thibault Square Financial Services (Proprietary) Limited (Registration number: 1992/004170/07) ("Thibault Square") at a subscription consideration of 0.1 cent per Deferred Share, that such an issue is approved and that the Board of the Company is authorised to take all the steps and actions that may be required to issue those Deferred Shares."

For special resolution number 5 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution.

Reason for and effect of special resolution number 5

In terms of the MOI, whenever the Company issues Ordinary Shares, Thibault Square shall be entitled to subscribe for such number of additional Deferred Shares at 0.1 cent per Deferred Share as would result in Thibault Square continuing to hold the ratio of Deferred Shares to Ordinary Shares which it held immediately prior to the issue of the new Ordinary Shares. The Company shall be obliged to allot and issue the Deferred Shares subscribed for by Thibault Square against receipt of the subscription consideration.

On 30 June 2014, the Company issued an additional 2 292 500 (two million two hundred and ninety two thousand five hundred) ordinary shares in the share capital of Shoprite Holdings to settle Awards made by the Remuneration Committee in terms of the rules of the Shoprite Holdings Executive Share Plan approved by shareholders on 29 October 2012. The issued share capital now totals 572 871 960 ordinary shares of 113.4 cents each. This allotment and issue gave rise to the obligation as described above.

If Shoprite Holdings shareholders do not approve the issue of the Deferred Shares, the Company will be in breach of its obligations to Thibault Square.

Section 41(1) of the Companies Act requires that the issue of the Deferred Shares must be approved by way of a special resolution of Shoprite Holdings shareholders. Shoprite Holdings shareholders are accordingly requested to approve the specific authority for Shoprite Holdings directors to issue 1 167 723 Deferred Shares to Thibault Square.

This special resolution will grant the Company's directors the authority to issue the additional Deferred Shares and will enable the Company to comply with its obligations to Thibault Square.

4.23 Special resolution number 6: Approval of amendment to clause 9.3 of the Memorandum of Incorporation of the Company as proposed by the Board

"It is resolved as a special resolution in accordance with section 16(1)(c) of the Companies Act, read with clause 10.3.9 of the existing Memorandum of Incorporation of the Company, subject to at least 75% of the holders of the 6% preference shares (as defined in clause 9.3 of the Memorandum of Incorporation of the Company) having voted in favour of the following amendments at a separate meeting of that class of preference shareholders, that the Memorandum of Incorporation of the Company be and is hereby amended as follows:

4.23.1 by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.3 of the Memorandum of Incorporation; and

4.23.2 by the insertion of the following new sub-clause 9.3.4 immediately after sub-clause 9.3.3 of the Memorandum of Incorporation:

"9.3.4 The Company shall on 17 November 2014 redeem the issued 6% preference shares by paying an amount of R2.00 (two rand) to each holder of 6% preference shares for every 6% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require). For the avoidance of doubt the Company shall be entitled to redeem the 6% preference shares out of any account permissible at law."

For special resolution number 6 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution.

The holders of the 6% preference shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached for the convenience of those holders.

Reason for and effect of special resolution number 6

The reason for, and effect of, special resolution number 6 is to amend the Memorandum of Incorporation of the Company so as to convert the Company's 6% preference shares into cumulative redeemable preference shares, and to provide for their compulsory redemption at a price of R2.00 (two Rand) per share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation.

4.24 Special resolution number 7: Approval of amendment to clause 9.4 of the Memorandum of Incorporation of the Company as proposed by the Board

"It is resolved as a special resolution in accordance with section 16(1)(c) of the Companies Act, read with clause 10.3.9 of the existing Memorandum of Incorporation of the Company, subject to at least 75% of the holders of the 5% preference shares (as defined in clause 9.4 of the Memorandum of Incorporation of the Company) having voted in favour of the following amendments at a separate meeting of that class of preference shareholders, that the



Memorandum of Incorporation of the Company be and is hereby amended as follows:

4.24.1 by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.4 of the Memorandum of Incorporation; and

4.24.2 by the insertion of the following new sub-clause 9.4.7 immediately after sub-clause 9.4.6 of the Memorandum of Incorporation:

"9.4.7 The Company shall on 17 November 2014 redeem the issued 5% preference shares by paying an amount of R2.00 (two rand) to each holder of 5% preference shares for every 5% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require). For the avoidance of doubt the Company shall be entitled to redeem the 5% preference shares out of any account permissible at law."

For special resolution number 7 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution.

The holders of the 5% preference shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached for the convenience of those holders.

Reason for and effect of special resolution number 7

The reason for, and effect of, special resolution number 7 is to amend the Memorandum of Incorporation of the Company so as to convert the Company's 5% preference shares into cumulative redeemable preference shares, and to provide for their compulsory redemption at a price of R2.00 (two Rand) per share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation.

4.25 Special resolution number 8: Approval of amendment to clause 9.5 of the Memorandum of Incorporation of the Company as proposed by the Board

"It is resolved as a special resolution in accordance with section 16(1)(c) of the Companies Act, read with clause 10.3.9 of the existing Memorandum of Incorporation of the Company, subject to at least 75% of the holders of the second 5% preference shares (as defined in clause 9.5 of the Memorandum of Incorporation of the Company) having voted in favour of the following amendments at a separate meeting of that class of preference shareholders, that the Memorandum of Incorporation of the Company be and is hereby amended as follows:

4.25.1 by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.5 of the Memorandum of Incorporation; and

4.25.2 by the insertion of the following new sub-clause 9.5.7 immediately after sub-clause 9.5.6 of the Memorandum of Incorporation:

"9.5.7 The Company shall on 17 November 2014 redeem the issued second 5% preference shares by paying an amount of R2.00 (two rand) to each holder of second 5% preference shares for every second 5% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require). For the avoidance of doubt the Company shall be entitled to redeem the second 5% preference shares out of any account permissible at law."

For special resolution number 8 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution.

The holders of the second 5% preference shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached for the convenience of those holders.

Reason for and effect of special resolution number 8

The reason for, and effect of, special resolution number 8 is to amend the Memorandum of Incorporation of the Company so as to convert the Company's second 5% preference shares into cumulative redeemable preference shares, and to provide for their compulsory redemption at a price of R2.00 (two Rand) per share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation.

4.26 Special resolution number 9: Approval of amendment to clause 9.6 of the Memorandum of Incorporation of the Company as proposed by the Board

"It is resolved as a special resolution in accordance with section 16(1)(c) of the Companies Act, read with clause 10.3.9 of the existing Memorandum of Incorporation of the Company, subject to at least 75% of the holders of the third 5% preference shares (as defined in clause 9.6 of the Memorandum of Incorporation of the Company) having voted in favour of the following amendments at a separate meeting of that class of preference shareholders, that the Memorandum of Incorporation of the Company be and is hereby amended as follows:

4.26.1 by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.6 of the Memorandum of Incorporation; and

4.26.2 by the insertion of the following new sub-clause 9.6.8 immediately after sub-clause 9.6.7 of the Memorandum of Incorporation:

"9.6.8 The Company shall on 17 November 2014 redeem the issued third 5% preference shares by paying an amount of R2.00 (two rand) to each holder of third 5% preference shares for every third 5% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require). For the avoidance of doubt the Company shall be entitled to redeem the third 5% preference shares out of any account permissible at law."



Notice to Shareholders: Annual General Meeting (AGM) (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

72

For special resolution number 9 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution.

The holders of the third 5% preference shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached for the convenience of those holders.

Reason for and effect of special resolution number 9

The reason for, and effect of, special resolution number 9 is to amend the Memorandum of Incorporation of the Company so as to convert the Company's third 5% preference shares into cumulative redeemable preference shares, and to provide for their compulsory redemption at a price of R2.00 (two Rand) per share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation.

5. TRANSACTION OF OTHER BUSINESS

For Shoprite Holdings Limited



PG Du Preez
Company Secretary
29 September 2014

The Company Secretary
Cnr William Dabs and Old Paarl Roads
PO Box 215, Brackenfell, 7560 South Africa
Facsimile: +27 (0) 21 980 4468
E-mail Address: cosec@shoprite.co.za

South African Transfer Secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Facsimile: +27 (0) 11 688 5238



Form of Proxy: Ordinary Shares

Shoprite Holdings Ltd

For use only by:

- certificated ordinary shareholders
- dematerialised ordinary shareholders with "own name" registrations

At the annual general meeting of shareholders of Shoprite Holdings to be held at Cnr William Dabs and Old Paarl Roads, Brackenfell at 09:30 on Monday, 27 October 2014 and any adjournment thereof ("the AGM").

Dematerialised shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary letter of representation to attend the AGM in person.

If you do not wish to attend the AGM, provide your CSDP or broker with your voting instruction in terms of your custody agreement.

I/We (name(s) in block letters)

of address

Telephone number Cellphone number

E-mail address

being a shareholder/shareholders of Shoprite Holdings and holding ordinary shares in the Company, hereby appoint

1. of or, failing him/her,

2. of or, failing him/her,

3. the chairman of the Annual General Meeting, as my/our proxy to attend speak and vote on my/our behalf at the AGM of the shareholders of the Company to be held at 09:30 on Monday, 27 October 2014 at Brackenfell, and at any adjournment thereof:

	Number of shares*		
	In favour of	Against	Abstain
Ordinary resolution number 1 – Approval of annual financial statements			
Ordinary resolution number 2 – Re-appointment of auditors			
Ordinary resolution number 3 – Re-election of Dr ATM Mokgokong			
Ordinary resolution number 4 – Re-election of Mr JJ Fouché			
Ordinary resolution number 5 – Re-election of Mr JG Rademeyer			
Ordinary resolution number 6 – Re-election of Mr JA Rock			
Ordinary resolution number 7 – Re-election of Mr JF Basson			
Ordinary resolution number 8 – Appointment of Mr JG Rademeyer as Chairperson and member of the Shoprite Holdings Audit and Risk Committee			
Ordinary resolution number 9 – Appointment of Mr JA Louw as member of the Shoprite Holdings Audit and Risk Committee			
Ordinary resolution number 10 – Appointment of Mr JJ Fouché as member of the Shoprite Holdings Audit and Risk Committee			
Ordinary resolution number 11 – Appointment of Mr JF Basson as member of the Shoprite Holdings Audit and Risk Committee			
Ordinary resolution number 12 – Appointment of Mr JA Rock as member of the Shoprite Holdings Audit and Risk Committee			
Ordinary resolution number 13 – General authority over unissued ordinary shares			
Ordinary resolution number 14 – General authority to issue shares for cash			
Ordinary resolution number 15 – General authority to directors and/or company secretary			
Resolution number 16 – Non-binding advisory vote on the remuneration policy of Shoprite Holdings			
Ordinary resolution number 17 – Redemption of preference shares			
Special resolution number 1 – Remuneration payable to non-executive directors			
Special resolution number 2 – Financial assistance to subsidiaries, related and inter-related entities			
Special resolution number 3 – Financial assistance for subscription of securities			
Special resolution number 4 – General approval to repurchase shares			
Special resolution number 5 – Specific authority to issue deferred shares to Thibault Square Financial Services (Proprietary) Limited			
Special resolution number 6 – Approval of amendment to clause 9.3 of the Memorandum of Incorporation of the Company as proposed by the Board			
Special resolution number 7 – Approval of amendment to clause 9.4 of the Memorandum of Incorporation of the Company as proposed by the Board			
Special resolution number 8 – Approval of amendment to clause 9.5 of the Memorandum of Incorporation of the Company as proposed by the Board			
Special resolution number 9 – Approval of amendment to clause 9.6 of the Memorandum of Incorporation of the Company as proposed by the Board			

*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at (place) on (date) 2014

Shareholder's signature



Notes to Form of Proxy

Shoprite Holdings Ltd

74

1. This form of proxy must only be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own name" registration.
2. Dematerialised ordinary 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 vote in place of that shareholder at the Annual 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 space provided, with or without deleting "the chairman of the Annual General Meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. 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(es) provided or to mark the relevant box(es). If a box is marked without inserting a number of votes it is deemed that the proxy may exercise all the votes of the shareholder. Failure to comply with the above will be deemed to authorise the chairman of the Annual General Meeting to vote in favour of the ordinary and special resolutions at the Annual General Meeting, or any other proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit, in respect of the shareholder's total holding.

6. Summary of rights established by section 58 of the Companies Act, 21 of 2008

At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:

- participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
- give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

A proxy appointment:

- must be in writing, dated and signed by the shareholder; and
- remains valid for:
 - one year after the date on which it was signed; or
 - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

- a shareholder of that company may appoint two or more persons concurrently (please note that the Memorandum of Incorporation of the Company prohibits such an appointment) as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (please note that the Memorandum of Incorporation of the Company prohibits such an appointment);
- a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy and provided that right is granted in the Proxy Instrument and the delegation takes place by way of a further Proxy Instrument; and
- a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - delivering a copy of the revocation instrument to the proxy, and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:

- the shareholder; or
- the proxy or proxies, if the shareholder has:
 - directed the company to do so, in writing; and
 - paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

- the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
- the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
 - bear a reasonably prominent summary of the rights established by this section;
 - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
- the company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

7. 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 Company's transfer office or waived by the chairman of the Annual General Meeting.
8. The chairman of the Annual General Meeting may reject or 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.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual 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.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
12. Where there are joint holders of any shares:
 - 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 other joint shareholder(s).
13. The proxy may not delegate any of the rights or powers granted to it.



Electronic Receipt of Communication and Notices

PLEASE MAKE YOUR SELECTION ON THE REVERSE OF THIS LETTER

30 June 2014

Dear Shareholder

Please note that in terms of the Companies Act, 2008, as amended, and the JSE Listings Requirements, you may elect to receive shareholder communications and notices from Shoprite Holdings electronically.

Electronic Communications – what this means for you

For a number of years Shoprite Holdings has recognised the benefits of electronic communications with shareholders. We encourage you to play your part in reducing the environmental impact of the Company mailing significant quantities of printed materials to shareholders by electing to be notified by email when your shareholder communications are available to access directly online.

Many shareholders have opted to receive electronic communications. By making the choice to "go green" you will also reduce your exposure to the variances of the postal service by receiving your shareholder information in a more timely, secure and cost effective manner.

WHAT ARE YOUR OPTIONS?

OPTION 1



Receive email notification when your shareholder communications become available online. The email will contain details of the dividend rate and Annual General Meeting, where applicable.

OPTION 2



Continue receiving a printed copy of all your communications, including the Annual Report.



If you take no action within 28 days of the receipt of this letter, you will be deemed to have agreed that you will view shareholder information and other documents online at the time of their publication on www.shopriteholdings.co.za.

Should you decide that you are not quite ready for Option 1 but are of the view that it is time to move away from the printed copy, full Integrated Report represented by Option 2, then you may want to consider taking no action following the receipt of this letter. The impact of such a decision is that we will in the future tell you by post when shareholder information is available on the website – this is a Notification of Availability which will give you full instructions on how you can view the Annual Report and other shareholder documents online.

In addition, and importantly for those of you who still like to receive paper documentation, we will continue to mail you a copy of the Notice of Annual General Meeting and your voting form (which you can use to vote your shares at the AGM).

If you have any questions about this letter please contact Computershare at ecomms@computershare.co.za

Yours sincerely

PG du Preez
Company Secretary



Electronic Receipt of Communication and Notices (continued)

76

CHOOSE YOUR COMMUNICATIONS OPTION HERE

OPTION 1 Receive email notification when shareholder communications become available online.



By providing your email address you will no longer receive paper copies of the Integrated Report or any other shareholder communications that are available electronically. Instead you will receive an email advising you when and how to access documents online.

Please enter your email address and holder identity number or reference number below and return the form in the enclosed reply paid envelope or by **fax to +27 11 688 5248**.

Email:.....

Holder identity no.:

Reference no.:

OPTION 2 Continue receiving a printed copy of all your communications.



To continue to receive a printed copy of the Integrated Report and other shareholder communications please tick and send this letter back to Computershare in the enclosed reply paid envelope or by fax to +27 11 688 5248.



If you take no action

If you take no action within 28 days of receipt of this letter, you will be deemed to have agreed that you will view shareholder information and documents online at the time of their publication on www.shopriteholdings.co.za. A printed copy of the Integrated Report will not be sent to you; you will be sent a copy of the Notice of Annual General Meeting (together with a voting form which you can use to vote your shares at the AGM).

The signatures of all joint holders, executors or administrators are required:

Signature (1)	Signature (2)	Signature (3)	Signature (4)
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Notes:

1. The Company reserves the right to continue to send any future communications to shareholders in paper form, irrespective of any election or choice that you make, whenever the Company considers it necessary or desirable to do so. Further, if the Company is required to restrict the sending of any documents or information to any shareholder due to local laws of the jurisdiction in which you are resident or located and as a result we are not permitted to use electronic means to communicate with shareholders, the Company will send you paper copies of the documents or shareholder information, in accordance with your preferences.
2. The Company's Integrated Report and Annual General Meeting documents will be available for viewing approximately one month before the date scheduled for the AGM each year.
3. Shareholders should note that, with electronic communication, the Company's obligations will be satisfied when the Company has posted the notification to the address on the register of shareholders. The Company cannot be held responsible for any failure in transmission beyond its control.
4. Your election and contact details will stand until you tell us otherwise. You can change your election by writing to Computershare Investor Services Pty Ltd, Box 61051, Marshalltown, 2107, South Africa, Fax Number: +27 11 688 5248, E-mail: ecomms@computershare.co.za



Notice to Holders of 5% Cumulative Preference Shares: Special General Meeting

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

Shoprite Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP 2
ISIN: ZAE00006680
("Shoprite Holdings" or "the Company")

77

1. NOTICE OF MEETING

Notice is hereby given to the holders of 5% cumulative preference shares in Shoprite Holdings, as defined in the Memorandum of Incorporation of Shoprite Holdings ("the Preference Shares") that a special general meeting will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Monday, 27 October 2014 at 08:30 (South African time).

2. WHO MAY ATTEND AND VOTE?

- 2.1 If you hold dematerialised Preference Shares which are registered in your name or if you are the registered holder of certificated Preference Shares:
- you may attend the special general meeting in person;
 - alternatively, you may appoint a proxy to represent you at the special general meeting and to attend, participate in, and speak and vote at the special general meeting in your place by completing the attached form of proxy in accordance with the instructions it contains and returning it to the company secretary or transfer secretaries at their addresses set out below to be received not later than 08:30 (South African time) on Friday 24 October 2014. A proxy need not be a shareholder of the Company.
- 2.2 If you are a beneficial holder of Preference Shares, but not a registered holder of Preference Shares as at the record date and:
- wish to attend the special 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 special general meeting, but would like your vote to be recorded at the 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.
- 2.3 The record date for purposes of determining which shareholders are entitled to receive this notice is determined in terms of section 59(1)(a) of the Companies Act, no 71 of 2008 ("the Companies Act") being 19 September 2014.
- 2.4 The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at this meeting is determined in terms of section 59(1)(b) of the Companies Act being Friday, 17 October 2014 ("Voting Record Date").
- 2.5 In terms of section 63(1) of the Companies Act, any person attending or participating in the special general meeting must present reasonably satisfactory identification and the chairperson of the 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 license or passport.
- 2.6 Should any holder of Preference Shares, or a representative proxy of a holder of Preference Shares, wish to participate in the special general meeting by way of electronic participation, that shareholder should make an application in writing (including details on how the shareholder or its representative wish to participate) to the transfer secretaries or company secretary at their addresses listed below, to be received by them at least seven (7) business days before the special 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 special general meeting by way of electronic participation. Please note that shareholders who wish to participate in the special general meeting by way of electronic participation must appoint a proxy to exercise his voting rights in terms of paragraph 2.1 above or furnish his CSDP or broker with voting instructions in terms of paragraph 2.2 above.

- 2.7 Votes at the special general meeting on all resolutions will be conducted by way of a poll and not on a show of hands. Every holder of Preference Shares present in person or represented by proxy shall have one (1) vote for every Preference Share held in the Company.
- 2.8 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.

3. PURPOSE OF MEETING

The purpose of this special general meeting is to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

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

3.1 Special resolution: Approval of amendment to clause 9.4 of the Memorandum of Incorporation of the Company as proposed by the Board

"It is resolved as a special resolution in accordance with clause 10.3.9.1 of the existing Memorandum of Incorporation of the Company ("Memorandum of Incorporation") that the Memorandum of Incorporation be and is hereby amended as follows:

- by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.4 of the Memorandum of Incorporation; and
- by the insertion of the following new sub-clause 9.4.7 immediately after sub-clause 9.4.6 of the Memorandum of Incorporation:

"9.4.7 The Company shall on 17 November 2014 redeem the issued 5% preference shares by paying an amount of R2.00 (two rand) to each holder of 5% preference shares for every 5% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require) or in the case of uncertificated 5% preference shares against receipt by the Company of such documentation or the taking of such steps by the holder of the 5% preference shares, that the Company may require to implement the redemption of the 5% preference shares. For the avoidance of doubt the Company shall be entitled to redeem the 5% preference shares out of any account permissible at law."



Notice to Holders of 5% Cumulative Preference Shares: Special General Meeting (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

78

For the special resolution to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution and three-fourths of the holders of the Preference Shares.

The holders of the Preference Shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached hereto for the convenience of those holders.

Reason for and effect of this special resolution

The reason for, and effect of, the special resolution is to, in accordance with clause 10.3.9.1 of the Memorandum of Incorporation of the Company, adopt the special resolution required for purposes of the amendment of the Memorandum of Incorporation of the Company, to obtain the consent from holders of the Preference Shares required by clause 9.4.6 of the Memorandum of Incorporation of the Company so as to convert the Preference Shares into cumulative redeemable preference shares and to provide for their compulsory redemption at a price of R2.00 (two Rand) per Preference Share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation. The Memorandum of Incorporation will only be amended after the adoption of the above special resolution in the manner described above and the adoption of a similar special resolution by all the shareholders of the Company and the filing of that special resolution with Companies and Intellectual Property Commission as defined in the Companies Act.

3.2 Ordinary resolution number 1: General authority to directors and/or company secretary

"Resolved that any one of the directors of Shoprite Holdings or the company secretary be and are hereby authorised to do all things, perform all acts and to sign and execute all documentation necessary to implement the ordinary and special resolutions adopted at the meeting."

For ordinary resolution number 1 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

For Shoprite Holdings Limited



PG Du Preez
Company Secretary
29 September 2014

The Company Secretary
Cnr William Dabs and Old Paarl Roads
PO Box 215, Brackenfell, 7560 South Africa
Facsimile: +27 (0) 21 980 4468
E-mail Address: cosec@shoprite.co.za

South African Transfer Secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Facsimile: +27 (0) 11 688 5238



Form of Proxy: 5% Cumulative Preference Shares

Shoprite Holdings Ltd

Shoprite Holdings Limited
 (Incorporated in the Republic of South Africa)
 (Registration number 1936/007721/06)
 JSE share code: SHP2
 ISIN: ZAE00006680
 ("Shoprite Holdings" or "the Company")

For use only by:

- certificated 5% preference shareholders
- dematerialised 5% preference shareholders with "own name" registrations

At the special general meeting of holders of 5% cumulative preference shares in Shoprite Holdings to be held at Cnr William Dabs and Old Paarl Roads, Brackenfell at 08:30 on Monday, 27 October 2014 and any adjournment thereof.

5% Dematerialised cumulative preference shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the special general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the meeting in person.

If you do not wish to attend the special general meeting, provide your CSDP or broker with your voting instruction in terms of your custody agreement.

I/We (name(s) in block letters)

of address

Telephone number

Cellphone number

E-mail address

being a shareholder/shareholders of Shoprite Holdings and holding

5% cumulative preference shares in the Company, hereby appoint

1. of or, failing him/her,
2. of or, failing him/her,
3. the chairman of the special general meeting, as my/our proxy to attend, speak and vote on my/our behalf at the meeting of the 5% cumulative preference shareholders of the Company to be held at 08:30 on Monday, 27 October 2014 at Brackenfell, and at any adjournment thereof:

	Number of shares*		
	In favour of	Against	Abstain
Special resolution number 1 – Amendment to clause 9.4 of the MOI			
Ordinary resolution number 1 – General authority to directors and/or company secretary			

*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at (place) on (date) 2014

.....
 Shareholder's signature

Please read the notes and instructions overleaf

INVESTOR INFORMATION



Notes to Form of Proxy

80

1. This form of proxy must only be used by certificated 5% cumulative preference shareholders or dematerialised preference shareholders who hold dematerialised 5% cumulative preference shares with "own name" registration.
2. Dematerialised preference 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 vote in place of that shareholder at the Special 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 space provided, with or without deleting "the chairman of the Special General Meeting". The person whose name stands first on the form of proxy and who is present at the Special General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. 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(es) provided or to mark the relevant box(es). If a box is marked without inserting a number of votes it is deemed that the proxy may exercise all the votes of the shareholder. Failure to comply with the above will be deemed to authorise the chairman of the Special General Meeting to vote in favour of the ordinary and special resolutions at the Special General Meeting, or any other proxy to vote or to abstain from voting at the Special General Meeting as he/she deems fit, in respect of the shareholder's total holding.

6. Summary of rights established by section 58 of the Companies Act, 21 of 2008

At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:

- participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
- give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

A proxy appointment:

- must be in writing, dated and signed by the shareholder; and
- remains valid for:
 - one year after the date on which it was signed; or
 - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

- a shareholder of that company may appoint two or more persons concurrently (please note that the Memorandum of Incorporation of the Company prohibits such an appointment) as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (please note that the Memorandum of Incorporation of the Company prohibits such an appointment);
- a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy and provided that right is granted in the Proxy Instrument and the delegation takes place by way of a further Proxy Instrument; and
- a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - delivering a copy of the revocation instrument to the proxy, and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:

- the shareholder; or
- the proxy or proxies, if the shareholder has:
 - directed the company to do so, in writing; and
 - paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

- the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
- the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
 - bear a reasonably prominent summary of the rights established by this section;
 - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
- the company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

7. 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 Company's transfer office or waived by the chairman of the Special General Meeting.
8. The chairman of the Special General Meeting may reject or 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.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Special 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.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
12. Where there are joint holders of any shares:
 - 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 other joint shareholder(s).
13. The proxy may not delegate any of the rights or powers granted to it.



SHOPRITE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP2
ISIN: ZAE000006680
SHOPRITE ISIN: ZAE000012084
("Shoprite Holdings" or "the Company")

Form for the Surrender of Documents of Title

For use by Certificated Preference Shareholders only

For completion by shareholders who have not dematerialised their shares

INSTRUCTIONS

1. Subject to the passing of Special Resolution Number 1 in respect of the redemption of Shoprite's First 5% cumulative preference shares (the "**Redemption**"), it is necessary to recall the share certificates from certificated shareholders in order to pay the redemption proceeds to, and cancel such certificates of, the existing preference shareholders.
2. To facilitate the timeous receipt by certificated shareholders of the proceeds of redemption, Shareholders are requested to surrender their share certificates to the Transfer Secretaries by completing this form of surrender in accordance with the instructions it contains and return it to the Transfer Secretaries:

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

3. Share certificates so received will be held by the Transfer Secretaries pending the Redemption being approved by shareholders at the General Meeting. In the event that the Redemption is not approved, the Transfer Secretaries will, within five business days thereafter, return the certificates to the certificated shareholders concerned, by registered post, at the risk of such shareholders.
4. In the event that the Redemption is approved and implemented, the Transfer Secretaries will, within five business days after receipt thereof, but not earlier than Monday, 17 November 2014 or such later date as may be approved by the JSE Limited ("JSE") and notified to shareholders by way of an announcement released on SENS, pay the proceeds of redemption into the bank account detailed on this form of surrender.
5. If any documents of title of shareholders have been lost or destroyed and the shareholder concerned produces evidence to this effect to the satisfaction of the Company, then the Company may dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.
6. Part 1 must be completed by shareholders who have not dematerialised their shares.
7. Part 2 must be completed by shareholders who have not dematerialised their shares and who are emigrants from or non-residents of the common monetary area.
8. Part 3 must be completed by Shareholders wishing payment of the Redemption consideration to be made by way of electronic funds transfer ("EFT"), and must be returned to Computershare Investor Services Proprietary Limited, 7th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) so as to be received before 12:00 on Friday, 14 November 2014, being the record date for the Redemption. EFTs will be made on the payment date only to Shareholders who surrender their documents of title prior to 12:00 on Friday, 14 November 2014.



Form for the Surrender of Documents of Title (continued)

82

PART 1 – TO BE COMPLETED BY ALL SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR SHARES.

I/We surrender and enclose the under mentioned share certificate/s, certified transfer deed/s, and/or other documents of title, details of which have been completed below, in respect of my/our holding of the First 5% cumulative preference shares (the “Preference Shares”) in the Company:

Surname or Name of corporate body

First names (in full)

Title

Address to which the Redemption consideration should be sent (if different from registered address):

Address

..... Postal code

Country

Telephone

Cellular telephone number

Document of Title

Certificate number(s)	Number of shares covered by each certificate
Total	

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date 2014	
Telephone number (Home)	
Telephone number (Work)	
Cell phone number	
Fax number	
Email address	
Postal address	



Signatories may be called upon for evidence of their authority or capacity to sign this form.

PART 2 – TO BE COMPLETED BY ALL EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA

The Redemption consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant’s blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

To be completed by all emigrants from and non-residents of the common monetary area:

Name of authorised dealer/bank
 Address of authorised dealer.
 Account number

PART 3 – SUBMISSION OF BANKING DETAILS (EXCLUDING THIRD PARTY ACCOUNTS) IN RESPECT OF CERTIFICATED SHAREHOLDERS WISHING PAYMENT OF THE REDEMPTION CONSIDERATION TO BE MADE BY WAY OF THE EFT.

In terms of the Financial Intelligence Centre Act requirements, Computershare will only be able to record the banking details if the following documents are attached:

- a certified copy of identity document; and
- a certified true copy of a bank statement.

Name of certificated shareholder
Name of bank
Branch and branch code
Account number
Contact person
Signature of Certificated Shareholder

The Company undertakes no responsibility for verifying the banking details provided above or the authenticity of the signature below. Certificated Shareholders warrant the correctness of the above banking details and indemnify the Company against any loss once funds have been paid into the account whose details have been provided above.

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)



Form for the Surrender of Documents of Title (continued)

84

Note: In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Shareholder:

- a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
- a certified true copy of an original bank statement (in respect of bank mandate).

NOTES:

1. If Part 2 is not properly completed, the Redemption consideration (in the case of emigrants) will be held in trust by the Transfer Secretaries pending the receipt of the necessary nomination.
2. The Scheme consideration will not be sent to Certificated Shareholders unless and until the Documents in Title in respect of the Preference Shares have been surrendered to the Transfer Secretaries.
3. If this form of surrender and transfer is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of Shoprite Holdings to implement that Shareholder's obligations under the Redemption on his/her behalf.
4. Persons who have acquired Preference Shares after the date of posting of the Integrated Report to which this form of surrender and transfer is attached, can obtain copies of the form of surrender and transfer from Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001.
5. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.
6. Any alteration to this form of surrender must be signed in full and not initialled.
7. If this form of surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form of surrender for noting (unless it has already been noted by the Transfer Secretaries).
8. Where the shareholder is a company or a close corporation, unless it has already been registered with the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by the Transfer Secretaries.
9. Note 8 above does not apply in the event of this form of surrender bearing the stamp of a broking member of the JSE.
10. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of surrender.
11. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries.



Notice to Holders of Second 5% Cumulative Preference Shares: Special General Meeting

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

Shoprite Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP 3
ISIN: ZAE00006698
("Shoprite Holdings" or "the Company")

85

1. NOTICE OF MEETING

Notice is hereby given to the holders of second 5% cumulative preference shares in Shoprite Holdings, as defined in the Memorandum of Incorporation of Shoprite Holdings ("the Preference Shares") that a special general meeting will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Monday, 27 October 2014 at 08:45 (South African time).

2. WHO MAY ATTEND AND VOTE?

- 2.1 If you hold dematerialised Preference Shares which are registered in your name or if you are the registered holder of certificated Preference Shares:
- you may attend the special general meeting in person;
 - alternatively, you may appoint a proxy to represent you at the special general meeting and to attend, participate in, and speak and vote at the special general meeting in your place by completing the attached form of proxy in accordance with the instructions it contains and returning it to the company secretary or transfer secretaries at their addresses set out below to be received not later than 08:45 (South African time) on Friday 24 October 2014. A proxy need not be a shareholder of the Company.
- 2.2 If you are a beneficial holder of Preference Shares, but not a registered holder of Preference Shares as at the record date and:
- wish to attend the special 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 special general meeting, but would like your vote to be recorded at the 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.
- 2.3 The record date for purposes of determining which shareholders are entitled to receive this notice is determined in terms of section 59(1)(a) of the Companies Act, no 71 of 2008 ("the Companies Act") being 19 September 2014.
- 2.4 The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at this meeting is determined in terms of section 59(1)(b) of the Companies Act being Friday, 17 October 2014 ("Voting Record Date").
- 2.5 In terms of section 63(1) of the Companies Act, any person attending or participating in the special general meeting must present reasonably satisfactory identification and the chairperson of the 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 license or passport.
- 2.6 Should any holder of Preference Shares, or a representative proxy of a holder of Preference Shares, wish to participate in the special general meeting by way of electronic participation, that shareholder should make an application in writing (including details on how the shareholder or its representative wish to participate) to the transfer secretaries or Company secretary at their addresses listed below, to be received by them at least seven (7) business days before the special 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 special general meeting by way of electronic participation. Please note that shareholders who wish to participate in the special general meeting by way of electronic participation must appoint a proxy to exercise his voting rights in terms of paragraph 2.1 above or furnish his CSDP or broker with voting instructions in terms of paragraph 2.2 above.

- 2.7 Votes at the special general meeting on all resolutions will be conducted by way of a poll and not on a show of hands. Every holder of Preference Shares present in person or represented by proxy shall have one (1) vote for every Preference Share held in the Company.
- 2.8 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.

3. PURPOSE OF MEETING

The purpose of this special general meeting is to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

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

3.1 Special resolution number 1: Approval of amendment to clause 9.5 of the Memorandum of Incorporation of the Company as proposed by the Board

"It is resolved as a special resolution in accordance with clause 10.3.9.1 of the existing Memorandum of Incorporation of the Company ("Memorandum of Incorporation") that the Memorandum of Incorporation be and is hereby amended as follows:

- by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.5 of the Memorandum of Incorporation; and
- by the insertion of the following new sub-clause 9.5.7 immediately after sub-clause 9.5.6 of the Memorandum of Incorporation:

"9.5.7 The Company shall on 17 November 2014 redeem the issued second 5% preference shares by paying an amount of R2.00 (two rand) to each holder of second 5% preference shares for every second 5% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require) or in the case of uncertificated second 5% preference shares against receipt by the Company of such documentation or the taking of such steps by the holder of the second 5% preference shares, that the Company may require to implement the redemption of the second 5% preference shares. For the avoidance of doubt the Company shall be entitled to redeem the second 5% preference shares out of any account permissible at law."



Notice to Holders of Second 5% Cumulative Preference Shares: Special General Meeting (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

86

For special resolution number 1 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution and three-fourths of the holders of the Preference Shares.

The holders of the Preference Shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached hereto for the convenience of those holders.

Reason for and effect of this special resolution

The reason for, and effect of, the special resolution is to, in accordance with clause 10.3.9.1 of the Memorandum of Incorporation of the Company, adopt the special resolution required for purposes of the amendment of the Memorandum of Incorporation of the Company, to obtain the consent from holders of the Preference Shares required by clause 9.5.5 of the Memorandum of Incorporation of the Company so as to convert the Preference Shares into cumulative redeemable preference shares and to provide for their compulsory redemption at a price of R2.00 (two Rand) per Preference Share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation. The Memorandum of Incorporation will only be amended after the adoption of the above special resolution in the manner described above and the adoption of a similar special resolution by all the shareholders of the Company and the filing of that special resolution with Companies and Intellectual Property Commission as defined in the Companies Act.

3.2 Ordinary resolution number 1: General authority to directors and/or company secretary

“Resolved that any one of the directors of Shoprite Holdings or the company secretary be and are hereby authorised to do all things, perform all acts and to sign and execute all documentation necessary to implement the ordinary and special resolutions adopted at the meeting.”

For ordinary resolution number 1 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

For Shoprite Holdings Limited



PG Du Preez
Company Secretary
29 September 2014

The Company Secretary
Cnr William Dabs and Old Paarl Roads
PO Box 215, Brackenfell, 7560 South Africa
Facsimile: +27 (0) 21 980 4468
E-mail Address: cosec@shoprite.co.za

South African Transfer Secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Facsimile: +27 (0) 11 688 5238



Form of Proxy: Second 5% Cumulative Preference Shares

Shoprite Holdings Ltd

Shoprite Holdings Limited
 (Incorporated in the Republic of South Africa)
 (Registration number 1936/007721/06)
 JSE share code: SHP3
 ISIN: ZAE00006698
 ("Shoprite Holdings" or "the Company")

For use only by:

- certificated second 5% preference shareholders
- dematerialised second 5% preference shareholders with "own name" registrations

At the special general meeting of holders of second 5% cumulative preference shares in Shoprite Holdings to be held at Cnr William Dabs and Old Paarl Roads, Brackenfell at 08:45 on Monday, 27 October 2014 and any adjournment thereof.

Second 5% dematerialised cumulative preference shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the special general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the meeting in person.

If you do not wish to attend the special general meeting, provide your CSDP or broker with your voting instruction in terms of your custody agreement.

I/We (name(s) in block letters)

of address

Telephone number

Cellphone number

E-mail address

being a shareholder/shareholders of Shoprite Holdings and holding

second 5% cumulative preference shares in the Company, hereby appoint

1. of or, failing him/her,
2. of or, failing him/her,
3. the chairman of the special general meeting, as my/our proxy to attend, speak and vote on my/our behalf at the meeting of the second 5% cumulative preference shareholders of the Company to be held at 08:45 on Monday, 27 October 2014 at Brackenfell, and at any adjournment thereof:

	Number of shares*		
	In favour of	Against	Abstain
Special resolution number 1 – Amendment to clause 9.5 of the MOI			
Ordinary resolution number 1 – General authority to directors and/or company secretary			

*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at (place) on (date) 2014

.....
 Shareholder's signature

Please read the notes and instructions overleaf



Notes to Form of Proxy

88

1. This form of proxy must only be used by certificated second 5% cumulative preference shareholders or dematerialised preference shareholders who hold dematerialised second 5% cumulative preference shares with "own name" registration.
2. Dematerialised preference 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 vote in place of that shareholder at the Special 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 space provided, with or without deleting "the chairman of the Special General Meeting". The person whose name stands first on the form of proxy and who is present at the Special General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. 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(es) provided or to mark the relevant box(es). If a box is marked without inserting a number of votes it is deemed that the proxy may exercise all the votes of the shareholder. Failure to comply with the above will be deemed to authorise the chairman of the Special General Meeting to vote in favour of the ordinary and special resolutions at the Special General Meeting, or any other proxy to vote or to abstain from voting at the Special General Meeting as he/she deems fit, in respect of the shareholder's total holding.

6. Summary of rights established by section 58 of the Companies Act, 21 of 2008

At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:

- participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
- give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

A proxy appointment:

- must be in writing, dated and signed by the shareholder; and
- remains valid for:
 - one year after the date on which it was signed; or
 - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

- a shareholder of that company may appoint two or more persons concurrently (please note that the Memorandum of Incorporation of the Company prohibits such an appointment) as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (please note that the Memorandum of Incorporation of the Company prohibits such an appointment);
- a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy and provided that right is granted in the Proxy Instrument and the delegation takes place by way of a further Proxy Instrument; and
- a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - delivering a copy of the revocation instrument to the proxy, and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:

- the shareholder; or
- the proxy or proxies, if the shareholder has:
 - directed the company to do so, in writing; and
 - paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

- the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
- the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
 - bear a reasonably prominent summary of the rights established by this section;
 - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
- the company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

7. 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 Company's transfer office or waived by the chairman of the Special General Meeting.
8. The chairman of the Special General Meeting may reject or 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.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Special 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.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
12. Where there are joint holders of any shares:
 - 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 other joint shareholder(s).
13. The proxy may not delegate any of the rights or powers granted to it.



SHOPRITE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP3
ISIN: ZAE000006698
SHOPRITE ISIN: ZAE000012084
("Shoprite Holdings" or "the Company")

Form for the Surrender of Documents of Title

For use by Certificated Preference Shareholders only

For completion by shareholders who have not dematerialised their shares

INSTRUCTIONS

1. Subject to the passing of Special Resolution Number 1 in respect of the redemption of Shoprite's Second 5% cumulative preference shares (the "**Redemption**"), it is necessary to recall the share certificates from certificated shareholders in order to pay the redemption proceeds to, and cancel such certificates of, the existing preference shareholders.
2. To facilitate the timeous receipt by certificated shareholders of the proceeds of redemption, Shareholders are requested to surrender their share certificates to the Transfer Secretaries by completing this form of surrender in accordance with the instructions it contains and return it to the Transfer Secretaries:

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)
3. Share certificates so received will be held by the Transfer Secretaries pending the Redemption being approved by shareholders at the General Meeting. In the event that the Redemption is not approved, the Transfer Secretaries will, within five business days thereafter, return the certificates to the certificated shareholders concerned, by registered post, at the risk of such shareholders.
4. In the event that the Redemption is approved and implemented, the Transfer Secretaries will, within five business days after receipt thereof, but not earlier than Monday, 17 November 2014 or such later date as may be approved by the JSE Limited ("JSE") and notified to shareholders by way of an announcement released on SENS, pay the proceeds of redemption into the bank account detailed on this form of surrender.
5. If any documents of title of shareholders have been lost or destroyed and the shareholder concerned produces evidence to this effect to the satisfaction of the Company, then the Company may dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.
6. Part 1 must be completed by shareholders who have not dematerialised their shares.
7. Part 2 must be completed by shareholders who have not dematerialised their shares and who are emigrants from or non-residents of the common monetary area.
8. Part 3 must be completed by Shareholders wishing payment of the Redemption consideration to be made by way of electronic funds transfer ("EFT"), and must be returned to Computershare Investor Services Proprietary Limited, 7th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) so as to be received before 12:00 on Friday, 14 November 2014, being the record date for the Redemption. EFTs will be made on the payment date only to Shareholders who surrender their documents of title prior to 12:00 on Friday, 14 November 2014.



Form for the Surrender of Documents of Title (continued)

90

PART 1 – TO BE COMPLETED BY ALL SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR SHARES.

I/We surrender and enclose the under mentioned share certificate/s, certified transfer deed/s, and/or other documents of title, details of which have been completed below, in respect of my/our holding of the Second 5% cumulative preference shares (the “Preference Shares”) in the Company:

Surname or Name of corporate body

First names (in full)

Title

Address to which the Redemption consideration should be sent (if different from registered address):

Address

..... Postal code

Country

Telephone

Cellular telephone number

Document of Title

Certificate number(s)	Number of shares covered by each certificate
Total	

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date 2014	
Telephone number (Home)	
Telephone number (Work)	
Cell phone number	
Fax number	
Email address	
Postal address	



Signatories may be called upon for evidence of their authority or capacity to sign this form.

PART 2 – TO BE COMPLETED BY ALL EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA

The Redemption consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant’s blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

To be completed by all emigrants from and non-residents of the common monetary area:

Name of authorised dealer/bank
 Address of authorised dealer.
 Account number

PART 3 – SUBMISSION OF BANKING DETAILS (EXCLUDING THIRD PARTY ACCOUNTS) IN RESPECT OF CERTIFICATED SHAREHOLDERS WISHING PAYMENT OF THE REDEMPTION CONSIDERATION TO BE MADE BY WAY OF THE EFT.

In terms of the Financial Intelligence Centre Act requirements, Computershare will only be able to record the banking details if the following documents are attached:

- a certified copy of identity document; and
- a certified true copy of a bank statement.

Name of certificated shareholder
Name of bank
Branch and branch code
Account number
Contact person
Signature of Certificated Shareholder

The Company undertakes no responsibility for verifying the banking details provided above or the authenticity of the signature below. Certificated Shareholders warrant the correctness of the above banking details and indemnify the Company against any loss once funds have been paid into the account whose details have been provided above.

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)



Form for the Surrender of Documents of Title (continued)

92

Note: In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Shareholder:

- a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
- a certified true copy of an original bank statement (in respect of bank mandate).

NOTES:

1. If Part 2 is not properly completed, the Redemption consideration (in the case of emigrants) will be held in trust by the Transfer Secretaries pending the receipt of the necessary nomination.
2. The Scheme consideration will not be sent to Certificated Shareholders unless and until the Documents in Title in respect of the Preference Shares have been surrendered to the Transfer Secretaries.
3. If this form of surrender and transfer is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of Shoprite Holdings to implement that Shareholder's obligations under the Redemption on his/her behalf.
4. Persons who have acquired Preference Shares after the date of posting of the Integrated Report to which this form of surrender and transfer is attached, can obtain copies of the form of surrender and transfer from Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001.
5. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.
6. Any alteration to this form of surrender must be signed in full and not initialled.
7. If this form of surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form of surrender for noting (unless it has already been noted by the Transfer Secretaries).
8. Where the shareholder is a company or a close corporation, unless it has already been registered with the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by the Transfer Secretaries.
9. Note 8 above does not apply in the event of this form of surrender bearing the stamp of a broking member of the JSE.
10. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of surrender.
11. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries.



Notice to Holders of Third 5% Cumulative Preference Shares: Special General Meeting

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

Shoprite Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP4
ISIN: ZAE00006706
("Shoprite Holdings" or "the Company")

93

1. NOTICE OF MEETING

Notice is hereby given to the holders of third 5% cumulative preference shares in Shoprite Holdings, as defined in the Memorandum of Incorporation of Shoprite Holdings ("the Preference Shares") that a special general meeting will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Monday, 27 October 2014 at 09:00 (South African time).

2. WHO MAY ATTEND AND VOTE?

- 2.1 If you hold dematerialised Preference Shares which are registered in your name or if you are the registered holder of certificated Preference Shares:
- you may attend the special general meeting in person;
 - alternatively, you may appoint a proxy to represent you at the special general meeting and to attend, participate in, and speak and vote at the special general meeting in your place by completing the attached form of proxy in accordance with the instructions it contains and returning it to the company secretary or transfer secretaries at their addresses set out below to be received not later than 09:00 (South African time) on Friday 24 October 2014. A proxy need not be a shareholder of the Company.
- 2.2 If you are a beneficial holder of Preference Shares, but not a registered holder of Preference Shares as at the record date and:
- wish to attend the special 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 special general meeting, but would like your vote to be recorded at the 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.
- 2.3 The record date for purposes of determining which shareholders are entitled to receive this notice is determined in terms of section 59(1)(a) of the Companies Act, no 71 of 2008 ("the Companies Act") being 19 September 2014.
- 2.4 The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at this meeting is determined in terms of section 59(1)(b) of the Companies Act being Friday, 17 October 2014 ("Voting Record Date").
- 2.5 In terms of section 63(1) of the Companies Act, any person attending or participating in the special general meeting must present reasonably satisfactory identification and the chairperson of the 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 license or passport.
- 2.6 Should any holder of Preference Shares, or a representative proxy of a holder of Preference Shares, wish to participate in the special general meeting by way of electronic participation, that shareholder should make an application in writing (including details on how the shareholder or its representative wish to participate) to the transfer secretaries or Company secretary at their addresses listed below, to be received by them at least seven (7) business days before the special 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 special general meeting by way of electronic participation. Please note that shareholders who wish to participate in the special general meeting by way of electronic participation must appoint a proxy to exercise his voting rights in terms of paragraph 2.1 above or furnish his CSDP or broker with voting instructions in terms of paragraph 2.2 above.

- 2.7 Votes at the special general meeting on all resolutions will be conducted by way of a poll and not on a show of hands. Every holder of Preference Shares present in person or represented by proxy shall have one (1) vote for every Preference Share held in the Company.
- 2.8 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.

3. PURPOSE OF MEETING

The purpose of this special general meeting is to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

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

- 3.1 Special resolution number 1:
Approval of amendment to clause 9.6 of the Memorandum of Incorporation of the Company as proposed by the Board
- "It is resolved as a special resolution in accordance with clause 10.3.9.1 of the existing Memorandum of Incorporation of the Company ("Memorandum of Incorporation") that the Memorandum of Incorporation be and is hereby amended as follows:
- by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.6 of the Memorandum of Incorporation; and
 - by the insertion of the following new sub-clause 9.6.8 immediately after sub-clause 9.6.7 of the Memorandum of Incorporation:
- "9.6.8 The Company shall on 17 November 2014 redeem the third issued 5% preference shares by paying an amount of R2.00 (two rand) to each holder of third 5% preference shares for every third 5% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require) or in the case of uncertificated third 5% preference shares against receipt by the Company of such documentation or the taking of such steps by the holder of the third 5% preference shares, that the Company may require to implement the redemption of the third 5% preference shares. For the avoidance of doubt the Company shall be entitled to redeem the third 5% preference shares out of any account permissible at law."



Notice to Holders of Third 5% Cumulative Preference Shares: Special General Meeting (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

94

For special resolution number 1 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution and three-fourths of the holders of the Preference Shares.

The holders of the Preference Shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached for the convenience of those holders.

Reason for and effect of this special resolution

The reason for, and effect of, the special resolution is to, in accordance with clause 10.3.9.1 of the Memorandum of Incorporation of the Company, adopt the special resolution required for purposes of the amendment of the Memorandum of Incorporation of the Company, to obtain the consent from holders of the Preference Shares required by clause 9.6.5 of the Memorandum of Incorporation of the Company so as to convert the Preference Shares into cumulative redeemable preference shares and to provide for their compulsory redemption at a price of R2.00 (two Rand) per Preference Share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation. The Memorandum of Incorporation will only be amended after the adoption of the above special resolution in the manner described above and the adoption of a similar special resolution by all the shareholders of the Company and the filing of that special resolution with Companies and Intellectual Property Commission as defined in the Companies Act.

3.2 Ordinary resolution number 1: General authority to directors and/or company secretary

"Resolved that any one of the directors of Shoprite Holdings or the company secretary be and are hereby authorised to do all things, perform all acts and to sign and execute all documentation necessary to implement the ordinary and special resolutions adopted at the meeting."

For ordinary resolution number 1 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

For Shoprite Holdings Limited



PG Du Preez
Company Secretary
29 September 2014

The Company Secretary
Cnr William Dabs and Old Paarl Roads
PO Box 215, Brackenfell, 7560 South Africa
Facsimile: +27 (0) 21 980 4468
E-mail Address: cosec@shoprite.co.za

South African Transfer Secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Facsimile: +27 (0) 11 688 5238



Form of Proxy: Third 5% Cumulative Preference Shares

Shoprite Holdings Ltd

Shoprite Holdings Limited
 (Incorporated in the Republic of South Africa)
 (Registration number 1936/007721/06)
 JSE share code: SHP4
 ISIN: ZAE00006706
 ("Shoprite Holdings" or "the Company")

For use only by:

- certificated third 5% preference shareholders
- dematerialised third 5% preference shareholders with "own name" registrations

At the special general meeting of holders of third 5% cumulative preference shares in Shoprite Holdings to be held at Cnr William Dabs and Old Paarl Roads, Brackenfell at 09:00 on Monday, 27 October 2014 and any adjournment thereof.

Third 5% dematerialised cumulative preference shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the special general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the meeting in person.

If you do not wish to attend the special general meeting, provide your CSDP or broker with your voting instruction in terms of your custody agreement.

I/We (name(s) in block letters)

of address

Telephone number

Cellphone number

E-mail address

being a shareholder/shareholders of Shoprite Holdings and holding

third 5% cumulative preference shares in the Company, hereby appoint

1. of or, failing him/her,
2. of or, failing him/her,
3. the chairman of the special general meeting, as my/our proxy to attend, speak and vote on my/our behalf at the meeting of the third 5% cumulative preference shareholders of the Company to be held at 09:00 on Monday, 27 October 2014 at Brackenfell, and at any adjournment thereof:

	Number of shares*		
	In favour of	Against	Abstain
Special resolution number 1 – Amendment to clause 9.6 of the MOI			
Ordinary resolution number 1 – General authority to directors and/or company secretary			

*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at (place) on (date) 2014

.....
 Shareholder's signature

Please read the notes and instructions overleaf



Notes to Form of Proxy

96

1. This form of proxy must only be used by certificated third 5% cumulative preference shareholders or dematerialised preference shareholders who hold dematerialised third 5% cumulative preference shares with "own name" registration.
2. Dematerialised preference 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 vote in place of that shareholder at the Special 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 space provided, with or without deleting "the chairman of the Special General Meeting". The person whose name stands first on the form of proxy and who is present at the Special General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. 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(es) provided or to mark the relevant box(es). If a box is marked without inserting a number of votes it is deemed that the proxy may exercise all the votes of the shareholder. Failure to comply with the above will be deemed to authorise the chairman of the Special General Meeting to vote in favour of the ordinary and special resolutions at the Special General Meeting, or any other proxy to vote or to abstain from voting at the Special General Meeting as he/she deems fit, in respect of the shareholder's total holding.

6. Summary of rights established by section 58 of the Companies Act, 21 of 2008

- At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
- participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
 - give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

A proxy appointment:

- must be in writing, dated and signed by the shareholder; and
- remains valid for:
 - one year after the date on which it was signed; or
 - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

- a shareholder of that company may appoint two or more persons concurrently (please note that the Memorandum of Incorporation of the Company prohibits such an appointment) as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (please note that the Memorandum of Incorporation of the Company prohibits such an appointment);
- a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy and provided that right is granted in the Proxy Instrument and the delegation takes place by way of a further Proxy Instrument; and
- a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - delivering a copy of the revocation instrument to the proxy, and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:

- the shareholder; or
- the proxy or proxies, if the shareholder has:
 - directed the company to do so, in writing; and
 - paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

- the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
- the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
 - bear a reasonably prominent summary of the rights established by this section;
 - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
- the company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

7. 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 Company's transfer office or waived by the chairman of the Special General Meeting.
8. The chairman of the Special General Meeting may reject or 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.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Special 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.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
12. Where there are joint holders of any shares:
 - 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 other joint shareholder(s).
13. The proxy may not delegate any of the rights or powers granted to it.



SHOPRITE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP4
ISIN: ZAE000006706
SHOPRITE ISIN: ZAE000012084
("Shoprite Holdings" or "the Company")

Form for the Surrender of Documents of Title

For use by Certificated Preference Shareholders only

For completion by shareholders who have not dematerialised their shares

INSTRUCTIONS

1. Subject to the passing of Special Resolution Number 1 in respect of the redemption of Shoprite's Third 5% cumulative preference shares (the "**Redemption**"), it is necessary to recall the share certificates from certificated shareholders in order to pay the redemption proceeds to, and cancel such certificates of, the existing preference shareholders.
2. To facilitate the timeous receipt by certificated shareholders of the proceeds of redemption, Shareholders are requested to surrender their share certificates to the Transfer Secretaries by completing this form of surrender in accordance with the instructions it contains and return it to the Transfer Secretaries:

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)
3. Share certificates so received will be held by the Transfer Secretaries pending the Redemption being approved by shareholders at the General Meeting. In the event that the Redemption is not approved, the Transfer Secretaries will, within five business days thereafter, return the certificates to the certificated shareholders concerned, by registered post, at the risk of such shareholders.
4. In the event that the Redemption is approved and implemented, the Transfer Secretaries will, within five business days after receipt thereof, but not earlier than Monday, 17 November 2014 or such later date as may be approved by the JSE Limited ("JSE") and notified to shareholders by way of an announcement released on SENS, pay the proceeds of redemption into the bank account detailed on this form of surrender.
5. If any documents of title of shareholders have been lost or destroyed and the shareholder concerned produces evidence to this effect to the satisfaction of the Company, then the Company may dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.
6. Part 1 must be completed by shareholders who have not dematerialised their shares.
7. Part 2 must be completed by shareholders who have not dematerialised their shares and who are emigrants from or non-residents of the common monetary area.
8. Part 3 must be completed by Shareholders wishing payment of the Redemption consideration to be made by way of electronic funds transfer ("EFT"), and must be returned to Computershare Investor Services Proprietary Limited, 7th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) so as to be received before 12:00 on Friday, 14 November 2014, being the record date for the Redemption. EFTs will be made on the payment date only to Shareholders who surrender their documents of title prior to 12:00 on Friday, 14 November 2014.



Form for the Surrender of Documents of Title (continued)

98

PART 1 – TO BE COMPLETED BY ALL SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR SHARES.

I/We surrender and enclose the under mentioned share certificate/s, certified transfer deed/s, and/or other documents of title, details of which have been completed below, in respect of my/our holding of the Third 5% cumulative preference shares (the “Preference Shares”) in the Company:

Surname or Name of corporate body

First names (in full)

Title

Address to which the Redemption consideration should be sent (if different from registered address):

Address

..... Postal code

Country

Telephone

Cellular telephone number

Document of Title

Certificate number(s)	Number of shares covered by each certificate
Total	

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date 2014	
Telephone number (Home)	
Telephone number (Work)	
Cell phone number	
Fax number	
Email address	
Postal address	



Signatories may be called upon for evidence of their authority or capacity to sign this form.

PART 2 – TO BE COMPLETED BY ALL EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA

The Redemption consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant’s blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

To be completed by all emigrants from and non-residents of the common monetary area:

Name of authorised dealer/bank
 Address of authorised dealer.
 Account number

PART 3 – SUBMISSION OF BANKING DETAILS (EXCLUDING THIRD PARTY ACCOUNTS) IN RESPECT OF CERTIFICATED SHAREHOLDERS WISHING PAYMENT OF THE REDEMPTION CONSIDERATION TO BE MADE BY WAY OF THE EFT.

In terms of the Financial Intelligence Centre Act requirements, Computershare will only be able to record the banking details if the following documents are attached:

- a certified copy of identity document; and
- a certified true copy of a bank statement.

Name of certificated shareholder
Name of bank
Branch and branch code
Account number
Contact person
Signature of Certificated Shareholder

The Company undertakes no responsibility for verifying the banking details provided above or the authenticity of the signature below. Certificated Shareholders warrant the correctness of the above banking details and indemnify the Company against any loss once funds have been paid into the account whose details have been provided above.

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)



Form for the Surrender of Documents of Title (continued)

100

Note: In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Shareholder:

- a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
- a certified true copy of an original bank statement (in respect of bank mandate).

NOTES:

1. If Part 2 is not properly completed, the Redemption consideration (in the case of emigrants) will be held in trust by the Transfer Secretaries pending the receipt of the necessary nomination.
2. The Scheme consideration will not be sent to Certificated Shareholders unless and until the Documents in Title in respect of the Preference Shares have been surrendered to the Transfer Secretaries.
3. If this form of surrender and transfer is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of Shoprite Holdings to implement that Shareholder's obligations under the Redemption on his/her behalf.
4. Persons who have acquired Preference Shares after the date of posting of the Integrated Report to which this form of surrender and transfer is attached, can obtain copies of the form of surrender and transfer from Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001.
5. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.
6. Any alteration to this form of surrender must be signed in full and not initialled.
7. If this form of surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form of surrender for noting (unless it has already been noted by the Transfer Secretaries).
8. Where the shareholder is a company or a close corporation, unless it has already been registered with the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by the Transfer Secretaries.
9. Note 8 above does not apply in the event of this form of surrender bearing the stamp of a broking member of the JSE.
10. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of surrender.
11. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries.



Notice to Holders of 6% Cumulative Preference Shares: Special General Meeting

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

Shoprite Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP1
ISIN: ZAE00006672
("Shoprite Holdings" or "the Company")

101

1. NOTICE OF MEETING

Notice is hereby given to the holders of 6% cumulative preference shares in Shoprite Holdings, as defined in the Memorandum of Incorporation of Shoprite Holdings ("the Preference Shares") that a special general meeting will be held at the Company's registered office, corner William Dabs and Old Paarl Roads, Brackenfell, South Africa on Monday, 27 October 2014 at 09:15 (South African time).

2. WHO MAY ATTEND AND VOTE?

- 2.1 If you hold dematerialised Preference Shares which are registered in your name or if you are the registered holder of certificated Preference Shares:
- you may attend the special general meeting in person;
 - alternatively, you may appoint a proxy to represent you at the special general meeting and to attend, participate in, and speak and vote at the special general meeting in your place by completing the attached form of proxy in accordance with the instructions it contains and returning it to the company secretary or transfer secretaries at their addresses set out below to be received not later than 09:15 (South African time) on Friday 24 October 2014. A proxy need not be a shareholder of the Company.
- 2.2 If you are a beneficial holder of Preference Shares, but not a registered holder of Preference Shares as at the record date and:
- wish to attend the special 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 special general meeting, but would like your vote to be recorded at the 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.
- 2.3 The record date for purposes of determining which shareholders are entitled to receive this notice is determined in terms of section 59(1)(a) of the Companies Act, no 71 of 2008 ("the Companies Act") being 19 September 2014.
- 2.4 The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at this meeting is determined in terms of section 59(1)(b) of the Companies Act being Friday, 17 October 2014 ("Voting Record Date").
- 2.5 In terms of section 63(1) of the Companies Act, any person attending or participating in the special general meeting must present reasonably satisfactory identification and the chairperson of the 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 license or passport.
- 2.6 Should any holder of Preference Shares, or a representative proxy of a holder of Preference Shares, wish to participate in the special general meeting by way of electronic participation, that shareholder should make an application in writing (including details on how the shareholder or its representative wish to participate) to the transfer secretaries or Company secretary at their addresses listed below, to be received by them at least seven (7) business days before the special 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 special general meeting by way of electronic participation. Please note that shareholders who wish to participate in the special general meeting by way of electronic participation must appoint a proxy to exercise his voting rights in terms of paragraph 2.1 above or furnish his CSDP or broker with voting instructions in terms of paragraph 2.2 above.

- 2.7 Votes at the special general meeting on all resolutions will be conducted by way of a poll and not on a show of hands. Every holder of Preference Shares present in person or represented by proxy shall have one (1) vote for every Preference Share held in the Company.
- 2.8 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.

3. PURPOSE OF MEETING

The purpose of this special general meeting is to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

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

- 3.1 **Special resolution number 1:**
Approval of amendment to clause 9.3 of the Memorandum of Incorporation of the Company as proposed by the Board
"It is resolved as a special resolution in accordance with clause 10.3.9.1 of the existing Memorandum of Incorporation of the Company ("Memorandum of Incorporation") that the Memorandum of Incorporation be and is hereby amended as follows:
- by the insertion of the word "REDEEMABLE" after the word "CUMULATIVE" in clause 9.3 of the Memorandum of Incorporation; and
 - by the insertion of the following new sub-clause 9.3.4 immediately after sub-clause 9.3.3 of the Memorandum of Incorporation:
- "9.3.4 The Company shall on 17 November 2014 redeem the issued 6% preference shares by paying an amount of R2.00 (two rand) to each holder of 6% preference shares for every 6% preference share held by such a holder on 14 November 2014 and against the surrender to the Company of the share certificate/s in respect thereof (or, if such certificate has been lost or destroyed, such proof of loss or destruction and such indemnity as the Company may require) or in the case of uncertificated 6% preference shares against receipt by the Company of such documentation or the taking of such steps by the holder of the 6% preference shares, that the Company may require to implement the redemption of the 6% preference shares. For the avoidance of doubt the Company shall be entitled to redeem the 6% preference shares out of any account permissible at law."



Notice to Holders of 6% Cumulative Preference Shares: Special General Meeting (continued)

Shoprite Holdings Ltd and its Subsidiaries for the year ended June 2014

102

For special resolution number 1 to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the special resolution and three-fourths of the holders of the Preference Shares.

The holders of the Preference Shares are hereby in terms of section 164(2) of the Companies Act informed of their rights in terms of section 164 of the Companies Act. A copy of section 164 is attached for the convenience of those holders.

Reason for and effect of this special resolution

The reason for, and effect of, the special resolution is to, in accordance with clause 10.3.9.1 of the Memorandum of Incorporation of the Company, adopt the special resolution required for purposes of the amendment of the Memorandum of Incorporation of the Company so as to convert the Preference Shares into cumulative redeemable preference shares and to provide for their compulsory redemption at a price of R2.00 (two Rand) per Preference Share on 17 November 2014. The JSE has approved the terms of the amendments to the Memorandum of Incorporation. The Memorandum of Incorporation will only be amended after the adoption of the above special resolution in the manner described above and the adoption of a similar special resolution by all the shareholders of the Company and the filing of that special resolution with Companies and Intellectual Property Commission as defined in the Companies Act.

3.2 Ordinary resolution number 1: General authority to directors and/or company secretary

“Resolved that any one of the directors of Shoprite Holdings or the company secretary be and are hereby authorised to do all things, perform all acts and to sign and execute all documentation necessary to implement the ordinary and special resolutions adopted at the meeting.”

For ordinary resolution number 1 to be approved by shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

For Shoprite Holdings Limited



PG Du Preez

Company Secretary
29 September 2014

The Company Secretary

Cnr William Dabs and Old Paarl Roads
PO Box 215, Brackenfell, 7560 South Africa
Facsimile: +27 (0) 21 980 4468
E-mail Address: cosec@shoprite.co.za

South African Transfer Secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Facsimile: +27 (0) 11 688 5238



Form of Proxy: 6% Cumulative Preference Shares

Shoprite Holdings Ltd

Shoprite Holdings Limited
 (Incorporated in the Republic of South Africa)
 (Registration number 1936/007721/06)
 JSE share code: SHP1
 ISIN: ZAE00006672
 ("Shoprite Holdings" or "the Company")

For use only by:

- certificated 6% preference shareholders
- dematerialised 6% preference shareholders with "own name" registrations

At the special general meeting of holders of 6% cumulative preference shares in Shoprite Holdings to be held at Cnr William Dabs and Old Paarl Roads, Brackenfell at 09:15 on Monday, 27 October 2014 and any adjournment thereof.

6% Dematerialised cumulative preference shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the special general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the meeting in person.

If you do not wish to attend the special general meeting, provide your CSDP or broker with your voting instruction in terms of your custody agreement.

I/We (name(s) in block letters)

of address

Telephone number

Cellphone number

E-mail address

being a shareholder/shareholders of Shoprite Holdings and holding

6% cumulative preference shares in the Company, hereby appoint

1. of or, failing him/her,

2. of or, failing him/her,

3. the chairman of the special general meeting, as my/our proxy to attend, speak and vote on my/our behalf at the meeting of the 6% cumulative preference shareholders of the Company to be held at 09:15 on Monday, 27 October 2014 at Brackenfell, and at any adjournment thereof:

	Number of shares*		
	In favour of	Against	Abstain
Special resolution number 1 – Amendment to clause 9.3 of the MOI			
Ordinary resolution number 1 – General authority to directors and/or company secretary			

*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at (place) on (date) 2014

.....
 Shareholder's signature

Please read the notes and instructions overleaf

INVESTOR INFORMATION



Notes to Form of Proxy

Shoprite Holdings Ltd

104

1. This form of proxy must only be used by certificated 6% cumulative preference shareholders or dematerialised preference shareholders who hold dematerialised 6% cumulative preference shares with "own name" registration.
2. Dematerialised preference 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 vote in place of that shareholder at the Special 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 space provided, with or without deleting "the chairman of the Special General Meeting". The person whose name stands first on the form of proxy and who is present at the Special General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. 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(es) provided or to mark the relevant box(es). If a box is marked without inserting a number of votes it is deemed that the proxy may exercise all the votes of the shareholder. Failure to comply with the above will be deemed to authorise the chairman of the Special General Meeting to vote in favour of the ordinary and special resolutions at the Special General Meeting, or any other proxy to vote or to abstain from voting at the Special General Meeting as he/she deems fit, in respect of the shareholder's total holding.

6. Summary of rights established by section 58 of the Companies Act, 21 of 2008

At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:

- participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
- give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

A proxy appointment:

- must be in writing, dated and signed by the shareholder; and
- remains valid for:
 - one year after the date on which it was signed; or
 - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

- a shareholder of that company may appoint two or more persons concurrently (please note that the Memorandum of Incorporation of the Company prohibits such an appointment) as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (please note that the Memorandum of Incorporation of the Company prohibits such an appointment);
- a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy and provided that right is granted in the Proxy Instrument and the delegation takes place by way of a further Proxy Instrument; and
- a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - delivering a copy of the revocation instrument to the proxy, and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

- the date stated in the revocation instrument, if any; or
- the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:

- the shareholder; or
- the proxy or proxies, if the shareholder has:
 - directed the company to do so, in writing; and
 - paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

- the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
- the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
 - bear a reasonably prominent summary of the rights established by this section;
 - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
- the company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

7. 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 Company's transfer office or waived by the chairman of the Special General Meeting.
8. The chairman of the Special General Meeting may reject or 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.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Special 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.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
12. Where there are joint holders of any shares:
 - 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 other joint shareholder(s).
13. The proxy may not delegate any of the rights or powers granted to it.



SHOPRITE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP1
ISIN: ZAE000006672
SHOPRITE ISIN: ZAE000012084
("Shoprite Holdings" or "the Company")

Form for the Surrender of Documents of Title

For use by Certificated Preference Shareholders only

For completion by shareholders who have not dematerialised their shares

INSTRUCTIONS

1. Subject to the passing of Special Resolution Number 1 in respect of the redemption of Shoprite's 6% cumulative preference shares (the "**Redemption**"), it is necessary to recall the share certificates from certificated shareholders in order to pay the redemption proceeds to, and cancel such certificates of, the existing preference shareholders.
2. To facilitate the timeous receipt by certificated shareholders of the proceeds of redemption, Shareholders are requested to surrender their share certificates to the Transfer Secretaries by completing this form of surrender in accordance with the instructions it contains and return it to the Transfer Secretaries:

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)
3. Share certificates so received will be held by the Transfer Secretaries pending the Redemption being approved by shareholders at the General Meeting. In the event that the Redemption is not approved, the Transfer Secretaries will, within five business days thereafter, return the certificates to the certificated shareholders concerned, by registered post, at the risk of such shareholders.
4. In the event that the Redemption is approved and implemented, the Transfer Secretaries will, within five business days after receipt thereof, but not earlier than Monday, 17 November 2014 or such later date as may be approved by the JSE Limited ("JSE") and notified to shareholders by way of an announcement released on SENS, pay the proceeds of redemption into the bank account detailed on this form of surrender.
5. If any documents of title of shareholders have been lost or destroyed and the shareholder concerned produces evidence to this effect to the satisfaction of the Company, then the Company may dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.
6. Part 1 must be completed by shareholders who have not dematerialised their shares.
7. Part 2 must be completed by shareholders who have not dematerialised their shares and who are emigrants from or non-residents of the common monetary area.
8. Part 3 must be completed by Shareholders wishing payment of the Redemption consideration to be made by way of electronic funds transfer ("EFT"), and must be returned to Computershare Investor Services Proprietary Limited, 7th Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) so as to be received before 12:00 on Friday, 14 November 2014, being the record date for the Redemption. EFTs will be made on the payment date only to Shareholders who surrender their documents of title prior to 12:00 on Friday, 14 November 2014.



Form for the Surrender of Documents of Title (continued)

106

PART 1 – TO BE COMPLETED BY ALL SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR SHARES.

I/We surrender and enclose the under mentioned share certificate/s, certified transfer deed/s, and/or other documents of title, details of which have been completed below, in respect of my/our holding of the 6% cumulative preference shares (the “Preference Shares”) in the Company:

Surname or Name of corporate body

First names (in full)

Title

Address to which the Redemption consideration should be sent (if different from registered address):

Address

..... Postal code

Country

Telephone

Cellular telephone number

Document of Title

Certificate number(s)	Number of shares covered by each certificate
Total	

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date 2014	
Telephone number (Home)	
Telephone number (Work)	
Cell phone number	
Fax number	
Email address	
Postal address	



Signatories may be called upon for evidence of their authority or capacity to sign this form.

PART 2 – TO BE COMPLETED BY ALL EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA

The Redemption consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant’s blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

To be completed by all emigrants from and non-residents of the common monetary area:

Name of authorised dealer/bank
 Address of authorised dealer.
 Account number

PART 3 – SUBMISSION OF BANKING DETAILS (EXCLUDING THIRD PARTY ACCOUNTS) IN RESPECT OF CERTIFICATED SHAREHOLDERS WISHING PAYMENT OF THE REDEMPTION CONSIDERATION TO BE MADE BY WAY OF THE EFT.

In terms of the Financial Intelligence Centre Act requirements, Computershare will only be able to record the banking details if the following documents are attached:

- a certified copy of identity document; and
- a certified true copy of a bank statement.

Name of certificated shareholder
Name of bank
Branch and branch code
Account number
Contact person
Signature of Certificated Shareholder

The Company undertakes no responsibility for verifying the banking details provided above or the authenticity of the signature below. Certificated Shareholders warrant the correctness of the above banking details and indemnify the Company against any loss once funds have been paid into the account whose details have been provided above.

Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)



Form for the Surrender of Documents of Title (continued)

108

Note: In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Shareholder:

- a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
- a certified true copy of an original bank statement (in respect of bank mandate).

NOTES:

1. If Part 2 is not properly completed, the Redemption consideration (in the case of emigrants) will be held in trust by the Transfer Secretaries pending the receipt of the necessary nomination.
2. The Scheme consideration will not be sent to Certificated Shareholders unless and until the Documents in Title in respect of the Preference Shares have been surrendered to the Transfer Secretaries.
3. If this form of surrender and transfer is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of Shoprite Holdings to implement that Shareholder's obligations under the Redemption on his/her behalf.
4. Persons who have acquired Preference Shares after the date of posting of the Integrated Report to which this form of surrender and transfer is attached, can obtain copies of the form of surrender and transfer from Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001.
5. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.
6. Any alteration to this form of surrender must be signed in full and not initialled.
7. If this form of surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form of surrender for noting (unless it has already been noted by the Transfer Secretaries).
8. Where the shareholder is a company or a close corporation, unless it has already been registered with the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by the Transfer Secretaries.
9. Note 8 above does not apply in the event of this form of surrender bearing the stamp of a broking member of the JSE.
10. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of surrender.
11. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries.



DISSENTING SHAREHOLDERS APPRAISAL RIGHTS

1. This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
2. If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
 - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113, or 114,

that notice must include a statement informing shareholders of their rights under this section.
3. At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
4. Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
5. A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - (a) the shareholder:
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
6. The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
7. A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
8. A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
9. A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
10. If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
11. Within five business days after the later of:
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
12. Every offer made under subsection (11):
 - (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
13. If a shareholder accepts an offer made under subsection (12):
 - (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
14. A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
 - (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.



Section 164 of the Companies Act (continued)

110

15. On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court:
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- 15A. At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
 - (b) the company must comply with the requirements of subsection 13(b).
16. The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
17. If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
18. If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
19. For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.
20. Except to the extent:
- (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.



Administration

Shoprite Holdings Ltd

111

REGISTRATION NUMBER

1936/007721/06

REGISTERED OFFICE

Physical address: Cnr William Dabs and Old Paarl Roads
Brackenfell, 7560, South Africa
Postal address: PO Box 215, Brackenfell, 7561, South Africa
Telephone: +27 (0) 21 980 4000
Facsimile: +27 (0) 21 980 4050
Website: www.shopriteholdings.co.za

COMPANY SECRETARY

Mr PG du Preez
Physical address: Cnr William Dabs and Old Paarl Roads
Brackenfell, 7560, South Africa
Postal address: PO Box 215, Brackenfell, 7561, South Africa
Telephone: +27 (0) 21 980 4284
Facsimile: +27 (0) 21 980 4468
E-mail: cosec@shoprite.co.za

TRANSFER SECRETARIES

South Africa

Computershare Investor Services (Pty) Ltd,
PO Box 61051, Marshalltown, 2107, South Africa
Telephone: +27 (0)11 370 5000
Facsimile: +27 (0)11 688 5238,
Website: www.computershare.com

Namibia

Transfer Secretaries (Pty) Ltd
PO Box 2401, Windhoek, Namibia
Telephone: +264 (0)61 227 647
Facsimile: +264 (0)61 248 531

Zambia

ShareTrack Zambia,
PO Box 37283, Lusaka, Zambia
Telephone: +260 (0)211 236 783
Facsimile: +260 (0)211 236 785.

SPONSORS

South Africa

Nedbank Capital,
PO Box 1144, Johannesburg, 2000, South Africa
Telephone: +27 (0)11 295 8525
Facsimile: +27 (0)11 294 8525
Website: www.nedbank.co.za

Namibia

Old Mutual Investment Group (Namibia) (Pty) Ltd,
PO Box 25549, Windhoek, Namibia
Telephone: +264 (0)61 299 3264
Facsimile: +264 (0)61 299 3528

AUDITORS

PricewaterhouseCoopers Incorporated
PO Box 2799, Cape Town, 8000,
South Africa
Telephone: +27 (0)21 529 2000
Facsimile: +27 (0)21 529 3300

BANKERS

ABSA Bank Ltd
Citibank N.A.
First National Bank Ltd
HSBC Ltd
Investec Bank Ltd
Nedbank Ltd
Old Mutual Specialised Finance (Pty) Ltd
The Standard Bank of South Africa Ltd
Standard Chartered Bank PLC

Shareholders' Diary

June

Financial
year-end

August

Reviewed results

September

Publishing of
Integrated Report

Payment of
preference
dividend

Payment of final
ordinary dividend

October

Annual General
Meeting

December

End of financial
half-year

February

Interim results

March

Payment of
preference
dividend

Payment of
interim ordinary
dividend





Find the Afrikaans version of the Integrated Report on the reverse side of this document. For the full audited annual financial statements of the Group, please visit www.shopriteholdings.co.za.

