

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

ACTION REQUIRED BY SHAREHOLDERS

- This Circular is important and should be read with particular attention to the section entitled "Action required by Shareholders", which commences on page 2.
- If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, attorney, accountant or other professional advisor immediately.
- If you have disposed of all of your Shares, please forward this Circular and the attached Form of Written Consent (*grey*) to the purchaser to whom, or the Broker, CSDP or agent through whom the disposal was effected.

DISCLAIMER

- The Company does not accept any responsibility and will not be held liable for any failure on the part of a CSDP or Broker of a Dematerialised Shareholder to notify such Shareholder of the information set out in this Circular.

PEPKOR

Holdings Limited

PEPKOR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2017/221869/06)
Share Code: PPH Debt Code: PPHI
ISIN: ZAE000259479
("Pepkor" or the "Company")

CIRCULAR TO SHAREHOLDERS

Relating to:

the proposed special resolution to be adopted by Shareholders for purposes of approving the issuing of shares to persons related or inter-related (as defined in the Companies Act) to the Company in terms of section 41(1) of the Companies Act in order to give effect to and implement the Transaction.

and incorporating:

- the proposed Shareholder Resolutions (**Annexure A**); and
- Form of Written Consent (*grey*) (**Annexure B**).

Independent Expert and Equity Sponsor



Legal Advisor

ENSafrica.com



Date of issue: Monday, 18 January 2021

Copies of this Circular, which are available in English only, may be obtained from the registered office of the Company and the offices of PSG Capital at their respective addresses set out in the "Corporate Information" section of this Circular. A copy of this Circular will also be available on the Company's website (www.pepkor.co.za) from Monday, 18 January 2021.

CORPORATE INFORMATION

Directors

Wendy Luhabe (Chairman) **
Leon Lourens (Chief Executive Officer)
Riaan Hanekom (Chief Financial Officer)
Johann Cilliers (Lead) **
Steve Müller **
Fagmeedah Petersen-Cook **
Jayendra Naidoo *
Theodore de Klerk *
Louis du Preez *
Jacob Wiese *

* *non-executive*

independent

Date and place of incorporation

22 May 2017
Republic of South Africa

Company secretary and registered address

Pepkor Proprietary Limited
(Registration number 1965/007765/07)
36 Stellenberg Road
Parow Industria, 7493
(PO Box 6100, Parow East, 7501)

Transfer Secretaries

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

Independent Expert and Equity Sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7599
(PO Box 7403, Stellenbosch, 7599)

and

2nd Floor
Building 3
11 Alice Lane
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Debt Sponsor

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

Legal Advisor

Edward Nathan Sonnenbergs Incorporated t/a ENSafrica
(Registration number 2006/018200/21)
La Gratitude Office Park
97 Dorp Street
Stellenbosch, 7600
(PO Box 940, Stellenbosch, 7599)

TABLE OF CONTENTS

The interpretations and definitions commencing on page 5 of this Circular apply, mutatis mutandis, to this table of contents.

	Page
CORPORATE INFORMATION	<i>Inside front cover</i>
ACTION REQUIRED BY SHAREHOLDERS	2
SALIENT DATES AND TIMES	4
INTERPRETATION AND DEFINITIONS	5
CIRCULAR TO SHAREHOLDERS	9
1. Purpose of and reason for the Circular	9
2. Transaction	9
3. Share capital	11
4. The Properties	12
5. Report of the Independent Expert	13
6. Voting on the Shareholder Resolution required for the issue of the Pepkor Consideration Shares	14
7. Directors' Responsibility Statement	14
8. Opinion and Recommendation	14
9. Documents Available for inspection	14
Annexure A Shareholder Resolutions to be adopted in terms of section 60 of the Companies Act	Attached
Annexure B Form of Written Consent in terms of section 60 of the Companies Act (<i>grey</i>)	Attached

ACTION REQUIRED BY SHAREHOLDERS

The interpretations and definitions commencing on page 5 of this Circular apply, *mutatis mutandis*, to this section headed "Action Required by Shareholders".

1 CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH OWN-NAME REGISTRATION

- 1.1 Certificated Shareholders and Dematerialised Shareholders with Own-name registration should indicate, by the insertion of the relevant number of votes they wish to exercise in the appropriate box provided, on the Form of Written Consent (*grey*), how they wish to cast their votes in relation to the proposed Shareholder Resolutions.
- 1.2 Please consider the proposed Shareholder Resolutions and exercise your vote within 20 (twenty) Business Days of the date of receipt of this Circular (and in any event by no later than close of business at 17h00 on Monday, 22 February 2021) by completing and returning the completed and signed Form of Written Consent (*grey*) to Computershare Investor Services Proprietary Limited (the Transfer Secretaries of the Company), to be received by no later than 17h00 on Monday, 22 February 2021, at any of the following addresses:

By hand

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

By mail or email

Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold
2132
Email address: proxy@computershare.co.za

2 DEMATERIALISED SHAREHOLDERS WITHOUT OWN-NAME REGISTRATION

Dematerialised Shareholders without Own-name registration must **not** return the Form of Written Consent (*grey*) to the Transfer Secretaries, but should furnish their Broker or CSDP with their instruction for voting in respect of the proposed Shareholder Resolutions in accordance with the custody agreement entered into between them and their Broker or CSDP.

3 IF YOU HAVE DISPOSED OF YOUR SHARES

If you have disposed of your Shares, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP or agent through whom the disposal was effected.

4 DEEMED RECEIPT OF CIRCULAR BY SHAREHOLDERS

Where a Shareholder has received this Circular by registered post, such Shareholder is deemed to have received the Circular on the 7th (seventh) calendar day following the day on which it was posted, as recorded by the post office, unless there is conclusive evidence that it was delivered on a different day. Where a Shareholder has received this Circular by electronic mail, such Shareholder is deemed to have received this Circular on the date and at the time recorded by the computer used by the sender, unless there is conclusive evidence that it was delivered on a different date or at a different time. Notwithstanding the aforementioned, the deadline for submitting the completed and signed Form of Written Consent (*grey*) remains 17h00 on Monday, 22 February 2021. Dematerialised Shareholders without Own-name registration should ensure that they provide instructions to their Broker or CSDP timeously, on how to vote.

5 APPROVAL OF THE SHAREHOLDER RESOLUTIONS IN TERMS OF SECTION 60 OF THE COMPANIES ACT

- 5.1 Section 65(2) of the Companies Act provides that the board of directors of a company may propose any resolution to be considered by shareholders and may determine whether that resolution will be considered at a meeting, or by vote or written consent in terms of section 60 of the Companies Act. The Board has resolved that the Shareholder Resolutions be considered by Shareholders and voted on by written consent in terms of section 60 of the Companies Act.

- 5.2 In this regard:
- 5.2.1 section 60(1) of the Companies Act provides that a resolution that could be voted on at a shareholders meeting may instead be submitted for consideration to the shareholders entitled to exercise voting rights in relation to the resolution, and be voted on in writing by shareholders entitled to exercise voting rights in relation to the resolution, within 20 (twenty) Business Days after the resolution was submitted to them; and
- 5.2.2 section 60(2) of the Companies Act provides that such a resolution will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary or special resolution, as the case may be, at a properly constituted shareholders meeting, and if adopted, has the same effect as if it had been approved by voting at a meeting.
- 5.3 Shareholders should note that the Shareholder Resolutions **shall be duly adopted immediately once the voting rights exercised in favour thereof equal the minimum percentage of voting rights required to be exercised in favour of the Shareholder Resolutions in order to pass such resolutions, despite the abovementioned 20 (twenty) Business Day period not having lapsed.** If, by 17h00 on Monday, 22 February 2021, the Company has not received sufficient votes in favour of the Shareholder Resolutions, the Shareholder Resolutions shall fail.

6 ANNOUNCEMENT OF THE RESULTS OF THE VOTING

The Company will issue a SENS announcement detailing the results of the vote in compliance with section 60(4) of the Companies Act.

Note: If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately. The Company does not accept responsibility and will not be held liable for any failure on the part of the Broker or CSDP of a Dematerialised Shareholder to notify such Shareholder of the action required by Shareholders.

SALIENT DATES AND TIMES

The interpretations and definitions commencing on page 5 of this Circular apply mutatis mutandis to the salient dates and times as set out below.

2021

Record date to determine which Shareholders are eligible to receive this Circular and to vote	Friday, 8 January
Circular incorporating the Form of Written Consent (<i>grey</i>) distributed to Shareholders on	Monday, 18 January
Announcement on SENS regarding the distribution of the Circular to Shareholders	Monday, 18 January
Deemed date of receipt by Shareholders of the Circular	Monday, 25 January
Deadline for the exercise of voting rights by Shareholders in relation to the Shareholder Resolutions	Monday, 22 February
Results of the voting to be released on the Company's website and on SENS, the earlier of	Wednesday, 24 February and the Business Day on which the proposed Shareholder Resolutions are adopted

Notes:

- 1 The above dates and times are subject to change. Any material changes will be released on SENS.
- 2 All times stated in this circular are local times in South Africa.

INTERPRETATION AND DEFINITIONS

In this Circular, unless otherwise stated or the context otherwise indicates, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

"Aggregate Consideration"	has the meaning ascribed thereto in paragraph 2.3.1 below;
"Board" or "Directors"	the board of directors of the Company, as at the date of this Circular;
"Broker"	any person registered as a "broking member (equities)" in accordance with the Financial Markets Act;
"Business Day"	any day other than a Saturday, Sunday or public holiday in South Africa;
"CEA"	JD Consumer Electronics and Appliances Proprietary Limited (registration number 1963/002315/07), a private company with limited liability, duly incorporated in South Africa, a wholly owned subsidiary of the Company;
"Certificated Shares"	Shares which have not been Dematerialised, title to which is represented by a share certificate or other Document of Title;
"Certificated Shareholders"	Shareholders who hold Certificated Shares;
"CIPC"	the Companies and Intellectual Property Commission, established by section 185 of the Companies Act;
"Circular"	this circular to Shareholders, dated Monday, 18 January 2021, including the annexures hereto;
"Cliffdale Property"	has the meaning ascribed thereto in paragraph 4 below;
"Companies Act"	the Companies Act, 71 of 2008, as amended;
"Company" or "Pepkor"	Pepkor Holdings Limited (registration number 2017/221863/06), a public company incorporated under the laws of South Africa, the issued ordinary share capital of which is listed on the Main Board of the JSE;
"Copperzone"	Copperzone 185 Proprietary Limited (registration number 2011/006981/07), a private company with limited liability, duly incorporated in South Africa, an indirect wholly owned subsidiary of Steinhoff N.V.;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account;
"Dematerialise" or "Dematerialised"	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in the Company's uncertificated securities register administered by a CSDP;

“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Dematerialised Shareholders	Shareholders who hold Dematerialised Shares;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to the Company;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended or replaced from time to time;
“Form of Written Consent”	the written consent form (<i>grey</i>) attached to this Circular as Annexure B ;
“Framework Agreement”	the written framework agreement entered into between the Company, Ultimo, CEA, Steinhoff Africa and each of the Steinhoff Subsidiaries on Friday, 18 December 2020;
“Groblersdal Lease”	the long-term notarial lease in respect of the Groblersdal Property between Tanzanite (as lessee) and the Elias Motsoaledi Local Municipality (as lessor);
“Groblersdal Property”	has the meaning ascribed thereto in paragraph 4 below;
“JSE”	the exchange, licensed under the Financial Markets Act, 19 of 2012, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of the Republic of South Africa;
“Nelspruit Property”	an undivided half share in the property described as the Nelspruit Property in paragraph 4 below;
“Own-name registration”	Dematerialised Shareholders who have registered their Shares in their own name with a CSDP in terms of the Financial Markets Act;
“Pepkor Consideration Shares”	has the meaning ascribed thereto in paragraph 2.3.2 below;
“Pepkor Group”	Pepkor and its subsidiaries;
“Properties”	each of the properties described in paragraph 4 below, which Properties are each currently being leased by an entity within the Pepkor Group;
“PSG Capital” or “Equity Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, particulars of which appear in the “Corporate Information” section of the Circular;
“Rand”	the lawful currency of South Africa;
“Rental Enterprises”	each rental enterprise conducted on each of the Properties;
“SENS”	the Stock Exchange News Service of the JSE;

"Shares"	ordinary no par value shares in the share capital of the Company;
"Shareholders"	registered holders of Shares;
"Shareholder Resolutions"	the (i) special resolution required to approve the issue of the Pepkor Consideration Shares in terms of the Framework Agreement as read with the Substantive Agreements and (ii) the ordinary resolution authorising the Directors to do all things required to give effect to and implement the special resolution referred to in (i) above, as set out in Annexure A to this Circular.
"Showboat"	Showboat Trade and Invest 17 Proprietary Limited (registration number 2008/018137/07), a private company with limited liability, duly incorporated in South Africa, an indirect wholly owned subsidiary of Steinhoff N.V.;
"South Africa"	the Republic of South Africa;
"Steinhoff Africa"	Steinhoff Africa Holdings Proprietary Limited (registration number 1969/015042/07), a private company with limited liability, duly incorporated in South Africa, an indirect wholly owned subsidiary of Steinhoff N.V.;
"Steinhoff JD Group Property Holdings"	JD Group Property Holdings Proprietary Limited (registration number 2011/006582/07), a private company with limited liability, duly incorporated in South Africa, which is an indirect wholly owned subsidiary of Steinhoff N.V. and not a subsidiary of Pepkor;
"Steinhoff N.V."	Steinhoff International Holdings N.V., a public company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands with registration number 63570173 (CIPC registration number 2015/285685/10);
"Steinhoff Subsidiaries"	collectively Steinprop, Steinhoff JD Group Property Holdings, Tanzanite, Showboat and Copperzone, each an indirect wholly owned subsidiary of Steinhoff N.V.;
"Steinprop"	Steinhoff Properties Proprietary Limited (registration number 2001/005911/07), a private company with limited liability, duly incorporated in South Africa, an indirect wholly owned subsidiary of Steinhoff N.V.;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
"Substantive Agreements"	each agreement entered into or to be entered into between <i>inter alia</i> CEA or Ultimo, as applicable, and the Company on the one hand and the relevant Steinhoff Subsidiary on the other hand, relating to each of the relevant Rental Enterprises and the underlying Properties or, in the case of the Groblersdal Property, the underlying Groblersdal Lease;
"Tanzanite"	Tanzanite Treasure Trading 7 Proprietary Limited (registration number 2011/006190/07), a private company with limited liability, duly incorporated in South Africa, an indirect wholly owned subsidiary of Steinhoff N.V.;

“Tenacity”	a division of Pepkor Trading Proprietary Limited that supports the Ackermans and Pepkor Speciality clothing, footwear and homeware brands in terms of credit sales through store cards to customers;
“Transaction”	has the meaning ascribed thereto in paragraph 2.1 below;
“Transaction Announcement”	the announcement released by the Company on SENS on Friday, 18 December 2020 regarding the Transaction;
“Transfer Duty”	transfer duty as levied from time to time in terms of the Transfer Duty Act, No. 40 of 1949 on the value of any property which is acquired by way of a transaction or otherwise;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the “Corporate Information” section of this Circular;
“Ultimo”	Ultimo Properties Proprietary Limited (registration number 1960/003498/07), a private company with limited liability, duly incorporated in South Africa, a wholly owned subsidiary of the Company; and
“VAT”	value-added tax as levied from time to time in terms of the Value-Added Tax Act, No. 89 of 1991, as amended.

PEPKOR

Holdings Limited

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(Incorporated in the Republic of South Africa)
(Registration number 2017/221869/06)
Share Code: PPH Debt Code: PPHI
ISIN: ZAE000259479
("Pepkor" or the "Company")

Directors

Wendy Luhabe (Chairman) **
Leon Lourens (Chief Executive Officer)
Riaan Hanekom (Chief Financial Officer)
Johann Cilliers (Lead) **
Steve Müller **
Fagmeedah Petersen-Cook **
Jayendra Naidoo *
Theodore de Klerk *
Louis du Preez *
Jacob Wiese *

* *Non-executive*
Independent

CIRCULAR TO SHAREHOLDERS

1 PURPOSE OF AND REASON FOR THE CIRCULAR

The purpose of this Circular is to furnish Shareholders with the required information relating to the Transaction in accordance with the Companies Act, so as to enable Shareholders to make an informed decision in respect of the Shareholder Resolutions and for them to consider and, if deemed fit, approve, with or without modification, the Shareholder Resolutions, so as to enable the Company to implement the Transaction.

2 TRANSACTION

2.1. Details of the Transaction

2.1.1. Shareholders are referred to the Transaction Announcement, in terms of which Shareholders were advised that the Company, Ultimo and CEA had entered into *inter alia* the Framework Agreement, in terms of which Ultimo and CEA have agreed to -

2.1.1.1. acquire 10 (ten) properties and an undivided half share in another property, together with the Rental Enterprises conducted thereon, from the applicable Steinhoff Subsidiaries; and

2.1.1.2. take transfer, by way of a cession and delegation of the Groblersdal Lease and of the sub-lease concluded in respect of the Groblersdal Property from Tanzanite, following which CEA will become the new lessee under the Groblersdal Lease and lessor under the sub-lease,

(together, the "Transaction").

2.2. Rationale for the Transaction

2.2.1. The Properties are predominantly used by Pepkor's operating entities as distribution centres, with one property being used as a corporate head office and one property being used as a call centre.

2.2.2. The Board believes that the Transaction will result in the following benefits for the Pepkor Group:

- 2.2.2.1. operational cost savings, as the rental expenses relating to the Properties currently rented by the Pepkor Group from the Steinhoff Subsidiaries, which amounted to approximately R111 million (one hundred and eleven million Rand) during Pepkor's 2020 financial year, will no longer be incurred, which is expected to be accretive on an earnings per share basis (without taking IFRS16 into account) and to result in a cash saving for the Pepkor Group;
- 2.2.2.2. secure the ownership of high roof distribution centre buildings for Ackermans, Pepkor Speciality and JD Group that are strategically important to these businesses; and
- 2.2.2.3. secure the ownership of Tenacity's call centre and JD Group's corporate head office, the locations of which are ideally suited to cater for their operational needs.

2.3. **Purchase Consideration**

- 2.3.1. The aggregate purchase consideration payable in terms of the Transaction is R1,050,000,000 (one billion fifty million rand), excluding, to the extent applicable, VAT at the applicable rate or Transfer Duty, in relation to each Substantive Agreement ("**Aggregate Consideration**").
- 2.3.2. The Aggregate Consideration will be settled by Pepkor issuing, in aggregate, 70 000 000 (seventy million) Shares ("**Pepkor Consideration Shares**") to the respective Steinhoff Subsidiaries. It is considered appropriate to issue the Pepkor Consideration Shares in order to preserve cash resources. The Pepkor Consideration Shares equates to 1.91% of the issued share capital of Pepkor prior to issuing the Pepkor Consideration Shares.
- 2.3.3. The Pepkor Consideration Shares will be issued at an issue price of R15 per Share, which represents a premium of 16.00% to the volume weighted average trading price of Pepkor's Shares traded on the JSE over the 30 trading days up to and including 19 November 2020, being the date prior to the Board approving the key terms of the Transaction.

2.4. **Conditions Precedent to the Transaction**

- 2.4.1. In terms of the Framework Agreement, the Transaction remains subject to the fulfilment of a number of conditions precedent, which include the following material conditions, that on or before 15 March 2021 (or such later date as the parties to the Framework Agreement may agree in writing) –
 - 2.4.1.1. the approvals required by the Competition Act, No. 89 of 1998 for the implementation of the Transaction have been granted, either unconditionally or subject to such conditions as have been approved in writing by the Company and, to the extent that any conditions are imposed on them, also the Steinhoff Subsidiaries;
 - 2.4.1.2. the shareholders of Pepkor have approved, by way of a special resolution adopted in terms of section 60 of the Companies Act, the issue of the Pepkor Consideration Shares to the Steinhoff Subsidiaries in accordance with section 41(1) of the Companies Act;
 - 2.4.1.3. the Steinhoff Subsidiaries have obtained the consent of Steinhoff N.V.'s creditors under the written "Contingent Payment Undertakings" put in place by Steinhoff N.V. in favour of its creditors, to the extent required; and
 - 2.4.1.4. the JSE has approved the admission to listing on the Main Board of the JSE of the Pepkor Consideration Shares.

2.5. **Resolutive Condition**

The Transaction is subject to a resolutive condition in terms of which the Framework Agreement and all Substantive Agreements will terminate and cease to be of further force and effect if the registration of transfer of the Cliffdale Property into the name of Ultimo and the issuing of the relevant portion of the Pepkor Consideration Shares to Steinprop for the Cliffdale Property does not occur by 30 April 2021 (or such later date as the parties to the Framework Agreement agree in writing).

2.6. **Effective Date of the Transaction**

The effective date of the transfer of each of the Rental Enterprises shall be the date on which (i) transfer of the relevant Property or, with respect to the Groblersdal Property, cession and assignment of the Groblersdal Lease to CEA or Ultimo, as applicable, is registered in accordance with the provisions of the Deeds Registries Act No. 47 of 1937, and (ii) Pepkor allots and issues the corresponding number of Pepkor Consideration Shares to the relevant Steinhoff Subsidiary in accordance with the relevant Substantive Agreement (as read with the Framework Agreement).

2.7. Warranties and Other Significant Terms to the Transaction

- 2.7.1. The Framework Agreement and the Substantive Agreements contains warranties by the parties thereto in favour of each other, which are usual for a transaction of this nature, which includes a warranty by Steinprop and Steinhoff JD Group Property Holdings that up to and until the last transfer date in terms of the Substantive Agreement/s to which such entity is a party, its assets, fairly valued, do and shall continue to equal or exceed its liabilities, fairly valued.
- 2.7.2. Following the issue by Pepkor of the Pepkor Consideration Shares, CEA and Ultimo will each become indebted to Pepkor in an amount equal to their respective portions of the Aggregate Consideration, which amounts will remain outstanding on loan account in favour of Pepkor. In this regard, Ultimo will acquire the Rental Enterprises (including the underlying Properties) conducted on the Cliffdale Property and the Kuils River Property and CEA will acquire the Rental Enterprises (including the underlying Properties or, in the case of the Groblersdal Property, the Groblersdal Lease) conducted on all the other Properties.
- 2.7.3. It is intended that the acquisition by CEA and Ultimo of all the Rental Enterprises (including the Properties and, in the case of the Groblersdal Property, the Groblersdal Lease) will be effected in whole, as a composite transaction, and not in part. However, the parties recognise that one or more of the Substantive Agreements may not become unconditional and/or may be cancelled in accordance with the terms of the Framework Agreement as read with the relevant Substantive Agreement. Accordingly, the parties have agreed that, unless the Substantive Agreement in respect of the Rental Enterprise conducted on the Cliffdale Property has been implemented in full, none of the other Substantive Agreements will be implemented. Further, once the Substantive Agreement in respect of the Rental Enterprise conducted on the Cliffdale Property has been implemented, all other Substantive Agreements must be implemented save and except only if the relevant Substantive Agreement does not become unconditional or is cancelled according to the terms of the Framework Agreement as read with the relevant Substantive Agreement.
- 2.7.4. The Steinhoff Subsidiaries have each undertaken not to dispose of or encumber the Pepkor Consideration Shares received by it in terms of the applicable Substantive Agreement for a period of at least 6 (six) months from the date the relevant Pepkor Consideration Shares were issued to it.
- 2.7.5. In terms of the Framework Agreement, if CEA or Ultimo dispose of any of the Rental Enterprises to a third party within a period of 12 (twelve) months from the relevant transfer date of such Rental Enterprise, at a profit, they will be obliged to pay an amount equal to such profit up to a maximum of 20% of the consideration payable per Property to the applicable Steinhoff Subsidiary. The aforesaid clawback shall not apply if the Rental Enterprise is sold to another company within the Pepkor Group or if the disposal occurs pursuant to a transaction which does not have, as its primary objective, the disposal of the relevant Rental Enterprise. Pepkor deems the acquisition of the Rental Enterprises to be strategic in nature and does not intend to dispose of the Rental Enterprises in the next 12 (twelve) months.
- 2.7.6. Steinhoff Africa has guaranteed all payment obligations of each of the Steinhoff Subsidiaries in terms of the Transaction, which guarantee is effective for a period of 6 (six) months from the date of implementation of each Substantive Agreement.
- 2.7.7. Steinhoff Africa has also indemnified the Company, CEA and Ultimo against any loss, expense, liability or cost which they may suffer if Showboat, Tanzanite and/or Copperzone is liquidated at any time within 6 (six) months from the date of implementation of any Substantive Agreement to which Showboat, Tanzanite or Copperzone, as the case may be, is a party.

3 SHARE CAPITAL

The authorised and issued share capital of the Company before and after the Transaction is set out below:

Before the Transaction	Number of Shares	R'm
Authorised share capital		
Ordinary shares of no par value	20 000 000 000	-
Issued share capital		
Stated capital – ordinary shares of no par value	3 660 350 881	67 234

After the Transaction	Number of Shares	R'm
Authorised share capital		
Ordinary shares of no par value	20 000 000 000	-
Issued		
Stated capital – ordinary shares of no par value	3 730 350 881	68 284

4 THE PROPERTIES

Details of each of the Properties on which each of the Rental Enterprises are conducted are as follows:

Property Name	Erf and size	Current owner (applicable Steinhoff Subsidiary)	Property type	Gross lettable area (square metres)	Tenant
Cliffdale Property	Erf 241 Cliffdale, KwaZulu Natal, in extent 10,3167 hectares	Steinprop	Distribution centre (warehouse)	94,686	Ackermans Pepkor Speciality
	Erf 242 Cliffdale, KwaZulu Natal, in extent 4,2527 hectares				
	Erf 243 Cliffdale, KwaZulu Natal, in extent 3,1831 hectares				
	Erf 244 Cliffdale, KwaZulu Natal, in extent 11,2510 hectares				
East Gate property	Erf 126 Eastgate Extension 3, Gauteng, in extent 2,4765 hectares	Steinprop	Office building (B-grade offices)	9,185	JD Group
Kuils River Property	Erf 9379 Kuils River, Western Cape, in extent 1,0527 hectares	Steinprop	Office building (B-grade offices)	7,428	Tenacity
Jet Park Property	Erf 684 Jet Park Extension 66, Gauteng, in extent 3,5739 hectares	Steinhoff JD Group Property Holdings	Distribution centre (warehouse)	15,794	JD Group
PE Property	Portion 193 of Farm Kuyga No. 8, Nelson Mandela Bay Metropolitan, Eastern Cape, in extent 2,5491 hectares	Steinhoff JD Group Property Holdings	Distribution centre (warehouse)	10,168	JD Group
Polokwane Property	Remaining extent of Erf 5669 Pietersburg Extension 12, Limpopo, in extent 3,0716 hectares	Steinhoff JD Group Property Holdings	Distribution centre (warehouse)	12,428	JD Group

Property Name	Erf and size	Current owner (applicable Steinhoff Subsidiary)	Property type	Gross lettable area (square metres)	Tenant
Tzaneen Property	Portion 1 of Erf 1972, Tzaneen Extension 18, Limpopo, in extent 2,0815 hectares	Steinhoff JD Group Property Holdings	Distribution centre (warehouse)	6,234	JD Group
Vryburg Property	Erf 2963 Vryburg, Naledi Municipality, North West, in extent 1,5255 hectares	Steinhoff JD Group Property Holdings	Distribution centre (warehouse)	4,712	JD Group
“Groblersdal Property” (note 1)	Erf 832 Groblersdal, Extension 15, Limpopo, in extent 4,9514 hectares	Tanzanite (current lessee)	Distribution centre (warehouse)	8,045	JD Group
“Kokstad Property”	Erf 8947 Kokstad, KwaZulu Natal, in extent 3269 square metres	Showboat	Distribution centre (warehouse)	4,735	JD Group
	Erf 8948 Kokstad, KwaZulu Natal, in extent 3281 square metres				
	Erf 8949 Kokstad, KwaZulu Natal, in extent 1677 square metres				
	Erf 8950 Kokstad, KwaZulu Natal, in extent 1663 square metres				
“Richards Bay Property”	Erf 8778, Richards Bay (Extension No. 28), KwaZulu Natal, in extent 1,7437 hectares	Showboat	Distribution centre (warehouse)	6,241	JD Group
“Nelspruit Property” (note 2)	Portion 3 of Erf 5, Karino Township, Mpumalanga, in extent 4,0600 hectares	Copperzone	Distribution centre (warehouse)	8,514	JD Group

Notes:

1. The Groblersdal Property itself is not the subject of the relevant acquisition and will not be acquired by Pepkor. The Groblersdal Lease in respect of portion A of the Groblersdal Property, in extent 1,990 hectares, is the subject of the acquisition and will be transferred, by way of a cession and assignment, from Tanzanite (as lessee) to CEA, following which CEA will become the new Lessee, as contemplated by paragraph 2.1.1.2 above.
2. Copperzone is the owner of an undivided share in the Nelspruit Property. Accordingly, CEA will not acquire ownership of the whole property but only an undivided half share in the Nelspruit Property.

5 REPORT OF THE INDEPENDENT EXPERT

- 5.1. The Transaction is classified as a small related party transaction for Pepkor in terms of paragraph 10.7 of the Listings Requirements of the JSE Limited given that:

- 5.1.1. Steinhoff N.V. and the Steinhoff Subsidiaries are “related parties” of Pepkor by virtue of the fact that Steinhoff N.V. is indirectly a material shareholder of the Company; and
- 5.1.2. the number of the Pepkor Consideration Shares to be issued by Pepkor to the Steinhoff Subsidiaries as a percentage of Pepkor’s shares in issue, equates to 1.91%.
- 5.2. Accordingly, and as set out in the Transaction Announcement, having considered the terms and conditions of the Transaction and based on the reasons set out in its report, PSG Capital, in its capacity as the independent expert, has concluded that the terms and conditions of the Transaction are fair to Shareholders. A copy of the fairness opinion is available for inspection as detailed in paragraph 9.

6 VOTING ON THE SHAREHOLDER RESOLUTION REQUIRED FOR THE ISSUE OF THE PEPKOR CONSIDERATION SHARES

In order to be adopted and by virtue of the fact that the Steinhoff Subsidiaries are persons related or inter-related (as contemplated in section 2 of the Companies Act) to the Company, section 41(1) of the Companies Act requires the Shareholder Resolution required for the issue of the Pepkor Consideration Shares to be approved as a special resolution. This means that the aforementioned Shareholder Resolution must be supported by at least 75% of the voting rights exercised on such resolution.

7 DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors, whose names are given in the “Corporate Information” section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular relating to the Company 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, and that this Circular contains all information required by law.

8 OPINION AND RECOMMENDATION

The Board is of the opinion that the Transaction is in the best interests of the Company and should be supported, and unanimously recommends that the Shareholders vote in favour of the Shareholder Resolutions. Each of the Directors who holds Shares directly or through an associate and is permitted to vote intends to vote his/her Shares in favour of the Shareholder Resolutions.

9 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the Company’s registered office and at the offices of the Equity Sponsor, PSG Capital, the details of which appear in the “Corporate Information” section of this Circular, from the date of issue of this Circular until the day on which the Shareholder Resolutions have been adopted (both days inclusive):

- 9.1. the memorandum of incorporation of the Company;
- 9.2. the Framework Agreement;
- 9.3. each Substantive Agreement;
- 9.4. this Circular, including all annexures hereto; and
- 9.5. the report by the independent expert (fairness opinion) contemplated in paragraph 5.

SIGNED AT JOHANNESBURG ON THURSDAY, 14 JANUARY 2021 BY WENDY LUHABE ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY

Wendy Luhabe
Chairman

Shareholder Resolution

PEPKOR

Holdings Limited

PEPKOR HOLDINGS LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number 2017/221869/06)
 Share Code: PPH Debt Code: PPHI
 ISIN: ZAE000259479
 ("Pepkor" or the "Company")

SHAREHOLDER RESOLUTIONS TO BE ADOPTED IN TERMS OF SECTION 60 OF THE COMPANIES ACT

Notes –

- 1 *The interpretations and definitions commencing on page 5 of the circular to which this **Annexure A** is attached (the "**Circular**") apply mutatis mutandis to the resolutions set out below.*
- 2 *Section 60(1) of the Companies Act provides that a resolution that could be voted on at a shareholders meeting may instead be submitted for consideration to the shareholders entitled to exercise voting rights in relation to the resolution and be voted on in writing by shareholders entitled to exercise voting rights in relation to the resolution, within 20 (twenty) business days after the resolution was submitted to them.*
- 3 *The Shareholder Resolutions shall be adopted as soon as the voting rights exercised thereon equal the percentage of voting rights required to pass such resolution (as detailed in the resolution below), despite the abovementioned 20 Business Day period not having lapsed.*

1. **SPECIAL RESOLUTION NUMBER 1: APPROVAL OF THE ISSUING OF ALL OR SOME OF THE PEPKOR CONSIDERATION SHARES TO EACH OR SOME OF THE STEINHOFF SUBSIDIARIES**

IT IS RESOLVED THAT, in terms of section 41(1) of the Companies Act, the Directors of the Company be and are hereby authorised to allot and issue all or some of the Pepkor Consideration Shares to each or some of the Steinhoff Subsidiaries in accordance with the terms of the Framework Agreement as read with the Substantive Agreements.

Reason for and effect of Special Resolution Number 1

Special Resolution Number 1 is required to obtain the Shareholders' approval, in terms of section 41(1) of the Companies Act, to issue all or some of the Pepkor Consideration Shares to each or some of the relevant Steinhoff Subsidiaries. In this regard, section 41(1) of the Companies Act requires approval of the shareholders by special resolution to issue Shares inter alia to persons who are related or inter-related (as defined in section 2 of the Companies Act) to the Company.

The effect of Special Resolution Number 1, if adopted, will be to grant the requisite approval for the issuing of all or some of the Pepkor Consideration Shares to each or some of the relevant Steinhoff Subsidiaries in accordance with the Framework Agreement as read with the Substantive Agreements, as required under the Companies Act.

Approval required for Special Resolution Number 1

The percentage of voting rights required for the adoption of Special Resolution Number 1 is at least 75% of the voting rights exercised on the resolution.

2. ORDINARY RESOLUTION NUMBER 1: AUTHORITY GRANTED TO DIRECTORS

IT IS RESOLVED THAT, any one director be and is hereby authorised to do all things, sign all documents and take all such actions as required and generally do anything necessary or desirable to give effect to and implement the Transaction and Special Resolution number 1 above, and all such actions taken prior hereto be and are hereby ratified and approved.

Reason for Ordinary Resolution Number 1

Ordinary Resolution Number 1 is required to authorise and empower any director of the Company to sign all documents and do all things necessary to give effect to the Transaction.

Approval required for Ordinary Resolution Number 1

The percentage of voting rights required for the adoption of Ordinary Resolution Number 1 is more than 50% of the voting rights exercised on the resolution.

Form of Written Consent

PEPKOR

Holdings Limited

PEPKOR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2017/221869/06)
Share Code: PPH Debt Code: PPHI
ISIN: ZAE000259479
("Pepkor" or the "Company")

FORM OF WRITTEN CONSENT IN TERMS OF SECTION 60 OF THE COMPANIES ACT

The interpretations and definitions commencing on page 5 of the circular to which this Annexure B is attached ("Circular"), apply mutatis mutandis to the Form of Written Consent contained herein.

FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WITH OWN-NAME REGISTRATION ONLY

Certificated Shareholders and Dematerialised Shareholders with Own-name registration should complete this form, indicating their instructions for voting in respect of the proposed Shareholder Resolutions, and furnish the duly completed and signed form to the Transfer Secretaries, Computershare, at the address detailed in paragraph 1.2 on page 2 of the Circular by no later than 17h00 on Monday, 22 February 2021. In the event that this form is not completed, signed and furnished to the Transfer Secretaries by 17h00 on Monday, 22 February 2021, the votes of the relevant Certificated Shareholders and Dematerialised Shareholders with Own-name registration will not be taken into consideration for purposes of the proposed Shareholder Resolutions.

Note:

Shareholders who hold Dematerialised Shares without Own-name registration must NOT complete and lodge this Form of Written Consent, but must instead furnish their respective Broker or CSDP with their **instructions for voting** in respect of the proposed Shareholder Resolutions. Unless such Shareholders furnish their Broker or CSDP, as the case may be, with their instructions for voting by the cut-off time stipulated in their agreement with their Broker or CSDP, the Broker or CSDP will assume that such Shareholders do not wish to vote on the proposed Shareholder Resolutions or will vote in accordance with their agreement with such Shareholder.

I/We (print complete names)
of (address)

being the holder(s) of _____ Shares, hereby vote as follows:

	For*	Against*	Abstain*
Special Resolution Number 1: Approval of the issuing of all or some of the Pepkor Consideration Shares to each or some of the Steinhoff Subsidiaries			
Ordinary Resolution Number 1: Authority granted to Directors			

*One vote per Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided, or "X" should they wish to vote all Shares held by them.

Signed at:	on	2021
Signature		
Capacity of signatory (where applicable):		
Note: Authority of signatory to be attached		
E-mail address:		
Telephone number:		
Cellphone number:		
Assisted by me (where applicable)		
Full name:		
Capacity:		
Signature:		

Notes:

- 1 A person signing this Form of Written Consent in a representative capacity must attach the documentary evidence establishing such authority to this Form of Written Consent, unless it has been previously recorded by the Transfer Secretaries.
- 2 Where this Form of Written Consent is signed under power of attorney, such power of attorney must accompany this Form of Written Consent, unless it has been previously recorded by the Transfer Secretaries.
- 3 For this Form of Written Consent to be binding, it must be completed and signed in accordance with the instructions herein, and must be received by the Transfer Secretaries by no later than 17h00 on Monday, 22 February 2021 either:

By hand	By mail or email
Computershare Investor Services Proprietary Limited	Computershare Investor Services Proprietary Limited
Rosebank Towers	Private Bag X9000
15 Biermann Avenue	Saxonwold
Rosebank	2132
2196	Email address: proxy@computershare.co.za
- 4 Should this Form of Written Consent not be completed and/or received in accordance with these notes, the Transfer Secretaries may accept or reject it, provided that, in the case of acceptance, the Transfer Secretaries is satisfied as to the manner in which the Shareholder's votes are to be recorded.
- 5 A Shareholder's instructions on the Form of Written Consent must be indicated by the insertion of the relevant number of votes exercised by that Shareholder in the appropriate box provided. Such a Shareholder is not obliged to use all the votes exercisable by the Shareholder, but the total number of votes cast and in respect of which abstention is recorded may not exceed the total number of votes exercisable by such Shareholder.
- 6 Where a Share is held jointly and if more than one of the joint holders completes and submits this Form of Written Consent timeously to the Company in respect of that Share, only the vote of the joint holder whose name stands first in the Register will count.
- 7 A Shareholder who is a minor must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have previously been recorded by the Transfer Secretaries.
- 8 Any alteration or correction to this Form of Written Consent must be initialled by the signatory/ies.

