

## PICK N PAY UNBUNDLES ITS PYRAMID

*[Cape Town, 13 June 2016]* Pick n Pay Stores announced today that it was seeking shareholder approval for a proposal to replace its current pyramid ownership structure with a simpler, more modern single share listing. Shareholders will vote on 25 July.

The pyramid structure was introduced in 1981 by the Ackerman family to prevent a hostile takeover. It ensures that the founding values of the business remain in place through family control of the company. The pyramid takes the form of a dual listing on the JSE. The Ackerman family owns more than 50% of shares in Pick n Pay Holdings Ltd (“Holdings”), which in turn owns more than 50% of shares in Pick n Pay Stores Ltd (“Stores”).

This type of structure has come over time to be seen as cumbersome and outdated, and the Ackerman family has therefore come forward with a proposal which would unbundle the pyramid structure while retaining family control. The proposal has been approved by both Pick n Pay Boards.

In essence, the proposal will:

- collapse the pyramid by unbundling all shares in Holdings, with Holdings shareholders receiving shares in Stores on a pro rata basis;
- mean that all shareholders in Pick n Pay will hold their shares in a single Stores listing. Holdings would delist from the JSE, and would be wound up;
- allocate to the Ackerman family a new class of unlisted voting shares in Stores (“B Shares”). This will ensure that the Ackerman family continues to have a controlling interest in the company.

To ensure that the interests of minority shareholders are taken fully into account in the decision to unbundle the pyramid, the Ackerman family will not vote on the proposal, nor will Holdings exercise its share in the Stores vote.

Commenting on the proposal, Pick n Pay chairman Gareth Ackerman said:

“The Ackerman family has for some time been looking to unbundle the pyramid in a way which benefits the company and all its shareholders. I believe this proposal delivers these objectives. This type of structure is recognised domestically and internationally and is more appropriate in ensuring compliance with modern corporate governance standards.

“Unbundling the pyramid will streamline the Pick n Pay Group into one listed entity, with benefits for the company and potentially for all shareholders. Over time, the simpler structure should improve Pick n Pay Stores’ appeal to investors, which could in turn help our long-term growth strategy.

“The proposal will maintain Ackerman family voting control over Pick n Pay. We believe this is to the benefit of the company. The family has had control of the company for almost 50 years. We are delighted with the leadership shown by Richard Brasher and his team, and their commitment to the founding values of the company. This new structure will ensure stability, limit uncertainty and allow our excellent management team to get on with the vital job of completing the turnaround of the business.”

Pick n Pay CEO Richard Brasher said:

“Pick n Pay is making good progress on its plan, and I see this as the next step in our modernisation programme.

“It will modernise and simplify Pick n Pay by creating a single, unified structure. It will increase the free float in Stores from about 46% to around 73%. This should over time make the company more attractive to investors. By unbundling Holdings shares into Stores, it will also eliminate the current discount between the two shares.

“Importantly, it will remove a lot of distraction and debate about the current structure and when it will be changed. This will enable me and my team to put our entire focus into serving our customers, improving our offer and accelerating the performance of the company.”

Pick n Pay’s founder, Raymond Ackerman added:

“The Ackerman family intends to stay invested and involved in Pick n Pay. We have a highly effective team managing the company, and our continuing involvement will ensure consistency in the company’s direction and continuity in our values.”

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