

Pick n Pay Stores Limited

(Incorporated in the Republic of South Africa)

Registration number 1968/008034/06

Share code: PIK

ISIN code: ZAE000005443

("Stores")

Announcement of the ratio apportionment of the tax cost in respect of the unbundling by Pick n Pay Holdings Limited RF of its Stores ordinary shares

PICK N PAY HOLDINGS LIMITED RF ("**HOLDINGS**") FORMERLY TRADED UNDER SHARE CODE "PWK" (ISIN CODE: ZAE000005724)

1. Introduction

Stores ordinary shareholders ("**Stores Shareholders**") and Pick n Pay Holdings Limited RF ("**Holdings**") ordinary shareholders who were shareholders on the record date of the unbundling, as defined below, ("**Holdings Shareholders**") are referred to the joint announcement released by Holdings and Stores on the stock exchange news service operated by the JSE Limited on 12 August 2016 where Holdings Shareholders were advised that the unbundling by Holdings of all the issued ordinary shares in Stores held by Holdings at the time of the unbundling ("**Unbundling**") was unconditional.

Holdings Shareholders received Stores shares in terms of the Unbundling ("**Unbundled Stores Shares**"). In addition, Holdings Shareholders sold their ordinary shares in Holdings ("**Holdings Shares**") to Stores in terms of the scheme of arrangement (the "**Scheme**") and Holdings became a wholly owned subsidiary of Stores post the Scheme.

The purpose of this announcement is to advise Stores Shareholders who were Holdings Shareholders of the apportionment ratio in which the expenditure incurred and/or the valuation of Holdings shares must be apportioned for South African taxation purposes between the Unbundled Stores Shares and the Holdings Shares that were sold to Stores in terms of the Scheme.

2. Apportionment of tax cost

2.1. Apportionment tax principle

Holdings Shareholders will have combined expenditure in relation to the Holdings Shares and Unbundled Stores Shares pursuant to the Unbundling.

Holdings Shares held as trading stock

Any Holdings Shareholder holding Holdings Shares as trading stock will be deemed to acquire the unbundled Stores Shares as trading stock. The combined expenditure of such Holdings Shares and Stores Shares will be the amount originally taken into account by the Holdings Shareholder in respect of those Holdings Shares, as contemplated in section 11(a), section 22(1), or section 22(2) of the Income Tax Act.

The expenditure to be allocated to the Unbundled Stores Shares will be determined by applying the ratio that the market value of Stores Shares bears to the sum of the market value of the Stores Shares and the Holdings Shares at the end of the day after the Unbundling. The expenditure so allocated to the Unbundled Stores Shares will reduce the expenditure of the Holdings Shares held. Shareholders will be deemed to have acquired the Unbundled Stores Shares on the date on which the Holdings Shares were originally acquired.

Holdings Shares held as capital assets

Any Holdings Shareholder holding Holdings Shares as capital assets will be deemed to acquire the Unbundled Stores Shares as capital assets. The expenditure incurred in respect of the

Holdings Shares, in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, and (where applicable) the capital gains tax valuation of the Holdings Shares, as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act, will be apportioned between the Unbundled Stores Shares and the Holdings Shares by applying the ratio that the market value of Stores Shares bears to the sum of the market values of the Stores Shares and Holdings Shares at the end of the day after the Unbundling. The base cost so allocated to the Unbundled Stores Shares will reduce the base cost of the Holdings Shares held. Shareholders will be deemed to have acquired the Unbundled Stores Shares on the date on which the Holdings Shares were originally acquired.

2.2. Apportionment ratio

Holdings Shareholders are hereby advised that the expenditure and market value, as the case may be, of their Holdings Shares as referred to above must be apportioned in the ratio of 0.01277% to a Holdings Share and 99.98723% to an Unbundled Stores Share ("**Apportionment Ratio**").

The Apportionment Ratio is based on market value of R0.00958 per Holdings Share and the closing price of R75.00 per Stores Share on 29 August 2016.

THIS ANNOUNCEMENT IS NOT INTENDED TO BE A COMPLETE ANALYSIS OF THE TAX IMPLICATIONS OF THE UNBUNDLING. IT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE. SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN PROFESSIONAL TAX ADVISORS ON THE TAXATION CONSEQUENCES OF THE UNBUNDLING IN BOTH SOUTH AFRICA AND THEIR JURISDICTION OF RESIDENCE AND THE CALCULATION OF THEIR COSTS FOR TAXATION PURPOSES.

Cape Town
30 August 2016

Adviser and Sponsor to Holdings

Investec Bank Limited

Legal Adviser to Holdings

Werksmans Incorporated