

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately. Copies of this circular (in English only) may be obtained from the offices of the sponsor at the address set out on the inside front cover or from the Investor Relations section of the Company's website [www.value.co.za](http://www.value.co.za). The definitions and interpretations commencing on page 6 of this circular apply *mutatis mutandis* throughout this circular, including the front cover.

### Action required

1. If you have disposed of all of your Shares in Value Group, please forward this Circular to the purchaser of such Shares or to the stockbroker, banker or other agent through whom such disposal was effected.
2. Certificated or own name Dematerialised Shareholders who are unable to participate in the General Meeting of Shareholders to be held and conducted entirely by electronic communication at 11:00 on Friday, 24 July 2020 and wish to be represented thereat, must complete and return the attached Form of Proxy in accordance with the instructions contained therein to the Transfer Secretaries of the Company, 2nd Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (Private Bag X9000, Saxonwold 2132), e-mail address [proxy@computershare.co.za](mailto:proxy@computershare.co.za) so as to be received by them for administrative purposes not later than 11:00 on Wednesday, 22 July 2020.
3. Dematerialised Shareholders, other than those with own name registration, must inform their CSDP or broker of their intention to participate in the General Meeting in order for such CSDP or broker to be able to issue them with the necessary letters of representation together with an email address to enable them to participate in such meeting or, alternatively, should they not wish to participate in the General Meeting, they should provide their CSDP or broker with their voting instructions. This must be effected in terms of the agreement entered into between the Shareholder and their CSDP or broker.
4. Value Group does not accept any responsibility and will not be held liable for the failure on the part of the CSDP or broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the Corporate Action set out in this Circular.



### VALUE GROUP LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number 1997/002203/06)  
Share Code: VLE ISIN: ZAE000016507

## CIRCULAR TO SHAREHOLDERS

regarding

- approval and implementation of the Corporate Action relating to the conclusion of the Lease Renewal Agreements with the Related Party;

and incorporating

- a notice of the General Meeting; and
- the Form of Proxy.

Sponsor



Auditors and reporting accountants



Independent Professional Expert



Corporate advisor



Date of issue: 26 June 2020

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## CORPORATE INFORMATION

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**Registered office**

49 Brewery Road  
Isando 1601  
(PO Box 778, Isando 1600)

**Company secretary**

FluidRock Co Sec Proprietary Limited  
(Registration number 2016/093836/07)  
Monument Office Park  
Block 5 Suite 201  
77 Steenbok Avenue, Monument Park 0181  
(PO Box 25160, Monument Park 0105)

**Sponsor**

The Corporate Finance Division of Investec Bank Limited  
(Registration number 1969/004763/07)  
100 Grayston Drive  
Sandown, Sandton 2196  
(PO Box 787500, Sandton 2146)

**Auditors and reporting accountants**

SVG  
Practice number 914134  
Registered Auditors  
Chartered Accountants (SA)  
3<sup>rd</sup> Floor  
35 Ferguson Road  
Illovo 2196  
(PO Box 821, Northlands 2116)

**Corporate advisor**

Suez Capital Proprietary Limited  
(Registration number 2017/316437/07)  
245 Marais Street,  
Brooklyn 0181  
(Suite 205, Private Bag X25723, Monument Park 0105)

**Independent Professional Expert**

Mazars Corporate Finance Proprietary Limited  
(Registration number 2003/029561/07)  
54 Glenhove Road  
Melrose Estate 2076  
(PO Box 6697, Johannesburg 2000)

**Transfer secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
2nd Floor  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg 2196  
(Private Bag X9000, Saxonwold 2132)

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## CONTENTS

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	<b>Page</b>
<b>Corporate information</b>	<b>Inside front cover</b>
<b>Important dates and times</b>	<b>4</b>
<b>Salient features</b>	<b>5</b>
<b>Definitions and interpretations</b>	<b>6</b>
<b>Circular to shareholders</b>	<b>7</b>
1. Introduction	7
2. Purpose of this circular	7
3. Incorporation, nature of business and prospects	7
4. Share capital	8
5. The Corporate Action and rationale	9
6. Condition precedent relating to the Corporate Action	10
7. <i>Pro forma</i> financial effects of the Corporate Action	10
8. Particulars of Directors and their interests	10
9. Major shareholders	12
10. Opinions and recommendation	12
11. Material changes	12
12. Litigation statement	12
13. Material contracts	12
14. Estimated costs	12
15. Directors' responsibility statement	13
16. Experts' consents	13
17. General meeting	13
18. Incorporation by reference	13
19. Documents available for inspection	13
<b>Annexure 1</b> Independent Professional Expert's opinion on the Corporate Action	15
<b>Annexure 2</b> <i>Pro forma</i> statement of comprehensive income and statement of financial position	18
<b>Annexure 3</b> Reporting Accountants' limited assurance report on the <i>pro forma</i> financial information	20
<b>Notice of the General Meeting</b>	<b>22</b>
<b>Form of Proxy (<i>blue</i>) for use by Value Group shareholders</b>	<i>Attached</i>

*(Certificated and own name dematerialised shareholders only)*

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## IMPORTANT DATES AND TIMES

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**2020**

Record date for Shareholders to be entitled to receive this Circular	Friday, 19 June
Circular including notice of General Meeting to consider the Corporate Action distributed to Shareholders	Friday, 26 June
Notice convening the General Meeting released on SENS on	Friday, 26 June
Last day to trade Ordinary Shares in order to be eligible to vote at the General Meeting	Tuesday, 14 July
Record date to vote at the General Meeting	Friday, 17 July
Proxy forms requested to be lodged for administrative purposes with Transfer Secretaries by 11h00 on	Wednesday, 22 July
Proxy forms not lodged with Transfer Secretaries to be delivered to the chairman of the General Meeting before 11h00 on	Friday, 24 July
General Meeting of Shareholders to be held at 11h00 on	Friday, 24 July
Results of General Meeting released on SENS on	Friday, 24 July,

### Notes:

1. The dates and times set out above are subject to change. Any such change will be released on SENS and published in the press.
2. Dematerialised Shareholders, other than those with Own Name registration, must inform their CSDP or broker of their intention to participate in the General Meeting in order for such CSDP or broker to be able to issue them with the necessary letters of representation to enable them to participate in such meeting or, alternatively, should they not wish to participate in the General Meeting, but wish to be represented thereat, they should provide their CSDP or broker with their voting instructions. This must be effected in terms of the agreement entered into between the Shareholder and the CSDP or broker.
3. Value Group does not accept any responsibility and will not be held liable for the failure on the part of the CSDP or broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the Corporate Action set out in this Circular.

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## SALIENT FEATURES

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The salient features and actions required should be read in conjunction with this Circular as a whole for a full appreciation thereof. The definitions and interpretations commencing on page 6 of this Circular apply to the salient features.

### 1. INTRODUCTION

- 1.1 On 29 May 2020 Value Group announced that the Lease Renewal Agreements had been concluded and the Board had resolved to implement the Corporate Action.
- 1.2 Implementation of the Corporate Action requires the approval of the Shareholders in the General Meeting, by way of ordinary resolutions.
- 1.3 This Circular provides the Shareholders with details of the Corporate Action and contains a notice convening the General Meeting and the ordinary resolutions required for implementation of the Corporate Action.

### 2. THE CORPORATE ACTION

Subject to fulfilment of the Condition Precedent set out in paragraph 6 of this Circular, the Lease Renewal Agreements will be ratified and the Corporate Action will be implemented

### 3. RATIONALE FOR THE CORPORATE ACTION

- 3.1 Due to the termination and expiration of existing leases Value Group has, through its wholly-owned subsidiary Value Logistics, entered into the Lease Renewal Agreements, subject to approval of the Corporate Action.
- 3.2 Value Group is an integrated logistics service provider throughout South Africa. These services are conducted by utilising its premises comprising warehousing, distribution and depot infrastructure, which are crucial elements in respect of the performance of its operations.
- 3.3 The Lease Renewal Agreements are in respect of properties to be specifically utilised as critical infrastructure for the provision of services to material clients under warehousing and distribution services-agreements with durations similar to those of the Lease Renewal Agreements. The obligations arising from the Lease Renewal Agreements are accordingly underpinned by the cash flows to be realised from the said third-party client agreements.
- 3.4 The Board has accordingly determined that the Company should implement the Corporate Action.

### 4. GENERAL MEETING AND ACTION REQUIRED

- 4.1 The General Meeting will be held and conducted entirely by electronic communication at 11:00 on Friday, 24 July 2020, to consider and pass the ordinary resolutions necessary to approve the Corporate Action. A notice convening the General Meeting is contained in this Circular, as well as instructions for participation by electronic communication and a Form of Proxy for those Certificated and Own Name Dematerialised Shareholders who will be unable to participate in the General Meeting but wish to be represented thereat. The Related Party and its associates may be included in the quorum for the General Meeting but will be excluded from voting on the Corporate Action.
- 4.2 Certificated or Own name Dematerialised Shareholders who are unable to participate in the General Meeting but wish to be represented thereat are requested to complete the attached Form of Proxy and return it in accordance with the instructions and notes contained therein to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, 2<sup>nd</sup> Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (Private Bag X9000, Saxonwold 2132), e-mail address proxy@computershare.co.za so as to be received by not later than 11:00 on Wednesday, 22 July 2020, for administrative purposes, provided that any form of proxy not lodged with the Transfer Secretaries by this time may still be accepted at any time before the appointed proxy exercises any shareholder rights at the General Meeting.
- 4.3 In terms of the custody agreements entered into by Dematerialised Shareholders and their CSDP's or brokers:
  - Dematerialised Shareholders, other than own name Dematerialised Shareholders, who wish to participate in the General Meeting, must instruct their CSDP or broker to issue them with the necessary letters of representation to participate in the General Meeting. The relevant Dematerialised Shareholder must submit a copy of the aforementioned letter of representation, together with an email address, to the Transfer Secretaries of the company at any of the aforementioned addresses not later than 11:00 on Wednesday 22 July 2020, who will provide them with further instructions on how to participate in the General Meeting by electronic communication and how to vote thereat.
  - Dematerialised Shareholders, other than own name Dematerialised Shareholders, who wish to be represented at the General Meeting by way of proxy, must provide their CSDP or broker with their voting instructions by the cut-off time or date advised by their CSDP or broker for transactions of this nature.
- 4.4 Value Group does not accept any responsibility and will not be held liable for the failure on the part of the CSDP or broker of any holder of dematerialised shares to notify such Shareholder of the action required of them in respect of the Corporate Action set out in this Circular.

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## DEFINITIONS AND INTERPRETATIONS

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In this circular and the annexures thereto, unless otherwise stated or the context indicates a contrary intention, the following expressions shall have the meanings set out opposite them. Cognate expressions bear corresponding meanings, words denoting one gender shall import and include the others, natural persons shall import and include juristic persons and vice versa and the singular shall import and include the plural and vice versa, as follows:

“the Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“the B-BBEE Transaction”	the Broad-Based Black Economic Empowerment transaction entered into by Value Group as set out in the circular to Shareholders dated 17 June 2017;
“the Board” or “the Directors”	the board of Directors of Value Group in office from time to time;
“Certificated Shareholders”	shareholders holding Ordinary or the A Shares represented by a Document of Title;
“the or this Circular”	this document dated Friday, 26 June 2020 including the notice of General Meeting and the Form of Proxy;
“the Common Monetary Area”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini (previously Swaziland);
“the Company” or “Value Group”	Value Group Limited, registration number 1997/002203/06, a company incorporated in Pretoria, South Africa on 18 February 1997, and listed on the JSE;
“the Condition Precedent”	the condition precedent set out in paragraph 6 of this Circular;
“the Corporate Action”	approval and implementation of the Lease Renewal Agreements concluded between Value Logistics and the Related Party;
“CSDP”	a Central Securities Depository Participant as defined in the Financial Markets Act, 2012 (Act 19 of 2012);
“Dematerialised” or “Dematerialisation”	the process in terms of which securities held by Certificated Shareholders are converted into electronic form and held by a CSDP or broker;
“Dematerialised Shareholders”	Shareholders who hold Ordinary Shares which have been Dematerialised;
“Documents of Title”	Share certificates, certified transfer deeds, balance receipts or any other documents of title;
“Form of Proxy”	the Form of Proxy ( <i>blue</i> ) attached to and forming part of this Circular;
“the General Meeting”	the General Meeting of the Shareholders to be held at 11:00 on Friday, 24 July 2020;
“the Group”	Value Group and all of its subsidiaries;
“the IPE”	the Independent Professional Expert appointed by the Company, namely Mazars Corporate Finance Proprietary Limited, registration number 2003/029561/07, a company incorporated in South Africa;
“the JSE”	the Johannesburg Stock Exchange, operated under licence as an exchange under the Financial Markets Act, 2012 (Act 19 of 2012) by JSE Limited, registration number 2005/022939/06, a company incorporated in South Africa;
“the Lease Premises”	the premises described in paragraph 5.1 of the Circular;
“the Lease Renewal Agreements”	the indivisible triple-nett lease agreements dated 28 May 2020 entered into by Value Logistics with the Related Party in respect of the Lease Premises;
“the Listings Requirements”	the Listings Requirements of the JSE in force from time to time;
“Ordinary Shares”	ordinary shares in Value Group with a par value of R0.001 each;
“Own Name Registration”	Dematerialised Shareholders who have registered their Ordinary Shares with a CSDP in their own name;
“the Related Party”	Mr SD Gottschalk, a director and through his family trusts an indirect material Shareholder of both the Company, and the property entities owning the Lease Premises relating to the Lease Renewal Agreements;
“SENS”	the Stock Exchange News Service operated by the JSE;
“the A Shares”	A ordinary shares in Value Group with a par value of R0,001 each, which have been issued to the Value Group Empowerment Trust in terms of the B-BBEE Transaction, and which carry voting rights;
“the Shareholders”	the holders of the Ordinary Shares and the A Shares;
“South Africa”	the Republic of South Africa;
“Strate”	the electronic clearing and settlement system used by the JSE and operated by Strate Proprietary Limited, registration number 1998/022242/07, a company incorporated in South Africa;
“the Transfer Secretaries”	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a company incorporated in South Africa; and
“Value Logistics”	Value Logistics Limited, registration number 1920/000560/06, a company incorporated in South Africa and a wholly-owned subsidiary of the Company.



**VALUE GROUP LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1997/002203/06)  
Share Code: VLE ISIN: ZAE000016507

**Directors**

CD Stein \* (Chairman)  
SD Gottschalk (Chief Executive Officer)  
CL Sack (Financial Director)  
IM Groves \*  
VM Mcobothi \*  
B Bulu \*  
NM Phosa \*\*  
MM Padiyachy

\* *Independent non-executive*

\*\* *Non-executive*

**CIRCULAR TO SHAREHOLDERS**

**1. INTRODUCTION**

- 1.1 On 29 May 2020 Value Group announced that the Lease Renewal Agreements had been concluded and the Board had resolved to implement the Corporate Action.
- 1.2 Implementation of the Corporate Action requires the approval of the Shareholders in the General Meeting, by way of ordinary resolutions.

**2. PURPOSE OF THIS CIRCULAR**

This Circular provides the Shareholders with details of the Corporate Action and contains a notice convening the General Meeting and the ordinary resolutions required for implementation of the Corporate Action.

**3. INCORPORATION, NATURE OF BUSINESS AND PROSPECTS**

**3.1 Incorporation**

- 3.1.1 Value Group was incorporated in South Africa on 18 February 1997. On 26 October 1998, Value Group was listed on the JSE following the unbundling by Vestacor Limited of its 30% interest in Value Group.
- 3.1.2 Value Group is listed on the JSE under the share code VLE in the Transportation Services Sector.

**3.2 Nature of business**

Value Group provides a diverse range of logistical and supply chain services. Its experience spans over a vast range of industries which enables it to deliver customised solutions to customers, ensuring their competitiveness. The business model has been developed with a core focus being placed on divisional expertise, highly skilled labour, IT interfaces and a national distribution framework, ensuring a fully integrated supply chain offering to its customers.

**3.2.1 Warehousing**

With almost 40 years of experience, Value Group holds the knowledge and expertise allowing it to effectively accommodate and execute exceptional warehousing services across a broad range of industries. Warehousing is a key offering within Value Logistics with warehouses strategically positioned in Western Cape, Kwa-Zulu Natal, Eastern Cape and Gauteng. The Group's WMS and IT capabilities allow it to integrate with local and global business systems resulting in efficient and seamless warehousing solutions.

**3.2.2 Imports and Exports**

The Clearing & Forwarding division has become an integral part of the Group having joined a strong international network of forwarding agents with over 600 offices in 190 countries, allowing it to offer Clearing & Forwarding services to and from anywhere in the world on a door-to-door basis. In addition to Customs clearing, this division offers additional value-added services such as Customs tariff consulting, full status reporting and landed costing.

### 3.2.3 Distribution

Value Group is the distribution partner of choice for many leading local and multi-national brands, designing distribution models to suit its clients' needs. It has the experience and expertise to respond to clients' business cycle fluctuations with speed and efficiency, ensuring product arrives at its point of destination.

The Freightpak Division specialises in storage and handling of packaged dangerous goods and hazardous chemicals. Value Group's distribution solutions include local, international, cross-border and exports.

### 3.2.4 Transportation

The Group's transportation options provide its clients the opportunity to choose from a broad spectrum of rental or dedicated options within an extensive fleet, offering a range of vehicles suitable for use across all industries on a daily, monthly, ad hoc or dedicated basis.

### 3.2.5 Convenience

Key Distributors carries on the business of warehousing, distributing and wholesaling of a variety of fast-moving consumer goods (FMCG) into the formal and informal trade, including independent traders, fuel forecourts and small retailers. Key Distributors operates in Gauteng, Polokwane, Nelspruit, Bloemfontein and Western Cape. It is in the process of expanding into KwaZulu Natal and the Eastern Cape by utilising the Value Group's existing infrastructure in those regions.

### 3.2.6 Materials handling

Value Group is the sole distributor for Hangcha Forklifts in Southern Africa. The Group's extensive national footprint ensures clients in all provinces have maximum flexibility in selecting the right equipment for their needs. The Group offers outright purchase, full maintenance leasing, maintenance packages, spare parts and all-inclusive long-term and short-term rental options with 24 hour back-up service.

### 3.2.7 Repairs and maintenance

Value Group maintains and repairs its fleet of vehicles at dedicated workshops situated in all the major centres throughout South Africa, serviced by highly skilled technicians. The accredited workshops are fully equipped to repair and maintain all types of vehicles. All vehicles are maintained to a high mechanical standard and road tested to ensure operational efficiency and safety. A 24-hour centralised call centre is operated by Value Group to manage and co-ordinate recovery and repair.

## 3.3 Prospects

The full economic impact of COVID-19 on consumer disposable income, associated demand and the economy is unknown and can be negatively affected should the country revert to the previous highly restrictive lockdown levels. Consequently, COVID-19 will have an effect on the Group's 2021 results. Despite the damaging effects of COVID-19, the Group's business characterised by low debt levels, a substantial asset base and the ability to generate positive cash flows, will ensure its sustainability into the foreseeable future. The challenges associated with the impact of COVID-19 will be partially negated due to the Group's profitable business model, whereby logistics services across multiple divisions are supplied to a diverse range of customers within various industrial sectors. The Group is resilient and well positioned to adapt and grow in this changing environment. In this light, the Group has been successful in growing its customer base with the onboarding of a number of new customers in the current financial year. Lastly, further improvements in certain operations should contribute to improved profitability and sustainability in the years ahead.

## 4. SHARE CAPITAL

4.1 On Friday, 19 June 2020, the last practicable date before the issue of this Circular, the authorised and issued ordinary share capital of the Company was:

	Shares	R'000
<b>Authorised</b>		
Ordinary shares of R0.001 each	500,000,000	500
A ordinary shares of R0.001 each	10,429,010	10
<b>Issued</b>		
Ordinary shares of R0.001 each	172,635,000	173
A ordinary shares of R0.001 each	10,429,010	10
Share premium		10,643
<b>Total</b>		<b>10,826</b>

4.2 As at the last practicable date, Value Logistics held 11,995,290 Ordinary Shares as treasury shares.

## 5. THE CORPORATE ACTION AND RATIONALE

- 5.1 Due to the termination and expiration of existing leases Value Group has, through its wholly-owned subsidiary Value Logistics, entered into the Lease Renewal Agreements in respect of the following properties, subject to approval of the Corporate Action:
- 5.1.1 Clayville Property:
- |   |  |
|---|--|
| Related party property owning company:                  | Future Indefinite Investments 180 (Pty Ltd   |
| Property description:                                   | Portion 14 of Erf 1250 Clayville, Extension 14, Johannesburg, Registration Division J.R., Ekurhuleni Metropolitan Municipality |
| Nature of lease:  | Renewal of expired lease   |
| Lease commencement date:                                | 1 April 2020   |
| Lease expiring date:                                    | 31 March 2023  |
| Lease period:   | 3 years  |
| Monthly rental (excluding VAT):                         | R1,480,000 (for the first year)  |
| Annual escalation in second year of lease:              | 6.5%   |
| Re-evaluation of market rentals and annual escalations: | Rentals commencing 1 April 2022.   |
- 5.1.2 Joostenbergvlakte Property:
- |   |   |
|---|---|
| Related party property owning company:                  | Lougot Property Investments (Pty Ltd  |
| Property description:                                   | Portion 477 of the Farm 728 Joostenbergvlakte, Registration division Paarl RD, Western Cape Province, City of Cape Town |
| Nature of lease:  | Renewal of expired lease  |
| Lease commencement date:                                | 1 April 2020  |
| Lease expiring date:                                    | 31 March 2023   |
| Lease period:   | 3 years   |
| Monthly rental (excluding VAT):                         | R649,351 (for the first year)   |
| Annual escalation in second year of lease:              | 7%  |
| Re-evaluation of market rentals and annual escalations: | Rentals commencing 1 April 2022.  |
- 5.1.3 Pomona Property:
- |   |   |
|---|---|
| Related party property owning company:                  | 471 Church Street (Pty Ltd                                  |
| Property description:                                   | Erf 3072 Pomona Extension 114 (6-278 EP Malan Road, Pomona) |
| Nature of lease:  | Renewal of expired lease                                    |
| Lease commencement date:                                | 1 July 2020   |
| Lease expiring date:                                    | 30 June 2023  |
| Lease period:   | 3 years   |
| Monthly rental (excluding VAT):                         | R546,000 (for the first year)                               |
| Annual escalation in second year of lease:              | 6.5%  |
| Re-evaluation of market rentals and annual escalations: | Rentals commencing 1 July 2022.                             |
- 5.2 Value Group provides integrated logistics services throughout South Africa. These services are conducted by utilising its premises comprising warehousing, distribution and depot infrastructure, which are crucial elements in respect of the performance of its operations.
- 5.3 The Lease Renewal Agreements are in respect of properties to be specifically utilised as critical infrastructure for the provision of services to material clients under warehousing and distribution services-agreements with durations similar to those of the Lease Renewal Agreements. The obligations arising from the Lease Renewal Agreements are accordingly underpinned by the cash flows to be realised from the said third-party client agreements.
- 5.4 As the Lease Renewal Agreements have been concluded with the Related Party and the estimated aggregated rental value of R102.831 million exceeds 5% of Value Group's market capitalisation, the Listings Requirements require the issue of a fairness opinion by an IPE approved by the JSE on the terms and conditions of the Corporate Action and that the Corporate Action be approved by way of an ordinary resolution, which requires approval by at least 50% of the number of votes exercisable by Shareholders, present in person or by proxy, at the General Meeting. The quorum for the General Meeting is 25% of the issued ordinary share capital of the Company. The Related Party and its associates may be included in the quorum for the General Meeting but will be precluded from voting on the Corporate Action at the General Meeting.
- 5.5 Subject to fulfilment of the Condition Precedent set out in paragraph 6 of this Circular, the Corporate Action will be implemented.

## 6. CONDITION PRECEDENT TO THE CORPORATE ACTION

The Corporate Action is subject only to the requisite approval of the Corporate Action by the Shareholders at the General Meeting.

## 7. PRO FORMA FINANCIAL EFFECTS OF THE CORPORATE ACTION

7.1 Annexure 2 to this Circular contains the *pro forma* statement of comprehensive income and statement of financial position of the Group for the year ended 29 February 2020. The published reviewed results of the Group for the year ended 29 February 2020 are available on the web-site of the Company as more fully detailed in paragraph 19 below.

7.2 The table below sets out the *pro forma* financial effects of the Corporate Action on Value Group's earnings per Ordinary Share, headline earnings per Ordinary Share, net asset value per Ordinary Share and tangible net asset value per Ordinary Share on the most recently published reviewed financial results of the Company for the year ended 29 February 2020. The financial effects are the responsibility of the Directors of the Company, are prepared for illustrative purposes only and, because of their nature, may not fairly present the financial position of the Company, changes in its equity or the results of its operations or cash flows after the Corporate Action.

7.3 Annexure 3 contains the limited assurance report of SVG, the reporting accountants, on the *pro forma* financial effects of the Corporate Action.

	Before <sup>(1)</sup>	After <sup>(2&amp;3)</sup>	% change
Earnings per share (cents)	89.5	83.4	(6.8%)
Headline earnings per share (cents)	92.2	86.2	(6.5%)
Diluted earnings per share (cents)	84.1	78.4	(6.8%)
Diluted headline earnings per share (cents)	86.7	81.0	(6.6%)
Net asset value (cents)	564.6	564.7	-
Tangible net asset value (cents)	543.3	543.4	-
Number of shares in issue ('000)	172,635	172,635	-
Weighted number of shares in issue ('000)	142,372	142,372	-
Diluted number of shares in issue ('000)	151,413	151,413	-

### Notes:

(1) *Extracted from the reviewed financial results of Value Group for the year ended 29 February 2020.*

(2) *For purposes of Earnings, Headline Earnings, Diluted Earnings and Diluted Headline Earnings per share, the amounts in the After column have been calculated on the assumption that the Lease Renewal Agreements had been effective on 1 March 2019 and the expiring leases had expired on that date. Relevant calculations have been performed in accordance with the provisions of IFRS 16: Leases.*

*Transaction costs associated with the Corporate Action have been expensed.*

(3) *For purposes of calculating pro forma Net Asset Value per share and Tangible Net Asset value per share it has been assumed that the Corporate Action was effective on 29 February 2020.*

## 8. PARTICULARS OF DIRECTORS AND THEIR INTERESTS

The details of Directors and management of Value Group and its major subsidiaries are set out in Value Group's audited annual financial statements for the year ended 28 February 2019 and will be set out in the integrated annual report for the financial year ended 29 February 2020 to be published in due course, and will not change as a result of the Corporate Action.

### 8.1 Directors' remuneration

There will be no variation in the remuneration to be received by any of the Value Group Directors as a consequence of the Corporate Action.

### 8.2 Directors' interests in securities

8.2.1 The direct and indirect beneficial interests of the Directors (and their Associates), including any Director who resigned within the last 18 months, in the Ordinary Shares as at 19 June 2020, being the last practicable date before the issue of this Circular, are set out below:

Director	Direct		Indirect		Total	% of total issued ordinary shares
	Beneficial	Non-beneficial	Beneficial	Non-beneficial		
<b>Executive</b>						
SD Gottschalk	-	-	-	95,929,020	95,929,020	55.6
CL Sack	2,802,136	-	-	-	2,802,136	1.6
MM Padiyachy	375,000	-	6,257,406	-	6,632,406	3.8

Director	Direct		Indirect		Total	% of total issued ordinary shares
	Beneficial	Non-beneficial	Beneficial	Non-beneficial		
<b>Non-executive</b>						
NM Phosa	-	-	14,600,614	-	14,600,614	8.5
CD Stein	3,070	-	-	-	3,070	-
IM Groves	-	-	-	-	-	-
VW Mcobothi	23,520	-	-	-	23,520	-
B Bulo	-	-	-	-	-	-
<b>Total</b>	<b>3,203,726</b>	<b>-</b>	<b>20,858,020</b>	<b>95,929,020</b>	<b>119,990,766</b>	<b>69.5</b>

8.2.2 There have been no changes in the Directors' interests in Ordinary Shares between the date of its preceding financial year end, being 29 February 2020, and the last practicable date.

### 8.3 Directors interest in transactions

8.3.1 In addition to the Lease Renewal Agreements described in this Circular, various other leases on properties have been entered into with companies controlled by the Related Party, Mr SD Gottschalk. Since the interests of the Related Party as indirect material shareholder are aligned with those of the Group, the risk of continuity of securing the premises, which are integral to the Group's operations, is therefore reduced.

8.3.2 All rentals and rental escalations on these properties are determined by an independent valuer taking into account the future prospects and demand for properties in the relevant area, with reference to rentals achieved and vacancy rates, as well as the condition and state of improvements of the said properties.

8.3.3 Escalations on these leases vary from 6.25% to 8%, and the lease periods range from month-to-month to 10 years. All lease rentals are independently re-assessed by an independent valuer every two to three years whereby lease rentals and escalations are adjusted to align to current market conditions. This specific reassessment is advantageous to the Group since this condition is not normally available in the market place.

8.3.4 Property lease rentals paid to companies controlled by the Related Party during the financial year ended 29 February 2020 and associated future estimated lease commitments were as follows:

	Year ended 29 February 2020	Due within one year	Due over a maximum of 9 years thereafter
<b>R'000</b>			
To property companies controlled by Mr SD Gottschalk	214,919	172,641	739,883

8.3.5 Value Logistics renewed 6 property leases under triple-nett lease agreements entered into with various property companies represented by the Related Party, Mr SD Gottschalk, details of which were announced on 26 May 2020 in terms of the Listings Requirements. The estimated aggregate rental value (assuming escalations are applied for the full lease periods) amounts to R30.156 million.

8.3.6 Value Logistics renewed 4 property leases under triple-nett lease agreements entered into with various property companies represented by Related Party, Mr SD Gottschalk, details of which were announced on 17 December 2019 in terms of the Listings Requirements. The estimated aggregate rental value (assuming escalations are applied for the full lease periods) amounts to R7.122 million.

8.3.7 In 2009, an interest free loan was advanced to a B-BBEE close corporation affiliated with Mr M Padiyachy in accordance with the Group's B-BBEE Enterprise Development strategy. On 30 April 2020, the Group announced an extension of the original repayment date from 31 March 2020 to 31 March 2022. The total outstanding loan value amounts to R3.42 million.

8.3.8 Save for the Corporate Action and as set out in paragraphs 8.3.4, 8.3.5, 8.3.6 and 8.3.7 above, none of the Directors of Value Group or the Group have any material beneficial interest, whether directly or indirectly, in any transaction effected by Value Group or the Group in the current or immediately preceding financial year, or during an earlier financial year which remains in any respect outstanding or unperformed.

### 8.4 Directors' service contracts

8.4.1 The executive Directors are appointed to the board based on their ability to contribute expertise and experience appropriate to achieving the Group's objectives as a leading logistics service provider.

8.4.2 Executive Directors are not employed on fixed-term service contracts and have standard employment agreements with standard terms and conditions, save as set out in paragraph 8.4.3 below.

8.4.3 Mr SD Gottschalk's employment agreement makes provision for a notice period of 3 months and a restraint of trade undertaking of 3 years after termination of employment, while the employment agreements of Messrs CL Sack and MM Padiyachy include a restraint of trade undertaking for 2 years after termination of employment. No payments have been made in respect of any of the above restraint undertakings.

## 9. MAJOR SHAREHOLDERS

9.1 At 19 June 2020, being the last practicable date prior to the issue of this Circular, and insofar as it is known to the Directors, the following shareholders, other than Directors of Value Group, had a beneficial interest in 5% or more of the issued ordinary share capital of Value Group:

Shareholder	Number of Ordinary Shares held	Number of A Shares held	% of total issued Ordinary Shares	% of total voting rights
Value Logistics (treasury shares)	11,995,290	-	6.9	6.6
Foord Asset Management Proprietary Limited	8,594,491	-	5.0	4.7
Value Group Empowerment Trust (A Shares)	-	10 429 010	-	5.7
<b>Total</b>	<b>20,589,781</b>	<b>10 429 010</b>	<b>11.9</b>	<b>17.0</b>

9.2 The table in paragraph 9.1 above will not change as a result of the Corporate Action.

## 10. OPINIONS AND RECOMMENDATION

10.1 The Board, excluding the Related Party, having considered the advice of the IPE, is of the opinion that the Corporate Action is in the best interests of the Company and the Shareholders, and it accordingly recommends that the Shareholders vote in favour of the resolutions to be proposed at the General Meeting. The Directors, excluding the Related Party, intend to vote in favour of the resolutions in respect of the Shares held by them.

10.2 The IPE, a copy of whose report is reflected in Annexure 1 to this Circular, has advised the board that the terms and conditions of the Corporate Action are in its opinion fair to Value Group and its Shareholders.

## 11. MATERIAL CHANGES

Other than the impact of COVID-19 referred to in paragraph 3.3 above, there have been no material changes in the financial or trading position of Value Group since the publication of its reviewed financial results for the financial year ended 29 February 2020.

## 12. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings which are pending or threatened, of which the Directors are aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on Value Group's financial position.

## 13. MATERIAL CONTRACTS

Other than the Lease Renewal Agreements and the agreements described under paragraph 8.3, there have been no material contracts entered into by Value Group or its subsidiaries other than in the ordinary course of business, within the two years prior to the date of this circular or at any time before that containing an obligation or settlement that at the date of this circular is material to Value Group or its subsidiaries.

## 14. ESTIMATED COSTS

14.1 The costs to be incurred by Value Group pursuant to the Corporate Action are estimated at approximately R338,690 (exclusive of VAT) made up as follows:

Service provider	Work performed	R
Suez Capital Proprietary Limited	Corporate advisory services	100,000
SVG	Independent Reporting Accountant	20,000
Investec Bank Limited	Sponsor services	80,000
Mazars Corporate Finance Proprietary Limited	Fairness opinion	48,000
JSE	Documentation fee	40,690
Computershare	Secretarial services	20,000
Finic Financial and Investor Communications	Publishing and printing	30,000
<b>Total</b>		<b>338,690</b>

14.2 There have been no preliminary expenses incurred by the Company in the three years preceding the date of this Circular.

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company, whose names are given on page 7 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given 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 the Circular contains all information required by law and the Listings Requirements.

## 16. EXPERTS' CONSENTS

The reporting accountants and the IPE have consented in writing to the inclusion of their reports in the form and context in which they appear in this Circular, and had not withdrawn such consents prior to the date of issue of the Circular. In addition, the corporate advisor, sponsor and Transfer Secretaries have consented in writing to the inclusion of their names in this Circular, and had not withdrawn such consents prior to the date of issue of the Circular.

## 17. THE GENERAL MEETING

17.1 The General Meeting will be held and conducted entirely by electronic communication at 11:00 on Friday, 24 July 2020, to consider and pass the ordinary resolutions necessary to implement the Corporate Action. A notice convening the General Meeting is contained in this Circular as well as instructions for participation by electronic communication and a Form of Proxy for those Certificated and Own Name Dematerialised Shareholders who will be unable to participate in the General Meeting but wish to be represented thereat. The Related Party and its associates may be included in the quorum for the General Meeting but will be excluded from voting on the Corporate Action.

17.2 Certificated or Own Name Dematerialised Shareholders who are unable to participate in the General Meeting but wish to be represented thereat are requested to complete the attached Form of Proxy and return it in accordance with the instructions and notes contained therein to the Transfer Secretaries at 2<sup>nd</sup> Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (Private Bag X9000, Saxonwold 2132), e-mail address proxy@computershare.co.za to be received for administrative procedures by not later than 11:00 on Wednesday, 22 July 2020, or handed to the chairman of the General Meeting by not later than 11:00 on Friday, 24 July 2020.

17.3 In terms of the custody agreements entered into by Dematerialised Shareholders and their CSDP's or brokers:

- Dematerialised Shareholders, other than Own Name Dematerialised Shareholders, that wish to participate in the General Meeting, must instruct their CSDP or broker to issue them with the necessary letters of representation to participate in the General Meeting. The relevant Dematerialised Shareholder must submit a copy of the aforementioned letter of representation, together with an email address, to the Transfer Secretaries of the company at any of the aforementioned addresses not later than 11:00 on Wednesday 22 July 2020, who will provide them with further instructions on how to participate in the General Meeting by electronic communication and how to vote thereat;
- Dematerialised Shareholders, other than Own Name Dematerialised Shareholders, that wish to be represented at the General Meeting by way of proxy, must provide their CSDP or broker with their voting instructions by the cut-off time or date advised by their CSDP or broker for transactions of this nature.

## 18. INCORPORATION BY REFERENCE

The financial information set out in the table below is incorporated in this Circular by reference, and can be accessed on the Investor Relations section of the Company's web-site at [www.value.co.za](http://www.value.co.za). It is also available for inspection by Shareholders and/or prospective investors, free of charge, at the registered office of the Company, during business hours between 26 June and 24 July 2020:

### *Item*

Reviewed condensed financial statements of the Group for the year ended 29 February 2020.

## 19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available during normal business hours for inspection by the Shareholders at the registered office of Value Group and available on request per email from the Group's Company Secretary (crisna@fluidrockgovernance.com), from Friday, 26 June to Friday, 24 July 2020:

- a signed copy of this Circular;
- the Memoranda of Incorporation of the Company and its major subsidiaries;
- the redacted Lease Renewal Agreements;
- the redacted material contracts referred to in paragraphs 8.3 and 13 of this Circular;
- the audited annual financial statements of the Company for the three years ended 28 February 2017, 28 February 2018, and 28 February 2019; and the reviewed condensed annual results for the year ended 29 February 2020;
- the report of the IPE on the Corporate Action and its written consent to the publication of its report in the form and context in which it appears in this Circular;
- the redacted valuation reports relating to the subject properties of the Lease Renewal Agreements prepared by the independent valuer;

- Directors' employment contracts;
- the limited assurance report of the reporting accountants on the *pro forma* financial information of the Company for the year ended 29 February 2020 and their written consent to the publication of the report in the form and context in which it appears in this Circular; and
- the written consents of the sponsor and Transfer Secretaries to the use of their names in the form and context in which they appear in this Circular.

By order of the board

**Signed on behalf of all the Directors of the Company in terms of a board resolution dated 12 June 2020 and separate powers of attorney by the Directors.**

*CL Sack*  
**Group Financial Director**

**Johannesburg**

26 June 2020

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## INDEPENDENT PROFESSIONAL EXPERT'S OPINION ON THE CORPORATE ACTION

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17 June 2020

The Directors

Value Logistics Limited  
49 Brewery Street  
Isando  
Kempton Park  
1600

Dear Sirs,

**INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE RELATED PARTY TRANSACTIONS BETWEEN VALUE LOGISTICS LIMITED ("THE COMPANY"/ "VALUE") LEASING THREE PROPERTIES FROM AN ENTITY INDIRECTLY CONTROLLED BY MR SD GOTTSCHALK AS THE RELATED PARTY, THE INDIRECT MAJORITY SHAREHOLDER AND THE COMPANY'S CHIEF EXECUTIVE OFFICER ("CEO") ("RELATED PARTY")**

### INTRODUCTION

We have been appointed by the Board of Directors to advise the shareholders of Value whether, in our opinion, the following lease renewal agreements are fair to the shareholders:

Lease rentals to be paid by Valueto 471 Church Street (Pty) Ltd ("Church Street") (indirectly controlled by Value's CEO through his family Trust) in respect of the property situated at Erf 3072, Pomona Ext 114, Ekurhuleni Metropolitan Municipality for the lease period 1 July 2020 to 31 June 2023 ("Lease Renewal 1");

Lease rentals to be paid by Value to Future Indefinite Investments 180 (Pty) Ltd ("Future Indefinite") (indirectly controlled by Value's CEO through his family Trust) in respect of the property situated at Portion 14 of Erf 1250, Clayville Extension 14, Johannesburg for the lease period 1 April 2020 to 31 March 2023 ("Lease Renewal 2"); and

Lease rentals to be paid by Value to Lougot Property Investments (Pty) Ltd ("Lougot Property") (indirectly controlled by Value's CEO through his family Trust) in respect of the property situated at Erf 37487, Kraaifontein, Western Cape for the lease period 1 April 2020 to 31 March 2023 ("Lease Renewal 3") (collectively the "Lease Rental Renewals")

The Related Party is the majority shareholder of Value, a director, and holds the office of CEO. He also indirectly controls property entities which are the counter parties in the respective lease renewal agreements. Since the aggregate lease rentals to be paid in terms of the lease renewal agreements exceeds 5% of Value's market capitalisation, a shareholder vote is required, and accordingly, the Lease Rental Renewals are classified as a related party transaction in terms of section 10.1 of the Listings Requirements.

### EXPLANATION OF THE TERM 'FAIR'

#### *Fairness*

The term 'fairness' is defined in Schedule 5 of the JSE Listings Requirements as being primarily based on quantitative issues. Therefore, the Lease Rental Renewals would be considered fair to the Value shareholders if the total rental expense is equal to or less than an arm's length market related rental of similar properties. Consideration was also given to potential costs to the business if the operations were to be relocated to new premises.

### ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- Current economic, regulatory and market conditions will not change materially;
- That reliance can be placed on the signed lease agreements;
- That reliance can be placed on the independent assessment as in included in the report signed 3 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 3072, Pomona Ext 114, Ekurhuleni Metropolitan Municipality;
- That reliance can be placed on the independent assessment as in included in the report signed 25 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Portion 14 of Erf 1250, Clayville Extension 14, Johannesburg;
- That reliance can be placed on the independent assessment as in included in the report signed 30 September 2019 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 37487, Kraaifontein, Western Cape; and
- Where relevant, representations made by management and/or Directors (including the Independent Chairman) were corroborated to source documents prepared by third parties, independent analytical procedures performed by us and by examining and analysing external factors that influence the business.

## SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information, including financial information obtained from management together with industry related and other information available in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

The principle sources of information used in formulating our opinion regarding the Lease Rental Renewals include:

- Corroborating source documentation as provided by management;
- Signed lease agreement entered into between Value and Church Street, Future Indefinite and Lougot Property;
- Independent assessment as in included in the report signed 3 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 3072, Pomona Ext 114, Ekurhuleni Metropolitan Municipality;
- Independent assessment as in included in the report signed 25 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Portion 14 of Erf 1250, Clayville Extension 14, Johannesburg;
- Independent assessment as in included in the report signed 30 September 2019 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 37487, Kraaifontein, Western Cape; Information and assumptions made available by and from discussions held with independent executive Directors of Value in terms of the rationale for the Lease Rental Renewals; and
- Publicly available information relating to Value and other competitors in the sector that we deemed to be relevant, including company announcements.
- We obtained the information through:
  - Conducting interviews with management, Directors (including the Independent Chairman) and senior staff members;
  - Obtaining corroborating evidence from third parties such as property experts; and
  - Extracting information from the internet and the press.
- We satisfied ourselves as to the appropriateness and reasonableness of the information with reference to:
  - Review of the independent assessment as in included in the report signed 3 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 3072, Pomona Ext 114, Ekurhuleni Metropolitan Municipality;
  - Review of the independent assessment as in included in the report signed 25 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Portion 14 of Erf 1250, Clayville Extension 14, Johannesburg;
  - Review of the independent assessment as in included in the report signed 30 September 2019 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 37487, Kraaifontein, Western Cape;

A review of the qualifications of the valuer, the valuation methodology utilised and the reasonableness of assumptions utilised in the independent property valuation. We confirm that we are satisfied with the methodology and assumptions utilised in assessing market related rentals in this valuation of the property; and

- A review of comparable market lease rentals for the specific property area;
- Understanding the industry in which the company operates; and
- Assessing whether replies from management on certain issues were corroborated by third parties and documentary evidence.

## LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of Value. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by the client whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This letter and opinion are provided solely for the benefit of the shareholders of Value in connection with and for the purposes of their consideration of the Lease Rental Renewals.

There is no relationship between Mazars Corporate Finance (Pty) Ltd ("MCF") and any other parties involved in these Lease Rental Renewals. MCF has no shares in Value or any other party involved in the Lease Rental Renewals. MCF's fees are not payable in shares.

Each shareholder's individual decision may be influenced by such shareholder's particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Lease Rental Renewals.

## PROCEDURES

In order to assess the fairness of the terms and conditions relating to the Lease Rental Renewals, we have performed, amongst others, the following procedures:

- Reviewed the signed lease agreement with Church Street, Future Indefinite and Lougot Property;

- Considered information made available by and from discussions held with the Directors and management of Value;
- Considered the rationale for the Lease Rental Renewals;
- Reviewed and utilised the independent assessment as in included in the report signed 3 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 3072, Pomona Ext 114, Ekurhuleni Metropolitan Municipality;
- Reviewed and utilised the independent assessment as in included in the report signed 25 March 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Portion 14 of Erf 1250, Clayville Extension 14, Johannesburg;
- Reviewed and utilised the independent assessment as in included in the report signed 30 September 2019 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 37487, Kraaifontein, Western Cape; Quantitatively compared the rental expense per square meter as per the lease agreement to a range of arm's length market related rentals provided in the independent assessment report;
- Reviewed the independent assessment report to confirm that comparable properties were in a similar area as well as of similar size, grade and type;
- Relied on PropValAssist Valuers' conclusion that the rental is considered market related;
- Considered the impact of Covid-19 on the independent property valuations and comparable properties within the market; and
- Consideration was also given to potential costs to the business if the operations were to be relocated to new premises.

We believe the above procedures commercially justify the conclusion outlined below.

#### **CONFIRMATION OF PERFORMANCE OF VALUATION AND VALUATION METHODOLOGY**

We confirm that we have assessed the fairness of the Lease Rental Renewals by comparison of the lease expenses paid to the market related rental paid for similar properties as quoted in the independent assessment report. We have placed reliance on the independent assessment performed by PropValAssist Valuers of the open market rental of Erf 3072, Pomona Ext 114, Ekurhuleni Metropolitan Municipality, Portion 14 of Erf 1250, Clayville Extension 14, Johannesburg and Erf 37487, Kraaifontein, Western Cape. We have placed reliance on PropValAssist Valuers' conclusion that the rental is considered market related.

Key value drivers to the assessment of fairness are as follows (as included in the independent valuation report):

##### **Internal:**

- Comparable market related rentals of similar properties;
- Square meters per the lease agreements; and
- Duration of lease period.

##### **External:**

- Stability of the economy and other macroeconomic factors; and
- Both long term and short-term inflation rates.

The fairness assessment involved corroboration analyses on the key value drivers.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

#### **OPINION**

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

We have considered the terms and conditions of the Lease Rental Renewals, and based upon, and subject to the foregoing, we are of the opinion that the lease terms are [fair] to the shareholders of Value.

#### **CONSENT**

We hereby consent to this letter laying open for inspection to the shareholders of Value in terms of the JSE Listing Requirements.

Yours faithfully

**Anoop Ninan**  
Director

**Mazars Corporate Finance (Pty) Ltd**

**PO Box 6697**  
**Johannesburg**  
**2193**

## PRO FORMA STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

The *pro forma* statement of comprehensive income and statement of financial position illustrate the impact of the Corporate Action on the most recently published reviewed financial results of Value Group for the year ended 29 February 2020. The *pro forma* financial information has been prepared for illustrative purposes only and is the responsibility of the Directors. Due to the nature of *pro forma* financial information, it may not fairly present Value Group's financial position or results after the Corporate Action. The independent reporting accountant's report on the *pro forma* financial information is set out in Annexure 3 to this Circular.

### Statement of comprehensive income:

	Corporate Action				After R'000
	Before <sup>(1)</sup> R'000	Amounts included under expired leases <sup>(2)</sup> R'000	Amounts included under Lease Renewal Agreements <sup>(3)</sup> R'000	Transaction expenses <sup>(4)</sup> R'000	
Revenue	2,879,500	-	-	-	2,879,500
Cost of sales	(1,931,720)	26,755	(33,309)	-	(1,938,274)
Gross profit	947,780	26,755	(33,309)	-	941,226
Other income	32,574	-	-	-	32,574
Operating expenses	(722,653)	-	-	(339)	(722,992)
Operating profit	257,701	26,755	(33,309)	(339)	250,808
Share of loss of equity accounted investees	(14)	-	-	-	(14)
Fair value adjustment	(1,024)	-	-	-	(1,024)
Finance income	7,353	-	-	-	7,353
Finance costs	(95,845)	1,631	(6,546)	-	(100,760)
Net profit before taxation	168,171	28,386	(39,855)	(339)	156,363
Taxation	(40,805)	(7,948)	11,159	-	(37,594)
<b>Net profit for the year</b>	<b>127,366</b>	<b>20,438</b>	<b>(28,696)</b>	<b>(339)</b>	<b>118,769</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>127,366</b>	<b>20,438</b>	<b>(28,696)</b>	<b>(339)</b>	<b>118,769</b>
<b>Net profit for the year attributable to:</b>					
Owners of the Company	127,366	20,438	(28,696)	(339)	118,769
	<b>127,366</b>	<b>20,438</b>	<b>(28,696)</b>	<b>(339)</b>	<b>118,769</b>
<b>Total comprehensive income for the year attributable to:</b>					
Owners of the Company	127,366	20,438	(28,696)	(339)	118,769
	<b>127,366</b>	<b>20,438</b>	<b>(28,696)</b>	<b>(339)</b>	<b>118,769</b>
Headline earnings reconciliation:					
Net profit for the year	127,366	20,438	(28,696)	(339)	118,769
Loss on disposal of property, vehicles, plant and equipment less taxation	3,946	-	-	-	3,946
<b>Headline earnings</b>	<b>131,312</b>	<b>20,438</b>	<b>(28,696)</b>	<b>(339)</b>	<b>122,715</b>
Shares in issue ('000):					
Weighted	142,372	-	-	-	142,372
Diluted	151,413	-	-	-	151,413
Earnings per share (cents)	89.5	-	-	-	83.4
Headline earnings per share (cents)	92.2	-	-	-	86.2
Diluted earnings per share (cents)	84.1	-	-	-	78.4
Diluted headline earnings per share (cents)	86.7	-	-	-	81.0

**Notes and assumptions:**

- (1) Extracted from the reviewed financial results of Value Group for the year ended 29 February 2020.
- (2) Adjustment to reflect the amounts previously included under expired leases in terms of the provisions of IFRS 16 – Leases.
- (3) Adjustment to reflect the amounts determined in accordance with the provisions of IFRS 16 – Leases in respect of the Lease Renewal Agreements on the assumption that these agreements had been effective from 1 March 2019.
- (4) Adjustment to reflect the transaction costs associated with the Corporate Action.
- (5) All the above adjustments, other than transaction costs, will have a continuing effect on Value Group.

**Statement of financial position:**

	Corporate Action				After R'000
	Before <sup>(1)</sup> R'000	Amounts included under expired leases <sup>(2)</sup> R'000	Amounts included under Lease Renewal Agreements <sup>(3)</sup> R'000	Transaction expenses <sup>(4)</sup> R'000	
<b>Assets</b>					
<b>Non-current assets</b>	1,641,041	(2,202)	99,926	-	1,738,765
Property, vehicles, plant and equipment	993,796	-	-	-	993,796
Right-of-use assets	608,646	(2,202)	99,926	-	706,370
Intangible assets	13,528	-	-	-	13,528
Goodwill	16,561	-	-	-	16,561
Loan receivable	2,636	-	-	-	2,636
Equity-accounted investees	63	-	-	-	63
Deferred tax	5,811	-	-	-	5,811
<b>Current assets</b>	697,777	-	-	(339)	697,438
Inventories	107,807	-	-	-	107,807
Trade and other receivables	321,184	-	-	-	321,184
Other financial asset	5,878	-	-	-	5,878
Current tax receivable	335	-	-	-	335
Cash and cash equivalents	262,573	-	-	(339)	262,234
<b>Non-current assets held for sale</b>	201				201
<b>Total assets</b>	<b>2,339,019</b>	<b>(2,202)</b>	<b>99,926</b>	<b>(339)</b>	<b>2,436,404</b>
<b>Equity and liabilities</b>					
Equity	798,167	505	-	(339)	798,333
<b>Non-current liabilities</b>	905,788	196	71,219	-	977,203
Interest bearing borrowings	135,963	-	-	-	135,963
Lease liability	656,513	-	71,219	-	727,732
Deferred tax	113,312	196	-	-	113,508
<b>Current liabilities</b>	635,064	(2,903)	28,707	-	660,868
Trade and other payables	391,653	-	-	-	391,653
Current portion of interest-bearing borrowings	52,770	-	-	-	52,770
Current portion of lease liability	189,444	(2,903)	28,707	-	215,248
Current tax payable	377	-	-	-	377
Shareholders for dividend	820	-	-	-	820
<b>Total equity and liabilities</b>	<b>2,339,019</b>	<b>(2,202)</b>	<b>99,926</b>	<b>(339)</b>	<b>2,436,404</b>
Number of ordinary shares in issue ('000):	172,635	-	-	-	172,635
Number of ordinary shares in issue excluding treasury shares ('000):	141,377	-	-	-	141,377
Net asset value per share (cents)	564.6	-	-	-	564.7
Net tangible asset value per share (cents)	543.3	-	-	-	543.4

**Notes and assumptions:**

- (1) Extracted from the reviewed financial results of Value Group for the year ended 29 February 2020.
- (2) Adjustment to reflect the amounts previously included under expired leases in terms of the provisions of IFRS 16 – Leases.
- (3) Adjustment to reflect the amounts determined in accordance with the provisions of IFRS 16 – Leases in respect of the Lease Renewal Agreements on the assumption that these agreements had been effective on 29 February 2020.
- (4) Adjustment to reflect the transaction costs associated with the Corporate Action.

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR**

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17 June 2020

The Directors

Value Group Limited  
49 Brewery Road  
Isando  
1600

Dear Sirs

**Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information Included in a Circular**

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Value Group Limited by the Directors. The *pro forma* financial information, as set out in Paragraph 7 and Annexure 2 of the Circular, consists of the *Pro forma* Statement of Comprehensive Income and the *Pro forma* Statement of Financial Position and related notes. The applicable criteria on the basis of which the Directors have compiled the *pro forma* financial information are specified in the Johannesburg Stock Exchange Limited (JSE) Listings Requirements and described in Paragraph 7 and Annexure 2.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the Corporate Action or event, described in Paragraph 5 of the Circular, on the company's financial position as at 29 February 2020, and the company's financial performance for the year then ended, as if the Corporate Action or event had taken place at 29 February 2020 and for the year then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the Directors from the company's reviewed published financial results for the year ended 29 February 2020.

*Directors' Responsibility for the Pro Forma Financial Information*

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 7 and Annexure 2 of the Circular.

*Our Independence and Quality control*

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies the International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Reporting Accountant's Responsibility*

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a Circular is solely to illustrate the impact of a significant Corporate Action or event on unadjusted financial information of the entity as if the Corporate Action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 29 February 2020 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the Corporate Action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the Corporate Action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 7 and Annexure 2 of the Circular.

SVG

**L Vroom**

*Partner*

Registered Auditor

35 Ferguson Road

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**VALUE GROUP LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1997/002203/06)  
Share Code: VLE ISIN: ZAE000016507

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## **NOTICE OF GENERAL MEETING**

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### **A. NOTICE OF MEETING**

Notice is hereby given that a General Meeting of Shareholders of the Company will be held and conducted entirely by electronic communication at 11:00 on Friday, 24 July 2020. The definitions and interpretations set out in the Circular to which this notice of meeting is attached will be applicable in this notice.

### **B. RECORD DATE, ATTENDANCE AND VOTING**

The record date for determining which Shareholders are entitled to receive the notice of the General Meeting is Friday, 19 June 2020 and the record date for determining which Shareholders are entitled to participate by way of electronic communication in and vote at the General Meeting is Friday, 17 July 2020. The last day to trade in order to be eligible to participate in and vote at the General Meeting is Tuesday, 14 July 2020.

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

- you are entitled to participate and vote at the General Meeting by electronic communication. You will be required to pre-register by providing the Transfer Secretaries (Computershare Investor Services (Pty) Ltd, 2<sup>nd</sup> Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold 2132), e-mail proxy@computershare.co.za, Tel: 011 370 5334), your details as well as an email address not later than 11:00 on Wednesday 22 July 2020, upon which you will be given further instructions on how to participate in the General Meeting by electronic communication and how to vote thereat
- alternatively, you may appoint a proxy to represent you at the General Meeting to be held by electronic communication by completing the attached Form of Proxy in accordance with the instructions it contains and returning it to the Transfer Secretaries, Computershare Investor Services (Pty) Ltd, 2<sup>nd</sup> Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold 2132), e-mail proxy@computershare.co.za to be received not later than 11:00 on Wednesday 22 July 2020, for administrative purposes.
- *If you hold Dematerialised Ordinary Shares or A Shares which are not registered in your name:*
- and wish to participate in the meeting, you must obtain the necessary letter of representation from your CSDP or broker. The relevant Dematerialised Shareholder must submit a copy of the aforementioned letter of representation, together with an email address, to the Transfer Secretaries of the company at any of the aforementioned addresses not later than 11:00 on Wednesday 22 July 2020, who will provide them with further instructions on how to participate in the General Meeting by electronic communication and how to vote thereat;
- and do not wish to participate in the 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;
- you must not complete the attached Form of Proxy.
- A Shareholder who is entitled to participate in and vote at the General Meeting is entitled, by completing the attached Form of Proxy and delivering it to the Company in accordance with the instructions on that Form of Proxy, to appoint a proxy to, participate, speak and vote by way of electronic communication at the General Meeting in that Shareholder's place. A proxy need not be a Shareholder of the company.

The Related Party and its associates may be included in the quorum for the General Meeting, but will be excluded from voting on the Corporate Action.

All General Meeting participants (including Shareholders and proxies) may be required to provide satisfactory identification to the chairman of the General Meeting. Forms of identification include valid identity documents, passports and driver's licenses.

### **C. PURPOSE OF THE GENERAL MEETING**

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

## **ORDINARY RESOLUTIONS**

### **Voting rights:**

In order to be adopted, the ordinary resolutions require the support of a majority of the votes cast by Shareholders present or represented by proxy at the General Meeting. The quorum for the General Meeting is Shareholders holding 25% of the issued ordinary share capital of the Company.

### **Ordinary resolution number 1**

“Resolved that the Company be and is hereby authorised to approve and implement the Lease Renewal Agreements in accordance with the salient terms and conditions thereof as set out in paragraph 5 of the Circular to which this notice of General Meeting is attached.”

The reason for ordinary resolution number 1 is to grant the Company authority to implement the relevant Lease Renewal Agreements.

The effect of ordinary resolution number 1 is that the Company will have the necessary authority to implement the relevant Lease Renewal Agreements.

### **Ordinary resolution number 2**

“Resolved that any one director or the company secretary of the Company be and is hereby authorised to do all such things and to sign all such documents as may be necessary to give effect to ordinary resolution number 1 to be considered at this General Meeting.”

The reason for and effect of ordinary resolution number 2 is to obtain the authority of Shareholders of the Company for any one Director or the company secretary to give effect to ordinary resolution number 1.

By order of the board

### **Crisna Erasmus**

*Group Company Secretary*

FluidRock Co Sec Proprietary Limited

### **Johannesburg**

26 June 2020

### **Registered office**

49 Brewery Road, Isando 1601 (PO Box 778, Isando 1600)

### **Transfer Secretaries**

Computershare Investor Services (Pty) Limited,

2<sup>nd</sup> Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

(Private Bag X9000, Saxonwold 2132)

**FORM OF PROXY**



**VALUE GROUP LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1997/002203/06)  
Share Code: VLE ISIN: ZAE000016507

The Form of Proxy is for use by Certificated and Dematerialised Shareholders whose shares are registered in their Own Names on Friday, 17 July 2020, being the Record Date for the General Meeting (see note 1) to be held and conducted entirely by electronic communication at 11:00 on Friday, 24 July 2020 (see note 2).

For instructions on the use of this Form of Proxy and a summary of the rights of the Shareholders and the proxy, please see the instructions and notes at the end of this Form of Proxy.

I/We (full names) \_\_\_\_\_

of (address) \_\_\_\_\_

Telephone number \_\_\_\_\_ Cell phone number \_\_\_\_\_

Email address \_\_\_\_\_

being a Shareholder/s and being the registered owner/s of  Ordinary or A Shares (see note 3), hereby appoint:

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

the chairman of the General Meeting (see note 4) as my/our proxy to participate in, speak and on a poll to vote or abstain from voting on my/our behalf at the General Meeting to be held at 11:00 on Friday, 24 July 2020 or at any adjournment thereof (see note 5).

I/We desire my/our proxy to vote as follows:

*Indicate with a cross how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his discretion (see note 6).*

	<b>In favour of</b>	<b>Against</b>	<b>Abstain</b>
Ordinary resolution number 1 To approve the Lease Renewal Agreements.			
Ordinary resolution number 2 To approve the appointment of a signatory to give effect to ordinary resolution number 1.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature \_\_\_\_\_

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## INSTRUCTIONS AND NOTES TO PROXY FORM

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1. This Form of Proxy is for use by Certificated and Dematerialised Shareholders with Own Name registration whose shares are registered in their Own Names on the Record Date and who wish to appoint another person to represent them at the General Meeting. If duly authorised, companies and other corporate bodies which are Shareholders having shares registered in their Own Names may appoint a proxy using this Form of Proxy or may appoint a representative in accordance with the last paragraph below.

Other Shareholders should not use this Form of Proxy. All beneficial holders who have Dematerialised their shares through a CSDP or broker, and do not have their shares registered in their Own Name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the General Meeting by way of electronic communication, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker. The relevant Dematerialised Shareholder must submit a copy of the aforementioned letter of representation, together with an email address, to the Transfer Secretaries of the company at any of the aforementioned addresses who will provide them with further instructions on how to participate in the General Meeting by electronic communication and how to vote thereat
2. This Form of Proxy must be received at the Transfer Secretaries, 2nd Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196, Republic of South Africa, not later than 11:00 on Wednesday, 22 July 2020. If a shareholder does not wish to deliver this form to that address, it may also be posted at the risk of the Shareholder to Private Bag X9000, Saxonwold, 2132 or sent by e-mail to proxy@computershare.co.za for administrative purposes, provided that any form of proxy not lodged with the Transfer Secretaries by this time may still be accepted at any time before the appointed proxy exercises any shareholder rights at the General Meeting.
3. This Form of Proxy shall apply to all the shares registered in the name of Shareholders at the Record Date unless a lesser number of shares is inserted.
4. A Shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the company. If the name of the proxy is not inserted, the chairman of the General Meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on this Form of Proxy and who participates at the General Meeting by way of electronic communication will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this Form of Proxy may delegate the authority given to him in this Form of Proxy by delivering to the Company, in the manner required by these instructions, a further Form of Proxy which has been completed in a manner consistent with the authority given to the proxy of this Form of Proxy.
5. Unless revoked, the appointment of a proxy in terms of this Form of Proxy remains valid until the end of the General Meeting even if the General Meeting or part thereof is postponed or adjourned.
6. If:
  - 6.1 a Shareholder does not indicate on this Form of Proxy that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
  - 6.2 the Shareholder gives contrary instructions in relation to any matter; or
  - 6.3 any additional resolution/s are properly put before the General Meeting; or
  - 6.4 any resolution listed in the Form of Proxy is modified or amended;the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the Shareholder has provided further written instructions which accompany this Form of Proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this Form of Proxy is signed by a person (signatory) on behalf of the Shareholder, whether in terms of a power of attorney or otherwise, then this Form of Proxy will not be effective unless:
  - 7.1 it is accompanied by a certified copy of the authority given by the Shareholder to the signatory; or
  - 7.2 the Company has already received a certified copy of that authority.
8. The chairman of the General Meeting may, at his discretion, accept or reject any Form of Proxy or other written appointment of a proxy which is received by the chairman prior to the time when the General Meeting deals with a resolution or matter to which the appointment of the proxy relates, if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the Shareholder appointing the proxy.
9. Any alternations made in this Form of Proxy must be initialed by the authorised signatory/ies.

10. This Form of Proxy is revoked if the Shareholder who granted the proxy:
  - 10.1 gives written notice of such revocation to the Company, so that it is received by the Company by not later than 11:00 on Wednesday, 22 July 2020; or
  - 10.2 appoints another proxy for the General Meeting; or
  - 10.3 attends the General Meeting himself in person.
11. All notices which a Shareholder is entitled to receive in relation to the Company shall continue to be sent to that Shareholder and shall not be sent to the proxy.
12. A minor must be assisted by his/her guardian, unless proof of competency to sign has been recorded by the Company.
13. If duly authorised, companies and other corporate bodies which are Shareholders having Shares registered in their Own Name may, instead of completing this Form of Proxy, appoint a representative to represent them and exercise all of their rights at the General Meeting by giving written notice of the appointment of that representative. This notice will not be effective at the General Meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received by the Transfer Secretaries at 2<sup>nd</sup> Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, Republic of South Africa, not later than 11:00 on Wednesday, 22 July 2020.

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## SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, AS REQUIRED IN TERMS OF SUBSECTION 58(8)(B)(I)

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1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. 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 terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the Company.
6. Irrespective of the form of instrument used to appoint a proxy:
  - 6.1 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 (section 58(4)(a));
  - 6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
  - 6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. 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 contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), 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 (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. 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 proxy instrument:
  - 10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
  - 10.2 the invitation or form of proxy instrument supplied by the Company must:
    - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
    - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
    - 10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
  - 10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
  - 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).