

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions on pages 5 to 10 of this document apply throughout this document.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, attorney, accountant, banker or other professional advisor immediately.

If you have disposed of all your Clicks shares, then this document should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom, you disposed of your Clicks shares. Clicks shareholders who hold dematerialised shares through a CSDP or broker who wish to attend the scheme and general meetings must request their CSDP or broker to provide them with the necessary letter of representation to attend the scheme and general meetings or must instruct their CSDP or broker to vote on their behalf in terms of their respective agreements with their CSDP or broker.

Clicks shareholders should note that, whilst the entire document is important and should be read in its entirety, particular attention should be paid to the section entitled "Action required" on the inside front cover of this document.

Clicks does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or broker of any holder of dematerialised shares to notify such Clicks shareholder of the scheme or general meetings or any business to be concluded thereat.

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# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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Documents relating to:

- an increase in the authorised share capital of Clicks, by the creation of 20 000 000 (twenty million) perpetual cumulative no par value preference shares ("the Preference Shares");
- the amendment to the Company's MOI to incorporate the rights, privileges, restrictions and conditions attaching to the Preference Shares;
- a scheme of arrangement in terms of section 114 of the Act, proposed by Clicks, between Clicks and its ordinary shareholders, to acquire in terms of section 48 of the Act up to a maximum of 15 261 998 of the Clicks ordinary shares on a *pro rata* basis from each Clicks ordinary shareholder (excluding treasury shares), for a consideration of R58.97 for each Clicks ordinary share acquired;

and incorporating:

- a report prepared by the independent expert in terms of section 114(3) and Regulation 90 of the Act;
  - extracts of section 115 of the Act, dealing with approval required for fundamental transactions, and section 164 of the Act, dealing with Dissenting Shareholders' Appraisal Rights;
  - a notice of the general meeting;
  - a notice of the scheme meeting;
  - a form of proxy for the general meeting (*pink*) to be used by certificated shareholders and own name dematerialised shareholders only;
  - a form of proxy for the scheme meeting (*green*) to be used by certificated scheme members and own name dematerialised scheme members only; and
  - a surrender form (*white*) to be used by certificated scheme participants only.
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**Investment bank**



Investec Bank Limited  
(Registration number 1969/004763/06)

**Sponsor to Clicks**



Investec Bank Limited  
(Registration number 1969/004763/06)

**Legal advisor**

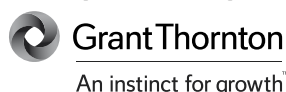
**BG** Bowman Gilfillan

Member of Bowman Gilfillan Africa Group

**Reporting accountants and auditors**



**Independent Expert**



**Transfer secretaries**



The definitions on pages 5 to 10 of this document apply throughout this document.

### **Action required**

If you are in any doubt as to the action you should take, please consult your stockbroker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

If you have disposed of all your Clicks shares, this document should be handed to the purchaser of such shares or the stockbroker, CSDP, banker or other agent through whom such disposal was effected.

If you are a certificated shareholder or own name dematerialised shareholder and are unable to attend the general meeting to be held at 10:00 on 30 January 2014 (or immediately after the conclusion or adjournment of the annual general meeting) at the registered office of Clicks, Corner Searle and Pontac Streets, Woodstock, Cape Town, 8001, and wish to be represented thereat, you must complete and return the attached form of proxy (*pink*) to the transfer secretaries, Computershare, to be received by no later than 10:00 on 28 January 2014.

If you are a dematerialised shareholder other than an own name dematerialised shareholder or if you hold Clicks shares through a nominee, you should advise your nominee or, if applicable, your CSDP or broker timeously of your intention to attend and vote at the general meeting or to be represented by proxy thereat in order for your nominee or, if applicable, your CSDP or broker to provide you with the necessary letter of representation to do so or, should you not wish to attend the general meeting in person, you should provide your nominee or, if applicable, your CSDP or broker timeously with your voting instructions in order for your nominee or, if applicable, your CSDP or broker to vote in accordance with your instructions at the general meeting.

If you are a certificated scheme member or own name dematerialised scheme member and are unable to attend the scheme meeting to be held at 10:15 on 30 January 2014 (or immediately after the conclusion or adjournment of the general meeting) at the registered office of Clicks, Corner Searle and Pontac Streets, Woodstock, Cape Town, 8001, and wish to be represented thereat, you must complete and return the attached form of proxy (*green*) to the transfer secretaries, Computershare, to be received by no later than 10:15 on 28 January 2014.

If you are a dematerialised scheme member other than an own name dematerialised scheme member or if you hold Clicks ordinary shares through a nominee, you should advise your nominee or, if applicable, your CSDP or broker timeously of your intention to attend and vote at the scheme meeting or to be represented by proxy thereat in order for your nominee or, if applicable, your CSDP or broker to provide you with the necessary letter of representation to do so or, should you not wish to attend the scheme meeting in person, you should provide your nominee or, if applicable, your CSDP or broker timeously with your voting instructions in order for your nominee or, if applicable, your CSDP or broker to vote in accordance with your instructions at the scheme meeting.

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## CORPORATE INFORMATION

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### Directors of Clicks

‡ David Nurek (Chairman)  
\* David Kneale (Chief executive officer)  
\* Michael Fleming (Chief financial officer)  
\* Bertina Engelbrecht (Group human resources director)  
‡ Independent non-executive  
\* Executive

‡ Fatima Abrahams  
‡ John Bester  
‡ Fatima Jakoet  
‡ Nkaki Matlala  
‡ Martin Rosen

### Company secretary and registered office of Clicks

David Janks  
Corner Searle and Pontac Street  
Woodstock  
Cape Town  
8001  
(PO Box 5142, Cape Town, 8000)

### Legal advisor

Bowman Gilfillan Inc  
22 Bree Street  
Cape Town  
8001  
(PO Box 248, Cape Town, 8000)

### Investment bank

Investec Bank Limited  
2nd Floor  
100 Grayston Drive Sandown  
Sandton  
2196  
(PO Box 785700, Sandton, 2146)

### Reporting accountants and auditors

Ernst & Young Inc (EY)  
Ernst & Young House  
35 Lower Long Street  
8001  
Cape Town  
(PO Box 656, Cape Town, 8000)

### Sponsor

Investec Bank Limited  
2nd Floor  
100 Grayston Drive Sandown  
Sandton  
2196  
(PO Box 785700, Sandton, 2146)

### Transfer secretaries

Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg  
2001  
(PO Box 61051, Marshalltown, 2107)

### Independent Expert

Grant Thornton Advisory Services Cape  
Proprietary Limited  
6th Floor  
119 Hertzog Boulevard Foreshore  
Cape Town  
8001  
(PO Box 2275, Cape Town, 8000)

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**Additional information, including information required by the JSE:**

<b>Notice of general meeting</b>	Attached
<b>Notice of scheme meeting</b>	Attached
<b>Form of proxy – general meeting (pink)</b>	Attached
<b>Form of proxy – scheme meeting (green)</b>	Attached
<b>Surrender form (white)</b>	Attached

*Copies of this document may be obtained in English from the company secretary and transfer secretaries of Clicks, whose addresses are set out in the "Corporate information" section of this document, from the date of this document up to and including the date of the general meeting.*

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## IMPORTANT DATES AND TIMES

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The definitions on pages 5 to 10 of this document have been used in the following table of important dates and times:

**2014**

Last day to trade Clicks shares on the JSE in order to be recorded in the register of Clicks or in the sub-registers of Clicks administered by CSDPs to vote at the scheme meeting and general meeting (see note 1 below)	Friday, 10 January
Voting record date for scheme and general meeting	Friday, 17 January
Last day to lodge forms of proxy for the general meeting (by 10:00) and the scheme meeting (by 10:15) (see note 2 below)	Tuesday, 28 January
General meeting held (at 10:00 or immediately after the conclusion or adjournment of the annual general meeting)	Thursday, 30 January
Scheme meeting held (at 10:15 or immediately after the conclusion or adjournment of the general meeting)	Thursday, 30 January
Release results of the scheme meeting and general meeting on SENS (expected date)	Thursday, 30 January
<b><i>If the scheme is approved and becomes effective:</i></b>	
Notice sent to objecting Clicks shareholders who did not withdraw their objection and voted against the special resolutions	Thursday, 13 February
Finalisation announcement released on SENS	Thursday, 6 March
Finalisation announcement published in the press	Friday, 7 March
Last day to trade in existing Clicks ordinary shares on the JSE in order to be recorded in the register of Clicks or in the sub-registers of Clicks administered by CSDPs to participate in the scheme	Thursday, 13 March
Last day for dissenting shareholders to request an offer	Thursday, 13 March
Clicks ordinary shares will trade "ex" the scheme	Friday, 14 March
Expected listing date of Preference Shares	Friday, 14 March
Record date of the scheme to determine participation in the scheme	Thursday, 20 March
Operative date of the scheme from the commencement of business	Monday, 24 March
Scheme consideration transferred or posted and new share certificates posted to certificated scheme participants (if documents of title are received on or prior to 12:00 on the record date of the scheme) or, failing that, within five business days of receipt of the relevant documents of title by the transfer secretaries	Monday, 24 March
Dematerialised scheme participants will have the scheme consideration credited to their account held at their CSDP or broker	Monday, 24 March

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The above dates and times are subject to change. Any such changes will be announced on SENS.

**Notes:**

1. Shareholders should note that, as Clicks ordinary shares settle in the Strate environment, settlement for trade takes place five business days after trade. Therefore, Clicks ordinary shareholders who acquire Clicks ordinary shares after Friday, 10 January 2014 will not be eligible to vote at the general meeting and scheme meeting.
2. Any change to the above dates and times will be agreed upon by Clicks and advised to Clicks shareholders by notification on SENS.
3. All times indicated above are South African times.

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## DEFINITIONS

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In this document, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column; words in the singular include the plural and *vice versa*; words importing one gender include the other genders and references to a person include reference to a body corporate and *vice versa*:

“Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“Accumulated Dividend”	any Scheduled Dividend, Penalty Dividend or Additional Dividend that Clicks has failed to declare or pay when due;
“Additional Dividend”	the dividend over and above the Scheduled Dividend, in respect of each Preference Share, which may arise on the occurrence of an Adjustment Event;
“Adjustment Event”	a Tax Change Event or a Rate Event;
“annual general meeting”	18th annual general meeting of Clicks shareholders to be held at the registered office of the Company on 30 January 2014 at 09:30;
“Appraisal Rights”	the rights afforded to Clicks shareholders in terms of section 164 of the Act, as set out in Annexure V to this document;
“audited financials”	Clicks published annual audited financial statements for the year ended 31 August each year;
“business day”	any day other than a Saturday, Sunday or statutory public holiday in South Africa;
“calculation amount”	R100 per Preference Share;
“cents”	South African cents in the official currency of South Africa;
“certificated scheme members”	scheme members who hold certificated shares;
“certificated scheme participants”	scheme participants who hold certificated shares;
“certificated shareholders”	holders of certificated shares;
“certificated shares”	Clicks ordinary shares, other than dematerialised shares;
“Clicks” or “the Company”	Clicks Group Limited (registration number 1996/000645/06), a public company incorporated under the laws of South Africa the ordinary shares of which are listed on the JSE;
“the Clicks Group” or “Group”	Clicks and its subsidiaries;
“Clicks members” or “members”	the registered holders of Clicks shares as appearing on the main and sub-registers of Clicks;
“Clicks shareholders”	the registered holders of Clicks shares;
“Clicks “A” shares”	29 153 295 “A” ordinary shares with a par value of 1 cent each in the issued share capital of Clicks;
“Clicks shares”	collectively, the Clicks ordinary shares and the Clicks “A” shares;
“Clicks ordinary shares” or “ordinary shares”	268 323 498 ordinary shares of 1 cent each in the issued share capital of Clicks;
“Commission”	the Companies and Intellectual Property Commission, the official custodian of the legal status of companies, close corporations, co-operatives and intellectual property rights and a member of the Department of Trade and Industry of South Africa;

“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“conditions precedent”	the conditions precedent referred to in paragraph 10 of this document;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Custody and Administration of Securities Act, 1992;
“dematerialised scheme members”	scheme members who hold dematerialised shares;
“dematerialised scheme participants”	scheme participants who hold dematerialised shares;
“dematerialised shareholders”	holders of dematerialised shares;
“dematerialised shares”	Clicks ordinary shares that have been dematerialised in accordance with Strate and which shareholding is recorded electronically;
“directors” or “the Board”	the board of directors of Clicks;
“Dissenting Shareholders”	scheme members who: (i) validly exercise their Appraisal Rights by demanding, in terms of sections 164(5) to 164(8) of the Act, that the Company pay them the fair value of all of their scheme shares; (ii) do not withdraw that demand before the Company makes an offer to them in terms of section 164(11) of the Act; and (iii) do not after an offer is made to them by Clicks in terms of section 164(11) of the Act allow such offer to lapse;
“distribution”	means “distribution” as defined in the Act;
“dividend adjusted 30-day VWAP”	the 30-day VWAP of a Clicks ordinary share less any ordinary dividend paid to Clicks shareholders before the scheme operative date, which has accrued and been computed in the VWAP calculation of the Clicks ordinary share and hence the scheme consideration;
“Dividend Period”	each period which commences on a Preference Dividend Declaration Date and which ends on and excludes the next Preference Dividend Declaration Date;
“Dividend Rate”	106% of the Prime Rate, subject to adjustment in accordance with the Preference Share Terms;
“Dividend Tax Rate”	the rate at which the withholding tax on dividends is levied under the Income Tax Act from time to time;
“this document”	this bound document, dated 19 December 2013, which includes the annexures and attachments;
“documents of title”	valid share certificates, certified transfer deeds, balance receipts or any other documents of title acceptable to Clicks in respect of Clicks shares;
“emigrant”	any emigrant from the common monetary area whose address is outside the common monetary area;
“finance charges”	<p>the net financing costs reflected in the consolidated statement of comprehensive income in the latest published group audited annual financial statements of the Group plus the aggregate amount of all Preference Dividends paid by the Company in the applicable financial year plus all Accumulated Dividends as at the last day of such financial year; but:</p> <ul style="list-style-type: none"> <li>• excluding the interest element of payments in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in South Africa (including IFRS) be treated as a finance or capital lease; and</li> <li>• taking no account of any unrealised gains or losses on any derivative instruments; and</li> </ul> <p>on the basis that no amount shall be added or deducted more than once;</p>



“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 20 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“general meeting”	the meeting of Clicks shareholders to be held at Clicks registered office on 30 January 2014 at 10:00 (or immediately after the conclusion or adjournment of the annual general meeting), for the purposes of considering, and if deemed fit, passing the resolutions contained in the notice of general meeting;
“Group Revenue”	revenue in the consolidated statement of comprehensive income (as per the latest audited financials);
“Income Tax Act”	South African Income Tax Act, 1962 (Act 58 of 1962), as amended;
“Independent Expert”	Grant Thornton Advisory Services Cape Proprietary Limited, a private company duly incorporated in accordance with the laws of South Africa, and appointed to provide a report in relation to the scheme in terms of section 114 and regulation 90 of the Act;
“Integrated Annual Report”	the integrated annual report for Clicks for the year ended 31 August 2013;
“the JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in South Africa and licensed as an exchange under the Financial Markets Act, 2012 (Act 19 of 2012);
“last practicable date”	9 December 2013, being the last practicable date prior to the finalisation of this document;
“Listings Requirements”	the JSE Listings Requirements, as amended from time to time;
“Material Business”	any business operated by any company within the Clicks Group that generates not less than 30% of Group Revenue (as per the latest audited financials);
“MOI”	Clicks’ memorandum of incorporation, as amended;
“notice of general meeting”	the notice convening the general meeting held to approve the required Clicks shareholder resolutions, attached to this document;
“notice of scheme meeting”	the notice convening the scheme meeting held to approve the scheme, attached to this document;
“operative date”	the first business day immediately following the record date of the scheme, which date is expected to be 24 March 2014;
“operating profit”	<p>the operating profit in respect of any financial year of the Group and in accordance with the latest published group audited financial statements of the Group, the consolidated operating profit of the Group before taxation:</p> <ul style="list-style-type: none"> <li>• before deducting any finance charges;</li> <li>• before taking into account any exceptional, once-off, non-recurring or extraordinary items;</li> <li>• before taking into account any unrealised gains or losses on any derivative instrument;</li> </ul> <p>in each case to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the operating profits of the Group before taxation;</p>
“own name dematerialised shareholders”	dematerialised shareholders who have instructed their CSDP to hold their dematerialised shares in their own name on the sub-register (the list of shareholders maintained by the CSDP and forming part of Clicks’ shareholders register);

“Penalty Dividend”	a cumulative preferential cash dividend calculated on any Accumulated Dividend and/or on the Calculation Amount of each Preference Share that is not redeemed at the Redemption Amount on the Redemption Date, which penalty dividend is calculated at the Penalty Dividend Rate for the period unpaid;
“Penalty Dividend Commencement Date”	the date that any Scheduled Dividend or Additional Dividend is due to be paid, and is not paid;
“Penalty Dividend Rate”	125% of the Prime Rate;
“Preference Dividend”	the applicable Scheduled Dividends, Additional Dividends and Penalty Dividends in respect of each Preference Share;
“Preference Dividend Declaration Date”	the dates on which the directors are scheduled to exercise their discretion in relation to the declaration of a Preference Dividend, which dates shall be during each calendar year, a date in the month of April and a date in the month of October;
“Preference Share Terms”	the amendments to the MOI, outlined in Annexure VI, which reflect the new authorised share capital and record the rights, privileges, restrictions and conditions attached to the Preference Shares;
“Preference shareholders”	holders of the Preference Shares;
“Preference Shares”	up to 20 000 000 (twenty million) cumulative, non-participating no par value preference shares, which Clicks is proposing to create at its general meeting and issue to investors;
“Prime Rate”	the publicly quoted basic rate of interest levied by The Standard Bank of South Africa Limited (“SBSA”) from time to time on overdraft, calculated on a 365 (three hundred and sixty five) day year, irrespective of whether the applicable year is a leap year, and proved, <i>prima facie</i> , in the event of a dispute and in the absence of manifest error, by a certificate under the hand of any director or manager of SBSA, whose appointment and authority need not be proved;
“the Proposed Buy-back”	the proposed acquisition by Clicks in terms of section 48 of the Act of Clicks ordinary shares from all scheme participants on a <i>pro rata</i> basis of between 3.4% – 6.2% of the Clicks ordinary shares (excluding treasury shares), in terms of the scheme, using the proceeds from the issue of the Preference Shares;
“Rand”	South African Rand, the official currency of South Africa and made up of 100 cents;
“Rate Event”	an increase in the Dividend Tax Rate in South Africa above 15%;
“record date of the scheme”	the latest date and time for scheme members to be recorded in the register in order to receive the scheme consideration, which is expected to be at the close of business on 20 March 2014;
“Redemption Amount”	an amount per Preference Share that is the higher of: <ul style="list-style-type: none"> <li>– the calculation amount; or</li> <li>– the value traded weighted average (VTWA) clean market price of the Preference Shares, five business days prior to the publication of the applicable Redemption Announcement plus: <ul style="list-style-type: none"> <li>• a dividend equal to 2,5% of the calculation amount per Preference Share; plus</li> <li>• the Scheduled Dividend, any Additional Dividend and any Penalty Dividend for the Dividend Period which ends on the day before the Redemption Date of that Preference Share; plus</li> <li>• any Accumulated Dividends in respect of that Preference Share on its Redemption Date;</li> </ul> </li> </ul>

“Redemption Announcement”	SENS announcement setting out the Redemption Date of the Preference Shares;
“Redemption Date”	the date (if any) on which Clicks redeems the Preference Share in accordance with the amendments to the MOI set out in Annexure VI;
“Regulatory Event”	<p>occurrence of any the following, which has the effect of imposing a tax or cost of any nature on the Company in respect of the Preference Shares or in any way impacts adversely on the Company in relation to the Preference Shares:</p> <ul style="list-style-type: none"> <li>• any change in the JSE Listings Requirements;</li> <li>• any change in the exchange control regulations of the Republic of South Africa;</li> <li>• any change in the Income Tax Act;</li> <li>• any change in the Act (and any other South African legislation which deals with companies generally); or</li> <li>• any other legislation;</li> </ul>
“rounding principle”	<p>the rounding up or down to the nearest whole number of fractions of Clicks ordinary shares to be acquired by Clicks, in terms of the scheme, on the basis that the fractions will be:</p> <ul style="list-style-type: none"> <li>– rounded up to the nearest whole number if the fraction is equal to or greater than 0.5 of a Clicks share; or</li> <li>– rounded down to the nearest whole number if the fraction is less than 0.5 of a Clicks share;</li> </ul>
“Scheduled Dividend”	the dividend in respect of each Preference Share calculated in accordance with the formula contained in paragraph 2.2.1;
“scheme consideration”	the consideration payable to each scheme participant, being R58.97 for every scheme share held on the record date of the scheme, based on a premium of 3% to the dividend adjusted 30-day VWAP of a Clicks ordinary share, up to 15 November 2013, being the date on which the preliminary announcement was made on SENS. Scheme participants are referred to paragraph 13 of this document setting out the scheme consideration payable for the scheme shares;
“scheme meeting”	the general meeting of scheme members (which excludes the holders of the Clicks “A” shares) convened in terms of section 114 of the Act, to be held at the registered office of Clicks on 30 January 2014 at 10:15 (or immediately after the conclusion or adjournment of the general meeting), or any adjournment thereof (the time and date of which will be advised on SENS), at which scheme members will consider and vote on the scheme;
“scheme members”	Clicks ordinary shareholders recorded in the register on the voting record date, who are entitled to attend and vote at the scheme meeting which for the sake of clarity excludes the holders of “A” shares;
“scheme participants”	Clicks ordinary shareholders recorded in the register on the record date of the scheme, who are entitled to receive the scheme consideration which for the sake of clarity excludes the holders of “A” shares;
“scheme shares”	Clicks ordinary shares to be acquired by Clicks in terms of the scheme, being between 3.4% – 6.2% of the Clicks ordinary shares held by each scheme participant (or the applicable rounded number of ordinary shares as determined by the rounding principle) on the record date of the scheme, depending on the ultimate proceeds of the issue of Preference Shares, expected to be between R500 000 000 and R900 000 000;

“scheme”	the scheme of arrangement in terms of section 114 of the Act proposed by Clicks between Clicks and its ordinary shareholders, subject to any modification or amendment made thereto by Clicks and which, if implemented, will result in Clicks acquiring the scheme shares in terms of section 48 of the Act;
“SENS”	the Stock Exchange News Service of the JSE;
“Service Cover Ratio”	the ratio of operating profit to the finance charges;
“South Africa”	the Republic of South Africa;
“Strate”	an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, which is managed by Strate Limited (registration number 1998/022242/06);
“subsidiary”	has the meaning ascribed to the term in section 3 of the Act;
“Tax Change Event”	any amendment to the South African tax legislation resulting in the dividends that accrue on the Preference Shares becoming subject to any South African tax (other than Dividend Tax or withholding tax) in the hands of resident Preference shareholders that are companies incorporated in South Africa;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated with limited liability in accordance with the company laws of South Africa;
“treasury shares”	Clicks shares held by New Clicks South Africa Proprietary Limited and the employee share trust, being 22 356 185 Clicks shares, as at the last practicable date;
“voting record date”	the latest date and time for Clicks shareholders to be recorded in the register in order to vote at the scheme meeting and general meeting, being the close of business on 17 January 2014; and
“VWAP”	the volume weighted average traded price at which Clicks ordinary shares trade on the JSE over any specified period.

# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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## CIRCULAR TO CLICKS SHAREHOLDERS

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The definitions on pages 5 to 10 of this document have been used throughout this document.

### I. INTRODUCTION AND PURPOSE OF THIS DOCUMENT

The directors are proposing that the Company:

- creates 20 000 000 Preference Shares;
- amends its MOI to reflect the new authorised share capital and to record the rights, privileges, restrictions and conditions attached to the Preference Shares;
- initially issues 5 000 000 to 9 000 000 Preference Shares to investors; and
- utilises the proceeds of the initial issue of the Preference Shares for the Proposed Buy-back.

The purpose of this part of the document is to furnish the Clicks shareholders with information relating to the proposed resolutions, in accordance with the Act and the Listings Requirements, and to convene a general meeting at which the Clicks shareholders will be requested to approve the proposed resolutions contained in the notice of general meeting. Information in relation to the Proposed Buy-back and scheme meeting is contained from paragraph 7 onwards in this document.

### 2. CREATION OF THE PREFERENCE SHARES

#### 2.1 Rationale

The Company wishes to optimise its capital base in order to enhance shareholder value through the diversification of its current capital structure into more stable permanent preference shares, which are currently trading at favourable yields.

The proposed creation of the 20 000 000 Preference Shares, and the initial issue of 5 000 000 to 9 000 000 Preference Shares will provide capital via an instrument with a predictable yield which will enable the Company to implement the Proposed Buy-back. The Proposed Buy-back will be *pro rata* from all Clicks ordinary shareholders (excluding treasury shares) by way of the scheme, utilising the proceeds from the issue of the Preference Shares.

#### 2.2 Salient terms of the Preference Shares

The Preference Shares are cumulative, non-participating, no par value preference shares. The directors shall be entitled to issue all or some of the Preference Shares from time to time at an issue price determined by the Board at the date of each issue.

The Company will apply for a primary listing of the Preference Shares on the JSE.

The Preference Share Terms are set out in amendments to the MOI (attached as Annexure VI to this document). The summary below is neither conclusive nor exhaustive, and Clicks shareholders should refer to Annexure VI for full particulars of the terms and conditions of the Preference Shares. The entitlement to and declaration of all Preference Dividends are in the sole discretion of the Board.

## 2.2.1 Preference Dividends in respect of the Preference Shares

Preference Dividends, if declared, are payable semi-annually on a date which is the earlier of:

- (a) a date that is not less than five business days prior to the date on which the Company pays any dividends to Clicks shareholders, if any; and
- (b) 30 calendar days after the applicable Preference Dividend Declaration Date.

For each Dividend Period, each of the Preference Shares shall be entitled to a dividend in an amount equal to the amount calculated in accordance with the following formula:

$$a = (b \times c \times d) / 365$$

in which formula:

a = the scheduled dividend amount for such Preference Share for the applicable Dividend Period;

b = the calculation amount for such Preference Share;

c = the number of days in the Dividend Period; and

d = the Dividend Rate.

If Preference Dividends are not declared or declared Preference Dividends are not paid within the abovementioned timeframe, such Preference Dividends will be considered to be in arrears.

All arrear amounts accrue a further Penalty Dividend at the Penalty Dividend Rate, a rate equal to 125% of the Prime Rate. Such Penalty Dividend is cumulative and commences on the Penalty Dividend Commencement Date and is applicable until the date when such arrears are paid.

## 2.2.2 Ordinary and "A" class Share Distributions

The Company shall not be permitted to declare or pay any distributions in respect of the Clicks shares if the Preference Dividends in respect of the Preference Shares have not been declared and paid in full.

## 2.2.3 Adjustment Events

### 2.2.3.1 Tax Change Event

The Company shall pay, in respect of the Preference Shares, an Additional Dividend to place resident Preference shareholders that are companies incorporated in South Africa in the same after tax economic position in accordance with the provisions and formulae set out in clauses 9.2.11 and 9.2.12 of the Preference Shares Terms, if as a result of any amendment to the South African tax (other than the Dividends Tax or any other withholding tax) legislation resulting in the Preference Dividends on the Preference Shares becoming subject to any South African tax in the hands of resident Preference shareholders that are companies incorporated in South Africa.

### 2.2.3.2 Rate Event

If as a result of an increase in the Dividend Tax Rate above 15% then the Dividend Rate shall be adjusted to such a percentage of the Prime Rate, in accordance with the provisions and formula set out in clause 9.2.13 of the Preference Share Terms to put the Preference shareholders in the same economic position as before the Rate Event.

Following any Tax Change Event and/or the Rate Event occurring, the Company will be entitled to voluntarily redeem all of the Preference Shares at the Redemption Amount.

## 2.2.4 Regulatory Event

Upon the occurrence of any Regulatory Event which has the effect of rendering the continued compliance by the Company with the Preference Share Terms more expensive for the Company or any of its shareholders, the Company shall be entitled to redeem all of the Preference Shares at the Redemption Amount.

## 2.2.5 Redemption by Preference shareholders

Neither the beneficiaries nor the Preference shareholders shall be entitled to require the Company to redeem the Preference Shares, save in the circumstances set out below:

- 2.2.5.1 a resolution is proposed to delist all of the shares in the issued share capital of the Company which are listed on the JSE; or
- 2.2.5.2 a resolution is proposed to dispose of any Material Business, whether in a single transaction or a series of transactions within any 12-month period, where it is intended that the proceeds of such disposal shall be distributed to the holders of any of the Clicks shares; or
- 2.2.5.3 a resolution is proposed for an “unbundling transaction” (as defined in Section 46 of the Income Tax Act) in respect of a Material Business, whether in a single transaction or a series of transactions within any 12-month period; or
- 2.2.5.4 a resolution is proposed which, if passed, is reasonably likely to result in the Service Cover Ratio being less than 2:1; and

should any Preference shareholder receive notice of a general meeting of the Company reflecting that at such a general meeting, one or more of the redemption resolutions will be proposed, such holder may provide the Company with a written notice to be received by the Company by no later than 17:00 on the eighth business day prior to the date of such general meeting that it would require the redemption of all the Preference Shares which it holds, should the redemption resolution be passed. If such a redemption resolution is passed, the Company shall be obliged to redeem all the Preference Shares by such holder within a period of 20 business days after such a general meeting.

## 2.2.6 Voting Rights

Preference shareholders shall be entitled to vote under the following circumstances when any resolution of the Company is proposed:

- (i) which directly affects the rights, preferences, limitations or other terms of the Preference Shares (clause 9.5.1.1 of the Preference Share Terms);
- (ii) to create any securities ranking in priority to, or *pari passu* with, the Preference Shares (clause 9.5.1.2 of the Preference Share Terms);
- (iii) for the winding up of the Company or the reduction of its capital (clause 9.5.1.3 of the Preference Share Terms); or
- (iv) if, as at the date of such general meeting, any Accumulated Dividends or Redemption Amount have remained unpaid for a period of more than 90 days;

In relation to any of the aforementioned resolutions (i) and (ii):

- the Preference Shares shall vote as a separate class;
- in such a vote, each Preference Share shall carry one vote; and
- no such resolution shall be passed unless at least 75% of the total votes exercisable by all the Preference shareholders who are present in person or by proxy at the separate class meeting in question shall have voted in favour thereof.

In relation to resolutions (iii) and (iv):

- the Preference Shares shall not vote as a separate class but shall vote together with the Clicks shareholders;
- in such vote, each Preference Share shall have one vote; and
- the total voting rights of the holders at such meeting shall not exceed 24,99% of the total voting rights of all the shareholders at such meeting.

## 2.2.7 Ranking and liquidation

The Preference Shares will rank in priority to the Clicks shares with regard to dividends, returns of capital and payment of a certain amounts on the winding-up of the Company. All the Preference Shares form part of the same class of shares and all Preference Shares will rank *pari passu* in respect of all their rights.

Each Preference Share shall confer on its Preference shareholder the right to payment of an amount on liquidation of the Company equal to the Redemption Amount (but excluding the amount equal to the 2,5% of the calculation amount of that Preference Share as contemplated in 9.1.40.2) calculated up to but excluding the day on which the returned amount is paid.

## 2.2.8 Redemption

All (but not some) of the Preference Shares may be redeemed at the option of the Company, subject to compliance with the Act, in any of the following circumstances:

- (i) an Adjustment Event occurs and, as a result of such Adjustment Event, any Additional Dividend becomes payable or the Dividend Rate is increased;
- (ii) a Regulatory Event occurs and, as a result of such occurrence, the continued compliance by the Company becomes more expensive for the Company or its shareholders; or
- (iii) a voting resolution (detailed in 2.2.6 (i) or (ii) above) is proposed but not approved; or
- (iv) the Preference Shares for any reason no longer qualify, in terms of IFRS, as equity instruments.

If Clicks exercises any of these redemption rights, each Preference Share will be redeemed at the Redemption Amount.

## 2.3 Voting requirements

The purpose of the general meeting and the scheme meeting is to *inter alia* consider resolutions relating to a scheme of arrangement for the repurchase of certain Clicks ordinary shares.

The resolution to approve the scheme will be proposed as a special resolution at a meeting called in terms of section 115(2) read with section 65(9) of the Companies Act. In terms of Article 8.3 of the MOI, the "A" ordinary shareholders are entitled to attend and vote at general meetings of the Company and to vote on all resolutions the ordinary shareholders are entitled to vote on together with the ordinary shareholders. Accordingly, the "A" shareholders are entitled to vote at the general meeting at which the special resolution regarding the scheme will be proposed, even though they will not participate in the scheme. In light of the uncertainty under the new Companies Act as to whether persons who are not participating in a scheme should be entitled to vote on it, and to avoid any prejudice to either the ordinary or the "A" ordinary shareholders, Clicks has decided to convene two separate general meetings to consider the scheme, the general meeting where the scheme will be voted on by Clicks shareholders and the scheme meeting, where the scheme will be voted on by the scheme members. It is a condition precedent of the scheme that the relevant special resolutions approving the scheme are approved and adopted at each of the general meetings in terms of the Act.

The following proposed resolutions will be voted on by the Clicks shareholders at the general meeting in order to facilitate the creation and issue of the Preference Shares:

The proposed Special Resolution Number 1 (as set out in the attached notice of the general meeting) to authorise the creation of 20 000 000 Preference Shares having the preferences, rights, limitations and other terms outlined in Annexure VI hereto.

The proposed Special Resolution Number 2 (as set out in the attached notice of the general meeting) to authorise that the MOI of the Company be amended as proposed in Annexure VI hereto.

The proposed Special Resolution Number 3 (as set out in the attached notice of the general meeting) to authorise the scheme to implement the Proposed Buy-back of Clicks ordinary shares from the scheme participants.

The proposed Special Resolution Number 4 (as set out in the attached notice of the general meeting) to authorise the directors to repurchase so many of the issued Preference Shares as the directors determine to be appropriate at the time.

The quorum requirement for Special Resolutions Number 1, 2, 3 and 4 to be adopted is sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for Special Resolutions Number 1, 2, 3 and 4 to be adopted is at least 75% of the voting rights exercised on such special resolutions.

The special resolution required to incorporate the terms of the Preference Shares in the MOI will become effective on the date on which it is filed with the Commission.

The proposed Ordinary Resolution Number 1 (as set out in the attached notice of the general meeting) will authorise the directors to issue up to 20 000 000 Preference Shares over the next 24 months.



The proposed Ordinary Resolution Number 2 (as set out in the attached notice of the general meeting) will authorise the directors to do all such things and sign all such documents as may be required to give effect to Special Resolution Number 1, 2, 3 and 4.

The percentage of voting rights required for Ordinary Resolutions Number 1 and 2 to be adopted is at least 50% of the voting rights exercised on such ordinary resolutions.

## 2.4 Effect of the creation of the Preference Shares

Clicks' authorised and issued share capital at the last practicable date before the creation of the Preference Shares is as set out below:

<b>Authorised</b>	<b>(R'mn)</b>
600 000 000 ordinary shares with a par value of 1 cent each	6
50 000 000 "A" ordinary shares with a par value of 1 cent each	0.5
<b>Issued</b>	
268 323 498 ordinary shares with a par value of 1 cent per share	2.7
29 153 295 "A" ordinary shares with a par value of 1 cent each	0.3
<b>Share premium</b>	3.5
<b>Total issued share capital</b>	6.5

After the creation of the Preference Shares the authorised and issued share capital of Clicks is expected to be as set out below:

<b>Authorised</b>	<b>(R'mn)</b>
600 000 000 ordinary shares with a par value of 1 cent each	6
50 000 000 "A" ordinary shares with a par value of 1 cent each	0.5
20 000 000 Preference Shares	2 000
<b>Issued</b>	
268 323 498 ordinary shares with a par value of 1 cent per share	2.7
29 153 295 "A" ordinary shares with a par value of 1 cent each	0.3
<b>Share premium</b>	3.5
<b>Total issued share capital</b>	6.5

The table above sets out Clicks' share capital after the creation of the Preference Shares but before the Preference Share issue and Proposed Buy-back have been implemented.

## 2.5 Amendments to the MOI

The directors propose that the MOI be amended to incorporate the rights and privileges attaching to the Preference Shares in terms of new articles 9.

## 2.6 Authority of the directors to issue Preference Shares

In terms of article 4.1.1 of the MOI, the directors must obtain the approval of Clicks shareholders to allot and issue shares in the share capital of the Company. As such, it is proposed that Clicks shareholders provide requisite authority to the directors to issue up to 20 000 000 Preference Shares over the next 24 months.

The Preference Shares are expected to list under the Hybrid Financial Instruments sector of the JSE during March 2014. A pre-listing statement in relation to the Preference Shares will be submitted to the JSE for approval and once approved sent to investors participating in the private placement. Results of the private placement will be released on SENS.

## 3. CONSENTS

Each of Investec Bank Limited, Bowman Gilfillan, EY, Grant Thornton and Computershare has provided its written consent to act in the capacity stated and to its name being used in this document and has not withdrawn its consent prior to the date of this document.

#### 4. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names appear on page 1 and page 25 of this document, collectively and individually accept full responsibility for the accuracy of the information given in this document and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement in this document false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by law and the Listings Requirements.

#### 5. **OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS**

The directors have considered the terms and conditions of the Preference Shares and are of the unanimous opinion that those terms and conditions are in the best interests of the Clicks shareholders. Accordingly, the directors support the resolutions proposed in the notice of general meeting and recommend that Clicks shareholders vote in favour of the resolutions proposed at the general meeting. The directors who hold Clicks shares intend to vote in favour of the resolutions proposed at the general meeting in respect of their own holdings of Clicks shares.

#### 6. **THE GENERAL MEETING**

Attached to this document is a notice of general meeting of Clicks shareholders to be held at 10:00 (or immediately after the conclusion or adjournment of the annual general meeting) on Thursday, 30 January 2014 for the purposes of considering and, if deemed fit, passing resolutions approving the creation and issue of the Preference Shares and the Proposed Buy-back, in terms of the MOI, the Act and the Listings Requirements.

Certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the general meeting and wish to be represented thereat must complete and return the attached form of proxy (*pink*) to the transfer secretaries to be received by 10:00 on Tuesday, 28 January 2014.

Dematerialised shareholders who have not elected own name registration who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend or, if they do not wish to attend the general meeting, they may provide their CSDP or broker with their voting instructions in terms of their custody agreement.

For and on behalf of the Board

**CLICKS GROUP LIMITED**

19 December 2013  
Cape Town

# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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## SCHEME OF ARRANGEMENT

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### 7. INTRODUCTION TO THE SCHEME

Clicks proposes to acquire, in terms of section 48 of the Act, by way of a scheme in terms of section 114 of the Act, between 3.4% – 6.2% of the Clicks ordinary shares held by each Clicks ordinary shareholder (excluding the treasury shares), adjusted by the application of the rounding principle, for a consideration of R58.97 for each of the Clicks ordinary shares acquired. The proposed cash scheme consideration of R58.97 per scheme share represents a premium of 3%, 8% and 7% to the dividend adjusted 30-, 60- and 90-day VWAP's of the Clicks share price respectively at 15 November 2013, being the date of release of the preliminary announcement on SENS.

If the scheme is implemented, it is expected that between 8 478 888 and 15 261 998 Clicks ordinary shares (or such lesser or greater number of ordinary shares that result from the application of the rounding principle) will be acquired by Clicks for an aggregate consideration of between R500 000 000 and R900 000 000. At the last practicable date, the Proposed Buy-back range is expected to represent between 3.4% – 6.2% of the Clicks ordinary shares (excluding the treasury shares). The scheme shares acquired by Clicks will subsequently be cancelled by Clicks.

The scheme is set out in full in this section. For a full understanding of the detailed legal terms and conditions, this scheme should be read in its entirety.

### 8. OBJECT OF THE SCHEME

The object of the scheme is to procure that the scheme shares are acquired, in terms of section 48 of the Act, by Clicks from the scheme participants in return for the scheme consideration. The scheme shares acquired by Clicks will subsequently be cancelled.

### 9. RATIONALE FOR THE SCHEME

Clicks is continuously evaluating mechanisms available to further optimise its balance sheet. To this end, Clicks believes the issue of the Preference Shares and subsequent implementation of the scheme will have the following benefits to Clicks and the Clicks shareholders:

- further optimise the Company's capital structure;
- replace a portion of Clicks ordinary shares with a stable instrument with a predictable yield; and
- remain consistent with Clicks' existing strategy of implementing share buy-backs, when Clicks believes there is value in its share price.

The scheme aims to ensure that all Clicks ordinary shareholders are treated equally (*pro rata* to their shareholding). It is expected that after implementation of the scheme, a Clicks ordinary shareholder's effective percentage holding of Clicks ordinary shares (excluding treasury shares) will remain unchanged.

Clicks ordinary shareholders are referred to the Independent Expert's views in relation to the fairness and reasonableness of the Proposed Buy-back and scheme, attached as Annexure III.

### 10. CONDITIONS PRECEDENT

10.1 The scheme will be subject to the fulfilment or waiver (in whole or in part by Clicks), of the following conditions precedent by Wednesday, 12 March 2014 or such later date as Clicks may decide and notify Clicks ordinary shareholders by announcement on SENS:

- 10.1.1 the approval of the scheme by the requisite majority of Clicks shareholders at the general meeting, as contemplated in section 115(2)(a) of the Act,
- 10.1.2 the approval of the scheme by the requisite majority of scheme members at the scheme meeting, as contemplated in section 115(2)(a) of the Act, and:
  - 10.1.2.1 to the extent required, the approval of the implementation of such resolution by the court as contemplated in section 115(3)(a) of the Act; and
  - 10.1.2.2 if applicable, Clicks not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Act.
- 10.1.3 the Takeover Regulation Panel having issued a compliance certificate as contemplated in section 119(4)(b) of the Act,
- 10.1.4 Clicks raising not less than R500 000 000 through the issue of Preference Shares;
- 10.1.5 Clicks ordinary shareholders not having exercised Appraisal Rights by giving valid demands to this effect to Clicks, in terms of section 164(7) of the Act, in respect of more than 5% of the Clicks ordinary shares within the 20 business day period contemplated in section 164(7) of the Act, provided that, in the event that any Clicks ordinary shareholders give notice objecting to the scheme, as contemplated in section 164(3) of the Act, and those Clicks ordinary shareholders vote against the resolution proposed at the scheme meeting to approve the scheme, but do so in respect of no more than 5% of the Clicks ordinary shares, this condition precedent shall be deemed to have been fulfilled at the time of the scheme meeting;
- 10.1.6 by the date on which the last of the abovementioned conditions precedent is fulfilled or waived (as the case may be), there has been no change in the laws of South Africa (including, without limitation, laws relating to taxation) which has (or may reasonably be expected to have) a material adverse effect upon the scheme such that the effective direct or indirect cost of the scheme to Clicks, including, but not limited to, the scheme consideration would increase by 10% or more; and
- 10.1.7 The conditions precedent other than 10.1.1, 10.1.2 and 10.1.3 are stipulated for the benefit of Clicks and may be waived by Clicks in its sole discretion. The conditions precedent in 10.1.1, 10.1.2 and 10.1.3 are of a regulatory nature and cannot be waived.

## II. SCHEME MEETING

The resolution to approve the scheme will be proposed as a special resolution at a meeting called in terms of section 115(2) read with section 65(9) of the Act. In terms of Article 8.3 of the MOI, the "A" ordinary shareholders are entitled to attend and vote at general meetings of the Company and to vote on all resolutions the ordinary shareholders are entitled to vote on together with the ordinary shareholders. Accordingly, the "A" shareholders are entitled to vote at the general meeting at which the special resolution regarding the scheme will be proposed, even though they will not participate in the scheme. In light of the uncertainty under the new Companies Act as to whether persons who are not participating in a scheme should be entitled to vote on it, and to avoid any prejudice to either the ordinary shareholders or the "A" ordinary shareholders, Clicks has decided to convene two separate general meetings to consider the scheme, the general meeting where the scheme will be voted on by Clicks shareholders and the scheme meeting, where the scheme will be voted on by the scheme members. It is a condition precedent of the scheme that the relevant special resolutions approving the scheme are approved and adopted at each of the general meetings in terms of the Act.

In terms of the notice of scheme meeting, the chairman has convened the scheme meeting to be held at 10:15 (or immediately after the conclusion or adjournment of the general meeting) on Thursday, 30 January 2014 at Clicks' registered office; Corner Searle and Pontac Streets, Woodstock, Cape Town, 8001 for the purposes of considering and voting on the scheme.

In terms of section 115 of the Act, the scheme requires the approval at the scheme meeting of a majority representing not less than three-fourths (75%) of the votes exercisable by scheme members present and voting either in person or by proxy at the scheme meeting.

## 12. VOTING REQUIREMENTS AT THE SCHEME MEETING

Clicks ordinary shareholders recorded in the register at the close of business on the voting record date, being Friday, 17 January 2014, and who are scheme members, will be entitled to attend and vote at the scheme meeting, subject to the below paragraphs.

Scheme members who hold certificated shares or dematerialised shares with own name registration will be entitled to attend the scheme meeting in person, or if they are unable to attend the scheme meeting in person and wish to be represented thereat, must complete and return the attached form of proxy (*pink*) to the transfer secretaries to be received by 10:00 on Tuesday, 28 January 2014.

Scheme members who hold dematerialised shares and who do not have own name registration who wish to attend and vote at the scheme meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend and vote at the scheme meeting or, if they do not wish to attend the general meeting, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

The following proposed resolutions will be voted on by the Clicks ordinary shareholders at the scheme meeting:

- The proposed Special Resolution Number 1 (as set out in the attached notice of the scheme meeting) to authorise the scheme, implementing the Proposed Buy-back of Clicks ordinary shares from the scheme participants.

The quorum requirement for Special Resolution Number 1 to be adopted is sufficient scheme participants being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for Special Resolution Number 1 to be adopted is at least 75% of the voting rights exercised on such special resolution.

- The proposed Ordinary Resolution Number 1 (as set out in the attached notice of the scheme meeting) will authorise the directors to do all such things and sign all such documents as may be required to give effect to Special Resolution Number 1.

The percentage of voting rights required for Ordinary Resolution Number 1 to be adopted is at least 50% of the voting rights exercised on such ordinary resolution.

## 13. THE SCHEME CONSIDERATION

13.1 In consideration for the disposal by each scheme participant of all their scheme shares to Clicks, the scheme participant shall, subject to the scheme becoming operative, be entitled to receive the scheme consideration of R58.97 for every scheme share held on the record date of the scheme.

13.2 The proposed cash scheme consideration of R58.97 per scheme share represents a premium of 3%, 8% and 7% to the dividend adjusted 30-, 60- and 90-day VWAP's of the Clicks share price, respectively, at 15 November 2013, being the date that the preliminary announcement was released on SENS.

13.3 The dividend adjusted 30-day VWAP, as at the last practicable date, is calculated after adjusting for the final ordinary dividend of 119.5 cents per ordinary share announced by Clicks on 24 October 2013. The announced dividend payment date is on 27 January 2014, prior to the operative date. Therefore, this dividend should not be included in the calculation of the scheme consideration and is removed from the VWAP calculation.

13.4 Scheme participants are referred to paragraph 20 below regarding the treatment of their scheme consideration in terms of the Exchange Control Regulations.

13.5 Scheme participants are referred to paragraph 21 below regarding the tax implications of the scheme for scheme participants.

13.6 The offer consideration to which any holder is entitled under the offer will be implemented in full in accordance with the terms of the offer without regard to any *lien*, right of set-off, counterclaim or other analogous right to which the offeror may otherwise be, or claim to be, entitled against such holder.

## 14. SETTLEMENT OF THE SCHEME CONSIDERATION

Clicks will deliver the scheme consideration to the scheme participants, as set out in paragraphs 14.1 and 14.2 below. Delivery by Clicks of the scheme consideration shall be the sole and exclusive manner of discharge by Clicks of its obligations in respect of the scheme and the rights of scheme participants to receive the scheme consideration will be rights enforceable by scheme participants against Clicks only.

#### 14.1 **Certificated scheme participants**

For certificated scheme participants, cheques in respect of the scheme consideration and new Clicks share certificates will be posted within five business days of the operative date to those certificated scheme participants who have surrendered their documents of title in respect of their entire holdings of Clicks shares and furnished duly signed surrender forms (*white*) in accordance with the instructions contained therein to the transfer secretaries on or prior to 10:00 on the record date of the scheme. If a certificated scheme participant's documents of title are surrendered only after 10:00 on the record date of the scheme, cheques in respect of the scheme consideration and new Clicks share certificates will be posted within five business days of receipt thereof by the transfer secretaries. The scheme consideration will be electronically transferred directly into a certificated scheme participant's bank account if these details are available to the transfer secretaries and the scheme participant has entered into a mandate with the transfer secretaries.

#### 14.2 **Dematerialised scheme participants**

Dematerialised scheme participants will have their accounts with their CSDP or broker credited with the scheme consideration and debited with the scheme shares on the operative date. Insofar as receipt of their scheme consideration is concerned, scheme participants need not take any action as this will be done by their CSDP or broker.

The scheme consideration to which a scheme participant is entitled when the scheme becomes operative will be implemented in full in accordance with the terms of the scheme without regard to any *lien*, right of set-off, counterclaim or other analogous right to which Clicks may otherwise be, or claim to be, entitled against such scheme participant.

### 15. **COURT APPROVAL**

15.1 Scheme members are advised that, in terms of section 115(3) of the Act, Clicks may in certain circumstances elect not to proceed to implement the special resolution required to approve the scheme, despite the fact that it has been adopted at the scheme meeting, without the approval of the court.

15.2 A copy of section 115 of the Act pertaining to the required approval for the scheme is set out in Annexure IV to this document.

### 16. **DISSENTING SHAREHOLDERS**

16.1 A Clicks ordinary shareholder who is entitled to vote at the scheme meeting is entitled to seek relief in terms of section 164 of the Act if that Clicks ordinary shareholder notified Clicks in advance in writing of its intention to oppose the special resolution, was present at the scheme meeting and voted against the special resolution.

16.2 A copy of section 164 of the Act pertaining to Appraisal Rights is set out in Annexure V to this document.

### 17. **INSTRUCTIONS AND AUTHORITIES**

17.1 Clicks shall be entitled to accept and act on all documents relating to the status and capacity of any scheme participant.

17.2 Each mandate, instruction or authority with regard to the scheme shares recorded with Clicks at the record date of the scheme will be deemed, unless and until revoked, to be a mandate, instruction or authority to Clicks in respect of any right accruing in respect of the scheme consideration.

### 18. **GENERAL INFORMATION IN RELATION TO THE SCHEME**

18.1 Subject to the scheme becoming operative, with effect from the operative date:

18.1.1 scheme participants shall dispose of the scheme shares and Clicks shall acquire the scheme shares in terms of section 48 of the Act, free from any encumbrances;

18.1.2 Clicks shall make application to the JSE for the delisting of the scheme shares;

18.1.3 the scheme shares acquired by Clicks shall be subsequently cancelled by Clicks;

18.1.4 the disposal and transfer of the scheme shares held by each scheme participant to Clicks and the acquisition of ownership of those shares by Clicks, shall be effected in accordance with the following provisions:

- 18.1.5 in the case of certificated shares, each scheme participant shall be deemed to have ceded to Clicks on the operative date the relevant number of scheme shares held by the scheme participant in accordance with the Table of Entitlement to Scheme Consideration which is Annexure II to the document in which the scheme is included, without any further act or action being required; and
- 18.1.6 in the case of dematerialised shares, the transfer of ownership shall be effected on the operative date in accordance with the requirements the Act and the rules of Strate, by debiting the account of the scheme participant or its nominee in Clicks' sub-register maintained by the scheme participant's CSDP and crediting the account of Clicks (prior to cancellation) maintained by Clicks' CSDP; Clicks, or the transfer secretaries as agent for and on behalf of Clicks, shall deliver the scheme consideration to scheme participants in accordance with paragraph 14 above;
- 18.2 Each certificated scheme participant irrevocably and *in rem suam* authorises Clicks, with power of substitution, prior to cancellation:
- 18.2.1 cause such number of the scheme shares disposed of by the scheme participant in terms of the scheme and acquired by Clicks to be transferred to and registered in the name of Clicks on or at any time after the operative date, and to do all such things and take all such steps (including the signing of any transfer form) as Clicks in its discretion considers necessary in order to effect that transfer and registration; and
- 18.2.2 receive the scheme participant's surrender, or procure that the transfer secretaries as agent for and on behalf of Clicks receive the scheme participant's surrender, of the documents of title relating to the certificated scheme participant's scheme shares.
- 18.3 Each dematerialised scheme participant irrevocably and *in rem suam* authorises Clicks, with power of substitution, to instruct his CSDP to cause the scheme shares disposed of by the scheme participant to Clicks in terms of the scheme to be transferred in terms of the Act to Clicks in accordance with the requirements of the scheme, and to do all such things and take all such steps as Clicks in its discretion considers necessary in order to effect that transfer.
- 18.4 Delivery by Clicks as principal, or its agent, of the scheme consideration shall be the sole and exclusive manner of discharge by Clicks of its obligations in respect of the scheme.
- 18.5 The rights of the scheme participants to receive the scheme consideration will be rights enforceable by scheme participants against Clicks only.
- 18.6 The scheme will be implemented on the operative date. Any change in the expected dates will be announced on SENS.
- 18.7 Clicks hereby undertakes that, immediately after the scheme becomes operative, it will sign and/or procure the signing of all documents which are necessary to be signed and will carry out and/or procure the carrying out of all acts which are necessary to be carried out to give effect to the scheme.
- 18.8 On the operative date, documents of title to all scheme shares will cease to be of any value, other than for the purposes of surrender in terms of the scheme.
- 18.9 On the operative date, every director of Clicks and every director of the transfer secretaries will irrevocably be deemed to be the attorney and agent in *rem suam* of each scheme participant to implement the scheme and registration of transfer and to sign any instrument of transfer in respect thereof or any other documents required to implement the scheme.
- 18.10 Clicks may consent:
- 18.10.1 before or at the scheme meeting or at any time prior to the voting in respect of the scheme, to any amendment, variation or modification of the scheme; or
- 18.10.2 after the scheme meeting, to any amendment, variation or modification which the court may think fit to approve or impose, provided that no amendment, variation or modification made after the scheme meeting may have the effect of diminishing the rights which will accrue to a scheme participant in terms of the scheme.
- 18.11 A certificate signed by any director stating that all the conditions of the scheme have been fulfilled and that the scheme has become operative shall be binding on Clicks and the scheme participants.
- 18.12 The costs of preparing, signing and carrying the scheme into effect including the payment of stamp duty and securities transfer tax on the transfer of the scheme shares shall be borne and paid by Clicks.

18.13 If any provision in a definition is a substantive provision conferring a right or imposing an obligation on any party then, notwithstanding that it is only a definition, effect shall be given to that provision as if it were a substantive provision in the body of the scheme.

## 19. SURRENDER OF DOCUMENTS OF TITLE

This paragraph 19 only applies to certificated scheme participants and does not apply to dematerialised scheme participants.

If the conditions precedent are fulfilled and the scheme becomes operative, scheme participants will be entitled to receive the scheme consideration, but in the case of certificated scheme participants, the scheme consideration and the new Clicks ordinary share certificates will not be delivered to them unless and until they have surrendered their documents of title in respect of their entire holdings of Clicks ordinary shares. If the documents of title in respect of certificated scheme participants are not surrendered prior to the operative date, the certificates in respect thereof shall no longer be good for delivery other than for the purposes of the scheme in order to receive the scheme consideration and the new Clicks ordinary share certificates.

On the operative date, the scheme shares will be acquired by Clicks.

The scheme consideration due to a certificated scheme participant will only be payable upon receipt by the transfer secretaries of the documents of title in respect of all of the certificated scheme participant's Clicks ordinary shares.

Certificated shareholders who wish to anticipate the scheme becoming operative on the operative date should complete the attached form of surrender (*white*) and send it together with their documents of title to the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown 2107), in advance of the record date of the scheme. Such surrendered documents of title will be held in trust by the transfer secretaries, pending the scheme becoming operative. Should the scheme not become operative for whatever reason, such documents will, within five business days of the date upon which it becomes known that the scheme will not become operative, be returned by registered post at the risk of the certificated shareholder concerned. Certificated scheme participants who surrender their documents of title before the record date of the scheme will not be able to dematerialise their Clicks ordinary shares between the date of surrender and the operative date. In addition, no dematerialisation or rematerialisation of existing Clicks shares will take place after Thursday, 13 March 2014. Dematerialisation or rematerialisation of Clicks shares will recommence after Monday, 24 March 2014.

Alternatively, certificated scheme participants can wait until the operative date and surrender their documents of title in respect of their entire holdings of Clicks ordinary shares together with the attached form of surrender (*white*) at that time, or notify their broker accordingly.

No receipts will be issued for documents of title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts if required.

If documents of title have been lost or destroyed and the Clicks ordinary shareholder produces evidence to this effect to Clicks' satisfaction, Clicks may dispense with the surrender of documents of title requirement against provision of an acceptable indemnity by the relevant certificated scheme participant, the costs of which indemnity will be borne by the certificated scheme participant concerned.

Clicks ordinary shares may only be traded in dematerialised form. Certificated scheme participants who wish to retain their physical share certificates should note that they need not submit their share certificates for dematerialisation. However, in order to receive the scheme consideration, and to reflect the correct number of shares held on the ordinary share certificates and ensure that the ordinary share certificates are valid for delivery for dematerialisation in the future, it will be necessary to surrender all Clicks ordinary share certificates in issue in order to replace them with new Clicks ordinary share certificates.

Once the scheme is approved and becomes operative a further document containing another form of surrender will be sent to all certificated scheme participants who have not yet surrendered their documents of title.

If the relevant documents of title are not surrendered, or if the scheme consideration and new Clicks ordinary share certificates are returned undelivered to the transfer secretaries, such scheme consideration and share certificates will be held by the transfer secretaries on behalf of and for the benefit of the relevant scheme participants until claimed. No interest will accrue or be paid to a scheme participant on any cash or Clicks shares so held.



## 20. EXCHANGE CONTROL REGULATIONS

The scheme consideration payable to a scheme participant is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations. The following is a summary of the Exchange Control Regulations as they affect emigrant and non-resident scheme participants. Scheme participants who are not resident in, or who have a registered address outside, South Africa must satisfy themselves as to the full observance of the laws of any relevant jurisdiction concerning the receipt of the scheme consideration and new Clicks ordinary share certificates or the amendment of their share statements, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. In the event that scheme participants have any doubts, they should consult their professional advisors without delay.

### 20.1 Emigrants

The scheme consideration due to a scheme participant who is an emigrant from the common monetary area, whose registered address is outside the common monetary area will:

- 20.1.1 in the case of a certificated scheme participant whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be deposited in a blocked Rand account with the authorised dealer in foreign exchange in South Africa controlling such certificated scheme participant's blocked assets in accordance with his instructions. The attached surrender form (*white*) makes provision for details of the authorised dealer concerned to be given; and
- 20.1.2 in the case of a dematerialised scheme participant, be credited directly to the scheme participant's blocked Rand account by his duly appointed CSDP and held to the order of the authorised dealer in foreign exchange in South Africa.

The new Clicks ordinary share certificates due to a certificated scheme participant who is an emigrant and whose documents of title have been restrictively endorsed under the Exchange Control Regulations, on the surrender of the appropriate documents of title, will be similarly endorsed and sent to the authorised dealer controlling the blocked assets of the emigrant certificated scheme participant.

### 20.2 All other non-residents of the common monetary area

The scheme consideration due to a scheme participant who is a non-resident of the common monetary area and who has never resided in the common monetary area, whose registered address is outside the common monetary area will:

- 20.2.1 in the case of a certificated scheme participant whose documents of title have been restrictively endorsed under the Exchange Control regulations, be deposited with the authorised dealer in foreign exchange in South Africa controlling such scheme participant's blocked assets, in terms of Exchange Control Regulations. It will be incumbent on the scheme participant concerned to instruct the nominated authorised dealer as to the disposal of the relevant proceeds; and
- 20.2.2 in the case of a dematerialised scheme participant, be credited directly to the scheme participant's blocked Rand bank account held with the authorised dealer in foreign exchange in South Africa who controls such scheme participant's blocked Rand bank account. It will be incumbent on the scheme participant concerned to instruct the nominated authorised dealer as to the disposal of the relevant proceeds.

The new Clicks ordinary share certificates due to a certificated scheme participant who is a non-resident of the common monetary area and who has never resided in the common monetary area, whose registered address is outside the common monetary area and whose documents of title have been restrictively endorsed under the Exchange Control Regulations, will be endorsed non-resident. The new Clicks ordinary share certificate will be forwarded, at the risk of the scheme participant concerned, to his authorised dealer in foreign exchange.

If the information regarding the authorised dealer is not given and no instruction is given as required in terms of paragraphs 20.1 and 20.2 above, the scheme consideration and new Clicks ordinary share certificates will be held in trust by Clicks for the certificated scheme participant concerned pending receipt of the necessary information or instruction. No interest will be paid on any amounts so held.

## 21. TAX IMPLICATIONS FOR SCHEME PARTICIPANTS

Set out below is an indicative guide to the tax implications of the scheme for Clicks ordinary shareholders which is not intended to be an exhaustive analysis of the tax implications. It is not intended to be, nor should it be considered to be, legal or tax advice. Clicks ordinary shareholders should therefore consult their own tax advisors on the tax consequences of the scheme in both South Africa and their jurisdiction of residence, for which neither Clicks nor its advisors will be held responsible.

## 21.1 Dividends tax

The Proposed Buy-back will be made out of Clicks' distributable reserves and will therefore constitute a dividend in the hands of scheme participants. Scheme participants will therefore need to consider their own tax treatments in relation to the receipt of dividends. Scheme participants who are not exempt from dividend withholding tax will receive approximately R50.12 per Clicks ordinary share held, being the proposed scheme consideration net of 15% dividend withholding tax.

## 21.2 Securities transfer tax

Clicks will be liable for securities transfer tax, being 0.25% payable on the value of the Clicks shares repurchased.

## 22. FINANCIAL EFFECTS OF THE SCHEME

The table below sets out the *pro forma* financial effects of the scheme on the audited earnings and headline earnings per ordinary share of Clicks for the year ended 31 August 2013 and the net asset value and tangible net asset value per ordinary share as at that date. The table below assumes 5 000 000 Preference Shares are issued for R500 000 000 and the proceeds are used for the Proposed Buy-back at the scheme consideration of R58.97.

Per Clicks share	Notes	Before the scheme (cents) per Clicks share	Movement due to transaction costs (cents) per Clicks share	Movement due to buy-back of Clicks ordinary shares (cents) per Clicks share	After the scheme (cents) per Clicks share	Change (%)
Earnings	3	300.11	(0.94)	10.52	309.69	3.2%
Headline earnings	3	302.37	(0.94)	10.60	312.03	3.2%
Diluted earnings	4	296.40	(0.93)	10.26	305.73	3.1%
Diluted headline earnings	4	298.63	(0.93)	10.33	308.03	3.1%
Net asset value	5	557.69	(0.96)	19.84	576.57	3.4%
Tangible net asset value	5	374.40	(0.96)	13.32	386.76	3.3%

The *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information on how the scheme might affect the financial results and position of a Clicks ordinary shareholder and, because of their nature, may not give a true reflection of the actual financial effects of the scheme. The *pro forma* financial effects have been calculated on the basis set out below. The *pro forma* financial effects are the responsibility of the directors.

### Notes:

1. Transactional costs estimated at R2 279 000 have been taken into account in arriving at the above financial effects.
2. The "After the scheme" column assumes 8 478 888 ordinary shares have been repurchased by Clicks at 1 September 2012.
3. The "Before" column reflects the earnings and headline earnings per Clicks ordinary share for the year ended 31 August 2013, calculated on the basis of a weighted average number of 250 296 736 Clicks ordinary shares (excluding treasury shares) in issue throughout the period. The "After" column assumes that the scheme was implemented with effect from 1 September 2012, and is calculated on the basis of a weighted average number of 241 817 848 Clicks ordinary shares (excluding treasury shares) in issue. The earnings and headline earnings have been reduced by the assumed transactional costs in note 1. No additional interest cost is assumed as the Preference Shares will pay dividends to Preference shareholders as opposed to interest. This assumes that R500 000 000 of Preference Shares were issued as at 1 September 2012.
4. The "Before" column reflects the diluted earnings and diluted headline earnings per Clicks ordinary share for the year ended 31 August 2013, calculated on the basis of a diluted weighted average number of 253 434 335 Clicks ordinary shares (excluding treasury shares) in issue throughout the period. The "After" column assumes that the scheme was implemented with effect from 1 September 2012, and is calculated on the basis of a diluted weighted average number of 244 955 447 Clicks ordinary shares (excluding treasury shares) in issue. The earnings and headline earnings have been reduced by the assumed transactional costs in note 1. No additional interest cost is assumed as the issue of Preference Shares will be used to effect the Proposed Buy-back. This assumes that R500 000 000 of Preference Shares were issued as at 1 September 2012.
5. The "Before" column reflects the net asset value per Clicks ordinary share and the tangible net asset value per Clicks ordinary share as at 31 August 2013, and is based on 246 880 335 Clicks ordinary shares (excluding treasury shares) in issue. The "After" column assumes that the scheme was implemented on 31 August 2013, calculated on the basis of 238 401 447 Clicks ordinary shares (excluding treasury shares) in issue. This assumes that R500 000 000 of Preference Shares were issued as at 1 September 2012.

The independent reporting accountants' assurance report on the financial effects of the scheme is set out in Annexure I to this document.

## 23. SHARE CAPITAL OF CLICKS

At the last practicable date, the share capital of the Clicks, before and after the scheme is operative and assuming the passing of the resolutions necessary to the creation and issue of at least R500 000 000 of the Preference Shares, is as follows:

<b>BEFORE THE SCHEME</b>	<b>(R'mn)</b>
<b>Authorised</b>	
600 000 000 Clicks ordinary shares with a par value of 1 cent each	6
50 000 000 Clicks "A" ordinary shares with a par value of 1 cent each	0.5
20 000 000 Preference Shares	2 000
<b>Issued</b>	
268 323 498 Clicks ordinary shares with a par value of 1 cent per share	2.7
29 153 295 Clicks "A" ordinary shares with a par value of 1 cent each	0.3
<b>Share premium</b>	3.5
<b>Total issued share capital</b>	6.5
<b>AFTER THE SCHEME</b>	<b>(R'mn)</b>
<b>Authorised</b>	
600 000 000 Clicks ordinary shares with a par value of 1 cent each	6
50 000 000 Clicks "A" ordinary shares with a par value of 1 cent each	0.5
20 000 000 Preference Shares	2 000
<b>Issued</b>	
259 844 610 Clicks ordinary shares with a par value of 1 cent per share	2.6
29 153 295 Clicks "A" ordinary shares with a par value of 1 cent each	0.3
5 000 000 Preference Shares	500
<b>Share premium</b>	3.5
<b>Total issued share capital</b>	506.4

The table above assumes that all scheme shares pursuant to the Proposed Buy-back are subsequently cancelled by Clicks. At the last practicable date there were 22 356 185 shares held as treasury shares (8% of the Clicks ordinary shares in issue). A special resolution has been included in the Integrated Annual Report for the year ended 31 August 2013 which will be voted on at the annual general meeting to be held on 30 January 2014 in respect of the specific authority to repurchase 22 185 735 of the treasury shares held by a subsidiary of Clicks. As the resolution has not been passed as at the last practicable date, the effects thereof have not been incorporated into the table above.

The issued share capital of 259 844 610 ordinary shares, and 5 000 000 Preference Shares after the scheme has been implemented, assumes that the minimum value of R500 000 000 is raised through the issue of Preference Shares, resulting in 8 478 888 ordinary shares being repurchased.

## 24. DIRECTORS INFORMATION

As at the last practical date the information of the directors is as follows:

### **David Nurek (63)**

Independent non-executive chairman

Dip Law, Grad Dip Company Law

Chairman of the social and ethics committee

Member of the remuneration and nominations committee

Appointed June 1997

David practised as an attorney with Sonnenberg Hoffman Galombik for 32 years, including 23 years as a partner and director. He joined Investec in 2000 and is regional chairman of the group's Western Cape businesses and global head of legal risk for Investec. He is non-executive chairman of Distell Group, Lewis Group and The Foschini Group, and a non-executive director of Trenchor.

**Fatima Abrahams (51)**

Independent non-executive director

BCon (Hons) (*cum laude*), MCom and DCom

Chairperson of the remuneration and nominations committee

Member of the social and ethics committee

Appointed March 2008

Fatima Abrahams is an academic, experienced company director and a registered industrial psychologist. She is currently a senior professor at the University of the Western Cape, having also served as dean of the Faculty of Economic and Management Sciences. Prof Abrahams is chairperson of TSIBA Education, a non-profit private higher educational institution, and is a non-executive director of Iliad Africa, Lewis Group and The Foschini Group.

**John Bester (67)**

Independent non-executive director

BCom (Hons), CA(SA), CMS (Oxon)

Chairperson of the audit and risk committee

Member of the remuneration and nominations committee

Appointed October 2008

John spent 16 years in the accounting profession, including serving as a partner of Ernst & Young for 10 years. He has been involved in commerce and industry for a further 32 years, holding a number of financial directorships during this time. He is a non-executive director of Personal Trust International, HomeChoice, Sovereign Food Investments, Tower Property Fund and Western Province Rugby, as well as a trustee of the Children's Hospital Trust.

**Bertina Engelbrecht (51)**

Group human resources director

BProc, LL.M, admitted attorney

Member of the social and ethics committee

Appointed as a director in March 2008

An experienced human resources professional, Bertina joined the Clicks Group in July 2006. She was previously general manager for Shell SA Energy and regional human resources manager for Shell Oil Products Africa. Prior to this Bertina was director of organisational effectiveness at Sea Harvest, managed her own consultancy practice and spent eight years with Transnet.

**Michael Fleming (46)**

Chief financial officer

BCom, CTA, CA(SA)

Appointed as a director in March 2011

Michael joined the Clicks Group in February 2011 and was previously chief financial officer of Tiger Brands. He joined Tiger Brands in 2000 and was appointed as financial executive of the Tiger Brands' consumer brands division in 2005 and promoted to chief financial officer in June 2008. During his tenure as CFO of Tiger Brands, Michael also served as a non-executive director of Oceana Group.

**Fatima Jakoet (53)**

Independent non-executive director

BSc, CTA, CA(SA), Higher certificate in financial markets

Member of the audit and risk committee

Appointed March 2008

After spending six years in the auditing profession, Fatima went on to lecture in financial accounting and then spent over a decade in various positions in corporate South Africa. Fatima is a non-executive director of MMI Holdings, Tonaat Hulett, Rand Refinery, AfriSam and MTN West and Central Africa (WECA) region.

**David Kneale (59)**

Chief executive officer

BA

Member of the social and ethics committee

Appointed as a director in April 2006

David was appointed chief executive officer of the Clicks Group in January 2006. He was previously chief commercial officer of health and beauty retailer, Boots, in the United Kingdom. During his career at Boots, David held positions in finance, buying and marketing before being appointed director of merchandise and marketing in 1995, and managing director of international retail development in 1997. After three years as managing director of Waterstone's Booksellers and a director of HMV Group, he returned to Boots in 2002 as director of trading, and was appointed chief commercial officer in January 2003.

**Nkaki Matlala (60)**

Independent non-executive director

BSc, MSc, MD, MMed (Surgery), FCS

Member of the audit and risk, and social and ethics committees

Appointed in August 2010

Dr Matlala is an experienced teacher and surgeon and is currently executive director: government and stakeholder relations at Mediclinic. He was deputy president of the National Medical and Dental Association in the late eighties, and worked for a number of years in academic medicine and private surgical practice before establishing Safika Health in 1999. He joined Mediclinic in 2005. Dr Matlala is a member of the Hospital Association of South Africa board and a founding member and chairman of Phodiso Holdings, a healthcare investment company.

**Martin Rosen (63)**

Independent non-executive director

Member of the remuneration and nominations committee

Appointed April 2006

Martin is an accomplished retailer and marketer, having spent 33 years with Pick n Pay before starting his own marketing consultancy in 2004. After 17 years in the retail operations of Pick n Pay, Martin was appointed group marketing director in 1998 and managing director of Pick n Pay Group Enterprises in 2001.

**25. INTERESTS OF THE DIRECTORS OF CLICKS****25.1 Shareholdings**

At the last practicable date, the directors held, directly and indirectly, beneficial interests in 588,644 Clicks ordinary shares, representing approximately 0.2% of the total issued Clicks ordinary shares (excluding treasury shares). The direct and indirect beneficial interests of the directors of Clicks are as follows:

<b>Clicks shares</b>				
<b>Director</b>	<b>Direct beneficial shares</b>	<b>Indirect beneficial shares</b>	<b>Total</b>	<b>Interest (%)</b>
David Nurek		240 000	240 000	0.1
John Bester	12 000	10 000	22 000	<0.1
Bertina Engelbrecht	76 522		76 522	<0.1
David Kneale	248 122		248 122	0.1
Martin Rosen		2 000	2 000	<0.1
<b>Total</b>	<b>336 644</b>	<b>252 000</b>	<b>588 644</b>	<b>0.2</b>

As at the last practicable none of the directors held any non-beneficial interests in Clicks.

**26. DIRECTORS' EMOLUMENTS AND SERVICE CONTRACTS**

The emoluments and service contracts of the directors will not be affected by the scheme. Emoluments exclude the long-term incentive scheme referred to in the Independent Expert's report in Annexure III.

The remuneration of Clicks' executive directors will be affected to the extent that the executive directors participate, together with other executive employees, in a long-term incentive scheme in terms of which share appreciation units are allocated to the participants, and the increase in the value attached to such appreciation units are determined with reference to the Group's reported diluted headline earnings per share over a three-year measurement period. Paragraph 22 sets out the financial effects on the diluted headline earnings per share of the Proposed Buy-back.

## 27. MATERIAL CHANGES

The directors are not aware of any material changes in Clicks subsequent to the latest published audited results for the year ended 31 August 2013.

## 28. MAJOR SHAREHOLDERS

To the best of Clicks' knowledge and belief, the following major beneficial shareholders and major fund managers were, as at the 15 November 2013, directly or indirectly, the beneficial owners of 5% or more of the Clicks ordinary shares:

	<b>Number of shares held at the last practicable date</b>	<b>Percentage of Clicks ordinary shares</b>
<b>Major fund managers</b>		
Coronation Fund Managers	45 745 218	17.1
Public Investment Corporation	32 439 320	12.1
Aberdeen Asset Managers	19 663 820	7.3
Fidelity Management & Research/International	16 770 921	6.3
J.P Morgan Asset Management	15 062 143	5.6
<b>Total</b>	<b>129 681 422</b>	<b>48.4</b>
<b>Major beneficial shareholders</b>		
Government Employees Pension Fund	39 013 623	14.5
New Clicks South Africa	22 185 735	8.3
<b>Total</b>	<b>61 199 358</b>	<b>22.8</b>

## 29. IRREVOCABLE UNDERTAKINGS

Clicks has received support for the creation and issue of the Preference Shares and the scheme from Coronation Asset Management, representing approximately 17% of the Clicks ordinary shares, which has provided an irrevocable undertaking to vote in favour of the proposed resolutions set out in the notice of the general meeting and notice of the scheme meeting. Refer to Annexure VII for details of trading by providers of irrevocable undertakings.

The Public Investment Corporation representing approximately 12% of the Clicks ordinary shares, has provided a letter of support in relation to the creation and issue of the Preference Shares and the scheme.

## 30. RELATED AND CONCERT PARTIES

There are no related party relationships that arise as a result of the scheme for the Proposed Buy-back and issue of the Preference Shares.

No agreement exists between the offeror and any of the parties mentioned in (i) to (iii) of Regulation 106(4)(e) litigation statement.

## 31. LITIGATION

There are no legal or arbitration proceedings pending or threatened of which Clicks is aware involving Clicks, which may have or have had a material effect on the financial position of Clicks taken as a whole for the 12 months immediately preceding the last practicable date.

### 32. **WORKING CAPITAL STATEMENT**

The directors are of the opinion that after considering the effect of the scheme:

- it appears that Clicks will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of this document;
- the assets of Clicks, as fairly valued, equal or exceed the liabilities of Clicks, as fairly valued;
- the share capital and reserves of Clicks will be adequate for ordinary business purposes for a period of 12 months after the date of this document; and
- the working capital of Clicks will be adequate for 12 months after the date of this document.

### 33. **SOLVENCY AND LIQUIDITY STATEMENT**

The directors are of the opinion that after considering the effect of the scheme:

- it appears that Clicks will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of this document; and
- the assets of Clicks, as fairly valued, equal or exceed the liabilities of Clicks, as fairly valued.

### 34. **COSTS OF THE SCHEME**

Clicks shall bear all costs incurred in relation to the legal, advisory, tax and other advisors and including the costs of this document. Clicks shall bear and pay the following costs and fees, which are anticipated to be approximately R2.3 million (excluding VAT). These expenses include the following:

	<b>R'000</b>
Printing, publication and distribution expenses	86
Legal fees	870
Investment banking and sponsor fees	1 000
Independent expert fees	85
Takeover Regulation Panel	150
Reporting accountants' fees	68
JSE documentation fee	20
<b>Total</b>	<b>2 279</b>

### 35. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names appear on page 1 and page 25 of this document, collectively and individually, accept full responsibility for the accuracy of the information given in this document and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement in this document false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by law and the Listings Requirements.

### 36. **OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS**

The directors have considered the terms and conditions of the scheme and are of the unanimous opinion that those terms and conditions are in the best interests of the Clicks shareholders. Accordingly, the directors support the scheme and recommend that Clicks ordinary shareholders vote in favour of the scheme and the resolutions to be proposed at the scheme meeting. The directors of Clicks who hold Clicks ordinary shares intend to vote in favour of the scheme at the scheme meeting in respect of their own respective holdings of Clicks ordinary shares.

### 37. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered office of Clicks during normal office hours from Thursday, 19 December 2013, up to and including the date of the scheme meeting (expected to be Thursday, 30 January 2014):

- the MOI;
- a draft of the resolutions amending the MOI;
- the written consents as set out in paragraph 3;

- the Independent Expert opinion;
- the irrevocable undertaking referred to in paragraph 29;
- the letter of support referred to in paragraph 29;
- the Independent Reporting Accountants' Assurance Report on the *pro forma* financial information pertaining to the scheme; and
- a signed copy of this document.

For and on behalf of the Board

**CLICKS GROUP LIMITED**

19 December 2013  
Cape Town



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## INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT

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The directors  
Clicks Group Limited  
Corner Searle and Pontac Streets  
Woodstock  
Cape Town  
8001

### **Independent reporting accountants' Assurance report on the compilation of the *pro forma* financial information included in a circular**

To the directors of Clicks Group Limited

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Clicks Group Limited ("Clicks") by the directors. The *pro forma* financial information, as set out in paragraph 22 on page 24 of this document, relating to Clicks' issue of preference shares and buy-back of ordinary shares consists of the financial effects of the scheme and the impact on the share capital of Clicks (collectively, the "*pro forma* financial information") and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate actions or events, described in paragraph 1 of this document, on the Company's financial position as at 31 August 2013, and the Company's financial performance for the year then ended, as if the corporate action or event had taken place at 1 September 2012 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 annual financial statements for the year ended 31 August 2013, on which an unqualified audit report was issued on 12 November 2013.

### **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 Listings Requirements and described in paragraph 22 on page 24 of this document.

### **Reporting accountants' 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 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 comply with ethical requirements and plan and perform our 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 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.

As 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, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2013 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 provide 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 judgement, having regard to our understanding of the nature of the Company, the corporate actions or events 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 by the JSE Listings Requirements and described in paragraph 22 on page 24 of this document.

Ernst & Young Inc.

**Anthony Cadman**

Capacity: *Director*

Chartered Accountant

Registered Auditor

10 December 2013

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**TABLE OF ENTITLEMENT TO THE SCHEME CONSIDERATION**


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The definitions on pages 5 to 10 of this document have been used in this Annexure.

The table below is a summary of the entitlement to the scheme consideration to scheme participants, assuming a Proposed Buy-back of R500 000 000 is implemented. The table is not a comprehensive guide and as such should be used for illustrative purposes only.

<b>Holding of Clicks shares before the scheme</b>	<b>3.4% of shareholding before the scheme</b>	<b>Number of shares to be bought back (according to rounding principle)</b>	<b>Scheme consideration received (Rand)</b>	<b>Holding of Clicks shares after the scheme</b>
1	0.03	–	–	1
2	0.07	–	–	2
3	0.10	–	–	3
4	0.14	–	–	4
5	0.17	–	–	5
6	0.20	–	–	6
7	0.24	–	–	7
8	0.27	–	–	8
9	0.31	–	–	9
10	0.34	–	–	10
20	0.68	1	59	19
21	0.71	1	59	20
22	0.75	1	59	21
23	0.78	1	59	22
24	0.82	1	59	23
25	0.85	1	59	24
26	0.88	1	59	25
27	0.92	1	59	26
28	0.95	1	59	27
29	0.99	1	59	28
30	1.02	1	59	29
40	1.36	1	59	39
50	1.70	2	118	48
60	2.04	2	118	58
70	2.38	2	118	68
80	2.72	3	177	77
90	3.06	3	177	87
100	3.40	3	177	97
200	6.80	7	413	193
300	10.20	10	590	290
400	13.60	14	826	386
500	17.00	17	1 002	483
1 000	34.00	34	2 005	966
2 000	68.00	69	4 069	1 931
5 000	170.00	172	10 143	4 828
10 000	340.00	343	20 227	9 657
100 000	3 400.00	3 434	202 503	96 566
1 000 000	34 000.00	34 344	2 025 266	965 656
10 000 000	340 000.00	343 441	20 252 716	9 656 559

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## REPORT PREPARED BY THE INDEPENDENT EXPERT

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The Board of directors  
Clicks Group Limited  
Corner Searle and Pontac Streets  
Cape Town  
8001

10 December 2013

Dear Sirs

**INDEPENDENT EXPERT'S REPORT IN TERMS OF SECTION 114 OF THE COMPANIES ACT, 2008 (ACT 71 OF 2008), AS AMENDED ("THE ACT") AND REGULATION 90 IN RESPECT OF A SCHEME OF ARRANGEMENT BETWEEN CLICKS GROUP LIMITED ("CLICKS" OR "THE COMPANY") AND ITS SHAREHOLDERS, TO REPURCHASE BETWEEN 8 478 888 AND 15 261 998 OF THE CLICKS ORDINARY SHARES ON A PRO RATA BASIS FROM EACH SHAREHOLDER**

### Introduction

We have been requested, as Independent Expert, to provide a report to the Clicks Board of directors in terms of section 114(3) of the Act in respect of the Proposed Buy-back by Clicks, in terms of section 48 of the Act, of Clicks ordinary shares from all Clicks ordinary shareholders on a *pro rata* basis of between 3.4% and 6.2% of the Clicks shares (excluding the Clicks "A" shares and the treasury shares), in terms of the scheme, using the proceeds from the issue of the Preference Shares ("the Proposed Buy-back").

Further, we been requested, as Independent Expert, to address the requirements of regulation 106(4)(d)-(h) which includes a fair and reasonable opinion provided in conformity with the applicable disclosure requirements of regulation 90.

If the scheme is implemented, it is expected that between 8 478 888 and 15 261 998 Clicks ordinary shares (or such lesser or greater number of shares that result from the application of the rounding principle) will be repurchased by Clicks for an aggregate consideration of between R500 000 000 and R900 000 000.

The scheme shares repurchased by Clicks will be subsequently cancelled by Clicks.

### Scope

An independent expert's opinion is required to be obtained by the Clicks Board of directors in terms of section 114 of the Act. Section 114 of the Act provides that the Company must retain an independent expert who meets the requirements of section 114(2) to compile a report to the board concerning the proposed arrangement.

Grant Thornton Advisory Services Cape Proprietary Limited has been appointed by the Clicks Board of directors as the Independent Expert to advise on whether the terms and conditions of the Proposed Buy-Back are fair and reasonable to the Clicks shareholders.

### Responsibility

Compliance with the Act is the responsibility of the Clicks Board of directors. Our responsibility is to report on the terms and conditions of the Proposed Buy-back in compliance with the related provisions of the Act.

We confirm that our fair and reasonable opinion has been provided to the Clicks Board of directors for the sole purpose of assisting the Clicks Board of directors in forming and expressing an opinion for the benefit of Clicks shareholders.

### Definition of fair and reasonable

'Fairness' is primarily based on quantitative issues whilst 'reasonableness' focuses on the qualitative issues surrounding the particular offer.

An offer is generally fair if the consideration received in terms of that offer is equal to or greater than the fair value of the shares which form the subject matter of the offer.

It is therefore conceivable that, under certain circumstances, the Proposed Buy-back could be considered reasonable because of the various qualitative factors surrounding that particular transaction, even if we did not consider such to be fair. Similarly, the Proposed Buy-back may be considered fair taking into account the quantitative factors, but unreasonable due to certain other qualitative factors.

### **Information utilised**

In the course of our analysis, we relied upon financial and other information obtained from Clicks' management, together with information available in the public domain. Our findings are dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our scope of work include:

- draft Circular to shareholders of Clicks, of which this report forms part;
- draft Integrated Annual Report 2013;
- Clicks 3-year plan 2014 to 2016;
- management accounts for the one month ended 30 September 2013;
- Memorandum of Incorporation of Clicks;
- review of various equity analysts' reports;
- Computershare Investor Services Proprietary Limited;
- discussions with Investec Bank Limited in their capacity as Click's corporate advisor; and
- discussions with management of Clicks.

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our findings, whether in writing or obtained through discussions with the management of Clicks.

### **Procedures performed**

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness and reasonableness of the Proposed Buy-back:

- supplemented our own knowledge and understanding of the underlying operating divisions within Clicks as well as the industries in which they operate;
- reviewed and analysed the historical financial information of Clicks on a Group and divisional level;
- assessed the budget and forecast of Clicks (at a key divisional level, being Retail and Distribution) as prepared by its management team;
- prepare a valuation of Clicks using the discounted cash flow valuation method; and
- reviewed Clicks' historically traded share prices and trading volumes.

### **Conclusions**

- we have examined the circular considering the terms and conditions contained therein as well as the commercial issues relating to the Proposed Buy-back;
- we have considered any other/qualitative aspects which we believe are of importance; and
- we have determined the fairness and the reasonableness of the Proposed Buy-back.

We have not interviewed any of the shareholders of Clicks to obtain their views on the Proposed Buy-back.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Proposed Buy-back to Clicks shareholders. We believe that the above considerations justify the conclusion outlined below.

We have further assumed that, as at the last practicable date:

- Clicks is not involved in any legal proceedings or disputes that would have a material adverse effect on its share value.

### **Valuation**

We valued Clicks using the discounted cash flow methodology after a review of historic financial performance, a comparison of this performance to budgeted performance, a review of the Clicks 3-year plan (2014 to 2016, including the 2014 budget) and the key assumptions underlying the 3-year plan.

The business of Clicks is highly dependent on consumer spending pressure and the Company's ability to grow market share, particular through promotional activity.

The valuation was performed taking cognisance of risk and other market and industry factors affecting Clicks. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of Clicks.

### **Opinion**

In undertaking the valuation exercise above, we determined a valuation range of Clicks' shares of R56.39 to R59.71 per ordinary share with a most likely value of R58.00 per ordinary share. This compares favourably to the scheme consideration of R58.97 scheme share.

We have considered the terms and conditions of the Proposed Buy-back, in particular that it will be exercised on a *pro rata* basis from each Clicks ordinary shareholder (excluding treasury shares), based upon and subject to the conditions set out herein, we are of the opinion that the terms and conditions of the Proposed Buy-back are fair to Clicks shareholders.

Based on the qualitative considerations, we are of the opinion that the terms and conditions of the Proposed Buy-back are reasonable in the circumstances.

The valuation above is provided solely in respect of this independent expert opinion and should not be used for any other purposes.

### **Requirements of regulation 106(4)(d)-(h)**

Section 106(4) states an offeror offer circular must contain:

**(d) whether and in what manner the remuneration of the offeree regulated company's directors will be affected by the offer or by any other associated transaction, or a statement that there will be no such effect, if that is the case;**

We have been informed by Clicks management that the remuneration of the offeree regulated company's executive directors will be affected to the extent that the executive directors participate, together with other executive employees, in a long-term incentive scheme in terms of which share appreciation units are allocated to the participants, and the increase in the value attached to such appreciation units are determined with reference to the Group's reported diluted headline earnings per share over a three-year measurement period. It is anticipated that the implementation of the Proposed Buy-back will result in an increase in diluted headline earnings per share as reflected in paragraph 22 of the circular to shareholders concerning the scheme of arrangement.

**(e) a statement indicating whether or not any agreement exists between the offeror, or any person acting in concert with the offeror, and:**

**(i) the offeree regulated company;**

**(ii) any of the directors of the offeree regulated company, or persons who were directors within the preceding 12 months of the offeree regulated company; or**

**(iii) holders of offeree regulated company securities, or persons who were holders thereof within the preceding 12 months, if the agreement is considered to be material to a decision regarding the offer to be taken by the holders or offeror holders;**

**and material terms of any such agreement;**

We have been informed by Clicks management that no agreement exists between the offeror and any of the parties mentioned in (i) to (iii) of regulation 106(4)(e).

**(f) all pertinent dates and times having relevance to a full understanding of the offer;**

We refer page 4 of this circular for a schedule of all pertinent dates and times.

**(g) the fair and reasonable opinion provided in conformity with the applicable disclosure requirements in regulation 90;**

We refer the preceding paragraphs contained in this report.

**(h) a statement to the effect that settlement of the offer consideration to which any holder is entitled under the offer will be implemented in full in accordance with the terms of the offer without regard to any *lien*, right of set-off, counterclaim or other analogous right to which the offeror may otherwise be, or claim to be, entitled against such holder.**

We have been informed by Clicks management that the offer consideration to which any holder is entitled under the offer will be implemented in full in accordance with the terms of the offer without regard to any *lien*, right of set-off, counterclaim or other analogous right to which the offeror may otherwise be, or claim to be, entitled against such holder.

## Requirements of section 114(3) of the Companies Act

In terms of section 114(3) of the Companies Act (read in conjunction with section 48), we are required to prepare a report to be issued to the Clicks Board of directors, and cause it to be distributed to all holders of the Company's securities, concerning the proposed arrangement, which must, at a minimum:

- (a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement;
- (b) identify every type and class of holder of the Company's securities affected by the proposed arrangement;
- (c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);
- (d) evaluate any material adverse effects of the proposed arrangement against:
  - (i) the compensation that any of those persons will receive in terms of that arrangement; and
  - (ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the Company.
- (e) state any material interest of any director of the Company or trustee for security holders;
- (f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e); and
- (g) include a copy of sections 115 and 164 of the Companies Act.

### **(a) State all prescribed information relevant to the value of the securities affected by the proposed arrangement**

The Proposed Buy-back will be performed at a price (cash consideration) of R58.97 per Clicks ordinary share repurchased, representing a premium of 3% to the dividend adjusted 30-day VWAP at 15 November 2013, being the date on which the preliminary announcement regarding the Proposed Buy-back was announced on SENS.

The dividend adjusted 30-day VWAP, as at 15 November 2013, is calculated after adjusting for the final ordinary dividend of R1.195 announced by Clicks on 24 October 2013, which would accrue and is expected to be paid to Clicks shareholders prior to the operative date. Therefore, this dividend should not be included in the calculation of the scheme consideration and is removed from the VWAP calculation.

The following has been considered in assessing the Proposed Buy-back:

- Over the past four years repurchase transactions by a selection of JSE listed companies have been executed at prices which range from a discount of 19.9% to a premium of 13% to the 30-day VWAP. The premium or discount to the 30 day VWAP has been influenced by the nature of the transaction (specific repurchase, BEE repurchase, etc.) and the level of liquidity associated with the shares being repurchased, amongst other items.
- Clicks' ordinary shares show a reasonably high level of liquidity with annualised VWAP volume over the calendar year to 15 November 2013 of approximately 97%. JSE-listed shares with a high level of liquidity could be expected to demand a premium to the 30-day VWAP whereas less liquid shares could be expected to accept a discount.
- Clicks' free float prior to the Proposed Buy-back amounts to approximately 91.8% per the Shareholder Analysis in the Integrated Annual Report 2013.
- Selecting 15 November 2013 as the date at which the dividend adjusted 30-day VWAP is to be calculated results in the majority of any movement in the share price of the Clicks ordinary shares which could be attributable to the Proposed-Buy back being excluded from the calculation of the price (R58.97) as the preliminary announcement regarding the Proposed Buy-back was announced on SENS at 16:00 on 15 November 2013.
- The price of the Proposed Buy-back (R58.97) represents a premium of 7.92% to the dividend adjusted 60-day VWAP and 7.39% to the dividend adjusted 90-day VWAP at 15 November 2013.

### **(b) identify every type and class of holder of the Company's securities affected by the proposed arrangement**

We refer to section 23 of this circular for particulars of Clicks' share capital.

The holders of Clicks ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Clicks ordinary shares held by subsidiaries, all voting rights are suspended until those shares are reissued.

The unlisted Clicks "A" shares have the equivalent rights and rank *pari passu* with the Clicks ordinary shares in all respects except for distribution rights. The holders of Clicks "A" shares are entitled to an annual distribution equal to 10% of the cumulative distribution declared in relation to Clicks ordinary shares in a financial year.

We refer to section 2 of this circular for particulars of the Preference Shares.

**(c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b)**

Pursuant to the Proposed Buy-back, Clicks ordinary shares (excluding treasury shares) will be repurchased from holders of Clicks ordinary shares in equal proportions. The proportionate shareholding of the holders of the Clicks ordinary shares (excluding treasury shares) following the implementation of the Proposed Buy-back will be unchanged from that prior to the implementation of the Proposed Buy-back.

The proportion of voting rights attributable to the holders of Clicks ordinary shares will decrease and the holders of Clicks "A" shares will increase as a result of there being fewer Clicks ordinary shares in issue, no change in the number of Clicks "A" shares in issue and both of these shares having voting rights.

If implemented, the Proposed Buy-back will result in a cash distributions to holders of Clicks ordinary shares which is intended to be funded by the consideration raised through the issue of the Preference Shares.

Articles 4, 8 and 9 of the amended MOI deal with the voting rights of Clicks shareholders and the Preference Shareholders.

In view of the amended MOI, the Proposed Buy-back will have no material effect on the rights and interests of all of the Clicks shareholders.

We are not aware of any other material effects on the rights and interests of Clicks shareholders.

**(d) evaluate any material adverse effects of the proposed arrangement against:**

**(i) the compensation that any of those persons will receive in terms of that arrangement**

The Proposed Buy-back will be performed for a consideration of R58.97 for each of the Clicks ordinary shares repurchased representing a premium of 3% to the dividend adjusted 30-day VWAP at 15 November 2013 which could represent a discount to the closing price on the record date of the scheme.

We are not aware of any other material effects on the rights and interests of Clicks shareholders that are not adequately compensated for in terms of the Proposed Buy-back.

**(ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the Company**

Refer to section 34 of this circular for the transaction costs associated with the Proposed Buy-back which will be borne by the Company.

In addition, section 33 of this circular provides the director's assurance in terms of the solvency and liquidity test.

Refer to section 10 of this circular for conditions precedent in respect of the Proposed Buy-back and in particular section 10.1.4 which states that the Proposed Buy-back is conditional on Clicks raising not less than R500 000 000 through the issue of the Preference Shares.

The existing cash and cash equivalents balances of the Company are unlikely to be materially affected by the Proposed Buy-back and should be sufficient to fund working capital requirements after the Proposed Buy-back.

We are not aware of any other material effects on the business and prospects of the Company.

**(e) state any material interest of any director of the Company or trustee for security holders**

We refer to section 25 of this circular regarding directors' interests in Clicks ordinary shares.

**(f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e)**

Pursuant to the Proposed Buy-back, the Clicks ordinary shares (excluding treasury shares) held by Clicks directors, referred to in (e) above, will be repurchased from those directors in equal proportions to all other holders of Clicks ordinary shares. The proportionate shareholding of the Clicks ordinary shares (excluding treasury shares) held by Clicks directors following the implementation of the Proposed Buy-back will be unchanged from that prior to the implementation of the Proposed Buy-back.

The Clicks directors will receive the equivalent price (cash consideration) of R58.97 per Clicks ordinary share repurchased as all the other holders of Clicks ordinary shares.



We are not aware of any other material effects on the interest and person contemplated in paragraph (e).

**(g) include a copy of sections 115 and 164 of the Companies Act**

We refer to Annexures IV and V of this circular for copies of section 115 and section 164 of the Act.

**Limiting conditions**

We have relied upon the accuracy of the information used by us in deriving our findings albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, reference to work performed by independent third parties, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with International Standards on Auditing. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Clicks.

The above findings are based upon the information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals, will be properly fulfilled/obtained. Subsequent developments may affect our findings, however, we are under no obligation to update, revise or re-affirm such.

This opinion does not purport to cater for each individual shareholder's circumstances and/or risk profile, but rather that of the general body of Clicks shareholders taken as a whole. Each shareholder's decision will be influenced by such shareholder's particular circumstances and, accordingly, Clicks shareholders should consult with an independent adviser if they are in any doubt as to the merits or otherwise of the Proposed Buy-back.

This opinion is provided solely for the use of the Board and Clicks shareholders for the sole purpose of assisting the Board in forming and expressing an opinion on the Proposed Buy-back for the benefit of the Clicks shareholders.

Unless as stipulated in this letter, this opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, nor shall any public references to Grant Thornton or Grant Thornton Advisory Services Cape Proprietary Limited be made by Clicks or any of its affiliates, without the prior written consent of Grant Thornton Advisory Services Cape Proprietary Limited.

Forecasts relate to uncertain future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Consequently, forecast financial information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting purposes. We express no opinion as to how closely actual results will correspond to projections made by the management of Clicks, and made available to us during the course of our review.

We have also assumed that the proposed scheme consideration terms will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, Clicks advisers and we express no opinion on such consequences.

**Independence and consent to publication**

We have been retained by the Board as an Independent Expert to the Board and the Clicks shareholders in connection with the Proposed Buy-back and we will receive a fixed fee for the services provided in connection herewith, which fee is payable upon delivery of this opinion. We confirm that, other than the aforementioned, we have no interest, direct or indirect, beneficial or non-beneficial, in Clicks or in the success or failure of the Proposed Buy-back which forms the subject matter hereof.

We hereby consent to this letter and the references thereto being made public to Clicks shareholders in the form and context in which they are to be published in this circular to Clicks shareholders on or about 19 December 2013. We confirm that we have given and have not withdrawn our consent prior to the issue of this circular to Clicks shareholders.

Yours faithfully

**Grant Thornton Advisory Services Cape Proprietary Limited**

**Imtiaaz Hashim**

*Director*

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**EXTRACTS OF SECTION 115 OF THE ACT**

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**SECTION 115**

- (1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) the disposal, amalgamation or merger, or scheme of arrangement:
    - (i) as been approved in terms of this section; or
    - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
  - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
    - (i) dispose of all or the greater part of its assets or undertaking;
    - (ii) amalgamate or merge with another company; or
    - (iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2);
  - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
    - (i) the holding company is a company or an external company;
    - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
    - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
  - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
  - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.

- (4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
  - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
  - (b) appears prepared and able to sustain the proceedings; and
  - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
  - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
  - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
  - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - (c) the transfer of shares from one person to another;
  - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

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**EXTRACTS OF SECTION 164 OF THE ACT**

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**SECTION 164**

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
  - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - (b) enter into a transaction contemplated in sections 112, 113 or 114,that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
  - (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither:
    - (i) withdrawn that notice; or
    - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
  - (a) the shareholder:
    - (i) sent the company a notice of objection, subject to subsection (6); and
    - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - (b) the company has adopted the resolution contemplated in subsection (2); and
  - (c) the shareholder:
    - (i) voted against that resolution; and
    - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
  - (a) 20 business days after receiving a notice under subsection (4); or
  - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
  - (a) the shareholder's name and address;
  - (b) the number and class of shares in respect of which the shareholder seeks payment; and
  - (c) a demand for payment of the fair value of those shares.

- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
- (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
  - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
  - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
  - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
  - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court:
    - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

- (iii) in its discretion may:
    - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
    - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
  - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
  - (v) must make an order requiring:
    - (aa) the dissenting shareholders to either withdraw their respective demands, or to comply with subsection (13)(a); and
    - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
  - (b) the company must comply with the requirements of subsection 13(b);
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - (b) the court may make an order that:
    - (i) is just and equitable, having regard to the financial circumstances of the company; and
    - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
  - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent
- (a) expressly provided in this section; or
  - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

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## AMENDMENTS TO THE MOI

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*Insertions to Clicks' MOI:*

*The following articles will be inserted into the MOI, subject to the requisite special resolutions (as contained in the notice of general meeting) being approved.*

*The Board proposes the following amendments to the Memorandum of Incorporation of the Company ("**MOI**").*

### 1. **PROPOSED AMENDMENT NO. 1 – SCHEDULE 1**

The Board proposes the insertion of the following new paragraph at the end of Schedule 1 of the MOI for the purpose of creating 20 000 000 (twenty million) Preference Shares:

- “• 20 000 000 Preference Shares of no par value having the preferences, rights, limitations and other terms as set out in 9 of the MOI. The preference shares shall:
  - have the voting rights specified in 9.5;
  - rank ahead of the Other Shares as regards Distributions and returns of capital, but save as envisaged in 9.4.1 shall not be entitled to participate in the excess capital of the Company upon its liquidation.”

### 2. **PROPOSED AMENDMENT NO. 2 – CLAUSE 2.6.13**

The Board proposes the insertion of the words “save in 9 of this Memorandum which contains its own definition,” before the word “in” at the beginning of the definition.

### 3. **PROPOSED AMENDMENT NO. 3 – CLAUSE 4.2.3**

The Board proposes that clause 4.2.3 be amended as follows:

- 3.1 by the deletion of the word “unless” at the end of clause 4.2.3.2 and the substitution therefor of the words “save as contemplated in 9.5”;
- 3.2 by the deletion of clauses 4.2.3.3, 4.2.3.3.1 and 4.2.3.3.2.

### 4. **PROPOSED AMENDMENT NO. 4 – CLAUSE 4.2.4**

The Board proposes that clause 4.2.4 be deleted and that clause 4.2.5 be consequentially renumbered “4.2.4”.

### 5. **PROPOSED AMENDMENT NO. 5 – CLAUSE 9**

The Board proposes to insert the terms of the Preference Shares as a new clause 9 in the MOI as follows:

#### 9. **Preference Shares**

9.1 In this 9, unless inconsistent with the context:

9.1.1 “**Accumulated Dividends**” means, in respect of each Preference Share and on any day, the aggregate of:

- 9.1.1.1 any Scheduled Dividend for any Dividend Period which ended prior to that day, to the extent to which that Scheduled Dividend has not, by the Dividend Payment Date in respect of that Dividend Period, been declared; plus
- 9.1.1.2 any Scheduled Dividend for any Dividend Period which ended prior to that day, to the extent to which that Scheduled Dividend, having been declared, has not been paid by the Company by the Dividend Payment Date in respect of that Dividend Period; plus
- 9.1.1.3 any Additional Dividends which the Company should have declared in terms of 9.2.8 to 9.2.11, but which the Company has failed to declare on the applicable day; plus

- 9.1.1.4 any Additional Dividends which the Company declared in terms of 9.2.8 to 9.2.11, but which the Company has failed to pay on the applicable day; plus
- 9.1.1.5 any Penalty Dividend which the Company should have declared in terms of 9.2.5 to 9.2.7 but which the Company has failed to declare on the applicable day; plus
- 9.1.1.6 any Penalty Dividend which the Company declared in terms of 9.2.5 to 9.2.7 but which the Company failed to pay on the applicable day;
- 9.1.2 **“Additional Dividend”** means, in respect of each Preference Share, the dividends (over and above the Scheduled Dividend in respect of that Preference Share) envisaged in 9.2.8 to 9.2.11 of this Memorandum;
- 9.1.3 **“Adjustment Event”** means a Tax Change Event or a Rate Event;
- 9.1.4 **“Adjustment Notice”** means an Adjustment Notice as defined in 9.2.8.3 of this Memorandum;
- 9.1.5 **“Beneficiary”** means, in relation to a Preference Share, the beneficial owner of that Preference Share as reflected in the records of the applicable Preference Share Participant;
- 9.1.6 **“Board”** means the board of directors of the Company;
- 9.1.7 **“Business Day”** means any day other than a Saturday, Sunday or statutory public holiday in the Republic of South Africa;
- 9.1.8 **“Calculation Amount”** means, in respect of each Preference Share, an amount of R100 (one hundred Rand);
- 9.1.9 **“Clean Market Price”** per Preference Share means, on any day (the **“Applicable Day”**):
  - 9.1.9.1 the one-day VWAP of 1 (one) Preference Share on the Applicable Day;
  - 9.1.9.2 less any Accumulated Dividends in respect of 1 (one) Preference Share on the Applicable Day;
  - 9.1.9.3 less the Scheduled Dividend, any Additional Dividend and any Penalty Dividend in respect of 1 (one) Preference Share for the period which commences on the first day of the Dividend Period during which the Clean Market Price is determined and which ends on the Applicable Day (calculated as if the aforementioned period was a Dividend Period);
- 9.1.10 **“Distribution”** means “distribution” as defined in the Act;
- 9.1.11 **“Dividend Declaration Date”** means the date on which the Board is scheduled to exercise its discretion as contemplated in 9.2.17, to declare Preference Dividends in respect of the Preference Shares and which date shall be, during each calendar year, a date in the month of April and a date in the month of October;
- 9.1.12 **“Dividend Payment Date”** means the date on which the Company is scheduled to pay Preference Dividends that were declared in respect of the Preference Shares and which date shall be no later than the earlier of:
  - 9.1.12.1 the 5th (fifth) Business Day prior to the date upon which the Company pays any dividends in respect of its Other Shares; and
  - 9.1.12.2 the 30th (thirtieth) day after the applicable Dividend Declaration Date;
- 9.1.13 **“Dividend Period”** means each period which commences on a Dividend Declaration Date and which ends on and excludes the next Dividend Declaration Date provided that:
  - 9.1.13.1 the first Dividend Period in respect of the Preference Shares shall be the period which: (i) commences on the Issue Date on which the Company issues the first Preference Shares, and (ii) ends on and includes the day before the first Dividend Declaration Date which occurs after that Issue Date; and
  - 9.1.13.2 the last Dividend Period in respect of the Preference Shares shall be the period which: (i) commences on the last Dividend Declaration Date which occurs prior to the Redemption Date on which the Company redeems the Preference Shares (if applicable), and (ii) ends on and includes the day before that Redemption Date;



- 9.1.14 **“Dividend Rate”** means, subject to adjustment in accordance with the Rate Adjustment Clauses, a rate equal to 106% (one hundred and six per centum) of the Prime Rate;
- 9.1.15 **“Dividends Tax”** means the withholding tax on dividends imposed under Part VIII of Chapter II of the SA Tax Act;
- 9.1.16 **“Dividends Tax Rate”** means the rate at which the Dividends Tax is levied under the SA Tax Act from time to time;
- 9.1.17 **“Finance Charges”** means the “Net Financing Costs” reflected in the “Consolidated Statement of Comprehensive Income” in the latest published group audited annual financial statements of the Group plus the aggregate amount of all Preference Dividends paid by the Company in the applicable financial year plus all Accumulated Dividends as at the last day of such financial year, but:
- 9.1.17.1 excluding the interest element of payments in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in South Africa (including IFRS) be treated as a finance or capital lease; and
- 9.1.17.2 taking no account of any unrealised gains or losses on any derivative instruments, on the basis that no amount shall be added or deducted more than once;
- 9.1.18 **“Group”** means the Company and its direct and indirect Subsidiaries;
- 9.1.19 **“Group Revenue”** means the “Revenue” reflected in the “Consolidated Statement of Comprehensive Income” in the latest published group audited annual financial statements of the Group;
- 9.1.20 **“Holder”** means, in relation to a Preference Share, its registered holder as reflected in the Company’s share register;
- 9.1.21 **“IFRS”** means international accounting standards within the meaning of IAS Regulation 1606/2002;
- 9.1.22 **“Issue Date”** means, in relation to each Preference Share, the date on which the Company issues that Preference Share to its first Holder;
- 9.1.23 **“Issue Price”** means, in relation to each Preference Share, the price determined by the Board in its discretion at which such Preference Share shall be allotted and issued;
- 9.1.24 **“JSE”** means the securities exchange known as the JSE, which has been licensed as an exchange under the South African Securities Services Act, 2004;
- 9.1.25 **“Material Business”** means a business operated by any company within the Group which, in accordance with the latest published Group audited financial statements of the Group, contributed not less than 30% (thirty per centum) of the Group Revenue;
- 9.1.26 **“Operating Profit”** means, in respect of any financial year of the Group and in accordance with the latest published group audited financial statements of the Group, the consolidated operating profit of the Group before taxation:
- 9.1.26.1 before deducting any Finance Charges;
- 9.1.26.2 before taking into account any exceptional, once-off, non-recurring or extraordinary items;
- 9.1.26.3 before taking into account any unrealised gains or losses on any derivative instrument;
- in each case to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the operating profits of the Group before taxation;
- 9.1.27 **“Other Shares”** means any shares in the issued share capital of the Company from time to time, other than the Preference Shares;
- 9.1.28 **“Participant”** means a “participant” as defined in section 1 of the Financial Markets Act, 2012;
- 9.1.29 **“Penalty Dividend”** means a cumulative preferential cash dividend as contemplated in 9.2.5 to 9.2.7 and defined therein as a “Penalty Dividend”;

- 9.1.30 **“Penalty Dividend Commencement Date”** means:
- 9.1.30.1 to the extent that any Scheduled Dividend is not declared in full on any Dividend Declaration Date, the Dividend Payment Date on which such Scheduled Dividend would have been payable, had it been declared;
  - 9.1.30.2 to the extent that any Scheduled Dividend is declared in full on a Dividend Declaration Date but is not paid in full on the applicable Dividend Payment Date, such Dividend Payment Date; and
  - 9.1.30.3 to the extent that any Additional Dividend is not declared and paid in full on the respective dates specified in 9.2.9 and 9.2.11, the date in question;
- 9.1.31 **“Penalty Dividend Date”** means each date on which the Company is obliged to declare and pay a Penalty Dividend in accordance with 9.2.6;
- 9.1.32 **“Penalty Dividend Period”** means each of the following periods
- 9.1.32.1 the first Penalty Dividend Period shall (i) commence on the Penalty Dividend Commencement Date, and (ii) end on and includes the day before the first Dividend Declaration Date which occurs after the Penalty Dividend Commencement Date;
  - 9.1.32.2 each subsequent Penalty Dividend Period shall commence on the applicable Dividend Declaration Date and end (but exclude) the next Dividend Declaration Date; and
  - 9.1.32.3 the last Penalty Dividend Period shall be the period which commences on the last Dividend Declaration Date which occurs prior to the date on which the relevant Accumulated Dividends are paid and ends on and includes the day before such date of payment;
- 9.1.33 **“Penalty Dividend Rate”** means a rate equal to 125% (one hundred and twenty five per centum) of the Prime Rate;
- 9.1.34 **“Preference Dividends”** means, in respect of each Preference Share, the applicable Scheduled Dividends, Additional Dividends and Penalty Dividends;
- 9.1.35 **“Preference Share”** means a cumulative, non-participating preference share in the Company’s share capital which confers, on its Holder, the rights, obligations and privileges set out in this 9;
- 9.1.36 **“Preference Share Participant”** means each Participant who holds any Preference Share in custody for the Beneficiary of such Preference Share;
- 9.1.37 **“Prime Rate”** means, in this 9, the publicly quoted basic rate of interest levied by The Standard Bank of South Africa Limited (“SBSA”) from time to time on overdraft, calculated on a 365 (three hundred and sixty five) day year, irrespective of whether the applicable year is a leap year, and proved, prima facie, in the event of a dispute and in the absence of manifest error, by a certificate under the hand of any director or manager of SBSA, whose appointment and authority need not be proved;
- 9.1.38 **“Rate Adjustment Clauses”** means 9.2.12 and 9.2.13 of this Memorandum;
- 9.1.39 **“Rate Event”** means any increase in the Dividends Tax Rate above 15% (fifteen per centum) (which is the rate at which the Dividends Tax is levied on the Tax Reference Date);
- 9.1.40 **“Redemption Amount”** means, in respect of a Preference Share and without double counting, the aggregate of:
- 9.1.40.1 the higher of;
    - 9.1.40.1.1 the Calculation Amount of that Preference Share; or
    - 9.1.40.1.2 the VTWA Clean Market Price of that Preference Share on the fifth Business Day prior to (but excluding) the date of the publication of the applicable Redemption Announcement in terms of 9.3.5.1 of this Memorandum; plus
  - 9.1.40.2 a dividend equal to 2.5% (two point five per centum) of the Calculation Amount of that Preference Share; plus

- 9.1.40.3 the Scheduled Dividend, any Additional Dividend and any Penalty Dividend for the Dividend Period which ends on the day before the Redemption Date of that Preference Share; plus
- 9.1.40.4 any Accumulated Dividends in respect of that Preference Share on its Redemption Date;
- 9.1.41 **“Redemption Date”** means, in relation to each Preference Share, the date (if any) on which the Company redeems that Preference Share in accordance with the Redemption Provisions;
- 9.1.42 **“Redemption Provisions”** means 9.3.3 to 9.3.6 of this Memorandum;
- 9.1.43 **“Regulatory Event”** means any change in the Listings Requirements, the exchange control regulations of the Republic of South Africa, the SA Tax Act, the Act (and any other South African legislation which deals with companies generally) or any other legislation, which change:
- 9.1.43.1 imposes any taxation or cost of any nature whatsoever on the Company in relation to the Preference Shares, in South Africa; or
- 9.1.43.2 in any other way impacts adversely on the Company in respect of the Preference Shares;
- 9.1.44 **“Resident Beneficiary”** means any Beneficiary of a Preference Share if that Beneficiary is a “resident” (of South Africa) as defined in the SA Tax Act;
- 9.1.45 **“SA Corporate”** means a Resident Beneficiary of a Preference Share which is a company (as defined in the SA Tax Act), other than a small business corporation, an employment company, a gold mining company, a long-term insurance company or a Tax holiday company;
- 9.1.46 **“SA Tax”** means any Tax imposed by any tier of the government of the Republic of South Africa;
- 9.1.47 **“SA Tax Act”** means the South African Income Tax Act, 1962;
- 9.1.48 **“Scheduled Dividend”** means, in respect of each Preference Share and for each Dividend Period, a cumulative preferential cash dividend calculated in accordance with the formula contained in 9.2.4;
- 9.1.49 **“Securities”** means “Securities” as defined in the Act;
- 9.1.50 **“SENS”** means the “Securities Exchange News Service” of the JSE;
- 9.1.51 **“Service Cover Ratio”** means the ratio of the Operating Profit to the Finance Charges;
- 9.1.52 **“Subsidiary”** means “subsidiary” as defined in the Act;
- 9.1.53 **“Tax”** means any tax, levy, impost, duty or other charge or withholding of a similar nature, levied in accordance with any law and includes any additional tax, penalties and/or interest levied on any such tax, levy, impost, duty or other charge or withholding;
- 9.1.54 **“Tax Change Event”** means that, as a result of any amendment in the SA Tax Act (including, without limitation, the replacement of SA Tax Act with different legislation), which occurs after the Tax Reference Date, the Preference Dividends become subject to any SA Tax, (other than the Dividends Tax or any other withholding Tax imposed under any law of the Republic of South Africa) in the hands of all the SA Corporates who are Resident Beneficiaries of any Preference Shares. For clarity, it is specifically recorded that no Tax Change Event shall occur if any amendment envisaged in this 9.1.54 of this Memorandum occurs, but the effect of such amendment is to subject Resident Beneficiaries who are not SA Corporates to the applicable Tax;
- 9.1.55 **“Tax Reference Date”** means 30 November 2013;
- 9.1.56 **“Voting Resolution”** shall bear the meaning assigned thereto in 9.5.1;
- 9.1.57 **“VTWA Clean Market Price”** means the value traded weighted average of the Clean Market Price over the preceding 15 trading days, which shall be determined in accordance with the following formula:

$$a = \text{sum for the preceding 15 trading days of } [b \times (c \div d)]$$

In which formula:

a = VTWA Clean Market Price;

b = Clean Market Price calculated in terms of 9.1.9;

c = the value traded (daily volume traded multiplied by one-day closing VWAP) for that day;

d = the total value traded for the 15 trading days preceding the day for which (a) is being calculated;

9.1.58 **“VWAP”** means, on any particular day, the volume weighted average traded price at which the Preference Shares traded on the JSE on such day, provided that in determining such volume weighted average traded price, trades which:

9.1.58.1 are effected other than through the normal trading systems of the JSE, but

9.1.58.2 are nevertheless settled through the settlement systems of the JSE, shall be disregarded.

## 9.2 Dividends

### **Entitlement**

9.2.1 Each Preference Share shall, subject to 9.2.17, entitle its Holder (for onward payment to the relevant Beneficiary in accordance with any agreement between the Beneficiary and the Holder) to the Preference Dividends calculated in accordance with the provisions of this 9.2.

9.2.2 The Preference Dividends shall rank prior to the dividend rights of any Other Shares.

9.2.3 After the payment of the Preference Dividends, the Preference Shares shall not be entitled to participate in the remaining profits of the Company.

### **Scheduled Dividends**

9.2.4 For each Dividend Period, each Preference Share shall, subject to 9.2.17, be entitled to a Scheduled Dividend equal to the amount calculated in accordance with the following formula:

$$a = (b \times c \times d) \div 365$$

In which formula:

a = the amount of the Scheduled Dividend for such Preference Share for the applicable Dividend Period;

b = the Calculation Amount for such Preference Share;

c = the number of days in the Dividend Period;

d = the Dividend Rate.

### **Penalty Dividends**

9.2.5 Each Preference Share shall, subject to 9.2.17, be entitled to:

9.2.5.1 a cumulative preferential cash dividend calculated on all Accumulated Dividends at the Penalty Dividend Rate with effect from (and including) the applicable Penalty Dividend Commencement Date to (but excluding) the earlier of the date of payment of such Accumulated Dividends or the date on which that Preference Share is redeemed in full; and/or

9.2.5.2 a cumulative preferential cash dividend calculated on the Calculation Amount of each Preference Share that is not redeemed at the Redemption Amount on the Redemption Date at the Penalty Dividend Rate with effect from (and including) such Redemption Date to (but excluding) the date on which such Preference Share is redeemed in full,

9.2.5.3 and each such cumulative preferential cash dividend is a **“Penalty Dividend”**.

9.2.6 Each Penalty Dividend shall, subject to 9.2.17, be declared by the Company as follows:

9.2.6.1 for so long as the amount or any part thereof on which the Penalty Dividend is calculated remains unpaid, on each Dividend Declaration Date; or

9.2.6.2 in the event of the redemption of any Preference Share in respect of which a Penalty Dividend is calculated, prior to such redemption.

9.2.7 *A Penalty Dividend in respect of a Preference Share shall be equal to the amount calculated in accordance with the following formula:*

$$a = (b \times c \times d) \div 365$$

In which formula:

a = the amount of the Penalty Dividend for the applicable Penalty Dividend Period in respect of such Preference Share;

b = the amount of the Accumulated Dividends in respect of such Preference Share;

c = the number of days in the Penalty Dividend Period;

d = the Penalty Dividend Rate.

#### **Additional Dividends**

9.2.8 If an Adjustment Event occurs the Company shall:

9.2.8.1 determine whether, as a result of such occurrence:

9.2.8.1.1 additional Dividends must, subject to 9.2.17, be declared and paid by the Company in respect of the Preference Shares; and/or

9.2.8.1.2 the Dividend Rate must be adjusted;

9.2.8.2 calculate the amount of the Additional Dividends and/or the adjusted Dividend Rate (as the case may be);

9.2.8.3 *publish an announcement (an “Adjustment Notice”) on SENS which sets out:*

9.2.8.3.1 the details and date of the Adjustment Event which has occurred; and

9.2.8.3.2 whether, as a result of such occurrence, it will (subject to 9.2.17) pay Additional Dividends and/or whether the Dividend Rate will be adjusted; and

9.2.8.3.3 the amount of the Additional Dividends or the adjusted Dividend Rate (as the case may be).

9.2.9 If the Company becomes obliged to pay Additional Dividends as a result of the occurrence of any Adjustment Event, the Company shall, subject to 9.2.17, declare those dividends on the next Dividend Declaration Date.

9.2.10 If the Dividend Rate must be adjusted as a result of the occurrence of an Adjustment Event, that adjustment shall take effect on the date reasonably determined by the Company (which date may be prior to the date on which the Company publishes the applicable Adjustment Notice).

#### **Tax Change Events**

9.2.11 If a Tax Change Event occurs in relation to any Scheduled Dividend which the Company has already paid in respect of any Preference Share, the Company shall, subject to 9.2.17, declare on the next Dividend Declaration Date, in respect of each such Preference Share, an Additional Dividend calculated in accordance with the following formula:

$$a = [b \div (1 - c)] - b$$

in which formula:

a = the Additional Dividend per Preference Share;

b = the amount of the Scheduled Dividends (in respect of one Preference Share) which has become subject to the applicable Tax; and

c = the rate at which the applicable Scheduled Dividend has become subject to Tax in the hands of those of the Resident Beneficiaries which are SA Corporates.

- 9.2.12 If a Tax Change Event occurs, and as a result of such occurrence any Scheduled Dividends which have not yet been paid will become subject to SA Tax other than the Dividend Tax, the Dividend Rate shall be increased to such a percentage of the Prime Rate as is calculated in accordance with the following formula:

$$a = b \div (1 - c)$$

in which formula:

- a = the increased Dividend Rate, expressed as a percentage of the Prime Rate;  
b = the Dividend Rate, expressed as a percentage of the Prime Rate, prior to its adjustment in accordance with this 9.2.12; and  
c = the rate at which the applicable Scheduled Dividends will become subject to SA Tax in the hands of Resident Beneficiaries which are SA Corporates.

*If the Dividend Rate is increased in accordance with this 9.2.12, and after such increase the rate (the "Adjustment Rate") envisaged in the definition of "c" above increases or decreases, the Dividend Rate shall, with effect from the date on which the Adjustment Rate increases or decreases, be the rate calculated in accordance with the formula contained in this 9.2.12 on the basis that (i) the value of "b" in that formula shall be the Dividend Rate, immediately prior to the occurrence of the Tax Change Event, and (ii) the value of "c" in that formula shall be the increased or decreased Adjustment Rate.*

#### **Rate Event**

- 9.2.13 If a Rate Event occurs, the Dividend Rate shall each be adjusted to such a percentage of the Prime Rate as is determined in accordance with the following formula:

$$a = b \times (1 - d) \div (1 - c)$$

in which formula:

- a = the adjusted Dividend Rate, expressed as a percentage of the Prime Rate, after its adjustment in accordance with this 9.2.13;  
b = the Dividend Rate, expressed as a percentage of the Prime Rate, prior to its adjustment in accordance with this 9.2.13;  
c = the Dividends Tax Rate after the occurrence of the applicable Rate Event; and  
d = the Dividends Tax Rate prior to the occurrence of the applicable Rate Event.

#### **Payment**

- 9.2.14 The Company shall, subject to compliance with the Act, pay:
- 9.2.14.1 all declared Scheduled Dividends for each Dividend Period on the first Dividend Payment Date which occurs after that Dividend Period;
  - 9.2.14.2 any declared Additional Dividends on the first Dividend Payment Date which occurs after the date of such declaration;
  - 9.2.14.3 any declared Penalty Dividend on the first Dividend Payment Date which occurs after the date of such declaration; and
  - 9.2.14.4 any declared Accumulated Dividends which remain as at the Redemption Date on which it redeems any Preference Share, on that Redemption Date.

#### **No Distributions in respect of Other Shares**

- 9.2.15 The Company shall only pay Distributions in respect of any Other Shares if:
- 9.2.15.1 such Distribution is paid to a Subsidiary of the Company; or
  - 9.2.15.2 the Company has paid, in full, all Accumulated Dividends payable by the Company prior to the date on which the Company proposes to make that Distribution.

- 9.2.16 The Company shall ensure that none of its Subsidiaries shall make any Distribution to any holder of Other Shares except if the Company has paid, in full, all Accumulated Dividends payable by the Company prior to the date on which the relevant Subsidiary proposes to make that Distribution. For clarity, this 9.2.16 shall not be interpreted as in any way precluding any Subsidiary of the Company from making any Distribution to any company in the Group at any time.

**Discretion of the Board**

- 9.2.17 Where, in this 9, there is any reference to any entitlement to or the declaration of any Scheduled Dividend, Additional Dividend or Penalty Dividend, such entitlement or declaration shall be in the sole discretion of the Board, having due regard to its obligations in terms of the Act.

**9.3 Redemption and acquisition of own shares**

**Redemption by Beneficiaries and Holders**

- 9.3.1 Neither the Beneficiaries nor the Holders of the Preference Shares shall be entitled to require the Company to redeem the Preference Shares, save as expressly contemplated in 9.3.3.

- 9.3.2 In this 9.3, a "Redemption Resolution" is any resolution proposed at a general meeting of the Company:

9.3.2.1 to delist all of the shares in the issued share capital of the Company which are listed on the JSE; or

9.3.2.2 to dispose of any Material Business, whether in a single transaction or a series of transactions within any 12 (twelve)-month period, where it is intended that the proceeds of such disposal shall be distributed to the holders of any of the Other Shares; or

9.3.2.3 to propose an "unbundling transaction" (as defined in section 46 of the SA Tax Act, 1962) in respect of a Material Business, whether in a single transaction or a series of transactions within any 12-month period; or

9.3.2.4 which, if passed, is reasonably likely to result in the Service Cover Ratio being less than 2:1.

- 9.3.3 Should:

9.3.3.1 any Holder receive notice of a general meeting of the Company in accordance with 9.5.2;

9.3.3.2 such notice reflect that, at such general meeting, one or more Redemption Resolution(s) will be proposed;

9.3.3.3 such Holder provide the Company with a written notice (which written notice, in order to be valid, shall be received by the Company by no later than 17:00 on the eighth Business Day prior to the date of such general meeting) to the effect that it would require the redemption of all the Preference Shares which it holds, should one or more of the Redemption Resolution(s) (as specified in such notice) be passed at such general meeting; and

9.3.3.4 any of the Redemption Resolution(s) specified in such notice be passed at such general meeting,

the Company shall be obliged to redeem all the Preference Shares held by such Holder within a period of 20 (twenty) Business Days after such general meeting.

**Company Redemption**

- 9.3.4 All (but not some) of the Preference Shares may be redeemed at the option of the Company, subject to compliance with the Act, in any of the following circumstances:

9.3.4.1 an Adjustment Event occurs and, as a result of such Adjustment Event;

9.3.4.1.1 any Additional Dividends become payable; or

- 9.3.4.1.2 the Dividend Rate is increased; or
- 9.3.4.2 a Regulatory Event occurs and, as a result of such occurrence, the continued compliance by the Company with this 9 becomes more expensive for the Company or any of its shareholders; or
- 9.3.4.3 a Voting Resolution as contemplated in 9.5.1.1 or 9.5.1.2 be proposed but not be approved in accordance with 9.5.4.3; or
- 9.3.4.4 the Preference Shares for any reason no longer qualifying, in terms of IFRS, as equity instruments.

**Procedure for purposes of 9.3.4**

- 9.3.5 If the Company wishes to redeem the Preference Shares pursuant to 9.3.4:
  - 9.3.5.1 *the Company shall publish, on SENS, an announcement (a “Redemption Announcement”):*
    - 9.3.5.1.1 which sets out the grounds on which the Company is entitled to redeem the Preference Shares;
    - 9.3.5.1.2 which complies in all respects in form and content with the provisions of the Listing Requirements; and
    - 9.3.5.1.3 *which sets out the date (the “Company Redemption Date”) on which the Company will redeem the Preference Shares, the Company Redemption Date to be the tenth Business Day after the Dividend Payment Date which occurs after the publication of the Redemption Announcement or, if that Dividend Payment Date will occur within 10 (ten) Business Days after the publication of the Redemption Announcement, the tenth Business Day after the second Dividend Payment Date which occurs after that publication;*
  - 9.3.5.2 the publication of a Redemption Announcement shall be revocable at the instance of the Company and shall not oblige the Company to redeem the Preference Share whether on the Company Redemption Date set out in that Redemption Announcement or on any other date (but the Company shall not redeem some of the Preference Shares without at the same time redeeming all the Preference Shares); and
  - 9.3.5.3 if the Company publishes a Redemption Announcement and thereafter elects not to redeem the Preference Shares the Company shall:
    - 9.3.5.3.1 make an announcement to such effect on SENS prior to the Company Redemption Date set out in the Redemption Announcement; and
    - 9.3.5.3.2 not thereafter be entitled to redeem the Preference Shares without again publishing a Redemption Announcement.

**Redemption Date and payment**

- 9.3.6 If the Company elects to redeem the Preference Shares the Company shall, on the applicable Company Redemption Date, pay the Redemption Amount of each Preference Share to each Holder (for onward payment to the Beneficiary of that Preference Share).

**Acquisition of Preference Shares**

- 9.3.7 The Preference Shares may be acquired by the Company or any Subsidiary of the Company pursuant to 4.5 of this Memorandum.

**9.4 Liquidation and returns of capital**

- 9.4.1 On the liquidation of the Company, each Preference Share shall confer on its Holder (for onward payment to the relevant Beneficiary in accordance with the agreement between the Holder and Beneficiary) a right (which shall rank in priority to the rights of all the Other Shares upon such liquidation) to payment of an amount equal to the Redemption Amount of that Preference Share (but excluding the amount equal to 2.5% of the Calculation Amount



of that Preference Share as contemplated in 9.1.40.2) calculated up to but excluding the day on which that amount is paid.

9.4.2 The Preference Shares' rights to a return of capital shall rank prior to the rights to a return of capital of all the Other Shares.

9.4.3 Save as envisaged in 9.4.1 of this Memorandum, the Preference Shares shall not be entitled to participate in the Company's excess assets on its liquidation.

## 9.5 **Voting**

### **Voting Resolutions**

9.5.1 *For purposes of this 9.5, a “Voting Resolution” is any resolution proposed at a general meeting of the Company:*

9.5.1.1 which relates to the variation of the rights, preferences, limitations or other terms of the Preference Shares;

9.5.1.2 to create any Securities ranking in priority to, or *pari passu* with, the Preference Shares;

9.5.1.3 for the winding up of the Company or the reduction of its capital;

9.5.1.4 if, as at the date of such general meeting, any Accumulated Dividends or Redemption Amount have remained unpaid for a period of more than 90 (ninety) days.

### **Voting Rights**

9.5.2 The Holders shall have the right to receive notice of each general meeting of the Company but shall not have the right to attend or vote at such general meeting, except if a Voting Resolution is to be proposed at such general meeting.

9.5.3 Should any Voting Resolution as contemplated in 9.5.1.3 or 9.5.1.4 be proposed:

9.5.3.1 the Preference Shares shall not vote as a separate class but shall vote together with the holders of the Other Shares in the same meeting;

9.5.3.2 in such a vote, each Preference Share shall have 1 (one) vote, provided that:

9.5.3.2.1 the votes of the Holders shall not carry any special rights or privileges; and

9.5.3.2.2 the total voting rights of the Holders at such meeting shall not exceed 24.99% of the total voting rights of all the shareholders at such meeting.

9.5.4 Should any Voting Resolution as contemplated in 9.5.1.1 or 9.5.1.2 be proposed:

9.5.4.1 the Preference Shares shall vote as a separate class;

9.5.4.2 in such a vote, each Preference Share shall have 1 (one) vote; and

9.5.4.3 no such Voting Resolution shall be passed unless at least 75% (seventy five per centum) of the total votes exercisable by all the Holders who are present in person or by proxy at the separate class meeting in question shall have voted in favour thereof.

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**DETAILS OF TRADING BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS**


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The following tables provide information pertaining to the details of trading in Clicks ordinary shares by Coronation Asset Management who has provided an irrevocable undertaking. The table below sets out the price, volume and value of the trades for the six months prior to the offer period and up to the last practicable date in compliance with regulation 106(6)(a) to the Act.

<b>Date</b>	<b>Buy/Sell</b>	<b>Price (Rands)</b>	<b>Volume (shares)</b>	<b>Value (Rands)</b>
14 May 2013	Buy	57.96	6 500	376 765
15 May 2013	Buy	59.07	4 400	259 928
17 May 2013	Buy	59.13	30 000	1 773 942
20 May 2013	Buy	59.80	7 850	469 468
23 May 2013	Buy	59.07	38 500	2 274 133
30 May 2013	Buy	59.33	16 782	995 735
31 May 2013	Buy	59.43	26 718	1 587 811
3 June 2013	Buy	59.53	110 366	6 569 536
4 June 2013	Buy	60.43	36 434	2 201 609
5 June 2013	Buy	59.09	145 270	8 583 568
6 June 2013	Buy	57.45	194 297	11 161 404
7 June 2013	Buy	56.73	33 533	1 902 188
10 June 2013	Buy	56.25	31 800	1 788 707
12 June 2013	Buy	53.88	167 290	9 013 488
14 June 2013	Sell	55.81	3 600	200 916
19 June 2013	Buy	55.66	3 900	217 072
24 June 2013	Sell	52.20	1 500	78 300
26 June 2013	Sell	54.10	4 500	243 450
2 July 2013	Sell	57.25	1 400	80 150
3 July 2013	Buy	57.62	600	34 572
5 July 2013	Buy	55.29	24 400	1 348 993
8 July 2013	Buy	55.36	110	6 090
10 July 2013	Buy	56.74	4 200	238 314
15 July 2013	Buy	57.60	2 700	155 526
16 July 2013	Sell	55.78	1 600	89 241
18 July 2013	Buy	57.40	2 300	132 020
19 July 2013	Buy	57.26	7 400	423 688
23 July 2013	Buy	55.78	132 217	7 374 493
24 July 2013	Buy	56.93	9 400	535 120
25 July 2013	Buy	56.00	1 081 428	60 559 860
26 July 2013	Buy	56.22	78 081	4 389 711
29 July 2013	Buy	57.25	267 511	15 313 988
31 July 2013	Buy	57.50	49 239	2 831 053
2 August 2013	Sell	58.30	300	17 490
12 August 2013	Buy	58.28	24 800	1 445 406
13 August 2013	Buy	59.05	4 800	283 423
15 August 2013	Sell	57.74	200	11 548
16 August 2013	Sell	56.89	100	5 689
21 August 2013	Buy	56.00	11 454	641 405
22 August 2013	Buy	55.99	893 991	50 051 938
28 August 2013	Buy	54.32	96 860	5 261 154
29 August 2013	Buy	54.98	38 500	2 116 580
30 August 2013	Sell	53.90	200	10 780
2 September 2013	Buy	55.48	116 200	6 446 927

<b>Date</b>	<b>Buy/Sell</b>	<b>Price (Rands)</b>	<b>Volume (shares)</b>	<b>Value (Rands)</b>
4 September 2013	Buy	54.59	1 200	65 508
5 September 2013	Sell	54.05	2 600	140 534
6 September 2013	Sell	54.79	31 400	1 720 354
10 September 2013	Buy	55.10	111 950	6 168 123
11 September 2013	Buy	55.44	7 750	429 697
12 September 2013	Sell	58.00	1 500	87 004
13 September 2013	Buy	57.28	3 700	211 926
17 September 2013	Sell	57.96	44 800	2 596 478
18 September 2013	Sell	56.80	700	39 760
19 September 2013	Sell	57.40	1 400	80 360
20 September 2013	Sell	56.70	9 700	549 975
23 September 2013	Sell	56.72	1 800	102 091
25 September 2013	Sell	56.45	1 700	95 965
27 September 2013	Buy	55.85	133 300	7 445 149
30 September 2013	Buy	54.00	19 358 459	1 045 352 701
1 October 2013	Buy	54.50	1 000 000	54 500 000
2 October 2013	Buy	55.50	58 800	3 263 347
4 October 2013	Buy	56.00	63 000	3 527 838
8 October 2013	Sell	54.65	23 500	1 284 161
9 October 2013	Buy	54.78	55 000	3 013 016
14 October 2013	Buy	55.95	500	27 975
16 October 2013	Buy	56.96	77 200	4 397 080
15 November 2013	Buy	62.85	60 600	3 808 898
19 November 2013	Buy	64.06	100 540	6 441 045
20 November 2013	Buy	63.74	120 560	7 684 398
22 November 2013	Sell	63.57	66 600	4 233 582
2 December 2013	Buy	64.02	40 860	2 616 004
4 December 2013	Sell	63.13	35 567	2 245 212
5 December 2013	Sell	62.50	57 885	3 617 813
6 December 2013	Sell	65.22	3 000	195 670
9 December 2013	Sell	62.49	161 897	10 116 752

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**EXTRACT OF THE MOI AUTHORISING DIRECTORS TO PURCHASE CLICKS SHARES**

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**“4.5 Company or subsidiary acquiring Company’s shares and distributions**

Any acquisition by the Company or a subsidiary company of the Company’s shares and any distribution to shareholders will be subject to the provisions of the Act and the Listings Requirements, including but without limitation:

- 4.5.1 payments by the Company to securities holders shall only be made in accordance with the Listings Requirements;
- 4.5.2 distributions are payable to the shareholders registered as at a date subsequent to the date of declaration, or the date of confirmation of the distribution, whichever is the later;
- 4.5.3 the directors may from time to time declare a distribution to be paid to the shareholders in accordance with the Act, subject to the provisions of the Listings Requirements;
- 4.5.4 capital shall not be repaid to shareholders on the basis that it may be called up again; and
- 4.5.5 subject to the laws of prescription and 4.5.5.1 and 4.5.5.2, the Company shall hold all monies due to shareholders in trust indefinitely, provided that:
  - 4.5.5.1 a distribution which is retained and unclaimed beyond such period as the laws of prescription require after the payment date of the distribution shall be forfeited and revert to the Company and may be dealt with by the directors as they deem fit; and provided further that,
  - 4.5.5.2 if any distribution in respect of ordinary shares would entitle any shareholder to an aggregate distribution of R50 or less payable by cheque in respect of all the certificated shares held by such shareholder on the record date of such distribution, the directors shall have the power to direct that each such shareholder (unless he delivers a written request to the contrary to the transfer office prior to the payment date as stated in the distribution declaration) irrevocably and unconditionally forfeits the entitlement to such shareholder’s distribution on the basis that an amount equal to the aggregate of such shareholder’s distribution shall vest in a charity nominated from time to time by the directors.”

# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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## NOTICE OF GENERAL MEETING

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**If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.**

All terms used in this notice of general meeting shall, unless the context otherwise requires or they are otherwise defined herein, have the meaning attributed to them in this document to which this notice of general meeting is attached.

Notice is hereby given that a general meeting of Clicks shareholders will be held at the registered office of the Company; Corner Searle and Pontac Streets, Woodstock, Cape Town, 8001, at 10:00 (or immediately after the conclusion or adjournment of the annual general meeting) on Thursday, 30 January 2014, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

### 1. SPECIAL RESOLUTION NUMBER 1

"Resolved as a special resolution, in terms of sections 36 and 37(5) of the Act, the Company hereby authorises the creation of 20 000 000 (twenty million) Preference Shares having the preferences, rights, limitations and other terms outlined in Annexure VI hereto."

The reason for Special Resolution Number 1 is to increase the authorised share capital of the Company and the effect of Special Resolution Number 1 is to create 20 000 000 Preference Shares.

### 2. SPECIAL RESOLUTION NUMBER 2

"Resolved, as a special resolution, that the Memorandum of Incorporation ("MOI") of the Company be amended as proposed in Annexure VI hereto.

The reason for Special Resolution Number 2 is to incorporate the terms of the Preference Shares in the MOI and effect consequential amendments. The effect of Special Resolution Number 2 is to achieve such incorporation and amendment.

### 3. SPECIAL RESOLUTION NUMBER 3

"Resolved as a special resolution that, subject to the passing of Special Resolution Number 1 at the scheme meeting of the Company to be held immediately after the general meeting at which this Special Resolution Number 3 is proposed, Clicks is hereby authorised, by way of a specific authority in terms of section 48 of the Companies Act, 2008 (Act 71 of 2008) as amended ("the Act"), the Listings Requirements of the JSE Limited and article 4.5 of the Company's Memorandum of Incorporation, to acquire, by way of a scheme of arrangement in terms of section 114 of the Act (the "scheme"), between 3.4 – 6.2% of the issued ordinary share capital of the Company from each scheme participant on a *pro rata* basis adjusted by the application of the rounding principle, for a consideration of R58.97 for each Clicks ordinary share acquired in terms of the scheme proposed by the Company between the Company and its ordinary shareholders on the basis that the consideration for the ordinary shares acquired will be paid out of the cash raised by the Company from the issue of perpetual preference shares."

The reason for Special Resolution Number 3 is to obtain a specific approval in terms of section 48 of the Act for the acquisition by Clicks from the Clicks ordinary shareholders of Clicks ordinary shares as proposed in the scheme. The effect of Special Resolution Number 3 is to enable Clicks, by way of a specific authority, to acquire ordinary shares in the Company in terms of the scheme from eligible Clicks ordinary shareholders on a *pro rata* basis.

#### 4. **SPECIAL RESOLUTION NUMBER 4**

“Resolved as a special resolution that the directors of the Company be and are hereby authorised to repurchase the issued Preference Shares from time to time subject to the provisions of the MOI and the Listings Requirements.”

The reason for Special Resolution Number 4 is to obtain a general authority to repurchase Preference Shares in terms of the Listing Requirements. The effect of Special Resolution Number 4 is to enable Clicks, by way of a general authority, to acquire the issued Preference Shares of the Company from time to time.

The quorum requirement for Special Resolutions Number 1, 2, 3 and 4 to be adopted is sufficient persons, being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for Special Resolutions Number 1, 2, 3 and 4 to be adopted is at least 75% of the voting rights exercised on such special resolutions.

#### 5. **ORDINARY RESOLUTION NUMBER 1**

“Resolved as an ordinary resolution that the unissued Preference Shares be and they are hereby placed under the control of the directors to be issued by them from time to time subject to the provisions of the MOI and the Listings Requirements.”

#### 6. **ORDINARY RESOLUTION NUMBER 2**

“Resolved as an ordinary resolution that any director of the Company or the company secretary be and is hereby authorised to do all such things and sign all such documents as may be required to give effect to special resolutions number 1, 2, 3 and 4.”

“The percentage of voting rights required for Ordinary Resolutions Number 1 and 2 to be adopted is at least 50% of the voting rights exercised on such ordinary resolutions.”

#### 7. **ELECTRONIC PARTICIPATION AND VOTE**

The Company intends to make provision for shareholders of the Company to participate in the general meeting by way of electronic communication.

Should any shareholder wish to participate by way of electronic communication, it is required to give written notice of such proposed participation to both the Company for the attention of the company secretary by email at the address david.janks@clicksgroup.co.za and the Company’s transfer secretaries, Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107, by no later than 10:00 on 28 January 2014. Such notice must be accompanied by the following:

- (a) if the shareholder is an individual, a certified copy of his/her identity document;
- (b) if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the general meeting and a certified copy of the authorised representative’s identity document; and
- (c) a valid email address and/or facsimile number for the purpose of receiving notice of the manner in which the electronic participation will be conducted.

If a shareholder provides the Company with the aforesaid notice and documents, the Company shall use its reasonable endeavours to notify the shareholder of the relevant details of the electronic communication through which it can participate in the general meeting, and will also inform such shareholder of the voting procedures applicable to him/her. The cost of participating electronically will be for the expense of the shareholder.

#### 8. **IDENTIFICATION**

In terms of section 63(l) of the Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. Accordingly, all Clicks shareholders will be required to provide reasonably satisfactory identification to the chairperson of the general meeting in order to participate in and vote at the general meeting.

## 9. **VOTING**

On a show of hands, every Clicks shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of Clicks shares held), and on a poll, every Clicks shareholder shall have for each share held by him that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the Company.

In terms of the Act, holders of treasury shares are not able to vote at the general meeting.

## 10. **PROXIES**

A Clicks shareholder entitled to attend and vote at the general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy (*pink*) is attached for the convenience of certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown 2107), not later than 10:00 on Tuesday, 28 January 2014.

Dematerialised shareholders other than with own name registration who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the general meeting in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the general meeting in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders and the CSDP or broker.

## 11. **APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Act, at any time before Special Resolution Number 3 as set out in this notice of general meeting is voted on, a scheme member may give the Company a written notice objecting to Special Resolution Number 3.

Within 10 business days after the Company has adopted Special Resolution Number 3, the Company must send a notice that Special Resolution Number 3 has been adopted to each scheme member who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of Special Resolution Number 3.

A scheme member may demand that the Company pay the scheme member the fair value for all of the scheme shares held by that person if:

- the scheme member has sent the Company a written notice of objection;
- the Company has adopted the Special Resolution Number 3; and
- the scheme member voted against Special Resolution Number 3 and has complied with all of the procedural requirements of section 164 of the Act.

A copy of section 164 of the Act is set out Annexure V to this document to which this notice of scheme meeting is attached. Further detail regarding the process and consequences of a Dissenting Shareholder exercising its Appraisal Rights are set out in paragraph of this document.

By order of the Board

**CLICKS GROUP LIMITED**

19 December 2013

# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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## NOTICE OF SCHEME MEETING

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**If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.**

All terms used in this notice of scheme meeting shall, unless the context otherwise requires or they are otherwise defined herein, have the meaning attributed to them in this document to which this notice of scheme meeting is attached.

Notice is hereby given that a scheme meeting of scheme members will be held at the registered office of the Company; Corner Searle and Pontac Streets, Woodstock, Cape Town, 8001, at 10:15 on Thursday, 30 January 2014 (or immediately following the adjournment of the general meeting), to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

### 1. SPECIAL RESOLUTION NUMBER 1

"Resolved as a special resolution that, subject to the passing of Special Resolution Number 3 at the general meeting of the Company held immediately before the scheme meeting at which this Special Resolution Number 1 is proposed, Clicks is hereby authorised, by way of a specific authority in terms of section 48 of the Companies Act, 2008 (Act 71 of 2008) as amended ("the Act"), the Listings Requirements of the JSE Limited and article 4.5 of the Company's Memorandum of Incorporation, to acquire, by way of a scheme of arrangement in terms of section 114 of the Act (the "scheme"), between [3.4-6.2%] of the issued ordinary share capital of the Company from each scheme participant on a *pro rata* basis adjusted by the application of the rounding principle, for a consideration of R58.97 for each Clicks ordinary share acquired in terms of the scheme proposed by the Company between the Company and its ordinary shareholders on the basis that the consideration for the ordinary shares acquired will be paid out of the cash raised by the Company from the issue of Preference Shares."

The reason for Special Resolution Number 1 is to obtain a specific approval in terms of section 48 of the Act for the acquisition by Clicks from the Clicks ordinary shareholders of Clicks ordinary shares as proposed in the scheme. The effect of special resolution number 1 is to enable Clicks, by way of a specific authority, to acquire ordinary shares in the Company in terms of the scheme from eligible Clicks ordinary shareholders on a *pro rata* basis.

The quorum requirement for Special Resolution Number 1 to be adopted is sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for Special Resolution Number 1 to be adopted is at least 75% of the voting rights exercised on such special resolution.

### 2. ORDINARY RESOLUTION NUMBER 1

"Resolved that each director of Clicks be and is hereby individually authorised to sign all such documents and do all such other things as may be necessary for or incidental to the implementation of Special Resolution Number 1."

The percentage of voting rights required for Ordinary Resolution Number 1 to be adopted is at least 50% of the voting rights exercised on such ordinary resolution.



3. **STATEMENT BY DIRECTORS OF THE COMPANY IN TERMS OF SECTION 4, SECTION 46(1)(B) AND SECTION 46(1)(C) OF THE COMPANIES ACT, NO 71 OF 2008, AS AMENDED**

The directors, after considering the effect of the Proposed Buy-back are of the opinion that:

- it appears that Clicks will be able in the ordinary course of business to pay its debts for a period of 12 months after the scheme consideration is paid; and
- the assets of Clicks, as fairly valued, equal or exceed the liabilities of Clicks, as fairly valued.

4. **ELECTRONIC PARTICIPATION AND VOTE**

The Company intends to make provision for scheme members to participate in the scheme meeting by way of electronic communication.

Should any scheme member wish to participate by way of electronic communication, it is required to give written notice of such proposed participation to both the Company for the attention of the company secretary by email at the address david.janks@clicksgroup.co.za and the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107, by no later than 10:00 on 28 January 2014. Such notice must be accompanied by the following:

- if the scheme member is an individual, a certified copy of his/her identity document;
- if the scheme member is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the scheme member at the scheme meeting and a certified copy of the authorised representative's identity document; and
- a valid email address and/or facsimile number for the purpose of receiving notice of the manner in which the electronic participation will be conducted.

If a scheme member provides the Company with the aforesaid notice and documents, the Company shall use its reasonable endeavours to notify the scheme member of the relevant details of the electronic communication through which it can participate in the scheme meeting, and will also inform such scheme member of the voting procedures applicable to him/her. The cost of participating electronically will be for the expense of the scheme member.

5. **IDENTIFICATION**

In terms of section 63(1) of the Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. Accordingly, all scheme members will be required to provide reasonably satisfactory identification to the chairperson of the scheme meeting in order to participate in and vote at the scheme meeting.

6. **VOTING**

On a show of hands, every scheme member who is present in person, by proxy or represented at the scheme meeting shall have one vote (irrespective of the number of Clicks ordinary shares held), and on a poll, every scheme member shall have for each ordinary share held by him that proportion of the total votes in the Company which the aggregate amount of the nominal value of that ordinary share held by him bears to the aggregate of the nominal value of all the ordinary shares issued by the Company.

In terms of the Act, holders of treasury shares are not able to vote at the scheme meeting.

7. **APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Act, at any time before Special Resolution Number 1 as set out in this notice of scheme meeting is voted on, a scheme member may give the Company a written notice objecting to Special Resolution Number 1.

Within 10 business days after the Company has adopted Special Resolution Number 1, the Company must send a notice that Special Resolution Number 1 has been adopted to each scheme member who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of Special Resolution Number 1.

A scheme member may demand that the Company pay the scheme member the fair value for all of the scheme shares held by that person if:

- the scheme member has sent the Company a written notice of objection;
- the Company has adopted the Special Resolution Number 1; and
- the scheme member voted against Special Resolution Number 1 and has complied with all of the procedural requirements of section 164 of the Act.

A copy of section 164 of the Act is set out Annexure V to this document to which this notice of scheme meeting is attached. Further detail regarding the process and consequences of a Dissenting Shareholder exercising its Appraisal Rights are set out in paragraph of this document.

By order of the Clicks Board

**David Janks**

*Company Secretary*

19 December 2013





# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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### FORM OF PROXY – GENERAL MEETING

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For use by certificated shareholders or own name dematerialised shareholders at the general meeting of the Company to be held at 10:00 (or immediately after the conclusion or adjournment of the annual general meeting) on Thursday, 30 January 2014 at the registered office of Clicks; Corner Searle and Pontac Streets, Woodstock, Cape Town, 8001.

I/We (FULL NAME IN BLOCK LETTERS)

Of (Address)

Telephone: (Work) ( )

Telephone: (Home) ( )

Fax: ( )

Cellphone number:

being the holder(s)  Clicks shares  
of hereby appoint:

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

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

3. the chairperson of the general meeting,

as my/our proxy to vote for me/us on my/our behalf at the general meeting of Clicks shareholders to be held at 10:00 (or immediately after the conclusion or adjournment of the annual general meeting) on Thursday, 30 January 2014 or any adjournment thereof as follows:

Resolution	Vote for	Vote against	Abstain from voting
<b>Special resolution number 1</b> – Increase in the authorised share capital through the creation of 20 000 000 Preference Shares			
<b>Special resolution number 2</b> – Approval of the amendment of the MOI			
<b>Special resolution number 3</b> – Approval of the scheme			
<b>Special resolution number 4</b> – Directors authority to repurchase the Preference Shares			
<b>Ordinary resolution number 1</b> – Placing up to 20 000 000 Preference Shares under the control of the directors			
<b>Ordinary resolution number 2</b> – Directors authority to take all such actions necessary to implement the above resolutions			

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature: \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

**Please read the notes on the reverse side hereof.**

A Clicks member entitled to attend and vote at the general meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the general meeting. A proxy need not be a member of the Company.

On a show of hands, every Clicks shareholder shall have one vote (irrespective of the number of Clicks shares held). On a poll, every Clicks shareholder shall have for each share held by him that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate amount of the nominal value of all the shares issued by the Company.

**Notes:**

1. A Clicks shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the Clicks shareholder. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Clicks shares exercisable by you, insert the number of Clicks shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Clicks shareholder's votes exercisable thereat. A Clicks shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Clicks shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Clicks shareholder or its/his/her proxy.
3. Forms of proxy must be lodged with the transfer secretaries, Computershare, to be received by no later than 10:00 on Tuesday, 28 January 2014.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Clicks' transfer secretaries or waived by the chairperson of the general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant Clicks shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Clicks shareholder wish to do so.
7. The chairperson of the general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the Clicks shareholder wishes to vote.
8. This form of proxy shall not be valid after the expiration of six months from the date when it was signed.
9. Joint holders – any such persons may vote at the general meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the general meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
10. Clicks shareholders who hold Clicks shares that have been dematerialised, and are registered by the CSDP on the sub-register in their own name kept by that CSDP ("own name dematerialised shareholders"), will be entitled to attend the general meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return the form of proxy to the transfer secretaries in accordance with the time specified on the form of proxy.
11. Clicks shareholders who hold shares in Clicks through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the general meeting or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or broker to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instruction should they not wish to attend the general meeting in person, in order for their nominee to vote in accordance with their instruction at the general meeting.

# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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### FORM OF PROXY – SCHEME MEETING

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Only for use by Clicks ordinary shareholders who hold their shares in certificated form or who have dematerialised their shares with "own name" registration.

For use by certificated shareholders and own name dematerialised shareholders registered as such at the close of business on Friday, 17 January 2014 ("scheme members") at a meeting convened in terms of section 114 of the Act to be held at 10:15 (or immediately after the conclusion or adjournment of the general meeting convened at the same venue) on Thursday, 30 January 2014 or any adjournment thereof, at the Company's registered office; ("the scheme meeting").

I/We (Please print names in full)

of (address)

being the registered holders of  **Clicks ordinary shares** of 1 cent each, appoint (see note 1):

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

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

3. the chairperson of the scheme meeting,

as my/our proxy to act for me/us at the scheme meeting for the purposes of considering and, if deemed fit, agreeing (see note 2)

with modification†

without modification

(delete whichever is not applicable)

to a scheme of arrangement ("the scheme") proposed by the Applicant between Clicks and its ordinary shareholders at the scheme meeting, and at each adjournment thereof and to vote for and/or against the scheme and/or abstain from voting in respect of the Clicks ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 5):

Resolution	Vote for	Vote against	Abstain from voting
<b>Special resolution number 1</b> – Approval of the scheme			
<b>Ordinary resolution number 1</b> – Directors authority to take all such actions necessary to implement the above resolution			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2014

Signature/s of member/s \_\_\_\_\_ Telephone number: ( ) \_\_\_\_\_

Cellphone number: \_\_\_\_\_

Full names of member/s and authority of signatory (if applicable): \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

(including capacity and full names)

**Please read the notes on the reverse side hereof.**

Each scheme member is entitled to appoint one or more proxy(ies) (who need not be a member of the Company) to attend, speak and vote in his/her stead at the scheme meeting.

If a scheme member agrees that the scheme may be modified, he/she may indicate the manner and extent of any such modification to which the proxy may agree on a separate sheet of paper which must be lodged at or posted to the transfer secretaries, together with this form of proxy. In addition, please refer to the conditions stipulated in note 2.

**Notes:**

1. A scheme member may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the chairperson of the scheme meeting" but any such deletion must be initialled by the scheme member. The person whose name appears first on the form of proxy and who is present at the scheme meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. If a scheme member agrees that the scheme may be modified, the scheme member may indicate the manner and extent of such modification to which the proxy may agree on a separate sheet of paper which must be attached to that Clicks member's form of proxy which is submitted.
3. It should be noted that, notwithstanding that a scheme member indicates that the scheme may not be modified, the chairperson (if the chairperson of the scheme meeting is an authorised proxy) or any other proxy will nevertheless be entitled to agree to the modification of the scheme in terms of which the scheme consideration is increased.
4. If a scheme member fails to indicate whether the scheme may be agreed to with or without modification, or fails to indicate the manner and the extent of any modification to which the proxy may agree, such failure will be deemed to authorise the chairperson of the scheme meeting or any other proxy, to agree to the scheme with or without modification as he/she deems fit in respect of all the scheme member's votes exercisable at the scheme meeting.
5. Please insert the number of votes exercisable in the relevant spaces according to how you wish your votes to be cast.
6. If you wish to cast your votes in respect of a lesser number of Clicks ordinary shares than you own, insert the number of Clicks ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairperson of the scheme meeting, if the chairperson of the scheme meeting is the authorised proxy, to vote in favour of the scheme, or to authorise any other proxy to vote for or against the scheme or abstain from voting as he/she deems fit, in respect of all the scheme member's votes exercisable thereat. A scheme member or his/her proxy is not obliged to use all the votes exercisable by the scheme member or his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the scheme member or his/her proxy.
7. Forms of proxy must be lodged with the transfer secretaries, Computershare, to be received by no later than 10:15 on Tuesday, 28 January 2014, or such later date as may be announced in the press in relation to any adjournment of the scheme meeting.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the scheme meeting.
10. The completion and lodging of this form of proxy will not preclude the relevant scheme member from attending the scheme meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such scheme member wish to do so.
11. The chairperson of the scheme meeting may accept or reject any form of proxy which is completed and/or received, other than in accordance with these notes and instructions, provided that the chairperson of the scheme meeting is satisfied as to the manner in which the scheme member wishes to vote.
12. This form of proxy shall not be valid after the expiration of six months from the date when it was signed.
13. Joint holders – any such persons may vote at the scheme meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the scheme meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof. All joint holders are required to sign the form of proxy.
14. Own name dematerialised shareholders will be entitled to attend the scheme meeting in person or if they are unable to attend and wish to be represented thereat may complete and return the form of proxy to the transfer secretaries in accordance with the time specified on the form of proxy.
15. Clicks ordinary shareholders who hold shares in Clicks through a nominee, should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the scheme meeting or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or broker to provide them with the necessary authorisation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instruction should they not wish to attend the scheme meeting in person in order for their nominee to vote in accordance with their instruction at the scheme meeting.



# CLICKS GROUP

L I M I T E D

## Clicks Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1996/000645/06)

Share code: CLS ISIN: ZAE000134854

CUSIP: 18682W205

("Clicks" or "the Company")

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### SURRENDER FORM FOR CERTIFICATED SHAREHOLDERS (ONLY FOR USE BY HOLDERS OF CLICKS ORDINARY SHARES IN CERTIFICATED FORM)

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The definitions set out on pages 5 to 10 of this document to holders of Clicks shares issued on 19 December 2013 have been used in this surrender form.

The surrender of documents of title is only applicable to holders of certificated ordinary shares.

#### Instructions:

A separate form is required for each certificated shareholder.

Part A must be completed by all certificated shareholders who return this form.

Part B must be completed by all certificated shareholders who are emigrants from or non-residents of the common monetary area.

The Transfer Secretaries

#### By hand

Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg  
2001

#### By post

Computershare Investor Services Proprietary Limited  
PO Box 61763  
Marshalltown  
2107

Dear Sirs

I/We hereby surrender and enclose the ordinary share certificates, certified transfer deeds and/or other documents of title, details of which have been completed overleaf, in respect of my/our holding of Clicks shares.

**PART A** – All certificated shareholders must please complete Part A of this form (in BLOCK CAPITALS).

Surname or Name of corporate body:

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First names (in full):

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Title (Mr/Mrs/Miss/etc):

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Address to which the scheme consideration and replacement ordinary share certificates should be posted (if different from the registered address):

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Telephone: (       )

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In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any change of address mandated unless the following documentation is received from the relevant Shareholder:

- an original certified copy of your identity document;
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number; if you do not have one please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- an original or an original certified copy of a service bill to verify your residential address.

Bank account into which the scheme consideration should be transferred for electronic payments (only for certificated shareholders that have entered into a mandate with the transfer secretaries).

Bank: \_\_\_\_\_ Branch: \_\_\_\_\_ Branch number: \_\_\_\_\_

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Account number: \_\_\_\_\_ Account name: \_\_\_\_\_

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In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any change of payment mandated unless the following documentation is received from the relevant Shareholder:

- an original certified copy of your identity document;
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number, if you do not have one please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- a certified true copy of an original bank statement.

Share certificates and/or other documents of title surrendered

Name of registered holder (separate form for each holder)	Certificate number(s)	Number of Clicks ordinary shares
<b>Total:</b>		

**PART B** – To be completed only by certificated shareholders who are emigrants from or non-residents of the common monetary area.

Nominated authorised dealer in the case of a certificated shareholder who is an emigrant from or non-resident of the common monetary area:

Name and address of authorised dealer in South Africa or substitute instructions: \_\_\_\_\_

Account number: \_\_\_\_\_

Signature of shareholder: \_\_\_\_\_

Date \_\_\_\_\_ 2014

Telephone number: (        ) \_\_\_\_\_ Cellphone number: \_\_\_\_\_

Signatories may be called upon for evidence of their authority or capacity to sign this form.

**Notes:**

1. No receipts will be issued for documents of title lodged, unless specifically requested. In compliance with the Listings Requirements, lodging agents will be requested to prepare special transaction receipts, if required.
2. Certificated shareholders who are emigrants from or non-residents of the common monetary area, whose registered addresses are outside the common monetary area and whose documents of title have been restrictively endorsed under the Exchange Control Regulations should nominate an authorised dealer in Part B of this form as referred to in paragraph 20 of this document to which this form is attached.
3. Any alteration to this form must be signed in full and not initialled.
4. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by Clicks or the transfer secretaries).
5. Where the certificated shareholder is a Company or a close corporation, unless it has already been registered with Clicks or the transfer secretaries, a certified copy of the directors' or scheme members' resolution authorising the signing of this form must be submitted if so requested by Clicks.
6. Where there are joint holders of any certificated shares, only that holder whose name stands first in the register in respect of such shares need sign this form.