



ASX AND MEDIA RELEASE

Page 1 of 1

For Immediate Distribution

16 May 2014

WOOLWORTHS OBTAINS SARB APPROVAL AND RELEASES CATEGORY 1 CIRCULAR

David Jones announces that it has been informed by Woolworths Holdings Limited (**'Woolworths'**) that the South African Reserve Bank has approved Woolworths' proposed acquisition of David Jones by way of the Scheme of Arrangement Proposal announced on 9 April 2014 (**'the Scheme'**). Accordingly, the condition precedent in clause 3.1(a) of the Scheme Implementation Deed is now satisfied.

Further, David Jones announces that Woolworths has released its Category 1 Circular (**'Circular'**) in relation to the proposed acquisition of David Jones under the Scheme.

The Circular, and accompanying Notice of General Meeting, has been released by Woolworths to provide its shareholders with information regarding the transaction, and to convene a General Meeting of its shareholders to approve both the transaction and certain matters pertaining to implementation of the subsequent equity raising that Woolworths intends to conduct post completion of the transaction. The Woolworths shareholder meeting is due to be held in South Africa on Tuesday, 17 June 2014.

The Circular is available on the Woolworths website (<http://www.woolworthsholdings.co.za/>) and a copy of the Circular is attached to this announcement.

The Circular has been prepared for Woolworths shareholders only and David Jones shareholders do not need to take any action in relation to it.

The David Jones Board continues to unanimously recommend that David Jones shareholders vote in favour of the Scheme at the upcoming Scheme Meeting, in the absence of a superior proposal and subject to an Independent Expert concluding that the Scheme is fair and reasonable and, therefore, in the best interests of David Jones shareholders.

A Scheme Booklet, providing full details of the Woolworths proposal (including reasons to vote in favour or against the Scheme, an Independent Expert report and details on how to vote) will be mailed to David Jones shareholders in late May 2014. The Scheme Meeting, at which David Jones shareholders can vote on the Scheme, is expected to be held in late June 2014. The notice convening the Scheme Meeting will be sent to shareholders with the Scheme Booklet.

Further Information

Shareholders with any questions in relation to the transaction are encouraged to call the Shareholder Information Line, details of which are below.

Media Enquiries

Helen Karlis
General Manager Corporate Affairs,
Communications and Investor Relations
David Jones Limited
02 9266 5960
0404 045 325 or 0437 876 671
hkarlis@davidjones.com.au

Shareholder Enquiries

Shareholder Information Line
Computershare
Within Australia: 1300 580 123
Outside Australia: +61 3 9415 4339
Operational Monday to Friday from 9:00 am to
5:00pm

DAVID JONES

David Jones Limited A.C.N. 000 074 573
A.B.N. 75 000 074 573

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 10 of this Circular apply throughout this Circular including this cover page.

Action required

This Circular is important and should be read with particular attention to the "Action Required by Shareholders" section of this Circular, which sets out the action required of Shareholders with regard to this Circular. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all your Woolworths Shares, then this Circular should be forwarded to the purchaser to whom, or Broker, CSDP or other agent through whom you disposed of your Woolworths Shares.

Woolworths does not accept any responsibility and will not be held liable for any failure on the part of the Broker or CSDP of any holder of Dematerialised Shares to notify such Shareholder of this Circular and/or the General Meeting.



WOOLWORTHS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1929/001986/06)

JSE Ordinary Share code: WHL

ISIN: ZAE000063863

("Woolworths" or the "Company")

Circular to Woolworths Ordinary Shareholders and Woolworths Preference Shareholders

regarding:

- **the approval of the implementation of the Acquisition as a Category 1 transaction in terms of the Listings Requirements;**
- **the approval of the proposed conversion of all of the Woolworths Ordinary Shares from par value Woolworths Ordinary Shares of 0.15 cents each to no par value Woolworths Ordinary Shares;**
- **the approval of the proposed increase in the Company's authorised but unissued share capital by a further 11 000 000 000 Woolworths Ordinary Shares for the purposes of the Rights Offer as well as consequential changes to the Company's Memorandum of Incorporation to reflect the proposed changes in the share capital of the Company;**
- **the approval of the issue of new Woolworths Ordinary Shares pursuant to the implementation of the proposed Rights Offer to Shareholders which new Ordinary Shares may have voting power equal to or in excess of 30% of the existing voting power of the entire issued Ordinary Share capital of the Company immediately prior to such issue;**
- **granting the Company the entitlement to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer; and**
- **placing the authorised but unissued Woolworths Ordinary Shares of the Company under the control of the Directors solely for the purposes of implementing the Rights Offer;**

and incorporating

- **a notice of general meeting; and**
- **a form of proxy to be used by Certificated Shareholders and "Own-name" Dematerialised Shareholders only.**

16 May 2014

This Circular is available in English only. Copies may be obtained during normal business hours from the offices of Woolworths, The Standard Bank of South Africa Limited and the Transfer Secretaries, whose addresses are set out in the "Corporate information and advisors" section of this Circular. The Circular will be available from Friday, 16 May 2014 until Tuesday, 17 June 2014, both days inclusive. The Circular will also be available in electronic form on the Company's website www.woolworthsholdings.co.za from Friday, 16 May 2014.

**Joint financial and debt advisors
to Woolworths**



**Transaction sponsor to
Woolworths**



**South African legal counsel to
Woolworths**



**Australian legal counsel to
Woolworths**



**Transfer secretaries of
Woolworths**



**Independent reporting
accountant and auditors to
Woolworths**



**Lead independent sponsor to
Woolworths**



CERTAIN FORWARD-LOOKING STATEMENTS

This Circular contains statements about Woolworths that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the retail industry; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels and the expected Rand to A\$ rate of exchange, and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Woolworths cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Woolworths operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, all of which estimates and assumptions, although Woolworths may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to Woolworths, or not currently considered material), could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Woolworths Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Woolworths or other matters to which such forward-looking statements relate, not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Woolworths has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

CORPORATE INFORMATION AND ADVISORS

Registered office and business address of Woolworths

Woolworths House
93 Longmarket Street
Cape Town
8001
South Africa
(PO Box 680, Cape Town, 8000)

Joint financial and debt advisors to Woolworths

Rothschild (South Africa) Proprietary Limited
(Registration number 1999/021764/07)
3rd Floor
Oxford Corner
32A Jellicoe Avenue West
Rosebank
2196
South Africa
(PO Box 411332, Craighall, 2024)

South African legal counsel to Woolworths

Webber Wentzel
10 Fricker Road
Illovo Boulevard
Illovo
2196
South Africa
(PO Box 61771, Marshalltown, 2107)

Independent reporting accountant and auditors to Woolworths

Ernst & Young Inc.
(Registration number 2005/002308/21)
Ernst & Young House
35 Lower Long Street
Cape Town
8001
South Africa
(PO Box 656, Cape Town, 8000)

Lead independent sponsor to Woolworths

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

Date of incorporation: 11 November 1929

Group secretary of Woolworths

Thobeka Sishuba-Mashego
Woolworths House
93 Longmarket Street
Cape Town
8001
South Africa
(PO Box 680, Cape Town, 8000)

Joint financial and debt advisors and transaction sponsor to Woolworths

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
30 Baker Street
Rosebank
2196
South Africa
(PO Box 61344, Marshalltown, 2107)

Australian legal counsel to Woolworths

Gilbert + Tobin
Level 37
2 Park Street
Sydney NSW 2000
Australia
GPO Box 3810
Sydney, NSW 2001

Transfer secretaries of Woolworths

Computershare Investor Services
Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg
2001
South Africa
(PO Box 61051, Marshalltown, 2107)

Transfer secretaries of David Jones

Computershare Investor Services
Proprietary Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
Australia
GPO Box 7045
Sydney, NSW 2001

Place of incorporation: South Africa

TABLE OF CONTENTS

	<i>Page</i>
CERTAIN FORWARD-LOOKING STATEMENTS	1
CORPORATE INFORMATION AND ADVISORS	2
EXECUTIVE SUMMARY	4
ACTION REQUIRED BY SHAREHOLDERS	7
SALIENT DATES AND TIMES	9
DEFINITIONS AND INTERPRETATIONS	10
CIRCULAR TO SHAREHOLDERS	
1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR	17
2. BACKGROUND TO WOOLWORTHS AND DAVID JONES	18
3. WOOLWORTHS RATIONALE FOR THE ACQUISITION	23
4. TERMS OF THE ACQUISITION	26
5. RIGHTS OFFER	29
6. SUMMARISED <i>PRO FORMA</i> FINANCIAL EFFECTS RELATING TO THE ACQUISITION	30
7. DIRECTORS	32
8. MAJOR SHAREHOLDERS OF WOOLWORTHS	41
9. FINANCIAL INFORMATION	41
10. LITIGATION STATEMENT	42
11. MATERIAL CHANGE	42
12. MATERIAL BORROWINGS	42
13. MATERIAL CONTRACTS	42
14. SHARE CAPITAL OF WOOLWORTHS	43
15. OPINION AND RECOMMENDATION	43
16. DIRECTORS' RESPONSIBILITY STATEMENT	44
17. EXPENSES RELATING TO THE ACQUISITION	44
18. NOTICE OF GENERAL MEETING	45
19. EXPERTS' CONSENTS	45
20. DOCUMENTS AVAILABLE FOR INSPECTION	45
ANNEXURE 1 <i>Pro forma</i> financial information of Woolworths	46
ANNEXURE 2 Independent Reporting Accountant's reasonable assurance report on compilation of <i>pro forma</i> financial information	52
ANNEXURE 3 Historical financial information of David Jones	54
ANNEXURE 4 Material borrowings of Woolworths Group	68
ANNEXURE 5 Material borrowings of David Jones Group	70
ANNEXURE 6 Material contracts of Woolworths and David Jones	71
ANNEXURE 7 Trading history of David Jones shares on the ASX	73
ANNEXURE 8 Report of the Board in terms of Regulation 31(7) and 31(8) of the Regulations	74
NOTICE OF GENERAL MEETING	Attached
FORM OF PROXY	Attached

EXECUTIVE SUMMARY

The definitions and interpretations commencing on page 10 of this Circular apply, *mutatis mutandis*, to this executive summary.

It was announced on 9 April 2014 that, subject to the fulfilment of the Conditions Precedent, Woolworths had reached agreement with David Jones to acquire, through Vela, the entire issued share capital of David Jones, the iconic Australian department store retailer, at a cash price of A\$4.00 per David Jones Ordinary Share, representing a total cash consideration of A\$2.15 billion (R21.4 billion)¹.

The Acquisition will be implemented by way of the Scheme between David Jones and the David Jones Shareholders, as contemplated by the Corporations Act. Woolworths has entered into the Scheme Implementation Deed with Vela and David Jones, which governs the implementation of the Scheme. The David Jones Board has unanimously recommended that the David Jones Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding that the Acquisition is fair and reasonable and in the best interests of David Jones Shareholders.

Overview of David Jones

David Jones is listed on the ASX, trading under the code DJS, with a market capitalisation of A\$2.12 billion (R20.5 billion)² as at the Last Practicable Date. David Jones was founded in 1838 and is Australia's oldest and one of the most prominent department stores in Australia. David Jones carries numerous Australian and international brands across womenswear, menswear, beauty products, shoes and accessories, childrenswear, electronics and homewares.

David Jones is focused on the aspirational and premium customer segments, with approximately 35% market share of the high-end and mid-end department store spend in Australia³, approximately 10% market share of all Australian department store spend⁴ and approximately 2% market share of Australian non-food retailing⁵.

The iconic Australian brand operates from 38 stores, of which two are warehouses, across many of Australia's significant shopping locations, including four flagship stores across four properties owned by David Jones in the CBDs of Sydney and Melbourne. These Sydney and Melbourne properties have been independently valued at approximately A\$612 million (R6.1 billion)⁶. This value was determined on an existing use basis that does not take into account the development potential of the air-rights above these buildings. David Jones has continued to explore options to unlock value of its properties.

Acquisition rationale

The combination of Woolworths and David Jones provides significant advantages that will benefit both companies and their customers. The combined Group will have increased scale that will drive significant efficiencies and economies through enhanced global sourcing and the ability to leverage common seasonality and fashion trends, improving value for the customer and overall profitability. Each business will be well equipped to compete with global retailers in their respective markets.

Woolworths has operated successfully in Australia for over 16 years through its subsidiary, Country Road Group, which operates the Country Road, Trenergy, Witchery and Mimco brands.

Following the Acquisition, Woolworths will become a leading southern hemisphere department store operator and one of the largest companies listed on the JSE, retaining its headquarters in Cape Town.

As part of this, Woolworths is committed to developing its local South African supply chain, thus boosting Southern African Development Community exports. Woolworths would seek to leverage this supply base and identify opportunities to export such goods under Woolworths exclusive brands to Australia.

1. Based on expected forward exchange rate of 9.95 A\$/R.

2. Based on exchange rate of 9.6909 A\$/R as at the Last Practicable Date.

3. IBISWorld, Department Stores in Australia, November 2013, market share split between Myer and David Jones.

4. IBISWorld, Department Stores in Australia, November 2013, market share.

5. Citi, David Jones and Myer, Alert: Merger Doesn't Stack Up, March 2014, market share.

6. In 2012, an independent valuation concluded that the potential worth of the four properties was A\$612 million.

As an iconic Australian retail brand, David Jones provides the perfect platform for expansion in Australia, occupying a similar customer positioning to Woolworths in South Africa at the premium end of the apparel market, with both businesses enjoying strong aspirational brand identities and a strong alignment of values that put the customer first, offering excellent service and quality. The Acquisition supports Woolworths' strategy and is a rare opportunity to create a southern hemisphere retailer with meaningful scale, better able to compete with global retailers, leverage common fashion seasonality with enhanced sourcing capability and leverage the South African headquartered design, buying and procurement capability.

Woolworths recognises the knowledge and experience of the David Jones management team. Working together with them, Woolworths plans to accelerate David Jones' strategic initiatives to consolidate and grow its competitive position and performance.

Woolworths has identified the following key initiatives which it believes will deliver synergies of at least R1.4 billion (A\$130 million)⁷ in EBIT per annum within five years, after the completion of the Acquisition. These initiatives include:

- the profitable expansion of the David Jones private label product offering;
- overall Group profitability improvement through increased volumes and Group-wide lower cost sourcing;
- the introduction or expansion of the Woolworths brands within David Jones stores;
- the introduction of an improved loyalty programme based on existing Woolworths knowledge and expertise (including enhanced use of customer data for store and product decisions);
- significantly increasing omni-channel⁸ initiatives and presence, including enhancing the performance of David Jones' online sales;
- the roll out of successful village format stores; and
- enhanced productivity through better profiling and allocation systems and processes.

The information set out above has not been reviewed or reported on by the Auditors and Independent Reporting Accountant of Woolworths.

Acquisition funding

The Total Expected Purchase Consideration for the Acquisition is expected to be A\$2.3 billion (approximately R23.3 billion), which includes estimated total transaction costs (including financing and related costs) of A\$98 million (approximately R974 million). These costs differ from the costs used for purposes of the summarised *pro forma* financial information set out in paragraph 6 and Annexure 1 to this Circular.⁹

Woolworths intends to fund the Total Expected Purchase Consideration and existing David Jones working capital requirements (including the refinancing of existing debt) as follows:

- R10 billion from a combination of: (i) Woolworths Cash and (ii) to the extent that the Woolworths Cash available to fund the Total Expected Purchase Consideration is less than R10 billion on or about the Scheme Record Date, the proceeds of utilisation of the South African Senior Facilities raised through WPL;
- A\$400 million (R3.98 billion) from the Australian Bridge Facility, to be applied towards funding the Consideration and refinancing the existing indebtedness of David Jones; and
- the balance of the Total Expected Purchase Consideration from the Equity Bridge Facility.

The table below sets out the sources and uses with regards to the Total Expected Purchase Consideration:

Sources:	R million	A\$ million
Woolworths cash/term facility	10 000.0	1 005.0
Australian Bridge Facility	3 980.0	400.0
Balance of funding from Equity Bridge Funding	9 366.7	941.4
Total	23 346.7	2 346.4
Uses:	R million	A\$ million
Offer Consideration	21 378.1	2 148.6
Estimated transaction costs (including financing and related costs)	973.6	97.8
Refinance David Jones net debt	995.0	100.0
Total	23 346.7	2 346.4

7. Based on the expected forward exchange rate of 10.76 A\$/R in FY2019.

8. "Omni-channel" refers to a seamless approach to the customer experience through a wide variety of retailing options (including, for example, brick and mortar stores, online stores, mobile enabled stores and online magazines with purchasing capabilities).

9. An A\$/R exchange rate of 9.95 (estimated forward exchange rate on completion date), has been applied when converting these figures to Rands. This figure includes underwriting costs associated with the Rights Offer but excludes VAT and GST.

The South African Senior Facilities, Australian Bridge Facility and Equity Bridge Facility have been fully underwritten by the Funders.

Subject to the resolutions set out in the Notice of General Meeting being approved at the General Meeting, and registered by the CIPC to the extent required, the Company intends to undertake the Rights Offer in order to repay the Equity Bridge Facility made available to the Company in respect of the Acquisition. After the Acquisition has been completed, the Company will determine, in consultation with the Funders, the detailed terms of the Rights Offer, including the amount of financing to be raised, the offer price per share and number of shares to be issued, taking into consideration market conditions at such time. The details of the Rights Offer, once finalised, will be released on SENS and in the Rights Offer circular to be posted to Woolworths Shareholders in due course.

Each of WPL and E-Com Investments 16 Proprietary Limited, the holders of Treasury Shares, have agreed in writing to the decision of the Company to exclude the holders of Treasury Shares from participating in the Rights Offer, subject to the Woolworths Shareholders adopting Special resolution number 5 set out in the Notice of General Meeting, thereby entitling the Company to exclude the holders of Treasury Shares from participating in the Rights Offer. Furthermore, the holder of the Woolworths Preference Shares, being the trustees of the ESOS Trust, has decided that it shall not participate in the Rights Offer on the basis more fully set out in this Circular, which decision has been approved by the Company.

As outlined in the *pro forma* financial effects set out in paragraph 6 and Annexure 1 of this Circular, the historical performance of Woolworths will not be an appropriate reflection of future prospects.

Excluding the impact of the non-recurring transaction costs, incorporating the phased realisation of the various value creation opportunities and considering the expected impact of the Rights Offer, the EPS impact is expected to be broadly neutral by the 2016 financial year and accretive thereafter.

The capital structure of the Acquisition was carefully considered as to its effect on the cash flow position of Woolworths. Assuming a continuance of the recent performance of Woolworths and David Jones, the Acquisition is not expected to restrict Woolworths' ability to maintain its dividend policy and fund future growth.

The above information has not been reviewed or reported on by the Auditors and Reporting Accountants of Woolworths.

Purpose of Circular

The purpose of this Circular and accompanying Notice of General Meeting is to provide Woolworths Shareholders with information regarding the Acquisition, and to convene the General Meeting to be held at 10:00 on Tuesday, 17 June 2014, in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001, at which the Woolworths Shareholders will be asked to consider and, if deemed fit, approve resolutions for, *inter alia*:

- the Acquisition by Woolworths of 100% of the issued share capital of David Jones;
- the creation of additional Woolworths Ordinary Shares in the authorised share capital of Woolworths for the purposes of the Rights Offer;
- the placing of sufficient unissued Woolworths Ordinary Shares under the control of the Directors solely for the purposes of implementing the Rights Offer; and
- granting the Company the entitlement to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer.

Directors' recommendation

The Board unanimously recommends that Woolworths Shareholders vote in favour of all the resolutions necessary to approve and implement the Acquisition and those matters pertaining to the implementation of the Rights Offer, as set out in the Notice of General Meeting.

All Directors with an interest in Woolworths intend to vote in favour of all resolutions necessary to approve and implement the Acquisition and those matters pertaining to the implementation of the Rights Offer.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 10 of this Circular apply *mutatis mutandis* to this section.

Please take careful note of the following provisions regarding the action required by Shareholders:

- (1) If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through which such disposal was effected.
- (2) If you are in any doubt as to what action you should take, please consult your Broker, CSDP, accountant, banker, legal advisor or other professional advisor immediately.
- (3) You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the General Meeting.

General Meeting

Woolworths Shareholders are invited to attend the General Meeting, convened in terms of the Notice of General Meeting (which is attached to and forms part of, this Circular), to be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 at 10:00 on Tuesday, 17 June 2014 in order to consider, and if deemed fit, approve the resolutions set out in the Notice of General Meeting forming part of this Circular.

ACTION REQUIRED TO BE TAKEN BY SHAREHOLDERS

1. IF YOU HAVE DEMATERIALISED YOUR WOOLWORTHS SHARES, OTHER THAN WITH “OWN NAME” REGISTRATION:

1.1 Voting at the General Meeting

- 1.1.1 Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or abstain from casting your vote) at the General Meeting and thereafter to cast your vote (or abstain from casting your vote) in accordance with your instructions.
- 1.1.2 If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish it with your voting instructions.
- 1.1.3 If your CSDP or Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.
- 1.1.4 You must **not** complete the attached form of proxy.

1.2 Attendance and representation at the General Meeting

In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the General Meeting and your CSDP or Broker will issue the necessary Letter of Representation to you.

2. IF YOU HAVE NOT DEMATERIALISED YOUR WOOLWORTHS SHARES OR HAVE DEMATERIALISED YOUR WOOLWORTHS SHARES WITH “OWN NAME” REGISTRATION:

2.1 Voting and attendance at the General Meeting

- 2.1.1 You may attend the General Meeting in person and may vote (or abstain from voting) at the General Meeting.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy in accordance with the instructions it contains and returning it to the Transfer Secretaries to be received preferably by no later than 10:00 on Thursday, 12 June 2014.
- 2.1.3 If you wish to Dematerialise your Woolworths Shares, please contact your CSDP or Broker.

3. **IF YOU HAVE DISPOSED OF ALL OF YOUR WOOLWORTHS SHARES, THIS CIRCULAR SHOULD BE HANDED TO THE PURCHASER OF SUCH WOOLWORTHS SHARES OR THE BROKER, CSDP OR OTHER AGENT WHICH DISPOSED OF YOUR WOOLWORTHS SHARES FOR YOU.**

Woolworths does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a Dematerialised Shareholder to notify such Shareholders of the General Meeting or any business to be conducted thereat.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 10 of this Circular apply, *mutatis mutandis*, to the following salient dates and times:

Key action	2014
Posting Record Date to be eligible to receive the Circular	Friday, 9 May
Posting of Circular to Woolworths Shareholders	Friday, 16 May
First Court Date*	Thursday, 22 May
Posting of Scheme Booklet by*	Friday, 30 May
Last Day to Trade to participate in and vote at the General Meeting	Friday, 30 May
Voting Record Date to participate in and vote at the General Meeting	Friday, 6 June
Last day to lodge forms of proxy in respect of the General Meeting by 10:00	Thursday, 12 June
General Meeting to be held at 10:00 in the Auditorium, 1st Floor, Woolworths House 93 Longmarket Street, Cape Town, 8001	Tuesday, 17 June
Results of General Meeting released on SENS	Tuesday, 17 June
Result of General Meeting published in the South African Press	Wednesday, 18 June
David Jones Scheme Meeting*	Monday, 30 June
Second Court Date*	Wednesday, 2 July
Suspension of trading in David Jones Ordinary Shares on ASX*	Thursday, 3 July
Scheme Implementation Date and payment of Consideration*	Thursday, 17 July

*** Applicable to David Jones Shareholders only**

Notes:

1. The above dates and times are subject to amendment. Any such material amendment will be released on SENS and published in the South African Press.
2. All times quoted in the Circular are local times in South Africa on a 24-hour basis, unless specified otherwise.
3. No orders to dematerialise or rematerialise Shares will be processed from the Business Day following the Last Day to Trade up to and including the Voting Record Date, but such orders will again be processed from the first Business Day after the Voting Record Date.
4. The certificated register will be closed between the Last Day to Trade and the Voting Record Date.
5. If the General Meeting is adjourned or postponed, forms of proxy submitted for the General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless the contrary is stated on such form of proxy.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, references to the singular shall include the plural and *vice versa*; words denoting one gender include the other; words and expressions denoting natural persons include legal persons and associations of persons; and the following words and expressions have the meanings assigned to them below:

“Acquisition”	the acquisition by Woolworths, through its wholly-owned subsidiary, Vela, of all of the issued David Jones Ordinary Shares pursuant to the Scheme, for the Consideration;
“ASIC”	Australian Securities and Investments Commission;
“ASX”	ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it;
“ASX Listing Rules”	the official listing rules of the ASX;
“ATO”	Australian Taxation Office and includes the Commissioner of Taxation;
“A\$”	Australian Dollar, the official currency of Australia;
“Australian Bridge Facility”	an unsecured syndicated facility agreement entered into on 12 May 2014 by Woolworths, Vela and Osiris with, among others, Citibank, N.A., London Branch and JP Morgan Australia Limited (as mandated lead arrangers and bookrunners) and Citibank, N.A., Sydney Branch and JPMorgan Chase Bank, N.A. (as underwriters) for the provision of a 364-day bridge facility in a principal amount of up to A\$400 million;
“BBSY”	Bank Bill Swap Bid Rate;
“Beneficial Owner”	a person with a beneficial interest in Dematerialised Shares held through a CSDP or Broker and who does not hold them in his own name;
“Board”	the board of directors of Woolworths as at the Last Practicable Date, whose names are listed on page 17 of this Circular;
“Broker”	any person registered as a broking member in equities in terms of the Rules of the JSE in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa and when used in the context of the Scheme means a Business Day within the meaning of the ASX Listing Rules;
“Certificated Shareholders”	Woolworths Shareholders who hold Certificated Shares;
“Certificated Shares”	Woolworths Shares which are not dematerialised in terms of the requirements of Strate, title to which is represented by a share certificate or other Documents of Title;
“CIPC”	the Companies and Intellectual Property Commission, established in terms of the Companies Act;
“Circular”	this document, dated Friday, 16 May 2014, including the annexures, Notice of General Meeting and form of proxy contained herein;
“Companies Act”	the South African Companies Act, No. 71 of 2008, as amended or superseded from time to time;

“Conditions Precedent”	the conditions precedent to which the Acquisition is subject, a summary of which is set out in paragraph 4.3 of this Circular and which are fully set out in the Scheme Implementation Deed;
“Consideration”	the aggregate purchase consideration payable by Vela for the Scheme Shares in terms of the Scheme, of approximately A\$2.15 billion (approximately R21.4 billion, based on a forward exchange rate of 9.95 A\$/R) as at the Last Practicable Date, comprising a cash payment of A\$4.00 per Scheme Share to be paid by Vela to eligible Scheme Participants;
“Corporations Act”	Australian Corporations Act 2001 (Cth);
“Country Road”	means Country Road Limited, Australian Business Number 78 006 759 182, an Australian public company which is listed on the ASX;
“Court”	the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing between Vela and David Jones;
“CSDP”	Central Securities Depository Participant, a participant as defined in section 1 of the Financial Markets Act;
“David Jones”	David Jones Limited, Australian Business Number 75 000 074 573, an Australian public company which is listed on the ASX;
“David Jones Board” or “David Jones Directors”	the board of directors of David Jones (as constituted from time to time);
“David Jones Group”	David Jones and its subsidiaries;
“David Jones Ordinary Share”	a fully paid ordinary share in the share capital of David Jones;
“David Jones Shareholder”	each person who is a registered holder of a David Jones Ordinary Share;
“Dematerialised Shareholders”	Woolworths Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been dematerialised and ownership of which is recorded in a sub-register of Woolworths Shareholders administered by a CSDP, which sub-register forms part of the Company’s Register;
“Documents of Title”	share certificates or any other documents of title to Certificated Shares acceptable to the Company;
“EBIT”	earnings before interest and tax;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“Effective”	when used in relation to the Scheme, the coming into effect of the Scheme order pursuant to Section 411(10) of the Corporations Act;
“Effective Date”	the date on which the Scheme becomes Effective;
“Encumbrances”	any pledge, mortgage, lien, or other hypothecation or security interest of any kind, or any option, right of pre-emption, right of first refusal, or any other third party rights (real or personal);
“EPS”	earnings per share;

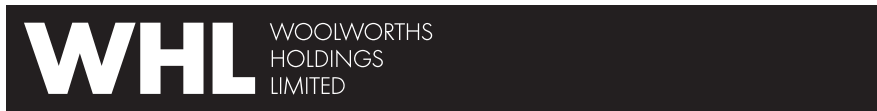
“Equity Bridge Facility”	an unsecured syndicated facility agreement entered into on 11 May 2014 by Woolworths and WPL with, among others, Citibank, N.A., London Branch, J.P. Morgan Limited and The Standard Bank of South Africa Limited (as mandated lead arrangers and bookrunners) and Citibank, N.A., South Africa Branch, JPMorgan Chase Bank, N.A., Johannesburg Branch and The Standard Bank of South Africa Limited (as underwriters) for the provision of a short-term equity bridge facility in a principal amount of up to R11 billion (A\$1.1 billion, based on a forward exchange rate of 9.95 A\$/R);
“Equity Underwriters”	collectively, Citigroup Global Markets Limited, J.P. Morgan Securities plc. and The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division);
“ESOS Trust”	the Woolworths Employee Share Ownership Trust, Master’s Reference No. IT2631/2007, formed in terms of the ESOS Trust Deed;
“ESOS Trust Deed”	the trust deed of the Woolworths Employee Share Ownership Trust, dated 9 May 2007;
“Exchange Control Regulations”	Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended or superseded from time to time;
“First Court Date”	the first day on which the application made to the Court for the orders under the Corporations Act that the Scheme Meeting be convened is heard, which is expected to be Thursday, 22 May 2014;
“Funders”	collectively, Citibank, N.A., South Africa Branch, Citibank, N.A., Sydney Branch, JPMorgan Chase Bank, N.A., Johannesburg Branch, JPMorgan Chase Bank, N.A. and The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division);
“FY 2011”	the 2011 financial year;
“FY 2012”	the 2012 financial year;
“FY 2013”	the 2013 financial year;
“FY 2014”	the 2014 financial year;
“FY 2015”	the 2015 financial year;
“General Meeting”	the meeting of Woolworths Shareholders to be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 at 10:00 on Tuesday, 17 June 2014, or any adjournment or postponement thereof, to consider and, if deemed appropriate, approve the resolutions set out in the Notice of General Meeting;
“GST”	Goods and Services Tax, a broad-based tax of 10% levied by the ATO on most goods, services and other items sold or consumed in Australia. GST has the same meaning given to that expression in the A New Tax System (Goods and Services Tax) Act 1999;
“HEPS”	headline earnings per share;
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board;
“Income Tax”	income tax levied in terms of the Income Tax Act;

“Income Tax Act”	the South African Income Tax Act, No. 58 of 1962, as amended from time to time;
“Independent Expert”	Grant Samuel & Associates Pty Limited, the Independent Expert appointed in respect of the Scheme by David Jones, in terms of the Scheme Implementation Deed;
“Independent Expert’s Report”	the report in connection with the Scheme to be prepared by the Independent Expert in accordance with the Corporations Act, and ASIC policy and practice, for inclusion in the Scheme Booklet;
“JIBAR”	Johannesburg Interbank Agreed Rate, being the rate of interest at which banks participating in the South African money market offer to one another, for a three month deposit;
“JSE”	the JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Day to Trade”	the last Business Day to trade Woolworths Shares in order to settle same and reflect in the Company’s Register so as to be eligible to vote on the resolutions set out in the Notice of General Meeting;
“Last Practicable Date”	8 May 2014, being the last practicable date prior to the finalisation of this Circular;
“Letter of Representation”	a letter of representation issued by a CSDP or Broker to a Woolworths Shareholder for the purposes of authorising attendance by the Woolworths Shareholder at the General Meeting;
“Listings Requirements”	the JSE Listings Requirements;
“Memorandum of Incorporation”	the memorandum of incorporation of Woolworths in force as at the Last Practicable Date;
“NAV”	net asset value;
“Notice of General Meeting”	the notice of general meeting forming part of this Circular;
“Operative Date”	the effective date of the Acquisition;
“Osiris”	Osiris Holdings Pty Limited, Australian Company Number 168 919 391, being the sole shareholder of Vela and wholly-owned by Woolworths;
“Own-name Dematerialised Shareholders”	Dematerialised Shareholders who have instructed their CSDP to hold their Dematerialised Shares in their own name on the sub-registers maintained by the CSDP;
“Posting Record Date”	the date determined by the Board in accordance with section 59 of the Companies Act for Woolworths Shareholders to be eligible to receive the Circular;
“Register”	the register of Certificated Shareholders of the Company maintained by the Company and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Financial Markets Act;
“Regulations”	the Companies Regulations, 2011, published pursuant to section 223 of the Companies Act;
“Reporting Accountant”, “Independent Reporting Accountant” or “Auditors”	Ernst & Young Inc. (Registration number 2005/002308/21), registered auditors, a firm of Chartered Accountants (SA) and the independent reporting accountant to Woolworths;

“Rights Offer”	the underwritten, renounceable rights offer of an amount to be determined by the Company and the Funders or Equity Underwriters, as the case may be, immediately prior to the launch of the rights offer, proposed to be undertaken by the Company in relation to the Acquisition, in terms of which the Company shall be entitled to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the offer;
“SARB”	the South African Reserve Bank which includes both the Financial Surveillance Department and the Banking Supervisory Department;
“Scheme”	the proposed scheme of arrangement, pursuant to the Scheme Implementation Deed, between David Jones and the Scheme Participants under Part 5.1 of the Corporations Act which, if implemented, will give effect to the Acquisition, subject to any alterations or conditions made or required by the Court under Section 411(6) of the Corporations Act and approved in writing by David Jones and Woolworths;
“Scheme Booklet”	the information to be despatched by David Jones to David Jones Shareholders and approved by the Court, including a notice of meeting, explanatory statement in relation to the Scheme issued pursuant to Section 412 of the Corporations Act and registered with ASIC (together with form of proxy);
“Scheme Implementation Date”	the 5th Business Day following the Scheme Record Date, or such other date as agreed between David Jones, Woolworths and Vela;
“Scheme Implementation Deed”	the written agreement in relation to the Acquisition, entered into between Woolworths, Vela and David Jones on Wednesday, 9 April 2014, a full copy of which can be obtained from Woolworths’ website hosted at http://www.woolworthsholdings.co.za/whl_mini_2014/default.asp and which document will be available for inspection;
“Scheme Meeting”	the meeting ordered by the Court to be convened pursuant to Section 411(1) of the Corporations Act in respect of the Scheme, to be held on Monday, 30 June 2014;
“Scheme Participant”	each person who is a David Jones Shareholder as at the Scheme Record Date;
“Scheme Record Date”	19:00 (AEST) on the 5th Business Day following the Effective Date;
“Scheme Share”	a David Jones Ordinary Share held by a Scheme Participant;
“Second Court Date”	proposed to be Wednesday, 2 July 2014;
“SENS”	the Stock Exchange News Service of the JSE;
“South African Press”	the Business Day;
“South African Senior Facilities”	an unsecured syndicated facility agreement entered into on 11 May 2014 by Woolworths and WPL with, among others, Citibank, N.A., London Branch, J.P. Morgan Limited and The Standard Bank of South Africa Limited (as mandated lead arrangers and bookrunners) and Citibank, N.A., South Africa Branch, JPMorgan Chase Bank, N.A., Johannesburg Branch and The Standard Bank of South Africa Limited (as underwriters) for the provision of certain debt facilities comprising (i) Facility A in an amount of R3 billion, (ii) Facility B in an amount of R3 billion and (iii) Facility C1 and Facility C2 not exceeding in aggregate an amount of R4 billion;

“Strate”	Strate Limited (Registration number 1998/022242/06), a public company registered in accordance with the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act;
“Strate system”	an electronic custody, clearing and settlement environment, managed by Strate, for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
“Sub-Register”	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Woolworths Register, excluding any nominees;
“TNAV”	tangible net asset value;
“Total Expected Purchase Consideration”	an aggregate amount of A\$2.3 billion (approximately R23.3 billion), comprising the Consideration and estimated transaction costs in respect of the Acquisition;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa and who are the transfer secretaries of Woolworths;
“Treasury Shares”	Woolworths Ordinary Shares held by E-Com Investments 16 Proprietary Limited and WPL as at the Last Practicable Date. WPL and E-Com Investments 16 Proprietary Limited are both wholly-owned subsidiaries of Woolworths;
“VAT”	value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991, as amended from time to time;
“Vela”	Vela Investments Pty Limited, Australian Company Number 168 920 447, a wholly-owned subsidiary of Osiris as at the Last Practicable Date (Osiris is in turn wholly-owned by Woolworths);
“Voting Record Date”	the date on which Woolworths Shareholders must be entered in the Register in order to be eligible to vote at the General Meeting, expected to be Friday, 6 June 2014;
“WFS”	Woolworths Financial Services Proprietary Limited (Registration number 2000/009327/07), a private company incorporated in accordance with the laws of South Africa. The issued share capital of WFS is held as follows: (i) 50% minus one share by WPL and (ii) 50% plus one share by Barclays Africa Group Limited;
“WPL”	Woolworths Proprietary Limited (Registration number 1956/000518/07), a private company incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Woolworths;
“Woolworths Cash”	cash generated internally by Woolworths from the operations of the Woolworths Group, in the sum of up to R10 billion;
“Woolworths Director” or “Director”	a director of Woolworths appointed to the Board;
“Woolworths Group” or “Group”	Woolworths and its subsidiaries;
“Woolworths Holdings Share Trust”	Woolworths Holdings Share Trust, Master’s Reference No. IT/2967/95;
“Woolworths Ordinary Shares” or “Ordinary Share”	ordinary shares in the share capital of Woolworths as at the Last Practicable Date;

“Woolworths Ordinary Shareholder”	a holder of a Woolworths Ordinary Share;
“Woolworths Preference Shareholder”	a holder of a Woolworths Preference Share;
“Woolworths Preference Shares” or “Preference Shares”	convertible, redeemable, non-cumulative, participating preference shares of 0.15 cents each in the issued share capital of Woolworths as at the Last Practicable Date;
“Woolworths Shareholder” or “Shareholder”	a holder of a Woolworths Ordinary Share or a Woolworths Preference Share, as the case may be;
“Woolworths Shares” or “Shares”	collectively, Woolworths Ordinary Shares and Woolworths Preference Shares; and
“ZAR”, “Rand” or “R”	South African Rand, the lawful currency of South Africa. A\$ amounts have been translated into R at the A\$/R expected forward exchange rate as at the completion of the Acquisition, of A\$/R9.95, unless otherwise indicated.



WOOLWORTHS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1929/001986/06)
JSE Ordinary Share code: WHL
ISIN: ZAE000063863
("Woolworths" or the "Company")

DIRECTORS

Executive

I. Moir (Group CEO)
M.R. Isaacs (Financial Director)
S. Ngumeni
Z. Rylands

Non-Independent Non-Executive

S.N. Susman (Chairman)

Independent Non-Executive

P.D. Bacon (British)
Z.B.M. Bassa
T.A. Boardman (Lead independent)
A.T. Higginson (British)
M.J. Leeming
C. Nissen
Sir S.A. Rose (British)
N.T. Siwendu

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Introduction

Woolworths announced on 9 April 2014 that it had entered into a binding Scheme Implementation Deed with David Jones whereby the Woolworths Group, through its wholly-owned subsidiary, Vela, will acquire all of the issued David Jones Ordinary Shares for a cash consideration of A\$4.00 per David Jones Ordinary Share in terms of the Scheme.

The payment to the Scheme Participants in terms of the Scheme is expected to result in the aggregate Consideration of approximately A\$2.15 billion (approximately R21.4 billion) as at the Last Practicable Date. The Acquisition will be implemented by way of the Scheme.

Subject to the fulfilment or waiver, as the case may be, of the Conditions Precedent (a summary of which is set out in paragraph 4.3 of this Circular), and following the implementation of the Acquisition, David Jones will become a wholly-owned subsidiary of Woolworths.

The Acquisition is deemed to be a Category 1 transaction for Woolworths under the provisions of Section 9 of the Listings Requirements and is therefore subject to Woolworths Shareholders' approval as detailed in the Notice of General Meeting.

Woolworths Shareholders are referred to the announcement dated 16 May 2014 in relation to, *inter alia*, the summarised *pro forma* financial effects of the Acquisition. As set out in the announcement, Woolworths intends to fund the Consideration via a combination of (i) Woolworths Cash, and (ii) to the extent that Woolworths Cash available to fund the Total Expected Purchase Consideration is less than R10 billion on or about the Scheme Record Date, the proceeds of utilisation of the South African Senior Facilities raised through WPL, the Australian Bridge Facility and the balance of the funding from the Equity Bridge Facility. The Equity Bridge Facility is expected to be repaid out of the proceeds to be raised through the Rights Offer. In order to be in a position to give effect to the Rights Offer, the Company requires its Shareholders to approve (i) the conversion of Woolworths Ordinary Shares from par value Woolworths Ordinary Shares of 0.15 cents each to Woolworths Ordinary Shares of no par value, (ii) the increase of the authorised share capital of the Company and (iii) the allotment and issue of Woolworths Ordinary Shares solely for the purpose of the Rights Offer.

The number of Woolworths Ordinary Shares to be issued in terms of the Rights Offer may constitute more than 30% of the issued Ordinary Shares in the Company and, accordingly, the approval of Woolworths Shareholders of the issue of such Woolworths Ordinary Shares is required in terms of the provisions of section 41(3) of the Companies Act.

The Company will furthermore exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer and hence requires approval by the Woolworths Shareholders for the Rights Offer to be structured in this manner.

The purpose of the Circular is to:

- provide Woolworths Shareholders with relevant information to enable them to make an informed decision as to whether or not they should vote in favour of the resolutions set out in the Notice of General Meeting which is attached to and forms part of this Circular, in relation to:
 - i. the approval of the implementation of the Acquisition as a Category 1 transaction in terms of the Listings Requirements;
 - ii. the approval of the proposed conversion of the Woolworths Ordinary Shares from par value Woolworths Ordinary Shares of 0.15 cents each to no par value Woolworths Ordinary Shares;
 - iii. the approval of the proposed increase in the number of authorised but unissued Woolworths Ordinary Shares by a further 11 000 000 000 Woolworths Ordinary Shares for the purposes of the Rights Offer as well as consequential changes to the Company's Memorandum of Incorporation to reflect the proposed changes in the share capital of the Company;
 - iv. the approval of the issue of new Woolworths Ordinary Shares pursuant to the implementation of the proposed Rights Offer to Shareholders which new Ordinary Shares may have voting power equal to or in excess of 30% of the existing voting power of the entire issued Woolworths Ordinary Share capital of the Company immediately prior to such issue;
 - v. granting the Company the entitlement to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer;
 - vi. placing the authorised but unissued Woolworths Ordinary Shares under the control of the Directors solely for the purposes of implementing the Rights Offer; and
- convene the General Meeting in order for Woolworths Shareholders to consider and determine whether or not to vote in favour of the aforementioned resolutions.

2. **BACKGROUND TO WOOLWORTHS AND DAVID JONES**

2.1 **History and nature of business of Woolworths**

2.1.1 ***Corporate information***

Woolworths operates a South African-based retail group and is one of the top 40 companies listed on the JSE, trading under the code WHL. For the 53 weeks ended 30 June 2013, Woolworths earned revenue of R35.4 billion and net profit after tax of R2.6 billion. As at the Last Practicable Date, Woolworths' market capitalisation was approximately R55 billion.

Woolworths' core business focus is retail with a footprint predominately in South Africa and sub-Saharan Africa, trading in clothing and food in more than 600 stores. Woolworths' operations also extend to Australia and New Zealand with an 88% majority interest in Country Road.

Woolworths is headquartered in Cape Town, South Africa. It employs over 26 000 people and trades in 16 countries.

2.1.2 ***Principal activities and operations***

Woolworths Clothing & Home

Woolworths' leadership in fashion, homeware and beauty is anchored by its own private label brands (majority of sales) including the RE: and Studio.W brands. With a footprint of more than 250 stores in South Africa and sub-Saharan Africa, a broad range of merchandise offers customers classic, modern and contemporary styles. Woolworths' Clothing & Home business represents approximately 32% of Woolworths' turnover and contributed approximately 53% of profit before tax for FY 2013.

Woolworths Food

The Woolworths Food business, trading in more than 370 stores in South Africa and neighbouring African countries, has been built on strong fresh produce and prepared food categories. Offering convenience, innovation and healthy foods, a growing supermarket footprint builds on this strong base and enables existing customers to complete their main shop in Woolworths Food stores. Woolworths' food business represents approximately 50% of Woolworths' turnover and contributed approximately 28% of profit before tax for FY 2013.

Woolworths Financial Services

Financial services are provided by WFS, a joint venture with Barclays Africa Group, one of the leading banking institutions in South Africa. The products offered include an in-store card, credit card and personal loan and short-term insurance products. WFS contributed approximately 5% of Woolworths' profit before tax for FY 2013.

Country Road

Founded in 1974, the Country Road Group is one of Australia's largest specialty fashion and homeware retailers with a leading position in the mid- to upper-tier of the specialty apparel market and operating in more than 480 stores in the southern hemisphere. Following the acquisition of Witchery Group in 2012, the Witchery and Mimco brands have been added to the Country Road and Trener brands within Country Road. These four brands are complementary and appeal to a wide customer base. Country Road has successfully expanded the brands into the South African market in the form of stand-alone stores and concession stores within the Woolworths footprint. Country Road Group has concession arrangements with David Jones in respect of its Country Road, Witchery and Mimco brands. Country Road represents approximately 18% of Woolworths' turnover and contributed approximately 14% of profit before tax for FY 2013.

Woolworths has earned a unique position in the South African retail landscape with its offering of clothing and general merchandise and food in multiple retail footprints. The brand essence "the difference" reflects the core values of quality, style, value service, innovation, integrity, energy and sustainability. The broader business impact is managed through comprehensive social, ethical and environmental practices and in recognition of this Woolworths has been recognised as the "World's Most Responsible Retailer" by the World Retail Congress three times in the last five years.

2.1.3 *Prospects for Woolworths as enlarged by the Acquisition*

The combination of Woolworths and David Jones will create a leading southern hemisphere department store operator, comprising:

- 1,151 stores across 16 countries;
- an apparel and homeware offering contributing approximately 65% of combined Group sales, based on management estimates;
- total sales generated in Australasia of approximately 43%; and
- potential to generate substantial operational synergies.

2.2 History and nature of business of David Jones

2.2.1 *Incorporation and history*

David Jones was founded in 1838 and is Australia's oldest and one of the most prominent department stores in Australia. David Jones' registered office is located at 86 – 108 Castlereagh Street, Sydney, NSW 2000.

2.2.2 *Nature of business*

David Jones is listed on the ASX, trading under the code: DJS.

The David Jones Group was organised into the following operating segments for FY 2013:

- department stores: comprising David Jones department stores, village format stores, warehouse outlets, online retailing and corporate office; and
- financial services: comprising an alliance between David Jones and American Express, including the David Jones store card.

2.2.3 **Financial overview of David Jones**

Metrics	A\$m	R'm
FY 2013 Sales ¹⁰	1 845	16 827
FY 2013 EBIT ¹¹	149	1 359
Market capitalisation ¹²	2 117	20 512
NAV ^{13, 14}	841	8 148
Net cash ^{15, 16}	1	7

2.2.4 **Prospects for David Jones**

David Jones has in the past 18 months focused on transforming itself from a 'bricks and mortar' retailer to an omni-channel retailer. Along with this process, David Jones has undertaken a 'refresh' of its future strategic direction plan with a focus on innovation to ensure David Jones remains a world-class retailer. The next stage of David Jones' future strategic direction plan will focus on customer-centricity.

David Jones' future strategic direction plan is starting to yield results, for example:

- online sales grew by 220% during the 1st half of FY 2014;
- David Jones is on track to have 2 million digital contacts by FY 2015;
- more relevant, targeted customer offerings to be provided as a result of its customer relationship management programme;
- cost price harmonisation to ensure more competitive global pricing embedded within the David Jones business;
- David Jones launched new "Shop with Points" programme with American Express;
- 100 new brands introduced to David Jones during the 1st half of FY 2014 to replace non-performing brands; and
- exit from low productivity categories (e.g. outdoor furniture, music, DVDs and electronic games).

David Jones' view is that its future strategic direction plan is gaining momentum and delivering results. David Jones has been successfully transformed into an omni-channel retailer. David Jones has a strong brand and market positioning which holds its business in good stead for future growth.

2.2.5 **Store locations**

The iconic Australian brand operates from 38 stores, of which two are warehouses, across many of Australia's more significant shopping locations, including four flagship stores across premium company-owned properties in the CBD retailing precincts of Sydney and Melbourne.

Store location overview

State	Number of stores
Western Australia	4
South Australia	3
Queensland	8
New South Wales	14
Australian Capital Territory	2
Victoria	7

10. A\$ figures for David Jones are converted at the A\$/R exchange rate of 9.12, the daily average of the exchange rate from 29 July 2012 to 27 July 2013, being the 52 week period of David Jones' financial year for 2013.

11. Excludes the impact of the Dick Smith transaction. A\$ figures for David Jones are converted at the A\$/R exchange rate of 9.12, the daily average of the exchange rate from 29 July 2012 to 27 July 2013, being the 52 week period of David Jones' financial year for 2013.

12. As at the Last Practicable Date. Converted at a rate of 9.6909 A\$/R.

13. As at 25 January 2014 (FY 2014 interim results).

14. A\$ figures for David Jones are converted at the A\$/R exchange rate of 9.69, the exchange rate at 25 January 2014, being the last day of David Jones' first half for financial year 2014.

15. As at 25 January 2014 (FY2014 interim results).

16. A\$ figures for David Jones are converted at the A\$/R exchange rate of 9.69, the exchange rate at 25 January 2014, being the last day of David Jones' first half for financial year 2014.

2.2.6 **Property**

David Jones owns four premium retail properties located in the heart of the Sydney and Melbourne CBD retailing precincts with over 85,000 square metres of retail floor space. In 2012, an independent valuation valued these assets at approximately A\$612 million (approximately R6.1 billion), excluding any development upside. This value was determined on an existing use basis that does not take into account the development potential of the air-rights above these buildings. David Jones has continued to explore options to unlock value of its properties:

- in January 2014, David Jones lodged a preliminary development application with Sydney City Council in relation to its Market Street (NSW) property; and
- in March 2014, Colliers International was appointed as David Jones' property advisors to seek expressions of interest in relation to the Market and Elizabeth Street (NSW) sites. This process is on hold pending the outcome of the Acquisition.

Woolworths Shareholders should note that the status of these matters is incomplete and there can be no certainty that they will proceed as David Jones has proposed.

Overview of owned properties:

Property	Retail space (sqm)	Office space (sqm)	Back of house space (sqm)	Site area (sqm)	Total gross building area (sqm)
Elizabeth Street	30 435	4 600	3 843	3 533	38 878
Market Street	21 390	5 235	5 405	2 528	32 030
310 Bourke Street	22 878	n/a	2 136	3 901	25 014
299 Bourke Street	11 160	n/a	3 344	2 232	14 504
Total	85 863	9 835	14 728	12 194	110 426

2.2.7 **Market position**

The Australian department store sector is characterised by a small number of large operators, with total revenue of approximately A\$18.7 billion. Key operators include Wesfarmers Limited (through ownership of Kmart and Target), Woolworths Limited – not related to the Company (through ownership of Big W), Myer Holdings Limited and David Jones. The top four enterprises account for over 90% of industry revenue.¹⁷

The Australian department store sector is changing with the entrance of more northern hemisphere operators and the increasing shift towards online retailing.

Barriers to entry for any new major department store chains remain high, given that the cost of establishing a new department store is significant and the scarcity of attractive retail space in major shopping centres.

David Jones is a leading contemporary branded department store in Australia, with approximately 35% market share of high-end and mid-end department store spend in Australia.¹⁸ The company also has approximately 10% market share of all department store spend in Australia,¹⁹ and approximately 2% market share of non-food retailing spend in Australia.²⁰

17. IBISWorld, Department Stores in Australia, November 2013.

18. IBISWorld, Department Stores in Australia, November 2013, market share split between Myer and David Jones.

19. IBISWorld, Department Stores in Australia, November 2013, market share.

20. Citi, David Jones and Myer, Alert: Merger Doesn't Stack Up, March 2014, market share.

2.2.8 **Board of Directors and management**

David Jones has a board of directors and management with a broad range of skills, including significant experience in retail to support its ongoing operations.

2.2.8.1 *Information on board of directors:*

Gordon Cairns
Chairman
Non-Executive Director

Gordon was appointed to the Board on 10 March 2014.

Other directorships include:

Chairman of Origin Energy and Quick Service Restaurants, former Chief Executive Officer of Lion Nathan and senior executive at PepsiCo, Cadbury Schweppes. Gordon was previously a director of Seven Group Holdings Limited and Westpac Banking Corporation.

Paul Zahra
Chief Executive Officer

Paul was appointed Chief Executive Officer and Managing Director in 2010. Paul previously served as Group General Manager of Stores and Operations, and Group General Manager of Stores and Visual Merchandising.

Jane Harvey
Non-Executive Director

Jane was appointed to the Board in July 2012.

Other directorships include:

Director of IOOF Holdings, Medibank Private, Colonial Foundation Trust, DUET Finance Limited (part of the DUET Group) and previously a partner at PwC and a director of Boom Logistics.

Philippa Stone
Non-Executive Director

Philippa was appointed to the Board in 2010. Philippa serves as a partner at Herbert Smith Freehills as well a member of the ASX's Listing Appeals Tribunal, the Law Council of Australia's Corporations Committee and the International Air Services Commission.

Melinda Conrad
Non-Executive Director

Melinda was appointed to the Board in 2012.

Other directorships include:

Director of The Reject Shop, The Australian Brandenburg Orchestra, The Garvan Medical Research Institute Foundation, the NSW Government Agency for Clinical Innovation and OzForex Group Limited.

2.2.8.2 *Information on executive management*

Paul Zahra
Chief Executive Officer

Paul was appointed Chief Executive Officer and Managing Director in 2010. Paul previously served as Group General Manager of Stores and Operations, and Group General Manager of Stores and Visual Merchandising.

Brad Soller
Chief Financial Officer

Brad was appointed Chief Financial Officer in 2012 and was previously the Group Chief Financial Officer of Lend Lease since 2009.

Antony Karp
Group Executive – Retail Services

Antony was appointed as Group Executive – Retail Services in 2012. Antony served as Group General Manager of Retail Development from 2011 to 2012. Antony joined David Jones in April 2005.

Donna Player
Group Executive – Merchandise

Donna was appointed as Group Executive – Merchandise in 2012. Donna has 30 years of retail experience including 11 years at Woolworths Limited (not related to Woolworths), Katies Fashion & Grace Bros.

Cate Daniels
Group Executive – Operations

Cate was previously the Group General Manager of Stores and Operations. Cate has been with David Jones for 23 years.

David Robinson
Group Executive – Marketing, Financial Services & Customer Innovation

David was appointed to his current role in August 2011.

Paula Bauchinger
Group Executive – Human Resources

Paula has been with David Jones for 15 years, 7 of which have been in her current role. Paula is a member of the Executive Committee.

Matthew Durbin
Executive – Strategic Planning

Matthew was appointed to his current role in 2012. Matthew joined David Jones in 1997, and has worked in senior finance roles.

3. **WOOLWORTHS RATIONALE FOR THE ACQUISITION**

3.1 **Rationale for the Acquisition**

The combination of Woolworths and David Jones provides significant advantages that will benefit both companies and their customers. The Group will have increased scale that will drive significant efficiencies and economies through enhanced global sourcing and the ability to leverage common seasonality and fashion trends, improving value for the customer and overall profitability. Each business will be well equipped to compete with global retailers in their respective markets.

Woolworths has operated successfully in Australia for over 16 years through its subsidiary, Country Road Group, which operates the Country Road, Trenery, Witchery and Mimco brands.

Following the Acquisition, Woolworths will become a leading southern hemisphere department store operator and one of the largest companies listed on the JSE, retaining its headquarters in Cape Town.

As part of this, Woolworths is committed to developing its local South African supply chain, thus boosting Southern African Development Community exports. Woolworths would seek to leverage this supply base and identify opportunities to export such goods under Woolworths exclusive brands to Australia.

As an iconic Australian retail brand, David Jones provides the perfect platform for expansion in Australia, occupying a similar customer positioning to Woolworths in South Africa at the premium end of the apparel market, with both businesses enjoying strong aspirational brand identities and a strong alignment of values that put the customer first, offering excellent service and quality. The Acquisition supports Woolworths' strategy and is a rare opportunity to create a southern hemisphere retailer with meaningful scale, better able to compete with global retailers, leverage common seasonality and fashion trends with enhanced sourcing capability and leverage the South African headquartered design, buying and procurement capability.

Woolworths recognises the knowledge and experience of the David Jones management team. Working together with them, Woolworths plans to accelerate David Jones' strategic initiatives to consolidate and grow its competitive position and performance.

Woolworths has identified the following key initiatives which it believes will deliver synergies of at least R1.4 billion (A\$130 million) in EBIT per annum within five years, after the completion of the Acquisition.

These initiatives include:

	EBIT impact	Timing of benefits
<p>1. Introduction or expansion of the Woolworths brands within David Jones stores</p> <p>David Jones private label contribution accounted for approximately 3.5% of FY 2013 sales (all sourced through 3rd parties). There is an opportunity to increase this to at least 20% (international department store benchmark), resulting in significantly improved margins and prices</p>	A\$70m – A\$80m	FY15E – FY17E
<p>2. Growth of Country Road Group concession brands</p> <p>There is an opportunity to increase the existing space for the Country Road concession brands within David Jones and introduce brands to the majority of the David Jones stores to optimise the representation of these brands</p>	A\$30m – A\$40m	FY15E – FY17E
<p>3. Introduction of an improved David Jones loyalty scheme</p> <p>David Jones currently has a relationship with American Express through a combination of store card and branded credit cards. An opportunity exists to introduce a tiered loyalty scheme, and through these channels, reward customers, increase transaction value and frequency of visits. The introduction of an improved loyalty scheme is expected to provide valuable customer data to inform decisions around product and stores</p>	Nil assumed	FY16E – FY18E
<p>4. Enhance omni-channel performance</p> <p>Woolworths aims to enhance David Jones' online performance, driven by the introduction of private label and a broader catalogue which will increase online sales as a percentage of total revenue. Woolworths analysis has taken into consideration the cannibalisation of in-store sales</p>	Nil assumed	FY15E – FY19E
<p>5. Optimise David Jones real estate portfolio</p> <p>Woolworths believes that there is an opportunity to enhance store productivity through improved profiling and allocation of floor space to support the independent brands represented in David Jones, as well as increased private label, combined with the implementation of systems and processes used by Woolworths to monitor store, category and brand profitability. Woolworths will also support the continued rollout by David Jones of its successful village format stores, as well as the ongoing review of its optimal store locations and footprint</p>	A\$20m – A\$30m	FY17E – FY19E
<p>6. Improved margin through Group sourcing strategy</p> <p>In addition to lower product costs from the private label shift, Woolworths' Group sourcing strategy will further lower the cost of goods through volume-based pricing benefits. Sourcing of David Jones label will be migrated onto Woolworths' platform</p>	A\$10m – A\$20m	FY16E – FY19E
Total - A\$130m		

Based on information available to Woolworths as at the Last Practicable Date, the above initiatives are expected to, within five years after the completion of the Acquisition, deliver incremental EBIT in excess of R1.4 billion per annum.

3.2 Woolworths' intentions post-implementation of the Acquisition

3.2.1 **Intentions generally**

This section sets out Woolworths' present intentions on the basis of facts and information concerning David Jones and the general business environment which are known to it as at the Last Practicable Date. Final decisions on these matters will only be made by Woolworths in light of all material facts and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may change as new information becomes available or as circumstances change.

References in this section to the intentions of Woolworths include reference to Vela's intentions.

3.2.2 **Review of operations**

If the Scheme is implemented, Woolworths intends to undertake a general review of David Jones' operations covering strategic, financial and operating matters.

Any final decisions as to Woolworths' intentions for David Jones would only be finalised following this review. However, based on information available to it at the Last Practicable Date, Woolworths believes it can realise significant value through the combination of Woolworths and David Jones within five years after completion of the Acquisition, through a number of key initiatives discussed above.

3.2.3 **David Jones to be delisted**

If the Scheme is implemented, Woolworths will cause David Jones to request the ASX to remove David Jones from its official list.

3.2.4 **Board and management**

Woolworths recognises the knowledge and experience of the David Jones senior management team and looks forward to working with them following implementation of the Scheme towards the achievement of the key strategies identified above.

Woolworths intends to reconstitute the David Jones Board with representatives of Woolworths and certain members of David Jones senior management to be determined following implementation of the Acquisition, with consequential changes to the boards of David Jones' subsidiaries.

3.2.5 **Employees**

Woolworths considers David Jones' employees to be an integral part of the business' success. Subject to the general review to be undertaken following implementation of the Scheme, Woolworths does not have any present intention to reduce David Jones' current staff complement.

3.2.6 **Owned (freehold) property portfolio**

Woolworths intends to review alternatives with respect to the owned (freehold) property portfolio of David Jones once further information on any property-related matters is made available to Woolworths.

3.2.7 **Other intentions**

Other than as set out in this section, Woolworths has no current intention to make major changes to, or dispose of any parts of, David Jones' business.

4. TERMS OF THE ACQUISITION

4.1 Details of the Acquisition

4.1.1 **Acquisition structure**

Woolworths will, through Vela, acquire the Scheme Shares such that following the Acquisition, the Woolworths Group will own 100% of the issued share capital of David Jones.

Woolworths will acquire the entire issued share capital of David Jones at a cash price of A\$4.00 per share, representing total cash consideration of A\$2.15 billion (approximately R21.4 billion). The aforementioned price of A\$4.00 per share represents a 25.4% premium to the David Jones closing price on the ASX on Tuesday, 8 April 2014, being the last Business Day immediately prior to announcing the Acquisition.

4.1.2 **Scheme Implementation Deed**

The Acquisition will be implemented through the Scheme. The Scheme is subject to the terms and Conditions Precedent as set out in the Scheme Implementation Deed. A summary of the Conditions Precedent is set out in paragraph 4.3 below.

Other material provisions of the Scheme Implementation Deed are:

- customary exclusivity provisions such as “no shop”, “no talk” and notification obligations on David Jones that in some instances are subject to a fiduciary duties exception for the David Jones Board;
- a break fee of A\$22 million (excluding GST, approximately R216 million as at the Last Practicable Date) payable by David Jones to Woolworths in certain circumstances, including if the David Jones Board changes its recommendation to David Jones Shareholders; and
- a cost reimbursement payable by Woolworths to David Jones for the transaction costs it will incur in respect of the Acquisition up to a maximum of A\$5 million (excluding GST, approximately R49 million as at the Last Practicable Date) in certain circumstances, including if Woolworths Shareholders do not approve the Acquisition.

The Scheme Implementation Deed has been released by David Jones and is available on the Company Announcements Platform of the ASX, hosted at www.asx.com.au and on the Woolworths website hosted at http://www.woolworthsholdings.co.za/whl_mini_2014/default.asp.

4.1.3 **David Jones Board recommendation and Independent Expert**

The David Jones Board has unanimously agreed to recommend that the David Jones Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is fair and reasonable and in the best interests of David Jones Shareholders. Subject to the same qualifications, each David Jones Director will also vote any David Jones Ordinary Shares they own, or control, in favour of the Scheme.

David Jones has appointed the Independent Expert to provide an Independent Expert's Report opining on whether the Scheme is fair and reasonable and in the best interests of David Jones Shareholders.

The Scheme will be implemented if at least 75% of David Jones Ordinary Shares voted, and the majority of David Jones Shareholders voting by number, cast their votes in favour of the Scheme at the Scheme Meeting.

4.1.4 **Scheme Booklet**

David Jones expects to post the Scheme Booklet containing full details of the Scheme to David Jones Shareholders by Friday, 30 May 2014. The Scheme Booklet will include, amongst other things, the reasons for the David Jones Board's unanimous recommendation, and a copy of the Independent Expert's Report.

4.1.5 **Timing**

Subject to all requisite approvals being obtained and the Conditions Precedent summarised in paragraph 4.3 below being satisfied or waived, the Scheme is anticipated to be implemented on Thursday, 17 July 2014.

4.2 **Funding of Acquisition**

4.2.1 **Overview**

If the Scheme becomes Effective and is implemented, the Scheme Participants will receive the Consideration of A\$4.00 per David Jones Ordinary Share held on the Scheme Record Date. Based on the number of David Jones Ordinary Shares issued as at the Last Practicable Date, the maximum amount of cash payable by Vela to David Jones Shareholders in connection with the Scheme will be approximately A\$2.15 billion (approximately R21.4 billion).

Woolworths and Vela intend to fund the Consideration with a combination of sources, comprising:

- firstly, in respect of approximately R10 billion (A\$1 billion, based on a forward exchange rate of 9.95 A\$/R), Woolworths Cash. To the extent that Woolworths Cash on or about the Scheme Record Date is less than R10 billion (A\$1 billion), the proceeds of utilisation of the South African Senior Facilities raised through WPL, so that the combination of those sources of consideration are in aggregate R10 billion (A\$1 billion);
- secondly, in respect of A\$400 million (approximately R4 billion), Woolworths, through Vela, will apply a portion of the proceeds of the Australian Bridge Funding towards funding the Consideration and refinancing the existing indebtedness of David Jones; and
- finally, the balance of the funds required will be sourced from the Equity Bridge Facility.

The total amount of debt finance available to Vela, Woolworths and WPL, when aggregated with Woolworths Cash, is sufficient for Vela to pay the Consideration in accordance with the terms of the Scheme.

4.2.2 **Woolworths Cash**

Woolworths intends to partially fund the Consideration from Woolworths Cash in the sum of up to approximately R10 billion (A\$1 billion). To the extent that Woolworths Cash available for utilisation is less than R10 billion on or about the Scheme Record Date, Woolworths will apply a portion of the South African Senior Facilities to fund such shortfall.

4.2.3 **Debt finance arrangements**

Woolworths and WPL have entered into:

- the Equity Bridge Facility; and
- the South African Senior Facilities. The South African Senior Facilities will be used to: (i) refinance an existing short-term facility drawn down by WPL to fund its working capital commitments and (ii) settle a portion of the Consideration to the extent that Woolworths Cash available for utilisation is less than R10 billion.

In addition, Woolworths, Osiris and Vela have entered into the Australian Bridge Facility.

The Equity Bridge Facility will be made available to Woolworths for the purposes of, among other things, funding a portion of the Consideration and funding payment of fees, costs and expenses incurred by the Woolworths Group in connection with the Scheme, the South African Facilities and the Australian Bridge Facility.

The Australian Bridge Facility will be made available to Vela for the purposes of, among other things, funding a portion of the Consideration and funding payment of fees, costs and expenses incurred by the Woolworths Group in connection with the Scheme, the South African Facilities and the Australian Bridge Facility. The Australian Bridge Facility may also be used to refinance the existing indebtedness of David Jones.

As at the Last Practicable Date, Vela is in the process of engaging with financial institutions to arrange a term facility to either provide funding in substitution for the Australian Bridge Facility or refinance the Australian Bridge Facility. If the term facility is entered into and

available for drawdown on or prior to the date on which the Consideration will be payable under the terms of the Scheme, the term facility may be drawn instead of the Australian Bridge Facility in order to fund the portion of the Consideration that would otherwise be funded from a drawdown under the Australian Bridge Facility. If the term facility is not available for drawdown by that time the Australian Bridge Facility will be drawn upon in order to fund part of the Scheme Consideration as contemplated in this Circular.

Woolworths has entered into a volume standby underwriting agreement with the Equity Underwriters in relation to underwriting the Rights Offer. The Equity Bridge Facility is conditional on these underwriting arrangements remaining in force with the Equity Underwriters, which in turn is conditional on other customary conditions including, *inter alia*: (a) Woolworths Shareholder approvals; (b) the Scheme Implementation Deed remaining in force; (c) customary due diligence; (d) no *force majeure* event and (e) no change of control of Woolworths.

4.2.4 **Woolworths financial assistance**

The Shareholders of Woolworths have previously adopted the resolutions required to provide the intra-group financial assistance envisaged in terms of the Acquisition, as required in terms of Section 45 of the Companies Act.

Shareholders are advised that the Board has adopted resolutions authorising the intra-group financial assistance required in relation to the Acquisition, as envisaged in this Circular and the Woolworths Directors are satisfied, pursuant to providing any financial assistance related to the Acquisition, that:

- there were no circumstances known to the Board that may disqualify Woolworths from relying on the exemption from the prohibition of unlawful financial assistance in Section 45(3) of the Companies Act;
- immediately after providing such financial assistance, Woolworths would satisfy the solvency and liquidity test, as contemplated in Section 4 of the Companies Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to Woolworths; and
- all applicable requirements and restrictions in respect of financial assistance set out in the Memorandum of Incorporation have been satisfied.

4.3 **Conditions precedent**

The Scheme Implementation Deed entered into with David Jones includes the following Conditions Precedent:

- Woolworths Shareholders approving the Acquisition (greater than 50% by number of votes, present and voting);
- Woolworths Shareholders approving resolutions in respect of certain matters pertaining to the implementation of the Rights Offer (at least 75% by number of votes, present and voting);
- SARB approval. As at the Last Practicable Date, this Condition Precedent has been met;
- approval of the Australian Foreign Investment Review Board, which is the body established to advise the Treasurer and the Australian Government on the administration of Australia's foreign investment regulations. As at the Last Practicable Date, this Condition Precedent has been met;
- David Jones Shareholders approving the Scheme (at least 75% by number of votes and greater than 50% by number of shareholders, present and voting);
- Court approval;
- no legal restraint impeding completion of the Scheme;
- no material adverse change;
- no prescribed occurrences; and
- no *force majeure* event.

The Scheme will not become Effective until and unless all the Conditions Precedent are satisfied or waived. The Conditions Precedent is set out in full in the Scheme Implementation Deed.

4.4 **Additional information required for David Jones**

It is envisaged that David Jones will operate as a wholly-owned unlisted subsidiary of Woolworths, and its underlying assets and liabilities will not be transferred to Woolworths. Given the limited changes to David Jones' assets and liabilities, changes to David Jones' guarantees or warranties as a result of the Acquisition are expected to be minimal.

The Scheme Implementation Deed does not preclude David Jones from carrying on an associated business to that of Woolworths. Furthermore, there is no promoter to the Acquisition and David Jones will retain legal title to its assets.

After completion of the Acquisition, David Jones will comply with paragraph 10.21 of Schedule 10 of the Listings Requirements in terms of its memorandum of incorporation.

4.5 **Details of material assets acquired by the David Jones Group during the past three years**

The acquisitions by the David Jones Group for each of FY 2011, FY 2012 and FY 2013 are disclosed in its annual financial statements. None of the acquisitions entered into by the David Jones Group during the past three years are considered material to the David Jones Group; as such, no vendor information has been disclosed.

4.6 **Categorisation and Woolworths Shareholder approval**

The Acquisition is classified as a Category 1 transaction for Woolworths under the Listings Requirements and is therefore subject to Woolworths Shareholders' approval as detailed in the Notice of General Meeting. Woolworths intends to undertake the Rights Offer following the Acquisition.

The Preference Shares created under the terms of the ESOS Trust are eligible to participate in voting on all of the resolutions at the General Meeting. The Woolworths Preference Shares are under the control of the trustees of the ESOS Trust.

Accordingly, approval by the requisite majority of holders of Woolworths Ordinary Shares and Woolworths Preference Shares present and voting at the General Meeting will be required for the Acquisition and the special and ordinary resolutions necessary to implement the Rights Offer.

5. **RIGHTS OFFER**

- 5.1 Subject to the resolutions set out in the Notice of General Meeting being approved at the General Meeting, and registered by the CIPC to the extent required, the Company intends to undertake the Rights Offer in order to repay the Equity Bridge Facility made available to the Company in relation to the Acquisition. The terms of the Rights Offer have not been finalised and announcements will be released on SENS and published in the South African Press in due course, which will provide the terms of the Rights Offer, including the quantum of the Rights Offer, the Rights Offer price, the number of Ordinary Shares to be offered and the ratio of entitlement. A circular will be sent to Shareholders containing full details of the Rights Offer.
- 5.2 In order to implement the Rights Offer, the Company needs to increase its authorised share capital by firstly converting its Woolworths Ordinary Share capital from Woolworths Ordinary Shares each of a nominal or par value of 0.15 cents to Woolworths Ordinary Shares of no par value, as required by the Companies Act, and thereafter creating 11 000 000 000 additional Woolworths Ordinary Shares and making consequential changes to the Memorandum of Incorporation. The required resolutions are set out in Special resolutions numbers 1, 2 and 3 of the resolutions recorded in the Notice of General Meeting. The JSE has approved the corresponding amendment to the details of the Company's share capital, subject to such increase and amendments being filed with the CIPC, and registered by the CIPC to the extent required.
- 5.3 Subject to the conversion of the Woolworths Ordinary Shares from par value shares to shares of no par value, the Company intends to increase its authorised number of Woolworths Ordinary Shares by 11 000 000 000 Woolworths Ordinary Shares to 12 410 600 000 Woolworths Ordinary Shares, and to place the authorised but unissued Woolworths Ordinary Shares in the Company under the control of the Directors solely for the purposes of the Rights Offer.

- 5.4 The amount of the Rights Offer and the Rights Offer price will be determined by the Company and the Funders immediately prior to the Rights Offer depending on, *inter alia*, market conditions prevailing at such time. Consequently the Directors believe that it is necessary to increase the share capital by 11 000 000 000 Woolworths Ordinary Shares in order to give the Company sufficient flexibility to make the Rights Offer at a price which will, in the circumstances prevailing at the time at which that price is determined, be appropriate. To the extent that the newly created Woolworths Ordinary Shares are not required for purposes of the Rights Offer, the Company will propose the reduction of the number of authorised Woolworths Ordinary Shares to a more customary level, as determined by the Directors, at the annual general meeting of the Company following implementation of the Rights Offer.
- 5.5 The Regulations require that, when the Company converts its Woolworths Ordinary Shares into no par value Woolworths Ordinary Shares, the Board shall prepare a report in respect of the proposed conversion which, *inter alia*, evaluates whether there are any material adverse effects of the conversion on Woolworths Ordinary Shareholders. The report of the Board for this purpose is included as Annexure 8 to this Circular.
- 5.6 Further, if the voting power of the Woolworths Ordinary Shares that are issuable as a result of the Rights Offer will be equal to or exceed 30% of the voting power of all the Woolworths Ordinary Shares in issue immediately before the implementation thereof, section 41(3) of the Companies Act requires the approval of Woolworths Shareholders by Special resolution and this is covered in Special resolution number 4 of the resolutions recorded in the Notice of General Meeting. At this stage, it is not certain whether the number of Woolworths Ordinary Shares offered in terms of the Rights Offer will be at sufficiently high levels to require this Special resolution, however, the Special resolution is proposed in order to cover such an eventuality. Such authority will include the authority to allot and issue any Woolworths Ordinary Shares in the authorised but unissued share capital of the Company to any underwriter(s) of the Rights Offer (whether or not any such underwriter is a related party to the Company (as defined for the purposes of the Listings Requirements) and/or a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons)).
- 5.7 The Company wishes to be entitled to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer and hence requires approval by the Woolworths Shareholders for the Rights Offer to be structured in this manner. In terms of the Companies Act, a rights offer (as defined in section 95(1)(l)) is not required to be made to all shareholders of a company.
- 5.8 With regards to the Treasury Shares, if the Rights Offer proceeds, the subsidiaries of the Company which hold the Treasury Shares will either be required to fund their participation in the Rights Offer, or sell their rights. In the Company's view, it is more practical for the holders of Treasury Shares to rather be excluded from the Rights Offer. Each of WPL and E-Com Investments 16 Proprietary Limited, the holders of Treasury Shares, have agreed in writing to the decision of the Company to exclude the holders of Treasury Shares from participating in the Rights Offer, subject to the Woolworths Shareholders adopting Special resolution number 5 set out in the Notice of General Meeting, thereby entitling the Company to exclude the holders of Treasury Shares from participating in the Rights Offer.
- 5.9 The holder of the Woolworths Preference Shares, being the trustees of the ESOS Trust, has decided that it shall not participate in the Rights Offer, but rather the "hurdle rate" be adjusted to ensure that the beneficiaries of the ESOS Trust are placed in the same position, or in a substantially similar position, to that which they would have been in if the Rights Offer had not occurred, in accordance with the ESOS Trust Deed. The holder of the Woolworths Preference Shares, being the trustees of the ESOS Trust, has agreed to being excluded from the Rights Offer in this manner, which has been approved by the Company.

6. **SUMMARISED *PRO FORMA* FINANCIAL EFFECTS RELATING TO THE ACQUISITION**

The table that follows sets out the summarised *pro forma* financial effects of the Acquisition. This is based on the published unaudited interim results of Woolworths for the 26 weeks ended 29 December 2013 and the published unaudited reviewed interim results of David Jones for the 26 weeks ended 25 January 2014.

The summarised *pro forma* financial effects have been prepared to assist Woolworths Shareholders in assessing the impact of the Acquisition on the Company's EPS, diluted EPS, HEPS, diluted HEPS, adjusted HEPS, diluted adjusted HEPS, NAV and TNAV. The Acquisition has been accounted for in terms of IFRS 3: Business Combinations. The summarised *pro forma* financial effects have been prepared in a manner consistent in all respects with IFRS, and with the accounting policies adopted by Woolworths as at 30 June 2013, and in terms of the Revised SAICA Guide on *Pro Forma* Financial Information and the Listings Requirements.

No adjustments have been made in these summarised *pro forma* financial effects for the Rights Offer or costs associated thereto.

The Woolworths audit committee has reviewed and has satisfied themselves with the compilation, contents, accuracy and presentation of the summarised *pro forma* financial effects, and the financial information from which it has been prepared.

The Woolworths Board is responsible for the compilation, contents, accuracy and presentation of the summarised *pro forma* financial effects, and for the financial information from which it has been prepared.

The summarised *pro forma* financial effects have been prepared for illustrative purposes only, and, because of their nature, will not fairly present Woolworths' financial position, changes in equity, results of operations or cash flows.

A simple consolidation of the historical financial information will not appropriately reflect the future prospects of the combined businesses due to, *inter alia*, the following factors:

- the impact of various recent strategic initiatives implemented by David Jones;
- the ability to realise significant value through a combination of Woolworths and David Jones to be achieved through a number of key initiatives set out in more detail in paragraph 3.1 of this Circular;
- efficiencies in the optimal funding structure of the combined group; and
- movements in the A\$/R exchange rate.

Consequently historical performance will not be an appropriate reflection of future prospects. Excluding the impact of the non-recurring transaction costs, incorporating the phased realisation of the various value creation opportunities from the combined group and considering the expected impact of the Rights Offer, the EPS impact is expected to be broadly neutral by the 2016 financial year and accretive thereafter.

	Pro forma Before the Acquisition⁽¹⁾	Pro forma After the Acquisition⁽²⁾	Change (%)
EPS (cents)	191.2	122.5	(35.9)
HEPS (cents)	192.4	123.7	(35.7)
Adjusted HEPS ⁽³⁾	197.5	180.4	(8.7)
Diluted EPS (cents)	188.2	120.6	(35.9)
Diluted HEPS (cents)	189.4	121.8	(35.7)
Adjusted diluted HEPS ⁽³⁾	194.5	177.6	(8.7)
Weighted average number of shares in issue for EPS and HEPS (millions)	756.8	756.8	–
NAV (cents)	796	742	(6.8)
TNAV (cents)	480	(1 043)	>(100)
Number of shares in issue for NAV and TNAV (millions)	759.3	759.3	–

Notes:

1. The "Before the Acquisition" financial information has been extracted from the Woolworths Group's unaudited interim Group results for the 26 weeks ended 29 December 2013, released on SENS on Thursday, 13 February 2014.
2. The *pro forma* statement of comprehensive income, the *pro forma* statement of financial position and the related notes are set out in Annexure 1 and the Reporting Accountant's assurance report on the *pro forma* financial information is reproduced in Annexure 2 to this Circular.
3. Consistent with previously published information, adjusted HEPS and adjusted diluted HEPS have been presented. These amounts have been adjusted to exclude net unrealised foreign exchange losses of R54 million (before tax) in Woolworths prior to the Acquisition, and transaction costs of R390 million relating to the Acquisition.
4. No adjustment has been made in these summarised *pro forma* financial effects for the Rights Offer or costs associated thereto.

7. DIRECTORS

7.1 Information on Directors

Non-Executive Directors' profiles

Simon Susman (63) Chairman

Non-Independent Non-Executive Director

Other directorships include:

Trent Limited, Allied Electronics Corporation Limited, Business Against Crime and Chairman of Conservation International (SA) Centre for Biodiversity and Conservation.

Simon joined Woolworths in 1982 after working at clothing and food retailer, Marks & Spencer plc. in London. At Woolworths he has led the retail operations, food and clothing groups and was appointed to the Board in 1995. He became the Chief Executive Officer in 2000. He was appointed on 18 November 2010 as a Non-Executive Director and Deputy Chairman. He was appointed on 17 November 2011 as Chairman. He is the Chairman of the Nominations and Sustainability committees, and a member of the Remuneration, Risk and Social and Ethics committees.

Peter Bacon (67) (British)

Fellow of the Institute of Hospitality (FIH)

Independent Non-Executive Director

Other directorships include:

The Elgin Wine Company, Sun International Limited and Chairman of the National Sea Rescue Institute.

Peter was previously with the Sun International group of companies for 34 years. He was Chief Executive of Sun International's South African operations from 1993 and Group Chief Executive for the last four years of his employment with the group. He joined the Board in 2006. He is a member of the Audit and Remuneration committees.

Zarina Bassa (49)

BAcc, Post-graduate Diploma in Accounting, CA(SA)

Independent Non-Executive Director

Other directorships include:

Songhai Capital, Kumba Iron Ore Limited, Vodacom South Africa, Sun International Limited, Lewis Group, Oceana Group, Financial Services Board and Yebo Yethu.

Previous board roles include chairing the Public Accountants and Auditors Board, the Auditing Standards Board, the Accounting Standard Board, the JSE's GAAP Monitoring Panel, The South African Institute of Chartered Accountants and Vice President of ABASA. Prior to joining ABSA in 2002 she was a partner at Ernst & Young. She joined the Board in 2011. She is a member of the Audit and Risk committees.

Tom Boardman (64)

BCom, CA(SA)

Independent Non-Executive Director

Lead Independent Director

Other directorships include:

Nedbank Limited, Nedbank Group, Nedbank Private Wealth International, African Rainbow Minerals Limited, Investment AB Kinnevik and Royal Bafokeng Holdings Proprietary Limited.

Tom has held a number of senior positions in the banking industry since 1986 and previously held the position of Chief Executive Officer at Nedbank. He is currently a Non-Executive director at Nedbank. Past directorships also include Boardmans and Sam Newman Limited, as well as BoE International Holdings Limited. He is a Non-Executive director of Mutual & Federal Insurance Company Limited and the WWF South Africa (World Wide Fund for nature) and other charitable and community organisations. He was also a director of Vodacom Group Limited. He joined the Board in September 2010. He was appointed Lead Independent Non-Executive Director on 17 November 2011. He is the Chairman of the Remunerations committee and a member of the Nomination, Sustainability and Social and Ethics committees.

Andrew Thomas Higginson (56) (British)
BSc (Hons) Town And Country Planning 2.1, Honorary Doctorate: Birmingham City University,
Fellow Chartered Institute of Management Accountants
Independent Non-Executive Director

Other directorships include:

Poundland plc (Chairman), BSkyB Group plc, N Brown plc. and McCurrach UK.

Andrew has held a number of senior leadership roles in retail in Britain and was also the Chief Executive Retailing Services of Tesco plc. He previously held the position of Finance Director at Tesco plc. and at several other British-based retailers. He also served as a Non-Executive director and as the Chairman of audit committees for a number of companies listed on the London Stock Exchange. He joined the Board on 1 June 2012. He is a member of the Audit, Remuneration and Risk committees.

Mike Leeming (70)
BCom, MCom, FCMA, FIBSA, AMP (Harvard)
Independent Non-Executive Director

Other directorships include:

AECI Limited, Allied Electronics Corporation Limited and Imperial Holdings Limited.

Mike was previously the Chief Operating Officer at Nedcor and has an in-depth knowledge of financial services as well as manufacturing. He joined the Board in 2004. He is the Chairman of the Audit and Risk committees and a member of the Nominations committee.

Chris Nissen (55)
BA (Hons), MA
Independent Non-Executive Director

Other directorships include:

Ascension Properties Limited (Chairperson), Standard Bank Group and Cape Empowerment Trust (Chairperson).

Chris was previously the Chairperson of South Atlantic Fishing (SAFCO) and he has been a director of Sea Harvest Corporation and JCI. He has been extensively involved in the development and upliftment of communities both as a Minister in the Presbyterian Church and as a community leader, serving in a number of capacities including Chairperson of the Western Cape ANC. He has executive experience in a number of industries and as a Non-Executive director has proactively led transformation at a number of listed companies. He joined the Board in 2004. He is the Chairman of the Social and Ethics committee and a member of the Nominations and Sustainability committees.

Sir Stuart Rose (65) (British)
Independent Non-Executive Director

Other directorships include:

Ocado Group plc. and Fat Face Limited.

Sir Stuart has strong international retail experience. He started his career in retail at Marks & Spencer plc. in 1971, where he remained until 1989, before going on to become Chief Executive at a number of well-known UK retailers, including Argos plc., Booker plc. and Arcadia Group plc. He relinquished the position as Chief Executive of Marks & Spencer plc. in July 2010 and retired as its Chairman on 4 January 2011. He joined the Board in January 2011. He is a member of the Nominations, Remuneration, Risk and Sustainability committees.

Thina Siwendu (47)
BA Social Science (SW) (Hons) (UCT), LLB (Natal)
Independent Non-Executive Director

Other directorships include:

DLA Cliffe Dekker Hofmeyr Inc., Chemical Specialities and a member of the United Nations Global Compact – Local Advisory Network (SA).

Thina is an attorney with 15 years' legal experience. She has been a director of various companies, both listed and unlisted in the banking, property, portfolio investment, aviation and public sectors over the last six years. In 1996 Thina formed her own legal firm, Thina Siwendu & Associates.

Her firm specialises in public-private partnerships, project financing, corporate structuring and corporate governance. She joined the Board in August 2009. She is a member of the Risk and Social and Ethics committees.

Lindiwe Bakoro (39)

Lindiwe retired from the Board in November 2013.

Executive Directors' profiles

Ian Moir (55) (Australian)

MBA, MA (ECON)

Group Chief Executive Officer

Other directorships include:

Country Road, WFS, WPL and Woolworths Holding (Mauritius) Limited.

Ian was appointed to the Board of Country Road on 23 October 1998. He was formerly Chief Operating Officer of the Company before being appointed Chief Executive Officer in November 2000. He was previously Executive Director and Chief Operating Officer of Woolmark. He joined the Board in January 2010 and was appointed the Group Chief Executive Officer in November 2010. He is a member of the Risk, Sustainability and Social and Ethics committees.

Reeza Isaacs (45)

BCom, CA(SA)

Finance Director

Other directorships include:

WFS, WPL and Woolworths Holding (Mauritius) Limited.

Reeza Isaacs joined Woolworths in June 2013 as Deputy Chief Financial Officer, and was appointed Finance Director in November 2013. He was previously the Senior Partner for the Western Cape Ernst & Young office and a partner from 1999. Reeza has worked across multiple business sectors, including manufacturing, retail, oil, gas, asset management and insurance and with a wide variety of entities, including, listed, private and owner-managed entities. He served as the lead partner for several of Ernst & Young's largest Cape Town clients, including Engen, Coronation, Woolworths, Metropolitan Life, Sanlam and Truworths.

Sam Ngumeni (45)

MBA, BCom

Chief Operating Officer

Other Directorships include:

WFS.

Sam was appointed as the Chief Operating Officer in March 2012, and is responsible for human resources, transformation, information technology, supply chain and logistics. Sam has been with Woolworths for 13 years mainly in financial services and has more than 16 years of retail credit experience. Sam was previously the Chief Executive Officer for WFS, where he spearheaded the successful joint venture between the Barclays Africa Group and Woolworths. Sam was appointed to the Board in February 2014.

Zyda Rylands (48)

BCom (Hons), CA(SA)

Managing Director: Food

Other directorships include:

Country Road, WPL, African Capital Portfolio Limited, Open Society Foundation of SA, The National Urban Reconstruction and Housing Agency and the Centre for Justice and Crime Prevention.

Zyda joined Woolworths in 1996 and worked in the finance and store operation teams. She was appointed the People Director of WPL in 2005 and was appointed to the Board of Woolworths in August 2006. She is a member of the Risk and Sustainability committees.

Norman Thomson (62)

Norman retired from the Board in November 2013.

7.2 Information in respect of Group Secretary²¹

Thobeka Sishuba-Mashego (42)

BCom (MASTERS IN TAXATION) AND POST-GRADUATE MASTERS DEGREE IN ADVANCED COMPANY LAW

Group secretary

Thobeka joined Woolworths in 2012 as Group Director: Company Secretariat. She is responsible for all aspects of corporate governance, including risk, compliance and legal. She is a member of the executive team.

7.3 Directors' interests in Shares

The interests (both direct and indirect and the percentage which such interests represent in relation to the entire issued Woolworths' share capital) in Woolworths Ordinary Shares held by the Directors, (including Directors who resigned during the last 18 months) and their associates as at the Last Practicable Date, and as at 30 June 2013, respectively, are set out below:

<i>Executive Directors</i>	As at the Last Practicable Date				As at 30 June 2013			
	Direct		Indirect		Direct		Indirect	
	Number of shares	Percent-age	Number of shares	Percent-age	Number of shares	Percent-age	Number of shares	Percent-age
Ian Moir	822 880	(0.10%)	997 161	(0.12%)	864 497	(0.10%)	729 844	(0.09%)
Reeza Isaacs	104 840	(0.01%)	89 345	(0.01%)	104 840	(0.01%)	–	(0.00%)
Sam Ngumeni	357 587	(0.04%)	474 140	(0.06%)	327 771	(0.04%)	445 038	(0.05%)
Zyda Rylands	889 558	(0.11%)	1 982 874	(0.23%)	803 310	(0.10%)	2 068 084	(0.25%)
Norman Thomson*	–	(0%)	453 527	(0.05%)	1 676 511	(0.20%)	–	(0.00%)
Non-Executive Directors	Direct		Indirect		Direct		Indirect	
Simon Susman	49 513	(0.01%)	5 547 723	(0.65%)	49 513	(0.01%)	7 167 723	(0.85%)
Peter Bacon	25 000	(0.00%)	–	(0.00%)	25 000	(0.00%)	–	(0.00%)
Lindiwe Bakoro*	–	(0.00%)	–	(0.00%)	–	(0.00%)	–	(0.00%)
Zarina Bassa	–	(0.00%)	–	(0.00%)	–	(0.00%)	–	(0.00%)
Tom Boardman	–	(0.00%)	4 200	(0.00%)	–	(0.00%)	4 200	(0.00%)
Andrew Higginson	–	(0.00%)	–	(0.00%)	–	(0.00%)	–	(0.00%)
Mike Leeming	–	(0.00%)	20 000	(0.00%)	–	(0.00%)	20 000	(0.00%)
Chris Nissen	–	(0.00%)	–	(0.00%)	–	(0.00%)	–	(0.00%)
Sir Stuart Rose	22 583	(0.00%)	–	(0.00%)	11 525	(0.00%)	–	(0.00%)
Thina Siwendu	–	(0.00%)	–	(0.00%)	–	(0.00%)	–	(0.00%)
Total	2 271 961	(0.27%)	9 568 970	(1.13%)	3 862 967	(0.46%)	10 434 889	(1.25%)

*Retired from Board on 26 November 2013.

The interests (both direct and indirect) in Woolworths Preference Shares by the Directors (including Directors who resigned during the last 18 months) and their associates as at the Last Practicable Date and as at 30 June 2013, respectively, are set out below:

<i>Executive Directors</i>	As at the Last Practicable Date		As at 30 June 2013	
	Direct	Indirect	Direct	Indirect
Sam Ngumeni	–	475 000	–	475 000
Zyda Rylands	–	1 250 000	–	1 250 000
Total	–	1 725 000	–	1 725 000

21. The Group Secretary is not a member of the Board.

7.4 Movements in share options of Directors during the year ended 30 June 2013²²

Woolworths Shares purchased and options granted to Directors in terms of the Woolworths Holdings Share Trust are set out in the tables below.

The movement in share options of the Directors, including Directors who resigned during the last 18 months (including their associates) as at 30 June 2013, are set out below:

SHARE PURCHASE SCHEME

Name and offer date	Shares as at 24 June 2012		Shares sold or transferred		Shares as at 30 June 2013		
	Number	Price	Number	Price	Vested	Unvested	Total
Simon Susman							
December 2004	440 755	R10.59			440 755		440 755
August 2005	412 697	R11.31			412 697		412 697
August 2006	378 947	R13.30			378 947		378 947
October 2006	1 094 092	R13.71			1 094 092		1 094 092
Total	2 326 491				2 326 491		2 326 491
Norman Thomson							
August 2003	290 698	R5.16	290 698	R66.00	–		–
December 2004	152 597	R10.59			152 597		152 597
August 2005	142 882	R11.31			142 882		142 882
August 2006	130 075	R13.30			130 075		130 075
October 2006	510 576	R13.71			510 576		510 576
Total	1 226 828		290 698		936 130		936 130
Zyda Rylands							
August 2002	14 738	R3.98	14 738	R4.65	–		–
August 2003	12 125	R5.16			12 125		12 125
September 2003	180 510	R5.76			180 510		180 510
December 2004	221 839	R10.59			221 839		221 839
December 2004	37 734	R10.59			37 734		37 734
March 2005	120 000	R10.18			120 000		120 000
August 2005	132 626	R11.31			132 626		132 626
August 2005	144 923	R11.31			144 923		144 923
August 2006	129 699	R13.30			129 699		129 699
October 2006	291 758	R13.71			291 758		291 758
Total	1 285 952		14 738		1 271 214		1 271 214
Sam Ngumeni							
August 2002	21 754	R3.98	21 754	R4.35	–		–
August 2003	29 816	R5.16			29 816		29 816
December 2004	26 036	R10.59			26 036		26 036
August 2005	35 332	R11.31			35 332		35 332
August 2006	33 050	R13.30			33 050		33 050
November 2006	190 216	R15.74			190 216		190 216
Total	336 204		21 754		314 450		314 450

22. Shares purchased and options granted to Simon Susman, a Non-Executive Director, relate to his tenure as the Chief Executive Officer of Woolworths.

SHARE OPTION SCHEME

Name and offer date	Options as at 24 June 2012		Options sold or transferred		Options as at 30 June 2013		
	Number	Price	Number	Price	Vested	Unvested	Total
Zyda Rylands							
October 2008	130 558	R8.81	65 279	R69.58	–	65 279	65 279
Total	130 558		65 279			65 279	65 279

SHARE APPRECIATION RIGHTS (SARS) SCHEME

Name and offer date	Rights as at 24 June 2012		SARS rights awarded		SARS rights sold		Rights as at 30 June 2013		Total
	Number	Price	Number	Price	Number	Price	Vested	Unvested	
Ian Moir									
August 2010	117 823	R23.34						117 823	117 823
August 2011	87 468	R31.44						87 468	87 468
August 2012			72 288	R55.68				72 288	72 288
Total	205 291		72 288				–	277 579	277 579
Simon Susman									
August 2009	140 526	R15.00			140 526	R60.68	–		–
Total	140 526				140 526		–		–
Norman Thomson									
April 2008	87 904	R10.26			87 904	R60.28			–
August 2008	171 525	R10.24			171 525	R60.28			–
August 2009	84 667	R15.00					84 667		84 667
August 2010	62 635	R23.34						62 635	62 635
Total	406 731				259 429		84 667	62 635	147 302
Zyda Rylands									
April 2008	261 223	R10.26			93 372	R69.58	167 851		167 851
August 2008	125 628	R10.24					125 628		125 628
August 2009	107 000	R15.00					107 000		107 000
August 2010	72 118	R23.34						72 118	72 118
August 2011	53 538	R31.44						53 538	53 538
August 2012			38 304	R55.68				38 304	38 304
Total	619 507		38 304		93 372		400 479	163 960	564 439
Sam Ngumeni									
August 2011	34 987	R31.44						34 987	34 987
August 2012			29 095	R55.68				29 095	29 095
Total	34 987		29 095				–	64 082	64 082

LONG-TERM INCENTIVE PLAN (LTIP) SCHEME

Name and offer date	Grants as at 24 June 2012		LTIP grants awarded		LTIP grants sold or transferred		Grants as at 30 June 2013		
	Number	Price	Number	Price	Number	Price	Vested	Unvested	Total
Ian Moir									
August 2010	200 300	R23.34						200 300	200 300
August 2011	148 696	R31.44						148 696	148 696
August 2012			103 269	R55.68				103 269	103 269
Total	348 996		103 269				–	452 265	452 265
Simon Susman									
August 2009*	238 894	R15.00	15 857	R56.80	254 751	R60.00	–	–	–
Total	238 894		15 857		254 751		–	–	–
Norman Thomson									
August 2009*	84 667	R15.00	5 620	R56.80	90 287	R60.00	–	–	–
August 2010	62 635	R23.34						62 635	62 635
Total	147 302		5 620		90 287		–	62 635	62 635
Zyda Rylands									
August 2009*	107 000	R15.00	7 102	R56.80	114 102	R56.80	–	–	–
August 2010	72 118	R23.34						72 118	72 118
August 2011	53 538	R31.44						53 538	53 538
August 2012			41 496	R55.68				41 496	41 496
Total	232 656		48 598		114 102		–	167 152	167 152
Sam Ngumeni									
August 2011	34 987	R31.44						34 987	34 987
August 2012			31 519	R55.68				31 519	31 519
Total	34 987		31 519				–	66 506	66 506

DEFERRED BONUS PLAN (DBP) SCHEME

Name and offer date	Shares as at 24 June 2012		Shares purchased		Shares sold or transferred		Shares as at 30 June 2013
	Number	Price	Number	Price	Number	Price	Number
Ian Moir							
August 2010	41 617	R24.33					41 617
August 2011	29 600	R34.19					29 600
Total	71 217						71 217
Simon Susman							
August 2009*	49 498	R15.67	52 784	R56.80	102 282	R60.00	–
Total	49 498		52 784		102 282		–
Norman Thomson							
August 2009*	21 198	R15.67	22 605	R56.80	43 803	R60.00	–
August 2010	17 938	R24.33					17 938
Total	39 136		22 605		43 803		17 938
Zyda Rylands							
August 2009*	27 645	R15.67	29 480	R56.80	57 125	R56.80	–
August 2010	20 654	R24.33					20 654
August 2011	14 700	R34.19					14 700
Total	62 999		29 480		57 125		35 354
Sam Ngumeni							
August 2011	9 600	R34.19					9 600
Total	9 600						9 600

* Participants received a payment settled in equity on vesting equal to the value of dividends paid on the vested shares during the vesting period.

RESTRICTED SHARE PLAN (RSP) SCHEME

Name and offer date	Shares as at 24 June 2012		Shares purchased		Shares sold or transferred		Shares as at
	Number	Price	Number	Price	Number	Price	30 June 2013
Ian Moir							
January 2010	1 184 000	R16.89			390 720	R65.42	793 280
Total	1 184 000				390 720		793 280
Norman Thomson							
May 2010	119 938	R23.34					119 938
Total	119 938						119 938
Zyda Rylands							
May 2010	206 250	R23.34					206 250
Total	206 250						206 250
Sam Ngumeni							
February 2011	215 174	R25.56					215 174
August 2012			27 812	R59.25			27 812
Total	215 174		27 812				242 986
Reeza Isaacs							
June 2013	–	–	104 840	R73.92			104 840
Total	–		104 840				104 840

PREFERENCE SHARES

Name and offer date	Shares as at 24 June 2012		Shares purchased		Shares as at 30 June 2013		
	Number	Price	Number	Price	Vested	Unvested	Total
Zyda Rylands							
June 2007	1 250 000	R20.75				1 250 000	1 250 000
Total	1 250 000					1 250 000	1 250 000
Sam Ngumeni							
June 2007	475 000	R20.75				475 000	475 000
Total	475 000					475 000	475 000

7.5 Directors' interests in transactions

The Directors, including any director who has resigned from Woolworths in the last 18 months, had no material beneficial interest, whether direct or indirect, in any transaction effected by Woolworths during the current or immediately preceding financial year, or in an earlier year, and which remains in any respect outstanding or unperformed.

7.6 Directors' service agreements

Ian Moir, the Woolworths Group Chief Executive Officer, was appointed on a permanent basis in May 2013. His employment agreement includes a restraint of trade agreement for a period of two years after his retirement date.

Executive Directors do not have fixed term contracts, however, the notice periods for the Executive Directors are between three and six months, which are in line with industry standards.

Normal retirement of executive Directors is at age 63.

Non-Executive Directors are appointed for a period of three years, provided that one-third of the Non-Executive Directors retire each year and are eligible for re-election following this period. Non-Executive Directors may be available for re-election for a three year period and succeeding that, a further three-year period. Therefore, Non-Executive Directors may serve for a nine-year period, which may be extended at the discretion of the Board. Non-Executive Directors receive a fee for their contribution to the Board and its committees of which they are members. The fee paid to the chairman includes a Director's fee, in addition, he is paid committee fees. In addition to the fees which the Company pays to Non-Executive Directors, the Company pays for travelling and other

expenses incurred by Non-Executive Directors in carrying out the business of the Company and attending Board and committee meetings.

7.7 Directors' emoluments

Emoluments paid to Directors of Woolworths in connection with the affairs of the Company and its subsidiaries during the year ended 30 June 2013 are set out below:

Executive Directors	Guaranteed pay	Retirement, healthcare and related benefits	Other benefits ⁽²⁾	Total guaranteed pay	Short term performance bonus	Long term benefits	Retention	Fair value of restricted shares ⁽⁵⁾	Total remuneration
					Performance bonus	Interest free loan benefit ⁽³⁾	Fair value of shares, options, SARS, LTIP and DBP granted ⁽⁴⁾		
	Remuneration ⁽¹⁾								
	R000's	R000's	R000's	R000's	R000's	R000's	R000's	R000's	R000's
Ian Moir	7 401	28	26	7 455	10 308	–	5 221	4 110	27 094
Norman Thomson ⁽⁶⁾	2 999	294	42	3 335	5 345	762	702	825	10 969
Zyda Rylands	3 338	652	15	4 005	4 130	854	2 807	1 252	13 048
	13 738	974	83	14 795	19 783	1 616	8 730	6 187	51 111

Non-Executive Directors	Director's fees	Audit committee member	Remuneration committee member	Risk committee member	Nominations committee member	Sustainability committee member	Social and ethics committee member	Other benefits	Total Non-Executive directors' benefits
									R000's
	R000's	R000's	R000's	R000's	R000's	R000's	R000's	R000's	R000's
Simon Susman ⁽⁷⁾	893	–	86	67	83	134	67	2 068	3 398
Peter Bacon	206	100	86	–	–	–	–	13	405
Lindiwe Bakoro	206	100	86	67	–	–	–	10	469
Zarina Bassa	206	100	–	67	–	–	–	9	382
Tom Boardman	261	–	172	–	50	67	67	10	627
Andrew Higginson ⁽⁸⁾	549	100	44	67	–	–	–	–	760
Mike Leeming	206	199	–	134	50	–	–	15	604
Chris Nissen	206	–	–	–	50	67	134	24	481
Sir Stuart Rose ⁽⁹⁾	549	–	86	67	38	67	–	–	807
Thina Siwendu	206	–	–	67	–	–	67	14	354
Sindi Zilwa ⁽¹⁰⁾	96	49	–	33	–	–	33	19	230
	3 584	648	560	569	271	335	368	2 182	8 517

Notes:

- Remuneration includes fees paid by Country Road as follows: Ian Moir A\$97 500 and Norman Thomson A\$40 000. Zyda Rylands was appointed as a Non-Executive director of Country Road from 1 October 2012 and earned *pro rata* Director's fees of A\$30 000.
- Other benefits are discounts received on purchases made in Woolworths stores.
- The interest-free loan relates to the purchases of shares under the Woolworths Holdings Share Trust. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan.
- IFRS 2: Share-based Payments, has been used to equate the annual expense value of shares, options, share appreciation rights scheme, long-term incentive plan and deferred bonus plan held at the end of the year. It also includes the allocation of BEE scheme shares granted to Zyda Rylands.
- IFRS 2: Share-based Payments, has been used to equate the annual expense value of restricted shares used as a retention scheme.
- The Board has approved a special bonus of R2.5 million in an attempt to improve Norman Thomson's total reward package relative to his peers, as long-term incentives (shares) were not allocated to him for the past 3 years.
- Simon Susman retired as Group Chief Executive Officer (in November 2010) and was appointed as chairman of the Woolworths Board on 17 November 2011. On his retirement as Group Chief Executive Officer and in terms of the rules of the scheme, the Directors approved that he had the balance of 10 years (of which the last allocation was October 2006) to settle the interest-free share loan benefit relating to the purchases of shares under the Woolworths Holdings Share Trust whilst he was an employee of Woolworths. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan. Other benefits of R2 067 847 (2012: R3 897 505) include the following:
 - post-retirement healthcare benefit of R28 800;
 - discounts received on purchases made in our stores of R45 272;
 - interest-free share loan benefit relating to the purchases of shares under Woolworths Holdings Share Trust whilst he was an employee of Woolworths of R1 799 532. The benefit has been calculated at 6.125% (average) on the value of the outstanding loan; and
 - IFRS 2 charge for his shares and other share scheme instruments awarded during his tenure as Chief Executive Officer of R194 243.
- Andrew Higginson was appointed to the Remuneration committee from 1 January 2013. His fees as a Director are paid in Sterling as a British resident.
- Sir Stuart Rose was appointed to the Nominations committee from 1 November 2012. His fees as a Director are paid in Sterling as a British resident. However, there is an agreement in place to purchase Woolworths shares on the open market with his net fee payment, on instruction from Sir Stuart Rose.
- Sindi Zilwa retired from the Board 17 November 2012.

There are no commissions payable to, or gains or profit sharing arrangements with, any of the Directors, save in respect of short-term incentive performance bonuses linked to the Company's profit, which are payable to executive Directors as outlined in the above table.

The remuneration receivable by any of the Directors will not be varied in consequence of the Acquisition.

No sums were paid or agreed to be paid within the three years preceding the date of the Circular to any Director or to any company in which such Director is beneficially interested, directly or indirectly, or of which such Director is a director (the “associate company”), or to any partnership, syndicate or other association of which such Director is a member (the “associate entity”), in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a Director, or otherwise for services rendered by him or by the associate company or the associate entity in connection with the Acquisition or the promotion thereof.

8. MAJOR SHAREHOLDERS OF WOOLWORTHS

The Woolworths Ordinary Shareholders (other than Directors) that are, directly and indirectly, beneficially interested in 5% or more of the Woolworths Ordinary Shares, as at Friday, 2 May 2014 are set out below:

	Number of shares	Percentage of issued share capital (%)
Public Investment Corporation	113 074 091	13.3
Coronation Asset Management	66 009 167	7.8
E-Com Investments 16 Proprietary Limited	43 763 861	5.2
	222 847 119	26.3

Woolworths does not have any controlling shareholders as at the Last Practicable Date, as envisaged in the Listings Requirements.

There has been no controlling shareholder in the Company during the past five years.

There has been no change in the Company’s and any of its subsidiaries’ trading objects during the past five years.

9. FINANCIAL INFORMATION

9.1 *Pro forma* financial information

The summarised *pro forma* financial effects and *pro forma* financial information are set out in paragraph 6 and Annexure 1 to this Circular, respectively. The Independent Reporting Accountant’s report on the *pro forma* financial information of Woolworths is attached to this Circular as Annexure 2.

9.2 Historical financial information of David Jones

The historical and interim financial information of David Jones are attached to this Circular as Annexure 3.

9.3 Working capital

Having considered the effects of the Acquisition, the Directors are of the opinion that, post the implementation of the Acquisition and the Rights Offer, which is underwritten:

- the Woolworths Group will, in the ordinary course of business, be able to pay its debts for a period of at least 12 months from the date of the Circular;
- the Woolworths Group will be able to service the debt it has incurred as a result of the Acquisition;
- the assets of the Woolworths Group, fairly valued, will be in excess of its liabilities for a period of at least 12 months from the date of the Circular. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies applied in the Woolworths Group’s latest audited consolidated financial statements;
- the share capital and reserves of the Woolworths Group will be adequate for business purposes for a period of at least 12 months from the date of the Circular; and
- the working capital of the Woolworths Group will be adequate for ordinary business purposes for a period of at least 12 months from the date of the Circular.

10. LITIGATION STATEMENT

10.1 Woolworths

The Directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the previous 12 months, a material effect on the Woolworths Group's financial position.

10.2 David Jones

The Directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the previous 12 months, a material effect on the David Jones Group's financial position.

11. MATERIAL CHANGE

There have been no material changes in the financial or trading position of Woolworths and its subsidiaries between the publication of the Woolworths Group's results for FY 2013, and the Last Practicable Date.

Other than the accumulation of profits in the ordinary course of trading or as otherwise disclosed to the ASX by David Jones, within the knowledge of David Jones, there have been no material changes in the financial or trading position of David Jones and its subsidiaries between the publication of its reviewed financial report for the half year ended 25 January 2014 and the Last Practicable Date.

12. MATERIAL BORROWINGS

Details of Woolworths' material borrowings and material intercompany finance are provided in Annexure 4 to this Circular.

Details of David Jones' material borrowings and material intercompany finance are provided in Annexure 5 to this Circular.

13. MATERIAL CONTRACTS

13.1 Woolworths

Material contracts, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business carried on, or proposed to be carried on, during the two years preceding the date of this Circular, or entered into at any time and contains an obligation or settlement that is material to the Company or its Subsidiaries at the date of this Circular, entered into by the Woolworths Group are set out in Annexure 6 of this Circular.

13.2 David Jones

Material contracts, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business carried on, or proposed to be carried on, during the two years preceding the date of this Circular, or entered into at any time and contains an obligation or settlement that is material to the Company or its Subsidiaries at the date of this Circular, entered into by the David Jones Group are set out in Annexure 6 of this Circular.

14. SHARE CAPITAL OF WOOLWORTHS

The Company's authorised and issued share capital, before and after the increase in the authorised share capital and conversion of the Woolworths Ordinary Shares from par value to no par value shares referred to in paragraph 1 above, are set out below:

	R000's
BEFORE THE IMPLEMENTATION OF THE INCREASE IN AUTHORISED SHARE CAPITAL AND CONVERSION OF THE WOOLWORTHS ORDINARY SHARES FROM PAR VALUE SHARES TO SHARES OF NO PAR VALUE	
Authorised share capital	
1 410 600 000 ordinary shares of 0.15 cents each	2 116
89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134
Total	2 250
Issued share capital	
847 004 975 ordinary shares of 0.15 cents each	1 266
89 164 010 convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134
Share premium	431
Total	1 831
	R000's
AFTER THE IMPLEMENTATION OF THE INCREASE IN AUTHORISED SHARE CAPITAL AND CONVERSION OF THE WOOLWORTHS ORDINARY SHARES FROM PAR VALUE SHARES TO SHARES OF NO PAR VALUE	
Authorised share capital	
12 410 600 000 ordinary shares of no par value	2 116
89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134
Total	2 250
Issued share capital	
847 004 975 ordinary shares of no par value	1 266
89 164 010 convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each	134
Stated capital	431
Total	1 831

15. OPINION AND RECOMMENDATION

The Board has evaluated the rationale for, and the terms and conditions of, the Acquisition. The Board believes the Acquisition is compelling for strategic and financial reasons, amongst others that it:

- secures control of 100% of David Jones' operations, assets, cash flow and strategic direction, securing the opportunity to create a southern hemisphere retail apparel business with meaningful scale;
- is consistent with Woolworths' strategic objectives; and
- has a low execution risk given Woolworths existing participation in and understanding of the Australian retail industry through its subsidiary, Country Road.

Given the above, the Board is of the opinion the Acquisition is consistent with Woolworths' strategy and will significantly enhance Woolworths' Shareholder value.

Accordingly, after due consideration, the Board unanimously recommends that Woolworths Shareholders vote in favour of all the resolutions necessary to approve and implement the

Acquisition and those matters pertaining to the implementation of the Rights Offer, as set out in the Notice of General Meeting.

All Directors with an interest in Woolworths intend to vote in favour of the resolutions necessary to approve and implement the Acquisition and those matters pertaining to the implementation of the Rights Offer.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names and details are provided in paragraph 7.1 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

17. EXPENSES RELATING TO THE ACQUISITION

It is estimated that the Woolworths Group's expenses relating to the Acquisition will amount to approximately R360 million (excluding VAT), as set out in the table below:

Nature of expense	Paid/payable to	Amount (R000's)
Joint financial and debt advisor	Rothschild (South Africa) Proprietary Limited	107 600
Joint financial and debt advisor and transaction sponsor	The Standard Bank of South Africa Limited	78 400
Lead independent Sponsor to the Company	Rand Merchant Bank (a division of FirstRand Bank Limited)	–
South African legal counsel to the Company	Webber Wentzel	11 500
Australian legal counsel to the Company	Gilbert & Tobin	5 672
Independent Reporting Accountant and Auditor	Ernst & Young Inc.	2 500
Circular, design and printing	Ince	400
Independent advisors to trustees of ESOS Trust	Rand Merchant Bank (a division of FirstRand Bank Limited)	500
Public relations	Hintons (Australia)/Brunswick (South Africa)	5 000
JSE – documentation inspection fees and ruling request fees	JSE Limited	31
Transfer Secretaries	Computershare Investor Services	5
Other associated costs (including Funders' legal fees and consultancy fees)		148 717
Total		360 325

The expenses will be funded as set out in paragraph 4.2.

No preliminary costs directly relating to the Acquisition were incurred during the preceding three years.

18. NOTICE OF GENERAL MEETING

The General Meeting of Woolworths Shareholders will be held in the Auditorium, Woolworths House, 93 Longmarket Street, Cape Town, 8001 at 10:00 on Tuesday, 17 June 2014 to consider, and if deemed fit, to pass, with or without modification, the resolutions required to implement the Acquisition and the Rights Offer. A notice convening such General Meeting is attached to, and forms part of this Circular. Woolworths Shareholders are referred to the Notice of General Meeting for details on the resolutions to be proposed at the General Meeting and to page 7 of this Circular stipulating the Action required by Woolworths Shareholders for information on the procedure to be followed by Woolworths Shareholders in order to exercise their votes at the General Meeting.

19. EXPERTS' CONSENTS

The Independent Reporting Accountant, Ernst & Young Inc., whose reporting accountant's report is included as Annexure 2 to this Circular, has given and has not, prior to publication, withdrawn its written consents to the inclusion of its reports in the form and context in which they appear.

Each of the Company's advisors, whose names appear on the inside front cover of this Circular, have consented in writing to act in the capacities stated and to their names appearing in this Circular, and have not withdrawn their consent prior to the publication of this Circular.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Woolworths, Woolworths House, 93 Longmarket Street, Cape Town, 8001 and at The Standard Bank of South Africa Limited, 30 Baker Street, Rosebank, 2196, during normal business hours (excluding Saturdays, Sundays and South African public holidays) from the date of this Circular up to and including Tuesday, 17 June 2014:

- 20.1 this Circular;
- 20.2 the Scheme Implementation Deed;
- 20.3 the Memorandum of Incorporation of Woolworths and each of its major subsidiaries;
- 20.4 the ESOS Trust Deed and the trust deed in respect of the Woolworths Holdings Share Trust;
- 20.5 the Independent Reporting Accountant's report on the *pro forma* financial information of Woolworths;
- 20.6 the experts' consents referred to in paragraph 19 of this Circular;
- 20.7 the material agreements referred to in paragraph 13.1 and Annexure 6 to this Circular;
- 20.8 the Woolworths Group audited consolidated financial statements for FY 2013, FY 2012 and FY 2011 and the Woolworths interim financial statements for the six month period ended 29 December 2013;
- 20.9 the historical financial information of David Jones for FY 2013, FY 2012 and FY 2011 and David Jones' interim financial results for the first half of FY 2014; and
- 20.10 the report of the Board of Directors in terms of Regulation 31(7) and 31(8) of the Regulations, as set out in Annexure 8 to this Circular.

Signed at Cape Town by and/or on behalf of Woolworths in terms of a resolution of the Directors.

By order of the Board

Ian Moir

16 May 2014

Registered office

Woolworths House
93 Longmarket Street
Cape Town, 8001
(PO Box 680, Cape Town, 8000)

PRO FORMA FINANCIAL INFORMATION OF WOOLWORTHS

The definitions and interpretations commencing on page 10 of this Circular apply *mutatis mutandis* to this Annexure 1 to this Circular.

The *pro forma* statement of financial position and statement of comprehensive income have been prepared for illustrative purposes only and, because of their nature, will not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Acquisition going forward.

A simple consolidation of the historical financial information will not appropriately reflect the future prospects of the combined businesses due to, *inter alia*, the following factors:

- the impact of various recent strategic initiatives implemented by David Jones;
- the ability to realise significant value through a combination of Woolworths and David Jones to be achieved through a number of key initiatives set out in more detail in paragraph 3.1 of this Circular;
- efficiencies in the optimal funding structure of the combined Group; and
- movements in the A\$/R exchange rate.

Consequently historical performance will not be an appropriate reflection of future prospects.

Excluding the impact of the non-recurring transaction costs, incorporating the phased realisation of the various value creation opportunities from the combined group and considering the expected impact of the Rights Offer, the EPS impact is expected to be broadly neutral by the 2016 financial year and accretive thereafter.

The Directors of the Company are responsible for the compilation, contents and preparation of financial information giving effect to the Acquisition. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, the basis is consistent with the accounting policies of the Company and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The Woolworths Audit committee has reviewed and has satisfied themselves with the compilation, contents, accuracy and presentation of the *pro forma* financial information.

The *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income are presented in a manner consistent in all respects with IFRS, the Revised SAICA Guide on *Pro Forma* Financial Information and the basis on which the historical financial information has been prepared in terms of accounting policies of the Company. The Acquisition has been accounted for in terms of IFRS 3: Business Combinations.

The *pro forma* statement of financial position and statement of comprehensive income as set out below should be read in conjunction with the Independent Reporting Accountants' report set out in Annexure 2 to this Circular.

Such report is included solely to comply with the requirements of the Listings Requirements. The rules and regulations related to the preparation of *pro forma* financial information in other jurisdictions may vary significantly from the requirements applicable in South Africa.

The *pro forma* statement of financial position below presents the effects of the Acquisition on the published unaudited interim financial position of Woolworths as at 29 December 2013 on the assumption that the Acquisition was effective 29 December 2013.

The *pro forma* statement of comprehensive income below presents the effects of the Acquisition on the published unaudited interim results of Woolworths for the 26 weeks ended 29 December 2013 on the assumption that the Acquisition was effective 1 July 2013.

Pro forma statement of comprehensive income

26 weeks to 29 December 2013

	Before the Acquisition (Note 1) Rm	David Jones (Note 2) Rm	Acquisition and consolidation (Notes 3 – 4) Rm	<i>Pro forma</i> after the Acquisition Rm
Revenue	19 454	9 663	(82) (Note 4.1)	29 035
Turnover	19 382	9 509	(82) (Note 4.1)	28 809
Cost of sales	11 828	5 742	–	17 570
Gross profit	7 554	3 767	(82) (Note 4.1)	11 239
Other revenue	45	154	–	199
Expenses	5 513	2 964	319 (Notes 4.1 – 4.3)	8 796
Operating profit	2 086	957	(401)	2 642
Investment income	27	–	–	27
Finance costs	37	32	920 (Notes 4.4 – 4.8)	989
Profit before earnings from joint ventures and associate	2 076	925	(1 321)	1 680
Earnings from joint ventures	88	–	–	88
Earnings from associate	1	–	–	1
Profit before tax	2 165	925	(1 321)	1 769
Tax	598	274	(150) (Note 4.9)	722
Profit for the period	1 567	651	(1 171)	1 047
Other comprehensive income: <i>Amounts that may be reclassified to profit or loss</i>				
Net fair value adjustments on financial instruments, after tax	(20)	1	–	(19)
Exchange differences on translation of foreign subsidiaries	63	–	145	208
Other comprehensive income for the period	43	1	145	189
Total comprehensive income for the period	1 610	652	(1 026)	1 236
Profit attributable to	1 567	651	(1 171)	1 047
Shareholders of the parent	1 505	651	(1 171)	985
Non-controlling interests	62	–	–	62
Total comprehensive income attributable to	1 610	652	(1 026)	1 236
Shareholders of the parent	1 531	652	(1 026)	1 157
Non-controlling interests	79	–	–	79

	Before the Acquisition (Note 1) Rm	David Jones (Note 2) Rm	Acquisition and consolidation (Notes 3 – 4) Rm	Pro forma after the Acquisition Rm
Reconciliation of headline earnings and adjusted headline earnings:				
Earnings attributable to shareholders of the parent	1 505	651	(1 171)	985
BEE preference dividend	58	–	–	58
Basic earnings	1 447	651	(1 171)	927
Net impairment of property, plant and equipment and intangible assets	10	–	–	10
Tax impact of adjustments	(1)	–	–	(1)
Headline earnings	1 456	651	(1 171)	936
Abnormal foreign exchange related loss	54	–	–	54
Transaction costs	–	–	390 (Note 6)	390
Tax impact of adjustments	(15)	–	–	(15)
Adjusted headline earnings	1 495	651	(781)	1 365

	Before the Acquisition (Note 1)	Pro forma after the Acquisition (Note 3)	% change
Earnings per share (cents)	191.2	122.5	(35.9)
Headline earnings per share (cents)	192.4	123.7	(35.7)
Adjusted headline earnings per share (cents)	197.5	180.4	(8.7)
Diluted earnings per share (cents)	188.2	120.6	(35.9)
Diluted headline earnings per share (cents)	189.4	121.8	(35.7)
Adjusted diluted headline earnings per share (cents)	194.5	177.6	(8.7)
Number of shares in issue (millions)	759.3	759.3	–
Weighted average number of shares in issue (millions)	756.8	756.8	–

Notes:

- The "Before the Acquisition" financial information has been extracted from Woolworths' unaudited interim Group results for the 26 weeks ended 29 December 2013, released on SENS on Thursday, 13 February 2014.
- The financial information of David Jones has been extracted from David Jones' unaudited reviewed interim results for the 26 weeks ended 25 January 2014 released on the Australian Securities Exchange on Wednesday, 19 March 2014. The results of David Jones have been converted to Rand at the average exchange rate for the period 1 July 2013 to 29 December 2013 of A\$1: R9.28.
- The "Pro forma After the Acquisition" financial information assumes the Acquisition to be effective 1 July 2013.
- The Acquisition has been accounted for in terms of IFRS 3: Business Combinations. "Acquisition and Consolidation" adjustments include:

Revenue and expenses

- Inter-company transactions totalling R82 million have been eliminated.
- Transaction costs, excluding debt commitment fees, are estimated at R390 million and have been expensed. These costs are to be funded out of acquisition funding.
- An adjustment of R11 million has been made for additional depreciation on the revalued portion of property, plant and equipment over the remaining estimated useful life. In this regard, properties have been revalued by R1 491 million.

Finance costs

- Settlement of the Acquisition purchase price consideration is to be funded through debt, of which R913 million is expected to be applied to refinance existing David Jones debt and to fund future working capital requirements.
- Debt commitment fees totalling R311 million are capitalised to the debt raised and amortised over the period of the debt, using the effective interest method. The amortised portion is included in finance costs.
- Interest on the Rand-denominated term loan facilities raised to partially settle the Acquisition purchase price is calculated at JIBAR linked rates.

4.7 Interest on the A\$-denominated term loan facility raised to partially settle the Acquisition purchase price is calculated based at a BBSY linked rate.

4.8 Interest on the Rand-denominated Equity Bridge Facility raised to partially settle the Acquisition purchase price is calculated at a JIBAR linked rate.

Taxation

4.9 The tax deductibility of certain interest costs and additional depreciation has been calculated applying legislated rates of taxation of 28% in South Africa and 30% in Australia, as applicable. Transaction costs and finance costs on the Equity Bridge Facility are not considered to be tax deductible.

5. Tangible assets are depreciated over their estimated remaining useful lives based on a provisional fair value exercise in terms of IFRS 3: Business Combinations, using fair values disclosed by David Jones in their 1st half 2014 unaudited reviewed results released on 19 March 2014. Additional adjustments may arise from the final purchase price allocation, the nature and quantum of which are currently uncertain.
6. Consistent with previously published information, Adjusted HEPS and Adjusted diluted HEPS have been presented. These amounts have been adjusted to exclude net unrealised foreign exchange losses of R54 million (before tax) in Woolworths prior to the Acquisition, and transaction costs of R390 million relating to the Acquisition.
7. All adjustments have an ongoing effect except for the transaction costs.
8. No adjustment has been made in these summarised *pro forma* financial effects for the Rights Offer or costs associated thereto.

Pro forma statement of financial position

At 29 December 2013

	Before the Acquisition (Note 1) Rm	David Jones (Note 2) Rm	Acquisition and consolidation (Notes 3 – 4) Rm	Pro forma after the Acquisition Rm
ASSETS				
Non-current assets	6 968	8 556	12 178	27 702
Property, plant and equipment	2 903	7 528	1 491 (Note 4.1)	11 922
Investment properties	36	–	–	36
Intangible assets	2 403	459	10 687 (Note 4.2)	13 549
Investment in joint ventures	764	–	–	764
Participation in export partnerships	35	–	–	35
Other loans	69	–	–	69
Deferred tax	758	557	–	1 315
Pre-payments	–	12	–	12
Current assets	6 007	2 856	–	8 863
Inventories	3 229	2 093	–	5 322
Trade and other receivables	801	328	–	1 129
Derivative financial instruments	50	9	–	59
Cash and cash equivalents	1 927	426	–	2 353
Non-current assets held for sale	63	–	–	63
TOTAL ASSETS	13 038	11 412	12 178	36 628
EQUITY AND LIABILITIES				
TOTAL EQUITY	6 358	7 825	(8 239)	5 944
Equity attributable to shareholders of the parent	6 045	7 825	(8 239) (Notes 4.3, 4.4, 4.6, 4.7)	5 631
Non-controlling interests	313	–	–	313
Non-current liabilities	1 869	311	9 850	12 030
Interest-bearing borrowings	676	–	9 850 (Note 4.3)	10 526
Operating lease accrual	483	232	–	715
Post-retirement medical benefit liability	350	–	–	350
Deferred tax	360	–	–	360
Other non-current liabilities	–	79	–	79
Current liabilities	4 811	3 276	10 567	18 654
Trade and other payables	3 997	2 393	–	6 390
Provisions	463	310	–	773
Derivative financial instruments	14	–	–	14
Tax	206	153	–	359
Interest-bearing borrowings	131	420	10 567 (Note 4.3)	11 118
TOTAL LIABILITIES	6 680	3 587	20 417	30 684
TOTAL EQUITY AND LIABILITIES	13 038	11 412	12 178	36 628
Net asset book value – per share (cents)	796			742
Tangible net asset book value – per share (cents)	480			(1 043)

Notes:

1. The "Before the Acquisition" financial information has been extracted from Woolworths' unaudited interim Group results at 29 December 2013, released on SENS on Thursday, 13 February 2014.
2. The financial information of David Jones has been extracted from David Jones' unaudited reviewed interim results at 25 January 2014 released on the Australian Securities Exchange on Wednesday, 19 March 2014. David Jones' statement of financial position has been converted to Rand at the closing exchange rate at 29 December 2013 of A\$1:R9.31.
3. The "*Pro forma* After the Acquisition" financial information assumes the Acquisition to be effective 29 December 2013.
4. The Acquisition has been accounted for in terms of IFRS 3: Business Combinations. "Acquisition and Consolidation" adjustments include:

Property, plant and equipment

- 4.1 Tangible assets are revalued based on a provisional fair value exercise in terms of IFRS 3: Business Combinations, using fair values as disclosed by David Jones in their 1st half 2014 unaudited reviewed results released on 19 March 2014, based on an external valuation on a current use basis. In this regard, properties have been revalued by R1 491 million. Additional adjustments may arise from the final purchase price allocation, the nature and quantum of which are currently uncertain.

Intangible assets

- 4.2 Intangible assets arising from the Acquisition of R10 687 million comprise goodwill and the David Jones brand. Goodwill represents the value paid in excess of the provisional fair value of net assets (including the brand) and consists largely of synergies and economies of scale expected from combining the operations of David Jones into Woolworths. The value of the David Jones brand does not exceed R10 687 million. After initial recognition, both goodwill and the David Jones brand are measured at cost less any accumulated impairment losses and are not amortised as they have an indefinite useful life. Both items are tested for impairment at every financial year-end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Equity and Interest-bearing borrowings

- 4.3 Settlement of the Acquisition purchase consideration is to be funded through debt, of which the R420 million existing David Jones debt is assumed to be refinanced.
 - 4.4 Transaction costs, excluding debt commitment fees, are estimated at R390 million and have been expensed. These costs are to be funded out of Acquisition funding.
 - 4.5 Debt commitment fees totalling R311 million have been capitalised to the debt raised.
 - 4.6 The at-Acquisition net asset value (equity) of David Jones is eliminated upon consolidation.
 - 4.7 An amount of R24 million in respect of finance costs incurred prior to the Acquisition Date, as a result of the anticipated funding structure, is included in equity.
 - 4.8 The Equity Bridge Facility is expected to be repaid out of the proceeds of an underwritten renounceable Rights Offer proposed to be undertaken by the Company. Refer to note 6 below.
5. The Acquisition Date fair values identified will remain provisional and therefore subject to further review for a period of up to one year from the Acquisition Date.
 6. No adjustment has been made in these summarised *pro forma* financial effects for the Rights Offer or costs associated thereto.

INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT ON COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

The Directors
Woolworths Holdings Limited
93 Longmarket Street
Cape Town
8000

Independent Reporting Accountants' Assurance report on the compilation of the *pro forma* financial information included in a circular

To the Directors of Woolworths Holdings Limited

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Woolworths Holdings Limited by the directors. The *pro forma* financial information, as set out in paragraph 6 and Annexure 1 of the circular relating to Woolworths Holdings Limited's acquisition of the David Jones issued share capital, consists of the statement of comprehensive income, statement of financial position and related notes (collectively the "*pro forma* financial information"). The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) 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 6 and Annexure 1 of the circular, on the Company's financial position as at 29 December 2013, and the Company's financial performance for the 26 weeks then ended, as if the corporate action or event had taken place at 29 December 2013 or at the commencement of the 26 weeks 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 interim financial statements for the 26-week period ended 29 December 2013, on which no audit or review report has been published.

Directors' Responsibility for the *Pro Forma* Financial Information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 6 and Annexure 1 of the circular.

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 JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we 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 JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

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 29 December 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 provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

1. the related *pro forma* adjustments give appropriate effect to those criteria; and
2. 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 6 and Annexure 1.

Ernst & Young Inc.

Director: Anthony Cadman
Registered Auditor
Reporting Accountant Specialist

12 May 2014

Ernst & Young House
35 Lower Long Street
Cape Town
8001
PO Box 656
Cape Town
8000

A member firm of Ernst & Young Global Limited.

A full list of Directors is available on the website, www.ey.com

Chief Executive: Ajen Sita

HISTORICAL INFORMATION OF DAVID JONES

The Historical Financial Information for David Jones is extracted from the reviewed David Jones Half Year Financial Report for the six months ended 25 January 2014 and audited David Jones annual financial statements, for the years ended 27 July 2013 (per the David Jones Annual Report for 2013) and 28 July 2012 (per the David Jones Annual Report for 2012), with corresponding comparatives, as published by David Jones.

The reviewed David Jones Half Year Financial Report and audited David Jones annual financial statements were prepared by David Jones and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Furthermore, the accounting policies applied by David Jones are consistent with those applied by Woolworths.

The David Jones Half Year Financial Report for the six months ended 25 January 2014, Annual Reports including the full audited David Jones annual financial statements for the years ended 27 July 2013 and 28 July 2012, the corresponding audit and review reports and detailed commentary on the results, are available for inspection, as well as available on the website hosted at <http://www.davidjones.com.au/For-Investors/Presentations-and-Reports>. The auditors for David Jones are Ernst & Young, and the review report for the six months ended 25 January 2014, and the audit reports for FY 2013, FY 2012 and FY 2011 were all unqualified.

The Directors are responsible for the extraction and compilation of the historical financial information of David Jones. Their responsibility includes determining that the historical financial information has been properly extracted and compiled from the interim half year financial report of David Jones for 2014 as well as the 2013 and 2012 audited annual financial reports of David Jones.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Half year		Annual	
	26 weeks ended 25 January 2014 A\$000	52 weeks ended 27 July 2013 A\$000	52 weeks ended 28 July 2012 A\$000	52 weeks ended 30 July 2011 A\$000
Revenue from sale of goods	1 025 080	1 845 012	1 867 817	1 961 744
Cost of sales	(619 028)	(1 147 968)	(1 167 987)	(1 194 474)
Gross profit	406 052	697 044	699 830	767 270
Other revenue	16 656	62 532	57 568	55 526
Employee benefits expenses	(151 376)	(296 103)	(282 593)	(282 403)
Lease and occupancy expenses	(100 742)	(193 286)	(189 114)	(178 184)
Depreciation and amortisation expenses	(31 262)	(56 762)	(51 949)	(45 876)
Advertising, merchandising and visual expenses	(16 875)	(34 966)	(39 036)	(32 820)
Administration expenses	(11 554)	(24 119)	(26 909)	(20 800)
Other expenses	(7 738)	(14 442)	(13 384)	(16 003)
Financing costs	(3 745)	(9 057)	(10 938)	(7 789)
Finance income	296	490	347	401
Profit before income tax expense	99 712	131 331	143 822	239 322
Income tax expense	(29 563)	(36 147)	(42 719)	(71 183)
Profit after income tax expense attributable to equity holders of the parent entity	70 149	95 184	101 103	168 139
Other comprehensive income				
Items that will be reclassified to profit or loss in future periods:				
Gains on cash flow hedges	874	3 512	1 713	1 429
Transfer or realised gains on hedges to profit and loss	(694)	(1 418)	(1 621)	(928)
Income tax on items of other comprehensive income	(54)	(628)	(28)	(150)
Total other comprehensive income for the period, net of tax	126	1 466	64	351
Total comprehensive income attributable to equity holders of the parent entity for the period	70 275	96 650	101 167	168 490
Basic earnings per share (cents)	13.1	18.0	19.4	33.0
Diluted earnings per share (cents)	13.1	17.9	19.4	32.4

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes to the Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	Half year		Annual	
		As at 25 January 2014 A\$000	As at 27 July 2013 A\$000	As at 28 July 2012 A\$000	As at 30 July 2011 A\$000
CURRENT ASSETS					
Cash and cash equivalents	3	45 747	13 877	20 536	11 703
Receivables		25 835	19 092	16 389	19 637
Inventories		224 767	251 543	279 099	288 850
Financial assets		965	941	24	–
Other assets		9 481	6 670	7 201	6 911
Non-current assets held for sale		–	2 582	–	–
Total current assets		306 795	294 705	323 249	327 101
NON-CURRENT ASSETS					
Financial assets		12	12	12	12
Property, plant and equipment		808 593	835 373	817 432	798 416
Intangible assets		49 324	44 644	43 977	34 422
Deferred tax assets		59 849	62 391	55 833	54 410
Other assets		1 220	660	394	189
Total non-current assets		918 998	943 080	917 648	887 449
Total assets		1 225 793	1 237 785	1 240 897	1 214 550
CURRENT LIABILITIES					
Payables		255 945	261 840	264 595	216 429
Interest-bearing liabilities	4	45 064	360	11 006	2 943
Current tax liabilities		16 476	3 053	3 097	18 654
Provisions		33 331	35 586	25 955	26 418
Financial liabilities		23	178	1 357	1 409
Other liabilities		1 029	813	288	280
Total current liabilities		351 868	301 830	306 298	266 133
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	4	–	100 000	125 000	129 000
Provisions		8 446	7 359	6 183	6 492
Other liabilities		24 970	27 500	27 712	27 445
Total non-current liabilities		33 416	134 859	158 895	162 937
Total liabilities		385 284	436 689	465 193	429 070
Net assets		840 509	801 096	775 704	785 480
EQUITY					
Contributed equity	5	570 627	564 698	547 028	525 105
Reserves		77 563	76 867	74 362	74 647
Retained earnings		192 319	159 531	154 314	185 728
Total equity		840 509	801 096	775 704	785 480

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes to the Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Share capital A\$000	Cash flow hedge reserve A\$000	Share- based payments reserve A\$000	Retained earnings A\$000	Total A\$000
Interim						
For the 26 weeks ended 25 January 2014						
Balance as at 28 July 2013		564 698	544	76 323	159 531	801 096
Profit for the period		–	–	–	70 149	70 149
Other comprehensive income, net of tax		–	126	–	–	126
Total other comprehensive income for the period		–	126	–	70 149	70 275
Transactions with owners, recorded directly in equity:						
Dividends paid	6	–	–	–	(37 361)	(37 361)
Issue of ordinary shares through Dividend Reinvestment Plan		5 929	–	–	–	5 929
Share-based payments		–	–	530	–	530
Income tax		–	–	40	–	40
Total contributions by and distributions to owners		5 929	–	570	(37 361)	(30 862)
Balance at 25 January 2014		570 627	670	76 893	192 319	840 509
Historical						
For the 52 weeks ended 27 July 2013						
Balance as at 29 July 2012		547 028	(922)	75 284	154 314	775 704
Profit for the period		–	–	–	95 184	95 184
Other comprehensive income, net of tax		–	1 466	–	–	1 466
Total other comprehensive income for the period		–	1 466	–	95 184	96 650
Transactions with owners, recorded directly in equity:						
Dividends paid	6	–	–	–	(89 967)	(89 967)
Issue of ordinary shares through Dividend Reinvestment Plan		17 670	–	–	–	17 670
Share-based payments		–	–	949	–	949
Income tax		–	–	90	–	90
Total contributions by and distributions to owners		17 670	–	1 039	(89 967)	(71 258)
Balance at 27 July 2013		564 698	544	76 323	159 531	801 096

	Notes	Share capital A\$000	Cash flow hedge reserve A\$000	Share- based payments reserve A\$000	Retained earnings A\$000	Total A\$000
Historical						
For the 52 weeks ended 28 July 2012						
Balance as at 31 July 2011		525 105	(986)	75 633	185 728	785 480
Profit for the period		–	–	–	101 103	101 103
Other comprehensive income, net of tax		–	64	–	–	64
Total other comprehensive income for the period		–	64	–	101 103	101 167
Transactions with owners, recorded directly in equity:						
Dividends paid	6	–	–	–	(132 517)	(132 517)
Issue of ordinary shares through Dividend Reinvestment Plan		21 923	–	–	–	21 923
Share-based payments		–	–	(625)	–	(625)
Income tax		–	–	276	–	276
Total contributions by and distributions to owners		21 923	–	(349)	(132 517)	(110 943)
Total equity at 28 July 2012		547 028	(922)	75 284	154 314	775 704
Historical						
For the 52 weeks ended 30 July 2011						
Balance as at 1 August 2010		502 199	(1 337)	68 071	175 305	744 238
Profit for the period		–	–	–	168 139	168 139
Other comprehensive income, net of tax		–	351	–	–	351
Total other comprehensive income for the period		–	351	–	168 139	168 490
Transactions with owners, recorded directly in equity:						
Dividends paid	6	–	–	–	(157 716)	(157 716)
Issue of ordinary shares through Dividend Reinvestment Plan		27 512	–	–	–	27 512
Share-based payments		–	–	5 846	–	5 846
On-market purchase of shares for Trust		(4 743)	–	–	–	(4 743)
Employee share purchase plan		137	–	–	–	137
Income tax		–	–	1 716	–	1 716
Total contributions by and distributions to owners		22 906	–	7 562	(157 716)	(127 248)
Total equity at 30 July 2011		525 105	(986)	75 633	185 728	785 480

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes to the Financial Statements.

CONSOLIDATED CASH FLOW STATEMENTS

	Half year		Annual	
	26 weeks ended 25 January 2014 A\$000	52 weeks ended 27 July 2013 A\$000	52 weeks ended 28 July 2012 A\$000	52 weeks ended 30 July 2011 A\$000
Note				
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers (inclusive of GST)	1 142 242	2 025 548	2 058 903	2 168 821
Payments to suppliers and employees (inclusive of GST)	(1 016 188)	(1 851 721)	(1 846 677)	(1 967 589)
Commissions received	16 656	58 064	54 498	48 201
Interest received	296	490	347	401
Borrowing costs paid	(3 745)	(9 057)	(10 884)	(7 548)
Income tax paid	(13 612)	(43 288)	(59 450)	(59 848)
Net cash flows from operating activities	125 649	180 036	196 737	182 438
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(2 559)	(74 890)	(70 009)	(80 941)
Payments for software	(7 127)	(4 094)	(11 475)	(576)
Net proceeds from sale of property	2 635	232	111	–
Net cash flows used in investing activities	(7 051)	(78 752)	(81 373)	(81 517)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid on ordinary shares	(31 432)	(72 297)	(110 594)	(130 204)
Net (repayment)/proceeds from borrowings	(55 000)	(36 000)	7 000	28 000
On-market purchase of shares for Trust	–	–	–	(4 743)
Proceeds from loan repayments under employee share plan	–	–	–	137
Net cash flows used in financing activities	(86 432)	(108 297)	(103 594)	(106 810)
Net increase/(decrease) in cash and cash equivalents	32 166	(7 013)	11 770	(5 889)
Cash and cash equivalents at beginning of the period	13 517	20 530	8 760	14 649
Cash and cash equivalents at end of the period	45 683	13 517	20 530	8 760
Notes:				
(i) Reconciliation to the Statement of Financial Position				
Cash and cash equivalents comprised the following:				
Cash and cash equivalents	45 747	13 877	20 536	11 703
Bank overdraft	(64)	(360)	(6)	(2 943)
Cash and cash equivalents at end of the period	3	45 683	20 530	8 760

The above Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

David Jones Limited (the Company) is a public company domiciled in Australia and is listed on the Australian Securities Exchange. The half year financial results for the 26 weeks ended 25 January 2014 and full year results for the 52 weeks ended 27 July 2013, 28 July 2012 and 30 July 2011 comprise the Company and its controlled entities (together referred to as the Consolidated Entity).

Statement of compliance

These summarised general purpose half year and full year financial results were extracted from the reviewed David Jones Half Year Financial Report for the six months ended 25 January 2014 and audited David Jones annual financial statements, for the years ended, 27 July 2013 (per the David Jones Annual Report for 2013) and 28 July 2012 (per the David Jones Annual Report for 2012), as published by David Jones. The reviewed David Jones Half Year Financial Report and audited David Jones annual financial statements were prepared by David Jones and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The summarised half year and full year financial results do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements should be read in conjunction with the reports from which they were extracted and any public announcements made by the Company during those reporting periods in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of preparation

The half year and full year financial results are presented in Australian dollars and are prepared on an historical cost basis, except for derivative financial instruments, which are stated at their fair value.

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100. Accordingly, amounts in the half year and full year financial reports have been rounded to the nearest thousand dollars, unless otherwise stated.

The accounting policies applied for the 26 weeks ended 25 January 2014 are consistent with those adopted and disclosed in the annual financial report for the 52 weeks ended 27 July 2013.

The interim financial results for the 26 weeks ended 25 January 2014 and the full year historical financial results for the 52 weeks ended 27 July 2013, 28 July 2012 and 30 July 2011 have been extracted from David Jones' unaudited reviewed results for the 26 weeks ended 25 January 2014 released on the Australian Securities Exchange (ASX) on Wednesday, 19 March 2014 and audited annual reports for the 2013 and 2012 financial years.

New accounting standards and interpretations

There have been no new accounting standards or amendments applicable to the Consolidated Entity, which have had a material impact on the half year and full year financial reports, other than those disclosed in the respective full year financial statements.

2. SEGMENT REPORTING

Operating segments

Operating Segments are defined with reference to information regularly reviewed by the Consolidated Entity's Chief Executive Officer and Managing Director (chief operating decision-maker). The Consolidated Entity operates in Australia and was organised into the following operating segments by product and service type for the half year and full year:

- Department Stores comprising David Jones department stores, online and corporate support office; and
- Financial Services comprising the alliance between the Consolidated Entity and American Express.

Unallocated items

Interest revenue and expenses are not allocated to operating segments, as this type of activity is not managed on a segment specific basis.

Segment accounting policies

Segment accounting policies are the same as the Consolidated Entity's policies described in Note 1. During the half year and full year, there were no changes in segment accounting policies that had a material effect on segment information.

Seasonality of operations

The financial performance of the Consolidated Entity is exposed to seasonality in sales volumes, with the revenue and profit of its Department Stores segment being historically weighted in favour of the first half of the financial year. The seasonality is a reflection of the additional retail sales generated during the Christmas trading period each year.

Operating segments

For the 26 weeks ended 25 January 2014 were:

Operating segments:	Department stores A\$000	Financial services A\$000	Unallocated A\$000	Consolidated A\$000
Total sales	1 042 349	–	–	1 042 349
Gross profit	406 052			406 052
Other income:				
Commissions earned by Financial Services	–	13 926		13 926
Other revenues from external customers	2 730	–	–	2 730
Total other income	2 730	13 926	–	16 656
Depreciation and amortisation	(31 262)	–	–	(31 262)
Share-based payments	(530)	–	–	(530)
Other expenses	(285 444)	(2 311)	–	(287 755)
Total expenses	(317 236)	(2 311)	–	(319 547)
Segment earnings result	91 546	11 615	–	103 161
Finance income	–	–	296	296
Finance costs	–	–	(3 745)	(3 745)
Net finance costs	–	–	(3 449)	(3 449)
Profit before tax	91 546	11 615	(3 449)	99 712

For the 52 weeks ended 27 July 2013 were:

Operating segments:	Department stores A\$000	Financial services A\$000	Unallocated A\$000	Consolidated A\$000
Total sales	1 845 012	–	–	1 845 012
Gross profit	697 044	–	–	697 044
Other income:				
Commissions earned by Financial Services	–	58 064	–	58 064
Other revenues from external customers	4 468	–	–	4 468
Total other income	4 468	58 064	–	62 532
Depreciation and amortisation	(56 757)	(5)	–	(56 762)
Share based payments	(949)	–	–	(949)
Other expenses	(553 374)	(8 593)	–	(561 967)
Total expenses	(611 080)	(8 598)	–	(619 678)
Segment earnings result	90 432	49 466	–	139 898
Finance income	–	–	490	490
Finance costs	–	–	(9 057)	(9 057)
Net finance costs	–	–	(8 567)	(8 567)
Profit before tax				131 331

For the 52 weeks ended 28 July 2012 were:

Operating segments:	Department stores A\$000	Financial services A\$000	Unallocated A\$000	Consolidated A\$000
Total sales	1 867 817	–	–	1 867 817
Gross profit	699 830	–	–	699 830
Other income:				
Commissions earned by Financial Services	–	54 757	–	54 757
Other revenues from external customers	2 811	–	–	2 811
Total other income	2 811	54 757	–	57 568
Depreciation and amortisation	(51 939)	(10)	–	(51 949)
Share-based payments	625	–	–	625
Other expenses	(546 332)	(5 329)	–	(551 661)
Total expenses	(597 646)	(5 339)	–	(602 985)
Segment earnings result	104 995	49 418	–	154 413
Finance income	–	–	347	347
Finance costs	–	–	(10 938)	(10 938)
Net finance costs	–	–	(10 591)	(10 591)
Profit before tax				143 822

For the 52 weeks ended 30 July 2011 were:

Operating segments:	Department stores A\$000	Financial services A\$000	Unallocated A\$000	Consolidated A\$000
Total sales	1 961 744	–	–	1 961 744
Gross profit	767 270	–	–	767 270
Other income:				
Commissions earned by Financial Services	–	52 182	–	52 182
Other revenues from external customers	3 344	–	–	3 344
Total other income	3 344	52 182	–	55 526
Depreciation and amortisation	(45 872)	(4)	–	(45 876)
Share-based payments	(5 846)	–	–	(5 846)
Other expenses	(519 893)	(4 471)	–	(524 364)
Total expenses	(571 611)	(4 475)	–	(576 086)
Segment earnings result	199 003	47 707	–	246 710
Finance income	–	–	401	401
Finance costs	–	–	(7 789)	(7 789)
Net finance costs	–	–	(7 388)	(7 388)
Profit before tax				239 322

3. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:

	25 January 2014 A\$000	27 July 2013 A\$000	28 July 2012 A\$000	30 July 2011 A\$000
Cash and cash equivalents	45 747	13 877	20 536	11 703
Bank overdraft (interest-bearing liabilities)	(64)	(360)	(6)	(2 943)
Cash and cash equivalents at the end of the period	45 683	13 517	20 530	8 760

4. INTEREST-BEARING LIABILITIES

	25 January 2014 A\$000	27 July 2013 A\$000	28 July 2012 A\$000	30 July 2011 A\$000
CURRENT				
Bank overdraft	64	360	6	2 943
Unsecured bank loans	45 000	–	11 000	–
	45 064	360	11 006	2 943
NON-CURRENT				
Unsecured bank loans	–	100 000	125 000	–
Unsecured syndicated bank loan	–	–	–	129 000
	–	100 000	125 000	129 000

As at 25 January 2014, the Consolidated Entity had the following unsecured bank loan facilities:

- A\$100 million; expiring 15 December 2014.
- A\$75 million; expiring 14 December 2015.
- A\$200 million; expiring 15 December 2016.

These facilities are subject to a negative pledge and borrowing covenants between the Company, certain controlled entities within the Consolidated Entity and the facility lenders.

In addition, the Company has an uncommitted short-term trade finance facility of A\$25.0 million and unsecured bank overdraft facilities of A\$29.4 million. These facilities are subject to annual review in March each year. Both these facilities can be cancelled by the lender on 30 days' notice.

5. CONTRIBUTED EQUITY

	25 January 2014 A\$000	27 July 2013 A\$000	28 July 2012 A\$000	30 July 2011 A\$000
Ordinary shares, fully paid	570 627	564 698	547 028	525 105
Movements in contributed equity:				
Balance at the beginning of the period	564 698	547 028	525 105	502 199
Dividend Reinvestment Plan	5 929	17 670	21 923	27 512
On-market purchase of shares by Trust	–	–	–	(4 743)
Employee share purchase plan	–	–	–	137
Balance at the end of the period	570 627	564 698	547 028	525 105

	25 January 2014	27 July 2013	28 July 2012	30 July 2011
Movements in the number of ordinary shares:	Number of shares	Number of shares	Number of shares	Number of shares
Balance at the beginning of the period	535 002 401	528 655 600	520 751 395	510 945 759
Dividend Reinvestment Plan	2 135 444	6 346 801	7 904 205	5 805 636
Shares issued to and held by Trust	–	–	–	4 000 000
Balance at the end of the period	537 137 845	535 002 401	528 655 600	520 751 395
Less: Shares held by Trust for Long-Term Incentive Plan	(1 279 037)	(1 279 037)	(2 805 717)	(8 478 674)
Balance at the end of the period	535 858 808	533 723 364	525 849 883	512 272 721

6. DIVIDENDS

Dividends recognised at the reporting date are:

For the 26 weeks ended 25 January 2014	Total cents per share	Total amount A\$000	Date of payment
2013 Final ordinary	7.0	37 361	4 November 2013

All dividends paid in the current and prior period were fully franked at the tax rate of 30%.

Subsequent to 25 January 2014, the Directors declared the following dividend, franked at the tax rate of 30%:

Interim 2014	10.0	53 714	7 May 2014
--------------	------	--------	------------

The 2014 interim dividend has not been recognised as a liability in the half year financial statements for the 26 weeks ended 25 January 2014.

For the 52 weeks ended 27 July 2013	Amount per share	Total amount A\$000	Date of payment
2012 Final ordinary	7.0	36 916	5 November 2012
2013 Interim ordinary	10.0	53 051	6 May 2013
Total dividends recognised		89 967	

During the financial year 6 346 801 shares were issued under the Dividend Reinvestment Plan.

Dividends settled in shares rather than cash amounted to A\$17.670 million.

For the 52 weeks ended 28 July 2012	Amount per share	Total amount A\$000	Date of payment
2011 Final ordinary	15.0	77 693	7 November 2011
2012 Interim ordinary	10.5	54 824	7 May 2012
Total dividends recognised		132 517	

During the financial year 7 904 205 shares were issued under the Dividend Reinvestment Plan.

Dividends settled in shares rather than cash amounted to A\$21.923 million.

For the 52 weeks ended 30 July 2011	Amount per share	Total amount A\$000	Date of payment
2010 Final ordinary	18.0	91 344	8 November 2010
2011 Interim ordinary	13.0	66 372	9 May 2011
Total dividends recognised		157 716	

During the financial year 5 805 636 shares were issued under the Dividend Reinvestment Plan.

Dividends settled in shares rather than cash amounted to A\$27.512 million.

All dividends paid in the current and prior financial years were fully franked at the tax rate of 30%.

7. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

A summary of the underlying economic positions as represented by the carrying values and fair values of the Consolidated Entity's financial assets and financial liabilities is shown below:

	Carrying amount			
	25 January 2014 A\$000	27 July 2013 A\$000	28 July 2012 A\$000	30 July 2011 A\$000
FINANCIAL ASSETS				
Cash and cash equivalents	45 747	13 877	20 536	11 703
Receivables	25 835	19 092	16 389	19 637
Forward exchange contracts	965	941	24	–
Shares in other corporations	12	12	12	12
Total financial assets	72 559	33 922	36 961	31 352
FINANCIAL LIABILITIES				
Payables	255 945	261 840	264 595	216 429
Interest-bearing liabilities:				
Bank overdraft	64	360	6	2 943
Unsecured bank loan	45 000	100 000	136 000	129 000
Forward exchange contracts	–	28	819	921
Interest rate swap contracts	23	150	538	488
Total financial liabilities	301 032	362 378	401 958	349 781
	Fair value			
	25 January 2014 A\$000	27 July 2013 A\$000	28 July 2012 A\$000	30 July 2011 A\$000
FINANCIAL ASSETS				
Cash and cash equivalents	45 747	13 877	20 536	11 703
Receivables	25 835	19 092	16 389	19 637
Forward exchange contracts	965	941	24	–
Shares in other corporations	12	12	12	12
Total financial assets	72 559	33 922	36 961	31 352
FINANCIAL LIABILITIES				
Payables	255 945	261 840	264 595	216 429
Interest-bearing liabilities:				
Bank overdraft	64	360	6	2 943
Unsecured bank loan	45 556	101 138	135 666	128 648
Forward exchange contracts	–	28	819	921
Interest rate swap contracts	23	150	538	488
Total financial liabilities	301 588	363 516	401 624	349 429

Fair value

The categorisation of the fair value of the financial instruments disclosed in the Statement of Financial Position is shown below:

	Level 1 A\$000	Level 2 A\$000	Level 3 A\$000	Total A\$000
25 January 2014				
FINANCIAL ASSETS				
Forward exchange contracts	–	965	–	965
Shares in other corporations	–	–	12	12
	–	965	12	977
FINANCIAL LIABILITIES				
Interest rate swap contracts	–	23	–	23
	–	23	–	23
27 July 2013				
FINANCIAL ASSETS				
Forward exchange contracts	–	941	–	941
Shares in other corporations	–	–	12	12
	–	941	12	953
FINANCIAL LIABILITIES				
Forward exchange contracts	–	28	–	28
Interest rate swap contracts	–	150	–	150
	–	178	–	178
28 July 2012				
FINANCIAL ASSETS				
Forward exchange contracts	–	24	–	24
Shares in other corporations	–	12	–	12
	–	36	–	36
FINANCIAL LIABILITIES				
Forward exchange contracts	–	819	–	819
Interest rate swap contracts	–	538	–	538
	–	1 357	–	1 357
30 July 2011				
FINANCIAL ASSETS				
Forward exchange contracts	–	–	–	–
Shares in other corporations	–	12	–	12
	–	12	–	12
FINANCIAL LIABILITIES				
Forward exchange contracts	–	921	–	921
Interest rate swap contracts	–	488	–	488
	–	1 409	–	1 409

The Consolidated Entity uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: Fair value is calculated using quoted prices in active markets.

Level 2: Fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value is estimated using inputs of the financial instruments disclosed in the Statement of Financial Position.

8. CONTINGENT LIABILITIES

The nature and amount of contingent liabilities are disclosed in Note 25 to the Consolidated Entity's 27 July 2013 Financial Statements.

There have been no material changes to the contingent liabilities since 27 July 2013.

The Directors are not aware of any other circumstance or information which would lead them to believe that any matters disclosed in the Company's 27 July 2013 Financial Statements have crystallised, and consequently no provisions have been recognised in the half year financial statements in respect of those matters.

The Directors are of the opinion that provisions are not required in respect of the matters disclosed below, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of being reliably measured.

	CONSOLIDATED			DAVID JONES LIMITED		
	2013	2012	2011	2013	2012	2011
As at 27 July 2013 and 28 July 2012	A\$000	A\$000	A\$000	A\$000	A\$000	A\$000
Indemnities						
Indemnities to third parties given in the ordinary course of business	780	910	1 024	780	910	1 024

9. EVENTS OCCURRING AFTER THE REPORTING DATE

As at 25 January 2014

Dividends

Dividends declared after 25 January 2014 are disclosed in Note 6.

MATERIAL BORROWINGS OF WOOLWORTHS GROUP

The material borrowings of the Woolworths Group as at the Last Practicable Date are set out below:

Lender	Facility	Facility amount	Utilised	Term	Secured/ unsecured	Interest rate
1 The Standard Bank of South Africa Limited (SBSA)	General Banking Facility	up to R10 000 000 000	–	Repayable on no less than 180 days' notice	Unsecured	Initially the Prime Rate of interest and thereafter the rate as notified by the bank from time to time
2 Syndicate comprising, amongst others, Citibank N.A., London Branch, Citibank N.A., South Africa Branch, Citibank N.A., Sydney Branch, J.P. Morgan Limited, JPMorgan Chase Bank N.A., Johannesburg Branch, JPMorgan Chase Bank N.A., J.P. Morgan Australia Limited and The Standard Bank of South Africa Limited	Derivative facility	R131 600 000	–	Repayable on demand	Unsecured	n/a
	Bullet facility under South African Senior Facilities	R3 000 000 000	–	Repayable within 36 months after signature	Unsecured	Floating rate plus margin
	Bullet facility under South African Senior Facilities	R3 000 000 000	–	Repayable within 48 months after signature	Unsecured	Floating rate plus margin
	Bullet facility under South African Senior Facilities	R4 000 000 000	–	Repayable within 60 months after signature	Unsecured	Floating rate plus margin

Lender	Facility	Facility amount	Utilised	Term	Secured/ unsecured	Interest rate
	Equity Bridge Facility	R11 000 000 000	–	Repayable on the earlier of: (i) 6 months after signature; (ii) completion of the Rights Issue or (iii) 18 weeks after the Closing Date (i.e. the date of the Acquisition)	Unsecured	Floating rate plus margin
	Australian Bridge Facility	A\$400 000 000	–	Repayable within 364 days after signature	Unsecured	Floating rate plus margin
Total	R Facilities	R31 131 600 000				
Total	A\$ Facilities	A\$400 000 000				

Sureties and/or Guarantees provided by Woolworths in relation to above facilities

- Item 1 Unlimited suretyship by Woolworths for the obligations of WPL under the facility made available by The Standard Bank of South Africa Limited.
Item 2 Guarantees to be provided by Woolworths and certain Group companies from time to time.

Redemption and/or conversion rights in respect of above facilities

There are no redemption or conversion rights in relation to either of the facilities in items 2 and 6 above.

Facilities being repaid in the next 12 months

- Item 1 The General Banking Facility (in an amount of up to R10 000 000 000) will be repaid by way of the proceeds of the South African Senior Facilities.
Item 2 The Equity Bridge Facility (up to an amount of R11 000 000 000) will be repaid by way of the Rights Offer.
The Australian Bridge Facility will be repaid by way of the proceeds of the South African Senior Facilities.

MATERIAL BORROWINGS OF DAVID JONES GROUP

As at 25 January 2014, David Jones and its subsidiaries have various loan facilities in place, with a range of lenders. These include: the Commonwealth Bank of Australia (various term facilities, a trade facility and a foreign currency overdraft facility), Bank of Tokyo-Mitsubishi UFJ, Ltd (various term facilities), and Australia and New Zealand Banking Group Limited (various term facilities).

As at 25 January 2014, the total amount available to David Jones and its subsidiaries under all of the facilities is approximately A\$428 542 000, and the amount utilised is approximately A\$45 064 000.

Each of the facilities described above is unsecured and subject to borrowing covenants, which have been met.

The interest rate basis of each of the term facilities is floating rate plus margin, whereas the overdraft facility and foreign currency overdraft facilities are both floating rate.

The terms of the facilities range from December 2014 to December 2016.

There are no redemption or conversion rights applicable in respect of the material borrowings of David Jones.

Other than as described above, David Jones and its subsidiaries have no other material borrowings.

MATERIAL CONTRACTS OF WOOLWORTHS AND DAVID JONES

Details of material contracts entered into by Woolworths and its subsidiaries during the two years preceding the date of this Circular, other than in the ordinary course of business, are set out below (with summaries of the Equity Bridge Facility, the South African Senior Facilities and the Australian Bridge Facility being included in Annexure 4 and discussed further in the Circular):

Material contracts of Woolworths

Contract	Parties to contract	Nature of contract	Date of signature of contract
Share purchase agreement	(1) Country Road (2) Gresham Private Equity (3) Witchery Australia Holdings (Proprietary) Limited	Pertains to the acquisition of all of the ordinary shares of Witchery Australia Holdings (Proprietary) Limited and its subsidiaries.	2 October 2012
Scheme Implementation Deed	(1) Vela (2) Woolworths (3) David Jones	Regulates the implementation of the Scheme.	9 April 2014
Standby Underwriting Agreement	(1) J.P. Morgan Securities plc. (2) The Standard Bank of South Africa Limited (3) Citigroup Global Markets Limited (4) Woolworths	Agreement in respect of the underwriting of the Rights Offer.	8 April 2014
Equity Bridge Facility	(1) Woolworths (2) WPL (3) Citibank, N.A., London Branch (4) J.P. Morgan Limited (5) The Standard Bank of South Africa Limited (6) Citibank, N.A., South Africa Branch (7) JPMorgan Chase Bank, N.A., Johannesburg	Agreement relating to funding the Acquisition.	11 May 2014
South African Senior Facilities	(1) WPL (2) Woolworths (3) Citibank, N.A., London Branch (4) J.P. Morgan Limited (5) The Standard Bank of South Africa Limited (6) Citibank, N.A., South Africa Branch (7) JPMorgan Chase Bank, N.A., Johannesburg Branch	Agreement relating to funding the Acquisition.	11 May 2014

Material contracts of Woolworths

Contract	Parties to contract	Nature of contract	Date of signature of contract
Australian Bridge Facility	(1) Woolworths (2) Vela (3) Citibank, N.A., London Branch (4) J.P. Morgan Australia Limited (5) Citibank, N.A., Sydney Branch (6) JPMorgan Chase Bank, N.A.	Agreement relating to funding the Acquisition.	12 May 2014

Details of material contracts entered into by David Jones and its subsidiaries during the two years preceding the date of this Circular, other than in the ordinary course of business, are set out below:

Material contracts of David Jones

Contract	Parties to contract	Nature of contract	Date of signature of contract
Scheme Implementation Deed	(1) Vela (2) Woolworths (3) David Jones	Regulates the implementation of the Scheme.	9 April 2014

TRADING HISTORY OF DAVID JONES SHARES ON THE ASX

The trading history of David Jones on the ASX, for the 30 trading days prior to the Last Practicable Date, are set out below:

30-day trading history prior to the Last Practicable Date	High (Australian cents per share)	Low	Value (A\$ million)	Volume (million)
25 March 2014	318.0	307.0	22.55	7.19
26 March 2014	322.5	316.0	11.42	3.58
27 March 2014	325.0	319.0	9.00	2.81
28 March 2014	322.0	317.0	7.52	2.36
31 March 2014	328.0	321.0	8.23	2.54
1 April 2014	325.0	318.0	9.09	2.83
2 April 2014	324.0	317.0	8.99	2.80
3 April 2014	329.0	322.0	12.74	3.92
4 April 2014	320.0	310.0	11.78	3.96
7 April 2014	320.0	314.0	8.93	2.81
8 April 2014	319.0	315.0	5.18	1.63
9 April 2014	400.0	391.0	106.73	27.14
10 April 2014	393.0	391.0	120.28	30.66
11 April 2014	393.0	391.0	78.24	19.96
14 April 2014	393.0	391.0	32.58	8.31
15 April 2014	392.0	391.0	16.85	4.31
16 April 2014	393.0	391.0	16.93	4.32
17 April 2014	393.0	391.5	22.01	5.61
22 April 2014	393.0	391.5	22.50	5.74
23 April 2014	393.0	392.0	13.57	3.46
24 April 2014	393.0	392.0	41.37	10.59
28 April 2014	393.0	392.0	10.37	2.64
29 April 2014	393.0	392.0	14.36	3.66
30 April 2014	393.0	392.0	14.15	3.60
1 May 2014	394.0	393.0	11.59	2.95
2 May 2014	395.0	393.0	15.04	3.82
5 May 2014	395.0	393.0	4.12	1.04
6 May 2014	396.0	395.0	12.10	3.06
7 May 2014	396.0	394.0	12.93	3.28
8 May 2014	395.5	394.0	50.85	12.89

REPORT OF THE BOARD OF DIRECTORS IN TERMS OF REGULATIONS 31(7) AND 31(8) OF THE COMPANIES REGULATIONS, 2011 (THE “REGULATIONS”) REGARDING THE CONVERSION OF THE COMPANY’S ORDINARY SHARE CAPITAL TO NO PAR VALUE SHARES



WOOLWORTHS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1929/001986/06)

JSE Ordinary Share code: WHL

ISIN: ZAE000063863

(“Woolworths” or the “Company”)

1. BACKGROUND

- 1.1 The Companies Act, No. 71 of 2008, as amended (“Companies Act”), does not permit the creation of par value shares or shares with a nominal value. However, in terms of the Transitional Arrangements detailed in Schedule 5 of the Companies Act and the Regulations, pre-existing companies that already have par value shares in issue are allowed to retain such shares but cannot authorise any new par value shares after the date that the Companies Act came into effect, being 1 May 2011.
- 1.2 Woolworths intends to implement a rights offer (the “Rights Offer”) in order to raise equity funding to be used to fund a portion of the consideration payable in respect of the acquisition by Woolworths, through one of its wholly-owned subsidiaries of all of the issued ordinary shares of David Jones. Details of this acquisition are set out in a circular to Woolworths shareholders, dated Friday, 16 May 2014 (“Circular”).
- 1.3 Woolworths, which has ordinary shares (“Woolworths Ordinary Shares”) and preference shares (“Woolworths Preference Shares”) (collectively, referred to as “Woolworths Shares”) each with a par value of 0.15 cents, may have insufficient authorised and unissued Woolworths Ordinary Shares to issue for the purposes of the Rights Offer. Accordingly, in order to implement the Rights Offer, Woolworths must increase the number of authorised and unissued Woolworths Ordinary Shares. However, so as to meet the requirements of the Companies Act, the Regulations and the Listings Requirements of the JSE Limited (the “JSE”), in order to increase the number of authorised Woolworths Ordinary Shares, Woolworths must first convert the Woolworths Ordinary Shares from shares with a par value of 0.15 cents each into Woolworths Ordinary Shares of no par value.
- 1.4 In terms of:
 - 1.4.1 regulation 31(6) of the Regulations – a company may amend its memorandum of incorporation (“Memorandum of Incorporation”) to effect a conversion of its authorised and issued shares of par value to shares of no par value by way of a resolution proposed by the Board at any time after the date on which the Companies Act came into effect, and such resolution will have been adopted if it is approved by: (i) a Special resolution adopted by the holders of shares of each such class of shares and (ii) a further Special resolution adopted by a meeting of the Company’s shareholders called for that purpose;
 - 1.4.2 article 15.4 of the Memorandum of Incorporation of Woolworths – Woolworths may, by way of Special resolution of its shareholders, convert all of its share capital into shares of no par value; and

- 1.4.3 regulation 31(7) of the Regulations – the board of a company is required to prepare a report in respect of a proposed resolution to convert any par value shares into no par value shares (“Report”). This document constitutes the Report in relation to the proposed conversion.
- 1.5 Woolworths shareholders are being asked to approve the Special resolutions required to authorise the conversion of all of the Woolworths Ordinary Shares from par value Woolworths Ordinary Shares of 0.15 cents each to no par value Woolworths Ordinary Shares.
- 1.6 In accordance with regulation 31(6) of the Regulations, the proposed conversion will require the approval by Special resolution of each of the holders of Woolworths Ordinary Shares and thereafter all of the Woolworths shareholders will need to approve the conversion by a Special resolution. Details in respect of the meeting of Woolworths shareholders called for the approval of these resolutions are set out in the notice of general meeting attached to the Circular.

2. THE REPORT

- 2.1 In terms of regulation 31(7) of the Regulations the Report is required to, at a minimum:
 - 2.1.1 state all information relevant to the value of the securities affected by the proposed conversion;
 - 2.1.2 identify holders of the company’s securities affected by the proposed conversion;
 - 2.1.3 describe the material effects that the proposed conversion will have on the rights of the holders of the company’s securities affected by the proposed conversion; and
 - 2.1.4 evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement.
- 2.2 **Information relevant to the value of the securities affected by the proposed conversion**
 - 2.2.1 The securities affected by the proposed conversion are the authorised and issued Woolworths Ordinary Shares, currently comprising 1 410 600 000 authorised Woolworths Ordinary Shares of 0.15 cents each of which 847 004 975 Woolworths Ordinary Shares of 0.15 cents each have been issued.
 - 2.2.2 Woolworths has another class of authorised and issued shares, being the Woolworths Preference Shares, which Woolworths Preference Shares will not be converted and hence not affected.
 - 2.2.3 The Woolworths Ordinary Shares that are issued are listed on the Main Board of the JSE, trading under the share code WHL.
 - 2.2.4 Information in relation to the historic net asset value, earnings, headline earnings and distribution per Woolworths Share is detailed in the financial statements of Woolworths for FY 2013, FY 2012 and FY 2011, which are available for inspection at the registered office of Woolworths, Woolworths House, 93 Longmarket Street, Cape Town, 8001, at, The Standard Bank of South Africa Limited, 30 Baker Street, Rosebank, 2196 and in electronic form on the Company’s website www.woolworthsholdings.co.za.
 - 2.2.5 Given that the number of Woolworths Ordinary Shares in issue and the rights attaching to those shares will be unaffected by the proposed conversion, the proposed conversion will have no impact on the historic net asset value, earnings, headline earnings and distributions per Woolworths Ordinary Share and should have no impact on the price at which Woolworths Ordinary Shares trade on the JSE.
 - 2.2.6 Woolworths’ shareholders holding share certificates in respect of Woolworths Ordinary Shares with a par value of 0.15 cents will not be asked to surrender their share certificates at this point in time and will be able to dematerialise the share certificates of such Woolworths Ordinary Shares with a par value of 0.15 cents in order to trade in their Woolworths Ordinary Shares. If required, Woolworths’ shareholders may then request share certificates for their no par value shares and accordingly become certificated shareholders again.

2.3 **Holders of the Company's securities affected by the proposed conversion**

The proposed conversion will only affect the holders of Woolworths Ordinary Shares.

2.4 **Material effects of the proposed conversion on Woolworths Shareholders**

2.4.1 The proposed conversion will result in the conversion of each Woolworths Ordinary Share of 0.15 cents each into a Woolworths Ordinary Share of no par value.

2.4.2 Accordingly, after the proposed conversion each holder of Woolworths Ordinary Shares will own the identical number of Woolworths Ordinary Shares as they held before the proposed conversion and the no par value Woolworths Ordinary Shares which they hold post the conversion will represent the same proportion of the total issued share capital of Woolworths Ordinary Shares as the par value Woolworths Ordinary Shares which they held represented in the total issued share capital of Woolworths Ordinary Shares before the conversion.

2.4.3 Article 20.1.2 of the existing Memorandum of Incorporation of Woolworths distinguishes between the holders of par value shares and no par value shares in respect of voting at general meetings conducted by way of a poll, providing that:

"...on a poll a Shareholder who is Present at the Meeting shall be entitled to one vote for each share which he holds or represents or if the share capital is divided into shares of no par value, shall be entitled to 1 (one) vote in respect of each share he holds."

2.4.4 The effect of Article 20.1.2 is that a Woolworths Ordinary Shareholder enjoys the same effective voting rights on a poll whether the shares in question are par value or no par value shares. By way of example:

2.4.4.1 prior to the proposed conversion, a holder of Woolworths Ordinary Shares who holds 25 279 306 Woolworths Ordinary Shares of 0.15 cents each with a nominal value of R37 919 is entitled to approximately 3% of the total votes exercisable by holders of Woolworths Ordinary Shares; and

2.4.4.2 after the proposed conversion, the same holder of Woolworths Ordinary Shares would hold 25 279 306 no par value Woolworths Ordinary Shares (representing approximately 3% of the no par value Woolworths Ordinary Shares in issue) and would be entitled to 25 279 306 votes representing approximately 3% of the votes exercisable by the holders of no par value Woolworths Ordinary Shares.

2.4.5 The proposed conversion has no other impact on any of the rights attaching to the Woolworths Ordinary Shares and the no par value Woolworths Ordinary Shares will confer on a Woolworths Ordinary Shareholder all of the same rights as they enjoyed as the holder of par value Woolworths Ordinary Shares before the proposed conversion including (without limitation) rights to participate in the profits of Woolworths on winding up.

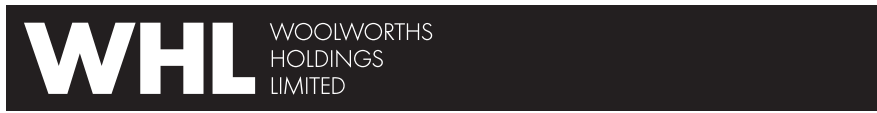
2.5 **Evaluation of material adverse effects of the proposed conversion against compensation offered**

2.5.1 As detailed in paragraph 2.4 above, the proposed conversion has no adverse effects on the holders of Woolworths Ordinary Shares as they are in the same position and enjoy the same rights before and after the proposed conversion.

2.5.2 There is no compensation being offered in the context of the proposed conversion of Woolworths Ordinary Shares as there are no adverse effects following the proposed conversion on holders of Woolworths Ordinary Shares.

3. **GENERAL**

In terms of regulation 31(8)(b) of the Regulations, a copy of this report will be filed at the Companies and Intellectual Property Commission and at the South African Revenue Services at the same time as this report is published to the Shareholders of Woolworths.



WOOLWORTHS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1929/001986/06)

JSE Ordinary Share code: WHL

ISIN: ZAE000063863

("Woolworths" or the "Company")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached shall bear the same meanings herein.

Notice is hereby given that a general meeting of Woolworths Shareholders will be held in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 on Tuesday, 17 June 2014 at 10:00 for the purpose of considering and, if deemed fit, passing with or without modification, the special and ordinary resolutions set out below in the manner required by the Companies Act and the Listings Requirements.

Woolworths Shareholders are reminded that:

- a Woolworths Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend, participate and vote at the General Meeting in the place of the Woolworths Shareholder and the Woolworths Shareholders are referred to the attached form of proxy in this regard;
- a proxy need not be a Woolworths Shareholder.

Record Date

The Directors have determined that the Record Date on which a Woolworths Shareholder must be registered in the Register in order to:

- receive notice of the General Meeting is Friday, 9 May 2014; and
- participate in and vote at the General Meeting is Friday, 6 June 2014.

Therefore the last day to trade in order to be able to participate at the General Meeting is Friday, 30 May 2014.

Identification

In terms of Section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the General Meeting, either as a Woolworths Shareholder, or as a proxy for a Woolworths Shareholder, has been reasonably verified.

Special resolution number 1 – Conversion of Woolworths Ordinary Share Capital from par value Woolworths Ordinary Shares to no par value Woolworths Ordinary Shares

"Resolved that, subject to the passing of Special resolutions number 2, 3, 4, 5 and Ordinary resolutions number 1 and 2, and registration with the Companies and Intellectual Property Commission ("CIPC") to the extent required the Woolworths Ordinary Shares (comprising the issued, authorised and unissued Woolworths Ordinary Shares) be converted, with effect from the date that this resolution is filed with the CIPC from Woolworths Ordinary Shares with a nominal value of 0.15 cents each into Woolworths Ordinary Shares of no par value on the basis that each existing Woolworths Ordinary Share of 0.15 cents be converted into one Woolworths Ordinary Share with no par value in terms of article 15.4 of the Memorandum of Incorporation, such that, save as to the nominal value, the no par value Woolworths Ordinary Shares shall have the same rights and rank *pari passu* in all respects with the par value Woolworths Ordinary Shares of such class."

The reason for Special resolution number 1 is that the Companies Act limits the Company's ability to restructure its par value share capital. In order to meet the requirements of the Companies Act that the Company's Woolworths Ordinary Shares do not have a nominal or par value, the Company's Woolworths Ordinary Shares must be converted from Woolworths Ordinary Shares with a nominal or par value of 0.15 cents each into Woolworths Ordinary Shares of no par value in compliance with the requirements of the Companies Act.

The effect of Special resolution number 1 is that the Woolworths Ordinary Shares (comprising the issued, authorised and unissued Woolworths Ordinary Shares) will be converted from 1 410 600 000 authorised Woolworths Ordinary Shares of 0.15 cents each and 847 004 975 issued Woolworths Ordinary Shares of 0.15 cents each into 1 410 600 000 authorised Woolworths Ordinary Shares of no par value and 847 004 975 issued Woolworths Ordinary Shares of no par value.

The percentage of voting rights required for the adoption of this Special resolution number 1 is the support of at least 75% of the voting rights exercised on that Special resolution.

This resolution, as with all of the resolutions set out in this Notice of General Meeting, will be voted on by the Woolworths Ordinary Shareholders and the Woolworths Preference Shareholders at the General Meeting, but if adopted will constitute a Special resolution adopted by the Woolworths Ordinary Shareholders and “a further Special resolution adopted by a meeting of the company’s shareholders”, as contemplated by regulation 31(6)(b)(i) and (ii) of the Regulations.

Special resolution number 2 – Increase in the number of authorised but unissued Woolworths Ordinary Shares

“Resolved that, subject to the passing of Special resolutions number 1, 3, 4, 5 and Ordinary resolutions number 1 and 2 and registration with the CIPC to the extent required, the existing authorised share capital of the Company, divided into 1 410 600 000 Woolworths Ordinary Shares with no par value and 89 400 000 Woolworths Preference Shares of 0.15 cents each, be and is hereby increased by the creation of a further 11 000 000 000 Woolworths Ordinary Shares with no par value for the purposes of the Rights Offer, such that, pursuant to such increase, the authorised share capital of the Company shall comprise 12 410 600 000 Woolworths Ordinary Shares with no par value and 89 400 000 Woolworths Preference Shares of 0.15 cents each.”

The reason for Special resolution number 2 is that the Company may not have sufficient authorised but unissued Woolworths Ordinary Shares for purposes of the Rights Offer and hence the Company has proposed the increase in the number of authorised Woolworths Ordinary Shares.

The amount of the Rights Offer and the Rights Offer price will be determined by the Company and the Funders immediately prior to the Rights Offer depending on, *inter alia*, market conditions prevailing at such time. Consequently the Directors believe that it is necessary to increase the share capital by this number of Woolworths Ordinary Shares in order to give the Company sufficient flexibility to make the Rights Offer at a price which will, in the circumstances prevailing at the time at which that price is determined, be appropriate. To the extent that the newly created Woolworths Ordinary Shares are not required for purposes of the Rights Offer, the Company will propose the reduction of the number of authorised Woolworths Ordinary Shares to a customary level, as determined by the Directors, at the annual general meeting of the Company following implementation of the Rights Offer.

The effect of Special resolution number 2 is to increase the authorised share capital of the Company from 1 410 600 000 Woolworths Ordinary Shares with no par value to 12 410 600 000 Woolworths Ordinary Shares with no par value.

The percentage of voting rights required for the adoption of this Special resolution number 2 is the support of at least 75% of the voting rights exercised on that Special resolution.

Special resolution number 3 – Authorisation for the amendment of the Company’s Memorandum of Incorporation

“Resolved that, subject to the passing of Special resolutions numbers 1, 2, 4, 5 and Ordinary resolutions number 1 and 2, and registration with the CIPC to the extent required, the Company’s Memorandum of Incorporation be and is hereby amended by:

- (i) the deletion in its entirety of the definition of “Capital” at page 1 and the substitution thereof with the following new definition:

“Capital” means the capital of the Company as constituted from time;”

- (ii) the deletion in its entirety of the definition of “Ordinary Share” at page 4 and the substitution thereof with the following new definition:

“Ordinary Share” means a share in the Capital which entitles the holder, subject to the conditions of issue of such share, to all of the rights which a Shareholder has or would be entitled to have in relation to the Company if such share was the only class of shares in its issued Capital;”

(iii) the deletion in its entirety of article 5 and the substitution thereof with the following new article 5:

“Capital”

The total number of authorised shares in the capital of the Company is constituted by 12 410 600 000 Ordinary Shares of no par value and 89 400 000 convertible, redeemable, non-cumulative participating preference shares of 0.15 cents each.”

(iv) the deletion in its entirety of the definition of “Ordinary Share” under article 52 and the substitution thereof with the following definition of “Ordinary Share”:

“Ordinary Share” means an ordinary share of no par value in the Capital of the Company;”

(v) the deletion in its entirety of the definition of “Preference Shares” under article 52 and the substitution thereof with the following definition of “Preference Shares”:

“Preference Shares” means the convertible, redeemable, non-cumulative, participating preference shares of 0.15 cents each in the Capital of the Company, having the rights, privileges, restrictions and conditions set out in this Article 52;”

(vi) the deletion in its entirety of article 52.1.1 and the substitution thereof with the following new article 52.1.1:

“Each Preference Share shall rank, as regards a repayment of Capital on the winding-up of the Company, prior to the Ordinary Shares and any other class of shares in the Capital of the Company not ranking prior to or pari passu with the Preference Shares;”

(vii) the deletion in its entirety of article 52.1.5.1 and the substitution thereof with the following new article 52.1.5.1:

“on a poll, be entitled to 1 (one) vote in respect of each Preference Share which he holds.”

The reason for this Special resolution number 3 is to amend the Company's Memorandum of Incorporation as required in terms of section 36(2) of the Companies Act and regulation 31(6)(b)(i) of the Regulations.

The effect of this Special resolution number 3 is to ensure that the Company's Memorandum of Incorporation contains the correct detail in relation to the Company's authorised share capital.

The percentage of voting rights required for the adoption of this Special resolution number 3 is the support of at least 75% of the voting rights exercised on that Special resolution.

Special resolution number 4 – Authorisation for the ability to issue 30% or more of the Company's Woolworths Ordinary Shares for the purposes of implementing the Rights Offer

“Resolved that, subject to the passing of Special resolutions number 1, 2, 3, 5 and Ordinary resolutions number 1 and 2, and registration with the CIPC to the extent required, the Directors be and are hereby authorised, to the extent required in terms of the provisions of section 41(3) of the Companies Act, to allot and issue such number of Woolworths Ordinary Shares in the authorised but unissued share capital of the Company as are required pursuant to and for the purposes of the Rights Offer, even if such number of Woolworths Ordinary Shares have voting power equal to or in excess of 30% of the voting rights of all Woolworths Ordinary Shares immediately prior to such issue. Such authority will include the authority to allot and issue any Woolworths Ordinary Shares in the authorised but unissued share capital of the Company to any underwriter(s) of the Rights Offer (whether or not any such underwriter is a related party to the Company (as defined for the purposes of the Listings Requirements)) and/or a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons).”

The reason for this Special resolution number 4 is to authorise the issue of Woolworths Ordinary Shares with no par value which have voting rights equal to or in excess of 30% of the voting rights of all Woolworths Ordinary Shares of no par value immediately prior to the issue and/or to a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons), to the extent required for the purposes of implementation of the Rights Offer.

The effect of Special resolution number 4 is to authorise the directors of the Company, in terms of section 41(3) of the Companies Act, to issue Woolworths Ordinary Shares with no par value which have voting rights equal to or in excess of 30% of the voting rights of all Woolworths Ordinary Shares of no par value immediately prior

to the issue and/or to a person falling within the ambit of section 41(1) of the Companies Act, being a Director, future Director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company (or a nominee of any of the foregoing persons), to the extent required for the purposes of implementation of the Rights Offer.

The percentage of voting rights required for the adoption of this Special resolution number 4 is the support of at least 75% of the voting rights exercised on that Special resolution.

Special resolution number 5 – Authorisation to exclude holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer

“Resolved that, subject to the passing of Special resolutions number 1, 2, 3, 4 and Ordinary resolutions number 1 and 2, and registration with the CIPC to the extent required, the Company be and is hereby entitled to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer.”

The reason for this Special resolution number 5 is that the Company wishes to be entitled to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer and hence requires approval by the Woolworths Shareholders for the Rights Offer to be structured in this manner. In terms of the Companies Act, a rights offer (as defined in section 95(1)(l)) is not required to be made to all shareholders of a company.

With regard to the Treasury Shares, if the Rights Offer proceeds, the subsidiaries of the Company which hold the Treasury Shares will either be required to fund their participation in the Rights Offer, or sell their rights. In the Company's view, it is more practical for the holders of Treasury Shares to rather be excluded from the Rights Offer. Each of WPL and E-Com Investments 16 Proprietary Limited, the holders of Treasury Shares, have agreed in writing to the decision of the Company to exclude the holders of Treasury Shares from participating in the Rights Offer, subject to the Woolworths Shareholders adopting Special resolution number 5 set out in the Notice of General Meeting, thereby entitling the Company to exclude the holders of Treasury Shares from participating in the Rights Offer.

In respect of the holder of the Woolworths Preference Shares, the trustees of the ESOS Trust have decided that the holder of the Woolworths Preference Shares should not participate in the Rights Offer, but rather the “hurdle rate” be adjusted to ensure that the beneficiaries of the ESOS Trust are placed in the same position, or in a substantially similar position, to that which they would have been in if the Rights Offer had not occurred, in accordance with the ESOS Trust Deed.

The effect of Special resolution number 5 is to entitle the Company to exclude the holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer.

The percentage of voting rights required for the adoption of this Special resolution number 5 is the support of at least 75% of the voting rights exercised on that Special resolution.

Ordinary resolution number 1 – Approval of implementation of the Acquisition as a Category 1 transaction

“Resolved that, subject to the passing of Special resolutions number 1, 2, 3, 4, 5 and Ordinary resolution number 2, and registration with the CIPC to the extent required, the acquisition by the Company through its wholly-owned subsidiary, Vela Investments Pty Limited, a company registered in accordance with the laws of Australia (“Vela”) of the Scheme Shares from Scheme Participants for the Consideration of A\$4.00, per Scheme Share, resulting in an aggregate Consideration of approximately A\$2.15 billion, approximately R21.4 billion, which Consideration will be settled upon the terms and subject to the conditions set out in the Circular to Woolworths Shareholders dated Friday, 16 May 2014 of which this Notice of General Meeting forms part, be and is hereby approved by the Woolworths Shareholders.”

The reason for this Ordinary resolution number 1 is to approve and authorise the Acquisition as a Category 1 transaction, as required by the Listings Requirements.

The effect of Ordinary resolution number 1 is to approve and authorise the Acquisition as a Category 1 transaction.

The percentage of voting rights required for the adoption of this Ordinary resolution number 1 is 50% plus one vote, of the voting rights exercised on this ordinary resolution.

Ordinary resolution number 2 – Placing control of the authorised but unissued Shares in the hands of the directors

“Resolved that, subject to the passing of Special resolutions number 1, 2, 3, 4, 5 and Ordinary resolution number 1, and registration with the CIPC to the extent required, in terms of article 6.1 of the Company's Memorandum of Incorporation, the Woolworths Ordinary Shares of no par value in the authorised but unissued share capital of the Company be and are hereby placed under the control of the directors of the Company with specific authority to allot and issue such Woolworths Ordinary Shares in the capital of the Company upon such terms and conditions as they may determine for the specific purpose of implementing the proposed Rights Offer, subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and the Listings Requirements.”

The reason for this Ordinary resolution number 2 is to place the Woolworths Ordinary Shares of no par value in the authorised but unissued share capital of the Company under the control of the Directors of the Company with specific authority to allot and issue such Woolworths Ordinary Shares for the specific purpose of implementing the proposed Rights Offer.

The effect of Ordinary resolution number 2 is to place the Woolworths Ordinary Shares of no par value in the authorised but unissued share capital of the Company under the control of the Directors of the Company with specific authority to allot and issue such Woolworths Ordinary Shares for the specific purpose of implementing the proposed Rights Offer.

The percentage of voting rights required for the adoption of this Ordinary resolution number 2 is 50% plus one vote, of the voting rights exercised on this Ordinary resolution.

Ordinary resolution number 3 – General authorisation

“Resolved that any director of the Company or the company secretary be and is hereby authorised to take all actions necessary and sign all documents required to give effect to the abovementioned resolutions.”

The reason for this Ordinary resolution number 3 is to authorise any Director or the company secretary of the Company to take all actions necessary and sign all documents required to give effect to all of the resolutions set out in this Notice of General Meeting.

The effect of Ordinary resolution number 3 is to authorise any Director or the company secretary of the Company to take all actions necessary and sign all documents required to give effect to all of the resolutions set out in this Notice of General Meeting.

The percentage of voting rights required for the adoption of this Ordinary resolution number 3 is 50% plus one vote, of the voting rights exercised on this Ordinary resolution.

In terms of section 48(2)(b)(ii) of the Companies Act, the holders of Treasury Shares shall not be entitled to exercise voting rights on the aforementioned resolutions. Furthermore, in terms of the Listings Requirements, Shares held under the Company's share schemes in force as at the date of the General Meeting, which for the avoidance of doubt shall exclude the holder of the Woolworths Preference Shares, will not have their votes at the General Meeting taken into account for the purposes of Ordinary resolution number 1, which is proposed in terms of the Listings Requirements.

Voting requirements and proxies

The trustees of the ESOS Trust, as the owner of the Woolworths Preference Shares in Woolworths, will consult with the beneficiaries under the ESOS Trust on the resolutions which will be considered at the General Meeting in order to ascertain the views of such beneficiaries on the manner in which the ESOS Trust should exercise its voting rights, as the holder of the Woolworths Preference Shares, in respect of such resolutions.

On a show of hands, every Woolworths Shareholder, present in person or represented by proxy, shall have one vote only. On a poll, every Woolworths Shareholder, present in person or by proxy, shall have one vote for every Share held or represented.

Any Woolworths Shareholder who holds Certificated Shares in the Company or who holds Dematerialised Shares through a CSDP or Broker and who has selected “own-name” registration and any Woolworths Preference Shareholder, may attend, participate in and vote at the General Meeting or at any adjournment thereof or may appoint any other person or persons (none of whom need be a Woolworths Shareholder) as a proxy or proxies, to attend, participate in and vote or abstain from voting at the General Meeting or at any adjournment thereof, in such Shareholder's stead.

A form of proxy is attached for use by such Woolworths Ordinary Shareholders and Woolworths Preference Shareholders. Such form, duly completed, must be forwarded to reach the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 or be posted to them at PO Box 61051, Marshalltown, 2107, or emailed to them at proxy@computershare.co.za to be received by no later than 10:00 on Thursday, 12 June 2014.

Woolworths Shareholders holding Dematerialised Shares, but not with own-name registration, must furnish their CSDP or Broker with their instructions for voting at the General Meeting. If your CSDP or Broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or Broker, in terms of the agreement between you and your CSDP or Broker by the cut off time stipulated in the agreement, that you wish to attend the General Meeting or send a proxy to represent you at the General Meeting, your CSDP or Broker will assume that you do not wish to attend the General Meeting or send a proxy.

If you wish to attend the General Meeting or send a proxy, and you are not an "own-name" Dematerialised Shareholder or Certificated Shareholder, you must request your CSDP or Broker to issue the necessary Letter of Representation to you.

The completion of a form of proxy does not preclude any Woolworths Shareholder registered by the Voting Record Date from attending the General Meeting.

Woolworths Shareholders and proxies attending the General Meeting on behalf of Woolworths Shareholders are reminded that satisfactory identification must be presented in order for such shareholder or proxy to be allowed to attend or participate in the General Meeting.

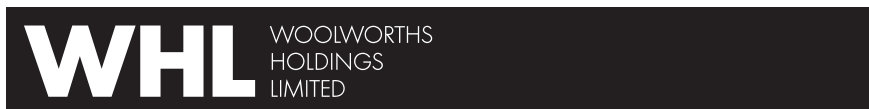
Electronic participation

Woolworths Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a webcast. If you wish to do so, you must contact the company secretary and identify yourself to the satisfaction of the company secretary to obtain the webcast access details. Woolworths Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting. Access by means of electronic communication will be at the expense of the Woolworths Shareholder.

By order of the Board

Thobeka Sishuba-Mashego
Group Secretary

Cape Town
16 May 2014



WOOLWORTHS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1929/001986/06)
 JSE Ordinary Share code: WHL
 ISIN: ZAE000063863
 (“Woolworths” or the “Company”)

FORM OF PROXY

For use only by:

- holders of certificated ordinary shares in the Company;
 - holders of dematerialised ordinary shares in the Company held through a Central Securities Depository Participant (CSDP) or Broker and who have selected “own-name” registration; and
 - the holder of the convertible, redeemable, non-cumulative participating preference shares in the Company (“preference shares”),
- at the general meeting of Woolworths shareholders to be held at in the Auditorium, 1st Floor, Woolworths House, 93 Longmarket Street, Cape Town, 8001 at 10:00 on Tuesday, 17 June 2014 and at any adjournment thereof (“General Meeting”).

If you are a Woolworths Shareholder referred to above, and are entitled to attend and vote at the General Meeting, you can appoint a proxy or proxies to attend, vote and speak in your stead at the General Meeting. A proxy need not be a shareholder of the Company. If you are a Woolworths Ordinary Shareholder and have dematerialised your ordinary shares through a CSDP (and have not selected “own-name” registration in the sub-register maintained by a CSDP), do **not** complete this form of proxy but instruct your CSDP to issue you with the necessary authority to attend the General Meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with it.

I/We (full names in BLOCK LETTERS)

of (Address)

Telephone number () Cellphone number

being a holder/s of _____ ordinary/preference shares in the Company (delete whichever is inapplicable), hereby appoint:

1. _____ of _____ failing him/her,
2. _____ of _____ failing him/her,
3. the Chairman of the Company, or failing him the chairman of the General Meeting, as my/our proxy to attend, speak and on a poll to vote or abstain from voting on my/our behalf, as indicated below, at the General Meeting and/or at any adjournment thereof

Resolution	For	Against	Abstain
1. Special resolution number 1 – conversion of par value Woolworths Ordinary Shares to no par value Woolworths Ordinary Shares			
2. Special resolution number 2 – increase number of authorised Woolworths Ordinary Shares			
3. Special resolution number 3 – amendments to Memorandum of Incorporation			
4. Special resolution number 4 – approval to issue 30% or more of the Company’s issued Woolworths Ordinary Shares			
5. Special resolution number 5 – authorisation to exclude holders of Treasury Shares and the holder of the Woolworths Preference Shares from participating in the Rights Offer			
6. Ordinary resolution number 1 – approval of the Acquisition			
7. Ordinary resolution number 2 – placing Woolworths Ordinary Shares under the control of the directors for the specific purpose of the Rights Offer			
8. Ordinary resolution number 3 – general authorising resolution			

Insert an “X” in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares which you desire to vote (see note 2).

This proxy shall be valid only for the General Meeting of shareholders of the Company to be held on Tuesday, 17 June 2014 and any adjournment thereof.

Signed at _____ this _____ day of _____ 2014

Signature

Assisted by me (if applicable)

Please read the notes on the reverse side hereof.

NOTES:

A Woolworths Shareholder is entitled to appoint one or more proxies (none of whom need be a Shareholder of Woolworths) to attend, speak and vote or abstain from voting in the place of that Shareholder at the General Meeting.

1. A Woolworths Shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the Woolworths Shareholder's choice in the space provided, with or without deleting the words "the Chairman of the Company, or failing him the Chairman of the General Meeting". The person whose name appears first on this 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. A Woolworths Shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box or if a Woolworths Shareholder wishes the proxy to cast votes in respect of a lesser number of Shares than the Woolworths Shareholder owns, the requisite number of Shares should be inserted in the appropriate box. Failure to comply with the above will be deemed to authorise and instruct the Chairman of the Company or failing him the Chairman of the General Meeting, if he is the authorised proxy, to vote in favour of the resolutions concerned at the General Meeting, or any other proxy to vote or abstain from voting at the General Meeting as he deems fit, in respect of the Woolworths Shareholder's total holding.
3. The completion and lodging of this form of proxy will not preclude a Woolworths 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 Woolworths Shareholder wish to do so.
4. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the Company's register of shareholders in respect of the joint holding.
5. The Chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes.
6. 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 Chairman of the General Meeting.
7. Any alteration or correction to this form of proxy must be initialled by the signatory/ies.
8. Forms of proxy must be lodged with or posted to the Company, c/o Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Thursday, 12 June 2014.
9. If the General Meeting is adjourned or postponed, forms of proxy submitted for the General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless the contrary is stated on such form of proxy.
10. The appointment of a proxy or proxies:
 - a. is suspended at any time and to the extent that a Woolworths Shareholder chooses to act directly and in person in the exercise of any rights as a Woolworths Shareholder;
 - b. is revocable, in which case a Woolworths Shareholder may revoke the proxy appointment by:
 - i. cancelling it in writing or making a later inconsistent appointment of a proxy; and
 - ii. deliver a copy of the revocation instrument to the proxy and to the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107);
 - c. if the instrument appointing a proxy or proxies has been delivered to the Company's Transfer Secretaries, as long as that appointment remains in effect, any notice that is required by the Companies Act, 2008, as amended, or the Company's Memorandum of Incorporation to be delivered by the Company to the Woolworths Shareholder must be delivered by the Company to:
 - i. the Woolworths Shareholder; or
 - ii. the proxy or proxies, if the Woolworths Shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so.

Summary of the rights of a Woolworths Shareholder to be represented by proxy:

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

Shareholders' rights regarding proxies in terms of section 58 of the Companies Act include, *inter alia*, to at any time appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.

A proxy appointment:

- must be in writing, dated and signed by the shareholder; and
- remains valid for:
 - o one year after the date on which it was signed; or
 - o any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c); or expires earlier as contemplated in section 58(8)(d) of the Companies Act.

Except to the extent that the memorandum of incorporation of the company provides otherwise:

- a shareholder of that company may appoint 2 (two) or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to the different securities held by the shareholder;
- a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
- a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date:

- stated in the revocation instrument, if any; or
- upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.

Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to:

- the shareholder; or
- the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.

If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

- such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
- the invitation or form of proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, contain adequate space to enable a shareholder to write in the name, and if so desired an alternative name, of a proxy chosen by the shareholder and provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or abstain from voting;
- the company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.