

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, throughout this document, including this cover page.

### Action Required

- If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
- If you have disposed of all of your PPC Ordinary Shares, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, accountant, attorney or other agent through whom the disposal was effected.
- PPC Shareholders are referred to page 1 of this Circular, which sets out the action required by them.



### PPC Ltd

(Incorporated in the Republic of South Africa on 22 April 1892)

Registration number 1892/000667/06

JSE Share code: PPC ISIN: ZAE000170049

ZSE alpha code: PPC

("PPC" or the "Company")

## CIRCULAR TO PPC SHAREHOLDERS

regarding:

**the proposed amendments to the 2008 B-BBEE Transaction involving, amongst others, the Company, the Strategic Black Partners, which are deemed to be related parties, and the Community Service Groups, as well as the proposed issue of PPC Ordinary Shares in the Company to such participants at R0.01 per PPC Ordinary Share as a separate and independent transaction;**

and incorporating:

- a notice convening a General Meeting of PPC Shareholders; and
- a form of proxy in respect of the General Meeting (*yellow*) (for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only).

Financial Advisor and  
Transaction Sponsor



Legal Advisor



Tax Advisor



Independent Reporting  
Accountants



Date of issue: 4 November 2016

This Circular is only available in English. Copies may be obtained from the registered office of the Company and the Financial Advisor and Transaction Sponsor whose addresses are set out in the "Corporate Information and Advisors" section of this Circular, as well as in electronic form from the Company's website ([www.ppc.co.za](http://www.ppc.co.za)). These documents will be available from 4 November until 2 December 2016, both days inclusive.

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## CORPORATE INFORMATION AND ADVISORS

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### **Group Company Secretary and registered office**

JHDLR Snyman (BA (Law), LLB, LLM, MBA)  
PPC Ltd  
148 Katherine Street  
Sandton, 2196  
(PO Box 787416, Sandton, 2146)

### **Financial Advisor and Transaction Sponsor**

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

### **Independent Reporting Accountants**

Deloitte & Touche  
Registered Auditors  
Deloitte Place, The Woodlands  
20 Woodlands Drive  
Woodmead, 2196  
(Private Bag X6, Gallo Manor, 2052)

### **Transfer Secretaries in South Africa**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
70 Marshall Street  
Johannesburg, 2001  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
(PO Box 61051, Marshalltown, 2107)

### **Company Sponsor**

Merrill Lynch South Africa Proprietary Limited  
(Registration number 1995/001805/07)  
138 West Street, Sandown  
Sandton, 2196  
(PO Box 651987, Benmore, 2010)

### **Legal Advisor**

Bowman Gilfillan Inc.  
(Registration number 1998/021409/21)  
165 West Street  
Sandton, 2196  
(PO Box 785812, Sandton, 2146)

### **Tax Advisor**

Cliffe Dekker Hofmeyr Inc.  
(Registration number 2008/018923/21)  
1 Protea Place, Sandown  
Sandton, 2196  
(Private Bag X40, Benmore, 2010)

### **Transfer Secretaries in Zimbabwe**

Corpserve (Private) Limited  
(Registration number 1999/87)  
2nd Floor, ZB Centre  
Corner First Street and Kwame Nkrumah Avenue  
Harare, Zimbabwe  
(PO Box 2208, Harare, Zimbabwe)

### **Date of incorporation**

22 April 1892

### **Place of incorporation**

South Africa

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## **ACTION REQUIRED BY PPC SHAREHOLDERS**

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*The definitions and interpretations commencing on page 5 of this Circular apply, mutatis mutandis, to this section.*

*The action you need to take is set out below. If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately. If you have disposed of all of your PPC Ordinary Shares, this Circular should be handed to the purchaser of such shares or to the CSDP, Broker, banker, or other agent through whom the disposal was effected.*

### **1. GENERAL MEETING**

A General Meeting of PPC Shareholders has been convened in terms of the Notice of General Meeting attached hereto for purposes of considering, and if deemed fit, passing, with or without modification, the resolutions set out in the Notice of General Meeting. The General Meeting is to be held at 12:00 on 5 December 2016 at JSE Limited, One Exchange Square, Gwen Lane, Sandown (Parking available at 24 Central, Corner Gwen Lane and Fredman Drive).

### **2. IF YOU ARE A DEMATERIALISED SHAREHOLDER OTHER THAN WITH “OWN-NAME” REGISTRATION:**

#### **2.1 Voting at the General Meeting**

- 2.1.1 Your CSDP or Broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP or Broker to ascertain how you wish to cast your votes at the General Meeting and thereafter to cast your votes in accordance with your instructions.
- 2.1.2 If you have not been contacted, it would be advisable for you to contact your CSDP or Broker and furnish it with your voting instructions.
- 2.1.3 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 agreement concluded between you and your CSDP or Broker.
- 2.1.4 You must **NOT** complete the attached form of proxy (*yellow*).

#### **2.2 Attendance and representation at the General Meeting**

- 2.2.1 If you wish to attend the General Meeting, you must advise your CSDP or Broker in accordance with the agreement concluded between you and your CSDP or Broker, and your CSDP or Broker will issue the necessary letter of representation to enable you to attend the General Meeting.
- 2.2.2 Unless you advise your CSDP or Broker, in accordance with the terms of the agreement concluded between you and your CSDP or Broker, that you wish to attend the General Meeting and have been provided with a letter of representation from them or instructed them to send their proxy to represent you at the General Meeting, your CSDP or Broker may assume that you do not wish to attend the General Meeting and act in accordance with the agreement between you and your CSDP or Broker.

### **3. IF YOU ARE A CERTIFICATED SHAREHOLDER**

#### **3.1 Voting, attendance and representation at the General Meeting**

- 3.1.1 You may attend the General Meeting in person and may speak at and vote at the General Meeting.
- 3.1.2 Alternatively, if you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*yellow*) for the General Meeting in accordance with the instructions contained therein and returning it to the Transfer Secretaries to be received by no later than **12:00 on 1 December 2016**.

- 3.1.3 You are encouraged to complete the form of proxy (*yellow*) attached to this document if you do not intend to attend the General Meeting in person.
- 3.1.4 Where there are joint holders of PPC Ordinary Shares, any one of such persons may vote at the General Meeting in respect of such PPC Ordinary Shares as if they are solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name stands first in PPC's Register in respect of such PPC Ordinary Shares or their proxy, as the case may be, shall alone be entitled to vote in respect of such PPC Ordinary Shares.

**If you wish to dematerialise your PPC Ordinary Shares, please contact your CSDP or Broker.**

4. **IF YOU ARE A DEMATERIALISED SHAREHOLDER WITH "OWN-NAME" REGISTRATION:**

Only paragraph 2.1 above is applicable to you.

- 5. PPC does not accept responsibility and will not be held liable, under any applicable law or regulation, for any action or omission by, the CSDP or Broker of a Dematerialised Shareholder including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner to notify such beneficial owner of the General Meeting or of matters set forth in this Circular.

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this section.

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**2016**

Record date to determine which PPC Shareholders are eligible to receive the Circular, including the Notice of General Meeting and form of proxy ( <i>yellow</i> )	Friday, 28 October
Circular, including Notice of General Meeting and form of proxy ( <i>yellow</i> ), posted to PPC Shareholders and announced on SENS on	Friday, 4 November
Last day to trade in order to be entitled to participate in and vote at the General Meeting	Tuesday, 22 November
Last day and time to give notice to participate in the General Meeting electronically by 12:00 on	Thursday, 24 November
Record date to be entitled to participate in and vote at the General Meeting	Friday, 25 November
Last day to lodge forms of proxy ( <i>yellow</i> ) for the General Meeting by 12:00 on	Thursday, 1 December
General meeting to be held at 12:00 on	Monday, 5 December
Results of the General Meeting released on SENS and on the Zimbabwean Stock Exchange News Service on	Monday, 5 December
Results of the General Meeting to be published in the South African press on	Tuesday, 6 December

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**Notes:**

1. All times shown in this Circular are South African local times.
2. These dates and times are subject to change. Any changes will be released on SENS, the Stock Exchange News Service in Zimbabwe and published in the South African press.
3. Should the General Meeting be adjourned or postponed, it is requested that forms of proxy be received by no later than 48 hours (excluding Saturdays, Sundays and statutory or proclaimed public holidays in South Africa) prior to the time of the adjourned or postponed General Meeting.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and the annexures hereto, unless otherwise stated or the context clearly indicates a contrary intention, the following words and expressions shall bear the meaning assigned to them hereunder. Words in the singular shall include the plural and *vice versa*, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

<b>“2008 B-BBEE Transaction”</b>	the B-BBEE transaction which was implemented by PPC in December 2008 in terms of which the PPC Black Independent Non-executive Directors Trust, PPC Black Managers Trust, PPC Community Trust, PPC Construction Industry Associations Trust, PPC Education Trust, PPC Team Benefit Trust, the Strategic Black Partners, the Community Service Groups, Current PPC Team Trust and Future PPC Team Trust acquired, directly or indirectly, PPC Ordinary Shares, representing, as at the date of implementation, 15.29% of PPC’s issued ordinary share capital;
<b>“2008 B-BBEE Transaction Agreements”</b>	the transaction documents relating to the 2008 B-BBEE Transaction, including, amongst others, the Initial Subscription Agreements, Maturity Date Subscription Agreements, Relationship Agreements, Pledge and Cession Agreements, Reversionary Pledge and Cession Agreements and Reversionary Cession Agreements;
<b>“3Q”</b>	3Q Mahuma Concrete Proprietary Limited;
<b>“3Q Acquisition”</b>	Acquisition by PPC of the entire issued stated capital of 3Q;
<b>“Act” or “Companies Act”</b>	the Companies Act, No. 71 of 2008, as amended from time to time, including the Companies Regulations 2011;
<b>“Additional Share Allocations”</b>	has the meaning given to it in paragraph 2.2.10 of this Circular;
<b>“Additional Shares”</b>	the sum of the SBP Additional Shares and the CSG Additional Shares to be issued to the SBP Funding SPV and CSG Funding SPV, respectively as a separate and independent transaction by the Company at R0.01 per PPC Ordinary Share pursuant to the Additional Share Allocations (equal to 4,403,439 PPC Ordinary Shares as at the Last Practicable Date);
<b>“Additional Shares Subscription Agreements”</b>	the subscription agreements entered into between (i) PPC and the SBP Funding SPV on or about 26 October 2016, and (ii) PPC and CSG Funding SPV on or about 26 October 2016, in terms of which the SBP/CSG Funding SPVs will subscribe for the Additional Shares as a separate and independent transaction;
<b>“Additional Shares Pledge Agreements”</b>	the agreements of pledge and cession entered into between (i) PPC and the SBP Funding SPV on or about 26 October 2016, and (ii) PPC and the CSG Funding SPV on or about 26 October 2016, in terms of which the SBP/CSG Funding SPVs will pledge their Additional Shares to PPC, pursuant to the Additional Share Allocations;
<b>“Approved Transactions”</b>	transactions announced by the Company post the quarter ended 30 June 2016 and year ended March 2016 relating to the finalisation of the liquidity and guarantee facility, PPC Rights Offer and the 3Q Acquisition;
<b>“Associate”</b>	has the meaning ascribed thereto in the Listings Requirements;
<b>“B-BBEE”</b>	Broad-Based Black Economic Empowerment;
<b>“B-BBEE Act”</b>	the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended from time to time, including any regulations promulgated thereunder;
<b>“Board” or “Directors”</b>	Board of Directors of PPC, whose names appear on page 11 of this Circular;

<b>“Broker”</b>	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
<b>“Business Day”</b>	any day, other than a Saturday, Sunday or official public holiday in South Africa;
<b>“Cash Available”</b>	the amount equal to the difference between: <ul style="list-style-type: none"> <li>(i) the cash received by the SBP/CSG Funding SPV from PPC in settlement of the PPC Loans plus any other cash and cash equivalents of the SBP/CSG Funding SPV on hand on the Issue Date (as such term is defined in the Maturity Date Subscription Agreements); and</li> <li>(ii) cash paid or to be paid by the SBP/CSG Funding SPV in accordance with the terms of the facility agreements governing the SPV Loans;</li> </ul>
<b>“cent”</b>	cent, being one one-hundredth of a Rand, the official currency of South Africa;
<b>“Certificated Shareholders”</b>	PPC Shareholders who hold Certificated Shares;
<b>“Certificated Shares”</b>	PPC Ordinary Shares held in the form of certificates or other Documents of Title and which have not been Dematerialised in terms of the requirements of Strate;
<b>“Circular”</b>	this document, dated 4 November 2016, including the annexures and incorporating the Notice of General Meeting and form of proxy ( <i>yellow</i> );
<b>“Common Monetary Area”</b>	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
<b>“Compulsory Subscription Price”</b>	has the meaning contemplated in paragraph 2.2.7.1 of this Circular;
<b>“CSDP”</b>	a Central Securities Depository Participant defined as a “participant” in section 1 of the Financial Markets Act, and appointed by individual Shareholders for purposes of, and in regard to, Dematerialisation of Documents of Title for the purpose of incorporation into Strate;
<b>“CSGs” or “Community Services Groups”</b>	DEC and Shalamuka, being the investment vehicles for the Disability Empowerment Concerns Trust and the Shalamuka Foundation respectively, further details of which are set out in <b>Annexure 3</b> of this Circular;
<b>“CSG Additional Shares”</b>	such number of PPC Ordinary Shares as is equal to 8.93% (being the CSGs equity contribution relative to the SBPs) multiplied by the number of SBP Additional Shares (equal to 353,002 PPC Ordinary Shares as at the Last Practicable Date);
<b>“CSG Funding SPV”</b>	PPC Broad-Based Strategic Partnership Funding SPV Proprietary Limited, registration number 2007/014719/07, a private company with limited liability incorporated in accordance with the laws of South Africa with the CSGs as shareholders;
<b>“CSG Initial Subscription Shares”</b>	the 8,569,056 PPC Ordinary Shares subscribed for by the CSG Funding SPV in terms of the 2008 B-BBEE Transaction;
<b>“CSG PPC Loan”</b>	an eight-year fixed rate loan of approximately R268.4 million made by the CSG Funding SPV to PPC, in terms of the 2008 B-BBEE Transaction;
<b>“DEC”</b>	DEC Investment Holding Company Proprietary Limited, registration number 1997/010461/07, a private company with limited liability incorporated in accordance with the laws of South Africa, its shareholder being the Disability Empowerment Concerns Trust;



<b>“Dematerialisation”</b>	the process whereby paper share certificates or other Documents of Title are replaced with electronic records of ownership of shares or securities as contemplated in section 49(5) of the Companies Act under the Strate system with a CSDP or broker;
<b>“Dematerialised Shareholders”</b>	PPC Shareholders who hold Dematerialised Shares;
<b>“Dematerialised Shares”</b>	PPC Ordinary Shares which have been Dematerialised in terms of the requirements of Strate and the ownership of which is no longer evidenced by physical Documents of Title but by electronic records;
<b>“DMR”</b>	Department of Mineral Resources;
<b>“Documents of Title”</b>	share certificates, certified transfer deeds, balance receipts, or any other documents of title to certificated shares, acceptable to PPC;
<b>“End Date”</b>	has the meaning as described in paragraph 3.3.2.1;
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations 1961, as amended, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
<b>“Final Date”</b>	in relation to a SBP or a CSG (including the SBP Funding SPV or CSG Funding SPV), is the date that is the earliest of: <ul style="list-style-type: none"> <li>(a) the 20th Business Day after the eighth anniversary of the first draw-down under its SPV Loans or, subject to implementation of the Proposed Amendments, 15 December 2016;</li> <li>(b) the first Business Day after the occurrence of an early repayment event under its SPV Loans; or</li> <li>(c) such other date as a repurchase is effected under the relevant Initial Subscription Agreement;</li> </ul>
<b>“Financial Markets Act”</b>	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
<b>“First Date”</b>	31 December 2014, being the date on which the SBPs, CSGs and the SBP/CSG Funding SPVs are entitled to sell (i) their ordinary shares held in the SBP/CSG Funding SPVs; and (ii) the PPC Ordinary Shares, respectively, as set out in paragraph 2.2.5;
<b>“General Meeting”</b>	the General Meeting of PPC Shareholders to be held at 12:00 on 5 December 2016, at JSE Limited, One Exchange Square, Gwen Lane, Sandown to consider and, if deemed fit, pass with or without modification the Resolutions, and including any adjournment of such meeting;
<b>“Group”</b>	PPC and its subsidiaries (as such term is defined in the Companies Act);
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Implementation Agreements”</b>	the implementation agreements entered into between (i) PPC and the SBP Funding SPV on or about 26 October 2016, and (ii) PPC and the CSG Funding SPV on or about 26 October 2016, setting out, amongst others, the suspensive conditions to the Proposed Amendments, and regulating implementation of, the Proposed Amendments;
<b>“Initial Subscription Agreements”</b>	the subscription agreements entered into between (i) PPC, SBSA and the SBP Funding SPV on or about 27 August 2008, and (ii) PPC, SBSA and the CSG Funding SPV on or about 27 August 2008, pursuant to the 2008 B-BBEE Transaction and in terms of which each SBP/CSG Funding SPV acquired its Initial Subscription Shares;
<b>“Initial Subscription Shares”</b>	collectively, the SBP Initial Subscription Shares and the CSG Initial Subscription Shares;

<b>“Independent Reporting Accountants” or “Deloitte”</b>	Deloitte & Touche;
<b>“JSE”</b>	JSE Limited, registration number 2005/022939/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
<b>“Last Practicable Date”</b>	means, in relation to the information in the <i>pro forma</i> financial effects (paragraph 6 and Annexure 1), 25 October 2016, and in respect of all the other information in the Circular, 31 October 2016, being the last practicable date prior to finalisation of this Circular;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time by the JSE;
<b>“Maturity Date Subscription Agreements”</b>	the subscription agreements entered into between (i) PPC, SBSA and the SBP Funding SPV on or about 27 August 2008, and (ii) PPC, SBSA and the CSG Funding SPV, pursuant to the 2008 B-BBEE Transaction, in terms of which each SBP/CSG Funding SPV will subscribe for an agreed number of Maturity Date Subscription Shares after the applicable Final Date;
<b>“Maturity Date Subscription Shares”</b>	the number of PPC Ordinary Shares for which the SBP Funding SPV and CSG Funding SPV will, after the Final Date applicable to it, be obliged to subscribe;
<b>“Mining Charter”</b>	Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry, published under Government Notice 1639 in Government Gazette 26661 of 13 August 2004, including the amendment published under Government Notice 838 in Government Gazette 33573 of 20 September 2010;
<b>“MOI”</b>	the memorandum of incorporation as such term is defined in the Companies Act;
<b>“MPRDA”</b>	the Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended from time to time;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting, attached to, and forming part of, this Circular;
<b>“Pledge and Cession Agreements”</b>	the agreements entered into between, (i) the Company and the SBP Funding SPV with each of the SBPs on or about 27 August 2008, in terms of which each of the SBPs pledged their shares in the SBP Funding SPV to PPC; and (ii) the Company and the CSG Funding SPV with each of the CSGs on or about 27 August 2008, in terms of which the CSGs pledged their shares in the CSG Funding SPV to PPC, pursuant to the 2008 B-BBEE Transaction;
<b>“PPC” or “Company”</b>	PPC Ltd, registration number 1892/000667/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa and whose shares are listed on the JSE and ZSE;
<b>“PPC B-BBEE Funding SPVs”</b>	PPC Community Trust Funding SPV Proprietary Limited, PPC Construction Industry Associations Trust Funding SPV Proprietary Limited, PPC Education Trust Funding SPV Proprietary Limited and PPC Team Benefit Trust Funding SPV Proprietary Limited;
<b>“PPC Loans”</b>	the SBP PPC Loan and the CSG PPC Loan, collectively;
<b>“PPC Ordinary Shares”</b>	ordinary shares of no par value in the issued stated capital of the Company or, prior to their conversion on 18 September 2012, ordinary shares with a par value of R0.10 each in the issued share capital of the Company;

<b>“PPC Rights Offer”</b>	PPC’s renounceable rights offer to qualifying shareholders in PPC’s shareholder register at the close of business on Friday, 2 September 2016, in terms of which such shareholders were to receive 160.06486 rights for every 100 PPC Ordinary Shares held, entitling the holder to subscribe for one new PPC Ordinary Share at the subscription price of R4.00 per new PPC Ordinary Share, as detailed in the circular to shareholders dated 1 September 2016;
<b>“PPC Shareholders” or “Shareholders”</b>	registered holders of PPC Ordinary Shares as reflected in the Register;
<b>“Proposed Amendments”</b>	has the meaning given to it in paragraph 2.2.9 of this Circular;
<b>“R” or “Rand”</b>	Rand, the official currency of South Africa;
<b>“Register”</b>	the register of Certificated Shareholders maintained by PPC and the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs;
<b>“Relationship Agreements”</b>	the agreements entered into between, (i) PPC and the relevant SBP participants on or about 27 August 2008, and (ii) PPC and the relevant CSG participants on or about 27 August 2008, setting out the terms applicable to the relationship between them as direct and indirect shareholders in PPC;
<b>“Resolutions”</b>	ordinary resolutions set out in the Notice of General Meeting and attached to this Circular;
<b>“Reversionary Cession Agreements”</b>	the agreements entered into between (i) PPC and the SBP Funding SPV on or about 27 August 2008 and (ii) PPC and the CSG Funding SPV on or about 27 August 2008 pursuant to the 2008 B-BBEE Transaction, in terms of which each of the SBP/CSG Funding SPVs ceded <i>in securitatem debiti</i> certain reversionary rights and interests in certain designated collection accounts to PPC;
<b>“Reversionary Pledge and Cession Agreements”</b>	the agreements entered into between (i) PPC and the SBP Funding SPV on or about 27 August 2008, and (ii) PPC and the CSG Funding SPV on or about 27 August 2008, pursuant to the 2008 B-BBEE Transaction, in terms of which each of the SBP/CSG Funding SPVs pledged to PPC its reversionary rights and interest in and to the PPC Ordinary Shares held by it as security for the performance of its obligations under the relevant Initial Subscription Agreement and the relevant Maturity Date Subscription Agreement;
<b>“SBPs” or “Strategic Black Partners”</b>	the strategic black partners, namely Capital Edge Cement Consortium Proprietary Limited, Peu Group Proprietary Limited, Portland Consortium Investment Proprietary Limited and Nozala Investments Proprietary Limited, further details of which are set out in Annexure 3 of this Circular;
<b>“SBP Additional Shares”</b>	such number of PPC Ordinary Shares as is equal to 30% of the Maturity Date Subscription Shares to which the SBPs are entitled as a consequence of the Proposed Amendments (equal to 3,952,169 PPC Ordinary Shares as at the Last Practicable Date) being a specific issuance of shares for cash to a related party in terms of paragraph 10 of the Listings Requirements;
<b>“SBP/CSG Funding SPVs”</b>	the ring-fenced special purpose vehicles incorporated by the SBPs and CSGs, respectively, pursuant to the 2008 B-BBEE Transaction, with a view to acquire PPC Ordinary Shares, being the SBP Funding SPV and the CSG Funding SPV;
<b>“SBP Funding SPV”</b>	PPC SBP Consortium Funding SPV Proprietary Limited, registration number 2007/014706/07, a private company with limited liability incorporated in accordance with the laws of South Africa with the SBPs as shareholders;
<b>“SBP Initial Subscription Shares”</b>	the 39,988,926 PPC Ordinary Shares subscribed for by the SBP Funding SPV in terms of the 2008 B-BBEE Transaction;

<b>“SBP PPC Loan”</b>	an eight-year fixed interest rate loan of approximately R1,275 million made by the SBP Funding SPV to PPC;
<b>“SBSA”</b>	The Standard Bank of South Africa Limited, registration number 1962/000738/06, a registered financial services provider and public company with limited liability incorporated in accordance with the laws of South Africa;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“Shalamuka”</b>	Shalamuka Cement Investment Company Proprietary Limited, registration number 2008/013962/07, a private company with limited liability incorporated in accordance with the laws of South Africa with the Shalamuka Foundation as shareholder;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“SPV Loans”</b>	the aggregate amount of R1,465.5 million raised by the SBP Funding SPV and the CSG Funding SPV in terms of loan agreements entered into by them and comprising of eight-year senior loans of R917.7 million in aggregate and eight-year subordinated loans of R547.8 million in aggregate, pursuant to the 2008 B-BBEE Transaction;
<b>“Strate”</b>	Strate Proprietary Limited, registration number 1998/022242/07, a private company with limited liability duly incorporated under the laws of South Africa, which is a licensed central securities depository in terms of the Financial Markets Act and which operates the electronic clearing and settlement system used by the JSE;
<b>“Subscription Security Documents”</b>	collectively, Reversionary Cession Agreements and Reversionary Pledge and Cession Agreements;
<b>“Transactions”</b>	collectively, (i) implementation of the Proposed Amendments (including without limitation, the share issuances contemplated by the Maturity Date Subscription Agreements) and related matters contemplated by the Implementation Agreements, and as a separate and independent transaction, (ii) matters contemplated by the Additional Share Allocations (including without limitation, the Additional Shares issuances contemplated by the Additional Shares Subscription Agreements and the pledge of Additional Shares contemplated in the Additional Shares Pledge Agreements);
<b>“Transfer Secretaries”</b>	for JSE PPC Shareholders, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001; Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) and, for ZSE PPC Shareholders, Corpserve (Private) Limited, 2nd Floor, ZB Centre, corner First Street and Kwame Nkrumah Avenue, Harare, Zimbabwe (PO Box 2208, Harare, Zimbabwe);
<b>“VAT”</b>	value added tax as defined in the Value Added Tax Act, No. 89 of 1991, as amended from time to time; and
<b>“ZSE”</b>	Zimbabwe Stock Exchange.



## PPC Ltd

(Incorporated in the Republic of South Africa on 22 April 1892)

Registration number 1892/000667/06

JSE share code: PPC ISIN: ZAE000170049

ZSE alpha code: PPC

("PPC" or the "Company")

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### Directors

#### Executive

DJ Castle (Chief Executive Officer)

MMT Ramano (Chief Financial Officer)

#### Non-executive

PG Nelson (Chairman)

S Dakile-Hlongwane

N Goldin

TJ Leaf-Wright

T Mboweni

SK Mhlarhi

T Moyo\*

CH Naude

TDA Ross

\* Zimbabwean

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## CIRCULAR TO PPC SHAREHOLDERS

### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 PPC Shareholders are referred to the announcement released on SENS on 28 October 2016 wherein the Company advised PPC Shareholders of the Proposed Amendments and, as a separate and independent transaction, the Additional Share Allocations, within the context of the maturity of its 2008 B-BBEE Transaction.

1.2 The purpose of this Circular is to:

1.2.1 provide PPC 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 pertaining to, amongst other matters:

1.2.1.1 the Proposed Amendments, which relate to two components of the 2008 B-BBEE Transaction, namely the SBP component and the CSG component (these components are explained in paragraph 2.1.3 below); and

1.2.1.2 the Additional Share Allocations as a separate and independent transaction; and

1.2.2 convene the General Meeting to consider and, if deemed fit, passing with or without modification, the Resolutions set out in the Notice of General Meeting which forms part of this Circular.

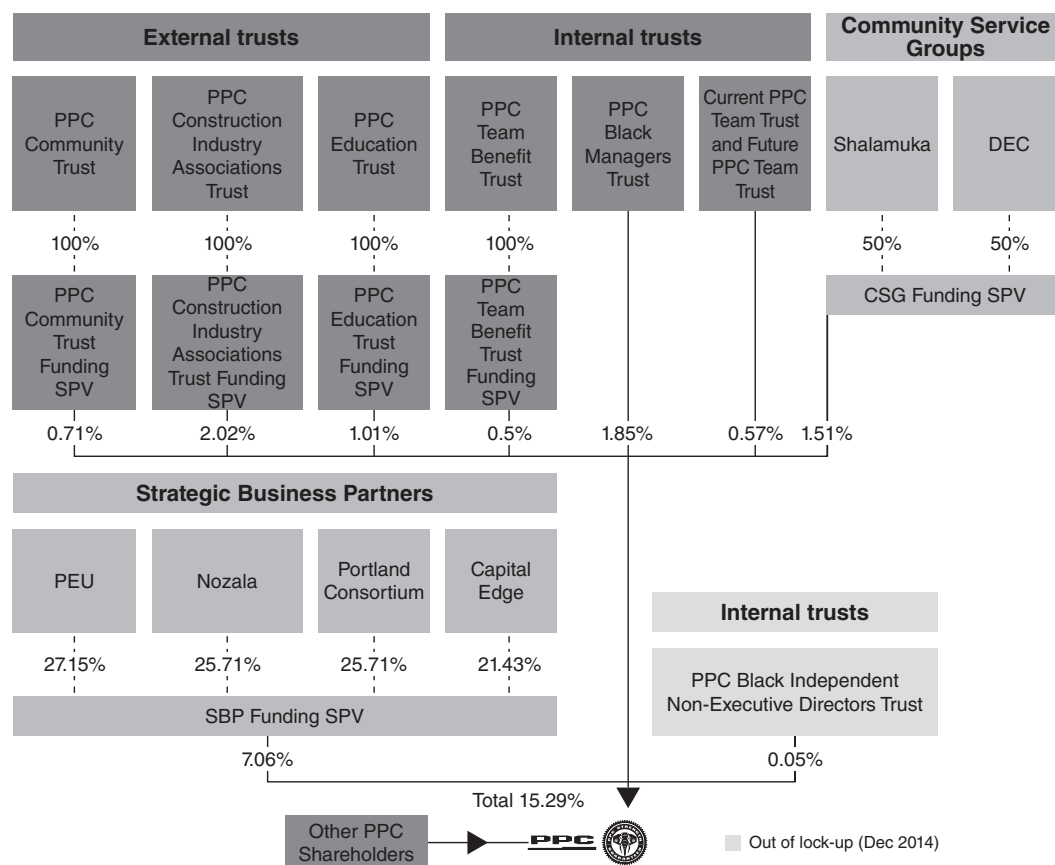
- 1.3 Subject to paragraph 4.1.2, for the Proposed Amendments to be effective:
- 1.3.1 ordinary Resolutions 1 and 2 must be supported by 75% or more of the voting rights exercised on such Resolutions by PPC Shareholders present or represented by proxy at the General Meeting and entitled to exercise voting rights on such Resolutions; and  
*Ordinary Resolutions 1 and 2 authorise, to the extent required, the issue of PPC Ordinary Shares to the CSG Funding SPV and the SBP Funding SPV, respectively, in accordance with the terms and conditions of the relevant Maturity Date Subscription Agreement, as amended as contemplated in this Circular.*
- 1.3.2 ordinary Resolution 3 must be supported by more than 50% of the voting rights exercised on such Resolution by PPC Shareholders present or represented by proxy at the General Meeting and entitled to exercise voting rights on such Resolution.  
*Ordinary Resolution 3 authorises the amendments to the 2008 B-BBEE Transaction Agreements as set out in the addenda to each of those agreements, as referred to in paragraphs 3.1, 3.2 and 3.3 of this Circular.*
- 1.4 Subject to paragraph 4.2.2, for the Additional Share Allocations to be effective, Ordinary Resolutions 4 and 5 must be supported by 75% or more of the voting rights exercised on such Resolutions by PPC Shareholders present or represented by proxy at the General Meeting and entitled to exercise voting rights on such Resolutions.  
*Ordinary Resolutions 4 and 5 authorise the issue of PPC Ordinary Shares to the CSG Funding SPV and the SBP Funding SPV in terms of the respective Additional Shares Subscription Agreements.*
- 1.5 The SBP Funding SPV and the CSG Funding SPV and their respective Associates will not be entitled to cast any votes in relation to those Resolutions which relate to their respective interest in PPC Ordinary Shares, in accordance with the requirements for specific issues for cash contained in LR5.51 of the Listings Requirements, as detailed in paragraph 9 and the Notice of General Meeting attached to and forming part of this Circular. Issuances to the SBP Funding SPV or its Associate are deemed to be an issuance to a related party in terms of paragraph 10 of the Listings Requirements and accordingly, the relevant related parties will not be entitled to cast any votes in relation to those Resolutions which relate to the SBP Funding SPV's interest in PPC Ordinary Shares.
- 1.6 The JSE has provided a dispensation to PPC that a fairness opinion is not required in view of the fact that this is an empowerment transaction and the costs relating to the Proposed Amendments and Additional Share Allocations are measured by IFRS costs, which are clearly documented in paragraph 2.2.12 and 2.2.13 of this Circular and detailed in the *pro forma* financial effects.

## 2. **BACKGROUND AND RATIONALE FOR THE TRANSACTIONS**

### 2.1 **PPC's 2008 B-BBEE Transaction**

- 2.1.1 In December 2008, PPC implemented the 2008 B-BBEE Transaction in terms of which participants acquired PPC Ordinary Shares, representing in aggregate 15.29% of PPC's increased issued share capital after the implementation of the 2008 B-BBEE Transaction, in compliance with the Mining Charter's 2009 equity ownership requirements.
- 2.1.2 The 2008 B-BBEE Transaction comprised beneficiaries including community service groups, strategic black partners, communities, construction industry associations and education trusts, as well as employees of PPC.
- 2.1.3 The SBP component includes strategic black partners and the CSG component includes organisations which have been established for the benefit of various South African communities.

2.1.4 The diagram below illustrates the structure subsequent to the implementation of the 2008 B-BBEE Transaction:



## 2.2 Background and rationale for the Proposed Amendments and Additional Share Allocations

- 2.2.1 The relevant salient terms of the 2008 B-BBEE Transaction, insofar as they relate to the Proposed Amendments, are set out below.
- 2.2.2 The SBPs and CSGs, through their respective SBP/CSG Funding SPVs, subscribed for the Initial Subscription Shares being 48,557,982 PPC Ordinary Shares in aggregate (representing 8.57% of the PPC Ordinary Shares in issue after the implementation of the 2008 B-BBEE Transaction) at their then par value of R0.10 per ordinary share.
- 2.2.3 The SBPs and CSGs made equity contributions to the SBP Funding SPV and the CSG Funding SPV of R60 million and R5 million, respectively. The SBP/CSG Funding SPVs also obtained the SPV Loans from external lenders, and used the proceeds of these loans and the balance of their equity contributions (after transaction costs and the subscription of shares referred to in paragraph 2.2.2) to advance the SBP PPC Loan and CSG PPC Loan to PPC.
- 2.2.4 The SBPs and CSGs are not entitled to encumber their shares in the respective structures through which they hold PPC Ordinary Shares prior to the End Date (as contemplated in paragraph 3.3.2.1). In addition, the SBP/CSG Funding SPVs are not entitled to encumber their PPC Ordinary Shares prior to the End Date.
- 2.2.5 The SBPs and CSGs are generally not entitled to sell the shares in the respective structures through which they hold PPC Ordinary Shares. In addition, the SBP/CSG Funding SPVs are not entitled to sell their PPC Ordinary Shares prior to the End Date. Between the First Date and the End Date, the SBPs and CSGs and SBP/CSG Funding SPVs are, however, entitled to sell (i) their shares held in the SBP/CSG Funding SPVs; and (ii) the PPC Ordinary Shares, respectively, subject to certain restrictions; one of these restrictions being that any disposal may not result in a loss by PPC of its B-BBEE credentials.

- 2.2.6 On the Final Date PPC has the right to repurchase the Initial Subscription Shares at their original subscription price, being R0.10 per PPC Ordinary Share.
- 2.2.7 Should the 2008 B-BBEE Transaction progress in the ordinary course:
- 2.2.7.1 then on the Final Date the SBP/CSG Funding SPVs will each be obliged to subscribe for such number of PPC Ordinary Shares as is equal to the number of its Initial Subscription Shares at the compulsory subscription price, which as at the Final Date will be R66.84 (“**Compulsory Subscription Price**”); and
- 2.2.7.2 the SBP/CSG Funding SPVs will be subject to a lock-in until 30 June 2018, such that they are not entitled to sell or encumber their PPC Ordinary Shares until such time as they have fulfilled their obligation to subscribe for the full number of Maturity Date Subscription Shares.
- 2.2.8 As context for the Proposed Amendments, the 2008 B-BBEE Transaction was implemented prior to the impact of the global financial crisis on South Africa, and this, together with the persistent challenging global and local market trading environment, has meant that the performance of PPC has not met expectations. Furthermore, on 24 August 2016, PPC announced the PPC Rights Offer to raise gross proceeds of R4 billion in order to address its challenges as further detailed in the PPC Rights Offer circular issued to PPC Shareholders on 1 September 2016.
- 2.2.9 Accordingly, in terms of the Transactions, PPC and the SBP/CSG Funding SPVs have agreed that on the Final Date, PPC will repurchase the PPC Ordinary Shares held by the SBP/CSG Funding SPVs equal to the Initial Subscription Shares as originally contemplated, but the SBP/CSG Funding SPVs will be obliged to subscribe, at the Compulsory Subscription Price, for such number of PPC Ordinary Shares as is equal to their Cash Available. The relevant parties have agreed that, upon fulfilment of this obligation, the remaining subscription related provisions of the Maturity Date Subscription Agreements, concluded by the SBP/CSG Funding SPVs pursuant to the 2008 B-BBEE Transaction, will be terminated by mutual consent (“the **Proposed Amendments**”).
- 2.2.10 Furthermore, as part fulfilment of the broader objectives of the Mining Charter, PPC and the SBP/CSG Funding SPVs have agreed that, as a separate and independent transaction, PPC will issue to the SBP/CSG Funding SPVs, the Additional Shares (“**the Additional Share Allocations**”).
- 2.2.11 For illustrative purposes at the Last Practicable Date, the result for the SBPs and CSGs would be as follows:
- 2.2.11.1 **if the Proposed Amendments are approved by PPC Shareholders:** the estimated Cash Available to the SBP/CSG Funding SPVs as at the Last Practicable Date would be R1,076 million. The SBP and CSGs will be obliged to use the R1,076 million to subscribe for PPC Ordinary Shares at the Compulsory Subscription Price, and would therefore subscribe for 16,091,302 PPC Ordinary Shares, being 1% of the current PPC Ordinary Shares in issue; and
- 2.2.11.2 **as a separate and independent transaction, if the Additional Share Allocations are approved by PPC Shareholders:** the SBP/CSG Funding SPVs would be entitled to subscribe for 4,403,439 Additional Shares at the subscription price of R0.01 per PPC Ordinary Share, representing 0.3% of the current PPC Ordinary Shares in issue, which would be subject to a 12 month lock-in period as further described in paragraph 3.4 below.
- 2.2.12 The Proposed Amendments contemplated in paragraph 2.2.11.1 (described more fully in paragraphs 3.1 to 3.3 below) will result in an IFRS 2 charge of approximately R93 million.
- 2.2.13 The issue of the Additional Shares contemplated in paragraph 2.2.11.2 (described more fully in paragraph 3.4 below) will result in an IFRS 2 charge of approximately R28 million.



## 2.3 PPC's intentions to enhance its B-BBEE credentials

2.3.1 To ensure compliance with the Mining Charter, the Group implemented two separate B-BBEE transactions in 2008 (the 2008 B-BBEE Transaction: 15.3% shareholding) and in 2012 (6.5% shareholding) which resulted in an aggregate B-BBEE shareholding of 20.8% at the time in the Group, which in turn translated into an effective 26% B-BBEE ownership of the Group's South African operations as required by the Mining Charter, based on the then 80%:20% revenue contribution split between the Group's South African and non-South African operations.

2.3.2 As a consequence of the completion of the PPC Rights Offer on 16 September 2016, PPC's B-BBEE ownership credentials have declined. Following maturity of the 2008 B-BBEE Transaction as contemplated in this Circular, such credentials will decline further, and will be below 26%.

2.3.3 Accordingly, the Board has approved a framework consisting of two options for a new B-BBEE transaction to ensure that the Company achieves a higher B-BBEE shareholding, by no later than 31 March 2017. The key salient features of the two options are summarised below:

### 2.3.3.1 *Option one:*

2.3.3.1.1 a B-BBEE sustainable transaction to be implemented at the South African holding company level where mineral rights reside at the underlying operating entities;

2.3.3.1.2 the transaction will comprise of a number of participants including, amongst others, communities, employees and strategic business partners;

2.3.3.1.3 the transaction is to be financed through a notional vendor funding structure;

2.3.3.1.4 a longer transaction tenure that promotes long-term sustainable black ownership; and

2.3.3.1.5 a well-defined exit mechanism that demonstrates how value would be transferred to the participants.

### 2.3.3.2 *Option two:*

2.3.3.2.1 a sale of a South African operational asset whose value would be equivalent to at least 26% of the South African holding company;

2.3.3.2.2 asset to be sold to a single entity that is majority owned by a broad-based consortium of B-BBEE participants; and

2.3.3.2.3 purchase price to be based on fair value of the asset under consideration.

## 3. FURTHER DETAILS REGARDING THE PROPOSED AMENDMENTS AND ADDITIONAL SHARE ALLOCATIONS

### 3.1 Proposed amendments to the Initial Subscription Agreements and the Maturity Date Subscription Agreements

3.1.1 PPC has entered into (i) an agreement with the external funders and the SBP Funding SPV, and (ii) an agreement with the external funders and the CSG Funding SPV, each for the amendment of the relevant Initial Subscription Agreement and the Maturity Date Subscription Agreement.

3.1.2 In terms of these amendments:

3.1.2.1 the Final Date is amended to mean, in the ordinary course, 15 December 2016; and

3.1.2.2 the SBP/CSG Funding SPVs will be obliged to subscribe for that number of Maturity Date Subscription Shares as is equal to the Cash Available on the Issue Date (as such term is defined in the Maturity Date Subscription Agreements) divided by the Compulsory Subscription Price. The relevant parties have agreed that, upon fulfilment of this obligation, the remaining subscription related provisions of the Maturity Date Subscription Agreements will be terminated by mutual consent.

### **3.2 Proposed amendments to the Subscription Security Documents**

- 3.2.1 PPC has entered into (i) an agreement with the SBP Funding SPV, and (ii) an agreement with the CSG Funding SPV, each for the amendment of the relevant Reversionary Pledge and Cession Agreement and Reversionary Cession Agreement in order to ensure that:
- 3.2.1.1 reference in those agreements to the 2008 B-BBEE Transaction Agreements and related documents and instruments is a reference to the 2008 B-BBEE Transaction Agreements, and related documents and instruments as amended from time to time;
  - 3.2.1.2 on the Issue Date (as such term is defined in the Maturity Date Subscription Agreements) and upon issue of the Subscription Shares (as such term is defined in the Maturity Date Subscription Agreements) in terms of the Maturity Date Subscription Agreements, the reversionary rights and interests to which the relevant Reversionary Cession (as such term is defined in the Reversionary Cession Agreements) relates, shall be released from the relevant Reversionary Cession; and
  - 3.2.1.3 on the Issue Date and upon issue of the Subscription Shares in terms of the Maturity Date Subscription Agreements, the shares to which the relevant Reversionary Pledge (as such term is defined in the Reversionary Pledge and Cession Agreements) relates, shall be released from the relevant Reversionary Pledge.

### **3.3 Proposed amendments to the Relationship Agreements and the Pledge and Cession Agreements**

- 3.3.1 PPC has entered into (i) an agreement with the relevant SBP participants, and (ii) an agreement with the relevant CSG participants, each for the amendment of the relevant Relationship Agreement and the relevant Pledge and Cession Agreement.
- 3.3.2 The salient terms of these amendments are as follows:
- 3.3.2.1 the End Date defined in the relevant Relationship Agreement will be amended from 31 December 2017 to mean the latest of:
    - i. the date on which PPC repurchases or acquires the PPC Ordinary Shares which were issued to the relevant SBP/CSG Funding SPV under the relevant Initial Subscription Agreement; and
    - ii. the date on which the relevant SBP/CSG Funding SPV is issued the PPC Ordinary Shares under the relevant Maturity Date Subscription Agreement;
  - 3.3.2.2 as a result of the amendments to the Relationship Agreements contemplated in paragraph 3.3.2.1, certain amendments are proposed to the Pledge and Cession Agreements in order to ensure that reference in those agreements to the 2008 B-BBEE Transaction Agreements and related documents and instruments is a reference to the 2008 B-BBEE Transaction Agreements and related documents and instruments as amended from time to time; and
  - 3.3.2.3 certain funding obligations imposed on (i) the SBP participants and PPC in terms of the SBP Relationship Agreement, and (ii) the CSG participants and PPC in terms of the CSG Relationship Agreement, are removed from the Relationship Agreements.

### **3.4 Additional Share Allocations**

- 3.4.1 As part fulfilment of the broader objectives of the Mining Charter, PPC and the SBP/CSG Funding SPVs have agreed that, as a separate and independent transaction, PPC will issue to the SBP/CSG Funding SPVs, the SBP Additional Shares and CSG Additional Shares, respectively, for a subscription price equal to R0.01 per PPC Ordinary Share, which Additional Shares will be subject to a lock-in period of 12 months from the date of issue. During that 12 month lock-in period, among other restrictions, the SBP/CSG Funding SPVs will not be entitled to dispose of or encumber any of their Additional Shares. The Company will obtain continuing B-BBEE benefits in respect of the Additional Shares during such lock-in period. The SBP/CSG Funding SPVs are non-public shareholders to PPC. The terms of the Additional Share Allocations are set out in the Additional Shares Subscription Agreements.

3.4.2 The Additional Share Allocations contemplated in paragraph 3.4.1 are subject to, amongst other things, the conclusion of the Additional Shares Pledge Agreements, pursuant to which the SBP/CSG Funding SPV grants security over the Additional Shares in favour of PPC, in accordance with the provisions of and subject to the terms of the Additional Shares Pledge Agreements.

### 3.5 **Implementation Agreements**

PPC has entered into an implementation agreement with (i) the SBP Funding SPV, and (ii) the CSG Funding SPV, in relation to the Proposed Amendments which sets out the conditions to, and steps for implementing, the Proposed Amendments.

### 3.6 **Agreements for the Proposed Amendments, Additional Shares Subscription Agreements, Additional Shares Pledge Agreements and Implementation Agreements**

The actual terms and conditions of the:

- 3.6.1 amendments referred to in paragraph 3.1, together with certain consequential amendments, are contained in the addenda to the Initial Subscription Agreements and the Maturity Date Subscription Agreements;
- 3.6.2 amendments referred to in paragraph 3.2 are contained in the addenda to the Reversionary Pledge and Cession Agreements and the Reversionary Cession Agreements;
- 3.6.3 amendments referred to in paragraph 3.3, together with certain consequential amendments, are contained in the addenda to the Relationship Agreements and the Pledge and Cession Agreements;
- 3.6.4 Additional Share Allocations referred to in paragraph 3.4, are contained in the Additional Share Subscription Agreements;
- 3.6.5 pledge and cession in relation to Additional Shares referred to in paragraph 3.4.2 are contained in the Additional Shares Pledge Agreements; and
- 3.6.6 implementation steps to the Proposed Amendments referred to in paragraph 3.5, are contained in the Implementation Agreements.

## 4. **CONDITIONS PRECEDENT**

- 4.1 The Proposed Amendments are subject to the fulfilment or waiver, if applicable, of, amongst others, the following conditions precedent:
  - 4.1.1 that by 31 December 2016 Resolutions 1, 2 and 3 be approved as separate resolutions by the requisite majority of PPC Shareholders present or represented by proxy at the General Meeting; and
  - 4.1.2 the Implementation Agreements becoming unconditional in accordance with their terms.
- 4.2 The Additional Share Allocations are subject to the fulfilment or waiver, if applicable, of, amongst others, the following conditions precedent:
  - 4.2.1 that by 31 December 2016 Resolutions 4 and 5 be approved as separate resolutions by the requisite majority of PPC Shareholders present or represented by proxy at the General Meeting; and
  - 4.2.2 the Additional Shares Subscription Agreements becoming unconditional in accordance with their terms. Such conditions include, amongst others, that the Proposed Amendments are approved.

## 5. **DIRECTORS' OPINION AND RECOMMENDATION**

- 5.1 The Proposed Amendments and Additional Share Allocations have been considered and approved by the Board.
- 5.2 The Directors of PPC who hold direct and/or indirect interests in PPC, and who are not related parties (or their Associates) and are entitled to vote, have undertaken to vote in favour of the Resolutions.

## 6. **PRO FORMA FINANCIAL EFFECTS**

- 6.1 The *pro forma* financial effects presented below are based on the reviewed and audited Group results for the quarter ended 30 June 2016 and six months ended 31 March 2016 respectively. In September 2015, the Group announced a change to its financial year-end from September to March and March 2016 was the first year-end using the new financial year-end. As a result of the change, the March 2016 year end was for a six-month period only.
- 6.2 **Annexure 1** of this Circular contains the *pro forma* financial effects which illustrates the impact of the Approved Transactions, finalised subsequent to the Group's quarter and year-end financial statements, and the Transactions on earnings per share ("EPS") and diluted EPS, headline EPS ("HEPS"), diluted HEPS, net asset value per share ("NAV") and tangible net asset value ("TNAV") of PPC for the quarter ended 30 June 2016 and the six months ended 31 March 2016 respectively. The *pro forma* financial effects should be read in conjunction with *Pro Forma* Financial Information (**Annexure 1**) and the report of the Independent Reporting Accountants (**Annexure 2**).
- 6.3 The *Pro Forma* Financial Information is presented in accordance with the provisions of the JSE Listings Requirements applicable to *Pro Forma* Financial Information and the Revised Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.
- 6.4 The *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of PPC has been prepared and in terms of PPC's accounting policies applied for the 31 March 2016 financial year which conform with IFRS and interpretations adopted by the International Accounting Standards Board and the SAICA Financial Reporting Guides.
- 6.5 The *pro forma* financial effects are the responsibility of the Directors and have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of PPC's financial position, changes in equity or results of operations post the implementation of the Approved Transactions and the Transactions.
- 6.6 It has been assumed for purposes of the *pro forma* financial effects that for the quarter ended 30 June 2016 that the Approved Transactions and Transactions were implemented with effect from 1 April 2016 for the statement of comprehensive income and weighted average number of shares purposes and on 30 June 2016 for the statement of financial position purposes, while for the *pro forma* financial effects for the six months ended 31 March 2016 that the Approved Transactions and Transactions were implemented with effect from 1 October 2015 for the statement of comprehensive income and weighted average number of shares purposes and on 31 March 2016 for the statement of financial position purposes.
- 6.7 Additional disclosure – Anticipated financial effects on maturing of the 2008 B-BBEE Transaction

The following section provides an overview of the financial implications of the conclusion of the 2008 B-BBEE Transaction. These financial implications have not been audited and have been prepared for illustrative purposes only and are based on the reviewed results for the quarter ended 30 June 2016 and may not, because of their nature, fairly present the Company's financial position post the conclusion of the 2008 B-BBEE Transaction.

### 6.7.1 SBPs and CSGs

- 6.7.1.1 In the process of the completion of the Transactions and conclusion of the 2008 B-BBEE Transaction in December 2016, the Company will settle the funding obligation of R1,036 million owing to the SBPs and CSGs. As noted in the Company's 2016 annual financial statements, PPC has secured a facility with Nedbank and Standard Bank which will be used to facilitate the repayment. Post settlement of the funding obligation, the SBPs and CSGs, in terms of the compulsory subscription, will utilise their Cash Available of R1,076 million to subscribe for PPC Ordinary Shares at the agreed price of R66.84 per share. The funds received on the compulsory subscription will be utilised by the Company to fund capital expenditure, costs and reduce borrowings. The net impact of the settlement of the loan and compulsory subscription is that stated capital will increase by R1,076 million while borrowings will reduce by the corresponding amount.

- 6.7.1.2 In terms of the number of PPC Ordinary Shares, PPC will repurchase the full 48,557,982 PPC Ordinary Shares held by the SBP/CSG Funding SPVs at R0.10 per share, amounting to R5 million, while the SBP/CSG Funding SPVs will subscribe for 16,091,302 new PPC Ordinary Shares as noted above. The net impact on PPC Ordinary Shares is a reduction of 32,466,680 PPC Ordinary Shares before the impact of the Additional Share Allocations of 4,403,439 PPC Ordinary Shares.
- 6.7.1.3 Finance costs will adjust in accordance with the lower borrowings level of the Group.
- 6.7.2 PPC B-BBEE Funding SPVs and PPC Black Managers Trust
  - 6.7.2.1 The PPC B-BBEE Funding SPVs and PPC Black Managers Trust had external funding obligations, which at 30 June 2016 amounted to R855 million. By 30 September 2016, all of this external funding had been settled.
  - 6.7.2.2 As PPC guaranteed the external funding obligations owed by the PPC B-BBEE Funding SPVs and PPC Black Managers Trust, the external funding obligations, to the extent not previously settled, will be settled by the Company. PPC will either utilise the proceeds received from the subscription by the SBP/CSG Funding SPVs or proceeds from the PPC Rights Offer to settle this external funding obligation.
  - 6.7.2.3 Consequent to PPC having provided guarantees on the funding of the 2008 B-BBEE Transaction and read in conjunction with IFRS 10 Consolidated Financial Statements, the PPC B-BBEE Funding SPVs and PPC Black Managers Trust had previously been consolidated into the PPC Group financial statements. Following the settlement of the external funding obligations of the PPC B-BBEE Funding SPVs and PPC Black Managers Trust, these entities will no longer be consolidated into PPC's Group financial statements. Consequently, stated capital will increase (credit) with R844 million, representing the capital losses incurred on the decline in PPC share price post the implementation of the 2008 B-BBEE Transaction with the corresponding entry recorded against other reserves.
  - 6.7.2.4 The 34,477,308 PPC Ordinary Shares held by the PPC B-BBEE Funding SPVs and Black Managers Trust, which were previously treated as treasury shares in terms of IFRS, will no longer be deemed to be treasury shares post the deconsolidation of these entities for the purposes of earnings per share calculations but there will be no impact on the overall number of PPC Ordinary Shares in issue.
  - 6.7.2.5 Finance costs will also adjust in accordance with the borrowings level of the Group.

**Pro forma information for the quarter ended 30 June 2016**

	A	B1	B2	B3	C	D	E	F	G		
	Approved Transactions				Before the Proposed Amendments to 2008 B-BBEE Transaction after taking effect of Approved Transactions	Proposed Amendments to 2008 B-BBEE Transaction					
	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions	Liquidity and Guarantee Facility	PPC Rights Offer	3Q Acquisition	Transactions	% change	Transaction Costs	Proposed Amendments	Additional Share Allocations	Post proposed Amendments to 2008 B-BBEE Transaction	% change (G/C)
Earnings per share (cents)	17	(17)	6	-	6	(64)	(1)	(6)	(2)	(3)	(150)
Diluted earnings per share (cents)	16	(16)	6	-	6	(63)	(1)	(6)	(2)	(3)	(150)
Headline earnings per share (cents)	17	(17)	6	-	6	(64)	(1)	(6)	(2)	(3)	(150)
Diluted headline earnings per share (cents)	16	(16)	6	-	6	(63)	(1)	(6)	(2)	(3)	(150)
NAV per share (cents)	588	-	(137)	3	454	(23)	(1)	-	-	453	-
TNAV per share (cents)	400	-	(14)	3	389	(2)	(1)	-	-	388	-
Number of shares in issue, net of shares deemed to be treasury shares in terms of IFRS (million)	528	-	1,000	18	1,546	193	-	-	4	1,550	-
Weighted average number of shares (million)	528	-	1,000	18	1,546	193	-	-	4	1,550	-
Weighted average diluted number of shares (million)	534	-	1,000	18	1,552	191	-	-	4	1,556	-

**Notes:**

- Column A has been derived from PPC's reviewed consolidated results for the quarter ended 30 June 2016 which are unmodified from previously presented.
- Columns B1, B2 and B3 illustrates the impacts of the Liquidity and Guarantee Facility Agreement, PPC Rights Offer and 3Q Acquisition which were finalised during July 2016, September 2016 and July 2016 respectively.
- Column D illustrates the impact of the estimated transaction costs of R11 million and R8 million after taxation (the "Transaction Costs"). Further details of the Transaction Costs are included in paragraph 10 of this Circular. The Transaction Costs are non-recurring and have been expensed to the statement of comprehensive income. The Transaction Costs will be settled from cash emanating from the PPC Rights Offer.
- Column E illustrates the impact of the Proposed Amendments, which reflects a once-off non-taxable IFRS 2 charge of R93 million in terms of IFRS 2 (Share-based Payments) as a result of the modifications to the terms of the 2008 B-BBEE Transaction Agreements. Details of the IFRS 2 charge can be found in **Annexure 1**.
- Column F illustrates the impact of the subscription of 4,403,439 PPC Ordinary Shares by the SBP/CSG Funding SPVs at a nominal value (Additional Share Allocations), which triggers an IFRS 2 charge in terms of IFRS 2 (Share-based Payments). The once-off non-taxable IFRS 2 charge amounts to R28 million, with details of the IFRS 2 charge included in **Annexure 1**.
- Details on the movement in the weighted average number of shares can be found in paragraph 7.4 of this Circular.
- Other than the Approved Transactions, there are no other events that occurred after the reporting date that may have a material impact on the PPC Group's reported results or the *pro forma* results for the quarter ended 30 June 2016 for purposes of understanding the Transactions.

The full *Pro Forma* Financial Information is set out in **Annexure 1**.

**Pro forma information for the six months ended 31 March 2016**

	A	B1	B2	B3	C	D	E	F	G
	Approved Transactions				Before the Proposed Amendments to 2008 B-BBEE Transaction after taking effect of Approved Transactions	Proposed Amendments to 2008 B-BBEE Transaction			
	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions	Liquidity and Guarantee Facility	PPC Rights Offer	3Q Acquisition		% change	Transaction Costs	Proposed Amendments	Additional Share Allocations
Earnings per share (cents)	70	(26)	(16)	-	28	(1)	(6)	(1)	20
Diluted earnings per share (cents)	69	(26)	(16)	-	27	(1)	(6)	(1)	19
Headline earnings per share (cents)	53	(26)	(5)	-	22	(1)	(6)	(1)	14
Diluted headline earnings per share (cents)	52	(26)	(5)	-	21	(1)	(6)	(1)	13
NAV per share (cents)	573	-	(127)	3	449	(1)	-	-	448
TNAV per share (cents)	380	-	-	3	383	(1)	-	-	382
Number of shares in issue, net of shares deemed to be treasury shares in terms of IFRS (million)	528	-	1,000	18	1,546	-	-	4	1,550
Weighted average number of shares (million)	526	-	1,000	18	1,544	-	-	4	1,548
Weighted average diluted number of shares (million)	534	-	1,000	18	1,552	-	-	4	1,556

**Notes:**

- Column A has been derived from PPC's audited consolidated results for the six months ended 31 March 2016 which are unmodified from previously presented.
- Columns B1, B2 and B3 illustrates the impacts of the finalisation of the Liquidity and Guarantee Facility Agreement, PPC Rights Offer and 3Q Acquisition which were finalised during July 2016, September 2016 and July 2016 respectively.
- Column D illustrates the impact of the estimated transaction costs of R11 million and R8 million after taxation (the "Transaction Costs"). Further details of the Transaction Costs are included in paragraph 10 of this Circular. The Transaction Costs are non-recurring and have been expensed to the statement of comprehensive income. The Transaction Costs will be settled from cash emanating from the PPC Rights Offer.
- Column E illustrates the impact of the Proposed Amendments, which reflects a once-off non-taxable IFRS 2 charge of R93 million in terms of IFRS 2 (Share-based Payments) as a result of the modifications to the terms of the 2008 B-BBEE Transaction Agreements. Details of the IFRS 2 charge can be found in **Annexure 1**.
- Column F illustrates the impact of the subscription of 4,403,439 PPC Ordinary Shares by the SBP/CSG Funding SPVs at a nominal value (Additional Share Allocations), which triggers an IFRS 2 charge in terms of IFRS 2 (Share-based Payments). The once-off non-taxable IFRS 2 charge amounts to R28 million, with details of the IFRS 2 charge included in **Annexure 1**.
- Details on the movement in the weighted average number of shares can be found in paragraph 7.4 of this Circular.
- Other than the Approved Transactions, there are no other events that occurred after the reporting date that may have a material impact on the PPC Group's reported results or the *pro forma* results for the six months year ended 31 March 2016 for purposes of understanding the Transactions.

The full *Pro Forma* Financial Information is set out in **Annexure 1**

## 7. INFORMATION RELATING TO PPC

### 7.1 Background information to PPC

PPC was established in 1892 and, for over 120 years, has provided materials and solutions into the basic services sector and has tracked the growth and development of much of southern Africa's infrastructure, including the Union Buildings, Gariep Dam, Van Staden's River Bridge, the Gautrain, Medupi Power Station, Cape Town Stadium and the Kariba Dam.

As a leading supplier of cement and related products in southern Africa, PPC has 9 cement manufacturing facilities, three milling depots, five blending facilities and 26 readymix batching plants in South Africa, Botswana, Zimbabwe and Rwanda that can produce up to 8.5 million tonnes of cement products each year. PPC's combination of high-quality products and geographic footprint allows it to meet customer requirements in parts of South Africa, Botswana, Zimbabwe, DRC and Rwanda. As part of its strategy and long-term plan to grow revenue from outside of South Africa, PPC is expanding its operational footprint into the rest of Africa, including the DRC, Ethiopia and Zimbabwe. PPC also produces aggregates, metallurgical-grade lime, burnt dolomite, fly ash and readymix, which it refers to as its "Materials business".

### 7.2 Prospects

While the South African and rest of Africa trading environment continues to face headwinds, PPC believes that its various response strategies have positioned it well to limit the impact on the Group. PPC will continue with its focus on a profit improvement programme which continues to deliver solutions for sustainable long-term value creation.

On 1 July 2016, PPC finalised a transaction to acquire a 100% shareholding in 3Q. The purchase consideration of R135 million was settled via the issue of 17,565,872 new PPC Ordinary Shares which were admitted to listing on the JSE on 4 July 2016.

The R4 billion PPC Rights Offer which was more than four times over-subscribed closed successfully on 16 September 2016. The Company has repaid debt of R3 billion and has used the balance of the proceeds to finance existing projects of the Group, meet other funding requirements and has settled the transaction costs. The de-gearing of PPC's balance sheet is anticipated to continue as proceeds from the share subscription on the maturity of its 2008 B-BBEE Transaction of approximately R1 billion are anticipated to flow in December 2016.

PPC management has committed itself to focus on the following areas in the short to medium-term:

- Focus on delivery of existing projects in South Africa (Slurry SK9), the DRC, Zimbabwe and Ethiopia.
- In South Africa, focus on cost optimisation and future capital expansion at Dwaalboom and De Hoek.
- Focus on delivery of business plans in the rest of Africa projects.
- Embed the recently acquired 3Q Mahuma Concrete business in our materials business, further enhancing our channel management strategy.
- Restructure of residual debt at the centre.
- Continued management actions in response to risk, compliance and internal controls.
- Cost and efficiency focus with internal initiatives to continue the execution of PPC's Profit Improvement Programme.

### 7.3 Trading history

The price history of the PPC Ordinary Shares on the JSE as at the Last Practicable Date is summarised in **Annexure 5** to this Circular.

### 7.4 Stated capital

7.4.1 At the Last Practicable Date, the authorised and issued stated capital of PPC, before the Transactions, was as follows:

<b>Before the transactions</b>	<b>Number of shares</b>
Authorised stated capital	10,000,000,000 ordinary shares of no par value 20,000,000 cumulative, non-participating perpetual preference shares of R1 000 each
Issued stated capital	1,624,746,762 PPC Ordinary Shares
Issued stated capital	R2,813 million



- 7.4.2 The authorised and issued stated capital of PPC after the Transactions and compulsory subscriptions by the SBP/CSG Funding SPVs will be as follows:

<b>After the transactions</b>	<b>Number of shares</b>
Authorised stated capital	10 000 000 000 ordinary shares of no par value 20 000 000 cumulative, non-participating perpetual preference shares of R1 000 each
Issued stated capital	1 596 683 521 PPC Ordinary Shares
Issued stated capital	R4,005 million

The Company does not hold any treasury shares prior to the Transactions, nor will it hold any treasury shares as a result of the Transactions.

- 7.4.3 Major shareholders

At the Last Practicable Date, insofar as is known to PPC, PPC Shareholders who were directly interested in 5% or more of the issued stated capital of the Company were as follows:

<b>Name of PPC Shareholder</b>	<b>Number of PPC Ordinary Shares</b>	<b>Percentage shareholding (%)</b>
Public Investment Corporation Limited	238,114,172	14.66
Lazard Emerging Markets Equity Portfolio	88,324,812	5.44
<b>Total</b>	<b>326,438,984</b>	<b>20.1</b>

## 7.5 Details relating to Directors

- 7.5.1 Directors' details

<b>Name</b>	<b>Function</b>	<b>Business address</b>
<b>Executive</b>		
Castle, DJ	Chief Executive Officer Executive Director	148 Katherine Street Sandton 2196
Ramano, MMT	Chief Financial Officer Executive Director	148 Katherine Street Sandton 2196
<b>Non-executive</b>		
Dakile-Hlongwane, S	Non-executive Director	3023 William Nicol Drive Bryanston Johannesburg 2021
Goldin, Nicky	Independent Non-executive Director	125 Linden Road Sandown
Leaf Wright, TJ	Non-Executive Director	1094 Olivewood Estate, Olivedale
Mboweni, T	Independent Non-executive Director	107 Seven Oaks 21 Third Street Killarney
Mhlarhi, SK	Non-executive Director	Summit Office Park 495 Summit Road Morningside Sandton 2196
Moyo, T	Independent Non-executive Director	Cr. Main Street and 13th Avenue, Bulawayo Zimbabwe

<b>Name</b>	<b>Function</b>	<b>Business address</b>
<b>Non-executive</b>		
Naude, CH	Independent Non-Executive Director	94 Valerie Avenue Valeriedene Northcliff
Nelson, PG	Independent Non-Executive Director and Chairman	7 Bedford Avenue Craighall Park
Ross, TDA	Independent Non-Executive Director	47 – 12th Avenue Parktown North 2193

Except for the resignation of B Modise on 31 October 2016, there have been no changes in the details of the Directors since the Integrated Annual Report of PPC published on SENS on 2 September 2016.

#### 7.5.2 Directors' interests in PPC Ordinary Shares

At the Last Practicable Date, the aggregate direct and indirect beneficial holdings of PPC Directors and directors who have resigned in the last 18 months (and their respective associates) of PPC Ordinary Shares are as follows:

<b>Director/Past director</b>	<b>Direct beneficial interest</b>	<b>Indirect beneficial interest</b>	<b>Total interest</b>	<b>Percentage shareholding (%)</b>
<b>Executive</b>				
Castle, DJ	625,000	–	625,000	0.038%
Ramano, MMT	416,190	–	416,190	0.026%
<b>Non-Executive</b>				
Dakile-Hlongwane, S	–	–	–	–
Goldin, Nicky	–	–	–	–
Kganyago, ZJ**	249,108	–	249,108	0.015%
Leaf Wright, TJ	–	–	–	–
Malungani, MP**	–	–	–	–
Mboweni, T	–	–	–	–
Mhlarhi, SK	–	–	–	–
Modise, B#**	–	–	–	–
Moyo, T	–	–	–	–
Naude, CH	–	–	–	–
Nelson, PG	–	–	–	–
Ross, TDA	–	–	–	–
Sibiya, BL**	–	–	–	–
<b>Total</b>	<b>1,290,298</b>	<b>–</b>	<b>1,290,298</b>	<b>0.079%</b>

# Resigned 31 October 2016

\*\* Former directors

#### 7.5.3 Directors' remuneration

There will be no variation in the remuneration receivable by any of the Directors as a consequence of the implementation of the Transactions.

#### 7.5.4 Directors' interests in transactions

No current Director of PPC and no director of PPC who has resigned in the last 18 months has any beneficial interest, directly or indirectly, in any transactions effected or to be effected, with the exception of the Transactions, by PPC during the current or immediately preceding financial year and which remain in any respect outstanding or unperformed.

## 8. OTHER INFORMATION

### 8.1 Material changes

Except for the PPC Rights Offer and the 3Q Acquisition, there have been no material changes in the financial or trading position of PPC and its subsidiaries between the publication of PPC's results for the quarter ended 30 June 2016, the operational update and trading statement for the six-month period ended 30 September 2016, released by PPC on SENS dated 31 October 2016 and the Last Practicable Date.

### 8.2 Litigation statement

There are no legal or arbitration proceedings which may have, or have during the 12 months preceding the date of this Circular, had a material effect on the financial position of PPC and the Board is not aware of any proceedings that would have a material effect on the financial position of PPC or which are pending or threatened against PPC.

### 8.3 Material contracts

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 PPC Group are set out in **Annexure 6** of this Circular.

### 8.4 Consents

Each of the advisors whose names that appear on the cover page of this Circular have consented and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names in the form and context in which they appear in this Circular.

The Independent Reporting Accountants have consented in writing to the inclusion of their report in this Circular in the form and context in which it appears and have not withdrawn such consent prior to the publication of this Circular.

### 8.5 Directors' responsibility statement

The directors, whose names appear on page 11 of this Circular collectively and individually accept full responsibility for the accuracy of the information furnished relating to PPC and certify that to the best of their knowledge and belief, that there are no facts which 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.

### 8.6 Exchange Control Regulations

8.6.1 The following summary is intended only as a guide and is, therefore, not comprehensive. If Shareholders are in any doubt as to the appropriate course of action, they are advised to consult their professional advisers.

8.6.2 Pursuant to the Exchange Control Regulations, non-residents, excluding former residents of the Common Monetary Area will be allowed to subscribe for PPC Ordinary Shares in terms of paragraphs 2.2.11.1 and 2.2.11.2, provided payment is received either through normal banking channels from abroad or from a non-resident account.

8.6.3 All applications by non-residents of the Common Monetary Area for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any share certificates and/or other Documents of Title issued pursuant to such applications will be endorsed "non-resident".

8.6.4 Any Shareholder resident outside the Common Monetary Area who receives this Circular should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable it to subscribe for the relevant PPC Ordinary Shares as referred to in paragraph 8.6.2 above. New share certificates or other Documents of Title issued pursuant to the Transactions to an emigrant will be endorsed "non-resident" and forwarded to the address of the relevant authorised dealer controlling

such emigrant's blocked assets for control in terms of the Exchange Control Regulations of South Africa. Where the emigrant's shares are in Dematerialised form with a CSDP or Broker, the electronic statement issued in terms of Strate will be despatched by the CSDP or Broker to the address of the emigrant in the records of the CSDP or Broker.

## 9. GENERAL MEETING

- 9.1 The General Meeting of PPC Shareholders to consider and, if deemed fit, pass with or without modifications the Resolutions set out in the Notice of General Meeting, will be held at 12:00 at JSE Limited, One Exchange Square, Gwen Lane, Sandown on 5 December 2016 (Parking available at 24 Central, corner Gwen Lane and Fredman Drive).
- 9.2 The Notice of General Meeting and a form of proxy (*yellow*) for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration who are unable to attend the General Meeting are attached to this Circular. A duly completed form of proxy (*yellow*) must be received by the Transfer Secretaries by no later than **12:00 on 1 December 2016**.
- 9.3 With respect to the Resolutions set out in the Notice of General Meeting:
- CSG Funding SPV and its Associates will be excluded from voting in relation to Resolutions 1, 3 and 4; and
  - SBP Funding SPV, Sydney Mhlarhi, Salukazi Dakile-Hlongwane, Peter Malungani and their Associates will be excluded from voting in relation to Resolutions 2, 3 and 5.

Other than as set out above, there are no voting rights controlled by PPC, a person related to PPC or a person acting in concert with either of them, which would require such person's votes to be excluded from voting on the Resolutions.

## 10. TRANSACTION COSTS

- 10.1 The estimated expenses relating to the Transactions expected to be incurred by PPC (VAT exclusive) are detailed below:

Service	Service provider	Amount (Rand)
Financial advisor and transaction sponsor	SBSA	6 000 000
Legal advisor	Bowmans	2 000 000
Tax advisor	Cliffe Dekker Hofmeyr Inc.	550 000
Independent Reporting Accountants	Deloitte	525 000
Publishing and printing	Ince	50 000
JSE documentation inspection fee (specific issue of shares)	JSE	31 579
JSE listing fee	JSE	326 644
Transfer secretaries	Computershare	20 000
<b>Total</b>		<b>9 503 223</b>

- 10.2 There have been no preliminary expenses in respect of the Transactions other than as reflected in the table above incurred by PPC within the three years preceding the date of this Circular.

## 11. THE STANDARD BANK OF SOUTH AFRICA LIMITED

- 11.1 Shareholders are advised that Standard Bank ("**Standard Bank**") has been appointed as Financial Advisor and Transaction Sponsor in relation to the Transactions and are referred to paragraph 10 which sets out fees payable to Standard Bank in respect of the Transactions.
- 11.2 In its capacity as Transaction Sponsor, Standard Bank has confirmed to the JSE and to PPC that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to PPC, and that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements. Standard Bank's JSE and Regulatory team is a separate and distinct unit within the larger Standard Bank Corporate Finance team comprising of its own dedicated team members.

- 11.3 Standard Bank has various internal procedures in place to ensure that its ability to act independently as JSE sponsor, is not compromised. Pursuant to these internal procedures, Standard Bank has a Compliance Control Room function that identifies and manages conflicts risks and ensures that strict “Chinese Walls” are maintained to ensure that as JSE sponsor, it is able to act independently from other divisions within Standard Bank. Standard Bank also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.
- 11.4 Further to the material contracts as set out in **Annexure 6**, PPC has the following funding facilities in place with Standard Bank, in the ordinary course of business.

	<b>Rand</b>
Term loan facility	269,372,760
Working capital facilities	255,000,000

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the office of the Company and the Financial Advisor and Transaction Sponsor which addresses are set out in the “Corporate Information” section of the Circular, during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Circular up to and including 2 December 2016 (*both days inclusive*):

- 12.1 a signed copy of this Circular;
- 12.2 the signed copy of the Independent Reporting Accountants’ report on the *Pro Forma* Financial Information;
- 12.3 addendum to the Initial Subscription Agreements and the Maturity Date Subscription Agreements, each required to effect the Proposed Amendments as referred to in paragraph 3.1;
- 12.4 addendum to the Revisionary Cession Agreement and the Revisionary Pledge and Cession Agreements, each required to effect the Proposed Amendments as referred to in paragraph 3.2;
- 12.5 addendum to the Relationship Agreements and the Pledge and Cession Agreements, each required to effect the Proposed Amendments as referred to in paragraph 3.3;
- 12.6 Additional Shares Subscription Agreements, as referred to in paragraph 3.4.1;
- 12.7 Additional Shares Pledge Agreements, as referred to in paragraph 3.4.2;
- 12.8 Implementation Agreements, as referred to in paragraph 3.5;
- 12.9 copy of the 2008 B-BBEE Transaction circular dated 16 October 2008;
- 12.10 copies of the 2008 B-BBEE Transaction Agreements;
- 12.11 signed consent letters referred to in paragraph 8.4 above;
- 12.12 PPC’s MOI;
- 12.13 the MOI of each South African subsidiary of PPC; and
- 12.14 PPC Audited Annual Financial Statements for years ended September 2014, September 2015, March 2016 and reviewed results for the quarter ended June 2016.

By order of the Board

**DJ Castle**

*Chief Executive Officer*

4 November 2016

Registered office

148 Katherine Street

Sandton, 2196

(PO Box 787416, Sandton, 2146)

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## PRO FORMA FINANCIAL INFORMATION

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The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this **Annexure 1** to the Circular.

The *pro forma* financial effects presented below are based on the PPC Group's reviewed results for the quarter ended 30 June 2016 and audited results for the six months to 31 March 2016 and have been prepared for illustrative purposes only and, because of their nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Approved Transactions and Transactions going forward.

The PPC 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.

Except for the Approved Transactions, no other adjustments have been made to the *Pro Forma* Financial Information other than in respect of the Transactions contemplated in this Circular.

The *pro forma* consolidated statement of financial position and *pro forma* consolidated statement of comprehensive income are presented in accordance with JSE Listings Requirements applicable to *Pro Forma* Financial Information and the Revised SAICA Guide on *Pro Forma* Financial Information.

The *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of PPC has been prepared and in terms of its accounting policies applied for the 2016 financial year. Shareholders are, however, referred to the notes in the financial statements which covers events that occurred after the reporting date. The financial statements can be found on the Company's website [www.ppc.co.za](http://www.ppc.co.za).

It has been assumed for purposes of the *pro forma* financial effects that for the quarter ended 30 June 2016 the Approved Transactions and Transactions took place with effect from 1 April 2016 for statement of comprehensive income and calculation of earnings and headline earnings per share purposes and on 30 June 2016 for the statement of financial position. For the six months to March 2016, it has been assumed for purposes of the *pro forma* financial effects that the Approved Transactions and Transactions took place with effect from 1 October 2015 for statement of comprehensive income and calculation of earnings and headline earnings per share purposes and on 31 March 2016 for the statement of financial position.

These *pro forma* financial effects do not reflect the financial impacts of the maturing of the 2008 B-BBEE Transaction, and only reflects the impact of the Proposed Amendments and Additional Share Allocations. Additional commentary on the financial effects of the 2008 B-BBEE Transaction running to conclusion, as originally approved by shareholders, is included in paragraph 6.7 of this Circular.

The *Pro Forma* Financial Information as set out below should be read in conjunction with the report of the independent reporting accountant which is included in **Annexure 2** of this Circular.

**Pro forma Consolidated Statement of Comprehensive Income for the quarter ended 30 June 2016**

Column	A	B1	B2	B3	C	D	E	F	G	
	Approved Transactions				Proposed Amendments to 2008 B-BBEE Transaction					
	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions		Liquidity and Guarantee Facility	PPC Rights Offer Acquisition	3Q	Transaction Costs	Proposed Amendments	Additional Share Allocations	Post Proposed Amendments to 2008 B-BBEE Transaction	% change G/C
R' million	Note 1	Note 2.1	Note 2.2	Note 2.3	Approved Transactions	Transaction Costs	Note 3	Note 4	Note 5	
<b>Revenue</b>	<b>2 425</b>	-	-	<b>98</b>	<b>2 523</b>	-	-	-	<b>2 523</b>	<b>0</b>
Cost of sales	1 795	-	-	92	1 887	-	-	-	1 887	0
<b>Gross profit</b>	<b>630</b>	-	-	<b>6</b>	<b>636</b>	-	-	-	<b>636</b>	<b>0</b>
Overheads	251	-	-	6	257	11	-	-	268	4
<b>Operating profit before:</b>	<b>379</b>	-	-	-	<b>379</b>	<b>(11)</b>	-	-	<b>368</b>	<b>(3)</b>
Empowerment transactions IFRS 2 charges	8	-	-	-	8	-	93	28	129	1 513
<b>Operating profit</b>	<b>371</b>	-	-	-	<b>371</b>	<b>(11)</b>	<b>(93)</b>	<b>(28)</b>	<b>239</b>	<b>(36)</b>
Finance costs	235	127	(133)	1	230	-	-	-	230	0
Investment income	3	-	-	-	3	-	-	-	3	0
<b>Profit before equity accounted earnings and exceptional items</b>	<b>139</b>	<b>(127)</b>	<b>133</b>	<b>(1)</b>	<b>144</b>	<b>(11)</b>	<b>(93)</b>	<b>(28)</b>	<b>12</b>	<b>(92)</b>
Impairments	-	-	-	-	-	-	-	-	-	-
Other exceptional adjustments	-	-	-	-	-	-	-	-	-	-
<b>Profit before taxation</b>	<b>139</b>	<b>(127)</b>	<b>133</b>	<b>(1)</b>	<b>144</b>	<b>(11)</b>	<b>(93)</b>	<b>(28)</b>	<b>12</b>	<b>(92)</b>
Taxation	58	(36)	32	-	54	(3)	-	-	51	(6)
<b>Profit for the period</b>	<b>81</b>	<b>(91)</b>	<b>101</b>	<b>(1)</b>	<b>90</b>	<b>(8)</b>	<b>(93)</b>	<b>(28)</b>	<b>(39)</b>	<b>(143)</b>
<b>Attributable to:</b>										
Shareholders of PPC Ltd	87	(91)	101	(1)	96	(8)	(93)	(28)	(33)	(134)
Non-controlling interests	(6)	-	-	-	(6)	-	-	-	(6)	0
	<b>81</b>	<b>(91)</b>	<b>101</b>	<b>(1)</b>	<b>90</b>	<b>(8)</b>	<b>(93)</b>	<b>(28)</b>	<b>(39)</b>	<b>(143)</b>
Number of shares (millions)	528	-	1 000	18	1 546	-	-	4	1 550	0
Earnings per share (cents)	17	(17)	6	-	6	(1)	(6)	(2)	(3)	(150)
Headline earnings per share (cents)	17	(17)	6	-	6	(1)	(6)	(2)	(3)	(150)
Diluted earnings per share (cents)	16	(16)	6	-	6	(1)	(6)	(2)	(3)	(150)
Diluted headline earnings per share (cents)	16	(16)	6	-	6	(1)	(6)	(2)	(3)	(150)

**Pro Forma Consolidated Statement of Financial Position as at 30 June 2016**

Column	A	B1	B2	B3	C	D	E	F	G
	Approved Transactions				Proposed Amendments to 2008 B-BBEE Transaction				
R' million	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions	Liquidity and Guarantee Facility	PPC Rights Offer	3Q Share Issue	Before the Proposed Amendments to 2008 B-BBEE Transaction after taking effect of Approved Transactions	Transaction Costs	Proposed Amendments	Additional Share Allocations	Proposed Amendments to 2008 B-BBEE Transaction
	Note 1	Note 2.1	Note 2.2	Note 2.3	Note 2.3	Note 3	Note 4	Note 5	
<b>ASSETS</b>									
<b>Non-current assets</b>	<b>13 955</b>	-	-	<b>113</b>	<b>14 068</b>	-	-	-	<b>14 068</b>
Property, plant and equipment	12 082	-	-	90	12 172	-	-	-	12 172
Intangible assets	996	-	-	23	1 019	-	-	-	1 019
Equity accounted investments	200	-	-	-	200	-	-	-	200
Other non-current assets	621	-	-	-	621	-	-	-	621
Deferred taxation assets	56	-	-	-	56	-	-	-	56
<b>Non-current assets held for sale</b>	<b>42</b>	-	-	-	<b>42</b>	-	-	-	<b>42</b>
<b>Current assets</b>	<b>2 879</b>	-	-	<b>105</b>	<b>2 984</b>	<b>(8)</b>	-	-	<b>2 976</b>
Inventories	1 070	-	-	14	1 084	-	-	-	1 084
Trade and other receivables	1 197	-	-	87	1 284	-	-	-	1 284
Cash and cash equivalents	612	-	-	4	616	(8)	-	-	608
<b>Total assets</b>	<b>16 876</b>	-	-	<b>218</b>	<b>17 094</b>	<b>(8)</b>	-	-	<b>17 086</b>



Column	A	B1	B2	B3	C	D	E	F	G		
	Approved Transactions				Proposed Amendments to 2008 B-BBEE Transaction						
	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions		Liquidity and Guarantee Facility	PPC Rights Offer	Share Issue	3Q	Before the Proposed Amendments to 2008 B-BBEE Transaction taking effect of Approved Transactions	Transaction Costs	Proposed Amendments	Additional Share Allocations	Post Proposed Amendments to 2008 B-BBEE Transaction
R'million	Note 1	Note 2.1	Note 2.2	Note 2.3	Note 2.3	Note 3	Note 4	Note 5			
<b>EQUITY AND LIABILITIES</b>											
<b>Capital and reserves</b>											
Stated capital	(1 113)	-	3 791	135	2 813	-	93	28	2 934		
Other reserves	1 555	-	-	-	1 555	-	-	-	1 555		
Retained profit	2 667	-	-	-	2 667	(8)	(93)	(28)	2 538		
<b>Equity attributable to shareholders of PPC Ltd</b>	<b>3 109</b>	<b>-</b>	<b>3 791</b>	<b>135</b>	<b>7 035</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>7 027</b>		
Non-controlling interests	520	-	-	-	520	-	-	-	520		
<b>Total equity</b>	<b>3 629</b>	<b>-</b>	<b>3 791</b>	<b>135</b>	<b>7 555</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>7 547</b>		
<b>Non-current liabilities</b>	<b>7 495</b>	<b>-</b>	<b>(2 177)</b>	<b>(3)</b>	<b>5 315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 315</b>		
Deferred taxation liabilities	1 165	-	-	-	1 165	-	-	-	1 165		
Provisions	414	-	-	-	414	-	-	-	414		
Long-term borrowings	5 373	-	(2 177)	(3)	3 193	-	-	-	3 193		
Other non-current liabilities	543	-	-	-	543	-	-	-	543		
<b>Current liabilities</b>	<b>5 752</b>	<b>-</b>	<b>(1 614)</b>	<b>86</b>	<b>4 224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 224</b>		
Short-term borrowings	4 236	-	(1 614)	13	2 635	-	-	-	2 635		
Trade and other payables and short-term provisions	1 516	-	-	73	1 589	-	-	-	1 589		
<b>Total equity and liabilities</b>	<b>16 876</b>	<b>-</b>	<b>-</b>	<b>218</b>	<b>17 094</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>17 086</b>		
Number of shares (millions)	528	-	1 000	18	1 546	-	-	4	1 550		
Net asset value per share (cents)	588	-	(137)	3	454	(1)	-	-	453		
Tangible net asset value per share (cents)	400	-	(14)	3	389	(1)	-	-	388		

## NOTES AND ASSUMPTIONS FOR THE QUARTER ENDED 30 JUNE 2016

1. Column A has been derived from PPC's reviewed consolidated results for the quarter ended 30 June 2016 which are unmodified from those previously published.

2. Approved Transactions, post the June 2016 quarter:

Columns B1, B2 and B3 illustrate the potential impact of the finalisation of the Liquidity and Guarantee Facility Agreement, PPC Rights Offer and 3Q Acquisition which were concluded during July 2016, September 2016 and July 2016 respectively. For purposes of the *pro forma* financial effects, it is assumed that the Approved Transactions occurred on 30 June 2016 and 1 April 2016 for the statement of financial position and statement of comprehensive income respectively and have been included in the *pro forma* financial effects for illustrative purposes only.

2.1 Following the finalisation of the Liquidity and Guarantee Facility, the Company early-redeemed R1,614 million of the outstanding capital portion of the notes on 15 July 2016, with the balance of the notes of R136 million following the original terms of the respective notes. As the proceeds received from the facility were used to settle these funding obligations, there is no overall change in the net borrowing position. Non-recurring fees of R128 million were incurred in raising the facility and were initially capitalised against borrowings in terms of IAS 23 (Borrowing Costs) and then amortised in full to finance costs over the four month period of the facility. The facility bears interest at JIBAR plus 10% which exceeds the current interest rates on the notes. As a result of the higher funding costs, additional finance costs of R31 million will be incurred, on the facility. The net impact of the amortisation of the raising fees for three months of R96 million and higher borrowings costs amounts to R127 million before taxation and R91 million net of taxation.

2.2 The PPC Rights Offer successfully closed on 16 September 2016 and following the issuance of 1 billion new PPC Ordinary Shares the Company raised R4 billion in gross proceeds. The Company has used the net proceeds of the PPC Rights Offer, amounting to approximately R3,791 million after offering expenses of R209 million, to: (i) repay outstanding amounts advanced by Standard Bank, Nedbank, Absa Bank and RMB under the Liquidity and Guarantee Facility of approximately R1.8 billion plus the raising fees as above; (ii) repay outstanding amounts advanced by the banks under other finance facilities of approximately R1.2 billion; (iii) pay unproductive costs and liabilities; and (iv) make payment on other existing facilities and will use the remainder to finance existing projects of the Group and meet other requirements for funding its operations.

The gross proceeds of the PPC Rights Offer will be credited against stated capital and utilised to reduce borrowings. The offering expenses of R209 million have been settled with the proceeds of the PPC Rights Offer and in terms of IAS 32 (Financial Instruments: Presentation), the offering expenses have been charged against stated capital. Of the amount used to reduce borrowings, R1,614 million has been allocated against short-term borrowings, being the outstanding capital portion of the issued notes in terms of the Company's DMTN programme which were classified as short-term following the ratings downgrade by S&P, with the balance of R2,177 million used to pay any fees, unproductive costs and liabilities and thereafter reduce long-term borrowings. The net impact is that total borrowings reduce by R3,791 million and stated capital increases by the corresponding value.

As borrowings were reduced following receipt of the proceeds of the PPC Rights Offer there will be a resultant reduction in finance costs. The reduction in finance costs is estimated at R133 million before taxation and R101 million after taxation effects of R32 million. The reduction in finance costs is considered to be of a permanent nature.

2.3 On 1 July 2016, all terms and conditions on the transaction to acquire 100% of 3Q were achieved and 3Q became a wholly-owned subsidiary. The acquisition consideration was settled via the issuance of 17,565,872 new PPC Ordinary Shares. The fair value of the shares issued for the acquisition, using the ruling share price of R7.68 on the effective date of the transaction, amounted to R135 million. The commercial rationale for the transaction is to progress the Company's channel management strategy that serves as a complementary platform for cement growth in South Africa. PPC's strategic intention is to be a provider of materials and solutions into the basic services sector and the 3Q Acquisition provides PPC with a further complementary platform to grow its service offering in this market segment. Cementitious distribution channels including readymix are increasingly being utilised as a conduit to grow and sustain cement sales volumes.

The net profit impact of 3Q on the Group's reported results is Rnil million for the quarter ended 30 June 2016, net of provisional purchase price adjustments calculated in terms of IFRS 3 (Business Combinations), as if the acquisition of 3Q by PPC occurred on 1 April 2016. As the Company has not finalised the determination of the on-acquisition fair values of assets and liabilities in terms of IFRS 3 (Business Combinations), the actual fair values will differ from the provisional values reflected in these *pro forma* financial effects.

3. Transaction Costs

Column D illustrates the impact of the estimated Transaction Costs of R11 million and R8 million after taxation (the "Transaction Costs"). The Transaction Costs are non-recurring and have been expensed to the statement of comprehensive income in terms of IAS 39 (Financial Instruments: Recognition and Measurement) and will be settled from cash arising from the Maturity Date Subscription. Further details of the Transaction Costs can be found in paragraph 10 of this Circular.

4. Proposed Amendments

Column E illustrates the impact of the termination of the remaining provisions of the Maturity Date Subscription Agreements post the repurchase of the PPC Ordinary Shares by PPC and resultant subscription by the SBP/CSG for the number of PPC Ordinary Shares they are able to acquire with their Cash Available. The Proposed Amendments trigger an IFRS 2 charge in terms of IFRS 2 (Share-based Payments) as a result of the modification to the terms of the 2008 B-BBEE Transaction Agreements. The IFRS 2 charge amounts to R93 million and has been included in empowerment transactions IFRS 2 charges in the statement of comprehensive income. The IFRS 2 charge is non-recurring and is non-taxable.

As there will be no vesting conditions post the termination of the remaining provisions of the Maturity Date Subscription Agreements, the related IFRS 2 charge, initially allocated to other reserves, will be recycled from other reserves to stated capital. The net impact of the Proposed Amendments is a debit of R93 million to retained profit and a corresponding credit to stated capital in the statement of financial position.

The key inputs that have been applied in determining the IFRS 2 charge are:

- Cash Available to the SBP/CSG Funding SPV;
- PPC Ordinary Share Price, which for the purpose of the *pro forma* calculation was R5.94 on 21 October 2016; and
- The Compulsory Subscription Price.

5. Additional Share Allocations

Column F illustrates the impact of the subscription by the SBP/CSG Funding SPVs for 4,403,439 PPC Ordinary Shares at R0.01 per share. As the PPC Ordinary Shares will be issued below the ruling PPC Ordinary Share price of R5.94 per share on the last practical date, an IFRS 2 charge in terms of IFRS 2 (Share-based Payments) is triggered. The IFRS 2 charge, which is non-recurring and non-taxable, amounts to R28 million and is recorded in empowerment transactions IFRS 2 charges in the statement of other comprehensive income.

As there will be no vesting conditions on the Additional Share Allocations, the related IFRS 2 charge, initially allocated to other reserves, will be recycled from other reserves to stated capital. The net impact of the Additional Share Allocations is a debit of R28 million to retained profit and a credit to stated capital in the statement of financial position.

6. Events after the reporting date

Other than the Approved Transactions, there are no other events that occurred after the reporting date that may have a material impact on the PPC Group's reported results or the *pro forma* results for the quarter ended 30 June 2016 for purposes of understanding the Transactions.

**Pro Forma Consolidated Statement of Comprehensive Income for the six months ended 31 March 2016**

Column	A	B1	B2	B3	C	D	E	F	G	
	Approved Transactions				Proposed Amendments to 2008 B-BBEE Transaction					
	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions	Liquidity and Guarantee Facility	PPC Rights Offer	3Q Acquisition	Before the Proposed Amendments to 2008 B-BBEE Transaction after taking effect of Approved Transactions	Transaction Costs	Proposed Amendments	Additional Share Allocations	Post Proposed Amendments to 2008 B-BBEE Transaction	% change G/C
R million	Note 1	Note 2.1	Note 2.2	Note 2.3	Note 3	Note 4	Note 5			
<b>Revenue</b>	<b>4 501</b>	-	-	<b>196</b>	<b>4 697</b>	-	-	-	<b>4 697</b>	<b>0</b>
Cost of sales	3 261	-	-	183	3 444	-	-	-	3 444	0
<b>Gross profit</b>	<b>1 240</b>	-	-	<b>13</b>	<b>1 253</b>	-	-	-	<b>1 253</b>	<b>0</b>
Overheads	489	-	-	12	501	11	-	-	512	2
<b>Operating profit before:</b>	<b>751</b>	-	-	<b>1</b>	<b>752</b>	<b>(11)</b>	-	-	<b>741</b>	<b>(1)</b>
Empowerment transactions IFRS 2 charges	18	-	-	-	18	-	93	28	139	672
<b>Operating profit</b>	<b>733</b>	-	-	<b>1</b>	<b>734</b>	<b>(11)</b>	<b>(93)</b>	<b>(28)</b>	<b>602</b>	<b>(18)</b>
Finance costs, including fair value adjustments on financial instruments	350	190	(252)	2	290	-	-	-	290	0
Investment income	12	-	-	-	12	-	-	-	12	0
<b>Profit before equity accounted earnings and exceptional items</b>	<b>395</b>	<b>(190)</b>	<b>252</b>	<b>(1)</b>	<b>456</b>	<b>(11)</b>	<b>(93)</b>	<b>(28)</b>	<b>324</b>	<b>(29)</b>
Impairments	(5)	-	-	-	(5)	-	-	-	(5)	0
Other exceptional adjustments	117	-	-	-	117	-	-	-	117	0
<b>Profit before taxation</b>	<b>507</b>	<b>(190)</b>	<b>252</b>	<b>(1)</b>	<b>568</b>	<b>(11)</b>	<b>(93)</b>	<b>(28)</b>	<b>436</b>	<b>(23)</b>
Taxation	156	(53)	61	(1)	163	(3)	-	-	160	(2)
<b>Profit for the period</b>	<b>351</b>	<b>(137)</b>	<b>191</b>	-	<b>405</b>	<b>(8)</b>	<b>(93)</b>	<b>(28)</b>	<b>275</b>	<b>(32)</b>
<b>Attributable to:</b>										
Shareholders of PPC Ltd	369	(137)	191	-	423	(8)	(93)	(28)	294	(30)
Non-controlling interests	(18)	-	-	-	(18)	-	-	-	(18)	0
	<b>351</b>	<b>(137)</b>	<b>191</b>	-	<b>405</b>	<b>(8)</b>	<b>(93)</b>	<b>(28)</b>	<b>276</b>	<b>(32)</b>

Column	A	B1	B2	B3	C	D	E	F	G	
	Approved Transactions				Proposed Amendments to 2008 B-BBEE Transaction					
R'million	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions	Liquidity and Guarantee Facility	PPC Rights Offer	3Q Acquisition	Before the Proposed Amendments to 2008 B-BBEE Transaction after taking effect of Approved Transactions	Transaction Costs	Proposed Amendments	Additional Share Allocations	Post Proposed Amendments to 2008 B-BBEE Transaction	% change G/C
	Note 1	Note 2.1	Note 2.2	Note 2.3	Note 3	Note 4	Note 5			
Reconciliation of earnings and headline earnings per share (cents)										
Earnings per share	70	(26)	(16)	-	28	(1)	(6)	(1)	20	(29)
<b>Adjusted for:</b>										
Other exceptional adjustments and impairments	(21)	-	11	-	(10)	-	-	-	(10)	0
Taxation on other exceptional adjustments and impairments	4	-	-	-	4	-	-	-	4	0
<b>Headline earnings per share</b>	<b>53</b>	<b>(26)</b>	<b>(5)</b>	<b>-</b>	<b>22</b>	<b>(1)</b>	<b>(6)</b>	<b>(1)</b>	<b>14</b>	<b>(36)</b>
Number of shares (millions)	528	-	1 000	18	1 546	-	-	4	1 550	0
Earnings per share (cents)	70	(26)	(16)	-	28	(1)	(6)	(1)	20	(29)
Headline earnings per share (cents)	53	(26)	(5)	-	22	(1)	(6)	(1)	14	(36)
Diluted earnings per share (cents)	69	(26)	(16)	-	27	(1)	(6)	(1)	19	(29)
Diluted headline earnings per share (cents)	52	(26)	(5)	-	21	(1)	(6)	(1)	13	(38)

**Pro Forma Consolidated Statement of Financial Position as at 31 March 2016**

Column	A	B1	B2	B3	C	D	E	F	G
	Approved Transactions				Proposed Amendments to 2008 B-BBEE Transaction				
	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions	Liquidity and Guarantee Facility	PPC Rights Offer	3Q Acquisition	Before the Proposed Amendments to 2008 B-BBEE Transaction after taking effect of Approved Transactions	Transaction Costs	Proposed Amendments	Additional Share Allocations	Post Proposed Amendments to 2008 B-BBEE Transaction
R'million	Note 1	Note 2.1	Note 2.2	Note 2.3	Note 2.3	Note 3	Note 4	Note 5	
<b>ASSETS</b>									
<b>Non-current assets</b>	<b>13 579</b>	-	-	<b>113</b>	<b>13 692</b>	-	-	-	<b>13 692</b>
Property, plant and equipment	11 716	-	-	90	11 806	-	-	-	11 806
Intangible assets	1 021	-	-	23	1 044	-	-	-	1 044
Equity accounted investments	200	-	-	-	200	-	-	-	200
Other non-current assets	590	-	-	-	590	-	-	-	590
Deferred taxation assets	52	-	-	-	52	-	-	-	52
<b>Non-current assets held for sale</b>	<b>42</b>	-	-	-	<b>42</b>	-	-	-	<b>42</b>
<b>Current assets</b>	<b>2 768</b>	-	-	<b>105</b>	<b>2 873</b>	<b>(8)</b>	-	-	<b>2 865</b>
Inventories	1 121	-	-	14	1 135	-	-	-	1 135
Trade and other receivables	1 187	-	-	87	1 274	-	-	-	1 274
Cash and cash equivalents	460	-	-	4	464	(8)	-	-	456
<b>Total assets</b>	<b>16 389</b>	-	-	<b>218</b>	<b>16 607</b>	<b>(8)</b>	-	-	<b>16 599</b>

Column	A	B1	B2	B3	C	D	E	F	G
	Approved Transactions			Proposed Amendments to 2008 B-BBEE Transaction					
	Before the Proposed Amendments to 2008 B-BBEE Transaction and Approved Transactions	Liquidity and Guarantee Facility	PPC Rights Offer	3Q Acquisition	Before the Proposed Amendments to 2008 B-BBEE Transaction after taking effect of Approved Transactions	Transaction Costs	Proposed Amendments	Additional Share Allocations	Post Proposed Amendments to 2008 B-BBEE Transaction
R' million	Note 1	Note 2.1	Note 2.2	Note 2.3	Note 4	Note 3	Note 4	Note 5	
<b>EQUITY AND LIABILITIES</b>									
<b>Capital and reserves</b>									
Stated capital	(1 113)	-	3 791	135	2 813	-	93	28	2 934
Other reserves	1 558	-	-	-	1 558	-	-	-	1 558
Retained profit	2 583	-	-	-	2 583	(8)	(93)	(28)	2 454
<b>Equity attributable to shareholders of PPC Ltd</b>	<b>3 028</b>	-	<b>3 791</b>	<b>135</b>	<b>6 954</b>	<b>(8)</b>	-	-	<b>6 946</b>
Non-controlling interests	535	-	-	-	535	-	-	-	535
<b>Total equity</b>	<b>3 563</b>	-	<b>3 791</b>	<b>135</b>	<b>7 489</b>	<b>(8)</b>	-	-	<b>7 481</b>
<b>Non-current liabilities</b>	<b>6 729</b>	-	<b>(2 177)</b>	<b>(3)</b>	<b>4 549</b>	-	-	-	<b>4 549</b>
Deferred taxation liabilities	1 178	-	-	-	1 178	-	-	-	1 178
Provisions	408	-	-	-	408	-	-	-	408
Long-term borrowings	4 614	-	(2 177)	(3)	2 434	-	-	-	2 434
Other non-current liabilities	529	-	-	-	529	-	-	-	529
<b>Current liabilities</b>	<b>6 097</b>	-	<b>(1 614)</b>	<b>86</b>	<b>4 569</b>	-	-	-	<b>4 569</b>
Short-term borrowings	4 557	-	(1 614)	13	2 956	-	-	-	2 956
Trade and other payables and short-term provisions	1 540	-	-	73	1 613	-	-	-	1 613
<b>Total equity and liabilities</b>	<b>16 389</b>	-	-	<b>218</b>	<b>16 607</b>	<b>(8)</b>	-	-	<b>16 599</b>
Number of shares (millions)	528	-	1 000	18	1 546	-	-	4	1 550
Net asset value per share (cents)	573	-	(127)	3	449	(1)	-	-	448
Tangible net asset value per share (cents)	380	-	-	3	363	(1)	-	-	382

## NOTES AND ASSUMPTIONS FOR THE SIX MONTHS ENDED MARCH 2016

1. Column A has been derived from PPC's audited consolidated results for the six months ended 31 March 2016 which are unmodified from those previously published.
2. Approved Transactions, post the March 2016 financial year-end.
3. Columns B1, B2 and B3 illustrate the potential impacts of the Liquidity and Guarantee Facility Agreement, PPC Rights Offer and 3Q Acquisition which were concluded during July 2016, September 2016 and July 2016 respectively. For purposes of the *pro forma* financial effects, it is assumed that the Approved Transactions occurred on 31 March 2016 and 1 October 2015 for the statement of financial position and statement of comprehensive income respectively and have been included in the *pro forma* financial effects for illustrative purposes only.

2.1 Following the finalisation of the Liquidity and Guarantee Facility, the Company early redeemed R1,614 million of the outstanding capital portion of the notes on 15 July 2016, with the balance of the notes of R136 million (excluding transaction costs) following the original terms of the respective notes. As the proceeds received from the facility were used to settle these funding obligations, there is no overall change in the net borrowing position. Non-recurring fees of R128 million were incurred in raising the facility and were initially capitalised against borrowings in terms of IAS 23 (Borrowings Costs) and then amortised to finance costs over the four month period of the facility. The facility bears interest at JIBAR plus 10 which exceeds the current interest rates on the notes. As a result of the higher funding costs, additional finance costs of R62 million will be incurred, on the facility that is in place for the full five month period. The net impact of the amortisation of the raising fees of R128 million and higher borrowings costs amounts to R190 million before taxation and R137 million net of taxation.

2.2 The PPC Rights Offer successfully closed on 16 September 2016 and following the issuance of 1 billion new PPC Ordinary Shares the Company raised R4 billion in gross proceeds. The Company has used the net proceeds of the PPC Rights Offer, amounting to approximately R3,791 million after offering expenses of R209 million, to: (i) repay outstanding amounts advanced by Standard Bank, Nedbank, Absa Bank and RMB under the Liquidity and Guarantee Facility of approximately R1.8 billion plus the raising fees as above; (ii) repay outstanding amounts advanced by the banks under other finance facilities of approximately R1.2 billion; (iii) pay unproductive costs and liabilities and (iv) make payment on other existing facilities and will use the remainder to finance existing projects of the Group and meet other requirements for funding its operations.

The gross proceeds of the PPC Rights Offer will be credited against stated capital and utilised to reduce existing borrowings. The offering expenses of R209 million have been settled with the proceeds of the PPC Rights Offer and in terms of IAS 32 (Financial Instruments: Presentation), the offering expenses have been charged against stated capital. Of the amount used to reduce borrowings R1,614 million has been allocated against short-term borrowings, being the outstanding capital portion of the issued notes in terms of the Company's DMTN programme which were classified as short-term following the ratings downgrade by S&P, with the balance of R2,177 million used to pay any fees, unproductive costs and liabilities and thereafter reduce long-term borrowings. The net impact is that total borrowings reduces by R3,791 million and stated capital increases by the corresponding value.

As borrowings were reduced following receipt of the proceeds of the PPC Rights Offer there will be a resultant reduction in finance costs. The reduction in finance costs is estimated at R252 million before taxation and R191 million after taxation effects of R61 million. The reduction in finance costs is considered to be of a permanent nature.

2.3 On 1 July 2016, all terms and conditions on the transaction to acquire 100 of 3Q were achieved and 3Q became a wholly-owned subsidiary. The acquisition consideration was settled via the issuance of 17,565,872 new PPC Ordinary Shares. The fair value of the shares issued for the acquisition, using the ruling share price of R7.68 on the effective date of the transaction, amounted to R135 million. The commercial rationale for the transaction is to progress the Company's channel management strategy that serves as a complementary platform for cement growth in South Africa. PPC's strategic intention is to be a provider of materials and solutions into the basic services sector and the 3Q Acquisition provides PPC with a further complementary platform to grow its service offering in this market segment. Cementitious distribution channels including readymix are increasingly being utilised as a conduit to grow and sustain cement sales volumes.

The net profit impact of 3Q on the Group's reported results is Rnil million for the six months ended 31 March 2016, net of provisional purchase price adjustments calculated in terms of IFRS 3 (Business Combinations), as if the acquisition of 3Q by PPC occurred on 1 October 2015. As the Company has not finalised the determination of the on-acquisition fair values of assets and liabilities in terms of IFRS 3 (Business Combinations), the actual fair values will differ from the provisional values reflected in these *pro forma* financial effects.

### 3. Transaction Costs

Column D illustrates the impact of the estimated transaction costs of R11 million and R8 million after taxation (the "Transaction Costs"). The Transaction Costs are non-recurring and have been expensed to the statement of comprehensive income in terms of IAS 39 (Financial Instruments: Recognition and Measurement) and will be settled from cash arising from the Maturity Date Subscription. Further details of the Transaction Costs can be found in paragraph 10 of this Circular.

### 4. Proposed Amendments

Column E illustrates the impact of the termination of the remaining provisions of the Maturity Date Subscription Agreements post the repurchase of the PPC Ordinary Shares by PPC and resultant subscription by the SBP/CSG for the number of PPC Ordinary Shares they are able to acquire with their Cash Available. The Proposed Amendments trigger an IFRS 2 charge in terms of IFRS 2 (Share-based Payments) as a result of the modification to the terms of the 2008 B-BBEE Transaction Agreements. The IFRS 2 charge amounts to R93 million and has been allocated to empowerment transactions IFRS 2 charges in the statement of comprehensive income. The IFRS 2 charge is non-recurring and is non-taxable.

As there will be no vesting conditions post the termination of the remaining provisions of the Maturity Date Subscription Agreements, the related IFRS 2 charge, initially allocated to other reserves, will be recycled from other reserves to stated capital. The net impact of the Proposed Amendments is a debit of R93 million to retained profit and a corresponding credit to stated capital in the statement of financial position.

The key inputs that have been applied in determining the IFRS 2 charge are:

- Cash Available to the SBP/CSG Funding SPV;
- PPC Ordinary Share price, which for the purpose of the *pro forma* calculation was R5.94 on 21 October 2016; and
- The Compulsory Subscription Price.



5. Additional Share Allocations

Column F illustrates the impact of the subscription by the SBP/CSG Funding SPVs for 4,403,439 PPC Ordinary Shares at R0.01 per share. As the PPC Ordinary Shares will be issued below the ruling PPC Ordinary Share price of R5.94 per share on the last practical date, an IFRS 2 charge in terms of IFRS 2 (Share-based Payments) is triggered. The IFRS 2 charge, which is non-recurring and non-taxable, amounts to R28 million and is recorded under empowerment transactions IFRS 2 charges in the statement of other comprehensive income.

As there will be no vesting conditions on the Additional Share Allocations, the related IFRS 2 charge, initially allocated to other reserves, will be recycled from other reserves to stated capital. The net impact of the Additional Share Allocations is a debit of R28 million to retained profit and a credit to stated capital in the statement of financial position.

6. Events after the reporting date

Other than the Approved Transactions, there are no other events that occurred after the reporting date that may have a material impact on the PPC Group's reported results or the *pro forma* results for the year ended 31 March 2016 for purposes of understanding the Transactions.

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

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### The Directors

#### PPC Ltd

PPC Building  
148 Katherine Street  
Sandton  
2146

### Dear Sir(s) / Madam

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

We have completed our assurance engagement to report on the compilation of *Pro Forma* Financial Information of PPC Ltd by the directors. The *Pro Forma* Financial Information, as set out in paragraph 6 and **Annexure 1** of the Circular ("the Circular"), to be dated on or about 4 November 2016, consists of *Pro Forma* Consolidated Statement of Comprehensive Income for the quarter ended 30 June 2016; *Pro Forma* Consolidated Statement of Financial Position as at 30 June 2016; *Pro Forma* Consolidated Statement of Comprehensive Income for the six months ended 31 March 2016 and *Pro Forma* Consolidated Statement of Financial Position at 31 March 2016 and related notes. 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 action or event, described in Paragraphs 1 – 3 of the Circular, on the Consolidated Financial Position as at 30 June 2016 and 31 March 2016, and the Consolidated Financial Performance for the period then ended, as if the corporate action or event had taken place at 1 April 2016 and 1 October 2015, being the commencement date of the financial period for the purposes of the Statements of Comprehensive Income and at 30 June 2016 and 31 March 2016 respectively, being the last day of the financial period for the purposes of the Statements of Financial Position. As part of this process, information about the Consolidated Financial Position and financial performance has been extracted by the directors from the Consolidated financial statements for the quarter ended 30 June 2016 and six months ended 31 March 2016, on which a review report and an auditor's report respectively were issued simultaneously on 24 August 2016 and contained an emphasis of matter paragraph.

#### 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.

#### Quality control

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Independence and other ethical requirements

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

## Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we 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 prospectus 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 30 June 2016 and 31 March 2016 respectively would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

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

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

## Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 6 and **Annexure 1** of the Circular.

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## Deloitte & Touche

*Registered Auditor*

**Per: NB Radebe**

*Partner*

**1 November 2016**

Deloitte Place  
The Woodlands  
Woodlands Drive  
Woodmead Sandton

National executive: LL Bam\* chief executive officer; TMM Jordan\* Deputy Chief Executive Officer; MJ Jarvis\* Chief Operating Officer; GM Pinnock\* Audit; N Sing risk advisory; NB Kader\* tax; TP Pillay consulting; S Gwala; B Paas; K Black\* clients and industries; JK Mazzocco\* talent and transformation; MJ Comber\* reputation and risk; TJ Brown chairman of the board.

\*Partner and registered auditor.

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code.

Associate of Deloitte Africa, a member of Deloitte Touche Tohmatsu Limited

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## INFORMATION ON STRATEGIC BLACK PARTNERS AND COMMUNITY SERVICE GROUPS

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### 1. SBPS INVOLVED IN THE 2008 B-BBEE TRANSACTION:

#### 1.1 **Peu Group Proprietary Limited (Peu)**

Peu is an independent black owned and managed investment holding company, established in 1996. The management team comprises individuals, with a combination of skills in finance and investment banking, fostering a culture of entrepreneurship. Peu holds strategic long-term investments predominantly in the infrastructure and construction sectors. Prior to the formation of Peu, Peter Malungani (the founder and chairman of Peu) was the owner of a construction business which first partnered with PPC in 1993 to build Soweto's first corporate-owned shopping centre.

#### 1.2 **Nozala Investments Proprietary Limited (Nozala)**

Nozala is a broad-based women's empowerment investment company that was established in 1996 to ensure economic advancement of black women through constructive partnerships. Its shareholding comprises over 500,000 black women in South Africa with an investment philosophy to support equity investments with strategic operational involvement through value adding activities. PPC commenced its partnership with Nozala in 2004 when PPC facilitated the purchase of a 50% stake in Afripack by Nozala.

#### 1.3 **Portland Investment Consortium Proprietary Limited (Portland Consortium)**

Portland Consortium was established in 2008 to participate in the first PPC B-BBEE transaction and is focused on infrastructure development and construction and project management, power generation and mining exploration. The Consortium is led by Dr Mandla Gantsho and Tamela Holdings Proprietary Limited. Dr Gantsho is currently CEO of Nova Capital Africa Proprietary Limited and is an expert on infrastructure development finance and has an in-depth knowledge of Africa's business climate. Tamela Holdings is a black owned and managed investment company established in 2008 by Vusi Mahlangu and Sydney Mhlarhi.

#### 1.4 **Capital Edge Cement Consortium Proprietary Limited (Capital Edge)**

Capital Edge was established to participate in PPC's 2008 B-BBEE Transaction and is led by Jerry Vilakazi, the founder and chairman of the Palama Group. The consortium's diverse member base includes meaningful women and youth representation from all nine provinces and supports its vision to create employment and realisable skills transfer.

### 2. CSGs INVOLVED IN THE 2008 B-BBEE TRANSACTION:

#### 2.1 **Shalamuka Cement Holding Company Proprietary Limited (Shalamuka)**

Shalamuka is a special purpose vehicle, the sole shareholder of which is the Shalamuka Foundation, a trust formed in 2006 to raise long-term, sustainable funding for Penreach NPC (**Penreach**), its sole beneficiary.

The Penreach vision is educational excellence for one and all South Africans. This vision is carried out by working in a pipeline in one community at a time, effecting systemic change ranging from how Early Childhood Development Centres and schools are led and managed, how teachers and ECD Practitioners teach, how learners take full responsibility for their learning and how parents get involved in the education of their children.

The work of Penreach impacts more than 500 000 learners in the public education system in Mpumalanga and North West, with plans to expand to Limpopo in the near future. 100% of the beneficiaries of Penreach are black South Africans. At least 90% of the teachers and ECD Practitioners are black women.

## 2.2 **DEC Investment Holding Company Proprietary Limited (DEC)**

The sole shareholder of DEC is the Disability Empowerment Concerns Trust (**DEC Trust**). The DEC Trust was established in 1996 by non-governmental organisations representing South Africans with disabilities, of whom at least 85% are black people, to engage in business ventures in the context of B-BBEE.

The ultimate beneficiaries are South Africans with disabilities served by:

- The Deaf Federation of South Africa;
- National Council for and of Persons with Physical Disabilities in South Africa;
- South African Federation for Mental Health;
- South African National Council for the Blind;
- Epilepsy South Africa; and
- The South African Disability Development Trust.

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## INFORMATION ON PPC DIRECTORS

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### DIRECTORS

#### **Darryll John Castle (48)**

*BSc (Civil), BCom, MBA, CFA*

Darryll has a broad range of skills in corporate management, fund management, financial analysis, mining and engineering. He has extensive experience in the mining industry and served as chief executive officer of Trafigura Mining Group and Anvil Mining Limited (listed on the Toronto and Australian stock exchanges), as well as Chief Operations Officer at Metorex Group Limited. He has first-hand knowledge of various countries in Africa and emerging markets as well as deep relationships built over the years.

#### **Mmakeaya Magoro Tryphosa Ramano (45)**

*CA(SA)*

Tryphosa was CEO of WIP International (a subsidiary of WIPHOLD focused on African expansion). She also served as CFO of SAA, and prior to that she was requested to join National Treasury, where she set up a business unit with financial oversight of state-owned entities. As chief director of this unit, she was instrumental in listing Telkom on the Johannesburg and New York Stock Exchanges. Her diverse professional development includes financial and strategic planning, corporate governance reform, industry analysis and corporate restructuring. She currently serves on the boards of SAA, Airports Company of SA and Land Bank as a non-executive director.

#### **Sydney Knox Mhlarhi (43)**

*B.Com, BAcc (University of the Witwatersrand), CA(SA)*

Sydney is the board representative of the PPC consortium of strategic black partners. He is a founder and director of Tamela Holdings Proprietary Limited, an investment holding and corporate advisory company. Sydney has held various senior positions in the investment banking sector, including divisional director at Standard Bank and Chief Investment Officer of Makalani Holdings. Sydney completed his articles at Ernst & Young in 1997 and is a member of the South African Institute of Chartered Accountants' education and examinations committee. He is a non-executive director of Assore Limited.

#### **Timothy Dacre Aird Ross (72)**

*CA(SA)*

Tim was a partner with Deloitte & Touche for 36 years, retiring in 2008. He led the Johannesburg audit practice and served on the executive as client service director, as well as the board and remuneration committees. He was a director of Liberty Holdings Limited until he retired from the board in 2015 and remains a director of Eqstra Holdings Limited, Adcorp Holdings Limited, Mpack Limited.

#### **Todd Moyo (58)**

*BAcc (Hons) (University of Zimbabwe), CA(Z), CA(SA), RPA(Z), MCSZ*

Todd is chairman of PPC Zimbabwe Limited. He is a member of the Institute of Chartered Accountants in Zimbabwe and the South African Institute of Chartered Accountants. His experience in other disciplines includes sales, marketing and information technology, and he has attended a number of executive development programmes. Todd is chairman and CEO of healthcare company Datlabs (Pvt) Limited and chairman of National Foods Holdings Limited, both based in Zimbabwe. He is a director of other listed and unlisted companies. In his personal capacity, he is a board member and trustee of institutions in the education and health sectors and has supported several universities' fund-raising activities and served on the local authority of Bulawayo's valuation board and development committees.

### **Nicky Goldin (46)**

*BCom (Hons) (University of the Witwatersrand), MBA (University of Illinois)*

Nicky is presently a strategy and investment consultant to the Yellowwoods Group. She has global experience, having worked in Africa, Australia and the United States in strategy development and execution, business development; corporate finance and investment banking (debt and capital raising), primarily focusing on the natural resources and financial services industry sectors. She has held senior positions at Deloitte Consulting, BHP Billiton, Anglo America, Standard Bank and ANZ Bank (Australia).

### **Timothy Leaf-Wright (63)**

*Chartered Institute of Secretaries (Natal Technikon)*

Timothy's career with Nampak Limited spanned 41 years prior to taking early retirement at the end of 2014. During this time he held various senior positions including group export manager and business development director (rest of Africa). During the last 11 years he was seconded to Mozambique, Nigeria and Angola to spearhead negotiations and subsequently construction and managing of both brownfields and greenfields plants in those countries.

### **Charles Naude (61)**

*BSc (Hons Geology, Chemistry) (University of Pretoria), Certificate Production Management (Wits Technikon), MBL (UNISA)*

Charles has been a self-employed derivatives trader for the past five years. Prior to that he was CEO of Afrisam South Africa and chairman of Tanga Cement Company Limited in Tanzania. Collectively, he has 30 years' experience in all facets of the cement industry, including aggregates, readymix and lime.

### **Peter Gill Nelson (62)**

*BCom (Rhodes), BCompt (Hons) (UNISA), CA(SA)*

Peter's experience covers manufacturing, mining, telecommunications, healthcare, leisure, property, packaging and the motor industry in listed and private entities in South Africa, the United Kingdom, Zimbabwe and Nigeria. He has served as CFO on several boards including Telkom SA SOC Limited, Netcare Limited, PPC and Mondi Limited.

### **Tito Mboweni (57)**

*BA (National University of Lesotho), MA Development Economics (University of East Anglia), Diploma in International Business Diplomacy (Georgetown University), CD(SA)*

Tito is the chairman of Nampak Limited, Sacoil Holdings Limited and Accelerate Property Fund Limited. He also holds other directorships. In an academic, political and business career spanning three decades, he has gained considerable expertise and experience in the fields of economic and political analysis, macro-level economy strategy, finance, labour relations and public policy.

### **Salukazi Dakile-Hlongwane (66)**

*BA degree (Economics and Statistics) (National University of Lesotho), Master's (Development Economics) (Williams College Massachusetts, USA)*

Ms Dakile-Hlongwane is currently the Chairperson and co-founder of Nozala Investments Proprietary Limited. She is also a trustee of the Nozala Trust and the Chancellor House Trust as well as a member of the International Women's Forum/South Africa and Women Corporate Directors. Her career spans various organisations, including the Lesotho National Development Corporation, African Development Bank (Abidjan-Côte d'Ivoire), the Development Bank of Southern Africa, FirstCorp Merchant Bank and BOE Specialised Finance.

## TRADING HISTORY OF PPC ORDINARY SHARES ON THE JSE

Set out below is a table showing the aggregate volumes and values traded and the highest and lowest prices traded in PPC Ordinary Shares for:

- each month over the 12 months prior to the date of issue of this Circular; and
- each day over the 30 days preceding the Last Practicable Date and prior to the date of issue of this Circular.

<b>Monthly</b>	<b>High</b>	<b>Low</b>	<b>Value</b>	<b>Volume</b>
	<i>(cents per share)</i>	<i>(Rand millions)</i>		
<b>2016</b>				
October	655	487	814	137 410 354
September	718	511	1 208	194 222 332
August	678	516	893	149 199 237
July	553	419	479	97 960 935
June	714	452	638	116 497 348
May	1 014	622	474	56 531 552
April	1 031	792	567	62 891 715
March	995	754	432	48 570 843
February	979	757	413	48 420 005
January	1 078	752	537	58 286 217
<b>2015</b>				
December	1 156	856	568	57 235 781
November	1 170	995	758	69 757 046

<b>Daily</b>	<b>High</b>	<b>Low</b>	<b>Value</b>	<b>Volume</b>
	<i>(cents per share)</i>	<i>(Rand million)</i>		
<b>2016</b>				
<b>October</b>				
31 Oct 2016	584	487	93.6	17 660 175
28 Oct 2016	597	550	30.7	5 369 066
27 Oct 2016	598	585	9.1	1 530 953
26 Oct 2016	609	587	8.3	1 391 194
25 Oct 2016	610	594	14.5	2 416 869
24 Oct 2016	605	592	8.8	1 472 527
21 Oct 2016	605	593	11.2	1 879 410
20 Oct 2016	600	593	7.3	1 216 095
19 Oct 2016	615	593	23.7	3 948 142
18 Oct 2016	623	594	43.4	7 082 200
17 Oct 2016	600	570	25.7	4 329 381
14 Oct 2016	601	569	40.7	6 962 909
13 Oct 2016	595	563	47.9	8 312 416
12 Oct 2016	631	576	49.1	8 313 000
11 Oct 2016	650	590	56.9	9 221 415
10 Oct 2016	655	630	74.0	11 465 488
7 Oct 2016	636	616	45.2	7 205 043
6 Oct 2016	636	610	75.4	12 016 689
5 Oct 2016	610	575	73.0	12 219 834
4 Oct 2016	581	559	35.8	6 231 051
3 Oct 2016	563	540	39.6	7 166 497



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## MATERIAL CONTRACTS OF PPC

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### 1. BORROWINGS

#### 1.1 *Term facilities*

On 24 March 2016, PPC entered into an unsecured R2 billion 18-month facilities agreement with Nedbank and Standard Bank (the "Term Facilities Agreement"). The Term Facilities Agreement has been amended twice, by way of a first addendum, dated 23 May 2016, and a second addendum, dated 7 June 2016. As at the Last Practicable Date, Facility A, the R590 million term loan facility was fully utilised by PPC for purposes of funding the redemption of PPC's domestic medium term notes due at the end of March 2016. Facility B (the R1.41 billion term loan facility to be utilised by PPC for purposes of funding the repayment of amounts outstanding under the 2008 loans from the SBPs and CSGs) has been partially utilised with an amount of R1 043 million still available to be utilised.

The Term Facilities Agreement contains certain financial covenants, including maintenance of a gross debt-to-EBITDA ratio (as defined in the relevant funding agreements) of no greater than three times, a debt service cover ratio of greater than 1.3 times and an interest cover ratio of greater than three times or 3.5 times (depending on the relevant measurement period). Covenant calculation factors exclude certain project finance entities.

The Term Facilities Agreement includes certain events of default customary for financings of this nature including no payment defaults, breaches of obligations under the finance documents, cross default or acceleration of other financial indebtedness, audit qualification, insolvency type events or breach of PPC's constitutional documents. The Term Facilities Agreement included Guarantees provided by the following Group companies: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited. Interest is payable every three months at a rate per annum equal to JIBAR plus the agreed margin.

The Term Facilities Agreement includes mandatory prepayment triggers customary for debt financings such as enforcement action under sanctions laws, embargoes and other measures as may be imposed by certain international authorities and governments, changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, disposals of a major part of PPC's assets and changes in control in PPC and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares). In addition to these, there are specific mandatory prepayment triggers for the cancellation, loss or adverse amendment of any mining licences previously issued by the relevant South African government authorities, or the termination of any mandate of the relevant arranger other than for cause.

#### 1.2 *General banking facilities*

On or about 24 March 2016, PPC entered into:

- an unsecured R255 million general banking facility agreement with Standard Bank (the "Standard Bank GBF"); and
- an unsecured R255 million general banking facility agreement with Nedbank (the "Nedbank GBF").<sup>1</sup>

On 16 April 2015, PPC entered into an unsecured R350 million general banking facility agreement with RMB, PPC Lime Limited and PPC Aggregate Quarries Proprietary Limited (the "RMB GBF" and, together with the Standard Bank GBF and the Nedbank GBF, collectively, the "GBFs"). Borrowers were expanded to include PPC Cement SA Proprietary Limited and PPC Group Services Proprietary Limited following the Group's restructure on 1 April 2016.<sup>2</sup>

The GBFs include certain events of default customary for financings of this nature including cross default provisions similar to that of the Term Facility Agreement. The Nedbank and Standard Bank GBFs included Guarantees provided by the following Group companies: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited. The RMB GBF includes suretyships by PPC Aggregate Quarries Proprietary Limited, PPC Lime Limited, PPC Cement SA Proprietary Limited and PPC Group Services Proprietary Limited.

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<sup>1</sup> Following the rights offer, the facility was reduced to R225 million.

<sup>2</sup> Following the rights offer, the facility was reduced to R252 million.

The Standard Bank GBF and Nedbank GBF contains financial covenants identical to those in the Term Facilities Agreement.

Covenant calculation factors exclude certain project finance entities and enforcement of the covenants is subject to the standstill arrangements described in the paragraph above.

The RMB GBF does not specify any financial covenants.

The Nedbank GBF includes mandatory prepayment triggers customary for debt financings such as enforcement action under sanctions laws, embargoes and other measures as may be imposed by certain international authorities and governments, changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, disposals of a major part of PPC's assets and changes in control in PPC and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares). In addition to these, there is a specific mandatory prepayment trigger for the cancellation, loss or adverse amendment of any mining licences previously issued by the relevant South African Government authorities. The RMB GBF and the SBSA GBF do not include mandatory prepayment triggers.

### 1.3 Absa RCF Agreement

On 4 February 2013, PPC entered into an unsecured R900 million revolving credit facility agreement with Absa Bank, the facilities provided thereunder are to be used for the general corporate purposes of PPC (the "Absa RCF Agreement"). The Absa RCF Agreement contains the following financial covenants:

- a debt-to-EBITDA ratio (as defined in the relevant funding agreements) in respect of any relevant period (i.e. a 12-month period ending end Q1, Q2, Q3 or Q4 of any financial year), no greater than three times;
- a debt service cover ratio in respect of any relevant period, not less than 1.4 times; and
- an interest cover ratio in respect of any relevant period, not less than 3.5 times.

The Absa RCF Agreement includes certain events of default customary for financings of this nature including no payment defaults, breaches of financial covenants, breaches of obligations under the finance documents, cross defaults or acceleration, insolvency type events, failure to comply with a final judgement, unlawfulness of any of the finance documents or certain expropriations. The Absa RCF Agreement included a Guarantee provided by PPC Cement SA Proprietary Limited.

The Absa RCF Agreement includes mandatory prepayment triggers customary for debt financings such as sanctions or changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, and changes in control in PPC.

Interest is payable at a rate per annum equal to the JIBAR plus the agreed margin. Interest is payable every three months.<sup>3</sup>

### 1.4 2008 SBP and CSG Loans

In 2008, PPC as borrower and for purposes of funding its working capital requirements and capital expansion projects, entered into:

- a R1,252 million unsecured term loan facility with the SBP Funding SPV as lender (the "SBP Loan"); and
- a R268 million unsecured term loan facility with the CSG Funding SPV as lender (the "CSG Loan"), and together with the SBP Loan, collectively, the "SBP/CSG Loans").

Each of the SBP/CSG Loans matures in December 2016, and, although initially fully utilised, as at the Last Practicable Date, the amounts outstanding under the SBP/CSG Loans have been partially repaid, reducing the outstandings between them to R1,043 million.

Guarantees have been provided by the following Group companies in respect of PPC's obligations under each SBP/CSG Loan: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited.

Each of the SBP/CSG Loans contains the following financial covenants to be met at all times:

- a debt-to-EBITDA ratio (as defined in the relevant funding agreements) no greater than three times (other than any measurement period ending Q2 and Q4 of the 2016 financial year and Q2 of the 2017 financial year, for which the ratio may be no greater than 3.3);
- a debt service cover ratio greater than 1.4 times (other than the measurement period ending Q2 of the 2016 financial year, for which the ratio should be greater than 1.2); and
- an interest cover ratio greater than 3.5 times.

<sup>3</sup> Following the rights offer, the facility was reduced to R648 million.

Each of the SBP/CSG Loans are subject to mandatory prepayment to the extent that SBP/CSG each are required to prepay their back-to-back loans with Nedbank, Standard Bank and other financial institutions under the 2008 B-BBEE Transaction. These back-to-back loans include mandatory prepayment triggers then customary for debt financings such as changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, certain changes in control and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares). In addition, the back-to-back loans include a mandatory prepayment trigger for loss of the empowerment status of SBP/CSG.

Interest on each SBP/CSG Loan is payable at a rate per annum equal to a particular swap rate plus the agreed margin. Interest is payable every six months.

## 2. **ROYALTIES**

No royalties to third parties are payable by PPC or any of its subsidiaries.

## 3. **DIRECTORS' SERVICE CONTRACTS**

Darryll Castle, PPC's CEO, was appointed on 12 January 2015 for a period of five years ending on 31 December 2019. However, the Company has the option to extend his employment for a further period of one (1) year. His employment agreement includes a restraint of trade for a period of one (1) years after his employment is terminated.

Mmakeaya Magoro Tryphosa Ramano, PPC's Chief Financial Officer, was appointed on 1 August 2011 for an indefinite period. Her employment agreement may be terminated on three (3) months' prior written notice. Her employment agreement includes a restraint of trade for a period of six (6) months after her employment is terminated.

Non-executive Directors are appointed by way of an ordinary resolution of the Shareholders at a general meeting of the Company. Each non-executive Director's appointment is made in accordance with the provisions of the Companies Act and PPC's MOI, which provides that one-third of the non-executive Directors shall retire each year and are eligible for re-election following this period. If the number of Directors is not three or a multiple of three, the number nearest to one-third, but not less than one-third, shall retire from office yearly. The Directors to retire each year shall be those who have been longest in office since their last election. Non-executive Directors receive a fee for their contribution to the Board and its committees on which they are members. In addition to this fee, the Company pays the Directors allowances for properly and necessarily incurred travel, subsistence and accommodation expenses.

## 4. **OTHER**

### **Slurry SK9 Engineering, Procurement and Construction ("EPC") Contract**

EPC contracts entered into on 8 May 2015 between PPC and CBMI Construction Co. Ltd for the construction of 3 000tpd clinker manufacturing plant at PPC Slurry factory near Mahikeng for the SK9 project that will cost R1.7 billion.

### **Democratic Republic of Congo ("DRC") EPC Contract**

EPC contract entered into on 20 May 2014 between PPC Barnet DRC Manufacturing SA and Sinoma International Engineering Co. Ltd for the construction of a 3 000tpd clinker manufacturing plant near Kimpese, Democratic Republic of Congo for the DRC project that will cost approximately USD280 million.

### **3Q**

Share Purchase Agreements entered into on 17 December 2015 in terms of which PPC, through its subsidiary Pronto Holdings, purchased from Capital Africa Steel Proprietary Limited all the shares in 3Q in exchange for PPC shares worth R135 million.

### **PPC Barnet DRC Holdings ("PBDH")**

On 12 August 2014, PPC through its subsidiary PBDH entered a transaction in terms of which senior secured loan funding in an aggregate amount USD168 300 000 was made available to PBDH, on a limited recourse basis. The transaction is fully secured on a limited recourse basis to PPC.

### **PPC Zimbabwe Harare Mill Project**

On 14 November 2014, PPC Zimbabwe entered into an agreement in terms of which loan funding was secured in aggregate for an amount of USD75 000 000, in order to develop the Harare Mill project. The agreements, although made by a subsidiary of PPC, contain no restrictive funding arrangements that impact PPC.

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**PPC**



**PPC Ltd**

(Incorporated in the Republic of South Africa on 22 April 1892)

Registration number 1892/000667/06

JSE Share code: PPC ISIN: ZAE000170049

ZSE alpha code: PPC

("PPC" or the "Company")

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**NOTICE OF GENERAL MEETING OF PPC SHAREHOLDERS**

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*The definitions and interpretations commencing on page 5 of the Circular to which this Notice of General Meeting is attached ("**Circular**") apply, mutatis mutandis, to this Notice of General Meeting.*

Notice is hereby given to PPC Shareholders that a General Meeting of PPC Shareholders will be held at 12:00 at JSE Limited, One Exchange Square, Gwen Lane, Sandown, on 5 December 2016 for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary resolutions set out below in a manner required by the Companies Act as read with the Listings Requirements, which meeting is to be participated in and voted at by PPC Shareholders as at the record date of 25 November 2016.

Ordinary Resolutions 1, 2, 4 and 5 will be required to be passed by PPC Shareholders holding PPC Ordinary Shares representing at least 75% of the voting rights cast in favour of such resolutions by PPC Shareholders present in person or represented by proxy and voting at the General Meeting.

Ordinary Resolution 3 will be required to be passed by PPC Shareholders holding PPC Ordinary Shares representing more than 50% of the voting rights cast in favour of such resolution by PPC Shareholders present in person or represented by proxy and voting at the General Meeting.

**ORDINARY RESOLUTION 1 – ISSUE OF CSG MATURITY DATE SUBSCRIPTION SHARES TO THE CSG FUNDING SPV**

"Resolved as an ordinary resolution that, subject to the passing of Ordinary Resolution 3, and to the extent required, the issue of such number of PPC Ordinary Shares to the CSG Funding SPV as determined in accordance with the terms and subject to the conditions of the relevant Maturity Date Subscription Agreement, as amended, all as contemplated in the Circular to which this Notice of General Meeting is attached, be and is hereby approved."

*Pursuant to the Listings Requirements, the Company will only be entitled to issue the shares which are the subject of Ordinary Resolution 1, to the extent such resolution is required, if that resolution is passed by votes, in favour of the resolution, representing at least 75% of the voting rights exercised at the meeting in respect of Ordinary Resolution 1, excluding any votes which may be cast by the CSG Funding SPV and its Associates.*

**ORDINARY RESOLUTION 2 – ISSUE OF SBP MATURITY DATE SUBSCRIPTION SHARES TO THE SBP FUNDING SPV**

"Resolved as an ordinary resolution that, subject to the passing of Ordinary Resolution 3, and to the extent required, the issue of such number of PPC Ordinary Shares to the SBP Funding SPV as determined in accordance with the terms and subject to the conditions of the relevant Maturity Date Subscription Agreement, as amended, all as contemplated in the Circular to which this Notice of General Meeting is attached, be and is hereby approved."

*Pursuant to the Listings Requirements, the Company will only be entitled to issue the shares which are the subject of Ordinary Resolution 2, to the extent such resolution is required, if that resolution is passed by votes, in favour of the resolution, representing at least 75% of the voting rights exercised at the meeting in respect of Ordinary Resolution 2 excluding any votes which may be cast by:*

- Sydney Mhlarhi;
- Salukazi Dakile-Hlongwane;
- Peter Malungani;
- the SBP Funding SPV; and
- their Associates.

**ORDINARY RESOLUTION 3 – APPROVAL OF THE PROPOSED AMENDMENTS TO THE 2008 B-BBEE TRANSACTION AGREEMENTS**

“Resolved as an ordinary resolution that, the amendment of each of the 2008 B-BBEE Transaction Agreements as set out in the addenda to each of those agreements, as referred to in paragraphs 3.1, 3.2, 3.3, 3.5 and 3.6 of the Circular, and implementation thereof, as contemplated in the Circular to which this Notice of General Meeting is attached, be and is hereby approved.”

*For this resolution to be passed, votes in favour of the resolution must represent more than 50% of the voting rights exercised at the meeting in respect of this Ordinary Resolution 3, excluding any votes which may be cast by:*

- CSG Funding SPV;
- Sydney Mhlarhi;
- Salukazi Dakile-Hlongwane;
- Peter Malungani;
- the SBP Funding SPV; and
- their Associates.

**ORDINARY RESOLUTION 4 – ISSUE OF CSG ADDITIONAL SHARES TO THE CSG FUNDING SPV**

“Resolved as an ordinary resolution that, subject to the passing of Ordinary Resolutions 1, 2 and 3, as a separate and independent transaction, the issue of such number of PPC Ordinary Shares to the CSG Funding SPV, or a separate legal entity with the same shareholders, as determined in accordance with the terms and subject to the conditions of the relevant Additional Shares Subscription Agreement, all as contemplated in the Circular to which this Notice of General Meeting is attached, be and is hereby approved.”

*Pursuant to the Listings Requirements, the Company will only be entitled to issue the shares which are the subject of Ordinary Resolution 4 if that resolution is passed by votes, in favour of the resolution, representing at least 75% of the voting rights exercised at the meeting in respect of Ordinary Resolution 4, excluding any votes which may be cast by the CSG Funding SPV and its Associates.*

**ORDINARY RESOLUTION 5 – ISSUE OF SBP ADDITIONAL SHARES TO THE SBP FUNDING SPV**

“Resolved as an ordinary resolution that, subject to the passing of Ordinary Resolutions 1, 2 and 3, as a separate and independent transaction, the issue of such number of PPC Ordinary Shares to the SBP Funding SPV, or a separate legal entity with the same shareholders, as determined in accordance with the terms and subject to the conditions of the relevant Additional Shares Subscription Agreement, all as contemplated in the Circular to which this Notice of General Meeting is attached, be and is hereby approved.”

*Pursuant to the Listings Requirements, the Company will only be entitled to issue the shares which are the subject of Ordinary Resolution 5 if that resolution is passed by votes, in favour of the resolution, representing at least 75% of the voting rights exercised at the meeting in respect of Ordinary Resolution 5, excluding any votes which may be cast by:*

- Sydney Mhlarhi;
- Salukazi Dakile-Hlongwane;
- Peter Malungani;
- the SBP Funding SPV; and
- their Associates.

## VOTING AND PROXIES

On a show of hands, every PPC Shareholder present in person or represented by proxy, entitled to vote at the General Meeting, shall have one vote and, on a poll, every PPC Shareholder entitled to vote at the General Meeting shall have one vote for each PPC Ordinary Share held or represented. Pursuant to the Listings Requirements, shares held by a share trust or scheme will not have their votes taken into account for the purposes of determining whether any resolution has been passed.

### Shareholders are reminded that:

- **a shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the shareholder and, in this regard, PPC Shareholders are referred to the proxy form attached to this Notice of General Meeting;**
- **a proxy need not also be a shareholder of the Company.**

Certificated Shareholders and Dematerialised “own-name” Shareholders (whose names appear on the sub-Register maintained by their CSDP or Broker), who are unable to attend the General Meeting and wish to be represented thereat, are requested to complete and return the attached form of proxy (*yellow*) in accordance with the instructions contained therein, so as to reach the Transfer Secretaries by no later than 12:00 (South African time) on 1 December 2016. The address of the Transfer Secretaries is inside the front cover of this Circular.

Dematerialised Shareholders (other than Dematerialised “own-name” Shareholders) must advise their CSDP or Broker of their voting instructions should they wish to be represented at the General Meeting. If, however, such Shareholders wish to attend the General Meeting in person, they will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the Dematerialised Shareholder and the CSDP or Broker.

## 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 and vote at the General Meeting, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. Forms of identification include the presentation of a valid identity document, driver's licence or passport.

## ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any PPC Shareholder (or a representative or proxy for a PPC Shareholder) wish to participate in the General Meeting by way of electronic participation, that PPC Shareholder should make an application in writing (including details as to how the PPC Shareholder or its representative (including its proxy) can be contacted) to so participate, to the Transfer Secretaries, at their address above, to be received by the Transfer Secretaries at least seven Business Days prior to the General Meeting (thus 24 November 2016) in order for the Transfer Secretaries to arrange for the PPC Shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the PPC Shareholder (or its representative or proxy) with details as to how to access the General Meeting by means of electronic participation. The Company reserves the right not to provide for electronic participation at the General Meeting in the event that it determines that it is not practical to do so, or an insufficient number of PPC Shareholders (or their representatives or proxies) request to so participate.

By order of the Board

**Jaco Snyman**

Company Secretary

4 November 2016

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**PPC****PPC Ltd**

(Incorporated in the Republic of South Africa on 22 April 1892)

Registration number 1892/000667/06

JSE Share code: PPC ISIN: ZAE000170049

ZSE alpha code: PPC

("PPC" or the "Company")

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**FORM OF PROXY**

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Only for use by registered holders of certificated PPC Ordinary Shares in the Company and the holders of dematerialised PPC Ordinary Shares in the issued stated capital of the Company in "own-name" form, at the General Meeting to be held at 12:00 at JSE Limited, One Exchange Square, Gwen Lane, Sandown, on 5 December 2016 or at any adjournment thereof.

Holders of PPC Ordinary Shares (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should timeously inform that nominee, or, if applicable, their participant or stockbroker of their intention to attend the General Meeting and request such nominee, participant or stockbroker to issue them with the necessary letter of representation to attend or provide such nominee, participant or stockbroker with their voting instructions should they not wish to attend the General Meeting in person but wish to be represented by proxy at the meeting. Such PPC Shareholders must not return this form of proxy to the Transfer Secretaries.

I/We \_\_\_\_\_ of \_\_\_\_\_

Telephone number \_\_\_\_\_ Cellphone number \_\_\_\_\_

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

Being a member/s of the above company and holding \_\_\_\_\_ ordinary shares

therein hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or, failing him/her,

the chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the General Meeting to be held at JSE Limited, One Exchange Square, Gwen Lane, Sandown, on 5 December 2016, and at any postponement or adjournment of that meeting as follows:

		In favour	Against	Abstain
<b>Ordinary resolutions</b>				
1	Issue of CSG Maturity Date Subscription Shares to the CSG Funding SPV			
2	Issue of SBP Maturity Date Subscription Shares to the SBP Funding SPV			
3	Approval of the Proposed Amendments to the 2008 B-BBEE Transaction Agreements			
4	Issue of CSG Additional Shares to the CSG Funding SPV			
5	Issue of SBP Additional Shares to the SBP Funding SPV			

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 ordinary shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature/s \_\_\_\_\_

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

Each member is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in place of that member at the General Meeting.

**Please read the notes to the form of proxy overleaf.**

### Explanatory notes regarding proxy

1. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own-name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the General Meeting may insert the name of a proxy or the names of two or more alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the General Meeting". The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" (cross) or a tick has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy will be valid in relation to the General Meeting despite the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice on any of the noted matters has been received by the Transfer Secretaries not less than 48 hours before the start of the General Meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with the Act, PPC's MOI and these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the General Meeting, to vote on such shareholder's behalf, will be deemed to include the authority to vote on procedural matters at the General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's Transfer Secretaries or waived by the Chairperson of the General Meeting.
11. A minor or any other person under legal incapacity or limited capacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Transfer Secretaries of the company.
12. Where there are joint holders of shares:
  - 12.1 Any one holder may sign the form of proxy; and
  - 12.2 The vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to the Transfer Secretaries, Computershare, 70 Marshall Street, Johannesburg, 2001, or Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box, 61051, Marshalltown, 2107) (Fax no +27 (0)11 688 5238) and for Zimbabwean PPC shareholders, Corpserve (Private) Limited, 2nd Floor, ZB Centre, corner First Street and Kwame Nkrumah Avenue, Harare, Zimbabwe (PO Box 2208, Harare, Zimbabwe) to be received by no later than 12:00 on 1 December 2016 (or 48 (forty-eight) hours before any adjournment of the General Meeting which date, if necessary, will be notified on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
15. Summary of applicable rights established in terms of section 58 of the Companies Act can be found on page 54 of this Circular.

### SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT AS REQUIRED BY SECTION 58(8)(b)(i) OF THE COMPANIES ACT

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

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the Memorandum Of Incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
  - 3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
  - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
  - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
  - 5.1 stated in the revocation instrument, if any; or
  - 5.2 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.
6. 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:
  - 6.1 the shareholder, or;
  - 6.2 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.
7. 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.
8. 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:
  - 8.1 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;
  - 8.2 the company must not require that the proxy appointment be made irrevocable; and
  - 8.3 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.





