

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 9 apply throughout this Circular, including this cover page.

Action required by Certificated and Dematerialised Shareholders:

1. This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action required by Clover Shareholders", which commences on page 4.
2. If you are in any doubt as to what action you should take, please consult your Broker, CSDP, banker, legal adviser or other professional adviser immediately.
3. If you have disposed of all your Clover Shares on or before Friday, 22 February 2019, this Circular should be handed to the purchaser of such Clover Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Clover does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Clover Shares to notify such beneficial owner of the transactions set out in this Circular.



CLOVER INDUSTRIES LIMITED

Incorporated in the Republic of South Africa
(Registration number: 2003/030429/06)
JSE Ordinary Share code: CLR
NSX Ordinary Share code: CLN
ISIN: ZAE000152377
("Clover" or "the Company")

MILCO SA PROPRIETARY LIMITED

Incorporated in the Republic of South Africa
(Registration number: 2018/610365/07)
("Offeror")

CIRCULAR TO CLOVER SHAREHOLDERS

regarding:

- a scheme of arrangement in terms of section 114 of the Companies Act proposed by the Clover Board between Clover and Clover Shareholders in terms of which, if successfully implemented, the Offeror will acquire all of the Clover Shares for the Scheme Consideration;
- an amendment to the Clover Share Appreciation Rights Plan in order to allow for the acceleration of certain Share Appreciation Rights granted thereunder, if the Scheme becomes operative;
- the approval of a Reinvestment by Reinvesting Management through an investment in the Offeror; and
- the Delisting of the Clover Shares from the Main Board of the JSE and from the NSX, in the event that the Scheme is successfully implemented;

and incorporating:

- a report prepared by the Independent Expert in terms of sections 114(2) and 114(3) of the Companies Act and in terms of regulation 113 of the Companies Regulations;
- a notice convening the Scheme Meeting;
- a Form of Proxy in respect of the Scheme Meeting (*blue*), for use by Certificated Shareholders and "own-name" Dematerialised Shareholders only;
- a Form of Surrender and Transfer in respect of Scheme Shares (*pink*) (for use by Certificated Scheme Participants only); and
- extracts of section 115 of the Companies Act, dealing with the approval required for fundamental transactions (including schemes of arrangement) and of section 164 of the Companies Act, dealing with Dissenting Shareholders' Appraisal Rights.

Sponsor to Clover



NSX Sponsor to Clover



Financial Adviser and Investment Bank to Milco SA



Attorneys to Clover



Competition Law Advisers to Clover



Independent Expert



Financial Adviser to CBC



Attorneys to Milco SA



Date of issue: Thursday, 28 February 2019.

This Circular is available in English only. Copies may be obtained during normal office hours from Thursday, 28 February 2019 until Thursday, 28 March 2019, both days inclusive, from the registered office of Clover, whose address is set out in the "Corporate Information and Advisers" section of this Circular. The Circular is also available in electronic form from the Company's website (www.clover.co.za)

CORPORATE INFORMATION AND ADVISERS

IN RESPECT OF CLOVER:

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Sponsor

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IMPORTANT LEGAL NOTICES

DISCLAIMER

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Circular is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws or other laws of any such jurisdiction. This Circular does not constitute the solicitation of an offer to purchase shares or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

APPLICABLE LAWS AND FOREIGN SHAREHOLDERS

The Scheme, which is the subject of this Circular, may be affected by the laws of the relevant jurisdictions of Foreign Shareholders. Such Foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any Foreign Shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any transfer or other taxes or other requisite payments due in such jurisdiction.

The Scheme complies with and is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Companies Act, the Takeover Regulations and Exchange Control Regulations.

The Scheme is proposed solely in terms of this document which includes details of how the Scheme may be approved. The Scheme is not being proposed in any jurisdiction in which it is unlawful to propose such a scheme.

Any Foreign Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

FORWARD-LOOKING STATEMENTS

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

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditure, acquisition strategy, and expansion prospects for future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

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

All these forward-looking statements are based on estimates and assumptions, as regards Clover, made by Clover as communicated in publicly available documents issued by Clover, all of which estimates and assumptions, although Clover believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Clover or not currently considered material by Clover.

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

No forward-looking statements in this Circular have been reviewed or reported upon by Clover's external auditors.

ACTION REQUIRED BY CLOVER SHAREHOLDERS

Please take careful note of the following provisions regarding the actions required by Clover Shareholders. If you are in any doubt as to the action you should take, please consult your CSDP, Broker, attorney, banker or professional adviser immediately. Without derogating from the generality of the foregoing, the attention of Clover Shareholders who hold their Clover Shares in certificated form is specifically drawn to the provisions of paragraph 3 below.

If you have disposed of all your Clover Shares on or before Friday, 22 February 2019, this Circular should be handed to the purchaser of such Shares or to the banker, Broker, CSDP or other agent through whom such disposal was effected.

A Scheme Meeting will be held at the registered offices of Clover, 200 Constantia Drive, Constantia Kloof, 1709, South Africa at 10:00 on Friday, 29 March 2019 for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions required to, *inter alia*, implement the Scheme with the result that the Offeror will acquire all of the Scheme Shares, and Scheme Participants will receive the Scheme Consideration, which Scheme Consideration will be R25.00 per Scheme Share absent any Scheme Consideration Adjustment (as to which, Shareholders are referred to paragraph 7.1.1 of this Circular). The Scheme Meeting will also consider the passing of ordinary resolutions to approve the Reinvestment by Reinvesting Management and the SARS Plan Amendment. A notice convening such Scheme Meeting is attached to, and forms part of, this Circular.

1. DEMATERIALISED SHAREHOLDERS WHO DO NOT HAVE “OWN-NAME” REGISTRATION

1.1 Voting at the Scheme Meeting

- 1.1.1 If you wish to attend the Scheme Meeting, you should instruct your CSDP or Broker to issue you with the necessary Letter of Representation to attend the Scheme Meeting in person, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.
- 1.1.2 If you do not wish to or are unable to attend the Scheme Meeting, but wish to be represented thereat, you should provide your CSDP or Broker with your voting instructions in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature. If your CSDP or Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.
- 1.1.3 You must **not** complete the attached Form of Proxy (blue).

1.2 Surrender of Documents of Title

You do not have to surrender any Documents of Title. The transfer of your Scheme Shares will be handled by your CSDP or Broker, to the extent necessary.

2. DEMATERIALISED SHAREHOLDERS WHO HAVE “OWN-NAME” REGISTRATION

2.1 Voting at the Scheme Meeting

- 2.1.1 You may attend, speak and vote at the Scheme Meeting in person, subject to section 58 of the Companies Act.
- 2.1.2 If you do not wish to or are unable to attend the Scheme Meeting but wish to be represented thereat, it is recommended that you complete the attached Form of Proxy (blue) in accordance with the instructions contained therein and ensure that it is received by the Transfer Secretaries, for administration purposes, by no later than 48 hours before the Scheme Meeting that is to be held at 10:00 on Friday, 29 March 2019, i.e. by 10:00 on Wednesday, 27 March 2019. The Form of Proxy (blue) may also be handed to the Chairman of the Scheme Meeting at any time before a relevant resolution is tabled for voting at the Scheme Meeting (or any adjournment of the Scheme Meeting).

2.2 Surrender of Documents of Title

You do not have to surrender any Documents of Title. The transfer of your Scheme Shares will be handled by your CSDP or Broker to the extent necessary.

3. CERTIFICATED SHAREHOLDERS

3.1 Voting at the Scheme Meeting

- 3.1.1 You may attend the Scheme Meeting and speak and vote thereat, subject to sections 57 and 58 of the Companies Act.
- 3.1.2 If you do not wish to or are unable to attend the Scheme Meeting but wish to be represented thereat, you must complete the attached Form of Proxy (blue) in accordance with the instructions contained therein and ensure that it is received by the Transfer Secretaries, for administration purposes, by no later than 48 hours before the Scheme Meeting that is to be held at 10:00 on Friday, 29 March 2019, i.e. by 10:00 on Wednesday, 27 March 2019. The Form of Proxy (blue) may also be handed to the Chairman of the Scheme Meeting at any time before a relevant resolution is tabled for voting at the Scheme Meeting (or any adjournment of the Scheme Meeting).

3.2 Surrender of Documents of Title

- 3.2.1 If the Scheme becomes operative, you will be required to surrender your Document of Title in respect of all your Clover Shares in order to claim the Scheme Consideration payable or deliverable to you.
- 3.2.2 If you wish to expedite receipt of the Scheme Consideration and surrender your Documents of Title in anticipation of the Scheme becoming operative, you should complete the attached Form of Surrender and Transfer (pink) and return it, together with the relevant Documents of Title relating to all your Clover Shares, in accordance with the instructions contained therein, to the Transfer Secretaries by 12:00 on the Scheme Consideration Record Date.
- 3.2.3 If Documents of Title relating to any Clover Shares to be surrendered are lost or destroyed, Clover may dispense with the required surrender of such Documents of Title upon production of evidence satisfactory to Clover that the Documents of Title to the Clover Shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to them. Accordingly, if the Documents of Title in respect of any of your Clover Shares have been destroyed, you should nevertheless return the attached Form of Surrender and Transfer (pink), duly signed and completed, together with a duly signed and completed indemnity form which is obtainable from the Transfer Secretaries.

4. GENERAL

4.1 Approval of the Scheme at the Scheme Meeting

The Scheme must be approved by a special resolution, in accordance with section 115(2)(a) of the Companies Act, at the Scheme Meeting, at which at least three Clover Shareholders are present and sufficient Scheme Members are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the Scheme Meeting. In order to be approved, the Special Resolution must be supported by at least 75% of voting rights exercised on the Special Resolution. Excluded Shareholders will not vote on the Special Resolution.

4.2 Electronic participation at Scheme Meeting

Clover Shareholders or their proxies may participate in (but not vote at) the Scheme Meeting by way of a teleconference call and, if they wish to do so:

- 4.2.1 must contact the Company Secretary (by email at the address cosec@clover.co.za) by no later than 10:00 on Wednesday, 27 March 2019 in order to obtain a pin number and dial-in details for that conference call;
- 4.2.2 will be required to provide reasonable satisfactory identification; and
- 4.2.3 will be billed separately by their own telephone service providers for their telephone call to participate in the Scheme Meeting,

provided that Clover Shareholders and their proxies will not be able to vote telephonically at the Scheme Meeting and will still need to appoint a proxy to vote on their behalf at the Scheme Meeting.

4.3 Court approval

- 4.3.1 Clover Shareholders are advised that, in terms of section 115(3) of the Companies Act, Clover may in certain circumstances not proceed to implement the Special Resolution required to approve the Scheme, despite the fact that the Special Resolution has been adopted at the Scheme Meeting, without the approval of the Court.
- 4.3.2 A copy of section 115 of the Companies Act pertaining to the required approval for the Scheme is set out in Annexure 5 to this Circular.

4.4 Dissenting Shareholders

- 4.4.1 Section 164 of the Companies Act provides that:
- 4.4.1.1 at any time before the Special Resolution is to be voted on at the Scheme Meeting, a Clover Shareholder may give Clover written notice objecting to the Special Resolution;
- 4.4.1.2 within 10 Business Days after Clover has adopted the Special Resolution, Clover must send a notice that the Special Resolution has been adopted to each shareholder who gave Clover written notice of objection and has neither withdrawn that notice nor voted in favour of the Special Resolution;
- 4.4.1.3 a Clover Shareholder who has given Clover written notice in terms of section 164 of the Companies Act objecting to the Special Resolution and has complied with all of the procedural regulations set out in section 164 of the Companies Act may, if the Special Resolution has been adopted, then demand in writing within:
- 4.4.1.3.1 20 Business Days after receipt of the notice referred to above; or
- 4.4.1.3.2 if the Clover Shareholder does not receive the notice from Clover referred to above, 20 Business Days after learning that the Special Resolution has been adopted,
- that Clover pay the Shareholder the fair value (in terms of and subject to the requirements set out in section 164 of the Companies Act) for all the Clover Shares held by that Clover Shareholder.
- 4.4.2 A more detailed explanation of the Dissenting Shareholders' Appraisal Rights is contained in paragraph 7.5 of this Circular.
- 4.4.3 A copy of section 164 of the Companies Act pertaining to the Dissenting Shareholders' Appraisal Rights is set out in Annexure 6 to this Circular.

4.5 Dematerialisation

If you wish to dematerialise your Clover Shares, please contact your CSDP or Broker. Clover Shareholders are advised that no dematerialisation or rematerialisation of Clover Shares may take place after Tuesday, 14 May 2019.

4.6 Foreign Shareholders

Foreign Shareholders must satisfy themselves as to the full observance of any applicable laws concerning the receipt of the Scheme Consideration, including, without limitation, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such jurisdiction. Foreign Shareholders who are in any doubt as to their positions should consult their professional advisers immediately.

4.7 Panel approval of this Circular

In approving this Circular and otherwise exercising its powers and functions with respect to the Proposed Transaction the Panel has not considered, and the Panel expresses no opinion or view in relation to, the commercial advantages or disadvantages of the Proposed Transaction.

SALIENT DATES AND TIMES

2019

Record date to determine which Clover Shareholders are eligible to receive the Circular (Circular Record Date)	Friday, 22 February
Circular posted to Clover Shareholders and notice convening the Scheme Meeting released on SENS on	Thursday, 28 February
Notice convening Scheme Meeting published in the South African press	Friday, 1 March
Last day to trade Clover Shares in order to be recorded in the Register to vote at the Scheme Meeting (Voting Last day to Trade)	Monday, 18 March
Record date to be eligible to vote at the Scheme Meeting, being the Voting Record Date, by close of trade on	Friday, 22 March
Last day to lodge Form of Proxy (blue) in respect of the Scheme Meeting by 10:00am on	Wednesday, 27 March
Last day for Clover Shareholders to give notice of their objections to the Special Resolution to approve the Scheme by no later than 10:00am on	Friday, 29 March
Scheme Meeting to be held at 10:00am on	Friday, 29 March
Results of the Scheme Meeting released on SENS on	Friday, 29 March
Results of the Scheme Meeting published in the South African press	Monday, 1 April
If the Scheme is approved by Clover Shareholders at the Scheme Meeting	
Last day for Shareholders who voted against the Special Resolution to require Clover to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Shareholders at the Scheme Meeting were exercised against the Scheme	Friday, 5 April
Last day on which Clover Shareholders who voted against the Special Resolution can apply to Court for leave to review the Scheme in terms of section 115(3)(b) of the Companies Act	Friday, 12 April
Last day for Clover to give notice of adoption of the Special Resolution approving the Scheme to Dissenting Shareholders in accordance with section 164 of the Companies Act	Friday, 12 April
Last day for Dissenting Shareholders, by reason of the adoption of the Special Resolution, to make a demand to Clover that Clover pay such Dissenting Shareholders the fair value of all Clover Shares held by them, in terms of section 164(7) of the Companies Act	Tuesday, 30 April
The following dates assume that no Court approval or review of the Scheme is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:	
Compliance certificate to be received from the Panel on	Thursday, 2 May
Finalisation date expected to be on	Friday, 3 May
Finalisation date announcement expected to be released on SENS on	Friday, 3 May
Finalisation date announcement expected to be published in the South African Press on	Monday, 6 May
Delisting application in respect of Clover Shares lodged with the JSE on	Thursday, 9 May
Expected Scheme Last day to Trade, being the last day to trade Clover Shares on the JSE and the NSX in order to be recorded in the Register to receive the Scheme Consideration (Scheme Last Day to Trade) on	Tuesday, 14 May

Suspension of listing of Clover Shares on the JSE and the NSX expected to take place at the commencement of trade on	Wednesday, 15 May
Expected Scheme Consideration Record Date, being the date on which Scheme Participants must be recorded in the Register to receive the Scheme Consideration, by close of trade on	Friday, 17 May
Expected Operative Date of the Scheme on	Monday, 20 May
Scheme Consideration expected to be paid/posted to certificated Scheme Participants, provided their Form of Surrender and Transfer (pink) and Documents of Title are received on or prior to 12:00pm on the Scheme Consideration Record Date, on or about	Monday, 20 May
Dematerialised Scheme Participants expected to have their accounts (held at their CSDP or Broker) credited with the Scheme Consideration on or about	Monday, 20 May
Termination of the listing of Clover Shares on the JSE and the NSX expected to take place at the commencement of trade on or about	Tuesday, 21 May

Notes:

1. All dates and times in respect of the Scheme are subject to change by mutual agreement between Clover and the Offeror and with the approval of the JSE and/or the Panel. The dates have been determined based on certain assumptions regarding the dates by which certain regulatory approvals including, but not limited to, that of the Competition Authorities, JSE and TRP, will be obtained and that no Court approval or review of the Scheme will be required. Any change will be released on SENS and published in the South African press.
1. The Scheme Consideration will be R25.00 per Scheme Share other than in the unlikely event of a Scheme Consideration Adjustment (as to which, Shareholders are referred to paragraph 7.1.1 of this Circular). Details of any Scheme Consideration Adjustment, if any, will be announced on or before the Finalisation Date.
2. Shareholders are referred to paragraph 7.5 of the Circular (which contains a summary of Dissenting Shareholders' Appraisal Rights in respect of the Scheme) regarding timing considerations relating to the Appraisal Rights afforded to Shareholders.
3. Shareholders should note that as transactions in Clover Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore persons who acquire Shares after the Voting Last Day to Trade (i.e. Monday, 18 March 2019) will not be eligible to vote at the Scheme Meeting but will, provided the Scheme is approved and they acquire the Clover Shares on or prior to the Scheme Last Day to Trade (expected to be Tuesday, 14 May 2019), participate in the Scheme (i.e. sell their Clover Shares to the Offeror in accordance with the Scheme for the Scheme Consideration).
4. A Shareholder may submit a Form of Proxy at any time before the commencement of the Scheme Meeting (or any adjournment of the Scheme Meeting) or hand it to the Chairman of the Scheme Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the Scheme Meeting (or any adjournment of the Scheme Meeting). Should a Shareholder lodge a Form of Proxy with the Transfer Secretaries less than 48 hours (excluding Saturdays, Sundays and official public holidays) before the Scheme Meeting, such Shareholder will also be required to furnish a copy of such Form of Proxy to the Chairman of the Scheme Meeting at any time before a relevant resolution is tabled for voting at the Scheme Meeting (or any adjournment of the Scheme Meeting before the appointed proxy exercises any of such Shareholder's rights at the Scheme Meeting (or adjourned or postponed Scheme Meeting).
5. If the Scheme Meeting is adjourned or postponed, Forms of Proxy submitted for the initial Scheme Meeting will remain valid in respect of any adjournment or postponement of the Scheme Meeting.
6. Dematerialised Shareholders are required to notify their duly appointed CSDP or Broker of their election in accordance with the custody agreement entered into between them and their CSDP or Broker in the manner and time stipulated therein. The CSDP or Broker must, in turn, make the election on such Dematerialised Shareholder's behalf, by no later than the designated date and time set out above, as to the form of the Scheme Consideration selected. Certificated Shareholders are required to have completed the attached Form of Surrender and Transfer (pink) in accordance with its instructions and returned it, together with the relevant Documents of Title, to the Transfer Secretaries, to be received by no later than the designated time and date set out above.
7. All times given in this Circular are local times in South Africa.
8. If the Scheme becomes operative, Share certificates may not be dematerialised or rematerialised after the Scheme Last Day to Trade.

DEFINITIONS AND INTERPRETATIONS

In this Circular, including its annexures, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa*, references to statutes and regulations are references to those statutes or regulations as amended from time to time, and the following expressions bear the meanings assigned to them below:

“Alternative Transaction”	any merger, share exchange, take-over bid, scheme of arrangement, or any similar transaction which, if completed, would mean a person/s (other than the Offeror) would, either: (i) acquire all or a substantial part of Clover’s and/or its Material Subsidiaries’ assets; or (ii) acquire at least the ‘prescribed percentage’ or more of the Clover Shares, as contemplated in section 123(1) of the Companies Act, but excluding any transactions of the nature contemplated in section 112(1) (b) and (c) of the Companies Act between Clover and its wholly-owned subsidiaries or as between wholly-owned subsidiaries of Clover, as they may exist from time to time;
“Alternative Transaction Agreement”	an agreement in respect of an Alternative Transaction as more fully described in paragraph 7.6 of this Circular;
“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164 of the Companies Act, an extract of which is set out in Annexure 6 of this Circular;
“Botes”	Dr James Henry Ferreira Botes;
“Brimstone”	Brimstone Investment Corporation Limited (registration number 1995/010442/06), a public company incorporated in accordance with the laws of South Africa, the shares of which are listed on the Main Board of the exchange operated by the JSE;
“Brimstone Cat1 Resolution”	the ordinary resolution of shareholders of Brimstone authorising Brimstone to subscribe for shares in the Offeror, as more fully detailed in paragraph 7.2.1.4 of this Circular;
“Brimstone Irrevocables”	the irrevocable undertakings to vote in favour of the Brimstone Cat1 Resolution, as more fully described in paragraph 17.1 of this Circular;
“Brimstone Undertaking”	the undertaking given by Brimstone to Clover to convene a meeting of Brimstone shareholders to consider the Brimstone Cat1 Resolution, as more fully described in paragraph 17.2 of this Circular;
“Broker”	any person registered as a broking member (equities) in terms of the rules of the JSE or NSX;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“CBC”	the Central Bottling Company Limited, as more fully described in paragraph 4 of the Circular;
“cents”	South African cents, in the lawful currency of South Africa;
“Certificated Scheme Members”	Scheme Members who are Certificated Shareholders;
“Certificated Scheme Participants”	Scheme Participants who are Certificated Shareholders;
“Certificated Shareholders”	Clover Shareholders who hold Certificated Shares;
“Certificated Shares”	Clover Shares, represented by a share certificate or other physical Document(s) of Title, which are not Dematerialised Shares;
“CIPC”	the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;

“Circular”	all the documents contained in or attached to this bound document dated Thursday, 28 February 2019, which bound document is a combined offer circular relating to the Proposed Transaction to be posted to Clover Shareholders in terms of Regulation 106 of the Takeover Regulations and the Listings Requirements;
“Circular Record Date”	the record date to determine which Clover Shareholders are eligible to receive the Circular;
“Clover” or “the Company”	Clover Industries Limited (registration number 2003/030429/06), a public company duly registered and incorporated in accordance with the laws of South Africa, all the issued shares of which are listed on the Main Board of the exchange operated by the JSE and secondary listed on the exchange operated by the NSX;
“Clover Board”	the Board of Directors of Clover;
“Clover Break Fee”	the break fee equal to 1% of the Scheme Consideration payable by Clover to the Offeror, in accordance with the TRP’s Guideline 1/2012 in the circumstances detailed in paragraph 7.6.6 of this Circular;
“Clover Group” or “Group”	Clover and any company, body corporate or other undertaking which is a subsidiary of Clover in terms of the Companies Act;
“Clover’s EBITDA”	the sustainable consolidated earnings of the Clover Group for any 12 month period (covering any financial year) before interest, tax, depreciation and amortisation (EBITDA), before taking into account any foreign exchange adjustment, and excluding costs directly attributable to the Proposed Transaction (including the cash settlement of the Share Appreciation Rights) as determined by the external auditors of Clover (if needed) from the management accounts of Clover;
“Clover Shareholders” or “Shareholders”	Certificated Shareholders and Dematerialised Shareholders;
“Clover Shares” or “Shares”	ordinary shares of no par value in the issued by Clover;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“Companies Regulations” or “Regulations”	the Companies Regulations, 2011, published in terms of section 223 and item 14 of Schedule 5 of the Companies Act;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out in paragraph 7.2 of the Circular;
“Court”	any South African Court with competent jurisdiction to approve the implementation of the Special Resolution set out in the notice of the Scheme Meeting pursuant to section 115(3) to (7) of the Companies Act and/or to determine the fair value of Clover Shares pursuant to section 164(14) of the Companies Act;
“CSDP”	a person that holds in custody and administers securities or an interest in securities as a central securities depository as a participant;
“Delisting” or “Delisted”	the delisting of Clover Shares from the JSE and the NSX, which delisting will occur should the Scheme become operative;
“Dematerialised Scheme Members”	Scheme Members who are Dematerialised Shareholders;
“Dematerialised Scheme Participants”	Scheme Participants who are Dematerialised Shareholders;
“Dematerialised Shareholders”	Clover Shareholders who are registered holders of Dematerialised Shares;
“Dematerialised Shares”	Clover Shares that have been dematerialised through a CSDP or Broker and are held in a sub-register in electronic form;

“Designated Management” or “Designated Managers”	Vorster, Scheepers, Palmeiro, Botes and van Heerden;
“Director”	a member of the Clover Board at the Last Practicable Date, whose details are set out on page 29 of this Circular;
“Dissenting Shareholders”	Clover Shareholders who validly exercise their Appraisal Rights and that do not fall within the ambit of section 164(9) of the Companies Act;
“Documents of Title”	valid share certificates, transfer deeds, balance receipts or any other proof of ownership of Clover Shares, reasonably acceptable to Clover;
“Emigrant”	any emigrant from the Common Monetary Area whose address is outside the Common Monetary Area;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, made in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933) as amended;
“Excluded Dissenting Shareholders”	Dissenting Shareholders who accept an offer made to them by the Company in terms of section 164(11) of the Companies Act or, pursuant to an order of Court, tender their Clover Shares to Clover in terms of section 164(15)(v) of the Companies Act;
“Excluded Matter”	in relation to a Material Adverse Change or a Scheme Consideration Adjustment, any one or more of the following: <ul style="list-style-type: none"> (i) any effect arising from the Proposed Transaction; (ii) any effect arising or resulting from: <ul style="list-style-type: none"> (a) facts and circumstances in the public domain at the Signature Date of the Implementation Agreement and/or fairly disclosed by Clover to the Offeror prior to that date; or (b) any acts or omissions by the Offeror; or (c) any action taken with the approval or consent of the Offeror;
“Excluded Shareholders”	collectively, Reinvesting Management and the Pre-Deal Investors;
“Finalisation Date”	the date on which all of the Conditions Precedent have been fulfilled or waived, as the case may be;
“Financial Markets Act”	the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“Firm Intention Announcement”	the joint announcement by Clover and the Offeror setting out the terms of Firm Offer Letter, as released on SENS on Monday, 4 February 2019;
“Firm Offer Letter”	the firm offer letter relating to the Proposed Transaction, signed by the last signing party on Monday, 4 February 2019;
“First Cautionary Announcement”	the first cautionary announcement released by Clover on SENS with respect to the possibility of the Proposed Transaction on 19 October 2018;
“Foreign Shareholder”	a Clover Shareholder who is a non-resident of South Africa in terms of Exchange Control Regulations;
“Form of Proxy”	the form of proxy (blue) attached to this Circular;
“Form of Surrender and Transfer”	the form of surrender and transfer (pink) attached to this Circular;
“IBBL”	International Beer Breweries Limited, registration number 511704819, a company duly incorporated in Israel;
“Implementation Agreement”	the written agreement entered into between Clover and the Offeror on Monday, 4 February 2019, which written agreement, <i>inter alia</i> , regulates the conduct of the parties with respect to the Proposed Transaction and contains undertakings in relation thereto;
“Income Tax Act”	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
“IncuBev”	IncuBev Limited, registration number 143640, a company duly registered and incorporated in the Republic of Mauritius;

“Independent Board”	those Directors, being Dr Stefanés Francois Booysen, Ms Babalwa Ngonyama, Neo Violet Mokhesi, Dr James Wellwood (Whitey) Basson and Mr Jorgen Flemming Michael Morgan, whom Clover has indicated are independent Directors as envisaged in Regulation 81 of the Takeover Regulations;
“Independent Expert”	PricewaterhouseCoopers Corporate Finance (Proprietary) Limited (registration number 1970/003711/07), the independent expert appointed by the Independent Board in accordance with section 114(2) of the Companies Act and Regulation 90 to compile a report on the terms of (i) the Scheme as required by section 114(3) of the Companies Act, and (ii) in accordance with Regulation 113(1)(a) in respect of the Reinvestment by Designated Management;
“Interim Dividend”	an interim dividend proposed to be declared by Clover’s board on or about Monday, 4 March 2019 and paid by Clover to the Clover Shareholders prior to the Operative Date in an amount not exceeding R55,000,000 in the aggregate;
“Irrevocable Undertakings” or “Undertakings”	the irrevocable undertakings given by certain Clover Shareholders to vote in favour of the Proposed Transaction, as more fully described in paragraph 16.1 of this Circular;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	Wednesday, 27 February 2019, being the last practicable date prior to the finalisation of this Circular;
“Lenders”	providers of the persons providing the cash guarantees contemplated in paragraph 7.7 of this Circular, or a facility that facilitates the provision of any such cash guarantee, being, Nedbank Limited, FirstRand Bank Limited (acting through its Rand Merchant Bank division), HSBC Bank plc – Johannesburg Branch and HSBC Bank plc – Tel Aviv Branch;
“Letters of Support”	the letters of support given by certain Clover Shareholders indicating that they intend to support the Proposed Transaction, as more fully described in paragraph 16.2 of this Circular;
“Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“Long Stop Date”	20 October 2019, being the date, which is 200 days after the Signature Date;
“Material Adverse Change”	<p>an adverse effect, fact or circumstance (other than any Excluded Matter) which has arisen or occurred or might reasonably be expected to arise or occur in the future (alone or together with any other such actual or potential adverse effect, fact and/or circumstance), and which is material with regard to the business, condition, assets, liabilities, operations, financial performance, net income and prospects of the Clover Group, and/or any restrictive covenant or covenants or similar provision entered into by Clover or the Clover Group which will or could reasonably be expected to materially reduce the actual or potential value of Clover or the Clover Group. To be ‘material’ the adverse impact must have or be likely to have or have had an impact:</p> <ul style="list-style-type: none"> (i) on the Net Asset Value of Clover at any time prior to or subsequent to the Finalisation Date in an amount of more than 7,5% of Clover’s 2018 audited tangible NAV (being the net asset value of the Clover Group exclusive of intangible assets and goodwill at 30 June 2018), and being an amount of R2,197,916,000; or (ii) on or must be reasonably likely adversely to affect Clover’s EBITDA by more than 10% compared to Clover’s EBITDA for Clover’s financial year ending 30 June 2018. <p>For the purposes of this definition, (i) a “Material Adverse Change” also includes the commencement of insolvency or business rescue proceedings in relation to Clover or any Material Subsidiary of Clover; and (ii) ‘value’ shall include the value of assets without double counting where a single matter affects more than one measure of value;</p>
“Material Subsidiary”	any subsidiary of Clover which accounts for more than 5% of the consolidated assets or consolidated revenues of the Clover Group;

“Milco International”	Milco Mauritius International, a private company limited by shares incorporated in Mauritius with company number 162258 GB, holding immediately following its incorporation, the entire issued share capital of the Offeror and following the Operative Date, approximately 78,68% of the Offeror’s share capital;
“Net Debt of Clover”	if the Finalisation Date falls: <ul style="list-style-type: none"> (i) on or after the 15th of a month, the current and non-current interest bearing loans and borrowings less the cash and short-term deposits of the Clover Group (calculated on the last day of the month before trade creditors are paid which is from the first day of the following month according to the historical practice of the Clover Group) as reflected in the management accounts of Clover as at the end of the month (“prior month”) immediately preceding the month in which the Finalisation Date falls; or (ii) before the 15th of a month, the current and non-current interest bearing loans and borrowings less the cash and short term deposits of the Clover Group (calculated on the last day of the month before trade creditors are paid which is from the first day of the following month according to the historical practice of the Clover Group) as reflected in the management accounts of Clover as at the end of the month immediately preceding the prior month;
“Notice of Scheme Meeting”	the notice convening the Scheme Meeting which is attached to and forms part of this Circular;
“NSX”	the Namibian Stock Exchange, a non-proprietary association established by the Namibia Financial Institutions Supervisory Authority to operate a stock exchange within Namibia, in terms of the Stock Exchanges Control Act of 1985;
“Offer”	the offer made by the Offeror to acquire the Scheme Shares, which offer: <ul style="list-style-type: none"> (i) will be effected by means of the Scheme; and (ii) is embodied in the Firm Offer Letter read together with the Implementation Agreement;
“Offeror” or “Milco SA”	Milco SA Proprietary Limited, registration number 2018/610365/07, a private company incorporated in accordance with the laws of South Africa;
“Offer Period”	shall bear the meaning ascribed to such term in section 117(1)(g) of the Companies Act;
“Operative Date”	the date on which the Scheme becomes operative, which is expected to be on or about Monday, 20 May 2019;
“Palmeiro”	Marcelo Marques Palmeiro;
“Panel” or “TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“Ploughshare”	Ploughshare Investments Limited, registration number 124728, a company duly incorporated in terms of Companies (Jersey) Law 1991;
“Pre-deal Investors”	collectively, Ronald Kers, John Cummings, Paul Fourie, Jon Halse, Kagiso Mokgathle, William Egbe and Alex Cummings who are invested in, or otherwise related to, the Offeror;
“Proposed Transaction”	collectively, the Scheme, the SARS Plan Amendment, the Reinvestment and the Delisting;
“R” or “Rand”	South African Rand, the lawful currency of South Africa;
“Register”	Clover’s securities register, including all sub-registers (if any);
“Reinvesting Management”	Vorster, Vorster’s family companies, Scheepers, Palmeiro, Botes and van Heerden;

“Reinvesting Management Loan Agreements”	each of the separate loan and pledge agreements to be entered into between the Offeror (on the one hand) and each of the Reinvesting Management (on the other hand), in terms of which the Offeror will advance to each of the Reinvesting Management loans, which in the aggregate total R150,000,000, to be used for the purpose of funding a portion of the subscription price payable by the Reinvesting Management to acquire new shares in the Offeror, as contemplated in paragraph 13 of this Circular, the salient terms of which are set out in Annexure 10;
“Reinvestment”	the proposed reinvestment by the Reinvesting Management utilising portion of (i) the proceeds of their share of the Scheme Consideration; and (ii) the cash settlement they receive in respect of the SARS, together with the proceeds of the loan to be advanced to them in terms of the Reinvesting Management Loan Agreements, for the subscription of new shares in the Offeror, as more fully described in paragraph 13 of this Circular;
“Right to Match”	the Offeror’s right to match any Superior Proposal, as more fully detailed in paragraph 7.6.1.4 of this Circular;
“SARS” or “Share Appreciation Rights”	share appreciate rights which have been granted under and in terms of the SARS Plan;
“SARS Plan” or “Clover Share Appreciation Rights Plan”	the restated Clover Share Appreciation Rights Plan (2010), as amended in writing from time to time, in terms of which certain employees of Clover (including Reinvesting Management) were from time to time, granted Share Appreciation Rights;
“SARS Plan Amendment”	the proposed amendment to the SARS Plan, as more fully described in paragraph 12 of the Circular;
“Scheepers”	Frantz Frederik Scheepers;
“Scheme”	the scheme of arrangement in terms of section 114 of the Companies Act, proposed by the Clover Board between Clover and the Clover Shareholders (other than the Excluded Shareholders) in terms of which, if the Scheme becomes operative, the Offeror will, on the Operative Date, acquire the Scheme Shares held by Scheme Participants for the Scheme Consideration and the Scheme Participants will be obliged to transfer their rights, title and interest in and to the Scheme Shares to the Offeror, subject to the Dissenting Shareholders’ Appraisal Rights;
“Scheme Consideration”	the consideration payable in cash for each Scheme Share, being R25.00 per Scheme Share and in total R4,797,793,425, unless there is an adjustment thereto pursuant to any Scheme Consideration Adjustment (as to the likelihood of which, Shareholders are referred to paragraph 7.1.1 of this Circular);
“Scheme Consideration Adjustment”	<p>The Scheme Consideration may be adjusted as follows:</p> <p>(i) if the Net Debt of Clover as at the Finalisation Date exceeds R800,000,000 other than as a result of an Excluded Matter, then the total Scheme Consideration of R4,797,793,425 shall be reduced by an amount equal to the amount by which the Net Debt of Clover exceeds R800,000,000 and the Scheme Consideration per Clover Share shall be reduced proportionately;</p> <p>(ii) if any dividend is declared by Clover after the Signature Date, excluding only the Interim Dividend (the “Post Signature Date Dividend”), then the total Scheme Consideration of R4,797,793,425 shall be reduced by an amount equal to the Post Signature Date Dividend and the Scheme Consideration per Clover Share shall be reduced proportionately.</p> <p>It is unlikely that there will be any Scheme Consideration Adjustment and this aspect is more fully detailed in paragraph 7.1.1 of this Circular;</p>
“Scheme Consideration Record Date”	the time and date on which Scheme Participants must be recorded in the Register in order to participate in the Scheme and receive the Scheme Consideration, which time and date is expected to be 17:00 on Friday, 17 May 2019;
“Scheme Last Day to Trade”	the last day to trade Clover Shares on the JSE and NSX in order to be recorded in the Register on the Scheme Consideration Record Date, and which date is expected to be Tuesday, 14 May 2019;

“Scheme Meeting”	the meeting of Clover Shareholders to be convened in terms of section 115(2) of the Companies Act (including any adjournment or postponement thereof), to be held at the registered offices of Clover, 200 Constantia Drive, Constantia Kloof, 1709, South Africa at 10.00, on Friday, 29 March 2019 or such other adjourned or postponed date or time determined in accordance with the Companies Act (as read with the Listings Requirements) to consider and, if deemed fit, pass, with or without modification, (i) the Special Resolution approving the Scheme; and (ii) the Transaction Resolutions;
“Scheme Members”	Clover Shareholders recorded in the register on the Voting Record Date who are lawfully entitled to attend and vote at the Scheme Meeting;
“Scheme Participants”	Clover Shareholders recorded in the register as at 17:00 on the Scheme Consideration Record Date, other than the Dissenting Shareholders;
“Scheme Shares”	all of the Clover Shares held by Scheme Participants;
“SENS”	the Stock Exchange News Service of the JSE;
“Signature Date”	the date of signature of the Implementation Agreement by the last party signing, being Monday, 4 February 2019;
“South Africa”	the Republic of South Africa;
“Special Resolution”	the special resolution to approve the Scheme to be considered at the Scheme Meeting, details of which are contained in the Notice of Scheme Meeting at page 64 of this Circular;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
“Sub-register”	each of Clover’s sub-registers of members administered and maintained by CSDPs in electronic form;
“Superior Proposal”	<p>an Alternative Transaction (not resulting from a breach by Clover or any of its subsidiaries of its obligations under the Implementation Agreement) received by Clover, which the Independent Board determines, acting in good faith and in order to satisfy what the Independent Board reasonably considers to be a proper discharge of its fiduciary and/or statutory duties (and having taken written advice in this regard from its external advisers), has the following characteristics:</p> <ul style="list-style-type: none"> (i) it is a legally binding and enforceable offer or proposal, couched as a firm intention by the person and/or entity making the offer or proposal, which spells out the terms of the transaction proposed and is duly accompanied by unconditional guarantees and/or confirmations, to the satisfaction of the Takeover Panel, for full payment of the consideration, and is not a mere indication or expression of interest to acquire Clover Shares; (ii) the consideration offered to Clover Shareholders in terms of such offer or proposal exceeds the Scheme Consideration by at least 5%; and (iii) in addition to the price referred to in (ii), the nature of the offer or proposal is such that: <ul style="list-style-type: none"> (a) the terms and conditions of the offer or proposal are, in the reasonable opinion of the Independent Board and taken as a whole, (i) superior to Clover Shareholders than those of the Scheme and, without derogating from the foregoing, (ii) not subject to more onerous conditions precedent than the Scheme having regard to the ease and prospects of fulfilment; (b) it is not subject to any subjective conditions, including the satisfactory outcome of a due diligence review;
“Takeover Regulations”	the regulations prescribed by the Minister of Trade and Industry in terms of sections 120 and 223 of the Companies Act;

“Transaction Resolutions”	collectively, (i) the ordinary resolution of Clover Shareholders to approve the Reinvestment to be considered at the Scheme Meeting; and (ii) the ordinary resolution of Clover Shareholders approving the SARS Plan Amendment to be considered at the Scheme Meeting. Details of the aforesaid ordinary resolutions are contained in the Notice of Scheme Meeting at page 64 of this Circular;
“Transfer Secretaries in South Africa”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa;
“van Heerden”	Jacques van Heerden;
“Vorster”	Johann Hendrik Vorster;
“Voting Last day to Trade”	the last day to trade Clover Shares on the JSE and the NSX in order to be recorded in the Register to vote at the Scheme Meeting, which date is expected to be Monday, 18 March 2019; and
“Voting Record Date”	the date determined by the Independent Board as the date on which Scheme Members must be recorded in the Register in order to be entitled to participate in and vote at the Scheme Meeting, which date is expected to be Friday, 22 March 2019.



CLOVER INDUSTRIES LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2003/030429/06)

JSE Ordinary Share code: CLR

NSX Ordinary Share code: CLN

ISIN: ZAE000152377

("Clover" or "the Company")

Directors

Executive

Johann Hendrik Vorster (*Chief Executive Officer*)

Frantz Frederik Scheepers (*Chief Financial Officer*)

Independent Non-Executive

Dr James Wellwood (Whitey) Basson

Dr Stefanus Francois Booysen

Neo Violet Mokhesi

Jorgen Flemming Michael Morgan

Babalwa Ngonyama

Non-Executive

Werner Ignatius Büchner (*Chairman*)

Nigel Athol Smith

CIRCULAR TO CLOVER SHAREHOLDERS

1. INTRODUCTION

- 1.1 In the Firm Intention Announcement released by Clover and the Offeror on SENS on Monday, 4 February 2019, Clover Shareholders were informed, *inter alia*, that the Offeror had made an offer to acquire the Scheme Shares for the Scheme Consideration in terms of the Scheme. The Scheme Consideration will be R25.00 per Scheme Share unless there is a Scheme Consideration Adjustment. Clover regards the prospects of a Scheme Consideration Adjustment as being unlikely and Shareholders are referred to paragraph 7.1.1 below.
- 1.2 Implementation of the Scheme is subject to the fulfilment or waiver of the Conditions Precedent including, *inter alia*, approval of the Scheme by Scheme Members.
- 1.3 In the event that the Scheme becomes operative, the listing of all of Clover's Shares on the Main Board of the JSE and on the NSX will be terminated, and Scheme Participants will be deemed to have disposed of all of the Scheme Shares for the Scheme Consideration, thereby constituting Clover as a wholly-owned subsidiary of the Offeror.

2. PURPOSE OF THIS CIRCULAR

- 2.1 The purpose of this Circular is to provide the Clover Shareholders with relevant information regarding the Proposed Transaction, including:
 - 2.1.1 the report of the Independent Expert prepared in terms of section 114(3) of the Companies Act;
 - 2.1.2 the recommendation of the Independent Board in respect of the Proposed Transaction; and
 - 2.1.3 to give notice convening the Scheme Meeting in order to consider and, if deemed fit, to pass with or without modification (i) the Special Resolution necessary to approve and implement the Scheme in accordance with the Companies Act, the Takeover Regulations and the Listings Requirements, and (ii) the Transaction Resolutions. A notice convening the Scheme Meeting is attached to, and forms part of, this Circular.

- 2.2 This Circular also contains the relevant provisions, disclosures and information concerning:
- 2.2.1 the SARS Plan Amendment; and
 - 2.2.2 the Reinvestment in the Offeror by Reinvesting Management.

3. BUSINESS AND HISTORY OF CLOVER

- 3.1 Clover operates in the branded consumer goods and products industry in South Africa and other selected African jurisdictions. The Company is currently involved in the production of dairy and non-alcoholic beverages, the distribution of chilled and ambient branded products and the sale and merchandising of fast-moving consumer goods.
- 3.2 As the 19th century drew to a close, a group of dairy farmers spread across the fertile Natal Midlands decided to organise themselves by founding a dairy co-operative. Through astute vision and leadership, their humble co-operative grew into South Africa's leading dairy business.
- 3.3 Clover was listed on the JSE on 14 December 2010, to raise the capital needed to grow the Company from its fundamental dairy base. Clover has since embarked on a value creation journey that in 2018 saw Clover being acclaimed as the most reputable company, for the third consecutive year, in the 2018 South Africa RepTrak® study.
- 3.4 Clover has one of the largest ambient and chilled distribution networks in Southern Africa. The Company's segments include: Dairy Fluids, Dairy Concentrated Products, Ingredients, Non-alcoholic Beverages, Fermented Products and Other Products. Non-alcoholic Beverages is the largest contributor to revenue. Clover's footprint extends across South Africa and sub-Saharan Africa, encompassing over c.8,500 employees.

4. BUSINESS AND HISTORY OF THE OFFEROR

Milco SA has been formed to act as the Offeror in relation to the Scheme. At the Operative Date (subject to the proviso below), the shareholding of the Offeror will be held as follows:

- c.78.7% by Milco International, the Offeror's holding company, whose shareholding is, in turn, effectively held c.59.5% by IBBL, c.8.3% by IncuBev and c.10.9% by Ploughshare;
- 15% by Brimstone; and
- c.6.3% by Reinvesting Management

provided that the foregoing percentages may vary whether before or after the Operative Date and additional shareholders of the Offeror may be introduced in addition to or in substitution for any shareholder of the Offeror (other than Milco International) provided that IBBL shall always maintain sole control over the Offeror at all material times until the Operative Date.

Particulars regarding each of IBBL, IncuBev, Ploughshare and Brimstone are set out in this paragraph 4.

Particulars with respect to the Reinvestment by Reinvesting Management are set out in paragraph 13 of this Circular.

IBBL is a directly owned subsidiary of CBC Group, a privately-owned international food and beverage group, whose subsidiary companies serve over 160 million consumers worldwide. CBC is Israel's leading manufacturer and distributor of beverages, and, through its foreign subsidiaries, has manufacturing and distribution operations in Turkey, Romania, and Uzbekistan. CBC is the owner of the Tara dairy, Israel's second largest milk processing dairy, producing and distributing its own brands and Müller brands, and it operates the license for the Müller brand in Romania. CBC also owns Gat Foods, a "grove to table" juice operation with customers in over 70 countries. In addition, CBC works closely with its international franchisors, including The Coca-Cola Company, Carlsberg, Anheuser-Busch InBev, the Müller Group and Diageo.

IncuBev is an international business focused on the food and beverage sectors in sub-Saharan Africa. The shareholders of IncuBev comprise global executives with extensive knowledge, experience and relationships, both in sub-Saharan Africa and the rest of the world, in the dairy and non-alcoholic beverage industry. IncuBev has a network design with access to deep operational, private equity, banking and management consulting expertise, within sub-Saharan Africa and globally.

Ploughshare is a privately owned, independent investment company which is part of a broader international investment group which has investments and expertise in retail, distribution and beverages.

Brimstone, established in 1995 and listed on the JSE, is a black-controlled and managed investment company incorporated and domiciled in South Africa. Brimstone employs more than 3,500 employees in its subsidiaries and more than 24,000 employees in its associates. It has investment expertise in industries such as fast-moving consumer goods, health care and financial services, amongst others.

The Offeror has strong faith in Designated Management as evidenced by the track record of Clover's business and will look to support Designated Management and Clover in their growth plans. Collectively, the Reinvesting Management (which includes the Designated Management) will reinvest a portion of the proceeds they receive from the Scheme and the cash settlement of certain of their SARs into the Offeror by way of the Reinvestment. In addition, the Offeror will provide funding to Reinvesting Management through the Reinvesting Management Loan Agreements to facilitate the subscription for additional shares in the Offeror. These aspects are more fully described in paragraphs 12 and 13 below.

The Offeror is confident that the continuity and achievement of Clover's business plans is assured by its ability to retain, post-completion of the Scheme, the professional, experienced services of Designated Management. The Offeror further believes that the combination described above brings significant operational, technical and financial capacity to support Clover's growth strategy in sub-Saharan Africa.

5. RATIONALE FOR THE PROPOSED TRANSACTION INCLUDING THE SCHEME

5.1 Clover believes that the Proposed Transaction embodying the Scheme will provide significant benefits for Clover and Clover Shareholders including:

5.1.1 Clover Shareholders will receive a significant premium for their Clover Shares, as more fully detailed in paragraph 6 of this Circular; and

5.1.2 the change in shareholding as a result of the Scheme will result in Clover having a new anchor shareholder better suited to today's challenging business environment and to assist Clover in building its solid export base given the international connections of the Offeror.

5.2 The Offeror, in turn, believes that Clover presents a uniquely attractive investment given its expansive chilled distribution capability, strong market position for key brands and experienced management team. The Offeror brings extensive knowledge of the dairy, juice and non-alcoholic beverage industries. It has the technical and research ability to bring healthier food to consumers, has access to international brands and know-how, and connections and operating experience in sub-Saharan businesses, in addition to its proven commercial and trade abilities. The Offeror intends to combine its capabilities with those of Clover and unlock value through key strategic initiatives, primarily aimed at accelerating sales, distribution and efficiency opportunities within Clover's product portfolio in South Africa and expansion into select sub-Saharan Africa territories.

6. KEY FINANCIAL BENEFIT OF THE SCHEME FOR CLOVER SHAREHOLDERS

The Scheme Consideration, assuming there is no Scheme Consideration Adjustment, is priced at a premium compared to the Clover Share price as follows:

Share Consideration Premium to	Clover Share price prior to the First Cautionary Announcement	Scheme Consideration Premium	Clover Share price prior to the Firm Intention Announcement	Scheme Consideration Premium
Closing price ¹	R14.10	77%	R20.00	25%
30-day VWAP ²	R14.73	70%	R19.09	31%
60-day VWAP ³	R16.10	55%	R18.05	39%
90-day VWAP ⁴	R16.16	55%	R16.93	48%

Notes:

1. Respective price metrics of Clover Shares on the JSE on Thursday, 18 October 2018, being the last trading day prior to the publication of the First Cautionary Announcement.
2. Respective price metrics of Clover Shares on the JSE on Friday, 1 February 2019, being the last trading day prior to the publication of the Firm Intention Announcement.
3. VWAP refers to volume weighted average price over the particular number of trading days.
4. As to the assumption that there will be no Scheme Consideration Adjustment, Shareholders are referred to paragraph 7.1.1 below.

7. TERMS AND CONDITIONS OF THE SCHEME

In terms of section 114(1) of the Companies Act, the Clover Board proposes the Scheme, as set out in this paragraph 7, between Clover and the Clover Shareholders.

7.1 The Scheme

- 7.1.1 The Scheme is proposed by the Clover Board between Clover and the Scheme Participants pursuant to which the Offeror will acquire ownership of all of the Clover Shares from Scheme Participants for the Scheme Consideration. After such acquisition the Shares of Clover will be delisted from the Main Board of the JSE and the NSX. The Scheme Consideration of R25.00 per Clover Share may be adjusted downwards if there is a Scheme Consideration Adjustment. However, Clover has negotiated the Implementation Agreement such that it is comfortable, having regard to the manner in which it has historically operated its business, that a Scheme Consideration Adjustment is unlikely. Clover intends to continue to operate its business as it has done historically up until the Finalisation Date, thereby seeking to avoid any Scheme Consideration Adjustment. In particular:
- 7.1.1.1 the Net Debt of Clover is unlikely, having regard to planned expenditure and historic debt levels, to exceed R800,000,000 and, consequently, is unlikely to result in a Scheme Consideration Adjustment; and
- 7.1.1.2 save for the Interim Dividend which shall not exceed R55,000,000. The Clover Board does not intend to declare dividends prior to the Finalisation Date and, consequently, no Scheme Consideration Adjustment should result from the declaration of a dividend.
- 7.1.2 Subject to the Scheme becoming unconditional, with effect from the Operative Date:
- 7.1.2.1 the Scheme Participants (whether they voted in favour of the Scheme or not or abstained or refrained from voting) shall be deemed to have disposed of (and shall be deemed to have undertaken to transfer) their Scheme Shares, free of encumbrances, to the Offeror with effect from the Operative Date in exchange for the Scheme Consideration, and the Offeror shall be deemed to have acquired registered and beneficial ownership of all the Scheme Shares with effect from the Operative Date;
- 7.1.2.2 the disposal and transfer by each Scheme Participant of the Scheme Shares held by each such Scheme Participant to the Offeror, and the acquisition and ownership of those Scheme Shares by the Offeror, pursuant to the provisions of the Scheme, will be effected;
- 7.1.2.3 each Scheme Participant shall be deemed to have transferred to the Offeror, with effect from the Operative Date, all of the Scheme Shares held by such Scheme Participant without any further act or instrument being required; and
- 7.1.2.4 Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this paragraph 7.
- 7.1.3 Each Scheme Participant irrevocably and in rem suam authorises Clover, as principal, with power of substitution, to cause the Scheme Shares disposed of by any Scheme Participant in terms of the Scheme to be transferred to, and registered in the name of the Offeror on or at any time after the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as Clover in its discretion considers necessary in order to effect that transfer and registration.
- 7.1.4 The Scheme Consideration shall be settled, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Clover or the Offeror may otherwise be, or claim to be, entitled against a Scheme Participant.
- 7.1.5 Clover, as principal, shall procure that the Offeror complies with its obligations under the Scheme, and Clover alone shall have the right to enforce those obligations (if necessary) against the Offeror.
- 7.1.6 The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by Scheme Participants against Clover only. Scheme Participants will be entitled to require Clover to enforce its rights in terms of the Scheme against the Offeror.
- 7.1.7 The effect of the Scheme will, *inter alia*, be that the Offeror will, with effect from the Operative Date, become the registered and beneficial owner of all Scheme Shares. None of the Scheme Shares will be transferred to any other person.

- 7.1.8 Clover and the Offeror have agreed that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all necessary documents to give effect to the Scheme.
- 7.1.9 As a consequence of the Scheme becoming operative, an application will be made to the JSE for the Delisting of the Scheme Shares and simultaneously therewith, the Scheme Shares will be delisted from the NSX.

7.2 Conditions precedent

- 7.2.1 The implementation of the Proposed Transaction is subject to the fulfilment or waiver, as the case may be, of the following conditions within various agreed time periods all falling prior to the Long Stop Date:
 - 7.2.1.1 the written consent being obtained from the relevant counterparties to certain material contracts to which Clover is a party in respect of the change of control that will result from the implementation of the Implementation Agreement;
 - 7.2.1.2 in respect of the Scheme:
 - 7.2.1.2.1 the Special Resolution having been passed, at the Scheme Meeting, by the requisite majority of Clover Shareholders entitled to vote on the Scheme and, to the extent required in terms of section 115(3) of the Companies Act, the implementation of that Special Resolution is approved by the Court;
 - 7.2.1.2.2 if the Special Resolution is passed at the Scheme Meeting and any person who voted against the Special Resolution applies to Court within 10 Business Days after the vote for a review of the Proposed Transaction in accordance with the requirements of section 115(3)(b) of the Companies Act:
 - 7.2.1.2.2.1 no leave has been granted by the Court to that person, to apply to Court for a review of the Proposed Transaction in accordance with the requirements of section 115(7) of the Companies Act; or
 - 7.2.1.2.2.2 if leave has been granted by the Court, to apply to Court for a review of the Proposed Transaction in accordance with the requirements of section 115(6) of the Companies Act, the Court not having set aside the Special Resolution in terms of section 115(7) of the Companies Act;
 - 7.2.1.3 within the time period prescribed in section 164(7) of the Companies Act, Clover Shareholders not having exercised Appraisal Rights, by giving valid demands in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act, in respect of more than 5% of all the Scheme Shares;
 - 7.2.1.4 to the extent required in terms of the Listings Requirements, the requisite majority of shareholders of Brimstone approving an ordinary resolution authorising Brimstone's subscription in an amount of approximately R726,078,456 for a shareholding of 15% in the issued share capital of the Offeror;
 - 7.2.1.5 the Transaction Resolutions having been passed, at the Scheme Meeting, by the requisite majority of Clover Shareholders;
 - 7.2.1.6 the Proposed Transaction having been unconditionally approved by the Competition Authorities, or conditionally approved on terms and conditions which the party or parties which are affected by confirm/s in writing to be acceptable to it/them, acting reasonably;
 - 7.2.1.7 the Offeror not terminating the Implementation Agreement as a consequence of any Material Adverse Change having occurred or having been determined by an independent auditor to have occurred;
 - 7.2.1.8 the TRP has issued a compliance certificate in respect of the Scheme in terms of section 119(4)(b) of the Companies Act, provided that if such compliance certificate is issued conditionally or on terms, this condition shall not be regarded as having been fulfilled unless a party to the Implementation Agreement which is affected by such conditions, confirm in writing that such condition or term is acceptable to it, acting reasonably.

- 7.2.2 Clover and the Offeror shall use their reasonable endeavours and the parties will co-operate in good faith to procure the fulfilment of the Conditions Precedent which are within their control to fulfil as soon as reasonably possible.
- 7.2.3 The Conditions Precedent set out in paragraphs:
 - 7.2.3.1 7.2.1.1, 7.2.1.3, and 7.2.1.7 may be waived by the Offeror;
 - 7.2.3.2 7.2.1.5 may be waived by agreement between the Offeror and Clover; and
 - 7.2.3.3 7.2.1.2, 7.2.1.4, 7.2.1.6, 7.2.1.8 and 7.2.1.9 are not capable of being waived.
- 7.2.4 The Offeror (and certain of its shareholders) have agreed with the Lenders that they will not waive any of the Conditions Precedent or accept any conditions attached to approvals or authorisations in the Conditions Precedent without each Lenders' prior written consent.
- 7.2.5 To the extent that the Proposed Transaction does not become unconditional as a result of the Condition Precedent pertaining to the Brimstone Cat1 Resolution not being fulfilled, in circumstances where the Brimstone Cat1 Resolution is required in terms of Listings Requirements, the Offeror is to pay Clover a break fee equal to 1% of the Scheme Consideration. This Break Fee has been guaranteed by IBBL and Ploughshare.

7.3 Scheme Consideration and Settlement

- 7.3.1 Subject to paragraphs 7.3.2 and 7.3.3 below, and subject to the Scheme becoming operative, Scheme Participants will be entitled to receive the Scheme Consideration in respect of each Scheme Share held by them on the Scheme Consideration Record Date. The Scheme Consideration will be R25.00 per Scheme Share unless there is a Scheme Consideration Adjustment. Clover regards it as being unlikely that there will be any Scheme Consideration Adjustment for the reasons detailed in paragraph 7.1.1 above. Any Scheme Consideration Adjustment will be released on SENS and published in the South African press on or before the Finalisation Date.
- 7.3.2 Settlement of the Scheme Consideration is subject to the Exchange Control Regulations, the salient provisions of which are set out in Annexure 7 to this Circular.
- 7.3.3 Clover or its agents will administer and effect payment of the Scheme Consideration and/or will transfer or post the Scheme Consideration to Scheme Participants. To the extent that the Scheme Consideration is posted, it will be at the risk of the Scheme Participant concerned.
- 7.3.4 Scheme Participants who hold Dematerialised Shares will:
 - 7.3.4.1 if they are not Dissenting Shareholders on the Scheme Consideration Record Date, have their accounts held at their CSDPs credited with the Scheme Consideration and debited with the Scheme Shares they are transferring to the Offeror pursuant to the Scheme on the Operative Date; or
 - 7.3.4.2 if they are still Dissenting Shareholders on the Scheme Consideration Record Date, have their accounts held at their CSDPs credited with the Scheme Consideration and debited with the Scheme Shares that they are transferring to the Offeror pursuant to the Scheme within five Business Days of the date on which they cease to be Dissenting Shareholders and become Scheme Participants.
- 7.3.5 Scheme Participants who hold Certificated Shares, and who are not Dissenting Shareholders on the Scheme Consideration Record Date, will:
 - 7.3.5.1 if they have surrendered their Documents of Title and completed the Form of Surrender and Transfer (pink) to the Transfer Secretaries on or before 12:00 on the Scheme Consideration Record Date, have the cheques in respect of the Scheme Consideration posted to them, at their risk, within five Business Days of the Operative Date, unless they have elected to receive the Scheme Consideration by way of an electronic funds transfer by completing the relevant section on the Form of Surrender and Transfer (pink), in which case the Cash Consideration will be paid to them on the Operative Date by way of electronic funds transfer; or
 - 7.3.5.2 if they surrender their Documents of Title and completed Form of Surrender and Transfer (pink) to the Transfer Secretaries after 12:00 on the Scheme Consideration Record Date, have the cheques in respect of the Scheme Consideration posted to them, at their risk, or the Scheme Consideration paid to them by way of an electronic funds transfer (if this option was selected on the Form of Surrender and Transfer (pink)), within five Business Days of the Transfer Secretaries receiving their Documents of Title and completed Form of Surrender and Transfer (pink).

- 7.3.6 Scheme Participants who hold Certificated Shares and who are Dissenting Shareholders on the Scheme Consideration Record Date, but who become Scheme Participants after the Scheme Consideration Record Date, will need to surrender their Documents of Title, together with completed Forms of Surrender and Transfer (pink), to the Transfer Secretaries, and will have the Scheme Consideration posted to them, at their risk, or the Scheme Consideration paid to them by way of electronic funds transfer (if this option was selected on the Form of Surrender and Transfer (pink), within five Business Days of the later of the date on which the Transfer Secretaries receive their Documents of Title and completed Forms of Surrender and Transfer (pink) and the date on which they cease to be Dissenting Shareholders.
- 7.3.7 Where, on or subsequent to the Operative Date, a person, who was not a registered holder of Scheme Shares on the Scheme Consideration Record Date, tenders to the Transfer Secretaries Documents of Title, together with a duly stamped Form of Surrender and Transfer (pink), purporting to have been executed by or on behalf of the registered holder of such Scheme Shares and, provided that the Scheme Consideration will not already have been posted to the registered holder of the relevant Scheme Shares, then such transfer may be accepted by Clover and the Offeror who have been, if so required by either or both of them, provided with an indemnity on terms acceptable to them in respect of such Scheme Consideration.
- 7.3.8 The Scheme Consideration will be paid to Scheme Participants, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Clover or the Offeror may otherwise be, or claim to be, entitled.
- 7.3.9 In the case of Scheme Participants who are Foreign Shareholders, if the information regarding authorised dealers is not given or written instructions to the contrary are provided but no address is given, as required in terms of paragraphs 2 and 3 of Annexure 7, the Scheme Consideration will be held in trust by Clover, or the Transfer Secretaries on behalf of Clover, for the Scheme Participants concerned, pending receipt of the necessary information or instructions. No interest will be paid on the Scheme Consideration so held. If the necessary information or instructions have not been provided after a period of five years, such Scheme Consideration shall be paid over to the Guardians Fund of the High Court, from which it can be claimed.
- 7.3.10 If the Scheme Consideration is not paid or posted to Certificated Shareholders entitled thereto because the relevant Documents of Title have not been surrendered or if any Scheme Consideration posted to a Certificated Shareholder is returned undelivered to the Transfer Secretaries, that Scheme Consideration will be held in trust by Clover, or the Transfer Secretaries on behalf of Clover, until claimed. No interest will be paid on the Scheme Consideration so held. If the Scheme Consideration remains unclaimed after a period of five years, such Scheme Consideration shall be paid over to the Guardians Fund of the High Court, from which it can be claimed.

7.4 Effects of the Scheme

The effect of the Scheme will be that the Offeror will, with effect from the Operative Date, become the registered and beneficial owner of all of the Scheme Shares. Clover will, accordingly, become a wholly-owned subsidiary of the Offeror and Clover's listing on the JSE and NSX will be terminated.

7.5 Dissenting Shareholders' Appraisal Rights

Clover Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act:

- 7.5.1 Clover Shareholders who wish to exercise their Appraisal Rights in terms of the aforementioned section of the Companies Act are required, before the Special Resolution to approve the Scheme is voted on at the Scheme Meeting, to give notice to Clover in writing objecting to the Special Resolution in terms of section 164(3) of the Companies Act.
- 7.5.2 If the Special Resolution approving the Scheme is adopted by Clover, Clover is required in terms of section 164(4) of the Companies Act, within 10 Business Days after Clover adopts the Special Resolution, to send a notice to Clover Shareholders who gave written notice to the Company objecting to the Special Resolution and did not withdraw such written notice or vote in support of the Special Resolution, notifying them that the Special Resolution has been adopted.
- 7.5.3 Clover Shareholders who gave written notice to Clover in terms of section 164(1) of the Companies Act (and have not withdrawn that notice), who voted against the Special Resolution approving the Scheme and who have complied with all the procedural requirements set out in section 164 may, in terms of sections 164(5) to 164(8) of the Companies Act, within 20 Business Days of receiving notice from Clover in terms of section 164(4) of the Companies Act, demand that Clover pay them a fair value for the Clover Shares held by that Clover Shareholder and in respect of which they have given the aforesaid written notice.

- 7.5.4 If Clover receives a demand in terms of sections 164(5) to 164(8) of the Companies Act and such demand is not withdrawn by the Operative Date, Clover shall, in accordance with section 164(11) of the Companies Act, with five Business Days of the Operative Date, make an offer to those Clover Shareholders to purchase such Clover Shares.
- 7.5.5 A Dissenting Shareholder who has sent a demand in terms of sections 164(5) to 164(8) may withdraw that demand before Clover makes an offer in accordance with section 164(11) of the Companies Act or if Clover fails to make such an offer. If a Dissenting Shareholder voluntarily withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, it will cease to be a Dissenting Shareholder and will become a Scheme Participant whose Clover Shares will be acquired by the Offeror, in accordance with the Scheme, with retrospective effect from the Operative Date.
- 7.5.6 A Dissenting Shareholder who has sent a demand in terms of sections 164(5) to 164(8) has no further rights in respect of the Clover Shares in respect of which it has made such demand, other than to be paid the fair value of such Clover Shares, unless:
- 7.5.6.1 that Dissenting Shareholder withdraws that demand before Clover makes an offer in accordance with section 164(11) of the Companies Act;
- 7.5.6.2 Clover fails to make an offer in accordance with section 164(11) of the Companies Act and that Dissenting Shareholder withdraws its demand; or
- 7.5.6.3 Clover makes an offer in accordance with section 164(11) of the Companies Act below and the Dissenting Shareholder allows such offer to lapse,
- in which case Clover's Shareholder's rights shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.
- 7.5.7 The offer made in accordance with section 164(11) of the Companies Act will, in terms of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting Shareholder within 30 Business Days after it was made. If the Dissenting Shareholder allows that offer to lapse, it will cease to be a Dissenting Shareholder and will become a Scheme Participant whose Clover Shares will be acquired by the Offeror, in accordance with paragraph 7.3.4.1 above, with retrospective effect from the Operative Date.
- 7.5.8 A Dissenting Shareholder who accepts an offer made in terms of section 164(11) of the Companies Act will become an Excluded Dissenting Shareholder and will not participate in the Scheme. The Excluded Dissenting Shareholder must thereafter, if it (i) holds Certificated Clover Shares tender the Documents of Title in respect of such Certificated Clover Shares to Clover or the Transfer Secretaries, or (ii) holds Dematerialised Clover Shares, instruct its CSDP or Broker to transfer those Clover Shares to Clover or the Transfer Secretaries. Clover must pay that Excluded Dissenting Shareholder the agreed amount within 10 Business Days after the Excluded Dissenting Shareholder has accepted the offer and tendered the documents of Title or directed the transfer to Clover of the Dematerialised Clover Shares.
- 7.5.9 A Dissenting Shareholder who considers the offer made by Clover in accordance with section 164(11) of the Companies Act to be inadequate may, in accordance with section 164(14) of the Companies Act, apply to a Court to determine a fair value in respect of the Clover Shares that were the subject of that demand, and an order requiring Clover to pay the Dissenting Shareholder the fair value so determined. The Court will, in accordance with section 164(15)(v) of the Companies Act, be obliged to make an order requiring:
- 7.5.9.1 the Dissenting Shareholders to either withdraw their respective demands or to tender their Clover Shares as contemplated in paragraph 7.5.10 below; and
- 7.5.9.2 Clover to pay the fair value in respect of the Clover Shares (as determined by the Court) to each Dissenting Shareholder who tenders its Clover Shares, subject to any conditions the Court considers necessary to ensure that Clover fulfils its obligations under section 164 of the Companies Act.
- 7.5.10 If, pursuant to the order of the Court, any Dissenting Shareholder withdraws its demand, the Dissenting Shareholder will cease to be a Dissenting Shareholder and will become a Scheme Participants whose Clover Shares will be acquired by the Offeror, in accordance with paragraph 7.3.4.1 above, with retrospective effect from the Operative Date.
- 7.5.11 If, pursuant to the order of the Court, a Dissenting Shareholder tenders its Clover Shares to Clover, such Dissenting Shareholder will become an Excluded Dissenting Shareholder and will not participate in the Scheme.
- 7.5.12 A copy of section 164 of the Companies Act, which sets out the Appraisal Rights, is included in Annexure 6 to this Circular.

7.6 Certain key provisions of the Implementation Agreement

The Implementation Agreement contains provisions relating to the implementation of the Proposed Transaction and the obligations of Clover and the Offeror with respect to the Proposed Transaction. The Implementation Agreement also contains warranties and representations by the Offeror and Clover as well as covenants by Clover as to the conduct of the Clover Group's business between the Signature Date and the Operative Date. In addition to the foregoing the Implementation Agreement contains the bespoke provisions summarised in the remaining provisions of this paragraph 7.6.

7.6.1 Non-solicitation and Superior Proposals

7.6.1.1 Clover has undertaken not to:

- 7.6.1.1.1 solicit, invite or initiate any Alternative Transaction; or
- 7.6.1.1.2 participate in negotiations regarding any unsolicited Alternative Transaction, unless the Independent Board, acting in good faith, believes that such Alternative Transaction will in due course constitute a Superior Proposal; or
- 7.6.1.1.3 enter into any agreements or propose any scheme of arrangement for an Alternative Transaction which does not constitute a Superior Proposal.

7.6.1.2 Notwithstanding the undertaking referred to in paragraph 7.6.1.1 above, the Independent Board is not precluded from:

- 7.6.1.2.1 providing any information to a third party which they are obliged to provide in terms of the Companies Act; and
- 7.6.1.2.2 withdrawing or amending its recommendation of the Scheme set out in paragraph 18.3 below in circumstances where a legally binding offer for an Alternative Transaction is received and the terms of such offer are such that the Independent Board is, in the discharge of its fiduciary duties, required to withdraw its recommendation of the Scheme. In such circumstances, Clover is not released from any of its obligations to proceed with the Scheme Meeting unless such Alternative Transaction constitutes a Superior Proposal and the Offeror has not exercised its matching right as described in paragraph 7.6.1.4 below.

7.6.1.3 Clover is precluded from entering into any agreement or holding any Clover Shareholder meeting or taking any action to give effect to an Alternative Transaction, unless:

- 7.6.1.3.1 voting has not yet taken place on the Scheme or, if voting has taken place, the Scheme has not been approved by the requisite majority of Clover Shareholders;
- 7.6.1.3.2 such Alternative Transaction constitutes a Superior Proposal; and
- 7.6.1.3.3 the Offeror has not exercised its Right to Match.

7.6.1.4 Prior to Clover concluding any Alternative Transaction Agreement, the Offeror will be given an opportunity to revise its Offer such that the Alternative Transaction which is the subject matter of the Alternative Transaction Agreement ceases to be a Superior Proposal. In addition, if a Superior Proposal is announced by Clover, the Offeror will be given an opportunity to revise its Offer such that the Superior Proposal will cease to be considered a Superior Proposal.

7.6.2 **Termination for Breach**

Either Clover or the Offeror may terminate the Implementation Agreement in the event of a material breach which has not been remedied or, if incapable of being remedied but payment in money will compensate for such breach, such payment has not been made.

7.6.3 **Events entitling the Offeror to terminate the Implementation Agreement**

The Offeror is entitled to terminate the Implementation Agreement if there is or it is determined that there has been a Material Adverse Change prior to the Long Stop Date.

7.6.4 ***Events entitling Clover to terminate the Implementation Agreement***

Clover may terminate the Implementation Agreement if, without a breach by Clover, an Alternative Transaction which constitutes a Superior Proposal is received and the Offeror has not exercised its Right to Match.

7.6.5 ***Events Entitling either Party to terminate the Implementation Agreement***

The Implementation Agreement may be terminated by either party if any Condition Precedent becomes incapable of satisfaction or if any Condition Precedent is not timeously fulfilled or waived.

7.6.6 ***Break fee***

Clover is to pay the Offeror the Clover Break Fee equal to 1% of the Scheme Consideration if:

- 7.6.6.1 Clover breaches any material provision or material undertaking of the Implementation Agreement and, if capable of remedy, Clover fails to remedy that breach; or
- 7.6.6.2 the Clover Board or the Independent Board supports or recommends to the Clover Shareholders any Alternative Transaction; or
- 7.6.6.3 any general offer is proposed by a third party and accepted by some or all of the Clover Shareholders; or
- 7.6.6.4 Clover elects to implement an Alternative Transaction Agreement or approve or accept a Superior Proposal, whether or not the Offeror has exercised its Right to Match; or
- 7.6.6.5 the Independent Board withdraws its recommendation that the Clover Shareholders vote in favour of the Scheme is not fulfilled; or
- 7.6.6.6 a Material Adverse Change has occurred which is attributable to a breach by Clover; or
- 7.6.6.7 the Clover Board or an Independent Board solicits an Alternative Transaction or any general offer within six months after the failure of the Proposed Transaction.

7.7 **Funding of the Scheme Consideration**

In compliance with regulations 111(4) and 111(5) of the Companies Regulations, the Offeror has provided the TRP with irrevocable, unconditional bank guarantees issued by Rand Merchant Bank (a division of FirstRand Bank Limited), Nedbank Limited and HSBC Bank plc – Johannesburg Branch, for an aggregate amount of R4,797,793,425, which guarantees confirm that in the event that the Scheme Consideration is not paid within the relevant time period they agree to make payment of their respective portions of the Scheme Consideration to the Transfer Secretaries in respect of the Scheme or such other designated payment agent as the TRP may direct in writing, for the benefit of the Scheme Participants and, as applicable, Clover. Payment under any guarantee is subject to the Scheme becoming unconditional and being implemented in accordance with the terms and conditions of the Scheme.

7.8 Foreign Shareholders and Exchange Control Regulations

Annexure 7 to this Circular contains a summary of the Exchange Control Regulations as they apply to Scheme Participants. Scheme Participants who are Foreign Shareholders must satisfy themselves as to the full observance of the laws of any relevant jurisdiction concerning the receipt of the Scheme Consideration, including (without limitation) obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdiction. If in doubt, Scheme Participants should consult their professional advisers immediately.

7.9 Restricted Jurisdictions

7.9.1 To the extent that the release, publication or distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such jurisdiction, then this Circular is deemed to have been provided for information purposes only and neither the Clover Board nor the Board of the Offeror accept any responsibility for any failure by Foreign Shareholders to inform themselves about, and to observe, any applicable legal requirements in any such relevant foreign jurisdiction.

7.9.2 Clover Shareholders who are in doubt as to their position should consult their professional advisers immediately.

8. TAX CONSEQUENCES FOR SHAREHOLDERS

The tax implications of the Proposed Transaction on Shareholders will depend on the individual tax circumstances of each Shareholder. Shareholders should seek advice from appropriate professional advisers if they are in any doubt whatsoever about their tax position.

9. TERMINATION OF CLOVER'S LISTING

The listing of all the Clover Shares will be terminated from the Main Board of the JSE and on the NSX pursuant to the implementation of the Scheme. Subject to the Scheme becoming unconditional and the Scheme being implemented, the:

9.1 JSE has granted approval for the termination of the listing of all Clover Shares from the Main Board of the JSE;

9.2 NSX will terminate the secondary listing of all Clover Shares from the NSX.

10. INTERESTS OF THE OFFEROR AND CONCERT PARTIES IN CLOVER SHARES

10.1 Save as set out below in respect of Pre-deal Investors, the Offeror and its Directors do not hold any Clover Shares. The Offeror has not dealt in Clover Shares within six months of the Last Practicable Date.

10.2 The Pre-deal Investors, who are invested in or engaged with IncuBev (which, in turn, is an indirect shareholder of the Offeror), hold the following Shares in Clover acquired prior to the end of May 2018:

Pre-deal Investor	Number of Shares	Percentage of Issued Shares
Ronald Kers	615 023	0.32%
John Cummings	361 943	0.19%
Paul Fourie	644 795	0.34%
Jon Halse	155 537	0.08%
Kagiso Mokgatlhe	13 069	0.01%
William Egbe	315 000	0.16%
Alex Cummings	82 500	0.04%

10.3 The Pre-deal Investors, as Excluded Shareholders, will not vote on the Scheme in line with Section 115(4) but will, if the Scheme become operative, sell their Clover Shares to the Offeror as Scheme Participants. No Pre-deal Investors acquired Clover Shares for an amount exceeding the Scheme Consideration.

10.4 Save as set out in paragraph 16.4, no person who is irrevocably committed to vote in favour of the resolutions to implement the Proposed Transaction has dealt in Clover Shares within the last six months prior to the Last Practicable Date.

11. INTERESTS OF THE DIRECTORS OF CLOVER IN CLOVER SHARES AND THE OFFEROR

11.1 As at the Last Practicable Date, the Directors of Clover held the following direct and indirect beneficial interests in Clover Shares:

Name of Director or related/ affiliated party	Direct beneficial interest	Indirect beneficial interest	Associates	Total
Johann Hendrik Vorster	3 877 841			3 877 841
Kara Family Investments (Pty) Ltd ¹		1 000 000		1 000 000
Yuka Family Investments (Pty) Ltd ¹		1 000 000		1 000 000
Johann & Magdaleen Vorster Investments (Pty) Ltd ¹		2 000 000		2 000 000
Johann & Magdaleen Vorster Educational Investments (Pty) Ltd ¹		500 000		500 000
Vorster, M ¹			381 998	381 998
Vorster, K ¹			11 240	11 240
Vorster, Y ¹			10 126	10 126
Werner Büchner Family Trust ¹		486 492		486 492
L Büchner En Seuns BK ²		85 000		85 000
Sunnyside Farming Trustees ³		900 085		900 085
J Botes	951 998			
Total	4 829 839	5 971 577	201 682	11 003 098

Notes:

1. Party related or affiliated with Vorster.
2. Party related or affiliated with Werner Ignatius Büchner.
3. Party related or affiliated with Botes.

11.2 There have been no dealings in Clover Shares by Clover Directors within the last six months prior to the Last Practicable Date.

11.3 Until such time as the Reinvestment becomes effective, no Director of Clover has had or will have had any direct or indirect interests in the shares of the Offeror.

12. THE SARS PLAN AMENDMENT

12.1 As at the Last Practicable Date, the Reinvesting Management holds 12,259,006 Share Appreciation Rights, which will be cash settled by Clover, by not later than the Operative Date at a price equivalent to the Scheme Consideration, totalling in the aggregate, R112,729,612. Certain of the aforementioned Share Appreciation Rights will need to be accelerated as a result of the Proposed Transaction and for this purpose, an amendment to the rules of the SARS Plan will be proposed at the Scheme Meeting in order for Shareholders to consider and, if deemed fit, approve such amendments.

12.2 The Implementation Agreement includes a term that, subject to the Scheme becoming unconditional, the necessary amendments be made to the SARS Plan to accelerate the vesting of certain Share Appreciation Rights awarded to Reinvesting Management prior to the Proposed Transaction and which would not ordinarily have vested in terms of the SARS plan in time for them to be cash settled immediately prior to the Operative Date. The Scheme itself is subject to the necessary resolution to give effect to the aforementioned amendments (being Ordinary Resolution Number 2 set out in the Notice of Scheme Meeting) being approved by the requisite majority of Shareholders at the Scheme Meeting.

12.3 The aforesaid amendments are to the effect that subject to the Scheme becoming unconditional, so many of the unvested Share Appreciation Rights as are held by the Reinvesting Management on the date that the Scheme becomes unconditional, when taken together with all vested Share Appreciation Rights held by the Reinvesting Management as at such date, shall immediately vest and become exercisable (whether or not the vesting dates in respect thereof have passed and/or the performance criteria, if any, in respect thereof have been met), on the basis that so many of the Share Appreciation Rights held by Reinvesting Management shall on exercise, be cash settled, so as to facilitate payment by the Company to the Reinvesting Management, upon the cash settlement of their vested SARS following the exercise thereof by Reinvesting Management, of an amount totalling in the aggregate R112,729,612 before the payment of tax thereon, in the amounts set out in the table below:

Name of director	SARs value
Vorster	R39 610 003
Botes	R25 773 997
Palmeiro	R23 467 054
van Heerden	R12 438 557
Scheepers	R11 440 000
Total	R112 729 612

- 12.4 The settlement by the Company of vested Share Appreciation Rights which Reinvesting Management exercise as contemplated in 12.3 above, will enable each Reinvesting Manager to use portion of the proceeds which he receives in response to the exercise of his rights, to subscribe for shares in the Offeror as part of the Reinvestment, on about the Operative Date, immediately following payment of the Scheme Consideration, in the amount appearing opposite his name in the third column of the table at 13.6 below.
- 12.5 The accelerated vesting of those unvested Share Appreciation Rights as contemplated in paragraph 12.3, as a consequence of the Scheme becoming unconditional, will result in Share Appreciation Rights which would not normally have vested, having regard to the vesting periods and/or performance criteria, if any, in respect thereof, under the SARS Plan, becoming vested in Reinvesting Management prior to the Operative Date.
- 12.6 By reference to the Implementation Agreement, in relation to any Material Adverse Change and for the purpose of any Scheme Consideration Adjustment, no regard whatsoever may be had to any increase in Clover's interest-bearing debt by the amount of R112,729,612 which is required to facilitate the cash settlement of the Share Appreciation Rights, as explained in paragraph 12.3 above.

13. REINVESTMENT BY REINVESTING MANAGEMENT

- 13.1 As at the Last Practicable Date, the Reinvesting Management holds or controls (directly or indirectly) a total of 9,329,839 shares in Clover, representing c.4.9% of the Clover Shares. On the Operative Date, Reinvesting Management will receive the Scheme Consideration in respect of each Clover Share held, amounting in the aggregate to R233,245,975.
- 13.2 In terms of an agreement between the Offeror and the Reinvesting Management, the Reinvesting Management is to subscribe immediately following payment of the Scheme Consideration on the Operative Date, at a total subscription price of R306,049,655, for an aggregate equity interest in the Offeror of 6.32% by:
- 13.2.1 utilising the proceeds of a loan amount totalling R150,000,000 to be advanced to the Reinvesting Management by the Offeror in terms of the Reinvesting Management Loan Agreements;
- 13.2.2 reinvesting a portion (totalling R43,400,901) of the proceeds to be received by the Reinvesting Managers from the cash settlement of Share Appreciation Rights held by them, more fully detailed in paragraph 12 above; and
- 13.2.3 reinvesting a portion (totalling R112,648,755) of the Scheme Consideration to be received by those members of the Reinvesting Management who hold Scheme Shares, more fully dealt with in paragraph 13.1.
- 13.3 The reinvestment under paragraphs 13.2 is collectively referred to for all purposes under this Circular, as the "Reinvestment".
- 13.4 The Scheme itself is subject to the requisite majority of Shareholders at the Scheme Meeting approving the Reinvestment in accordance with Regulation 113(1)(b) of the Regulations, for which purpose, Ordinary Resolution Number 1 in included in the Notice of Scheme Meeting. In addition, the passing of Ordinary Resolution Number 1 is itself conditional on the approval of the Scheme at the Scheme Meeting and also the passing of Ordinary Resolution Number 2, more fully referred to in paragraph 12.2.
- 13.5 The Reinvesting Management have been given a put option to oblige the Offeror to acquire their shares in the Offeror, the salient terms of which are set out in Annexure 10.

13.6 A detailed breakdown showing the allocation of each of the amounts mentioned in paragraph 13.2 appears in the table below:

Management investment breakdown	Scheme Consideration Invested	SARS Proceeds Invested	Loan to Reinvesting Management	Total Subscription Price	% shares in Offeror
Vorster (personal capacity)	34 022 141	15 249 851	3 945 000	53 216 992	1.09%
Johann and Magdaleen Educational Investments (Pty) Ltd	7 156 030		9 559 000	16 715 030	0.35%
Johann and Magdaleen Vorster Investments (Pty) Ltd	28 625 119		38 229 000	66 854 119	1.38%
Kara Family Investments (Pty) Ltd	14 312 059		19 151 000	33 463 059	0.69%
Yuka Family Investments (Pty) Ltd	14 312 059		19 116 000	33 428 059	0.69%
Vorster Group	98 427 409	15 249 851	90 000 000	203 677 260	4.21%
Botes	14 221 346	9 922 989	15 000 000	39 144 335	0.81%
Palmeiro		9 034 816	15 000 000	24 034 816	0.50%
van Heerden		4 788 845	15 000 000	19 788 845	0.41%
Scheepers		4 404 400	15 000 000	19 404 400	0.40%
Total Management	112 648 755	43 400 901	150 000 000	306 049 655	6.32%

14. DIRECTORS' REMUNERATION AND SERVICE CONTRACTS

14.1 After the implementation of the Proposed Transaction, it is proposed that the Board of Clover will be comprised of the following persons, namely Aran Oelsner, Yoav Nachson, Andrew Stuart McLeod, Paul Fourie, Vorster, and Scheepers. Vorster and Scheepers are Designated Managers and currently serve as directors on the Clover Board.

14.2 In addition to the Reinvestment and the Reinvesting Management Loan Agreements, the senior management and executive Directors of Clover are expected to continue with their employment in terms of their current contracts of employment as varied in terms of addenda thereto which each of the Designated Managers signed on 1 February 2019, the provisions of which take effect on the Operative Date and, in terms of which the Designated Managers have, *inter alia*, furnished confidentiality undertakings, restraint of trade undertakings and agreed to an increase in their remuneration which includes a retention incentive.

14.3 The material particulars of the service contracts of the Designated Management are set out in Annexure 4.

15. AGREEMENTS IN RELATION TO THE SCHEME

Other than:

- the Irrevocable Undertakings;
- the Letters of Support;
- the guarantees referred to in paragraph 7.7 above;
- the Reinvestment terms as more fully described in paragraph 13 above;
- the Reinvesting Management Loan Agreements;
- the Firm Offer Letter;
- the Implementation Agreement;
- the Brimstone Irrevocables; and
- the Brimstone Undertaking,

no other agreements that are considered to be material to a decision regarding the Proposed Transaction (including the Scheme) to be taken by Clover Shareholders have been entered into between any of the following parties within the 12 months preceding the Last Practicable Date: Clover, the Offeror, any Directors of Clover, any directors of the Offeror, any persons who were directors of Clover or directors of the Offeror, any Pre-deal Investors and any concert parties of any of the foregoing parties.

16. IRREVOCABLE UNDERTAKINGS AND LETTERS OF SUPPORT

16.1 The Offeror has received the Irrevocable Undertakings from the following Clover Shareholders to vote in favour of the resolutions to be proposed in relation to the Proposed Transaction (such Clover Shareholders collectively holding between them 66,486,877 of the issued Clover Shares):

Clover Shareholder	Clover Shares held	% of Clover Shares held	% of voting rights
Allan Gray Proprietary Limited	30 380 803	15.8%	16.9%
Clover Milk Producers Trust	23 690 000	12.3%	13.1%
Arisaig Africa Consumer Fund Limited	7 416 074	3.9%	4.1%
Clucas Gray Investment Management	5 100 000	2.7%	2.8%
Total	66 486 877	34.7%	36.9%

Note: Effective voting rights calculated as the number of issued Clover Shares, being 191,911,737 Clover Shares less 11,517,706 Clover Shares that are ineligible to vote as a result being held by Excluded Shareholders.

16.2 In addition to the Irrevocable Undertakings, the Offeror has received Letters of Support in respect of the Proposed Transaction from the following Clover Shareholders, which Clover Shareholders collectively hold 20,844,000 of the issued Clover Shares:

Clover Shareholder	Clover Shares held	% of Clover Shares held	% of voting rights
Kagiso Asset Management	20 844 000	10.9%	11.6%
Total	20 844 000	10.9%	11.6%

Note: Effective voting rights calculated as the number of issued Clover Shares, being 191,911,737 Clover Shares less 11,517,706 Clover Shares that are ineligible to vote as a result being held by Excluded Shareholders.

16.3 Copies of the Irrevocable Undertakings are available for inspection as set out in paragraph 22 below.

16.4 The parties who have provided Irrevocable Undertakings have dealt in Clover Shares as follows during the six months ending on the Last Practicable Date. Share Dealings are in Annexure 9 of this circular.

17. BRIMSTONE CAT1 RESOLUTION

17.1 It is a condition precedent to the Scheme that, to the extent required in terms of the Listings Requirements, the requisite majority of shareholders of Brimstone approve an ordinary resolution authorising Brimstone's subscription, in an amount of R726,078,456, for a shareholding of 15%, in the issued share capital of the Offeror. To facilitate the foregoing, Brimstone has on Monday, 4 February 2019 delivered to Clover, irrevocable undertakings from Brimstone shareholders holding the majority of the issued share capital of Brimstone in terms of which they undertake:

17.1.1 to vote in favour of the Brimstone Cat1 Resolution at the meeting of Brimstone shareholders to be convened for the purpose of the passing of that resolutions, or at any adjournment thereof; and

17.1.2 not to dispose of their Brimstone shares to which the said irrevocable undertakings relate, pending the holding of such meeting, such shareholders collectively holding between them 89,745,961 BRN shares and BRT shares, which represent 54.74% of the voting rights attaching to Brimstone's share capital.

17.2 Clover has received a written undertaking from Brimstone dated Thursday, 31 January 2019 in terms of which it warrants, represents and undertakes in favour of Clover, *inter alia*, (i) to convene a meeting of Brimstone shareholders as soon as reasonably possible to consider the Brimstone Cat1 Resolution; and (ii) that it will not take any action or make any statement which is reasonably likely to be prejudicial to the success of the Proposed Transaction.

17.3 On Thursday, 7 February 2019 Brimstone caused to be published on SENS a statement to the effect that it was reviewing its participation in the Proposed Transaction.

18. OPINIONS AND RECOMMENDATIONS

18.1 Appointment of an Independent Expert

The Independent Board has appointed the Independent Expert, an independent adviser acceptable to the Panel, to provide an independent professional expert's opinion regarding the Scheme and the Reinvestment, and to make appropriate recommendations to the Independent Board in the form of a report contemplated in section 114(3) of the Companies Act and as contemplated in Regulation 87(5) and Regulation 113(a) of the Regulations.

18.2 Report of the Independent Expert

The Independent Expert has, as contemplated in Regulation 110(1) of the Takeover Regulations, performed a valuation on the Clover Shares. The report of the Independent Expert also includes the items required by section 114(3) of the Companies Act and Regulation 90 of the Takeover Regulations.

The Independent Expert has also, in accordance with Regulation 113(a) of the Regulations, provided external advice in regard to the fairness of Reinvestment.

Taking into consideration the terms and conditions of the Scheme and the Reinvestment, the Independent Expert is of the opinion that such terms and conditions are fair and reasonable to Clover Shareholders. Clover Shareholders are referred to Annexure 1 of this Circular, which sets out the full text of the report of the Independent Expert regarding the Scheme and the Reinvestment.

18.3 Views of the Independent Board

The Independent Board, after due consideration of the report of the Independent Expert regarding the Scheme and the Reinvestment, and in accordance with its responsibilities in terms of regulation 110 of the Takeover Regulations, has formed a view of the range of the fair value of the Clover Shares, which accords with the valuation range contained in the Independent Expert's opinion. The Independent Board has not received any other firm offers during the Offer Period or within six months before the Offer Period. The Scheme Consideration exceeds both the fair value per Clover Share and the current traded price per Clover Share as at the Last Practicable Date.

The Independent Board, taking into account the report of the Independent Expert regarding the Scheme and the Reinvestment, has considered the terms and conditions thereof, and are unanimously of the opinion that the terms and conditions of the Proposed Transaction are fair and reasonable to Clover Shareholders and, accordingly, recommends that Scheme Members vote in favour of the Special Resolution and the Transaction Resolutions.

18.4 Voting of the Clover Board

The Directors of Clover who hold Clover Shares, and who are not Excluded Shareholders by virtue of being Reinvesting Management, intend to vote such Clover Shares in favour of the Scheme and the Transaction Resolutions.

18.5 Views of the Offeror Board

The Offeror believes that the Scheme is in the best interests of both the Offeror and Clover Shareholders, as well as other stakeholders and that the consideration paid under the Reinvestment is fair and reasonable with regards to independent holders of Clover Shares. Accordingly, the Offeror recommends that the Clover Shareholders vote in favour of the resolutions required to approve the Scheme and the Transaction Resolutions.

19. DIRECTORS' RESPONSIBILITY STATEMENT

19.1 Independent Board and Clover Board Responsibility Statement

The Independent Board and Clover Board, collectively and individually, accepts responsibility for the information contained in this Circular to the extent that it relates to Clover. In addition, they certify that, to the best of their knowledge and belief, the information contained in this Circular pertaining to Clover is true and, where appropriate, the Circular does not omit anything that is likely to make any information false or misleading, and that all reasonable enquiries to ascertain such information have been made and this Circular contains all information required by law and the JSE Listings Requirements.

19.2 Offeror Responsibility Statement

The Offeror's Board of Directors, collectively and individually, accepts responsibility for the information contained in this Circular to the extent that it relates to the Offer. In addition, they certify that, to the best of their knowledge and belief, the information contained in this Circular pertaining to the Offeror is true and, where appropriate, the Circular does not omit anything that is likely to make any information false or misleading, and that all reasonable enquiries to ascertain such information has been made and this Circular contains all information required by law and the JSE Listings Requirements.

20. CONSENTS

All the parties listed in the section entitled "Corporate Information" have consented in writing to act in the capacities stated and to their names being stated in this Circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced in this Circular and have not withdrawn their consents prior to publication of this Circular.

21. ESTIMATED COSTS AND EXPENSES OF THE SCHEME

The following estimated costs and expenses are expected, or have been provided for, in connection with the Scheme. All the estimated costs and expenses payable to the parties below are exclusive of Value Added Tax:

Cost/Expense	Payable to	Rand	Invoice currency
Attorney's fees	Werksmans	3 500 000	
Competition Law Advisers	Herbert Smith Freehills	1 100 000	
Independent reporting accountant's fees	PricewaterhouseCoopers	775 000	
Printing and other costs	Ince Communications Agency	90 645	
NSX Sponsor fees	Merchantec Capital Namibia Proprietary Limited	200 000	
JSE fees	JSE	17 158	
TRP documentation fees	TRP	200 000	
Competition Authorities filing	South African Competition Authorities	550 000	
Competition Authorities filing	Namibia	125 000	N\$125 000
Competition Authorities filing	Botswana	57 417	BWP43 237
Competition Authorities filing	eSwatini	55 666	E54 779
Total		6 670 886	

22. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at Clover's registered office at 200 Constantia Drive, Constantia Kloof, Roodepoort during normal business hours from Day Thursday, 28 February 2019 up to and including Day Friday, 29 February 2019:

- the memorandum of incorporation of Clover;
- a signed copy of the Firm Offer Letter;
- a signed copy of the Implementation Agreement;
- a signed copy of the opinion of the Independent Expert;
- Clover's audited annual financial statements for the three years ended 30 June 2016, 30 June 2017 and 30 June 2018;
- copies of the Irrevocable Undertakings referred to in paragraph 16.1 above;
- copies of the Letters of Support referred to in paragraph 16.2 above;
- copies of the cash guarantees referred to in paragraph 7.7 above;
- copies of the term sheet applicable to the Reinvesting Management Loan Agreements referred to in paragraph 13.2.1 above;
- copies of the Clover Directors' service contracts referred to in paragraph 14.3 above;
- a copy of the SARS Plan and the proposed SARS Plan Amendment;
- the letter of approval of this Circular from the Panel;
- the letter of exemption from the application of section 127(1) of the Companies Act, to allow for Reinvestment, from the panel, in terms of Regulation 113 of the Companies Act;
- the written consents referred to in paragraph 20 above; and
- a signed copy of this Circular.

SIGNED ON BEHALF OF THE CLOVER INDEPENDENT BOARD

Dr Stefanus Francois Booysen

27 February 2019

SIGNED ON BEHALF OF THE CLOVER BOARD

Werner Ignatius Büchner

27 February 2019

SIGNED ON BEHALF OF THE OFFEROR BOARD

Aran Oelsner

27 February 2019



REPORT OF INDEPENDENT EXPERT

22 February 2019

The Directors
Clover Industries Limited
200 Constantia Road
Roodepoort
Johannesburg
1709

Dear Directors

Fair and Reasonable opinion on the cash offer by Milco SA Proprietary Limited to acquire the entire issued share capital of Clover Industries Limited and on the reinvestment by management of Clover.

1. INTRODUCTION

We understand that Milco SA Proprietary Limited (“Milco” or the “Offeror”), pursuant to the fulfilment of the pre-conditions under a written “Implementation Agreement” (“IA”) dated 4 February 2019 (“Signature Date”), has made a firm offer to acquire the entire issued share capital of Clover Industries Limited (“Clover”) on a fully diluted basis, such that thereafter there will be no remaining rights exercisable or convertible into shares, by way of a scheme of arrangement (the “Scheme”) in terms of section 114 of the Companies Act 71 of 2008 as amended (the “Companies Act”) between Clover and the holders of the Shares (“Shareholders”).

The Scheme constitutes an “affected transaction” as defined in section 117(1)(c)(iii) of the Companies Act. Consequently, the Scheme is regulated by the Companies Act and the Takeover Regulations contained in Chapter 5 of the Companies Regulations, 2011 (“Companies Regulations”).

In accordance with section 114(2) of the Companies Act and regulation 90 (1)(b) and regulation 110 of the Takeover Regulations, the independent sub-committee of the board of directors of Clover (“the Independent Board”) is required to obtain independent expert advice and to appoint an independent expert to evaluate the consequences of the Scheme and assess the effects of the Scheme on the rights and interests of a holder of Clover securities. The Independent Board has requested PricewaterhouseCoopers Corporate Finance Proprietary Limited (“PwC”) to act as independent expert in terms of section 114(2) of the Companies Act and regulation 90 of the Takeover Regulations.

2. DESCRIPTION OF THE SCHEME

The amount payable in terms of the Scheme represents a cash consideration of R25.00 per ordinary share (“the Scheme Consideration”). Upon implementation of the Scheme, every ordinary shareholder of Clover will be entitled to receive R25.00 for every Clover ordinary share that they hold at the relevant record date. In addition an interim dividend will be paid prior to the implementation of the scheme. At the date of this opinion the interim dividend was estimated at between 20 and 30 cents per ordinary share (together the Scheme Consideration and interim dividend represents the “Total Consideration” for purposes of this opinion). The interim dividend will be declared upon release of Clover’s interim results in accordance with Clover’s dividend policy.

PricewaterhouseCoopers Corporate Finance (Pty) Ltd., Reg. no. 1970/003711/07
4 Lisbon Lane, Waterfall City, Jukskei View 2090, Private Bag X36, Sunninghill 2157, South Africa
T: +27 (11) 797 4000, F: +27 (11) 209 5800, www.pwc.co.za

Directors: C Du Plessis, J M Groenewald, M D G Human, M G Jones, M A O’Flaherty, F Rajah, J P G Schutte, F Tonelli*, C T van Dijk, S L Venables

*Non-executive



Pursuant to paragraph 1.17(b) of the JSE Limited (“JSE”) Listings requirements, all the ordinary shares of Clover will be delisted from the main board of the JSE pursuant to the implementation of the Scheme (“Delisting”).

Full details of the Scheme are contained in the circular to Clover shareholders (“the Circular”) to be dated on or about 28 February 2019, which will include a copy of this letter.

3. IDENTIFICATION OF SECURITIES THAT ARE AFFECTED

The current securities issued by Clover are:

- 191 911 737 ordinary shares.

The ordinary Shareholders will be affected by the Scheme.

4. DEFINITION OF FAIR AND REASONABLE

Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the case of an offer to acquire the entire ordinary share capital of a company, a transaction is generally Fair and Reasonable if the offer price is greater than or equal to the Market Value of the securities. Fairness is primarily based on quantitative issues and Reasonableness on qualitative issues surrounding the particular offer. Even though the consideration may be lower than market price, the entire transaction may still be Fair and Reasonable after considering other significant factors.

An individual shareholder’s decision as to whether to support a particular transaction may be influenced by his or her particular circumstances (for example taxation) and the price paid for the shares. This Fair and Reasonable opinion does not purport to cater for individual shareholders’ positions but rather the rights and interests of the general body of shareholders subject to the offer. Should a shareholder be in doubt, he or she should consult an independent expert as to the merits of the transaction, considering his/her personal circumstances.

In reaching a conclusion on whether the Scheme is fair and reasonable to the Clover shareholders, we considered the material effects of the Scheme on the rights and interests of the holders of the shares. This entailed a comparison of the Market Value of the Clover shares as at 31 December 2018 to the Total Consideration.

5. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Clover management (“Management”) and from various public, financial, and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our valuation include:

- Audited annual financial statements for the annual years ended 30 June 2013 to 30 June 2018;
- Management forecasts for the period 30 June 2019 to 30 June 2024 as contained in the 5-year plan;
- Discussions with Management of Clover;
- For our macroeconomic research we used the following sources:
 - Oxford, FNB, Investec, Nedbank, BMI Research, HHS, Oxford Economics, Focus Economics, D&B, FitchRatings;



- CapitalIQ for market sector beta information;
- Transaction data obtained from Mergermarket and CapitalIQ;
- Selected analyst reports available on Clover detail between 9 February 2018 and 5 November 2018;
- CapitalIQ and various reports from financial institutions for industry analysis and financial data on market comparables;
- PwC Valuation Methodology Survey, 2016/17 Edition;
- Carve-out of estimated Dairy Farmers South Africa Proprietary Limited history provided by Management in Excel format;
- 2018/2019 budget presentation dated May 2018;
- 2018/2019 budget strategy document;
- Quarter 1 2019 results presentation dated 20 November 2018;
- Breakdown of historical services rendered revenue to segments provided by Management in excel;
- Deferred tax calculation as at 31 December 2018;
- Management accounts for the six months ended 31 December 2018;
- Draft IA dated 16 January 2019;
- Schedule of SARs and share re-investments dated 16 January 2019 provided by Management; and
- Draft Joint Announcement of the Firm Intention by Milco dated 16 January 2019.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with Management.

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

6. VALUATION APPROACH

In considering the Scheme, we performed an independent valuation of the ordinary shares of Clover.

For the purposes of our valuation we used the Income Approach (discounted cash flow) valuation as our primary approach. In addition, we considered the Market Approach (based on financial data for comparable publicly traded companies) as an alternative valuation approach to support the results of our Income Approach analysis.

The key valuation assumptions considered in our Income Approach analysis included forecast growth rates, cost of capital rates, perpetuity growth rates, forecast profitability margins and forecast capital expenditure.

We note that due to the nature of Clover's operations the valuation is driven by the following external factors: forecast consumer price inflation and forecast South African economic growth as represented by real gross domestic product growth. The valuation is also driven by the following internal factors: price growth, volume growth, gross margins, fixed costs growth and forecast capital expenditure.

The resultant financial forecasts were discounted at a discount rate range of 13.3% to 13.9% denominated in South African Rand.

We tested the sensitivity of the valuation to changes in the cost of capital, perpetuity growth rates and EBITDA margins.



7. PROCEDURES

The procedures we performed comprised the following:

- Analysis of the terms and conditions of the Scheme;
- Consideration of conditions in, and the economic outlook for, the industry in which Clover operates;
- Consideration of general market data including economic, governmental and environmental forces that may affect the Market Value of the ordinary shares of Clover;
- Discussions concerning the historical and future operations of Clover with Management;
- Discussions with Management to obtain an explanation and clarification of data provided;
- Consideration of the operating and financial results of Clover (including audited financial statements covering three years up to the date of valuation);
- Analysis of financial and operating projections including revenues, operating margins (e.g., earnings before interest and taxes), working capital investments and capital expenditures based on the historical operating results of Clover, industry results and expectations and management representations. Such projections formed the basis for a discounted cash flow analysis;
- Gathering and analysis of financial data for publicly traded or private companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons to apply to Clover as part of the Market Approach;
- Analysis of Clover's share trading history on the JSE Limited up until 31 December 2018;
- Analysis of available relevant analyst reports;
- Estimation of appropriate valuation discounts or premiums (e.g., marketability and controlling or minority interest) to apply to the results of our valuation analysis; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

The valuation analysis was performed in order to identify whether there are any material effects on the holders of the affected securities, and to enable us to comment on the rights and interests on the holders of the affected securities.

8. ASSUMPTIONS

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- Clover is not involved in any other material legal proceedings;
- Clover has no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the values of Clover;
- The Scheme will not give rise to any undisclosed tax liabilities that Clover will be required to settle;
- As referred to in paragraph 7.1.1 of the Circular, the Scheme Consideration may be adjusted downwards for possible adjustments ("Scheme Consideration Adjustments"). However, our conclusion is made on the Total Consideration defined above and as at the date of this opinion and therefore, assumes that no Scheme Consideration Adjustment will be made;
- For the purposes of this engagement, we assumed Clover's existing businesses to be ongoing under business plans and management; and
- Representations made by Management during the course of forming this opinion.

9. EFFECTS ON THE RIGHTS AND INTERESTS OF SECURITIES THAT ARE AFFECTED

Based on our opinion outlined below, there are no material adverse effects on the rights and interests of the Clover ordinary Shareholders.



10. **OPINION**

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Management up to 25 January 2019. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based on the results of our procedures performed, our valuation work and other considerations, we concluded that:

- The Market Value of the total issued share capital of Clover, is between R4,400 million (R23.0 per share) and R4,800 million (R25.0 per share) on a marketable, controlling basis as at 31 December 2018. The most likely value is R4,600 million (R24.0 per share), which approximates the midpoint of our value range.

The Total Consideration (Scheme Consideration and estimated interim dividend) is above our determined Market Value range of the ordinary shares on a marketable, controlling basis. Therefore, based on the results of our procedures performed, our detailed valuation work and other considerations, we concluded that subject to the foregoing assumptions, we are of the opinion that the offer price is both Fair and Reasonable as far as the ordinary Shareholders of Clover are concerned.

In considering our conclusions, the members of the Independent Board should take particular notice of the following factors:

- The actual market value achieved in a specific transaction may be higher or lower than our estimate of the Market Value range depending upon the circumstances of the transaction (for example strategic considerations of the instrument holder), the nature of the business (for example the instrument holders' perception of potential benefits of deleveraging the group); and
- Our Market Value range is based on a standalone valuation of Clover under current management and business plans compiled in 2018 and provided to us by Management in November 2018.
- Shareholders should take note that, as at the date of this opinion letter, Clover impaired in full a loan receivable from Dairy Farmers South Africa Proprietary Limited during the 2018 financial year. Should the loan be recovered, an amount of R439 million would represent an uplift in value of R2.30 per share.

11. **MANAGEMENT RE-INVESTMENT OPTION**

Clover management ("Management") has negotiated a re-investment option, with a loan facility granted to Management by Milco, as part of the transaction implementation agreement between Clover and Milco. In terms of section 119(6) of the Companies Act, the Panel may grant an exemption from the application of section 127(1) to the extent required to allow a re-investment alternative of the consideration offered ("re-investment consideration") only to specific directors of an offeree regulated company if:

- (a) a fair and reasonable opinion from an independent expert has been obtained stating that the re-investment consideration is fair and reasonable to the independent shareholders of the offeree regulated company; and
- (b) a majority vote of independent shareholders of the offeree regulated company has been obtained in general meeting.

The terms and conditions of the re-investment option will be considered fair and reasonable, should the re-investment price be the same as the price at which Milco acquired the ordinary shares of Clover in terms of the Scheme (R25 per share) and any financial support provided to management as part of the re-investment (the loan from Milco to acquire additional shares) be granted to Management at market-related rates.

We have reviewed the terms and conditions of the re-investment option and consider it fair and reasonable.



12. INDEPENDENCE

We confirm that we meet the competence, experience, and impartiality requirements of section 114(2)(a) of the Companies Act and regulation 90(3) of the Takeover Regulations and we confirm that we meet the independence requirements set out in section 114(2)(b) of the Companies Act.

We confirm that PwC holds no shares in Clover, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in Clover or in the outcome of the Scheme.

Furthermore, we confirm that our professional fees for the provision of this independent expert report on the Scheme amount to an aggregate total fee of R776,600 excluding Value Added Tax and is not contingent upon or related to the outcome of the Scheme.

13. MATERIAL INTERESTS OF DIRECTORS AND TRUSTEES

In accordance with sections 114(3)(e) and (f) of the Act, we confirm that directors' interests in Clover are as follows:

Name of Director	Direct Beneficial Interest	Indirect Beneficial Interest	Associates
Johann Hendrik Vorster	3 877 841	–	–
Kara Family Investments (Pty) Ltd ¹	–	1 000 000	–
Yuka Family Investments (Pty) Ltd ¹	–	1 000 000	–
Johann & Magdaleen Vorster Investments (Pty) Ltd ¹	–	2 000 000	–
Johann & Magdaleen Vorster Educational Investments (Pty) Ltd ¹	–	500 000	–
Vorster, M ¹	–	–	381 998
Vorster, K ¹	–	–	11 240
Vorster, Y ¹	–	–	10 12
Werner Büchner Family Trust ²	–	486 492	–
L Büchner En Seuns BK ²	–	85 000	–
Sunnyside Farming Trustees ³	–	900 085	–
J Botes	951 998	–	–

1. Party related or affiliated with Vorster.

2. Party related or affiliated with Mr Werner Ignatius Büchner.

3. Party related or affiliated with Botes.

The Scheme has the same effect on the Clover Shares held by such directors that it has on the Clover Shares held by other Shareholders.

14. LIMITING CONDITIONS

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by Management.

This letter and opinion is provided in terms of section 114(2) of the Companies Act and regulation 90(3) and 113(1)(a) of the Takeover Regulations. It does not constitute a recommendation to any shareholder of Clover on any matter relating to the Scheme, nor as to the acceptance of the Scheme. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used or relied upon for anything other than its intended purpose.

The valuation of companies and businesses is not a precise science, and conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. Further, whilst we consider our opinion to be defensible based on the information available to us others may have a different view and arrive at a different conclusion.

In accordance with Section 114 (3)(g) of the Act, please refer to Appendix 5 and 6 of the Circular for a copy of Sections 115 and 164 of the Act.

15. **CONSENT**

We hereby consent to the inclusion of our independent expert's report in any required regulatory announcement or documentation.

Yours sincerely

Jan Groenewald

Director

jan.groenewald@pwc.com

Tel: +27 (11) 797 5380

HISTORICAL AUDITED FINANCIAL INFORMATION OF CLOVER FOR THE YEARS ENDED 30 JUNE 2018, 30 JUNE 2017 AND 30 JUNE 2016

The final report of historical financial information is the responsibility of the Directors of Clover. The full set of audited financial statements for the years ended 30 June 2018, 30 June 2017 and 30 June 2016 are available on Clover's website, www.clover.co.za.

A summary of the aforesaid financial information is also set out below.

HISTORICAL AUDITED FINANCIAL INFORMATION OF CLOVER FOR THE YEARS ENDED 30 JUNE 2018, 30 JUNE 2017 AND 30 JUNE 2016

HISTORICAL AUDITED FINANCIAL INFORMATION OF CLOVER FOR THE YEARS ENDED 30 JUNE 2018, 30 JUNE 2017 AND 30 JUNE 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited 2018 R'000	Audited 2017 R'000	Audited 2016 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2 417 791	2 427 444	2 323 216
Investment properties	9	9	15
Intangible assets	626 671	650 663	612 191
Investments in subsidiaries	–	–	–
Investment in joint ventures and associates	46 035	38 946	31 651
Other non-current financial assets	5 781	3 165	5 657
Deferred tax assets	30 203	45 496	37 019
	3 126 490	3 165 723	3 009 749
Current assets			
Inventories	869 091	964 630	916 909
Trade and other receivables	1 479 090	1 341 311	1 308 323
Prepayments	16 829	19 844	16 184
Income tax receivable	3 702	7 165	–
Cash and short-term deposits	760 693	544 863	604 071
	3 129 405	2 877 813	2 845 387
Assets classified as held-for-sale	2 719	4 607	10 907
TOTAL ASSETS	6 258 614	6 048 143	5 866 043
EQUITY AND LIABILITIES			
Equity			
Issued share capital	9 542	9 542	9 516
Share premium	892 692	892 692	882 774
Other capital reserves	105 689	78 642	74 873
Foreign currency translation reserve	17 160	9 637	24 147
Cash flow hedge reserve	–	–	2 412
Retained earnings	1 817 322	1 904 349	1 871 690
Equity attributable to owners of the parent	2 842 405	2 894 862	2 865 412
Non-controlling interests	(17 818)	(15 179)	23 305
TOTAL EQUITY	2 824 587	2 879 683	2 888 717

	Audited 2018 R'000	Audited 2017 R'000	Audited 2016 R'000
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	665 059	767 621	931 455
Non-controlling interest put options liability	23 226	57 088	–
Employee related obligations	75 424	82 595	73 474
Deferred tax liability	260 309	221 065	192 358
Trade and other payables	11 448	25 492	19 311
Other non-current financial liabilities	2 776	9 683	2 199
	1 038 242	1 163 544	1 218 797
Current liabilities			
Trade and other payables	1 676 176	1 274 700	1 363 322
Interest-bearing borrowings	685 691	714 304	343 015
Other current financial liabilities	13 639	6 141	25 612
Income tax payable	–	–	9 893
Employee related obligations	20 279	9 771	16 677
	2 395 785	2 004 916	1 758 529
TOTAL LIABILITIES	3 434 027	3 168 460	2 977 326
TOTAL EQUITY AND LIABILITIES	6 258 614	6 048 143	5 866 043

CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

	Audited 2018 R'000	Audited 2017 R'000	Audited 2016 R'000
Sales of products	6 435 663	9 401 842	9 102 469
Rendering of services	1 873 581	641 499	684 496
Sales of raw milk	335	11 907	22 769
Rental income	2 898	3 351	8 983
Revenue	8 312 477	10 058 599	9 818 717
Cost of sales	(5 357 424)	(7 333 041)	(7 025 497)
Gross profit	2 955 053	2 725 558	2 793 220
Other operating income	82 913	60 040	73 688
Selling and distribution expenses	(2 117 936)	(2 089 364)	(1 944 333)
Administration expenses	(273 310)	(284 721)	(300 461)
Restructuring expenses	(4 123)	(48 098)	(8 493)
Other operating expenses	(31 548)	(48 936)	(49 171)
Operating Profit	611 049	314 479	564 450
Impairment of revolving credit facility to DFSA	(439 042)	–	–
Finance costs	(141 880)	(145 765)	(122 964)
Finance income	47 618	12 647	10 139
Share of profit in joint ventures after tax	21 104	18 486	14 268
Profit before tax	98 849	199 847	465 893
Taxation	(139 509)	(41 105)	(113 992)
(Loss)/profit for the year	(40 660)	158 742	351 901
(Loss)/profit for the year (carried forward from previous page)	(40 660)	158 742	351 901
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translations of foreign operations, net of tax	7 523	(14 510)	26 461
Exchange differences on translations of foreign operations	7 523	(14 510)	(1 905)
Reclassified to profit or loss	–	–	28 366
Income tax effect	–	–	–
Net (loss)/gain on cash flow hedges, net of tax	–	(2 412)	2 412
Cash flow hedge fair value adjustment	–	(9 294)	(22 500)
Reclassified through profit and loss	–	5 944	25 850
Income tax effect	–	938	(938)
Net comprehensive income to be reclassified to profit and loss in subsequent periods	7 523	(16 922)	28 873
Total comprehensive (loss)/income for the year, net of tax	(33 137)	141 820	380 774
(Loss)/profit attributable to:			
Equity holders of the parent	(38 021)	158 258	350 906
Non-controlling interests	(2 639)	484	995
	(40 660)	158 742	351 901
Total comprehensive (loss)/income attributed to:			
Equity holders of the parent	(30 498)	141 336	379 779
Non-controlling interests	(2 639)	484	995
	(33 137)	141 820	380 774
(Loss)/earnings per share (cents)			
Basic (loss)/profit for the year attributable to ordinary equity holders of the parent	(19.9)	83.1	185.9
Diluted (loss)/profit for the year attributable to ordinary equity holders of the parent	(19.7)	82.3	181.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary Share capital R'000	Ordinary Share premium R'000	Other Capital Reserves R'000	Cash flow hedge reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance at 01 July 2016	9 516	882 774	74 873	2 412	24 147	1 871 690	2 865 412	23 305	2 888 717
Profit for the year				(2 412)	(14 510)	158 258	158 258	484	158 742
Other comprehensive income						(16 922)	(16 922)	-	(16 922)
Total comprehensive income				(2 412)	(14 510)	158 258	141 336	484	141 820
Share appreciation rights exercised	2	729	(1 651)			639	(281)		(281)
Non-cash distribution	24	9 189				(9 213)	-		-
Non-controlling interest put option movement								(57 088)	(57 088)
Acquisition of non-controlling interest						(2 730)	(2 730)	(5 624)	(8 354)
Share-based payment expense reserved			5 865				5 865		
Call option in Clover Frankies reclassified			(445)			455	-		
Non-controlling interest arising from business combinations								24 234	24 234
Dividends forfeited						62	62		62
Dividends declared and paid						(114 802)	(114 802)		(114 802)
Dividends of subsidiaries								(490)	(490)
Balance at 30 June 2017	9 542	892 692	78 642	-	9 637	1 904 349	2 894 862	(15 179)	2 879 683
Loss for the year						(38 021)	(38 021)	(2 639)	(40 660)
Other comprehensive income					7 523		7 523		7 523
Total comprehensive loss					7 523	(38 021)	(30 498)	(2 639)	(33 137)
Non-controlling interest put option movement			33 863				33 863		33 863
Share-based payment/(credit) recognised			(2 593)				(2 593)		(2 593)
Share appreciation rights exercised			(4 223)			1 587	(2 636)		(2 636)
Dividends forfeited						93	93		93
Dividends declared and paid						(50 686)	(50 686)		(50 686)
Balance at 30 June 2018	9 542	892 692	105 689	-	17 160	1 817 322	2 842 405	(17 818)	2 824 587

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited 2018 R'000	Audited 2017 R'000	Audited 2016 R'000
Operating activities			
Profit before tax	98 849	199 847	465 893
Profit before tax	98 849	199 847	465 893
Adjustments to reconcile profit before tax to net cash flow			
Adjustment for non-cash items			
Depreciation of property, plant and equipment	200 758	183 366	166 941
Amortisation of intangible assets	27 197	22 816	21 680
Depreciation of investment properties	-	6	8
Fair value adjustments	(2 616)	(1 422)	-
Impairment of revolving credit facility to DFSA	439 042	-	-
Software licences written off	-	4 100	-
Profit on the sale of Lactolab	(200)	(9 270)	-
Deconsolidation of Lactolab	-	336	-
Profit on disposal and scrapping of assets	(1 272)	(33 404)	(20 869)
Unrealised loss on financial instruments	591	(15 889)	21 036
Unrealised foreign exchange loss/(gain)	5 702	(9 321)	(9 075)
Realised foreign exchange loss/(gain)	-	11 232	(27 833)
Bargain purchase on the investment in Clover Good Hope	-	-	(1 721)
Release of foreign currency translation reserve in abandonment of foreign operation	-	-	28 366
Share of profit of joint venture – net of dividend received	(7 089)	(7 295)	38
Movement in provisions	3 337	2 213	1 120
Share appreciation rights (credit)/expense recognised over vesting period	(2 593)	5 865	12 697
<i>Other adjustments:</i>			
Finance cost	141 880	145 765	122 964
Finance income	(47 618)	(12 647)	(10 139)
Share appreciation rights paid in cash	(2 019)	-	-
Government grants	-	-	(4 490)
Taxes paid	(84 424)	(47 115)	(56 938)
<i>Working capital adjustments</i>			
Decrease/(Increase) in inventories	95 539	(43 578)	24 269
(Increase)/Decrease in trade and other receivables	(134 764)	(36 747)	(91 298)
Increase/(Decrease) in trade and other payables	387 432	(81 902)	30 799
Net cash flows from operating activities	1 117 732	276 956	673 448
Net cash inflow from operating activities	1 117 732	276 956	673 448

	Audited 2018 R'000	Audited 2017 R'000	Audited 2016 R'000
Investing Activities			
Proceeds from sale of property, plant and equipment and other assets	32 965	58 941	45 533
Realised foreign exchange loss/(gain)	-	(11 232)	27 833
Interest received	47 618	12 647	10 139
Acquisition of Clover Good Hope (Pty) Ltd	-	-	(2 550)
Acquisition of Clover Frankies (Pty) Ltd	-	-	(6 610)
Revolving credit facility granted to Dairy Farmers of South Africa (Pty) Ltd	(439 042)	-	-
Unbundling of Dairy Farmers of South Africa (Pty) Ltd	(2 020)	-	-
Disposal of controlling interest in Lactolab (Pty) Ltd	-	10 275	-
Acquisition of controlling interest in Clover Pride (Pty) Ltd	-	(29 639)	-
Cancellation of a finance lease	-	3 854	-
Dividends received	-	-	-
Government grants received recognized against property, plant and equipment and expense			16 097
Capital expenditure: tangible assets	(214 743)	(316 883)	(366 665)
Capital expenditure: intangible assets	(3 425)	(5 671)	(56 406)
Net cash (used)/ from investing activities	(578 647)	(277 708)	(332 629)
Financing Activities			
Interest paid	(112 362)	(145 765)	(122 964)
Dividends paid	(50 593)	(115 230)	(108 755)
Non-controlling interest acquired in Clover Frankies (Pty) Ltd	-	(4 440)	-
Cancellation of a finance lease	-	(3 854)	-
Repayment of borrowings and finance leases	(313 333)	(285 668)	(254 646)
Proceeds from borrowings	150 000	496 975	273 939
Net cash outflow (used in)/from financing activities	(326 288)	(57 982)	(212 426)
Net increase/(decrease) in cash and cash equivalents	212 797	(58 734)	128 393
Net foreign exchanges difference	3 033	(474)	242
Cash and cash equivalents at beginning of year	544 863	604 071	475 436
Cash and cash equivalents at end of year	760 693	544 863	604 071

The full set of audited annual financial statements for the years ended 30 June 2018, 30 June 2017 and 30 June 2016 are available on the Company's website. www.clover.co.za Physical copies may also be requested from the Company Secretary.

SHARE PRICE HISTORY OF CLOVER

Set out below are tables showing the aggregate volumes and values traded, closing price and the highest and lowest prices traded in Clover Shares on the JSE for:

- each month over the 12 months preceding the Last Practicable Date 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.

Month-end	High (Rands)	Low (Rands)	Close (Rands)	Volume	Value (Rands)
March 2018	16.90	16.20	16.55	6 451 176	107 197 053
April 2018	19.00	16.49	19.00	7 619 760	135 543 851
May 2018	19.20	17.72	18.23	4 181 901	78 564 094
June 2018	17.88	16.04	16.28	4 262 679	71 375 360
July 2018	16.91	15.80	16.15	2 086 692	33 895 015
August 2018	18.51	16.00	17.29	4 553 215	80 678 238
September 2018	17.53	13.70	15.00	2 819 754	42 695 489
October 2018	17.16	14.00	16.66	6 095 409	93 830 085
November 2018	18.30	15.91	17.00	5 271 203	89 117 655
December 2018	18.29	16.50	17.81	4 527 247	77 482 034
January 2019	19.95	17.50	19.76	3 448 724	66 675 246
February 2019	23.10	19.80	21.00	5 554 826	121 851 579

Day-ended	High (Rands)	Low (Rands)	Close (Rands)	Volume	Value (Rands)
28 January 2019	20.04	19.80	19.80	179 318	3 578 751
29 January 2019	20.50	19.31	19.99	87 075	1 734 318
30 January 2019	20.40	19.42	19.99	10 610	211 701
31 January 2019	20.20	19.51	19.90	73 755	1 474 717
01 February 2019	20.20	19.58	20.00	25 056	497 462
04 February 2019	24.22	23.01	23.01	906 426	21 069 600
05 February 2019	23.30	23.01	23.10	565 279	13 088 400
06 February 2019	23.19	22.80	23.00	447 940	10 297 370
07 February 2019	23.00	20.75	22.05	502 731	11 190 100
08 February 2019	22.11	21.05	22.00	303 953	6 698 895
11 February 2019	21.99	21.05	21.31	479 744	10 281 140
12 February 2019	21.56	20.55	21.27	581 680	12 386 720
13 February 2019	21.45	21.01	21.06	119 763	2 546 299
14 February 2019	21.12	20.55	21.05	384 808	8 091 368
15 February 2019	21.10	20.80	21.05	113 976	2 395 513
18 February 2019	21.89	21.19	21.33	260 070	5 533 267
19 February 2019	21.43	20.85	20.96	225 093	4 729 916
20 February 2019	21.90	19.50	21.00	223 411	4 700 098
21 February 2019	21.90	20.81	20.81	117 632	2 467 834
22 February 2019	21.75	18.56	20.49	382 899	7 943 853
25 February 2019	21.25	20.00	20.69	219 801	4 507 545
26 February 2019	21.89	20.30	20.50	22 885	475 643
27 February 2019	21.25	20.23	21.10	68 935	1 431 995

MATERIAL PARTICULARS OF SERVICE CONTRACTS

RE-DEPLOYMENT OF GROUP COMPANIES	The Company may, after consultation in good faith with the Designated Manager, transfer the services of the Designated Manager to any other area of its operations or that of any other company in the group.
REMUNERATION	<p>The Designated Managers will receive an increase in their remuneration pursuant to the delisting of the Company.</p> <p>The Designated Managers will be eligible for an annual bonus, subject to him meeting the requisite performance targets.</p> <p>The Designated Managers will be paid a retention bonus during each of the first three years after the proposed delisting of the Company.</p> <p>In the event that the Designated Manager's employment is terminated by any company in the group without "Cause", at any time during the first three years after the proposed delisting of the Company, the Company shall pay the Designated Manager an Early Dismissal Bonus.</p>
INVENTIONS, DISCOVERIES, COPYRIGHT AND DOCUMENTS	Any discovery or Intellectual Property made, created or discovered by the Designated Manager in the course of his employment shall be disclosed to the Company and ceded to the Company.
CONFIDENTIALITY	The Designated Manager will treat and safeguard the Company's and any other company in the group's confidential information as strictly private and confidential in perpetuity.
RESTRAINT OF TRADE	The Designated Manager is restrained from competing with the business of the Company and any other company within the group while employed by the Company and for a maximum period of six months after the termination of his employment. The Designated Manager is entitled to his remuneration during the restraint period.
NON-SOLICITATION	The Designated Manager shall not solicit the employees or the customers of the Company and any other company in the group while employed by the Company and for a maximum period of six months after the termination of his employment.

**SECTION 115 OF THE COMPANIES ACT: REQUIRED APPROVAL FOR
TRANSACTIONS CONTEMPLATED IN CHAPTER 5 OF THE COMPANIES ACT**

- (1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) the disposal, amalgamation or merger, or scheme of arrangement:
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the Court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a Court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five Business Days after the vote, any person who voted against the resolution requires the company to seek Court approval; or
 - (b) the Court, on an application within 10 Business Days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a Court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b)

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

SECTION 164 OF THE COMPANIES ACT: DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

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

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

- (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
- (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the Court; and
- (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13) (a), subject to any conditions the Court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the Court has made an order contemplated in subsection 15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of Subsection (11), in which case:

- (a) that shareholder must comply with the requirements of subsection 13(a); and
- (b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a Court order in terms of subsection (15)(c)(v) (bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:

- (a) the company may apply to a Court for an order varying the company's obligations in terms of the relevant subsection; and
- (b) the Court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:

- (a) the provisions of that section; or
- (b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

- (a) expressly provided in this section; or
- (b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

The settlement of the Scheme Consideration for both Certificated Shareholders and Dematerialised Shareholders will be subject to the Exchange Control Regulations.

The following is a summary of the relevant Exchange Control Regulations. Shareholders who are not resident in South Africa, or who have registered addresses outside South Africa, must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Scheme Consideration, including obtaining any required governmental or other consents, observing any other required formalities and paying any issue, transfer or other taxes due in that jurisdiction. If any Shareholder is in any doubt, he should consult his professional advisers without delay.

(1) RESIDENTS OF THE COMMON MONETARY AREA

In the case of:

Certificated Shareholders whose registered address in the Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be paid by way of EFT or posted to such Shareholders in accordance with paragraph 7.3;

or

Dematerialised Shareholders whose registered address in the Register are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, the Scheme Consideration will be credited directly to the accounts nominated for the relevant Shareholders by their duly appoint CSDP or Broker in terms of the provisions of the custody agreement with their CSDP or Broker.

(2) EMIGRANTS FROM THE COMMON MONETARY AREA

In the case of Shareholders who are Emigrants from the Common Monetary Area and whose Shares form part of their blocked assets, the Scheme Consideration will:

in the case of Certificated Shareholders whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the Authorised Dealer in foreign exchange in South Africa controlling such Shareholders' blocked assets in terms of the Exchange Control Regulations. The attached Form of Surrender and Transfer (pink) makes provision for details of the Authorised Dealer concerned to be given;

or

in the case of Dematerialised Shareholders whose registered address are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, be paid to their CSDP or Broker, which shall arrange for same to be credited directly to the blocked Rand bank account of the Shareholder concerned with their Authorised Dealer in foreign exchange in South Africa.

(3) ALL OTHER NON-RESIDENTS OF THE COMMON MONETARY AREA

The Scheme Consideration accruing to non-resident Shareholders whose registered address is outside the Common Monetary Area and who are not Emigrants from the Common Monetary Area will:

in the case of Certificated Shareholders whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, be paid by way of EFT or posted to their registered address in accordance with paragraph 7.3 The attached Form of Surrender and Transfer (pink) makes provision for a substitute address or bank details;

or

in the case of Dematerialised Shareholders, be paid to their duly appointed CSDP or Broker and credited to such Shareholders in terms of the provisions of the custody agreement with their CSDP or Broker.

(4) INFORMATION NOT PROVIDED

If the information regarding Authorised Dealers is not given or the instructions are not given and no bank account or address details for the Shareholder in question appears in the Register, the Scheme Consideration will be held in trust by Clover, or the Transfer Secretaries on behalf of Clover.

KEY PRINCIPLES OF THE LOAN AND PLEDGE TO BE ENTERED INTO BY THE MANAGEMENT SHAREHOLDERS

LOAN PRINCIPLES

- The Company or Clover shall provide the Management Shareholders with a loan for the purpose of discharging a portion of the Management Subscription Price owed by the Management Shareholders in terms of the Subscription and Shareholders Agreement, as follows:

Management shareholder	Loan amount
JH Vorster	3 944 264
Johann and Magdaleen Educational Investments (Pty) Ltd	9 559 232
Johann and Magdaleen Vorster Investments (Pty) Ltd	38 229 270
Kara Family Investments (Pty) Ltd	19 151 455
Yuka Family Investments (Pty) Ltd	19 115 779
JHF Botes	15 000 000
MM Palmeiro	15 000 000
J van Heerden	15 000 000
FF Scheepers	15 000 000

- The interest rate applicable to the loan to the Management Shareholders shall be the rate which is applicable to the bridge loan agreement entered into between the Company and RMB for the initial six months of the loan and, thereafter, at a rate that is equal to the average interest rate applicable with respect to the total company borrowings.
- The loan and accrued unpaid interest (including capitalised interest) shall be discharged in full after a period of 12 years as from the date on which the relevant loan agreement becomes unconditional in accordance with its terms. However, the Management Shareholders shall be required to repay the loan and any accrued unpaid interest (including capitalised interest) by way of the cash dividends declared on the pledged shares held by the relevant Management Shareholder. The proceeds of such cash dividends shall first be applied towards the payment of accrued unpaid interest, and thereafter in or towards payment of any principal sum due but unpaid (including capitalised interest).
- In the event that the dividends declared on the pledged shares that are held by the Management Shareholders are insufficient to discharge the interest payable during any calendar year then the Management Shareholders may elect to discharge the short fall from his personal funds, or, in the case that he does not elect to discharge the shortfall, the unpaid interest will be capitalised to the outstanding principal amount of the loan (“**Annual Capitalisation**”) at the end of that calendar year towards payment of any principal sum due but unpaid (including capitalised interest), provided that, the capitalised interest amount due by each of the Management Shareholders at any given time, shall never exceed the following thresholds: R4,000,000 (four million rand) for each of Botes, Palmeiro, Scheepers and van Heerden, and R24,000,000 (twenty four million rand) for Vorster Group (“**Thresholds**”) during the 12-year term of the loan agreements. In the event that the capitalised interest amounts due by any of the Management Shareholders at any given time exceed the respective Thresholds above, then the respective Management Shareholders shall be obliged to sell his respective pledged shares, on a pro rata basis to cover such shortfall, by means of the Put Option, in order to reduce the capitalised interest below the Threshold. For the avoidance of doubt, this amount will also include interest payable by the Management Shareholders.
- If the employment of the Management Shareholder with the Company or with other Clover Group Companies is terminated for any reason, the Management Shareholder shall not be entitled to apply the Annual Capitalisation mechanism going forward. All interest accruing following the termination of the Management Shareholder’s employment shall be payable by the Management Shareholder on the last day of each year following such termination of employment.

PLEDGE PRINCIPLES

1. The Management Shareholders will pledge their shares as follows:
 - a. the Vorster Group (collectively) and Botes shall pledge all the shares acquired by way of the loan and such further shares in order to achieve a security to debt ratio of 1.5/1 as measured at the value of the shares pledged at as at the effective date of the loan agreement (using the put option formula with E being equal to 100%); and
 - b. the remaining Management Shareholders shall pledge all of their shares acquired in the Company and the security to date ratio for each of the remaining Management Shareholders shall be determined in terms of the value of the shares pledged at the effective date of the loan.
2. There will be no release of pledge shares until the total capital amount and interest is paid, unless otherwise agreed to between the parties.

PROCEEDS ON SALE AND DEATH OF A MANAGEMENT SHAREHOLDER

1. In the event that the Management Shareholders transfer the pledged shares in accordance with its rights under the memorandum of incorporation and/or shareholders agreement of the Company then the Company shall release the pledge over the pledged shares and the proceeds of the transfer shall be used to discharge the capital and outstanding interest owed to the Company or Clover. Any shortfall shall thereafter be written off by the Company.
2. In the event of the death of the Management Shareholder then:
 - a. the executor shall have a period of two years as from the date of death to exercise the put option and the proceeds of this shall be used to discharge the outstanding capital and interest. Provided that (i) any surplus after this discharge shall be released to the estate of the Management Shareholders and (ii) any shortfall shall be written off by the Company; and
 - b. if the put option is not so exercised then the forced sale process in the memorandum of incorporation must be followed and any proceeds received must be used to discharge the outstanding capital and interest. Provided that (i) any surplus after this discharge shall be released to the estate of the Management Shareholders and (ii) any shortfall shall be written off by the Company.

SHORTFALL

1. If, on the final maturity date of the loan, there is any outstanding capital and interest amounts owing to the Company then:
 - a. if there is any shortfall, then the Management Shareholders shall elect whether to discharge the shortfall.
2. If the Management Shareholder elects not to so discharge the shortfall then the Company shall be entitled to exercise its pledge over the pledge shares and any proceeds received therefrom shall be used to discharge the outstanding capital and interest amount of the loan provided that (i) any surplus after this discharge shall be released to the Management Shareholders and (ii) any shortfall shall be written off by the Company.

SHARE DEALINGS

Set out below are tables showing the aggregate volumes, price and orders of those shareholders who have provided Irrevocable Undertakings to vote in favour of the Scheme, for each month over the six months preceding the Last Practicable Date prior to the date of issue of this Circular.

Arisaig Africa Consumer Fund Limited has dealt in Clover shares as indicated below:

Trade date	Order type	Volume	Price (Rand)
15/11/2018	Sell	(10 000)	18.20
14/11/2018	Sell	(31 155)	18.21
13/11/2018	Sell	(14 141)	18.21
12/11/2018	Sell	(100 000)	18.20
28/08/2018	Sell	(24 213)	17.50
08/08/2018	Sell	(2 022)	18.80
08/07/2018	Sell	(200 000)	18.51

Clover Milk Producers Trust has dealt in Clover shares as indicated below:

Trade date	Order type	Volume	Price (Rand)
19/10/2018	Sell	(10 000)	15.00
12/10/2018	Sell	(100 000)	15.00
11/10/2018	Sell	(97 393)	15.00
10/10/2018	Sell	(2 607)	15.00
5/9/2018	Buy	28 107	16.10
4/9/2018	Buy	59 393	16.47
22/08/2018	Buy	12 500	17.44
12/07/2018	Buy	25 000	16.50
11/07/2018	Buy	772	16.50
11/07/2018	Buy	4 228	16.31
10/07/2018	Buy	10 019	16.50
9/07/2018	Buy	7 518	16.50
6/07/2018	Buy	17 185	16.50
4/07/2018	Buy	3 716	16.44
3/07/2018	Buy	4 233	16.42
3/07/2018	Buy	2 426	16.41
2/07/2018	Buy	3 425	16.45
2/07/2018	Buy	7 278	16.42
28/06/2018	Buy	4 200	16.15
27/06/2018	Buy	6 975	16.15
27/06/2018	Buy	25	16.14
27/06/2018	Buy	3 000	16.10

Clucas Gray Investment Management has dealt in Clover shares as indicated below:

Trade date	Order type	Volume	Price (Rand)
19/02/2019	Buy	10 351	20.99
15/02/2019	Buy	10 082	20.98
14/02/2019	Buy	1 000	21.00
11/01/2019	Buy	15 140	18.99
20/12/2018	Buy	34 123	16.98
19/12/2018	Buy	12 430	16.90
18/12/2018	Buy	28 076	16.95
14/12/2018	Buy	53 667	17.35
12/12/2018	Buy	25 000	17.00
30/10/2018	Buy	270 500	16.00
16/10/2018	Buy	33 216	14.25
12/10/2018	Buy	30 178	15.00
10/10/2018	Buy	45 591	15.00
10/10/2018	Buy	26 601	15.00
18/09/2018	Buy	103 936	14.49
13/09/2018	Buy	26 209	14.85
12/09/2018	Buy	33 582	14.01
10/09/2018	Buy	17 084	15.16
7/09/2018	Buy	18 330	15.44
6/09/2018	Buy	40 269	15.70
3/09/2018	Buy	12 046	17.10
31/08/2018	Buy	35 014	17.13
29/08/2018	Buy	31 620	17.46
20/08/2018	Buy	12 732	17.00
17/08/2018	Buy	4 235	17.25
16/08/2018	Buy	8 758	17.05
15/08/2018	Buy	48 193	16.97
8/08/2018	Buy	18 336	18.50
31/07/2018	Buy	67 945	16.10

Allan Gray Proprietary Limited has dealt in Clover shares as indicated below:

Trade date	Order type	Volume	Price (Rand)
16/01/2019	Sell	(9 800)	19.10
15/01/2019	Sell	(213)	18.92
8/01/2019	Sell	(39 277)	18.20
7/01/2019	Sell	(4 000)	18.00
31/12/2018	Sell	(3 295)	18.18
28/12/2018	Sell	(4 375)	18.15
27/12/2018	Sell	(1)	18.00
21/12/2018	Sell	(42 880)	18.29
19/12/2018	Sell	(16 473)	16.95
18/12/2018	Sell	(596)	17.00
14/12/2018	Sell	(4 379)	17.45
13/12/2018	Sell	(552)	16.87
6/12/2018	Sell	(35 206)	17.46
5/12/2018	Sell	(2 690)	17.49
4/12/2018	Sell	(12 804)	17.80
4/12/2018	Sell	(4 400)	17.80
3/12/2018	Sell	(18 000)	18.02
3/12/2018	Sell	(29 412)	18.02
3/12/2018	Sell	(15 800)	18.02
30/11/2018	Sell	(47 000)	18.00
30/11/2018	Sell	(3 000)	18.00
30/11/2018	Sell	(3 574)	18.00
29/11/2018	Sell	(40 300)	17.00
28/11/2018	Sell	(16 745)	17.10
23/11/2018	Sell	(14 264)	17.40
22/11/2018	Sale	(17 536)	17.47
21/11/2018	Sell	(6 700)	17.39
21/11/2018	Buy	6 700	17.39
16/11/2018	Sell	(1 998)	18.15
13/11/2018	Sell	(8 600)	18.15
12/11/2018	Sell	(8 800)	18.07
12/11/2018	Buy	8 800	18.07
26/10/2018	Buy	441 086	16.76
26/10/2018	Sell	(441 086)	16.76
25/10/2018	Sell	(14 514)	17.15
18/10/2018	Sell	(6 500)	14.00
11/10/2018	Sell	(350 000)	15.00
22/08/2018	Sell	(18 000)	17.39
14/08/2018	Sell	(378)	16.56
8/08/2018	Sell	(1 200 000)	18.50
8/08/2018	Sell	(223 150)	18.51
7/08/2018	Sell	(14 572)	18.51
26/07/2018	Sell	(31 829)	15.95
26/07/2018	Buy	31 829	15.95
25/07/2018	Sell	(4 171)	15.81
23/07/2018	Sell	(25 100)	15.80
16/07/2018	Sell	(25 131)	16.20
12/07/2018	Sell	(405)	16.50
11/07/2018	Sell	(31 145)	16.60
10/07/2018	Sell	(45 302)	16.54
5/07/2018	Sell	(11 000)	16.66
3/07/2018	Sell	(37 500)	16.50

Kagiso Asset Management has dealt in Clover shares as indicated below:

Trade date	Order type	Volume	Price (Rand)
23/01/2019	Buy	58 906	19.30
11/01/2019	Sell	(28 912)	19.00
10/01/2019	Sell	(169 764)	19.00
9/01/2019	Sell	(5 984)	18.80
3/01/2019	Sell	(49 728)	17.59
20/12/2018	Buy	140 623	16.60
13/12/2018	Buy	188 766	16.52
12/12/2018	Buy	224 533	16.81
11/12/2018	Buy	543 380	17.06
4/12/2018	Sell	(7 471)	17.92
3/12/2018	Buy	1 775	17.20
3/12/2018	Sell	(14 346)	17.63
30/11/2018	Buy	3 775	17.00
29/11/2018	Buy	107 368	17.00
28/11/2018	Buy	41 665	17.00
27/11/2018	Buy	9 642	17.10
23/10/2018	Sell	(6 577)	17.42
19/10/2018	Sell	(43 869)	14.41
16/10/2018	Buy	26 138	14.25
16/10/2018	Sell	(39 858)	14.25
27/09/2018	Buy	45 338	14.94
4/09/2018	Sell	(5 552)	16.46
3/09/2018	Buy	1 011	17.10
31/08/2018	Buy	9 797	17.13
15/08/2018	Buy	80 291	17.03

SALIENT TERMS OF THE PUT OPTION GRANTED BY MILCO SA TO THE REINVESTING MANAGEMENT

1. GRANT OF PUT OPTION

- 1.1 Milco SA has granted the Reinvesting Management an irrevocable right and option (“**Reinvesting Management Put Option**”) to require Milco SA and/or the registered shareholders of Milco SA as at the Operative Date (as the case may be), to repurchase and/or purchase (as the case may be) the shares held by the Reinvesting Management as at the Option Exercise Date (as defined in paragraph 2.1.1 below) (“**Option Shares**”).
- 1.2 Each member of the Reinvesting Management may, at any time, between the date on which the Reinvesting Management are issued shares in the Offeror (“**Reinvesting Management Subscription Date**”) and the day which is the twelfth (twelfth) anniversary of the Reinvestment Management Subscription Date (both dates inclusive), but not thereafter (“**Option Period**”) individually exercise the Reinvesting Management Put Option in respect of all or a portion of his Option Shares, provided that such portion shall not be less than 20% (twenty percent) of the entire amount of Option Shares held by such member of the Reinvesting Management as at the date of completion of the Proposed Transaction.
- 1.3 On the death of any member of the Reinvesting Management during the Option Period, the executors of such member of the Reinvesting Management’s estate shall have the right to exercise the Reinvesting Management Put Option at any time during the 2 (two) year period immediately following the date of such member of Reinvesting Management’s death. For the purpose of determination of the purchase price payable for the Option Shares held by the deceased estate of any member of the Reinvesting Management, the letter “E” in the formula in paragraph 3.1 below shall be deemed to be 100% (one hundred percent).

2. EXERCISE OF REINVESTING MANAGEMENT PUT OPTION

- 2.1 If any member of the Reinvesting Management or his executor in terms of paragraph 1.3 above wishes to exercise the Reinvesting Management Put Option, he may do so only by delivering written notice to that effect after the Reinvestment Management Subscription Date, to Milco SA (“**Option Notice**”), subject to all of the following terms (unless waived by Milco SA) –
- 2.1.1 the date of receipt by Milco SA of the Option Notice duly signed by the member of the Reinvesting Management or his authorised representative, shall be the date upon which the Reinvesting Management Put Option is exercised (“**Option Exercise Date**”);
- 2.1.2 the Reinvesting Management Put Option may be exercised in respect of all of the Option Shares or in one or more tranches, each of which shall comprise at least 20% (twenty percent) of the Option Shares and the number of shares which are the subject matter of the Option Notice shall be clearly specified therein;
- 2.1.3 the Reinvesting Management Put Option shall, on the date of the Option Notice and thereafter, be free and clear of any third-party rights, pledges or other encumbrances, so that following the Option Exercise Date, Milco SA (or another purchaser pursuant to paragraph 4.2 below) receives full right, title and interest in and to such Option Shares, free and clear of any third party’s rights; and
- 2.1.4 the effective date of the acquisition of any shares which are the subject matter of the Option Notice shall fall on the date of the payment of the purchase price in terms of paragraph 4.1 below (referred to herein as the “**Option Effective Date**”).

3. PURCHASE PRICE PAYABLE FOR OPTION SHARES

- 3.1 The purchase price payable for the Option Shares shall be determined as follows:

$$A = ((B \times C) \text{ minus } D] \times E) \times F$$

Where:

A = The total consideration payable by Milco SA to the member of the Reinvesting Management in question for all his Option Shares in the event of the execution of the Reinvesting Management Put Option;

B = The annual earnings of Clover before interest, tax, depreciation and amortisation (“**EBITDA**”) for the financial year ended immediately preceding the Option Exercise Date, as determined from the consolidated annual audited financial statements of Clover for such financial year

C = 8 (price earning EBITDA multiple)

D = Milco SA’s interest bearing debt, less Milco SA’s cash and bank deposits for the financial year ended immediately preceding the Option Exercise Date, as determined from the consolidated annual audited financial statements of Clover for such financial year

E =

Option Exercise Date	Percentage
Prior to the first anniversary of the Reinvestment Management Subscription Date	75.0%
Following the first anniversary of the but prior to the second anniversary of the Reinvestment Management Subscription Date	80.0%
Following the second anniversary of the Reinvestment Management Subscription Date but prior to the third anniversary of the Reinvestment Management Subscription Date	85.0%
Following the third anniversary of the Reinvestment Management Subscription Date but prior to the fourth anniversary of the Reinvestment Management Subscription Date	90.0%
Following the fourth anniversary of the Reinvestment Management Subscription Date but prior to the fifth anniversary of the Reinvestment Management Subscription Date	95.0%
Following the fifth anniversary of the Reinvestment Management Subscription Date	100.0%

In respect of the first 3,600,000 (three million six hundred thousand) Option Shares sold by Vorster Group and the first 600,000 (six hundred thousand) Option Shares sold by each of the other Designated Managers (the “**Loan Shares**”), **E** shall equal 100% irrespective of the Option Exercise Date.

F = Percentage shareholding in Milco SA held by the member of the Reinvesting Management in question exercising the Designated Managers Put Option.

4. **PURCHASE PRICE PAYABLE**

4.1 The purchase price payable for the Option Shares shall be paid on the 15th (fifteenth) Business Day following the later of the Option Exercise Date and the date of final determination of the purchase price (referred to hereinafter as the “**Option Payment Date**”), subject to set-off of any amount due and payable and not paid (“**Subject Debt**”), by Reinvesting Management under any Reinvesting Management Loan Agreement to which he is a party. For such purpose, the Subject Debt shall be deemed to be due, owing and payable on the Option Payment Date. Any excess payable to the member of the Reinvesting Management following such set-off shall be released to the member of the Reinvesting Manager concerned. To the extent of the amount of the Subject Debt exceeds the purchase price payable for the Option Shares after effect is given to such set-off and provided that Milco SA has received the original share certificates pertaining to the Option Shares in relation to which the Reinvesting Management Put Option has been exercised, in negotiable form, Milco SA shall waive any further claim which it may have against the member of the Reinvesting Management concerned for recovery of such excess.

4.2 Should Milco SA not be legally able to purchase the Option Shares within 30 (thirty) days of the Option Exercise Date in terms of section 48 of the Companies Act, it is agreed that Milco SA and the other shareholders of Milco SA (“**Shareholders**”) grant and each Shareholder (other than the Reinvesting Management) agree that each member of the Reinvesting Management has the irrevocable right and option to put the Option Shares to the other Shareholders who shall be obliged in the event of the Reinvesting Management Put Option being exercised, to purchase the Option Shares that have been so put *pro rata* to their respective shareholdings in Milco SA (or in any other proportions as the Shareholders (other than the Reinvesting Management) may agree in writing) and the terms set out in this Annexure 9 shall apply *mutatis mutandis* to such transaction and purchase. If Milco SA becomes legally able to purchase the Option Shares which were acquired by the relevant Shareholders at the price paid by those Shareholders, then Milco SA shall offer a fair market value offer to shareholders who purchased the Option Shares to repurchase such shares by Milco SA, and in such case any dividend previously paid for these shares prior to the date of the repurchase shall be deducted from the consideration.



CLOVER INDUSTRIES LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2003/030429/06)

JSE Ordinary Share code: CLR

NSX Ordinary Share code: CLN

ISIN: ZAE000152377

("Clover" or "the Company")

Directors

Executive

Johann Hendrik Vorster (*Chief Executive Officer*)

Frantz Frederik Scheepers (*Chief Financial Officer*)

Independent Non-Executive

Dr James Wellwood (Whitey) Basson

Dr Stefanus Francois Booysen

Neo Violet Mokhesi

Jorgen Flemming Michael Morgan

Babalwa Ngonyama

Non-Executive

Werner Ignatius Büchner (*Chairman*)

Nigel Athol Smith

NOTICE OF SCHEME MEETING

If you are in any doubt as to what action you should take in respect of the Scheme Meeting and/or the following resolutions, please consult you CSDP, broker, attorney, accountant or other professional adviser immediately.

All terms used in this Notice of Scheme Meeting shall, unless the context otherwise requires or they are otherwise defined herein, have the meanings attributed to them in the Circular to which this Notice of Scheme Meeting is attached ("Notice").

Shareholders are reminded that:

- **a Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint one or more proxies to attend, speak and vote in its stead at the Scheme Meeting in the place of that Shareholder, and Shareholders are referred to the attached form of proxy in this regard;**
- **Shareholders who are Excluded Shareholders, either by virtue of being Reinvesting Management of Clover or by virtue of their being Pre-deal Investors in Clover, may not vote at the Scheme Meeting;**
- **a proxy need not also be a Shareholder; and**
- **in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification to the Chairperson, and the Chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.**

A. NOTICE

Notice is hereby given that a Scheme Meeting of Shareholders, will be held on Friday, 29 March 2019 at Clover's registered office at 200 Constantia Drive, Constantia Kloof, Roodepoort for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

B. WHO MAY ATTEND AND VOTE?

Record Date

The Clover Board determined that, in accordance with the requirements of section 62(3)(a), read with section 59 of the Companies Act, the Scheme Voting Record Date, being the date on which Shareholders who are entitled to attend and vote at the Scheme Meeting will be determined, will be Friday, 22 March 2019. Excluded Shareholders may not vote at the Scheme Meeting.

Attendance in person or by proxy

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

- you may attend the Scheme Meeting in person; or
- alternatively, you may appoint a proxy to represent you at the Scheme Meeting by completing the attached form of proxy (blue) in accordance with the instructions contained therein and returning it to the Transfer Secretaries to be received by not later than 10:00 on Wednesday, 27 March 2019 (or 48 hours before the resumption of an adjourned Scheme Meeting which date, if necessary, will be released on SENS), being 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the Scheme Meeting. Alternatively, the form of proxy (blue) may be handed to the Chairperson of the Scheme Meeting at any time before a relevant resolution is tabled for voting at the Scheme Meeting (or any adjournment of the Scheme Meeting). A proxy need not be a shareholder of the Company.

The attached Form of Proxy (blue) is only to be completed by those Shareholders who:

- hold Certificated Shares in Clover; or
- hold Uncertificated Shares and are recorded in the Register as holding such Shares in “own-name” dematerialised form.

If you hold Dematerialised Shares which are NOT registered in your name:

- and wish to attend the Scheme Meeting, you must obtain the necessary letter of representation from you CSDP or Broker to attend the Scheme Meeting in person or by proxy and vote;
- and do not wish to attend the Scheme Meeting but would like your vote to be recorded at the meeting, you should contact your CSDP or Broker and furnish them with your voting instructions in terms of the relevant custody agreement entered into between you and your CSDP or Broker; and
- **you must not complete the attached Form of Proxy (blue).**

Electronic Participation

Shareholders or their proxies may participate in (but not vote at) the Scheme Meeting by way of a teleconference call and, if they wish to do so:

- must contact the Company Secretary (by email at the address cosec@clover.co.za), by no later than 10:00 on Friday, 29 March 2019 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the Scheme Meeting.

provided that Shareholders and their proxies will not be able to vote telephonically at the Scheme Meeting and will still need to appoint a proxy to vote on their behalf at the Scheme Meeting.

Identification

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

Voting

On a show of hands, every Shareholder who is present in person, by proxy or represented at the Scheme Meeting shall have one vote (irrespective of the number of Shares held) and on a poll, every Shareholder shall have that proportion of the total votes in the Company which the aggregate amount of the nominal value of the Shares held by that Shareholder bears to the aggregate of the nominal value of all the Shares issued by the Company. Excluded Shareholders may not vote at the Scheme Meeting.

C. PURPOSE OF THE SCHEME MEETING

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

SPECIAL RESOLUTION NUMBER 1

Approval of the Scheme in terms of Sections 114(1)(c) and 115 of the Companies Act:

Resolved that, subject to the passing of Ordinary Resolution Number 1 and Ordinary Resolution Number 2 to be proposed at the Scheme Meeting to consider this resolution in accordance with the Companies Act, the scheme of arrangement proposed by the Clover Board between Clover and its Shareholders in terms of section 114(1)(c) of the Companies Act (as more fully described in paragraph 7 of the Circular to which this Notice is attached), which, if implemented, will result in Milco SA Proprietary Limited acquiring all of the issued Shares of Clover, excluding Clover Shares of Shareholders of Clover who exercise their Appraisal Rights in terms of section 164 of the Companies Act and who accept an offer made to them by the Company in terms of section 164(11) of the Companies Act or who, pursuant to an order of Court, tender their Clover Shares to the Company in terms of section 164(15)(v) of the Companies Act, for the Scheme Consideration (as defined in the Circular to which this Notice is attached), in cash, for every Scheme Share held on the Scheme Consideration Record Date, be and is hereby approved as a special resolution in accordance with the requirements of section 115(2)(a) of the Companies Act.”

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

In accordance with, *inter alia*, section 115(4) of the Companies Act, the voting rights of Excluded Shareholders (being the Pre-deal Investors and Reinvesting Management of Clover who will be entitled to Reinvest in the Offeror) are excluded for purposes of both determining whether the applicable quorum requirements are satisfied and voting on this resolution.

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

Reason and effect of Special Resolution Number 1

The reason and effect of Special Resolution Number 1 are more fully described above in this Notice and in paragraph 7 of the Circular to which this Notice is attached but in summary the effect of Special Resolution Number 1 will be to approve the Scheme resulting in Milco SA Proprietary Limited acquiring all of the issued Shares of Clover and the purpose of Special Resolution Number 1 will be to constitute Clover a wholly-owned subsidiary of Milco SA Proprietary Limited.

SPECIAL RESOLUTION NUMBER 2

Revocation of Special Resolution Number 1 if the Conditions Precedent to the Scheme are not fulfilled, the Scheme does not continue and Dissenting Shareholders have exercised their Appraisal Rights.

“**Resolved that**, subject to:

- the passing of Special Resolution Number 1 to be proposed at the Scheme Meeting to consider this resolution;
- the Conditions Precedent to the Scheme not being fulfilled (or waived), and the Scheme failing to become unconditional;
- the Company making an announcement on SENS to the effect that the Scheme shall not be continued or pursued further, made unconditional or revived; and
- any Dissenting Shareholdings of Clover having exercised their Appraisal Rights under section 164 of the Companies Act,

Special Resolution Number 1 is revoked with effect from the date of the SENS announcement referred to above, as contemplated in section 164(9)(c) of the Companies Act.”

Special Resolution Number 2 will only be put to Shareholders if Clover receives a written notice from any Shareholder objecting to the Scheme in terms of section 164(9)(c) of the Companies Act.

The quorum requirement for Special Resolution Number 2 to be adopted is at least three Shareholders present and sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such Special Resolution.

In accordance with, *inter alia*, section 115(4) of the Companies Act, the voting rights of Excluded Shareholders (being the Pre-deal Investors and Reinvesting Management of Clover) are excluded for purposes of both determining whether the applicable quorum requirements are satisfied and voting on this resolution.

The percentage of voting rights required for Special Resolution Number 2 to be adopted is at least 75% of the voting rights that are entitled to be exercised on such Special Resolution.

Reason and effect of Special Resolution Number 2

The reason and effect of Special Resolution Number 2 is to ensure that Special Resolution Number 1 is revoked as a result of the Scheme not proceeding in the circumstances set out above.

ORDINARY RESOLUTION NUMBER 1

Approval of the Reinvestment in terms of Regulation 113(1)(b) of the Regulations

“Resolved that, subject to the passing of Special Resolution Number 1 and Ordinary Resolution Number 2 to be proposed at the Scheme Meeting to consider this resolution in accordance with the provisions of the Companies Act, the Reinvestment by Reinvesting Management in the Offeror, as more fully described in paragraph 13 of the Circular to which this Notice is attached, be and is hereby approved as an Ordinary Resolution in accordance with Regulation 113(1)(b) of the Regulations published in terms of section 223 in Item 14 of Schedule 5 of the Companies Act.”

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

In accordance with, *inter alia*, the Takeover Regulations, the voting rights of Excluded Shareholders (being the Pre-deal Investors and Reinvesting Management of Clover who will be entitled to Reinvest in the Offeror) are excluded for purposes of voting on this resolution.

The percentage of voting rights required for Ordinary Resolution Number 1 to be adopted is 50% plus 1 vote of the total number of voting rights exercised on this Ordinary Resolution Number 1 by Shareholders present and voting, either in person or by proxy.

Reason and effect of Ordinary Resolution Number 1

The reason for the passing of Ordinary Resolution Number 1 is to approve the Reinvestment by Reinvesting Management in the Offeror in accordance with Regulation 113(1)(b) of the Regulations as read with the Reinvestment described in paragraph 13 of the Circular to which this Notice is attached and the effect thereof is to *inter alia* satisfy the Panel’s requirement that Shareholders approve the Reinvestment in order for the Panel to issue the compliance certificate in accordance with section 119(4)(b) of the Companies Act.

ORDINARY RESOLUTION NUMBER 2

Approval of the SARS Plan Amendment

“Resolved that, subject to the passing of Special Resolution Number 1 and Ordinary Resolution Number 1 to be proposed at the Scheme Meeting to consider this resolution in accordance with the provisions of the Companies Act and the terms of the SARS Plan, the amendment to the SARS Plan, as more fully described in paragraph 12 of the Circular to which this Notice is attached, be and is hereby approved as an Ordinary Resolution by the addition of new clause 8.5 immediately after the existing clause 8.4 of the SARS Plan, as follows:

“8.5 The provisions of this 8.5 shall supersede and override any other provisions to the contrary contained in this Deed (including 8.3.1 and 8.3.1A).

If the Scheme becomes Unconditional, so many of the Unvested Share Appreciation Rights held by those Participants whose names appear in the table below on the date that the Scheme becomes Unconditional, when taken together with all Vested Share Appreciation Rights held by such Participants as at the date the Scheme becomes Unconditional, shall immediately vest and become exercisable (whether or not the Vesting Dates in respect thereof have passed and/or the performance criteria, if any, in respect thereof have been met) on the basis that so many of the Share Appreciation Rights held by Participants shall, on exercise, be cash Settled in accordance with 6, so as to facilitate payment by the Company to such Participants, upon the cash settlement of their Vested Share Appreciation Rights following the exercise thereof by such Participants, of an amount totalling in the aggregate R112,729,612 before the payment of Tax thereon, in the amounts set out in the table below.

Name of Participant	Value of Settlement
Johann Hendrik Vorster	R39 610 003
Dr Jimmy Botes	R25 773 997
Marcelo Palmeiro	R23 467 054
Jacques van Heerden	R12 438 557
Frantz Frederik Scheepers	R11 440 000

For the purposes of this clause 8.5, the following terms shall have the following meanings:

- **“Scheme”** – the scheme of arrangement in terms of section 114 of the Companies Act 71 of 2008, as amended, proposed by the Board between the Company and the Company’s shareholders in terms of which Milco SA Proprietary Limited will acquire all of the Shares held by the Company’s shareholders;
- **“Unconditional”** – in relation to the Scheme, means all of the conditions precedent to the Scheme have been fulfilled or waived (as the case may be);
- **“Unvested Share Appreciation Rights”** – all of the Share Appreciation Rights of Participants that, as at the date upon which the Scheme becomes Unconditional, are not capable of being exercised by Participants in accordance with the provisions of 6;
- **“Vested Share Appreciation Rights”** – all of the Share Appreciation Rights of Participants that, as at the date upon which the Scheme becomes Unconditional, are exercisable by Participants in accordance with the provisions of 6.”

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

In accordance with, *inter alia*, the Listings Requirements, the voting rights of Excluded Shareholders (being the Pre-deal Investors and Reinvesting Management of Clover who will be entitled to Reinvest in the Offeror) are excluded for purposes of voting on this resolution.

The percentage of voting rights required for Ordinary Resolution Number 1 to be adopted is 50% plus 1 vote of the total number of voting rights exercised on this Ordinary Resolution Number 1 by Shareholders present and voting, either in person or by proxy.

Reason and effect of Ordinary Resolution Number 2

The reason for the passing of Ordinary Resolution Number 2 is to approve the amendment to the SARS Plan and the effect thereof is that the SARS Plan will be amended to accelerate the vesting of certain Share Appreciation Rights which would otherwise (having regard to vesting periods and performance criteria) not have vested as more fully detailed in paragraph 12 of the Circular.

ORDINARY RESOLUTION NUMBER 3

Authority granted to Directors

“Resolved that, subject to the passing of Special Resolution Number 1 and Ordinary Resolution Numbers 1 and 2 to be proposed at the Scheme Meeting to consider this resolution in accordance with the provisions of the Companies Act, each director of Clover is hereby individually authorised to sign all such documents and do all such other things as may be necessary for or incidental to the implementation of the above resolutions.”

The quorum requirement for the ordinary resolution to be adopted is at least three Shareholders present and sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on Ordinary Resolution Number 3.

The percentage of voting rights required for the ordinary resolution to be adopted is more than 50% of the voting rights that are entitled to be exercised on such Ordinary Resolution Number 3.

D. DISSENTING SHAREHOLDERS

In accordance with section 164 of the Companies Act, at any time before the special resolution as set out in this notice convening the Scheme Meeting is voted on, a Shareholder may give the Company a written notice objecting to the Special Resolution.

Within 10 Business days after the Company has adopted the Special Resolution, the Company must send a notice that the special resolution has been adopted to each Shareholder who:

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

A Shareholder may demand that the Company pay the Shareholder the fair value for all of the Shares of the Company held by that person if:

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

A copy of section 164 of the Companies Act is set out in Annexure 6 to the Circular to which this notice convening the Scheme Meeting is attached. Further detail regarding the process and consequences of a Shareholder exercising its Appraisal Rights are set out in paragraph 7.5 of the Circular.

By order of the Clover Board

Jacques van Heerden
Company Secretary

28 February 2019

Registered office
200 Constantia Drive
Constantia Kloof
Roodepoort

Transfer Secretaries to Clover
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)



CLOVER INDUSTRIES LIMITED

Incorporated in the Republic of South Africa
(Registration number: 2003/030429/06)

JSE Ordinary Share code: CLR

NSX Ordinary Share code: CLN

ISIN: ZAE000152377

("Clover" or "the Company")

FORM OF PROXY (BLUE)

For use by Clover Shareholders who:

- hold ordinary Shares in certificated form ("Certificated Shareholders"); or
- have dematerialised their ordinary Shares ("Dematerialised Shareholders") and are registered with "own-name" registration,

at the meeting of Shareholders of Clover to be held at 10:00 on Friday, 29 March 2019 at Clover's registered office at 200 Constantia Drive, Constantia Kloof, Roodepoort.

All terms used in this Form of Proxy shall, unless the context otherwise requires of they are otherwise defined herein, have the meaning attributed to them in the Circular to which this form of proxy is attached.

Dematerialised Shareholders holding ordinary Shares, other than with "own-name" registration who wish to attend the Scheme Meeting must inform their CSDP or broker of their intention to attend the Scheme Meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the Scheme Meeting in person or by proxy and vote. If they do not wish to attend the Scheme Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **Such Shareholders must NOT use this form of proxy.**

Companies and other corporate bodies who are Shareholders having Shares registered in their own names may, instead of completing this form of proxy, appoint a duly authorised representative to represent them and exercise all of their rights at the Scheme Meeting by giving written notice of the appointment of that representative.

Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder of Clover) to attend, speak and vote in place of that Shareholder at the Scheme Meeting.

Please read the notes on the reverse hereof carefully, which, amongst other things, set out the rights of Shareholders in terms of section 58 of the Companies Act with regard to the appointment of proxies.

I/We

(full name/s in BLOCK LETTERS)

of (address)

Telephone work ()

Telephone home ()

Cellphone number

Email address

being the holder of ordinary shares in the capital of the Company, do hereby appoint (see note):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the Scheme Meeting.

as my/our proxy to act for me/us at the Scheme Meeting convened for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions ("Resolutions") to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions, and/or to abstain from voting for and/or against the Resolutions, in respect of the shares registered in my/our name in accordance with the following instructions:

	Number of Shares		
	For	Against	Abstain
Special Resolution number 1 – Approval of the Scheme Approval of the Scheme in accordance with the requirements of sections 114(1)(c) and 115 of the Companies Act			
Special Resolution number 2 – Revocation of Special Resolution Number 1 Approval of revocation of Special Resolution number 1 in accordance with section 164(3) of the Companies Act if the Scheme does not proceed This resolution will only be put to Shareholders if they are Dissenting Shareholders that have exercised their Appraisal Rights			
Ordinary Resolution number 1 – Approval of Reinvestment Authority for the Reinvestment in accordance with Regulation 113(1)(b) of the Companies Act			
Ordinary Resolution number 2 – SARS Plan Amendment Amendment to accelerate vesting of SARS			
Ordinary Resolution number 3 – Authorising Resolution Authority granted to directors to take all actions necessary to implement the above Resolutions			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of Shares than you own in the Company, insert the number of Shares held in respect of which you desire to vote.

If no directions are given, the proxy holder will be entitled to vote or to abstain from voting, as that proxy holder deems fit.

Signed at

on

2019

Signature

Assisted by (where applicable)

Notes:

1. Summary of rights contained in section 58 of the Companies Act

In terms of section 58 of the Companies Act:

- a Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of such shareholder;
 - a proxy may delegate his or her authority on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
 - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any such Shareholder's rights as a Shareholder;
 - any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
 - any appointment remains valid until the end of the Scheme Meeting (or any adjournment or postponement thereof) unless it is revoked in the manner contemplated herein;
 - if an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company; and
 - a proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see notes 9 and 11).
2. 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".
3. This form of proxy will apply to all the Shares registered in the name of the Shareholder who signs this form of proxy on the Scheme Voting Record Date (and all the votes associated with those shares) unless a lesser number of shares is inserted.
4. A Shareholder entitled to attend and vote at the Scheme Meeting may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairperson of the Scheme Meeting". The proxy need not be a Shareholder. If more than one name is inserted, the person whose name stands first on the form of proxy and who is present at the Scheme Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose name follow. If the name of the proxy is not inserted, the Chairperson of the Scheme Meeting will be appointed as proxy.
5. The proxy appointed in this form of proxy may delegate the authority given to him or her in this form of proxy by delivering to the Company, in the manner required by these instructions, a further form of proxy which has been completed in a manner consistent with the authority given to the proxy in this form of proxy.
6. Unless revoked in the manner contemplated in note 13 below, the appointment of proxy in terms of this form of proxy shall remain valid until the end of the Scheme Meeting, even if the Scheme Meeting or a part thereof is postponed or adjourned, to a date that is two months after the date on when it was signed. This form of proxy shall not be used at the resumption of the Scheme Meeting (if adjourned), if it could not have been used at the Scheme Meeting from which the adjournment took place for any reason other than it was not lodged timeously for the Scheme Meeting from which the adjournment took place.
7. This form of proxy shall, in addition to the authority granted under the Companies Act, be deemed to confer the power generally to act at the Scheme Meeting, subject to the specific direction as to the manner of voting in this form of proxy or on separate written instructions which accompany this form of proxy. A proxy is therefore entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the voting instructions are indicated on form of proxy or on separate written instructions which accompany this form of proxy.
8. If a Shareholder does not indicate on this form of proxy that its 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 Scheme Meeting be proposed, or any resolution listed in the form of proxy is modified or amended, such proxy shall be entitled to vote as he or she thinks fit. If, however, the Shareholder has provided separate written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to above, then the proxy shall comply with those instructions.
9. A Shareholder or the proxy is not obliged to cast all the votes exercisable by the Shareholder or by the proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total number of votes exercisable by the Shareholder or by the proxy.
10. A vote cast or act done in accordance with the terms of this form of proxy shall be valid in relation to the Scheme Meeting, notwithstanding the previous death, insanity or other legal disability of the person appointing the proxy, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the abovementioned matters shall have been received by the Transfer Secretaries or the Chairperson of the Scheme Meeting before the commencement or resumption of the Scheme Meeting.
11. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the Scheme Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so. Accordingly, the appointment of a proxy in terms hereof is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder.
12. A Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy, and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of (i) the date stated in the revocation instrument, if any, or (ii) the date on which the revocation instrument was delivered to the Company.
13. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies).
14. The Chairperson of the Scheme Meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes and instructions or with the Memorandum of Incorporation of the Company provided that the Chairperson is satisfied as to the manner in which the Shareholder wishes to vote.
15. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the Chairperson of the Scheme Meeting.
16. A minor or any other person under legal incapacity must be assisted by his parent or guardian, as applicable, unless the relevant documents establishing his capacity are produced or have been registered with the Company.
17. Where there are joint holders of Shares:
- any one holder may sign this form of proxy;
 - the vote(s) of the senior Shareholders (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).
18. Forms of proxy (blue) must be lodged with or mailed to Computershare Investor Services Proprietary Limited:
- | | |
|--|--|
| Hand deliveries to: | Postal deliveries to: |
| Computershare Investor Services Proprietary Limited
Rosebank Towers,
15 Biermann Avenue,
Rosebank, 2196 | Computershare Investor Services Proprietary Limited
PO Box 61051,
Marshalltown, 2107 |
- to be received by no later than 10:00 on Wednesday, 27 March 2019 (or 48 hours (on Business Days only) before the resumption of an adjourned Scheme Meeting which date, if necessary, will be released on SENS). Alternatively, the form of proxy (blue) may be handed to the Chairperson of the Scheme Meeting at any time before a relevant resolution is tabled for voting at the Scheme Meeting (or any adjournment of the Scheme Meeting).
19. If this form of proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the Shareholder must be delivered by the Company to (i) the Shareholder or (ii) the proxy or proxies, if the Shareholder has directed the Company in writing to do so and paid any reasonable fee charged by the Company for doing so.



CLOVER INDUSTRIES LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2003/030429/06)

JSE Ordinary Share code: CLR

NSX Ordinary Share code: CLN

ISIN: ZAE000152377

("Clover" or "the Company")

FORM OF SURRENDER AND TRANSFER

Important notes concerning this Form:

- This Form is only for use in respect of the scheme of arrangement proposed by the Clover Board between Clover and its Shareholders ("the Scheme") in accordance with the requirements of section 114(1)(c) of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act").
- Full details of the Scheme are contained in the Circular to Shareholders of Clover, dated 28 February 2019 ("Circular"), to which this Form is attached and forms part. Accordingly, all terms used in this Form shall, unless the context otherwise requires or they are otherwise defined herein, have the meanings attributed to them in the Circular.
- **HOLDERS OF DEMATERIALIZED SHARES MUST NOT COMPLETE THIS FORM.**

INSTRUCTIONS:

1. The surrender of Documents of Title is for use only by Scheme Participants who are Certificated Shareholders.
2. A separate Form is required for each Certificated Scheme Participant.
3. Part A must be completed by all Scheme Participants who return this Form.
4. Part B must be completed by all Scheme Participants who are Emigrants from South Africa, the Republic of Namibia and the Kingdom of Lesotho and Swaziland (collectively "the Common Monetary Area").
5. If this Form is returned with the relevant Documents of Title to Clover Shares, it will be treated as a conditional surrender which is made subject to the Scheme becoming operative. In the event of the Scheme not becoming operative for any reason whatsoever, Computershare Investor Services Proprietary Limited will, by not later than five Business Days after the date upon which it becomes known that the Scheme will not be operative, return the Documents of Title to the Shareholders concerned, by registered post, at the risk of such Shareholders.
6. Persons who have acquired Shares in Clover after the date of the issue of the Circular to which this Form is attached, may obtain copies of the Form and the Circular from Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61763, Marshalltown, 2107).
7. The Scheme Consideration will not be sent to Certificated Scheme Participants unless and until Documents of Title in respect of the relevant Scheme Shares have been surrendered to Computershare Investor Services Proprietary Limited.

To: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196
(PO Box 61763, Marshalltown, 2107)

Dear Sirs

PART A - TO BE COMPLETED BY ALL SCHEME PARTICIPANTS WHO RETURN THIS FORM

I/We, the undersigned Scheme Participant, hereby surrender the Clover share certificate/s and/or other Documents of Title attached hereto, representing issued ordinary Shares, registered in the name of the person mentioned below and authorise the Transfer Secretaries, conditional upon the Scheme becoming operative, to register the transfer of these Clover Shares into the name of Milco SA Proprietary Limited or its nominee(s):

Name of Shareholder	Certificate number(s)	Number of Clover Shares covered by each certificate(s) enclosed
Total:		

Surname of Name of corporate body:

First name(s) in full:

Title (Mr, Mrs, Miss, Ms, etc):

Address to which the Scheme Consideration should be sent (if different from registered address)

Postal code:

Note:

Signature of Clover Shareholders	Name and address of agent lodging this Form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date	2019
Telephone number (Home) ()	
Telephone number (Work) ()	
Cellphone number	

PART B – TO BE COMPLETED BY EMIGRANTS OF THE COMMON MONETARY AREA

Nominated authorised dealer in the case of a Scheme Participant who is an Emigrant from the Common Monetary Area (see note 3 below). NB: PART A must also be completed.

Name of dealer	Account number
Address	

PART C – BANK ACCOUNT DETAILS OF CLOVER SHAREHOLDERS

To be completed in BLOCK CAPITALS by Clover Shareholders wishing to receive payment of the Cash Consideration by means of EFT.

Name of account holder (no third party accounts):		
Bank name:		
Branch code:		
Account number:		
Signature of Shareholder:		
Assisted by me (if applicable):		
(State full name and capacity):		
Date:		
Telephone: (Home) ()	Telephone: (Work) ()	Cellphone number:

In terms of FICA, Computershare Investor Services Proprietary Limited will only be able to record the bank details if certified true copies of the Shareholder's ID Document and Bank Statement are submitted with this Form.

PART D – TO BE COMPLETED IN BLOCK CAPITALS BY CLOVER SHAREHOLDERS WHO ARE EMIGRANTS FROM THE COMMON MONETARY AREA (“EMIGRANTS”) AND NON-RESIDENTS OF THE COMMON MONETARY AREA (SEE NOTES 3 AND 4 BELOW)

The Scheme Consideration will be forwarded to the authorised dealer in foreign exchange in South Africa controlling the Emigrant's blocked assets in terms of the Exchange Control Regulations as nominated below for its control and credited to the Emigrant's blocked assets account. Accordingly, Clover Shareholder Emigrants must provide the following information:

Name of authorised dealer:
Account number:
Address:
Signature of authorised dealer:

If Emigrants make no nomination above, the Transfer Secretaries will hold the consideration in trust for the benefit of the Emigrants concerned until lawfully claimed by such Scheme Participant for a maximum period of three years, after which such funds shall be made over to the Guardian's Fund. Non-residents: Must complete Part D if they wish the Scheme Consideration to be paid to an authorised dealer in South Africa.

Notes and instructions:

- Applications under this Form are irrevocable and may not be withdrawn once submitted.
- Scheme Participants should consult their professional advisers in case of doubt as to the correct completion of this Form.
- Emigrants from the Common Monetary Area must complete Part B.
- All other non-residents of the Common Monetary Area must complete Part D if they wish the Scheme Consideration to be paid to an authorised dealer in South Africa.
- If Part B is not properly completed by Emigrants, the Scheme Consideration will be held in trust by the Company Secretary pending receipt of the necessary nomination or instruction. No interest will be paid on the amount so held in trust.
- No receipts will be issued for documents lodged unless specifically requested. In compliance with the requirements of the JSE Limited (“JSE”), lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this Form.
- Persons who are Emigrants from the Common Monetary Area should nominate the authorised dealer in foreign exchange in South Africa which has control of their blocked assets in Part B of this Form. Failing such nomination, the Scheme Consideration due to such Scheme Participants in accordance with the provisions of the Scheme will be held by Clover, pending instructions from the Scheme Participants concerned.
- Any alteration to this Form must be signed in full and not initialled.
- If this Form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form for noting (unless it has already been noted by Clover or the Transfer Secretaries). This does not apply in the event of this Form bearing a JSE broker's stamp.
- Where the Scheme Participant is a company or a close corporation, unless it has already been registered with Clover or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this Form must be submitted if so requested by Clover.
- If this Form is not signed by the Scheme Participant, the Scheme Participant will be deemed to have irrevocably appointed the Transfer Secretaries to implement the Scheme Participant's obligations under the Scheme on his or her behalf.
- Where there are any joint holders of any Scheme Shares, only that holder whose name stands first in the Register in respect of such Shares need sign this Form.
- A minor must be assisted by his or her parent or guardian, unless the relevant documents establishing his or her legal capacity are produced or have been registered by the Transfer Secretaries.
- Should you surrender your Documents of Title of the Scheme becoming operative and the Scheme then does not become operative, the Transfer Secretaries shall, within five Business Days of either the date upon which it becomes known that the Scheme will not be implemented or on receipt of the Transfer Secretaries of the relevant Documents of Title, whichever is the later, return the Documents of Title to you by post at your risk.

