



2019

NOTICE OF ANNUAL
GENERAL MEETING
AND FORM OF PROXY
FOR THE YEAR ENDED
31 MARCH 2019



Lewis
Group Ltd

Contents

Letter to shareholders	1
Notice of annual general meeting for the year ended 30 March 2019	2
Annexure 1: Proposed Lewis 2019 Executive Retention Scheme	10
Annexure 2: Proposed Lewis 2019 Executive Performance Scheme	18
Annexure 3: Directors CVs	28
Annexure 4: Summary Financial Statements for the year ended 30 March 2019	29
Form of proxy	51
Corporate information	ibc

Letter to shareholders

2 September 2019

Dear Shareholder

Notice of annual general meeting and proxy form

We are pleased to enclose herewith a detailed notice of the Lewis Group Limited's ("Lewis" or "the Company") Fifteenth Annual General Meeting (AGM) to be held at 08:30 on Friday, 25 October 2019, at Lewis Group Head Office, 53A Victoria Road Woodstock, Cape Town.

The notice of AGM contains a proxy form. The proxy form includes comprehensive instructions on how to complete the form itself. However, should you have questions, do not hesitate to contact our offices.

In an effort to support environmental initiatives, printed copies of Lewis' full integrated annual report and the full financial statements will only be mailed to shareholders on request. The Remuneration Policy and Implementation Report as well as the report of the Social and Ethics Committee are contained in the integrated annual report. The full integrated annual report and the audited financial statements are available for download on our website at www.lewisgroup.co.za.

Therefore, should you require a printed copy of the integrated annual report and full financial statements, please contact Ntokozo Makomba at stakeholders@lewisgroup.co.za to request a copy.

Yours sincerely



Ntokozo Makomba
Company Secretary

Notice of annual general meeting

Notice is hereby given that the fifteenth annual general meeting of shareholders (“**AGM**”) of Lewis Group Limited for the year ended 31 March 2019 will be held at Lewis Group head office, 53A Victoria Road, Woodstock, Cape Town at 08:30 am on 25 October 2019. Registration will start at 08:00 am.

The board of directors of the Company (“**the board**”) determined that the record date for the purpose of determining which shareholders of the Company are entitled to participate in, and vote at, the AGM is 18 October 2019. The board has determined that the record date by when persons must be recorded as shareholders in the securities register of the Company in order to be entitled to receive the notice of AGM is 23 August 2019.

The purpose of the AGM is for the following business to be transacted, and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company’s memorandum of incorporation (“**MOI**”), the Companies Act No. 71 of 2008, as amended (“**the Companies Act**”), as read with the Listings Requirements of the exchange operated by JSE Limited (“**the JSE**”) (“**the JSE Listings Requirements**”):

1. Presentation of the Audited Annual Financial Statements of the Company, including the reports of the directors, external auditors and the Audit Committee, for the year ended 31 March 2019

In terms of the Companies Act, the audited financial statements of the Company (including the reports of the directors, external auditors and the Audit Committee) for the year ended 31 March 2019 as approved by the board of directors will be presented to shareholders. A summary of the audited annual financial statements is set out in Annexure 4 of this notice of AGM. This summary is not exhaustive and the complete annual financial statements of the Company and its subsidiaries should be read in their entirety for a full appreciation of their contents. The complete audited annual financial statements of the Company and its subsidiaries are available for inspection at the Company’s registered office, and an electronic copy is available on the Company’s website (www.lewisgroup.co.za). Alternatively, shareholders can request that a complete copy of the annual financial statements of the Company and its subsidiaries be posted or e-mailed to them by contacting Ntokozo Makomba on stakeholders@lewisgroup.co.za.

2. Presentation of Social Ethics and Transformation Committee Report

In accordance with Regulation 43 of the Companies Regulations, 2011, the Social, Ethics and Transformation Committee report for the financial year ended 31 March 2019, prepared and approved by the Company’s Social and Ethics Committee and set out on pages 92 to 99 of the integrated annual report, will be presented to shareholders.

3. Ordinary resolution number 1

Re-election and election of directors

Explanatory note

In terms of the Company MOI, at each AGM, one third of the longest-serving non-executive directors of the Company must retire. In addition, any non-executive director who has held office for three years since his/her last election must retire at the AGM. The non-executive directors who are due to retire by rotation at this AGM are Ms Adheera Bodasing and Ms Daphne Motsepe (each being eligible) and offer themselves for re-election.

In addition, all other directors who have held office for three years since their last election must retire at the AGM in terms of the Company MOI. Prof Fatima Abrahams is due to retire at the AGM and (being eligible) offers herself for re-election. Furthermore, the board appointed Mr Tapiwa Njikizana as an independent non-executive director of the board with effect from 19 August 2019. Directors appointed during the year are, in terms of the MOI, required to have their appointment ratified at the following AGM.

It is proposed that each of Ms Adheera Bodasing, Ms Daphne Motsepe, Prof Fatima Abrahams and Mr Tapiwa Njikizana be formally elected or re-elected, as the case may be, by shareholders as directors of the Company at the AGM.

The Nominations Committee has considered the proposed election of Ms Adheera Bodasing, Ms Daphne Motsepe, Prof Fatima Abrahams and Mr Tapiwa Njikizana and recommends that they be elected or re-elected as directors of the Company.

Brief CVs of the abovementioned directors appear in Annexure 3 on page 28 of this notice of AGM.

The purpose of these ordinary resolutions is to propose the re-election of Ms Adheera Bodasing, Ms Daphne Motsepe and Prof Fatima Abrahams who have retired as directors in terms of the Company’s MOI and the election of Mr Tapiwa Njikizana.

These elections will be conducted by a series of separate votes in respect of each candidate.

Re-election of Ms Adheera Bodasing as director

1.1 “Resolved that Ms Adheera Bodasing be and is hereby re-elected as a director of the Company.”

Re-election of Ms Daphne Motsepe as director

1.2 “Resolved that Ms Daphne Motsepe be and is hereby re-elected as a director of the Company.”

Re-election of Prof Fatima Abrahams as director

1.3 “Resolved that Prof Fatima Abrahams be and is hereby re-elected as a director of the Company.”

Election of Mr Tapiwa Njikizana as director

1.4 “Resolved that Mr Tapiwa Njikizana be and is hereby elected as a director of the Company.”

4. Ordinary resolution number 2

Election of members of the audit committee

Explanatory note

In terms of the Companies Act, at each AGM an audit committee comprising at least three members must be elected. It is proposed that the following independent non-executive directors be elected as members of the Audit Committee for the ensuing year. The election of each member of the audit committee will be voted on separately. In terms of the Companies Act, each member of an audit committee must also be a director of the company. Accordingly, the election of each of the persons nominated to be members of the audit committee is subject to the election of such persons as directors of the Company.

Brief CV's of the members up for election are on Annexure 3 on page 28 of this notice of AGM.

Election of Mr Alan Smart as member of the audit committee

2.1 “Resolved that Alan Smart be and is hereby elected as a member of the audit committee.”

Election of Mr Duncan Westcott as member of the audit committee

2.2 “Resolved that Mr Duncan Westcott be and is hereby elected as a member of the audit committee.”

Election of Mr Tapiwa Njikizana as a member of the audit committee.

2.3 “Resolved that subject to the adoption of ordinary resolution number 1.4, Mr Tapiwa Njikizana be and is hereby elected as a member of the audit committee.”

5. Ordinary resolution number 3

Approval of re-appointment of auditors

Explanatory note

In terms of the Companies Act, the Company must each year at its AGM appoint an external auditor. The Company's current external auditor is PricewaterhouseCoopers Inc, which has indicated that Mr Thinus Hamman who is a director of the firm, a registered auditor and accredited with the JSE in accordance with the JSE Listings Requirements will undertake the audit. The Company's Audit Committee has recommended that the firm, PricewaterhouseCoopers Inc, and the designated auditor, Mr Thinus Hamman, be appointed for the ensuing period.

“Resolved that the firm PricewaterhouseCoopers Inc and Mr Thinus Hamman as the designated auditor be appointed as auditor for the Company for the ensuing year.”

6. Non-binding advisory votes

Approval of the Company's remuneration policy and implementation report

Explanatory note

In terms of Part 5.4, principle 14 (recommended practice 37) of the King Report on Corporate Governance in South Africa, 2016 (“**King IV**”) the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. Furthermore, King IV recommends the remuneration policy should record the measures that the Board commits to in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by the shareholders. The shareholders are requested to separately endorse the Company's remuneration policy on pages 72 to 76 and the implementation report on pages 78 to 83 in the integrated annual report under the Remuneration Report, by way of separate non-binding advisory votes.

Notice of annual general meeting continued

Non-binding advisory vote 1

“Resolved, through a non-binding advisory vote, that the Company’s remuneration policy, set out in the integrated annual report, be accepted and endorsed.”

Non-binding advisory vote 2

“Resolved, through a non-binding advisory vote, that the Company’s implementation report, set out in the integrated annual report, is accepted and endorsed.”

7. Special resolution number 1

Approval of non-executive directors’ fees

Explanatory note

In terms of section 66(8) of the Companies Act, the Company may pay remuneration to its directors for their service as directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by shareholders within the previous two years.

The effect of the adoption of this special resolution number 1 will be that the non-executive directors will be entitled to be paid the fees listed below (which amounts are exclusive of VAT, if applicable) in respect of the period from 1 July 2019 until 30 June 2020, such fees to be paid in instalments at the end of each quarter. The proposed fees have been increased by approximately 6% over the corresponding fees that were approved in respect of the period from 1 July 2018 to 30 June 2019.

“Resolved that the fees of the non-executive directors as reflected below be approved for the period from 1 July 2019 until 30 June 2020:

Board/committee position	Proposed fees for 2020 R
Chairman	620 000
Non-executive director	297 000
If a member of the Audit Committee, the following additional amount:	
Chairman	303 000
Member	129 500
If a member of the Risk Committee, the following additional amount:	
Chairman	146 000
Member	91 500
If a member of the Remuneration Committee, the following additional amount:	
Chairman	146 000
Member	72 000
If a member of the Nomination Committee, the following additional amount:	
Chairman	100 000
Member	42 000
If a member of the Social, Ethics and Transformation Committee, the following additional amount:	
Chairman	146 000
Member	72 000

Invitation fee

All non-executive directors who attend the committee meetings by invitation at the request of the board shall be eligible to receive the same fee as if they were a member of the committee.

All amounts listed above are exclusive of VAT. The Company is authorised to pay such VAT, if applicable.”

8. Special resolution number 2

Shareholders' authorisation of the continued issuance of Notes under the Company's Domestic Medium Term Notes Programme

Explanatory note

By special resolution passed on 16 August 2013, shareholders of the Company authorised the establishment of Company's domestic medium term notes programme ("**DMTN Programme**") and authorised the board to issue tranches of notes ("**Notes**") thereunder from time to time provided that the maximum nominal amount of Notes outstanding from time to time is ZAR2 billion. The reason for this special resolution number 2 is to confirm the authorisation for the board to continue to issue further Notes under the DMTN Programme from time to time in accordance with and subject to the terms and conditions of the DMTN Programme (as amended from time to time).

"Resolved that board is hereby authorised to continue to issue Notes under the Company's DMTN Programme from time to time in accordance with and subject to the terms and conditions of the DMTN Programme (as amended from time to time)."

9. Special resolution number 3

Shareholders' general authorisation of financial assistance

Explanatory note

The reason for this special resolution number 3 is to provide general authority, in terms of sections 44(3)(ii) and 45(3)(a)(ii) of the Companies Act, for the Company to provide financial assistance to its subsidiaries and other related and inter-related companies and corporations including pursuant to the Company's DMTN Programme.

Sections 44 and 45 of the Companies Act provide, *inter alia*, that any financial assistance to related or inter-related companies and corporations, including, *inter alia*, to subsidiaries of the Company, must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the board of directors must be satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- any conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied.

When the need arises, the Company provides loans to and/or guarantees loans or other obligations of its subsidiaries. The Company requires the ability to continue providing financial assistance, when necessary, to its current and future subsidiaries and/or any other company or corporation that is or becomes related to or inter-related with the Company, in accordance with sections 44 and 45 of the Companies Act.

In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 3.

The passing of this special resolution will have the effect of allowing the directors of the Company to authorise the Company to provide direct or indirect financial assistance to the Company's subsidiaries and other related and inter-related companies and corporations to allow such companies or corporations to have access to financing and/or financial backing from the Company.

"Resolved that, to the extent required by sections 44 and 45 of the Companies Act, the board of directors of the Company may, subject to compliance with the requirements of the Company's MOI and the Companies Act, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related to or inter-related with the Company for any purpose or in connection with any matter.

The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 (two) years after such date."

Notice of annual general meeting continued

10. Special resolution number 4

General authority to repurchase shares

Explanatory note

The reason for special resolution number 4 is to grant the directors of the Company and/or subsidiaries of the Company a general authority in terms of the Companies Act and the JSE Listings Requirements to acquire no more than 10% (ten percent) of the Company's ordinary shares in aggregate, subject to the terms and conditions set out in the special resolution. The directors require that such general authority should be implemented in order to facilitate the repurchase of the Company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the Company and its shareholders.

"Resolved that the Company hereby approves, as a general approval contemplated in sections 46 and 48 of the Companies Act (including but not limited to section 48(8)(a) of the Companies Act) and paragraph 5.72 of Section 5 of the JSE Listings Requirements, the acquisition by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided further that:

- acquisitions by the Company and its subsidiaries of shares in the capital of the Company in terms of this general authority to repurchase shares may not, in the aggregate, exceed in any one financial year 10% (ten percent) of the Company's issued ordinary share capital of the class of the repurchased shares from the date of the grant of this general authority;
- any such repurchase shall be implemented through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- authorisation thereto being given by the MOI;
- this general authority shall only be valid until the Company's next AGM or 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- an announcement will be published as soon as the Company and/or its subsidiaries has/have acquired ordinary shares in terms of this authority constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares in issue at the time that this authority is granted by the shareholders, and for each 3% (three percent) in aggregate of the initial number of shares repurchased thereafter, containing full details of such repurchases as required in terms of the JSE Listings Requirements;
- in determining the price at which the Company's shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;
- the Company and/or its subsidiaries do not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and such programme has been submitted to the JSE in writing. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- the repurchase shall only be effected if the board of directors has at the time of the repurchase passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Companies Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries; and
- the Company only appoints one agent at any point in time to effect repurchases on its behalf."

Directors' statement

The intention of the board of directors is to utilise the general authority to repurchase shares in the Company if at some future date the cash resources of the company are in excess of the requirements of the Company and the opportunity presents itself to do so during the year, which the board deems to be in the best interests of the Company and its shareholders, taking prevailing market conditions and other factors into account.

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the Company hereby confirms that, after considering the effect of a repurchase of ordinary shares in terms of the foregoing general authority (being 10% (ten percent) of the Company's issued ordinary share capital of the class of the repurchased shares in any financial year from the date of the grant of this general authority), the directors are of the opinion that the following conditions have been and will be met:

- the Company and the group will be able in the ordinary course of business to pay their debts for a period of 12 (twelve) months after the date of this notice of the AGM;
- the assets of the Company and group are to be in excess of the liabilities of the Company and group for a period of 12 (twelve) months after the date of this notice of AGM (for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the audited financial statements for the year ended 31 March 2019).
- the share capital and reserves of the Company and group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the AGM;
- the working capital of the Company and the group are adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the AGM; and
- a resolution being passed by the board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the group.

The authority granted in terms of this Special Resolution number 4 is limited to paragraph 5.72(a), (c), (d) and paragraph 5.68 of the JSE Listings Requirements.

The following additional information, some of which may appear elsewhere in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 103 of the integrated annual report and page 107 of the Annual Financial Statements.
- Share capital of the Company – page 61 and 100 of the Consolidated Annual Financial Statements.

Directors' responsibility statement

The directors, whose names appear on pages 12 to 13 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution, read with the integrated annual report contains all information required by the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the group since the date of signature of the audit report and up to the date of this notice.

11. Special resolution number 5

Adoption of the Lewis 2019 Executive Retention Scheme

Explanatory note

In terms of the Listings Requirements of the JSE Limited, read with clause 19.6.6 of the Company's Memorandum of Incorporation, the approval of 75% (seventy five percent) of the votes cast in favour of this resolution by all equity securities holders present or represented by proxy at the general meeting is required to approve this resolution.

The JSE has provided formal approval of the proposed Lewis 2019 Executive Retention Scheme ("**LERS**"), subject to the approval of the Company's shareholders in terms of this special resolution.

Although the salient terms of the Lewis 2019 Executive Retention Scheme, summarised in Annexure 1 of this notice, contains what the Board believes to be a summary of the most material terms of the Lewis 2019 Executive Retention Scheme, it does not summarise every proposed term of the LERS in detail. Shareholders are hereby referred to the LERS scheme rules ("**LERS Document**") containing all of the terms applicable to the proposed LERS, which will be available for inspection by shareholders at the Company's registered address during normal business hours from the date of notice of AGM until the date of the meeting. Shareholders can also request a copy of the LERS Document to be posted or e-mailed to them by contacting Ntokozo Makomba at stakeholders@lewisgroup.co.za.

"Resolved that the rules of the Lewis 2019 Executive Retention Scheme be and are hereby approved and adopted, in the form tabled at the AGM and initialled by the chairperson of the meeting for purpose of identification."

Notice of annual general meeting continued

12. Special resolution number 6

Adoption of the Lewis 2019 Executive Performance Scheme

Explanatory note

In terms of the Listings Requirements of the JSE Limited, read with clause 19.6.6 of the Company's Memorandum of Incorporation, the approval of 75% of the votes cast in favour of this resolution by all equity securities holders present or represented by proxy at the general meeting is required to approve this resolution.

The JSE has provided formal approval of the proposed Lewis 2019 Executive Performance Scheme, subject to the approval of the Company's shareholders in terms of this special resolution.

Although the salient terms of the Lewis 2019 Executive Performance Scheme, summarised in Annexure 2 of this notice contains what the Board believes to be a summary of the most material terms of the Lewis 2019 Executive Performance Scheme ("LEPS"), it does not summarise every proposed term of the LEPS in detail. Shareholders are hereby referred to the LEPS scheme rules ("LEPS Document") containing all of the terms applicable to the proposed Lewis 2019 Executive Performance Scheme, which will be available for inspection by shareholders at the Company's registered address during normal business hours from the date of notice of AGM until the date of the meeting. Shareholders can also request a copy of the LEPS Document to be posted or e-mailed to them by contacting Ntokozo Makomba at stakeholders@lewisgroup.co.za.

"Resolved that the rules of the Lewis 2019 Executive Performance Scheme be and are hereby approved and adopted, in the form tabled at the AGM and initialled by the chairperson of the meeting for purpose of identification."

13. Ordinary resolution number 4

Directors' authority to implement Company resolutions

"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

14. To transact such other business that may be transacted at an annual general meeting

General instructions and information

1. Unless otherwise specifically provided in this notice of AGM, for any of the ordinary resolutions to be adopted, 50% of the voting rights plus 1 vote exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.
2. In accordance with section 63(1) of the Companies Act, participants at the AGM will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly provide a copy of their identity document, passport or drivers' licence at the AGM for verification.
3. The Company intends to make provision for shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication. Should you wish to participate in the AGM by way of electronic communication, you are required to give notice of such proposed participation to the Company by no later than 12h00 on 4 October 2019. Such notice must be accompanied by the following:
 - a) if the shareholder is an individual, a certified copy of his identity document and/or passport;
 - b) if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the AGM and a certified copy of the authorised representative's identity document and/or passport;
 - c) a valid e-mail address and/or facsimile number for the purpose of receiving notice of the manner in which the electronic participation will be conducted;
 - d) If you provide the Company with the aforesaid notice and documents, the Company shall use its reasonable endeavours to notify you of the relevant details of the electronic communication through which you can participate in the AGM.
4. All shareholders are encouraged to attend, speak and vote at the AGM and are entitled to appoint a proxy to attend, speak and vote at the meeting in place of the shareholder. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the Company.
5. On a show of hands, every shareholder of the Company present in person or represented shall have one vote only. On a poll, every shareholder present in person, by proxy or represented shall have one vote for each share held.

6. If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant (“CSDP”) to hold your shares in your own name in the Company sub-register) then:
- a) you may attend and vote at the AGM; alternatively
 - b) you may appoint a proxy to represent you at the AGM by completing the attached form of proxy and, for administrative reasons, returning it to the Company’s transfer secretary (Computershare Investor Services Proprietary Limited, Rosebank Tower, 15 Biermann Avenue, Rosebank, 2196, PO Box 61051, Marshalltown, 2107) by no later than 08:30 am on 23 October 2019, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting; and/or
 - c) you may participate in the AGM by way of electronic participation in accordance with paragraph 3 above.
7. Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited’s electronic settlement system, Share Transactions Totally Electronic (“STRATE”)) held through a CSDP or broker (or their nominee) and are not registered as an “own-name dematerialised shareholder” then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker as the case may be:
- if you wish to participate in the AGM (either by being physically present at the meeting or by way of electronic participation in accordance with paragraph 3 above) you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
 - if you are unable to attend the AGM but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the AGM and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be;
 - CSDPs, brokers or their nominees, as the case may be, recorded in the Company’s sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the AGM (either by being physically present at the meeting or by way of electronic participation in accordance with paragraph 3 above) or by completing the attached form of proxy in accordance with the instructions thereon and for administrative purposes, returning it to the Company’s Transfer Secretary (Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, PO Box 61051, Marshalltown, 2107) by no later than 08:30 am on 23 October 2019 or delivering it thereafter by hand to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting. In order to facilitate proceedings at the AGM, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.
8. Shareholders of the Company that are companies, that wish to participate in the AGM, may authorise any person to act as its representative at the AGM.

By order of the Board



Ntokozo Makomba
Company Secretary

Salient features of the Lewis 2019 Executive Retention Scheme

1. Definitions and interpretations

In this salient features summary, unless the context indicates otherwise:

- the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing the masculine include the feminine, words incorporating persons include juristic persons and associations of persons, and a cognate word or expression shall have the corresponding meaning; and
- all times and dates referred to are South African times and dates unless otherwise stated.

- | | | |
|---------|--|---|
| 1.1 | “Auditors” | the external auditors of the Company from time to time; |
| 1.2 | “Award” | the grant of a Matching Share Option in accordance with the terms of the LERS Document; |
| 1.3 | “Award Shares” | the Shares subject to a Matching Share Option; |
| 1.4 | “Board” | the board of directors for the time being of Lewis; |
| 1.5 | “Bonus Scheme” | any bonus scheme conducted by the Lewis Group from time to time in which Executives may participate from time to time, but excluding any scheme established in terms of Schedule 14 to the JSE Listings Requirements; |
| 1.6 | “Business day” | any day other than a Saturday, Sunday or public holiday officially recognised as such in the Republic of South Africa; |
| 1.7 | “Clawback Condition” | any instance in respect of which an Executive or former Executive: |
| 1.7.1 | commits misconduct involving fraud, misrepresentation and/or dishonesty, as the case may be, during any period of employment with an Employer Company, whereafter an Employer Company institutes disciplinary proceedings against the Executive pursuant to which: | |
| 1.7.1.1 | the Executive is dismissed; or | |
| 1.7.1.2 | where the Executive is accused of serious misconduct, which would usually warrant dismissal, but the Executive resigns from his/her employment prior to the outcome of such disciplinary proceedings; and/or | |
| 1.7.2 | fails to perform in his/her duties as an Executive during his/her period of employment as an Executive, which may include, but not limited to: | |
| 1.7.2.1 | being in breach of any material obligation and/or fiduciary duty the Executive or former-Executive owed to the Company; | |
| 1.7.2.2 | performing any act or omission which is injurious to the Company and/or its reputation; or | |
| 1.7.2.3 | gross misconduct under the Company’s rules, policies and/or guidelines, whereafter an Employer Company institutes disciplinary proceedings against the Executive (other than in accordance with 1.7.1) pursuant to which: | |
| 1.7.2.4 | the Executive is dismissed; or | |
| 1.7.2.5 | where the Executive is accused of serious misconduct, which would usually warrant dismissal, but the Executive resigns from his/her employment prior to the outcome of such disciplinary proceedings; and/or | |
| 1.7.3 | would otherwise not have received his/her Award Shares in terms of this Scheme inasmuch as such Award Shares would not have vested given the conduct of the Executive during any period of the Executive’s or former-Executive’s employment with an Employer Company; | |
| 1.8 | “Clawback Shares” | means all Award Shares which vested in the affected Executive or former-Executive and in respect of which: |
| 1.8.1 | the Executive or former-Executive satisfied a Clawback Condition; and/or | |
| 1.8.2 | the Executive or former Executive performed the act or omission which ultimately resulted in the Clawback Condition being satisfied, at any time during the period from the Grant Date until the date on which the Executive or former-Executive exercised the Matching Share Option in terms of the Scheme; | |
| 1.9 | “Committee” | the remuneration committee of the Board, or its successor in title; |
| 1.10 | “Companies Act” or “Act” | the Companies Act No. 71 of 2008, as amended; |
| 1.11 | “Deferred Period” | The period of three years commencing on the Grant Date; |

1.12	“Election Notice”	the notice issued to a Recommended Participant under the LERS;
1.13	“Employer Company”	the Company in the Lewis Group that employs Executives and has adopted the LERS;
1.14	“Executive”	any executive director of the Company, as well as any senior member of management of the Lewis Group, selected by the Committee, but excluding any such executive who is within 2 (two) years of normal retirement age in accordance with the rules of the pension/provident/retirement fund or policy of the Company or the Employer Company, as the case may be;
1.15	“Final Exercise Date”	in relation to a Matching Share Option, the fifth anniversary of the Grant Date, or such other date as determined by the Trustees in their discretion;
1.16	“Financial Markets Act”	the Financial Markets Act No. 19 of 2012, as amended;
1.17	“Financial Year”	the financial year of the Company determined in terms of section 27 of the Act, commencing on 1 April and ending on 31 March;
1.18	“Grant Date”	the date on which a Matching Share Option is granted under the Scheme;
1.19	“Gross Bonus”	the relevant amount of bonus awarded to a Recommended Participant under the Bonus Scheme;
1.20	“Invested Amount”	the relevant percentage of the Net Bonus which a Recommended Participant directs to be paid to the Trustees for the purpose of acquiring Invested Shares which for the avoidance of any doubt may not exceed the percentage of the Net Bonus which the Committee has determined, in its sole discretion, may be invested by the Recommended Participant and communicated to the Recommended Participant;
1.21	“Invested Shares”	the Shares acquired by the Trustees of the LERS in a nominee capacity on behalf of a Recommended Participant;
1.22	“JSE”	the JSE Limited, a company incorporated with limited liability under the laws of South Africa under registration number 2005/022939/06, and licensed as an exchange under the Financial Markets Act;
1.23	“JSE Listings Requirements”	the Listings Requirements of the JSE, as amended;
1.24	“Lewis” or “the Company”	Lewis Group Limited, a company incorporated with limited liability under the laws of South Africa with registration number 2004/009817/06;
1.25	“Lewis Group”	Lewis and each of its subsidiaries (as defined in terms of the JSE Listings Requirements);
1.26	“LERS” or “Lewis Executive Retention Scheme” or “Scheme”	the Lewis 2019 Executive Retention Scheme, established in terms of LERS Document;
1.27	“LERS Document” or “Scheme Document”	the document incorporating the rules governing the LERS;
1.28	“Matching Share Option”	a right to acquire Shares, granted by the Trustees to an Executive in terms of the LERS, the number of which are determined with reference to the number of Invested Shares acquired by such Executive;
1.29	“Net Bonus”	the Executive’s Gross Bonus less applicable tax and employee’s social security contributions (in any jurisdiction) deductible therefrom;
1.30	“Participant”	a person who has received and accepted an Award under a Scheme;
1.31	“Prohibited Period”	a prohibited period as such term is defined in the JSE Listings Requirements;
1.32	“Recommended Participant”	an Executive recommended by the Committee to the Trustees for the grant of an Award;
1.33	“Shares”	ordinary shares in the capital of the Company;
1.34	“South Africa”	the Republic of South Africa;

Salient features of the Lewis 2019 Executive Retention Scheme continued

- 1.35 **“Termination of Employment”** the date on which an Executive’s contract of employment terminates and, for the avoidance of doubt:
- if notice of termination was given by either the Executive or the Company or the Employer Company, as the case may be, such termination shall only occur upon the expiry of the notice period; or
 - if no notice of termination was given by either the Executive or the Company or the Employer Company, as the case may be, but a payment in lieu of notice was made, termination shall occur on the date of such payment,
- provided that there shall be deemed to be no Termination of Employment for purposes of the Scheme, if the Executive ceases to be employed by one Employer Company but remains within the continuous employment of the Lewis Group by being employed by another Employer Company;
- 1.36 **“Trust”** the Lewis Employee Incentive Scheme Trust constituted in terms of a trust deed dated 20 September 2004, as amended;
- 1.37 **“Trustees”** the Trustees for the time being of the Trust, including any alternate Trustees;
- 1.38 **“ZAR”** rand, the official currency of South Africa.

2. Salient features of the Lewis Executive Retention Scheme (“LERS”)

2.1 Purpose

The Lewis 2019 Executive Retention Scheme is aimed at incentivising continuing contributions by the Executives to the growth of the Lewis Group and attracting and retaining suitably skilled and competent personnel, who play a key role in the operation of the Lewis Group’s business, by granting Awards to such Executives which provide them with the opportunity to acquire Shares, thereby aligning the interests of such Executives with the interests of the Lewis Group.

2.2 Participants

Executive directors of the Company, as well as senior members of management of the Lewis Group, selected by the Committee will be eligible to participate in the LERS.

2.3 Basis, timing and grant of Awards

- 2.3.1 The Committee may, during the first six months of any Financial Year, request the Trustees to exercise their discretion to select Recommended Participants for participation in the LERS. The Committee will select Executives who have achieved the requisite performance targets and standards (as determined by the Committee in its sole discretion) in respect of the previous Financial Year and who have earned a Gross Bonus in terms of a Bonus Scheme, to be Recommended Participants.
- 2.3.2 Once selected, the Recommended Participants will be offered the opportunity, by written invitation, together with an Election Notice, to invest not less than 10% (ten percent) of their Net Bonus in the Company’s Shares.
- 2.3.3 The potential Participant shall only be entitled to use up to such maximum percentage of his/her Net Bonus as his/her Invested Amount, as determined by the Committee, in its sole discretion, in the invitation, and for the avoidance of any doubt, such maximum percentage shall be between 25% (twenty five percent) to 100% (one hundred percent), both inclusive, of the potential Participant’s Net Bonus;
- 2.3.4 If an Executive elects to invest at least 10% (ten percent) of his/her Net Bonus in shares, the Trust will utilise the Executive’s contributed amount (less any dealing costs) to acquire a whole number of Shares on the JSE on the Executive’s behalf, such Shares being “Invested Shares”.
- 2.3.5 The Trustees will hold such Invested Shares on the Participant’s behalf in a nominee capacity for a period of three years, the “Deferred Period”, whereafter the registered ownership of such Shares will be transferred to the Participant.
- 2.3.6 If Invested Shares are acquired, the Company will issue Matching Share Options for Award Shares to the Participant in accordance with the provisions of the Scheme and the following formula:

$$A = (B \times C) / D$$

where

A = number of Award Shares

B = the Participant’s Invested Amount

C = the matching percentage stated in the invitation

D = the price at which the Trustees are able to acquire or subscribe for a share at the relevant time (after taking into account dealing costs).

- 2.3.7 The matching percentage stated in the invitation shall be determined by the Committee so as to ensure that the value of the Award Shares granted to the Participant (i.e. "A" in the formula in paragraph 2.3.6 above) is equal to the Gross Bonus contributed by a Participant to his/her corresponding Invested Amount.
- 2.3.8 There are no additional performance criteria which are required to be complied with for exercise of the Matching Share Options, as Executives have already met the performance targets and/or standards set by the Committee.
- 2.3.9 No monetary consideration shall be payable by the Participant for the grant or exercise of a Matching Share Option.

2.4 Rights of Participants

During the Deferred Period, all Invested Shares will be held by the Trustees as nominee on behalf of the Participant, the beneficial owner.

2.4.1 Disposal of Invested Shares

The Participant may at any time instruct the Trustees to transfer or otherwise dispose of any of that Participant's Invested Shares. Any such instruction during the Deferred Period will result in a *pro rata* reduction of that Participant's Matching Share Option, unless the instruction was received after the second anniversary of the Grant Date, in which case the Committee in its sole discretion may elect to disregard such *pro rata* reduction of the Matching Share Options in exceptional circumstances.

2.4.2 Cash dividends, scrip dividends or distributions in specie

2.4.2.1 If, during the Deferred Period, cash dividends, scrip dividends or distributions *in specie* are declared in respect of the Invested Shares:

- 2.4.2.1.1 in the case of a cash dividend as soon as practicable following its receipt, the Trustees shall pay and account for such dividend to the Participant;
- 2.4.2.1.2 in the case of distributions in specie, as soon as practicable following its receipt, the Trustees shall transfer the distribution received to the Participant; and
- 2.4.2.1.3 in the case of a scrip dividend, the Trustees shall hold the Shares as part of the holding of Invested Shares to which they relate and subject to the same rules as the Invested Shares.

2.4.2.2 Participants will be entitled to instruct the Trustees on how to vote the Invested Shares and whether to accept or reject any offer (including any rights issue) in relation to such Invested Shares.

2.4.3 Rights issues

2.4.3.1 If, during the Deferred Period, the Company grants any right to acquire new Shares in respect of the Invested Shares, the Trustees shall, as soon as reasonably practicable after receipt of the rights, notify each Participant of the rights relating to his/her Invested Shares and each Participant may instruct the Trustees in writing to do one of the following:

- 2.4.3.1.1 take up all the rights, subject to the provision by the Participant to the Trustees of the necessary funds;
- 2.4.3.1.2 sell so many of the rights nil paid as will enable the Trustees to acquire the balance of the unsold rights; or
- 2.4.3.1.3 sell all of the rights nil paid and reinvest the proceeds of the sale in Shares.

2.4.3.2 The Trustees shall hold any new Shares so acquired as nominee on behalf the Participant as part of the holding of Invested Shares to which they relate and subject to the same rules as the Invested Shares.

2.4.4 Capitalisation issues

If during the Deferred Period, the Company allots to shareholders new shares by way of capitalisation in respect of the Invested Shares, the Trustees shall hold the new shares so acquired in a nominee capacity on behalf of the Participant as part of the holding of the Invested Shares to which they relate and subject to the same rules as the Invested Shares.

Salient features of the Lewis 2019 Executive Retention Scheme continued

2.5 Exercise of Matching Share Options

Other than pursuant to a change in control of the Company as contemplated in paragraph 2.10 or, the Participant's Termination of Employment as contemplated in paragraph 2.9, Matching Share Options may only be exercised after the end of the Deferred Period. Upon the expiry of the Deferred Period, the Participant shall be entitled to exercise the Matching Share Options at any time until the Final Exercise Date by the delivery of, amongst other things, a notice of exercise (in such form as the may be prescribed by the Trustees) by the Participant, whereafter the Trustees shall, subject to the terms of the LERS, transfer the Shares in respect of which the Matching Share Option has been validly exercised into the name of the Participant, from which date all risk and benefit of such Shares, including but not limited to all dividend and voting rights, shall pass to the Participant.

2.6 Lapsing of Matching Share Options

2.6.1 A Matching Share Option shall lapse on the occurrence of the earliest of the following:

- 2.6.1.1 if all the Invested Shares corresponding to the relevant Award are sold or otherwise disposed of before the date on which the Deferred Period ends, unless:
 - 2.6.1.1.1 the Matching Share Option is exercisable pursuant to paragraphs 2.7.3 (*Adjustments*) and 2.10 (*Change in Control*); or
 - 2.6.1.1.2 the Committee in its sole discretion otherwise determines;
- 2.6.1.2 the Final Exercise Date;
- 2.6.1.3 the applicable date for purposes of paragraphs 2.7.3 (*Adjustments*) or 2.10 (*Change in Control*);
- 2.6.1.4 the date on which a resolution is passed, or an order is made by a court for the compulsory winding up of the Company; or
- 2.6.1.5 the date on which the Participant becomes insolvent or does or omits to do anything as a result of which he/she is deprived of the legal or beneficial ownership of the Matching Share Option.

2.6.2 Where the Shares in respect of which a Matching Share Option has been granted are not subsequently delivered to the Participant (for example, as a result of the Matching Share Option lapsing before acceptance), such Shares shall revert back to the Scheme and may form the subject of further Awards to be granted to Executives under the Scheme.

2.7 Limit and adjustments

2.7.1 Company limit

- 2.7.1.1 The maximum aggregate number of newly issued or treasury Shares that may be utilised in respect of Matching Share Options under the LERS shall not exceed 1 500 000 (one million five hundred thousand) shares, which constitutes approximately 1.9% (one point nine percent) of the issued share capital of the Company as at 6 August 2019.
- 2.7.1.2 In accordance with Schedule 14 to the JSE Listings Requirements, shares purchased through the market will not be taken into account when calculating the number of Shares utilised by the LERS.

2.7.2 Individual limit

The aggregate number of Shares which any one Executive may acquire in terms of the LERS in respect of exercised Matching Share Options shall not exceed 600,000 Shares (six hundred thousand shares), which constitutes approximately 0.6% (zero point six percent) of the issued Share capital of the Company as at 6 August 2019.

2.7.3 Adjustments

- 2.7.3.1 The individual and Company limits referred to in paragraphs 2.7.1 and 2.7.2 above and the number of Award Shares will be adjusted in the event of:
 - 2.7.3.1.1 the Shares of the Company are consolidated or sub-divided or in any other way reorganised;
 - 2.7.3.1.2 the Company is involved in a solvent restructuring affecting the Company's Share capital or an amalgamation or merger in terms of which the Company is the surviving company and is thus an "amalgamated or merged company" continuing in existence after the implementation of the amalgamation or merger agreement;
 - 2.7.3.1.3 the Company is party to a scheme of arrangement affecting the structure of its Share capital (excluding as a result of the a repurchase of the Company's shares requiring compliance by the Company with section 114 of the Companies Act solely by virtue of section 48(8)(b) of the Act), other than in terms of paragraph 2.10 (*Change in Control*);

- 2.7.3.1.4 the Company allots additional shares (including bonus or capitalisation shares issued simultaneously with an election to shareholders to decline such shares and to accept a cash dividend) by the capitalisation of the Company's profits and/or reserves and/or share premium;
 - 2.7.3.1.5 additional shares are issued by the Company pursuant to a rights issue;
 - 2.7.3.1.6 the Company makes payment of a special dividend, including a distribution in specie, to shareholders in terms of the Act (other than a cash dividend paid in the ordinary course of business).
- 2.7.3.2 Upon the occurrence of the events referred to in paragraph 2.7.3.1, adjustments will be made to the number of Shares which may be utilised for the Scheme pursuant to the exercise of Matching Share Options (as per paragraph 2.7.1), the aggregate number of Shares which any one Executive may acquire in terms of the Scheme pursuant to the exercise of Matching Share Options (as per paragraph 2.7.2), and the number of Shares which are the subject of any Matching Share Option in such manner as the Auditors determine to be appropriate and, in making such determination, the Auditors will seek to ensure that Executives will remain entitled to the same proportion of the equity capital of the Company as that to which such Executives would have been entitled but for such event, and will seek to ensure that Executives are not prejudiced nor given benefits beyond those provided for in the LERS.
- 2.7.3.3 In terms of Schedule 14 to the JSE Listings Requirements, the Auditors or other independent advisers acceptable to the JSE must confirm to the JSE in writing that any adjustments are made in accordance with the provisions of the LERS, and the Company must report any such adjustments in its financial statements for the year in which the adjustments are made.

2.8 Types of Shares

- 2.8.1 Award Shares in respect of exercised Matching Share Options may be satisfied by newly issued or treasury Shares or Shares acquired in the market.
- 2.8.2 Subject to any other provisions of the LERS Document, in order to meet its obligation to deliver Award Shares to Executives pursuant to the exercise of Matching Share Options, the Trust may purchase shares through the market from time to time, and may sell any such shares purchased should those shares or options be surplus to the requirements of the LERS.
- 2.8.3 Shares may only be issued or purchased for purposes of the LERS to settle Matching Share Options once an Executive or group of Executives to whom they will be allocated, has been formally identified. Shares held in trust may only be sold:
- 2.8.3.1 once the employment of a Participant has been terminated or a Participant is deceased;
 - 2.8.3.2 on behalf of a Participant, once the rights of ownership in the shares have vested in such Participant.
- 2.8.4 No Shares may be purchased by the Company during a Prohibited Period unless the Company has in place a purchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the Prohibited Period. The Company shall instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the Prohibited Period to execute the purchase programme submitted to the JSE.

Salient features of the Lewis 2019 Executive Retention Scheme continued

2.9 Termination of Employment

2.9.1 The rights of a Participant under the Scheme will be effected by the Termination of Employment of that Participant. If a Participant's Termination of Employment is due to:

- 2.9.1.1 the Participant's death;
- 2.9.1.2 ill health or injury preventing the Participant from performing his or her normal employment duties for a consecutive period of 12 months;
- 2.9.1.3 the Participant's normal or late retirement or early retirement with the approval of the Committee;
- 2.9.1.4 the Participant's retrenchment; or
- 2.9.1.5 any other circumstances approved by a resolution of the Committee,

then within 20 (twenty) Business Days of the date on which the Trustees are notified of the Termination of Employment, the Trustees will transfer the Invested Shares into the name of the Participant and the Participant's Matching Share Options will become immediately exercisable and remain exercisable for a period of 6 (six) months (or a period of 12 (twelve) months if the Participant's Termination of Employment is due to the Participant's death) and thereafter they will lapse.

2.9.2 If the Participant's employment ceases for any reason other than those stipulated in paragraph 2.9.1, the Trustees will transfer the Invested Shares into the Participants' name and any unexercised Matching Share Options will lapse on the Termination of Employment of such Participant, provided that the Board may in its discretion determine otherwise.

2.9.3 If a Participant's Termination of Employment occurs before the relevant Deferred Period ends, the Trustees will be entitled to notify the Participant whether the Matching Share Options may be exercised and the number of Shares which may be acquired on such exercise, which Matching Share Options will only be exercisable by the Participant for 14 (fourteen) days after the Trustees so notify the Participant, and thereafter they will lapse.

2.10 Change in control

2.10.1 If the Company:

- 2.10.1.1 becomes an immediate subsidiary of another company due to a take-over, scheme of arrangement, reconstruction or an amalgamation or merger; or
- 2.10.1.2 proposes a resolution for its voluntary winding-up,

then within 30 (thirty) days of becoming aware of the occurrence of the event:

- 2.10.1.3 the Participants shall be entitled to require registration of transfer of any Invested Shares into their name by written notice to the Trust; and
- 2.10.1.4 the Participant shall be entitled to exercise their Matching Share Options by written notice to the Trust,

provided that the Board may in relation to the rights of the Participants make such alternative arrangements as may be regarded to be in the best interest of the Executives, subject to such approval by the Company in a general meeting or any regulatory authority as may be required, if any.

2.10.2 Furthermore, if at any time:

- 2.10.2.1 the Company or any of its subsidiaries dispose of more than half of the Shares held by it in an Employer Company which employs a Participant in circumstances where such Employer Company ceases to be a subsidiary of the Company and the Participant becomes employed by the acquirer thereof or remains employed by that Employer Company after it ceases to be a member of the Lewis Group; or
- 2.10.2.2 any Employer Company disposes of its business or part thereof or the majority of its assets in circumstances where the Participant who is employed by such Employer Company becomes employed by the acquirer thereof which itself is not an Employer Company,
- 2.10.2.3 the Trustees shall notify the Participants affected by such disposal in writing and the Deferred Period will end on the date of such notice;
- 2.10.2.4 each Participant employed by such Employer Company will be entitled to exercise his or her Matching Share Options by written notice to the Trustees within 10 (ten) Business Days after the Trustees first notify the affected Participants;
- 2.10.2.5 if the Participant does not give such written notice to the Trustees within such period, the Participant's Matching Share Options will lapse in their entirety.

2.11 Clawback

- 2.11.1 Notwithstanding anything to the contrary stipulated in this Scheme, in the event an Executive or former-Executive satisfies any Clawback Condition (whether prior to his/her Termination of Employment or thereafter), the Employer Company and/or the Company shall be entitled, but not obliged:
- 2.11.1.1 in the event the Executive still holds all or any portion of the Clawback Shares, to:
 - 2.11.1.1.1 acquire the Clawback Shares from the Executive for an aggregate purchase price of R1.00; and/or
 - 2.11.1.1.2 cancel the Clawback Shares; and/or
 - 2.11.1.2 deliver a written demand to the Executive demanding that the Executive pay to the Employer Company the Rand amount equal to the number of Clawback Shares which have not been repurchased or cancelled in terms of paragraph 2.11.1.1 multiplied by the price of such Shares as at the date such Shares were acquired, in which case this Rand amount shall become immediately due and payable to the Clawback Company by the Executive; and/or
 - 2.11.1.3 a combination of paragraphs 2.11.1.1 and 2.11.1.2.
 - 2.11.1.4 By the acceptance by an Executive of an Award, the Executive shall undertake to sign all such documents and do all such other things as may be necessary or desirable to enable the Employer Company and/or the Company to give effect to paragraph 2.11.1, failing which the Executive shall be deemed to have irrevocably appointed such person as may be nominated by the Employer Company and/or the Company in writing, in *rem suam* as his/her lawful attorney and agent to sign all such documents and do all such other things as may be necessary or desirable to enable the Employer Company and/or the Company to give effect to paragraph 2.11.1.
- 2.11.2 For the avoidance of any doubt, the provisions of this paragraph 2.11 (*Clawback*) shall continue to apply to an Executive indefinitely after any Award Shares have vested in the Executive, whether or not such person is still an Executive at the time that the Clawback Condition is met or at the time the Employer Company becomes aware of the occurrence of a Clawback Condition.

2.12 Amendment of the LERS

- 2.12.1 It shall be competent for the Board and Trustees to amend any of the provisions of this LERS, subject to the approval of the JSE, provided that:
- 2.12.1.1 no such amendment adversely affecting the rights of any of the Participants shall be competent unless agreed upon between the Committee and the relevant Participants; and
 - 2.12.1.2 where required in terms of the JSE Listings Requirements, including in terms of Schedule 14 thereto, the approval of the shareholders of the Company at the AGM is obtained.
- 2.12.2 Notwithstanding the provisions of paragraph 2.12.1 above, if it should become necessary or desirable by reason of the enactment of any new legislation at any time after the signing of the LERS Document, to amend the provisions of the LERS so as to preserve the substance of the provisions contained in the LERS Document but amend the form so as to achieve the objectives embodied in the LERS Document in the best manner having regard to such new legislation and without prejudice to the Participants concerned, then the Board and Trustees may amend this document accordingly, provided that the approval of the JSE has been obtained.

3. Documents available for inspection

The salient terms of the Scheme are summarised above. Although the summary of the salient terms of the Scheme contains what the Board believes to be a summary of the most material terms of the Lewis Executive Retention Scheme, it does not summarise every proposed term of the Scheme in detail. A copy of the Scheme Document, containing all of the terms applicable to the proposed Scheme, will be available for inspection by shareholders at the Company's registered address during normal business hours from 2 September 2019 to 25 October 2019. Shareholders may also request a copy of the Scheme Document to be posted or e-mailed to them by contacting Ntokozo Makomba at stakeholders@lewisgroup.co.za.

Lewis 2019 Executive Performance Scheme

1. Definitions and interpretations

In this salient features summary and the annexures hereto, unless the context indicates otherwise:

- the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and vice versa, words importing the masculine include the feminine, words incorporating persons include juristic persons and associations of persons, and a cognate word or expression shall have the corresponding meaning; and
- all times and dates referred to are South African times and dates unless otherwise stated.

- | | | |
|---------|---------------------------------|---|
| 1.1 | “Alternative Awards” | Awards in respect of which the Award Shares shall vest on such vesting date(s) as the Committee may determine and which are not Three Year Awards, Four Year Awards or Five Year Awards; |
| 1.2 | “Auditors” | the external auditors of the Company from time to time; |
| 1.3 | “Award” | the option to acquire Shares under the Scheme, free of charge; |
| 1.4 | “Award Shares” | the Shares which are the subject of an Award; |
| 1.5 | “Board” | the board of directors for the time being of Lewis; |
| 1.6 | “Business Day” | any day other than a Saturday, Sunday or public holiday officially recognised as such in the Republic of South Africa; |
| 1.7 | “Committee” | the remuneration committee of the Board, or its successor in title; |
| 1.8 | “Companies Act” or “Act” | the Companies Act No. 71 of 2008, as amended; |
| 1.9 | “Clawback Condition” | any instance in respect of which an Executive or former Executive: |
| 1.9.1 | | commits misconduct involving fraud, misrepresentation and/or dishonesty, as the case may be, during any period of employment with an Employer Company, whereafter an Employer Company institutes disciplinary proceedings against the Executive pursuant to which: |
| 1.9.1.1 | | the Executive is dismissed; or |
| 1.9.1.2 | | where the Executive is accused of serious misconduct, which would usually warrant dismissal, but the Executive resigns from his/her employment prior to the outcome of such disciplinary proceedings; and/or |
| 1.9.2 | | fails to perform in his/her duties as an Executive during his/her period of employment as an Executive, which may include but not be limited to: |
| 1.9.2.1 | | in breach of any material obligation and/or fiduciary duty the Executive or former-Executive owed to the Company; |
| 1.9.2.2 | | performing any act or omission which is injurious to the Company and/or its reputation; or |
| 1.9.2.3 | | gross misconduct under the Company’s rules, policies and/or guidelines, |
| | | whereafter an Employer Company institutes disciplinary proceedings against the Executive (other than in accordance with paragraph 1.9.2) pursuant to which: |
| 1.9.2.4 | | the Executive is dismissed; or |
| 1.9.2.5 | | where the Executive is accused of serious misconduct, which would usually warrant dismissal, but the Executive resigns from his/her employment prior to the outcome of such disciplinary proceedings; and/or |
| 1.9.3 | | would otherwise not have received his/her Award Shares in terms of this Scheme inasmuch as such Award Shares would not have vested given the conduct of the Executive during any period of the Executive’s or former-Executive’s employment with an Employer Company; |
| 1.10 | “Clawback Shares” | all Award Shares which vested in the affected Executive or former-Executive and in respect of which: |
| 1.10.1 | | the Executive or former-Executive satisfied a Clawback Condition; or |
| 1.10.2 | | the Executive or former Executive performed the act or omission which ultimately resulted in the Clawback Condition being satisfied; |
- at any time during the Performance Period and/or thereafter until the Vesting Date of such Award Shares;

1.11	“Employer Company”	the Company in the Lewis Group that employs Executives and has adopted the Lewis 2019 Executive Performance Scheme.
1.12	“Executive”	means any executive director of the Company, any senior member of management of the Lewis Group or any other key employee of the Lewis Group, selected by the Committee;
1.13	“Financial Markets Act”	the Financial Markets Act No. 19 of 2012, as amended;
1.14	“Financial Year”	the financial year of the Company determined in terms of section 27 of the Act, commencing on 1 April and ending on 31 March;
1.15	“Five Year Awards”	Awards in respect of which one third of the Awards Shares shall vest on each of the third, fourth and fifth anniversaries of the Grant Date;
1.16	“Four Year Awards”	Awards in respect of which 50% of the Award Shares shall vest on the third anniversary of the Grant Date and the remaining 50% will vest on the fourth anniversary of the Grant Date;
1.17	“Grant Date”	the date on which an Award is granted under a Scheme;
1.18	“IFRS”	statements and interpretations issued and/or revised by the International Accounting Standards Board and includes International Accounting Standards and SIC interpretations issued under the previous constitutions of the International Accounting Standards Board;
1.19	“JSE”	the JSE Limited, a company incorporated with limited liability under the laws of South Africa under registration number 2005/022939/06, and licensed as an exchange under the Financial Markets Act;
1.20	“JSE Listings Requirements”	the Listings Requirements of the JSE, as amended;
1.21	“Lewis” or “the Company”	Lewis Group Limited, a company incorporated with limited liability under the laws of South Africa with registration number 2004/009817/06;
1.22	“Lewis Group”	Lewis and each of its subsidiaries (as defined in terms of the JSE Listings Requirements);
1.23	“Long Term Awards”	Four Year Awards, Five Year Awards and any Alternative Awards of which any portion of the Award vests after the third anniversary of the Grant Date;
1.24	“Long Term Performance Criteria”	the performance criteria listed in Part A of the Performance Criteria Schedule, which the Committee shall apply in determining the Performance Targets in respect of Long Term Awards;
1.25	“LEPS” or “Lewis 2019 Executive Performance Scheme” or “Scheme”	the Lewis 2019 Executive Performance Scheme, established in terms of the LEPS Document;
1.26	“LEPS Document” or “Scheme Document”	the document governing the LEPS, being the agreement entered into between Lewis and the Trust;
1.27	“Market Price”	the average closing price of the shares over the last three Business Days during which shares were traded on the JSE prior to the relevant date;
1.28	“Participant”	a person who has received and accepted an Award under a Scheme;
1.29	“Performance Criteria Schedule”	the schedule listing the Long Term Performance Criteria and Short term Performance Criteria commencing on page 27 of this Annexure;
1.30	“Performance Period”	the financial years of the Company commencing on 1 April preceding the Grant Date and ending on 31 March immediately preceding the final Vesting Date;
1.31	“Performance Target”	the performance target(s) applicable to the Participant for a Performance Period in respect of the LEPS, as determined by the Committee in its sole discretion;
1.32	“Prohibited Period”	a prohibited period as such term is defined in the JSE Listings Requirements;

Lewis 2019 Executive Performance Scheme continued

- 1.33 “Shares” ordinary shares in the share capital of Lewis;;
- 1.34 “Short Term Awards” Three Year Awards and any Alternative Awards in respect of which all Award Shares vest on or before the third anniversary of the Grant Date;
- 1.35 “Short Term Performance Criteria” the performance criteria listed in Part B of the Performance Criteria Schedule, which the Committee shall apply in determining the performance targets in respect of Short Term Awards;
- 1.36 “South Africa” the Republic of South Africa;
- 1.37 “Termination of Employment” the date on which an Executive’s contract of employment terminates and, for the avoidance of doubt:
- 1.37.1 if notice of termination was given by either the Executive or the Company or the Employer Company, as the case may be, such termination shall only occur upon the expiry of the notice period; or
- 1.37.2 if no notice of termination was given by either the Executive or the Company or the Employer Company, as the case may be but a payment *in lieu* of notice was made, termination shall occur on the date of such payment,
- provided that there shall be deemed to be no Termination of Employment for purposes of the Schemes, if the Executive ceases to be employed by one Employer Company but remains within the continuous employment of the Lewis Group by being employed by another Employer Company;
- 1.38 “Three Year Awards” Awards in respect of which the Award Shares shall vest on the date that is three years after the Grant Date;
- 1.39 “Trust” the Lewis Employee Incentive Scheme Trust constituted in terms of a trust deed dated 20 September 2004;
- 1.40 “Trustees” the Trustees for the time being of the Trust, including any alternate Trustees;
- 1.41 “Vesting Date” the date on which an Award under the LEPS (or a relevant portion thereof) vests in accordance with the terms of the LEPS Document;
- 1.42 “ZAR” rand, the official currency of South Africa.

2. Salient features of the Lewis 2019 Executive Performance Scheme (“LEPS”)

2.1 Purpose

The Lewis 2019 Executive Performance Scheme is aimed at incentivising continuing contributions by the Executives to the growth of the Lewis Group and attracting and retaining suitably skilled and competent personnel by granting Awards to such Executives which provide them with the opportunity to acquire Shares, thereby aligning the interests of such Executives with the interests of the Lewis Group.

2.2 Participants

Executive directors of Lewis and seniors member of management of the Lewis Group or any other key employee of the Lewis Group, selected by the Committee, will be eligible to participate in the LEPS. The Committee will direct the Trustees to grant Awards to Executives from time to time.

2.3 Types of Awards and vesting

- 2.3.1 The Trustees may, from time to time during a Grant Period and upon directions of the Committee, as the case may be, by written notice (“the Award Notice”) grant Awards to Executives.
- 2.3.2 Awards granted under the LEPS shall comprise Three Year Awards, Four Year Awards, Five Year Awards and Alternative Awards, which Awards shall vest, subject, in each instance, to fulfilment of the relevant conditions referred to in paragraph 2.3.5 below and such other Performance Targets as may be determined by the Committee for each financial year during a Performance Period.
- 2.3.3 Three Year Awards and those Alternative Awards that vest on the third anniversary of the Grant Date constitute Short Term Awards under the LEPS.
- 2.3.4 Four Year Awards, Five Year Awards and those Alternative Awards of which any portion vests after the third anniversary of the Grant Date constitute Long Term Awards under the LEPS.

- 2.3.5 The conditions, which are determined in the sole discretion of the Committee, upon which an Award (or portion thereof) will vest shall include at least:
- 2.3.5.1 the Participant's continued employment with an Employer Company at the relevant Vesting Date and no termination of such employment being intimated or notice of termination served on or by such Award Holder, other than in circumstances set out in paragraphs 2.10.1 or 2.10.2; and
 - 2.3.5.2 the achievement of Performance Targets during a particular Performance Period.
- 2.3.6 Subject to the conditions contemplated in paragraphs 2.3.2 and 2.3.5 above, the Awards will vest as follows:
- 2.3.6.1 Three Year Awards will vest on the date that is three years after the Grant Date;
 - 2.3.6.2 in respect of Four Year Awards, 50% (fifty percent) will vest on the third anniversary of the Grant Date and the remaining 50% (fifty percent) will vest on the fourth anniversary of the Grant Date;
 - 2.3.6.3 in respect of Five Year Awards, one third of the Awards shall vest on each of the third, fourth and fifth anniversaries of the Grant Date; and
 - 2.3.6.4 the Vesting Date(s) in respect of an Alternate Award will be determined by the Committee and communicated to the Executive in the Award Notice.
- 2.3.7 The Committee will have the discretion to accelerate the vesting of Awards in exceptional circumstances.

2.4 Basis of Awards and Performance Targets

Long Term Awards

- 2.4.1 The Committee shall always utilise the Long Term Performance Criteria in paragraph 1 of Part A of the Performance Criteria Schedule (i.e. Headline earnings per share), and at least one of the following Long Term Performance Criteria:
- 2.4.1.1 Return on average shareholders' equity;
 - 2.4.1.2 After tax return on average capital employed;
 - 2.4.1.3 Before tax return on average assets managed;
 - 2.4.1.4 Gearing ratio,
- to determine the Performance Target(s) applicable to a Long Term Award.
- 2.4.2 Performance Targets in respect of Long Term Awards shall be determined by the Committee as at the Grant Date in respect of the entire Performance Period.

Short Term Awards

- 2.4.3 The Committee shall select any or all of the following Short Term Performance Criteria for determining the Performance Targets in respect of Short Term Awards:
- 2.4.3.1 Headline earnings per share;
 - 2.4.3.2 Quality of debtors book;
 - 2.4.3.3 Gross margin.
- 2.4.4 The Performance Target(s) in respect of Short Term Awards shall be determined in respect of:
- 2.4.4.1 each financial year during the Performance Period, determined by the Committee within three months after the commencement of each financial year; and/or
 - 2.4.4.2 the entire Performance Period, determined by the Committee as at the Grant Date.
- 2.4.5 When determining the Performance Targets in respect of an Award, the Committee may determine what proportion of an Award relates to which Performance Targets. In these circumstances, if only some of the Performance Targets are met, only the specified portion of the Award will vest on the relevant Vesting Date and the remainder of the Award in respect of which the Performance Targets were not met shall lapse, subject to paragraph 2.4.7.
- 2.4.6 In making such determinations, the Committee is entitled to allocate a greater proportion of the Award to those Performance Targets which the particular Participant has the ability to influence, having regard to his or her daily employment responsibilities.

Lewis 2019 Executive Performance Scheme continued

- 2.4.7 When determining to what extent Performance Targets have been met in respect of any Short Term Performance Criteria and/or Long Term Performance Criteria, as the case may be, the Committee shall apply the following:
- 2.4.7.1 in the event the Committee determines that 100% (one hundred percent) of any Performance Target has been achieved, then the entire Award allocated to such Performance Target shall vest on the relevant Vesting Date;
 - 2.4.7.2 in the event the Committee determines that less than 100% (one hundred percent) but equal to or more than 97.5% (ninety seven point five percent) of a relevant Performance Target has been met, then 25% (twenty five percent) of the proportion of the Award allocated to such Performance Target shall vest on the relevant Vesting Date; and
 - 2.4.7.3 in the event the Committee determines that less than 97.5% (ninety seven point five percent) but equal to or more than 95% (ninety five percent) of any Performance Target has been met, then 10% (ten percent) of the proportion of the Award allocated to such Performance Target shall vest on the relevant Vesting Date;
 - 2.4.7.4 in the event the Committee determines that less than 95% (ninety five percent) of any Performance Target has been met, then the proportion of the Award allocated to such Performance Target shall lapse, subject to the remainder of this paragraph 2.4.
- 2.4.8 When determining whether Performance Targets have been met, the Committee may furthermore consider adjusting such Performance Targets if material changes (both positive or negative) have been made to accounting policies resulting from IFRS becoming effective after the Grant Date.
- 2.4.9 After determining Performance Targets for a particular Performance Period, the Committee shall be entitled, in exceptional circumstances (both positive or negative), to amend such Performance Targets. In making such determination, the Committee shall have regard to all applicable circumstances affecting such Performance Targets, including but not limited to, changes to national or international political, financial, economic, monetary or market conditions, the performance of the Lewis Group relative to the industry in which the Lewis Group conducts its business and any corporate actions undertaken by the Lewis Group during the relevant Performance Period.

2.5 Timing of grant of Awards

- 2.5.1 Awards may be granted under the LEPS during any 6 (six) week period (each such 6 (six) week period being a "Grant Period") commencing upon:
- 2.5.1.1 the adoption of the LEPS or any amendment thereto; or
 - 2.5.1.2 the announcement by the Company of its results for any year, half year or other period or the issue by the Company of any prospectus, revised listing particulars, pre-listing statement or other documents containing equivalent information relating to the Shares; or
 - 2.5.1.3 a determination by the Committee that exceptional circumstances have arisen which justify the making of offers in terms of the LEPS outside the usual Grant Periods.

2.6 Rights of Participants

- 2.6.1 Award Shares will be delivered to a Participant within 20 (twenty) Business Days after the relevant Vesting Date, at no consideration, whereafter all risk and benefit of such Shares shall pass to the Participant, including all dividend and voting rights in respect thereof.
- 2.6.2 The Award Shares shall at the time of delivery thereof:
- 2.6.2.1 be issued, as fully paid Shares; and
 - 2.6.2.2 rank *pari passu* with existing issued Shares,
- and shall be listed on the JSE as soon as reasonably possible if not already listed in the relevant circumstances.
- 2.6.3 Without the prior written consent of the Trustees, Awards may not be transferred or disposed of in any manner nor may they be pledged or otherwise encumbered.
- 2.6.4 Awards not accepted in terms of the Award Notice will lapse, provided that the Trustees may direct that an Award be deemed not to have lapsed if, in the Trustees' sole discretion, there are reasonable grounds for extending the acceptance period.
- 2.6.5 Where Shares in respect of which an Award has been allocated to an Executive are not subsequently issued and/or delivered to such Executive (for example, as a result of the Award lapsing due to a Termination of Employment), such Shares will revert back to the LEPS and may form the subject of further Awards to be granted to Executives under the LEPS.

2.7 Lapsing of Award

- 2.7.1 Should a Participant fail to accept an Award in accordance with the terms of an Award Notice, then such Award shall lapse, provided that the Trustees may direct that such Award shall be deemed not to have lapsed if, in their sole discretion, there are reasonable grounds for extending the period for acceptance of the Award.
- 2.7.2 An Award (or a relevant portion thereof), to the extent that it has not yet vested, shall also lapse on the occurrence of the earliest of the following:
- 2.7.2.1 failure to fulfil the Performance Targets or to remain employed, save where vesting will occur pursuant to the provisions of paragraph 2.10;
 - 2.7.2.2 the date on which the Participant ceases (whether lawfully or unlawfully) to be an Executive, save where vesting will occur pursuant to the provisions of paragraphs 2.8.3 or 2.11;
 - 2.7.2.3 the date on which a resolution is passed, or an order is made by the court, for the compulsory winding up of the Company;
 - 2.7.2.4 the date on which a Participant becomes insolvent.

2.8 Limit and adjustments

- 2.8.1 Company limit
- 2.8.1.1 The maximum aggregate number of newly issued or treasury Shares that may be utilised for the LEPS shall not exceed 2 250 000 (two million two hundred and fifty thousand) Shares, which constitutes approximately 2.8% (two point eight percent) of the issued Share capital of the Company as at 6 August 2019.
 - 2.8.1.2 In accordance with Schedule 14 to the JSE Listings Requirements, Shares purchased through the market will not be taken into account when calculating the number of Shares utilised by the LEPS.
- 2.8.2 Individual limit
- The aggregate number of Shares which any one Executive may acquire in terms of the LEPS shall not exceed 850 000 (eight hundred and fifty thousand) Shares, which constitutes approximately 1.1% (one point one percent) of the issued Share capital of the Company as at 6 August 2019.
- 2.8.3 Adjustments
- 2.8.3.1 The individual and Company limits referred to in paragraphs 2.8.1 and 2.8.2 above and the number of Award Shares will be adjusted upon:
 - 2.8.3.1.1 the Shares of the Company are consolidated or sub-divided or in any other way reorganised;
 - 2.8.3.1.2 the Company is involved in a solvent restructuring affecting the Share capital or an amalgamation or merger in terms of which the Company is the surviving company and is thus an “amalgamated or merged company” continuing in existence after the implementation of the amalgamation or merger agreement;
 - 2.8.3.1.3 the Company is party to a scheme of arrangement affecting the structure of its Share capital (excluding as a result of the a repurchase of the Company’s shares requiring compliance by the Company with section 114 of the Companies Act solely by virtue of section 48(8)(b) of the Act), but paragraph 2.11 does not apply;
 - 2.8.3.1.4 the Company allots additional shares (including bonus or capitalisation shares issued simultaneously with an election to shareholders to decline such shares and to accept a cash dividend) by the capitalisation of the Company’s profits and/or reserves and/or share premium;
 - 2.8.3.1.5 additional shares are issued by the Company pursuant to a rights issue; or
 - 2.8.3.1.6 the Company makes payment of a special dividend, including a distribution in specie, to shareholders in terms of the Act (other than a cash dividend paid in the ordinary course of business).

Lewis 2019 Executive Performance Scheme continued

- 2.8.3.2 Upon the occurrence of the events referred to in paragraph 2.8.3.1, adjustments will be made to the number of Shares which may be utilised for the Scheme (as per paragraph 2.8.1), the aggregate number of Shares which any one Executive may acquire in terms of the Scheme pursuant to the exercise of Matching Share Options (as per paragraph 2.8.2), and the number of Award Shares which are the subject of any Award in such manner as the Auditors determine to be appropriate and, in making such determination, the Auditors will seek to ensure that Executives will remain entitled to the same proportion of the equity capital of the Company as that to which such Executive would have been entitled but for such event, and will seek to ensure that Executives are not prejudiced nor given benefits beyond those provided for in the LEPS.
- 2.8.3.3 In terms of Schedule 14 to the JSE Listings Requirements, the Auditors or other independent advisers acceptable to the JSE must confirm to the JSE in writing that any adjustments are in accordance with the provisions of the LEPS, and the Company must report any such adjustments in its financial statements for the year in which the adjustments are made.
- 2.8.3.4 For the avoidance of doubt, there shall be no adjustment to the number of Shares which may be utilised for the Scheme, the aggregate number of Shares which any one Participant may acquire in terms of the Scheme, the number of Shares which are the subject of any Award in respect thereof if there is:
- 2.8.3.4.1 an issue of Shares by the Company as consideration for an acquisition; or
 - 2.8.3.4.2 a specific issue of Shares for cash; or
 - 2.8.3.4.3 a vendor consideration placement.

2.9 Types of Shares

- 2.9.1 Award Shares granted under the LEPS will be satisfied by newly issued or treasury Shares or Shares acquired in the market.
- 2.9.2 Subject to any other provisions of the LEPS Document, in order to meet its obligation to deliver Award Shares to Executives, the Trust may purchase shares through the market from time to time, and may sell any such shares purchased should those shares or options be surplus to the requirements of the LEPS.
- 2.9.3 Shares may only be issued or purchased for purposes of the LEPS once an Executive or group of Executives to whom they will be allocated, has been formally identified. Shares held in trust may only be sold:
- 2.9.3.1 once the employment of a Participant has been terminated or a Participant is deceased;
 - 2.9.3.2 on behalf of a Participant, once the rights of ownership in the shares have vested in such Participant.
- 2.9.4 No shares may be purchased by the Company during a Prohibited Period unless the Company has in place a purchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the Prohibited Period. The Company shall instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the Prohibited Period to execute the purchase programme submitted to the JSE.

2.10 Termination of Employment

- 2.10.1 The rights of a Participant under the LEPS will be affected by the Termination of Employment of that Participant. If a Participant's Termination of Employment is due to:
- 2.10.1.1 the Participant's death;
 - 2.10.1.2 ill health or injury preventing the Participant from performing his or her normal employment duties for a consecutive period of 12 (twelve) months;
 - 2.10.1.3 the Participant's normal or late retirement or early retirement with the approval of the Committee; or
 - 2.10.1.4 any other circumstances approved by a resolution of the Committee,
- then a portion of any unvested Award calculated with reference to a predetermined formula (set out in the LEPS Document) will vest in the Participant on the date of such Termination of Employment.

2.10.2 If a Participant's Termination of Employment is in accordance with the relevant Participant's employment contract (for example retrenchment by the relevant Employer Company based on operation requirements), then the relevant tranche(s) of the Award Shares that:

2.10.2.1 vest during the applicable notice period or would have vested during the applicable notice period if the relevant Employer Company pays the Participant in lieu of notice; and

2.10.2.2 would have vested first after the end of the relevant notice period,

had the Participant remained in the employment of the Employer Company, will also vest on the respective Vesting Dates as they occur while the remainder of the Participant's Award shall lapse.

2.10.3 If the employment of any Participant terminates for any reason other than those stipulated above, the Participant's Award, to the extent that it has not yet vested, shall lapse on the Participant's Termination of Employment.

2.11 Change in control

2.11.1 The rights of Participants will be affected by certain change of control events. If:

2.11.1.1 the Company or any of its subsidiaries dispose of more than half of the shares held by it in an Employer Company which employs a Participant in circumstances where such Employer Company ceases to be a subsidiary of the Company and the Participant becomes employed by the acquirer thereof or remains employed by that Employer Company after it ceases to be a member of the Lewis Group;

2.11.1.2 any Employer Company disposes of its business or part thereof or the majority of its assets in circumstances where the Participant who is employed by such Employer Company becomes employed by the acquirer thereof which itself is not an Employer Company;

2.11.1.3 the Company becomes an immediate subsidiary of another company due to a take-over, scheme of arrangement, reconstruction or an amalgamation or merger; or

2.11.1.4 the Company proposes a resolution for its voluntary winding-up,

then, within 30 (thirty) days of becoming aware of the occurrence of the event:

2.11.1.4.1 Awards under the LEPS which have not yet vested will vest; and

2.11.1.4.2 Participants will be entitled to require delivery of any undelivered Award Shares acquired pursuant to the vesting of an Award, by sending written notice to the Trustees,

provided that the Board may in relation to the rights of the Award holders and/or Participants make such alternative arrangements as may be regarded to be in the best interest of the Executives, subject to such approval by the Company in general meeting or any regulatory authority as may be required, if any.

2.12 Clawback

2.12.1 Notwithstanding anything to the contrary stipulated in this Scheme, in the event an Executive or former-Executive satisfies any Clawback Condition (whether prior to his/her Termination of Employment or thereafter), the Employer Company and/or the Company shall be entitled, but not obliged:

2.12.1.1 in the event the Executive still holds all or any portion of the Clawback Shares, to:

2.12.1.1.1 acquire the Clawback Shares from the Executive for an aggregate purchase price of R1.00 (one Rand); and/or

2.12.1.1.2 cancel the Clawback Shares; and/or

2.12.1.2 deliver a written demand to the Executive demanding that the Executive pay to the Employer Company the Rand amount equal to the number of Clawback Shares which have not been repurchased or cancelled in terms of paragraph 2.12.1.1 multiplied by the price of such Shares as at the date such Shares were acquired, in which case this Rand amount shall become immediately due and payable to the Clawback Company by the Executive; and/or

2.12.1.3 a combination of paragraphs 2.12.1.1 and 2.12.1.2.

2.12.2 By the acceptance by an Executive of an Award, the Executive shall undertake to sign all such documents and do all such other things as may be necessary or desirable to enable the Employer Company and/or the Company to give effect to paragraph 2.12.1, failing which the Executive shall be deemed to have irrevocably appointed such person as may be nominated by the Employer Company and/or the Company in writing, in rem suam as his/her lawful attorney and agent to sign all such documents and do all such other things as may be necessary or desirable to enable the Employer Company and/or the Company to give effect to paragraph 2.12.1.

Lewis 2019 Executive Performance Scheme continued

2.12.3 For the avoidance of any doubt, the provisions of this paragraph 2.12 (*Clawback*) shall continue to apply to an Executive indefinitely after any Award Shares have vested in the Executive, whether or not such person is still an Executive at the time that the Clawback Condition is met or at the time the Employer Company becomes aware of the occurrence of a Clawback Condition.

2.13 Amendment of the LEPS

2.13.1 It shall be competent for the Board and Trustees to amend any of the provisions of this LEPS, subject to the approval of the JSE, provided that:

2.13.1.1 no such amendment adversely affecting the rights of any of the Participants shall be competent unless agreed upon between the Committee and the relevant Participants; and

2.13.1.2 where required in terms of the JSE Listings Requirements, including in terms of Schedule 14 thereto, the approval of the shareholders of the Company at the AGM is obtained.

2.13.2 Notwithstanding the provisions of paragraph 2.13.1, if it should become necessary or desirable by reason of the enactment of any new legislation at any time after the signing of the LEPS Document, to amend the provisions of the LEPS so as to preserve the substance of the provisions contained in the LEPS Document but amend the form so as to achieve the objectives embodied in the LEPS Document in the best manner having regard to such new legislation and without prejudice to the Participants concerned, then the Board and Trustees may amend this document accordingly, provided that the approval of the JSE has been obtained.

3. Documents available for inspection

The salient terms of the Scheme are summarised above. Although the summary of the salient terms of the Scheme contains what the Board believes to be a summary of the most material terms of the Lewis 2019 Executive Performance Scheme, it does not summarise every proposed term of the Scheme in detail. Shareholders are hereby referred to the LEPS Document containing all of the terms applicable to the proposed Scheme, which will be available for inspection by shareholders at the Company's registered address during normal business hours from 2 September 2019 to 25 October 2019. Shareholders can also request a copy of either Scheme Document to be posted or e-mailed to them by contacting Ntokozo Makomba at stakeholders@lewisgroup.co.za

Performance criteria schedule

Part A – Long Term Performance Criteria

1. **Headline earnings per share**

Headline Earnings is defined and calculated in terms of the Headline Earnings Circular issued by the South African Institute of Chartered Accountants from time from time.

Headline Earnings per Share is calculated as Headline Earnings divided by the weighted average number of shares in issue.

2. **Return on average shareholders' equity ("ROE")**

Profit attributable to ordinary shareholders (as reflected in profit and loss and excludes other comprehensive income as defined in IFRS) as a percentage of average shareholders' equity.

3. **After tax return on average capital employed ("ROCE")**

After tax return for capital is the profit attributable to ordinary shareholders (as reflected in profit and loss and excludes other comprehensive income as defined in IFRS) plus finance costs paid to providers of capital less the attributable tax on finance costs.

Capital employed is shareholders' interest and interest-bearing debt.

The after tax return on average capital employed is the after tax return for capital as a percentage of the capital employed for the year.

4. **Before tax return on average assets managed ("ROA")**

The before tax return on average assets managed is the profit before interest and tax as a percentage of the average total assets.

5. **Gearing ratio**

Interest-bearing debt, reduced by cash and cash equivalents, divided by shareholders' equity.

Part B – Short Term Performance Criteria

1. **Headline earnings per share**

Headline Earnings is defined and calculated in terms of the Headline Earnings Circular issued by the South African Institute of Chartered Accountants from time from time.

Headline Earnings per Share is calculated as Headline Earnings divided by the weighted average number of shares in issue

2. **Quality of Debtors Book**

This describes a category of performance measures which encapsulates the quality of the debtor book. This includes but is not limited to:

2.1. Debtor costs as a percentage of net debtors (net instalment sale and loan receivables before impairment provision).

2.2. Level of satisfactory paid customers, being those customers who have paid 70% or more of amounts due over the contract period.

The above list does not preclude the Committee using such other similar performance measures as the above, if such measures are routinely utilised in the Group's business.

3. **Gross margin**

Gross profit as a percentage of merchandise sales.

Annexure 3

Directors' curriculum vitae

Fatima Abrahams (57)

BEcon (Hons), MCom, DCom

Independent non-executive director

Chairperson of the Remuneration and Social, Ethics and Transformation Committees

Member of the Risk and Nomination Committees

Appointed September 2005

Other directorships include: Clicks Group and The Foschini Group. Prof Abrahams is a senior professor (part time) in Industrial Psychology at the University of the Western Cape (UWC) and a registered industrial psychologist. She was previously Dean of the Faculty of Economic and Management Sciences at UWC.

Adheera Bodasing (46)

BA, LLB, Intellectual Property Law

Non-executive director

Member of the Risk, Remuneration and Nomination Committees

Appointed 1 June 2017

Other directorships include: Polarity Consulting.

Adheera practiced as an attorney at both Spoor & Fisher and Edward Nathan Friedland (now ENS). She has a background in litigation, corporate and intellectual property law. She was previously chief director of legal services at the National Treasury.

Adheera is the managing director of Polarity Consulting, a business which she founded in 2007 that provides legal guidance and advocacy services to businesses in regulated industries such as the financial sector, gaming industry and energy sector.

Daphne Motsepe (62)

BCompt, MBA

Independent non-executive director

Member of the Risk, Remuneration, Nominations, and Social, Ethics and Transformation Committees

Appointed 1 June 2017

Other directorships include: Mercantile Bank, Edcon and Kapela Investment Holdings.

Daphne is an experienced banking executive and company director. She was formerly chief executive of Absa card and unsecured lending at Absa Bank and also served as managing director of Postbank.

She also serves as a trustee of Alexander Forbes Community Trust, SaveAct and CGAP. Daphne has previously served on the boards of Investec Bank, Thebe Investment Corporation and Woolworths.

Tapiwa Njikizana (43)

CA(SA) JSE Registered IFRS Advisor

Independent non-executive director

(Zimbabwean)

Member of the Audit and Risk Committees

Appointed 19 August 2019

Tapiwa is a Chartered Accountant (South Africa) and registered JSE IFRS advisor. He is an executive director at W.Consulting SA (Pty) Ltd. He has served as a non-executive director on the board of Iliad Africa Limited and currently serves on the board of Mercantile Bank Holding Limited. Tapiwa has also held roles in leading industry bodies and committees including as a member of the Accounting Practice Committee of SAICA, and as a member of the Financial Reporting Investigation Panel (formerly, GAAP Monitoring Panel) of the JSE.

Alan Smart (74)

Independent non-executive director

Member of the Risk, Remuneration, Nomination and Social, Ethics and Transformation Committees

Appointed as a non-executive director in 2009

Other directorships include: Monarch Insurance Company Limited.

Alan served as the chief executive officer of the Lewis Group from 1991 until his retirement in 2009 when he was appointed as a non-executive director. Alan started his career with Lewis in 1969. From 1995, in addition to his Lewis responsibilities he was chairman of GUS Canada Inc, a retail furniture group of 65 stores in eastern Canada and oversaw a turnaround programme. Alan served on the board of GUS plc from 1996 to 2004.

Duncan Westcott (69)

BSc Economics, FCA (UK), CA(SA)

Independent non-executive director

Chairman of the Audit and Risk Committees. Member of the Remuneration and Nomination Committees

Appointed 1 December 2017

Other directorships include: Monarch Insurance Company Limited and Standard Bank Mauritius.

Duncan is a retired partner of PricewaterhouseCoopers in South Africa and serves as chairman of the board of Standard Bank Mauritius.

Annexure 4: Summary financial statements

Income statement

for the year ended 31 March 2019

	Notes	2019 Audited Rm	2018 Audited Rm
Revenue		6 137.2	5 556.8
Retail revenue	4.2	4 242.3	3 524.2
Merchandise sales		3 519.9	2 865.0
Ancillary services		722.4	659.2
Insurance revenue		647.2	671.0
Effective interest income		1 247.7	1 361.6
Cost of merchandise sales	7	(2 069.3)	(1 677.8)
Operating costs		(3 624.9)	(3 499.7)
Debtor costs	2.2	(733.1)	(957.3)
Employment costs		(1 149.5)	(1 059.1)
Occupancy costs		(444.8)	(373.2)
Administration and IT		(348.3)	(328.8)
Transport and travel		(241.7)	(205.0)
Marketing		(298.3)	(246.6)
Depreciation and amortisation		(78.6)	(85.9)
Other operating costs		(330.6)	(243.8)
Operating profit before investment income		443.0	379.3
Investment income	3.2	50.3	62.4
Profit before finance costs		493.3	441.7
Net finance costs		(29.5)	(49.2)
Interest paid		(69.8)	(87.6)
Interest received		23.0	38.9
Forward exchange contracts		17.3	(0.5)
Profit before taxation		463.8	392.5
Taxation	10	(154.3)	(128.4)
Net profit attributable to ordinary shareholders		309.5	264.1
Earnings per share		(cents) 377.5	306.8
Diluted earnings per share		(cents) 368.7	301.3

Annexure 4: Summary financial statements

Statement of comprehensive income

for the year ended 31 March 2019

	2019 Audited Rm	2018 Audited Rm
Net profit for the year	309.5	264.1
Items that may be subsequently reclassified to income statement:		
Movement in other reserves	(10.1)	9.9
Fair value adjustments	(15.3)	22.8
Changes in the fair value of debt instruments at fair value through other comprehensive income FVOCI debt**/available-for-sale* investments	(21.3)	31.6
Tax effect	6.0	(8.8)
Disposals	0.2	(1.3)
Disposal of FVOCI debt/available-for-sale investments	0.3	(1.7)
Tax effect	(0.1)	0.4
Foreign currency translation reserve	5.0	(11.6)
Items that may not be subsequently reclassified to income statement:	(4.1)	42.6
Retirement benefit remeasurements	(5.7)	59.1
Tax effect	1.6	(16.5)
Other comprehensive income	(14.2)	52.5
Total comprehensive income for the year attributable to equity shareholders	295.3	316.6

* IAS 39 classification for the previous reporting period.

** Fair value through other comprehensive income ("FVOCI") – IFRS 9 Classification for the current reporting period.

Annexure 4: Summary financial statements

Earnings and dividends per share

for the year ended 31 March 2019

		2019 Audited	2018 Audited
Weighted average number of shares			
Weighted average	('000)	81 990	86 073
Diluted weighted average	('000)	83 950	87 670
Headline earnings			
Attributable earnings	(Rm)	309.5	264.1
Profit on disposal of fixed assets	(Rm)	(1.1)	(2.4)
Profit on disposal of available-for-sale investments	(Rm)	-	(1.2)
Headline earnings		308.4	260.5
Earnings per share			
Earnings per share	(cents)	377.5	306.8
Diluted earnings per share	(cents)	368.7	301.3
Headline earnings per share			
Headline earnings per share	(cents)	376.2	302.6
Diluted headline earnings per share	(cents)	367.4	297.1
Dividends per share			
Dividends paid per share			
Final dividend 2018 (2017)	(cents)	100.0	100.0
Interim dividend 2019 (2018)	(cents)	105.0	100.0
		205.0	200.0
Dividends declared per share			
Interim dividend 2019 (2018)	(cents)	105.0	100.0
Final dividend 2019 (2018)	(cents)	129.0	100.0
		234.0	200.0

Annexure 4: Summary financial statements

Balance sheet

for the year ended 31 March 2019

	Notes	2019 Audited Rm	2018 Audited Restated Rm
Assets			
Non-current assets			
Property, plant and equipment		298.9	301.8
Intangible assets		122.3	117.8
Goodwill		187.6	187.6
Deferred taxation		195.4	10.9
Retirement benefit asset		79.0	91.1
Financial assets – insurance investments	3.1	276.1	471.0
		1 159.3	1 180.2
Current assets			
Inventories		665.8	579.7
Trade and other receivables	2.1	3 315.6	4 200.0
Insurance premiums in advance		–	75.6
Taxation		102.9	136.5
Financial assets – insurance investments	3.1	340.7	135.4
Cash-on-hand and deposits		204.7	608.4
		4 629.7	5 735.6
Total assets		5 789.0	6 915.8
Equity and liabilities			
Capital and reserves			
Share capital and premium		0.9	425.0
Treasury shares	9	(0.5)	(480.2)
Other reserves		48.4	42.6
Retained earnings		4 827.3	5 461.1
		4 876.1	5 448.5
Non-current liabilities			
Long-term interest-bearing borrowings	5	–	–
Deferred taxation		43.2	121.0
Retirement benefit liability		87.2	89.8
		130.4	210.8
Current liabilities			
Trade and other payables		521.8	379.2
Payments in advance		158.0	168.9
Reinsurance and insurance liabilities		102.7	176.8
Short-term interest-bearing borrowings	5	–	531.6
		782.5	1 256.5
Total equity and liabilities		5 789.0	6 915.8

Annexure 4: Summary financial statements

Statement of changes in equity

for the year ended 31 March 2019

	Notes	2019 Audited Rm	2018 Audited Rm
Share capital and premium			
Opening balance		425.0	588.5
Cost of own shares acquired		(99.0)	(163.5)
Treasury shares cancelled	9	(477.7)	–
Transfer of cost of cancelled shares	9	152.6	–
		0.9	425.0
Treasury shares			
Opening balance		(480.2)	(480.2)
Share awards to employees		8.1	–
Cost of own shares acquired		(6.1)	–
Treasury shares cancelled	9	477.7	–
		(0.5)	(480.2)
Other reserves			
Opening balance		42.6	6.2
Other comprehensive income for the year			
Changes in fair value of FVOCI debt/available-for-sale investments		(15.3)	22.8
Disposal of FVOCI debt/available-for-sale investments		0.2	(1.3)
Foreign currency translation reserve		5.0	(11.6)
Share-based payment		36.2	26.5
Transfer of share-based payment reserve to retained earnings on vesting		(20.3)	–
		48.4	42.6
Retained earnings			
Opening balance as previously reported		5 461.1	5 325.9
IFRS 9 Transitional adjustments		(604.8)	–
IFRS 15 Transitional adjustments		(26.0)	–
Opening balance (Restated)		4 830.3	5 325.9
Net profit attributable to ordinary shareholders		309.5	264.1
Distribution to shareholders		(168.0)	(171.5)
Transfer of cost of cancelled shares	9	(152.6)	–
Transfer of share-based payment reserve to retained earnings on vesting		20.3	–
Retirement benefit remeasurements		(4.1)	42.6
Share awards to employees		(8.1)	–
		4 827.3	5 461.1
Balance as at 31 March		4 876.1	5 448.5

Annexure 4: Summary financial statements

Cash flow statement

for the year ended 31 March 2019

	Notes	2019 Audited Rm	2018 Audited Rm
Cash flow from operating activities			
Cash flow from trading	8.1	501.8	606.3
Changes in working capital	8.2	150.7	101.9
Cash flow from operations		652.5	708.2
Interest received other than from trade receivables		73.0	99.5
Interest paid		(69.8)	(88.1)
Taxation paid		(128.1)	(58.5)
		527.6	661.1
Cash utilised in investing activities			
Net disposals of insurance business investments		(31.1)	176.0
Purchase of insurance investments		(293.3)	(81.5)
Disposals of insurance investments		262.2	257.5
Acquisition of property, plant and equipment		(88.6)	(44.4)
Purchase of businesses		(16.5)	(234.6)
Proceeds on disposal of property, plant and equipment		9.6	12.4
		(126.6)	(90.6)
Cash flow from financing activities			
Dividends paid		(168.0)	(171.5)
Repayments of borrowings		(502.8)	(422.2)
Purchase of own shares		(105.1)	(163.5)
		(775.9)	(757.2)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		579.6	766.3
Cash and cash equivalents at the end of the year		204.7	579.6

Notes to the summary financial statements

for the year ended 31 March 2019

1. Basis of reporting

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except as disclosed in note 1.2.

The group's trading cycle, consistent with prior financial periods, ends on the fifth day after the month being reported on, unless such day falls on a Sunday, in which case it ends on the fourth day. The financial results have been consistently prepared on this basis in prior years and each financial year reflects one year's trading performance, including the current and comparative year being reported on.

These financial statements are a summary of the group's audited annual financial statements for the year ended 31 March 2019. The audited annual financial statements were prepared by the group's Finance Department under the supervision of Mr. J Bestbier CA(SA). A copy of the full set of the audited financial statements is available for inspection at the company's registered office.

1.2 Changes in accounting policies and restatements

1.2.1 Adoption of IFRS 9

The group has adopted IFRS 9 with effect from 1 April 2018. The group has elected not to restate its comparative information as permitted by IFRS 9. Accordingly, the impact of IFRS 9 has been applied retrospectively with an adjustment to the group's opening retained earnings on 1 April 2018. Therefore comparative information in the prior period annual financial statements has not been amended for the impact of IFRS 9.

The major changes in accounting policies arising from the adoption of IFRS 9 can be summarised as follows:

- The impairment of financial assets has been significantly amended by IFRS 9. The main impact being that IFRS 9 introduces an expected credit loss model when assessing the impairment of financial assets. The group has elected to use the simplified model for trade receivables while the general model applies to all other assets.
- The classification of financial instruments from IAS 39 to IFRS 9 categories. This has had no impact in the opening reserves of the group or the carrying values of the financial instruments.

The adjustment to opening retained earnings for the transition to the expected credit loss model (impairment of trade receivables) as at 1 April 2018 is as follows:

	Rm
Decrease in trade receivables	(841.9)
Attributable deferred tax	237.1
Decrease in retained earnings as at 1 April 2018	(604.8)

Interest income

The following change to the effective interest recognition policy was also required following the adoption of IFRS 9:

Interest income is calculated by applying the effective interest rate to the gross carrying value of financial assets, except for financial assets that have subsequently become credit-impaired (or "stage 3"), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. gross carrying value less impairment provision).

Notes to the summary financial statements continued

for the year ended 31 March 2019

1.2.2 Adoption of IFRS 15

The group has adopted IFRS 15 with effect 1 April 2018. In adopting IFRS 15, comparative financial information has not been restated and the impact of transitioning to IFRS 15 is reflected as an adjustment to opening retained earnings as at 1 April 2018.

The following change to the accounting policy was required as a consequence of transitioning to IFRS 15:

Refund obligation

It is a policy to sell goods with the right of return in terms of current consumer legislation. Such sales are cancelled where the right of return is exercised. Under IFRS 15, a refund liability for the expected refunds is recognised as an adjustment to revenue and trade and other payables. The corresponding right to recover the product from the customer is an adjustment to cost of sales and inventory.

The adjustment to opening retained earnings as at 1 April 2018 is as follows:

	Rm
Gross amount	(36.1)
Increase in trade and other payables	(62.6)
Increase in inventory	26.5
Attributable deferred tax	10.1
Decrease in retained earnings as at 1 April 2018	(26.0)

1.2.3 Restatements

The following restatements were made:

Where customers have settled their accounts or where customers have paid in advance of Lewis performing under the maintenance contract, there was a remaining period under the said maintenance contract for which Lewis still had to provide a service. Previously, the gross carrying value of trade receivables was incorrectly reduced to the extent of the remaining unearned maintenance income. This has been restated to payments in advance and disclosed under current liabilities.

Where customers have paid in advance for goods still to be delivered under the sales contract, this was previously included in trade and other payables. This has been restated as payments in advance and disclosed under current liabilities.

The restatements have the following impact on trade receivables, trade and other payables and payments in advance for the year ending 31 March 2018:

	Trade receivables	Trade payables	Payments in advance
March 2018 - previously reported	4 068.9	417.0	-
March 2018 - effect of change	131.1	(37.8)	168.9
March 2018 - restated	4 200.0	379.2	168.9

	2019 Audited	2018 Audited Restated
	Rm	Rm
2. Trade and other receivables		
2.1 Trade receivables		
Trade receivables	5 527.8	5 608.7
Provision for impairment	(2 323.1)	(1 619.5)
Trade receivables (net)	3 204.7	3 989.2
Due within 12 months	2 012.9	2 571.8
Due after 12 months	1 191.8	1 417.4
Other receivables	110.9	210.8
Total trade and other receivables	3 315.6	4 200.0
Debtors' impairment provision as percentage of net debtors	(%) 42.0	28.9

Amounts due from trade receivables after one year are reflected as current, as they form part of the normal operating cycle. The credit terms of trade receivables range from 6 to 36 months.

Credit risk of trade receivables

Credit risk is the risk of suffering financial loss, should any of the group's customers and counterparties fail to fulfil their contractual obligations with the group. The main credit risk faced is that customers will not meet their payment obligations in terms of the sale agreements concluded.

Credit granting

The group has developed advanced credit-granting systems to properly assess the credit worthiness of customers. The credit underwriting process flows through the following stages:

- Credit scoring: this involves the gathering of appropriate information from the client, use of credit bureaus and third parties such as employers. These input variables are run through the various credit scorecards. Lewis deals with its new customers and existing customers differently when credit scoring takes place. The process is as follows:
 - for new customers, application risk scorecards predict the risk with the emphasis for such an evaluation on information from credit bureaus and third-party information.
 - for existing customers, behavioural scorecards have been developed to assess the risk through predictive behaviour with the emphasis on the customer's payment record with Lewis, bureau and other information being considered.
- Assessing client affordability: this process involves collecting information regarding the customer's income levels, expenses and current debt obligations. Lewis has its own priority expense model based on surveys conducted with customers in addition to the National Credit Regulator's expense table.
- Determining the credit limit for the customer: the customer's risk score determined by the scorecard together with the affordability assessment and outstanding obligations are used to calculate a credit limit within the customer's affordability level.

The credit granting systems enable the group to determine its appetite for risk.

In determining the acceptable level of risk, the potential loss is weighed up against the revenue potential using the predictive behavioural models inherent in the credit-granting system. The group continuously monitors any variances from the level of risk that has been adopted.

The group manages its risk effectively by assessing the customer's ability to service the proposed monthly instalment.

Notes to the summary financial statements continued

for the year ended 31 March 2019

2. Trade and other receivables continued

2.1 Trade receivables continued

Impairment provision

The customer's payment profile is managed by using payment ratings. Payment ratings are determined on an individual customer level and aggregated over all the customer's sub-accounts. Payment ratings measure the customer's actual payments received over the lifetime of the account relative to the instalments due in terms of the contract. These payment ratings are used to categorise and report on customer's at the store level to follow up the slow paying and non-performing customers.

In accordance with IFRS 9, the group has elected to measure the impairment allowance equal to the lifetime expected credit losses ("ECL"). The lifetime ECL is calculated by determining cash flows on a probability weighted basis and discounting these at the effective interest rate in the contract, including initiation fees. The discounted cash flow is compared to the balance owing at point of assessment to determine the ECL.

The probability weighted cash flows are calculated using the debtor book population's payment behaviour in combination with a transition matrix. The transition matrix and payment performance for each payment state has been developed utilising customer payment history. The transition matrix predicts the population's payment behaviour and probability of the account being in a particular payment state and transitioning into future payment states. The key states in the transitional matrix are the customer's lifetime payment rating, time on book and contractual term. For modelling purposes, cash flows are forecast until the account is written off or settled.

The impairment provision applicable to each payment rating and the trending thereof, is evaluated with collection rates and customer payment data produced by the credit risk information systems.

The key indicators that are reviewed include, *inter alia*, the following:

- Number of satisfactorily paid customers. The key operational objective is to have as many satisfactory paid customers as possible as it is the group's expectation that these customers will settle their accounts, albeit that certain categories of satisfactory paid customers may settle past their contractual term. Satisfactory paid customers are the source of future repeat business which is one of the core strengths of the business model.
- The level of impairment provision applicable to each payment rating and the trend thereof. The impairment calculation is performed on a monthly basis taking into account the payment behaviour of the debtors book having regard to the customer's lifetime payment rating, time on book and contractual term.

Contractual arrears

The key aspect of the arrear calculation is Lewis' policy not to reschedule arrears nor to amend the terms of the original contract. In other words, the contractual arrears calculated is the actual arrears in terms of the originally signed agreement.

From the onset of the agreement, contractual arrears is calculated by comparing payments made life to date with the originally calculated instalments due life to date, causing a customer who is paying less than the required contracted instalment to immediately fall into arrears. Once the customer exceeds the term of the agreement by paying less than the required contracted instalments, the full balance owing will be in arrear. The group does not consider arrears the leading indicator, but rather payment ratings for the reasons mentioned above.

Combined impairment and contractual arrears table

The table reflects the following:

- A summary of the main groupings of payment ratings describing payment behaviour.
- For each of the main groupings of payment ratings, the following is disclosed:
 - Number of customers;
 - Gross receivables or gross carrying value;
 - Impairment provision allocated to each grouping; and
 - Contractual arrears for each grouping have been categorised by number of instalments in arrears.

The table referred to above is set out on the following page:

2. Trade and other receivables continued

2.1 Trade receivables continued

Debtor analysis 31 March 2019

Customer grouping	Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears			
						1 R'000	2 R'000	3 R'000	>3 R'000
Satisfactory paid Customers who have paid 70% or more of amounts due over the contract period. %	418 355 71.4	3 282 938 59.4	593 578 25.6	18.1	534 435	156 625	105 396	76 314	196 100
Slow payers Customers who have paid 55% to 70% of amounts due over the contract period. %	88 969 15.2	959 418 17.4	612 172 26.3	63.8	606 735	68 541	65 290	60 511	412 393
Non-performing accounts Customers who have paid less than 55% of amounts due over the contract period. %	78 426 13.4	1 285 439 23.3	1 117 328 48.1	86.9	987 580	63 762	62 451	60 902	800 465
Gross debtor analysis	585 750	5 527 795	2 323 078	42.0	2 128 750	288 928	233 137	197 727	1 408 958

Credit impaired debtors as at 31 March 2019

Credit impaired categories	Non-performing accounts R'000	In duplum		Debt counselling		No payment in 3 consecutive months		Total R'000
		Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	
Gross carrying value as at 31 March 2019	1 285 439	13 182	43 748	35 277	70 006	45 259	70 650	1 563 561
Impairment provision	(1 117 328)	(5 578)	(30 605)	(7 661)	(39 764)	(9 842)	(39 900)	(1 250 678)
Amortised cost	168 111	7 604	13 143	27 616	30 242	35 417	30 750	312 883

Notes to the summary financial statements continued

for the year ended 31 March 2019

1 April 2018 (transition to IFRS 9)

Customer grouping	Number of customers	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears			
						1 R'000	2 R'000	3 R'000	>3 R'000
Satisfactory paid Customers who have paid 70% or more of amounts due over the contract period.	Total 401 183 68.4	3 063 886 55.0	675 971 27.9	22.1	549 506 24.1	155 673	105 593	77 633	210 607
Slow payers Customers who have paid 55% to 70% of amounts due over the contract period.	97 251 16.5	1 049 782 18.9	608 716 25.1	58.0	665 893 29.2	72 167	69 010	64 474	460 242
Non-performing accounts Customers who have paid less than 55% of amounts due over the contract period.	88 430 15.1	1 455 670 26.1	1 137 347 47.0	78.1	1 062 130 46.6	67 452	66 131	64 513	864 034
Gross debtor analysis	586 864	5 569 338	2 422 034	43.5	2 277 529	295 292	240 734	206 620	1 534 883

Credit impaired debtors as at 1 April 2018

Credit impaired categories	Non-performing accounts R'000	In duplum		Debt counselling		No payment in 3 consecutive months		Total R'000
		Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	
Gross carrying value as at 1 April 2018	1 455 670	5 378	26 244	32 567	75 005	52 448	83 327	1 730 639
Impairment provision	(1 137 347)	(3 184)	(16 341)	(10 364)	(43 978)	(14 204)	(45 155)	(1 270 573)
Amortised cost	318 323	2 194	9 903	22 203	31 027	38 244	38 172	460 066

2. Trade and other receivables continued

2.1 Trade receivables continued

31 March 2018 (IAS 39) (Restated)

Customer grouping	Number of customers Total	Gross receivables R'000	Impairment provision R'000	Total arrears R'000	Instalments in arrears			
					1 R'000	2 R'000	3 R'000	>3 R'000
Satisfactory paid Customers who have paid 70% or more of amounts due over the contract period. %	401 183 68.4	3 521 017 57.9	18 039 1.1	549 506	105 593	77 633	210 607	
Slow payers Customers who have paid 65% to 70% of amounts due over the contract period. %	51 311 8.7	522 578 8.6	196 021 12.1	308 975	36 230	33 546	201 605	
Non-performing accounts Customers who have paid between 55% and 65% of amounts due over the contract period. %	45 940 7.8	563 339 9.3	262 519 16.2	356 918	32 780	30 928	258 637	
Non-performing accounts Customers who have paid 55% or less of amounts due over the contract period. %	88 430 15.1	1 471 294 24.2	1 142 920 70.6	1 062 130	66 131	64 513	864 034	
Gross debtor analysis	586 864	6 078 228	1 619 499	2 277 529	240 734	206 620	1 534 883	
Unearned provision		(469 549)						
Gross carrying value		5 608 679	28.9%					

Notes to the summary financial statements continued

for the year ended 31 March 2019

2. Trade and other receivables continued**2.1 Trade receivables** continued**Interest rate risk**

Interest rates charged to customers are fixed at the date the contract is entered into. Consequently, there is no interest rate risk associated with these contracts during the term of the contract.

The average effective interest rate on instalment sale and loan receivables is 22.8% (2018: 22.7%) and the average term of the sale is 32.8 months (2018: 32.8 months).

Fair value

In terms of paragraph 29(a) of IFRS 7, the carrying amounts reported in the balance sheet approximates fair value.

	2019 Audited Rm	2018 Audited Rm
2.2 Debtor costs		
Bad debts	894.9	958.7
Bad debts before credit impairment adjustment	1 005.3	958.7
Credit impairment adjustment	(110.4)	–
Bad debt recoveries	(62.8)	(60.3)
Movement in debtors' impairment provision	(99.0)	58.9
Closing balance	2 323.1	1 619.5
Transition to IFRS 9	(802.6)	–
Opening balance	(1 619.5)	(1 560.6)
	733.1	957.3
Debtor costs as a percentage of trade receivables (%)	13.3	17.5

Included in bad debts in the current year is a reduction relating to credit impaired accounts. Interest income is recognised by applying the effective interest rate to the amortised cost (gross carrying value less impairment provision), resulting in lower bad debts.

	2019 Audited Rm	2018 Audited Rm
3. Insurance		
3.1 Insurance investments		
Financial assets - insurance investments		
<i>Listed investments</i>		
Fixed income securities - FVOCI debt/available-for-sale investments	276.1	471.0
<i>Unlisted investments</i>		
Money market - FVOCI debt/available-for-sale investments	340.7	135.4
	616.8	606.4
Analysed as follows:		
Non-current	276.1	471.0
Current	340.7	135.4
	616.8	606.4
Movement for the year		
Beginning of the year	606.4	750.8
Additions to investments	293.3	81.5
Disposals of investments	(261.9)	(255.7)
Fair value adjustment	(21.0)	29.8
End of the year	616.8	606.4

A register of listed investments is available for inspection at the company's registered office.

Notes to the summary financial statements continued

for the year ended 31 March 2019

3. Insurance continued**3.1 Insurance investments** continued**Fair value hierarchy**

The following table presents the assets recognised and subsequently measured at fair value:

	Level 2 Rm	Total Rm
2019		
Insurance investments:		
Fixed income securities – FVOCI debt	276.1	276.1
Money market – FVOCI debt	340.7	340.7
	616.8	616.8
2018		
Insurance investments:		
Fixed income securities – available-for-sale	471.0	471.0
Money market – available-for-sale	135.4	135.4
	606.4	606.4

The categorisation of the valuation techniques used to value the assets at fair value are as set out in IFRS 13.

	2019 Audited Rm	2018 Audited Rm
3.2 Investment income		
Interest – insurance business	50.0	60.7
Realised gain on disposal of insurance investments	0.3	1.7
	50.3	62.4

	2019 Audited Rm	2018 Audited Rm
4. Revenue		
4.1 Revenue	6 137.2	5 556.8
Retail revenue - revenue from contracts with customers	4 242.3	3 524.2
Merchandise sales	3 519.9	2 865.0
Ancillary services	722.4	659.2
Insurance revenue	647.2	671.0
Effective interest income	1 247.7	1 361.6
Finance charges and initiation fees earned	1 358.1	1 361.6
Credit impairment adjustment	(110.4)	-

	Traditional Rm	Cash Rm	Omni- Channel Rm	Total Rm
4.2 Retail revenue				
2019				
Merchandise sales				
- Cash	1 002.9	478.4	0.5	1 481.8
- Credit	2 011.4	-	26.7	2 038.1
Ancillary services				
- At a point in time	156.0	8.6	0.2	164.8
- Over time	556.8	-	0.8	557.6
	3 727.1	487.0	28.2	4 242.3
2018				
Merchandise sales				
- Cash	915.5	64.9	-	980.4
- Credit	1 884.6	-	-	1 884.6
Ancillary services				
- At a point in time	143.7	1.1	-	144.8
- Over time	514.4	-	-	514.4
	3 458.2	66.0	-	3 524.2

Notes to the summary financial statements continued

for the year ended 31 March 2019

	2019 Audited Rm	2018 Audited Rm
5. Borrowings, banking facilities and cash		
Interest-bearing borrowings		
Long-term		
Banking facilities	–	–
Short-term		
Banking facilities	–	502.8
Bank overdrafts	–	28.8
	–	531.6
Cash-on-hand and deposits	(204.7)	(608.4)
Net borrowings	(204.7)	(76.8)
Unutilised facilities		
Banking facilities	1 500.0	1 618.4
Domestic medium term note programme	2 000.0	2 000.0
	3 500.0	3 618.4
Available facilities	3 704.7	3 541.6
Interest rate profile		
Interest rate profile of borrowings is as follows:		
– Bank borrowings at interest rates linked to three month JIBAR.		
The weighted average interest rate at the end of the reporting period is 9.1% (2018: 9.1%).	–	502.8
	–	502.8
Cash and cash equivalents		
Cash-on-hand and deposits	204.7	608.4
Bank overdrafts	–	(28.8)
	204.7	579.6
Capital management		
Net debt	(204.7)	(76.8)
Shareholder's equity	4 876.1	5 448.5
Gearing ratio	(4.2)	(1.4)
	(%)	

	Traditional Rm	Cash retail ¹ Rm	Omni- channel Rm	Group Rm
6. Reportable segments				
Primary				
2019				
Revenue	5 619.5	487.0	30.7	6 137.2
Operating profit before investment income	429.4	40.5	(26.9)	443.0
Operating margin (%)	7.6	8.3	(87.6)	7.2
Segment assets	3 696.3	136.1	38.1	3 870.5
2018 (Restated)				
Revenue	5 490.8	66.0	–	5 556.8
Operating profit before investment income	383.5	(4.2)	–	379.3
Operating margin (%)	7.0	(6.4)	–	6.8
Segment assets	4 458.9	110.0	–	4 568.9

¹ In 2018, reflects only two months trading since its acquisition by the group.

Change in segments

During the year, the group changed its operating segments to reflect the new strategic direction of the group, especially with regard to the acquired businesses and the development of new business ventures. The operating segments are as follows:

- Traditional business which consists of credit-focused brands of Lewis, Best Home and Electric and Beares.
- Cash business, UFO.
- Omni-channel business, being newly launched INspire.

In accordance with IFRS 8, the comparatives have been prepared as if these reportable segments were in place in the prior periods.

	South Africa Rm	Namibia Rm	BLE* Rm	Group Rm
Geographical				
2019				
Revenue	5 131.2	491.6	514.4	6 137.2
2018				
Revenue	4 551.2	497.6	508.0	5 556.8

* Botswana, Lesotho and Eswatini.

Notes to the summary financial statements continued

for the year ended 31 March 2019

	2019 Audited Rm	2018 Audited Rm
7. Gross profit		
Merchandise sales	3 519.9	2 865.0
Cost of merchandise sales	(2 069.3)	(1 677.8)
Merchandise gross profit	1 450.6	1 187.2
Gross profit percentage	(%) 41.2	41.4

	2019 Audited Rm	2018 Audited Restated Rm
8. Cash flow from operations		
8.1 Cash flow from trading	501.8	606.3
Operating profit before investment income	443.0	379.3
<i>Adjusted for:</i>		
Share-based payments	36.2	26.5
Depreciation and amortisation	78.6	85.9
Movement in debtors impairment provision	(99.0)	58.9
Movement in other provisions	23.3	47.8
Other movements	19.7	7.9
Included in cash flow from trading is interest received on trade receivables of R1 358.1 million.		
8.2 Changes in working capital	150.7	101.9
Increase in inventories	(63.6)	(27.3)
Decrease in trade and other receivables	146.5	82.9
Increase/(decrease) in trade payables	77.2	(23.4)
(Decrease)/increase in payments in advance	(10.9)	31.9
Decrease in insurance premiums in advance	75.6	327.6
Decrease in reinsurance asset	-	152.2
Decrease in reinsurance and insurance liabilities	(74.1)	(442.0)
The 2018 comparatives for changes in trade and other receivables, trade payables and payments in advance have been updated for the restatement set out in note 1.2.3.		

9. Cancellation of treasury shares

Lewis Stores (Pty) Ltd (“Lewis Stores”), previously held 9 216 928 ordinary shares in Lewis Group Ltd (“the company”), which comprised approximately 9.95% of the issued ordinary shares of the company. On 4 June 2018, Lewis Stores made a distribution in specie of the treasury shares to the company, in its capacity as the holding company of Lewis Stores. On completion of the distribution, the treasury shares have reverted to the authorised, but unissued share capital of the company with effect from 4 June 2018. There are no longer any treasury shares in issue held by the company’s subsidiaries, except for the Lewis Employee Incentive Share Trust (“Share Trust”), as defined by the Companies Act of 2008.

The dividend in specie in the statement of changes in equity relates to the distribution of the company’s own shares as a dividend from its subsidiary entity. This is accounted for as a transaction in equity as gains or losses on own shares are not recognised in profit or loss.

The Share Trust effectively holds 15 842 shares, all of which will be utilised to cover share awards granted to executives.

	2019 Audited Rm	2018 Audited Rm
10. Taxation		
Taxation charge		
Normal taxation		
Current year	107.0	93.5
Prior year	36.7	(0.6)
Deferred taxation		
Current year	23.3	29.8
Prior year	(27.7)	(6.8)
Withholding tax	15.0	12.5
Taxation per income statement	154.3	128.4
Tax rate reconciliation		
Profit before taxation	463.8	392.5
Taxation calculated at a tax rate of 28% (2018: 28%)	129.9	109.9
Differing tax rates in foreign countries	3.5	4.5
Disallowances	7.9	22.8
Exemptions	(11.0)	(13.9)
Prior years	9.0	(7.4)
Withholding tax	15.0	12.5
Taxation per income statement	154.3	128.4
Effective tax rate	(%) 33.3	32.7

Notes to the summary financial statements continued

for the year ended 31 March 2019

11. New standards and interpretations not yet effective

IFRS 16

IFRS 16 (Leases) replaces IAS 17 with effect from the year ending 31 March 2020. IFRS 16 will result in most leases being recognised in the balance sheet, as the distinction between operating and finance leases has been removed. Under the new standard, an asset representing the right to use the leased item, with a related lease liability for the obligation to pay rentals, will be recognised. The only exceptions are short-term and low-value leases.

The group has set up a project team which has reviewed all of the group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16 and is in the process of quantifying the effect. The new standard will primarily affect the accounting for operating leases relating to retail stores. As at the reporting date the group has non-cancellable operating lease commitments of R656.2 million.

IFRS 17

IFRS 17 (Insurance Contracts) which replaces IFRS 4, applies to insurance contracts and reinsurance contracts. The standard will apply to the group for the year ending 31 March 2023. Management has not yet performed an assessment of the potential impact of the implementation of this new standard.

12. Post balance sheet events

There were no significant post balance sheet events that occurred between the year end and the date of approval of the financial statements by the directors.

Form of proxy



Lewis Group Limited

Incorporated in the Republic of South Africa
 Registration number: 2004/009817/06
 JSE share code: LEW
 ISIN: ZAE000058236
 (“**Lewis Group**” or “**the Company**”)

For use at the annual general meeting of the Company to be held at Lewis Group Head Office, 53A Victoria Road, Woodstock, on 25 October 2019 at 08:30 am (“**the annual general meeting**”).

Not to be used by beneficial holders of shares who have dematerialised their shares (“**dematerialised shares**”) through a Central Securities Depository Participant (“**CSDP**”) or broker, as the case may be, unless you are recorded on the sub-register as an “own name” dematerialised shareholder (“**own-name dematerialised shareholder**”). Generally, you will not be an own-name dematerialised shareholder unless you have specifically requested the CSDP to record you as the holder of the shares in your own name in the Company’s sub-register.

Only for use by certificated, own-name dematerialised shareholders and CSDP’s or brokers (or their nominees) registered in the Company’s sub-register as the holder of dematerialised ordinary shares.

I/We

of _____ (address)

Telephone: (Work) _____ Telephone: (Home) _____

being the holder/s of _____ ordinary shares in the Company, hereby appoint (see instruction overleaf)

1. _____ or failing him/her

2. _____ or failing him/her

3. The chairperson of the annual general meeting,

as my/our proxy to attend, speak and vote (or abstain from voting) and act for me/us and on my/our behalf at the annual general meeting to be held at 08:30 am on 25 October 2019 for the purpose of considering and if deemed fit passing, with or without modification, the resolutions to be proposed thereat and at any adjournment or postponement thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see instruction overleaf).

		Insert an “X”		
		In favour	Against	Abstain
Ordinary resolution 1.1	Re-election of Ms Adheera Bodasing as a director			
Ordinary resolution 1.2	Re-election of Ms Daphne Motsepe as a director			
Ordinary resolution 1.3	Re-election of Prof. Fatima Abrahams as a director			
Ordinary resolution 1.4	Election of Mr Tapiwa Njikizana as a director			
Ordinary resolution 2.1	Election of Mr Alan Smart as a member of the audit committee			
Ordinary resolution 2.2	Election of Mr Duncan Westcott as a member of the audit committee			
Ordinary resolution 2.3	Election of Mr Tapiwa Njikizana as a member of the audit committee			
Ordinary resolution number 3	Approval of re-appointment of auditors			
Non-binding advisory vote 1	Endorsement of the Company’s remuneration policy			
Non-binding advisory vote 2	Endorsement of the Company’s implementation report			
Special resolution number 1	Approval of non-executive directors’ fees			
Special resolution number 2	Shareholders’ authorisation of continued issuance of Notes under the Company’s Domestic Medium Term Notes Programme			
Special resolution number 3	Shareholder’s general authorisation of financial assistance			
Special resolution number 4	General authority to repurchase shares			
Special resolution number 5	Adoption of the Lewis 2019 Executive Retention Scheme			
Special resolution number 6	Adoption of the Lewis 2019 Executive Performance Scheme			
Ordinary resolution number 4	Directors’ authority to implement Company resolutions			

Insert an “X” in the relevant spaces above according to how you wish your votes to be cast. 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 (instruction overleaf).

Signed at _____ on _____ 2019

Signature/s _____ (Authority of signatory to be attached of applicable – see instruction overleaf)

Assisted by _____ (where applicable)

Telephone number: _____

Please read the notes on reverse side.

Notes to the form of proxy

Instructions on signing and lodging the proxy form

- 1) A certificated or own-name dematerialised shareholder or CSDP or broker registered in the Company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.
- 2) A shareholder's voting instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
- 3) A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
- 4) Proxy forms should be lodged with the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2107) to be received by no later than 08:30 on 23 October 2019 for administrative purposes, or may thereafter be delivered by hand to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting.
- 5) Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting. CSDPs or brokers registered in the Company's sub-register voting on instructions from owners of shares registered in the Company's sub-sub-register, are requested that they identify the owner in the sub-sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company's secretary together with this form of proxy.
- 6) In the case of joint holder, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the register of shareholders in respect of the joint holding.
- 7) The completion and lodging of this proxy form shall not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such member wish to do so.
- 8) The completion of any blank spaces overleaf need to be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
- 9) The chairman of the annual general meeting may in his absolute discretion reject or accept any proxy form which is completed other than in accordance with these notes.
- 10) If required, additional forms of proxy are available from the secretary of the Company.
- 11) Shareholders which are a company or body corporate may by resolution of their directors, or other properly authorised body, authorise any person to act as their representative. The representative will be counted in the quorum and will be entitled to vote on a show of hands or on a poll.
- 12) The shareholder's proxy may delegate his/her authority to act on the shareholder's behalf to another person, subject to any restriction set out in the proxy form.
- 13) The appointment of the proxy or proxies will be suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any of the shareholder's rights as a shareholder at the annual general meeting.
- 14) The appointment of a proxy is revocable unless the shareholder expressly states otherwise in the proxy form.
- 15) As the appointment of the shareholder's proxy is revocable, the 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. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on the shareholder's behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid.
- 16) If the proxy form has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act to be delivered by the Company to the shareholder will be delivered by the Company to the shareholder or the shareholder's proxy or proxies, if the shareholder has directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so.
- 17) The shareholder's proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder at the annual general meeting, but only as directed by the shareholder on the proxy form.
- 18) The appointment of the shareholder's proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of one year, whichever is shortest, unless it is revoked by the shareholder before then on the basis set out above.

Corporate information

Non-executive directors:	Hilton Saven* (Chairman), Prof Fatima Abrahams*, Adheera Bodasing, Daphne Motsepe* Alan Smart*, Duncan Westcott* <i>*Independent</i>
Executive directors:	Johan Enslin (chief executive officer) Jacques Bestbier (chief financial officer)
Company secretary:	Ntokozo Makomba
Auditors:	PricewaterhouseCoopers Inc 5 Silo Square, V&A Waterfront, Victoria & Alfred Waterfront, Cape Town, 8001
Transfer secretaries:	Computershare Investor Services (Pty) Ltd 7 Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196 PO Box 61051, Marshalltown, 2107
Sponsor:	UBS South Africa (Pty) Ltd Registration number: 1995/011140/07 64 Wierda Road East, Wierda Valley, Sandton, 2196 PO Box 652863, Benmore, 2010
Debt sponsor:	ABSA Bank Limited, acting through its Corporate and Investment Banking Division
Legal adviser:	Edward Nathan Sonnenbergs Inc. 1 North Wharf Square, Lower Loop Street, Cape Town 8001 PO Box 2293, Cape Town, 8000
Registered office:	53A Victoria Road, Woodstock, 7925 PO Box 43, Woodstock, 7915
Registration number:	2004/009817/06
Place of incorporation:	Republic of South Africa
Date of incorporation:	19 April 2004
Share Code:	LEW
ISIN:	ZAE000058236
Bond Code:	LEWI





www.lewisgroup.co.za