

Notice of annual general meeting

Notice is hereby given that the 18th Annual General Meeting of shareholders of Dis-Chem Pharmacies Limited ("Dis-Chem" or "the Company") will be held at Standard Bank, 30 Baker Street, Rosebank, on Friday, 27 July 2018 at 10:00. To ensure that registration procedures are completed by 10:00, please register for the Annual General Meeting from 09:30. Only those shareholders listed in the shareholders' register as at Friday, 20 July 2018 will be eligible to vote at the Annual General Meeting. Accordingly, the last day to trade to be recorded in the register is Tuesday, 17 July 2018.

The purpose of the Annual General Meeting is to propose the passing of the following ordinary and special resolutions:

1. ORDINARY RESOLUTION NUMBER 1

Approval of annual financial statements

Resolved that the annual financial statements of the Company and its subsidiary companies for the year ended 28 February 2018, together with the reports of the Directors, Auditors and Audit and Risk Management Committee be and are hereby considered and adopted.

2. ORDINARY RESOLUTION NUMBER 2

Appointment of auditors and designated auditor

Resolved that Ernst and Young Inc. be and are hereby re-appointed auditors of the Company and that Mr Derek Engelbrecht is hereby appointed the designated auditor to hold office for the ensuing year.

The Company's Audit and Risk Committee has recommended the re-appointment of Ernst & Young Inc. as auditors of the Company with Mr Derek Engelbrecht being appointed the designated auditor for the current financial year.

3. ORDINARY RESOLUTION NUMBER 3

Re-election of director

Resolved that Mr Mark John Bowman, who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The *curriculum vitae* for Mr. Bowman appears on page 23 of this annual report.

4. ORDINARY RESOLUTION NUMBER 4

Re-election of director

Resolved that Ms Anuschka Coovadia, who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The *curriculum vitae* for Ms Coovadia appears on page 23 of this annual report.

5. ORDINARY RESOLUTION NUMBER 5

Appointment of Audit and Risk Committee member

Resolved that Ms Anuschka Coovadia be appointed a member of the Company's Audit and Risk Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

6. ORDINARY RESOLUTION NUMBER 6

Appointment of Audit and Risk Committee member

Resolved that Mr Mark John Bowman be appointed a member of the Audit and Risk Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

7. ORDINARY RESOLUTION NUMBER 7

Appointment of Audit and Risk Committee member

Resolved that Mr Mohamed Salim Ismail Gani be appointed a member of the Audit and Risk Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

8. ORDINARY RESOLUTION NUMBER 8

Appointment of Audit and Risk Committee member

Resolved that Mr Johannes Sanyana Mthimunye be appointed a member and chairman of the Audit and Risk Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

9. ORDINARY RESOLUTION NUMBER 9

Remuneration Report and Implementation Report

Section 3.84 (k) of the JSE Listings Requirements require the Company to submit its Remuneration Report and Implementation Report every year to shareholders for consideration and to provide shareholders with an opportunity to indicate whether they do or do not support the material provisions of the remuneration report and policy of the Company and the implementation thereof. Shareholders are referred to the Remuneration Report and Implementation Report set out on pages 36 to 41 of the integrated annual report.

As the above are not matters that are required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for each resolution to be adopted as non-binding advisory votes is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

Ordinary resolution 9.1

Resolved that, as a non-binding advisory vote, the Remuneration Report, as tabled, be and is hereby approved.

Ordinary resolution 9.2

Resolved that, as a non-binding advisory vote, the Implementation Report, as tabled, be and is hereby approved.

10. SPECIAL RESOLUTION NUMBER 1

Non-executive directors' fees for the financial year ending 28 February 2019 and quarter ending 31 May 2019

Resolved that the fees (excluding VAT), to be paid to the non-executive directors for their services as directors of the Company, for the year ending 28 February 2019 and the quarter ending 31 May 2019 (being a quarter of the fees payable for the year ending 28 February 2019) be approved as follows:

	28 February 2019	31 May 2019
Chairperson	R2 830 200.00	R707 550.00
Non-executive director	R262 643.00	R65 661.00
Chairperson of the Audit Committee	R276 228.00	R69 057.00
Member of the Audit Committee	R177 274.00	R 44 319.00
Chairperson of the Remuneration and Nomination Committee	R132 956.00	R 33 239.00
Member of the Remuneration and Nomination Committee	R71 321.00	R17 830.00
Chairperson of the Social and Ethics Committee	R64 529.00	R16 132.00
Member of the Social and Ethics Committee	R35 490.00	R8 872.00
Chairperson of Special Committees	R6 890.00 per hour	R6 890.00 per hour
Member of Special Committees	R6 360.00 per hour	R6 360.00 per hour

The reason for this special resolution is to obtain shareholder approval for the remuneration of each of the non-executive directors of the Company for the financial year ending 28 February 2019 and for the quarter ending 31 May 2019 in accordance with section 66(9) of the Companies Act, 2008. The passing of this special resolution will have the effect of approving the remuneration of each of the non-executive directors of the Company for the financial year ending 28 February 2019 and quarter ending 31 May 2019. The fees payable for the quarter ending 31 May 2019 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarter ending 31 May 2019 at the 2019 Annual General Meeting.

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11. SPECIAL RESOLUTION NUMBER 2

Loans or other financial assistance

Resolved that the Board of Directors may, subject to the Companies Act, 2008 ("the Act") and the Memorandum of Incorporation, authorise the Company to provide direct or indirect financial assistance:

- By way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purpose of any securities of the Company or a related or inter-related company, as contemplated in section 44 of the Act, at any time during a period commencing on the date of passing of this special resolution and ending at the expiry of two years from the date of adoption of this special resolution number 2; and/or
- To a director of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related company, or to a person related to any such company, corporation, director, prescribed officer or member, as contemplated in section 45 of the Act, at any time during a period commencing on the date of passing of this special resolution and ending at the expiry of two years from the date of the adoption of this special resolution number 2.

The reason for special resolution number 2 is to approve generally the provision of financial assistance to the parties stated in the said special resolution number 2. Any financial assistance given will be subject to the Company complying with the Solvency and Liquidity Test as more fully set out in section 4 of the Companies Act, 2008.

12. ORDINARY RESOLUTION NUMBER 10

General authority over unissued shares

Resolved that 5% i.e. 43 004 224 of the authorised unissued ordinary shares in the Company be and are hereby placed under the control of the directors until the date of the next Annual General Meeting, subject to the provisions of the JSE Listings Requirements and the condition that no issue of these shares will be made if it could have the effect of changing control of the Company.

No issue of these shares is contemplated at the present time and no issue will be made that could effectively change the control of the Company without the prior approval of shareholders in a general meeting.

13. ORDINARY RESOLUTION NUMBER 11

General authority to issue shares for cash

Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to issue shares for cash (as contemplated in terms of the JSE Listings Requirements) for up to 5% i.e. 43 004 224 of the issued shares in the capital of the Company (net of any treasury shares) as and when they in their discretion deem fit, subject to the Companies Act, No. 71 of 2008, as amended, the Memorandum of Incorporation of the Company and the JSE Listings Requirements as presently constituted and which may be amended from time to time.

The reason for the above ordinary resolution number 11 is to give the directors authority to issue up to 10% of the unissued shares for cash to enable the Company to pursue suitable business opportunities as and when they arise.

Additional requirements imposed by the JSE Listings Requirements

It is recorded that the Company may only make an issue of shares (as defined in the JSE Listings Requirements) for cash under the above general authority if the following JSE Listings Requirements are met:

- The shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- The general authority shall only be valid until the Company's next Annual General Meeting or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
- A SENS announcement will be published giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue was agreed in writing between the Company and party/ies subscribing for such shares at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) of the number of shares in issue prior to that issue;

- (d) That issues in the aggregate in any 1 (one) financial year may not exceed 10% (ten percent) of the number of the shares of the Company in issue of that class of shares before such issue, taking into account the dilution effect of convertible equity securities and options in accordance with the JSE Listings Requirements;
- (e) In determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the Company and the party/ies subscribing for the shares; and
- (f) Any issue will only be made to “public shareholders” as defined by the JSE Listings Requirements and not to related parties.

14. ORDINARY RESOLUTION NUMBER 12

Directors’ or Company Secretary’s authority to implement special and ordinary resolutions

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

15. SOCIAL AND ETHICS COMMITTEE

A report on the Social and Ethics Committee, in terms of Regulation 43 of the Companies Act, 2008, has been included in the annual report (page 42). The report sets out the matters as required in terms of the Social and Ethics Committee’s terms of reference. Shareholders will not be asked to vote on any matters contained in the Social and Ethics Committee’s terms of reference but may raise any questions they may have regarding the said terms of reference.

Voting and proxies

All ordinary resolutions (except for Ordinary resolution number 14) will, in terms of the Companies Act, 2008, require the support of more than 50% of the voting rights of shareholders exercised thereon to be approved.

A general issue of shares for cash must be approved by ordinary resolution with a 75% majority of shareholders voting in favour thereof. Accordingly ordinary resolution number 14 will require the support of more than 75% of the voting rights of shareholders exercised thereon to be approved.

All the Special resolutions will, in terms of the Companies Act, 2008, require the support of at least 75% of the total voting rights exercised thereon to be approved.

General instructions and information

The annual report to which this notice of the Annual General Meeting is attached, provides details of:

- the directors of the Company on page 22;
- the major shareholders of the Company on page 164 - 165;
- the director’s shareholding in the Company on page 41; and
- the share capital of the Company in note 18 on page 107.

All shareholders are encouraged to attend, speak and vote at the Annual General Meeting.

Entitlement to attend and vote at the Annual General Meeting in person or by proxy

All shareholders are encouraged to attend, speak and vote at the Annual General Meeting.

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 Securities Depository Participant (“CSDP”) to hold your shares in your own name in the Company sub-register), as at Friday, 20 July 2018:

- you may attend and vote at the Annual General Meeting; or alternatively; and
- you may appoint an individual as a proxy, (who need not also be a shareholder of the Company) to attend, participate in and speak and vote in your place at the Annual General Meeting, by completing the attached form of proxy and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on page 178 of the annual report. Please note that your

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proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited as aforesaid, before your proxy may exercise any of your rights as a shareholder at the Annual General Meeting.

Any shareholder of the Company that is a company may authorise any person to act as its representative at the Annual General Meeting. Section 63(1) of the 2008 Companies Act, requires that persons wishing to participate in the Annual General Meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

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'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, but 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 attend the Annual General Meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; or alternatively
- if you are unable to attend the Annual General Meeting 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 Annual General Meeting and/or request your CSDP 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 Annual General Meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on page 178 of the annual report.

By order of the Board



WT Green

Company Secretary

Johannesburg

22 June 2018