

Dis-Chem Pharmacies Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/009766/06)
JSE share code: DCP ISIN: ZAE000227831
("Dis-Chem" or "the Company" or "the Group")

ANNOUNCEMENT REGARDING RELATED PARTY TRANSACTIONS BETWEEN DIS-CHEM DISTRIBUTION PROPRIETARY LIMITED AND COMMERCIAL PROPERTIES HOLDINGS PROPRIETARY LIMITED, MINLOU HOLDINGS PROPRIETARY LIMITED, KZN WAREHOUSE PROPRIETARY LIMITED, CT DISTRIBUTION CENTRE PROPRIETARY LIMITED AND ELEADORA PROPRIETARY LIMITED

1. Introduction

Shareholders are advised that Dis-Chem Distribution Proprietary Limited ("**Dis-Chem Distribution**" or "**Purchaser**"), a wholly-owned subsidiary of Dis-Chem, has entered into sale and purchase agreements relating to the following acquisitions:

- 100% of the issued share capital and claims in CT Distribution Centre Proprietary Limited ("**CT Distribution Centre**"), which company's main asset is Erf 25271 situated at 6 La Belle Road, Stikland, Bellville, 7530, from Commercial Properties Holdings ("**Commercial Properties**") for a cash consideration of R75,517,507. CT Distribution Centre is a rental property company that currently earns a monthly rental from Dis-Chem Distribution of R1,971,664 (excluding VAT);
- 100% of the issued share capital and claims in KZN Warehouse Proprietary Limited ("**KZN Warehouse**"), which company's main asset is Portion 26 of Erf 140 situated at 237 Roger Sishi Road, New Germany, from Commercial Properties for a cash consideration of R73,785,315. KZN Warehouse is a rental property company that currently earns a monthly rental from Dis-Chem Distribution of R1,252,067 (excluding VAT); and
- 100% of the issued share capital and claims in Eleadora Proprietary Limited, which company's main asset is Erf 1756 and 1884 situated at 7 Fourth Street, Delmas, from Commercial Properties and Minlou Holdings Proprietary Limited ("**Minlou Holdings**") for a cash consideration of R67,585,724. Eleadora Proprietary Limited is a rental property company that currently earns a monthly rental from CJ Enterprises Proprietary Limited of R494,316 (excluding VAT).

(collectively the "**Transactions**").

2. Rationale for the Transaction

Dis-Chem is South African Group of Companies specialising in the retail and distribution of pharmacy and healthcare products. The Transactions allow Dis-Chem to own three of its five distribution centres and achieve a reduction in rental expenses incurred outside the Group. The ownership of the assets ensures that the Group holds the necessary strategic assets for long term growth.

3. Related parties

Commercial Properties and Minlou Holdings are related parties to Dis-Chem as they are wholly-owned by directors, previous directors and prescribed officers of Dis-Chem, who collectively are also material shareholders of Dis-Chem.

The directors and prescribed officers of Dis-Chem that own the majority of Commercial Properties and Minlou Holdings are:

- IL and LF Saltzman
- SE Saltzman
- SRN Goetsch
- BI Epstein
- KS Sterling
- CJ Williams

In terms of Section 10.7 of the Listings Requirements of the JSE Limited ("JSE"), when aggregated the Transactions are categorised as a small related party transaction.

4. Net asset value

The value of the net assets and profits before tax attributable to the net assets that are subject to the Transactions based on management accounts prepared in terms of IFRS as at 31 November 2021 are R86 million and R10 million respectively (CT Distribution Centre Proprietary Limited), R78million and R4 million respectively (KZN Warehouse Proprietary Limited) and R67 million and R4 million respectively (Eleadora Proprietary Limited).

The Board has satisfied itself in terms of the quality of the management accounts referred to above.

5. Conditions precedent

The effective date of the Transactions is 01 March 2022, however consolidation into the Group will only become effective once the following conditions precedent have been met:

- the approvals of the Competition Commission and the Competition Tribunal for the purchase of the CT Distribution centre and KZN Warehouse required in terms of the Competition Act; and
- All such written approvals and resolution as legally required.

6. Independent fairness opinion

In terms of the JSE Listings Requirements the Company is required to provide the JSE with written confirmation from an independent professional expert confirming whether the terms and conditions of the Transactions are fair to Dis-Chem Shareholders.

In compliance with paragraph 10.7(b) of the JSE Listings Requirements, BDO Corporate Finance Proprietary Limited ("BDO") was appointed by the Company as the independent professional expert and has furnished the Dis-Chem board of directors with its opinion ("**Independent Expert Opinion**") confirming that the terms of the Transactions are fair to Dis-Chem Shareholders.

The Independent Expert Opinion has been reviewed by the JSE and is available for inspection at Dis-Chem's registered office, 23 Stag Road, Midrand, 1685, for a period of 28 days from the date of this SENS announcement. Shareholders will be advised further in this regard.

Midrand
25 January 2022

Sponsor
The Standard Bank of South Africa Limited

Independent Expert
BDO Corporate Finance