

PEPKOR HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2017/221869/06)

Share code: PPH

Debt code: PPHI

ISIN: ZAE000259479

("Pepkor" or "the Company" or "the Group")



VOLUNTARY ANNOUNCEMENT RELATING TO THE DISPOSAL OF THE BUILDING COMPANY PROPRIETARY LIMITED ("TBC")

1. INTRODUCTION

Pepkor shareholders are hereby advised that the Company has entered into a sale and purchase agreement with Cashbuild Limited ("**Cashbuild**"), for the disposal of the entire issued share capital of Pepkor's wholly owned subsidiary, TBC, subject to the conditions precedent set out in paragraph 3.2 below ("**the Proposed Transaction**"). Shareholders are referred to the earlier announcement made today by Cashbuild.

2. RATIONALE

The Proposed Transaction will enable Pepkor to streamline its portfolio of businesses and focus on its core business of discount and value retail.

Following a prolonged period of corporate activity that included various acquisitions, TBC has done well to restructure and consolidate the business. It has made significant progress in defining its value proposition, establishing a strong corporate culture, clarifying strategy and prioritising a central procurement strategy.

With an attractive portfolio of established and well-known brands, the Proposed Transaction will ensure that, as part of Cashbuild, TBC will be strategically better placed for future growth.

It is envisaged that Pepkor will use the net disposal proceeds to further reduce debt in line with the Group's ambition to reduce its gearing levels to enhance the flexibility of its capital structure.

3. TERMS OF THE PROPOSED TRANSACTION

3.1 Purchase price

The total consideration payable by Cashbuild on closing of the Proposed Transaction will be R1,074,700,000 (the "Purchase Consideration") subject to:

- an escalation rate of 5.5% per annum from 1 January 2021 until the Proposed Transaction closing date; and
- the sum of the Purchase Consideration and the total escalation not exceeding R1,119,700,000.

3.2 Conditions precedent

The implementation of the Proposed Transaction is, subject to the fulfillment of, inter alia, the following principal conditions precedent:

- Regulatory approvals, including Competition Authorities, being obtained; and
- Cashbuild's debt financing agreements being duly executed and becoming unconditional.

4. CATEGORISATION OF THE PROPOSED TRANSACTION

The Proposed Transaction is uncategorised in terms of the JSE Limited Listings Requirements and this announcement has been voluntarily disclosed by the Company.

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4 August 2020

Equity Sponsor

PSG Capital



Debt Sponsor and Financial advisor to Pepkor

Rand Merchant Bank

(A division of FirstRand Bank Limited)



Legal advisor to Pepkor

Werkmans

