

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 A RELATED PARTY TRANSACTION BETWEEN DIS-CHEM DISTRIBUTION PROPRIETARY LIMITED AND COLUMBIA FALLS PROPERTIES 7 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 a sale and purchase agreement relating to the following acquisition:

100% of the issued share capital and claims in Columbia Falls Properties 7 Proprietary Limited ("**Columbia Falls**"), which company's main assets are Erf 848 Halfway House Ext 119 and Erf 592-593 Halfway House Ext 81, situated at 23 Stag Road, Glen Austin, Midrand, from The Directors Adventures Trust (the "**Seller**") for an unadjusted purchase consideration of R478 592 342 ("**the Transaction**"). Columbia Falls is a rental property company and houses the Midrand distribution centre as well as the head office premises of Dis-Chem and currently earns a monthly rental from Dis-Chem.

2. Rationale for the Transaction

Dis-Chem is a group of companies specialising in the retail and distribution of pharmacy and healthcare products. The Transaction will ensure that Dis-Chem owns all its core distribution centres, as well as its head office premises in Midrand. The ownership of the asset is a long term strategic objective of the Group that has a positive impact on the income statement and a minimal impact on the balance sheet.

3. Related parties

The Seller is an associate of certain directors and prescribed officers of Dis-Chem, who collectively are also material shareholders of Dis-Chem (as defined in section 10.1(b)(vii) of the JSE Limited Listings Requirements ("JSELR") read together with the definition of associate).

The directors and prescribed officers of Dis-Chem who have a financial interest are:

- Ivan Saltzman;
- Lynette Saltzman;
- Saul Saltzman;
- Stanley Goetsch;
- Brian Epstein; and
- Kevin Sterling.

In terms of Section 10.7 of the JSELR, the Transaction is categorised as a small related party transaction.

4. Net asset value

The value of the net assets (excluding the deferred tax liability) and profit before tax for the four months ended 30 June 2023 attributable to the Transaction based on management accounts prepared in terms of IFRS as at 30 June 2023, are R 478,6 million and R14,5 million respectively.

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

5. Conditions precedent

The effective date of the Transaction is the last day of the calendar month during which the last of the conditions precedent is fulfilled upon which date consolidation into the Group will occur.

The Transaction agreement is subject to the fulfilment of various conditions precedent, the most significant of which are:

- The approvals of the Competition Authorities required in terms of the Competition Act;
- Acceptance by the JSE of the independent fairness opinion referred to below;
- The agreements recently concluded between the Seller, Columbia Falls and the current co-shareholders of Columbia Falls having become effective and having been implemented in accordance with their terms, in order to enable the Seller to perform its obligations under the Transaction; and
- Dis-Chem having concluded the required funding agreement with its bankers, and such agreement having become unconditional in accordance with its terms.

6. Independent fairness opinion

In terms of the JSELR, the Company is required to provide the JSE with written confirmation from an independent professional expert confirming whether the terms and conditions of the Transaction are fair to Dis-Chem's Shareholders.

In compliance with paragraph 10.7(b) of the JSELR, 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 Transaction are fair to Dis-Chem's Shareholders.

The Independent Expert Opinion has been sent to the JSE for approval. Shareholders will be advised further in this regard.

Midrand
25 January 2024

N Lumley
Company Secretary

Sponsor
The Standard Bank of South Africa Limited

Independent Expert
BDO Corporate Finance