

PEPKOR HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2017/221869/06)

Share Code: PPH

Debt Code: PPHI

ISIN: ZAE000259479

LEI: 3789006D677C34F69875

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

VOLUNTARY ANNOUNCEMENT RELATING TO THE CONCLUDED DISPOSAL OF THE BUILDING COMPANY PROPRIETARY LIMITED AND ACQUISITION OF THE FURNITURE BUSINESS OF SHOPRITE HOLDINGS LIMITED

Pepkor is a group driven by growth. Its value creation process determines capital allocation to maximise returns. In-line with this strategy, the Group is pleased to provide an update on two key transactions.

1. IMPLEMENTATION OF THE DISPOSAL OF THE BUILDING COMPANY PROPRIETARY LIMITED ("TBCo")

Pepkor shareholders and noteholders are referred to the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") announcement published on 29 February 2024, wherein the Company advised that it had entered into a sale agreement ("**Agreement**") with respect to the disposal of the entire share capital of Pepkor's wholly owned subsidiary, TBCo, for a purchase consideration of c. R1.2 billion to Capitalworks Private Equity and selected members of TBCo management (the "**TBCo Transaction**").

The Company is pleased to confirm that the South African Competition Tribunal approved the TBCo Transaction on 23 August 2024, subject to conditions which parties to the Agreement have accepted. All conditions precedent have now been fulfilled and the TBCo Transaction will therefore be concluded as envisaged. The Agreement is unconditional and the TBCo Transaction will close on 30 September 2024, being the effective date.

The implementation of the TBCo Transaction delivers on Pepkor's objectives to streamline its portfolio of businesses, enhance the Group's return on capital and optimise shareholder returns.

2. ACQUISITION OF THE FURNITURE SEGMENT BUSINESS OF SHOPRITE HOLDINGS LIMITED

2.1. INTRODUCTION

Shareholders and noteholders of Pepkor are referred to the annual financial results announcement of Shoprite Holdings Limited ("**Shoprite**") published on SENS earlier today, Tuesday, 3 September 2024 ("**Shoprite Annual Results**").

As set out in the Shoprite Annual Results, Pepkor has entered into an agreement to acquire Shoprite's furniture business operating more than 400 stores in South Africa, Botswana, Lesotho, Namibia, Eswatini and Zambia, ("**Shoprite Furniture**") ("**Proposed Transaction**").

2.2. RATIONALE FOR THE PROPOSED TRANSACTION

Pepkor's JD Group business has recently rebranded to **Pepkor Lifestyle** and operates more than 900 retail stores in South Africa, Botswana, Lesotho, Namibia and Eswatini. Over the years, it has developed leading capabilities in supply chain, logistics, and financial services, all supported by best of breed scalable integrated systems and data-driven capabilities.

Combining Shoprite Furniture with Pepkor Lifestyle will enable key synergies and efficiencies to be unlocked within the supply chain, logistics and financial services operations through leveraging improved scale. Pepkor Lifestyle will expand its customer base and retail footprint while integrating Shoprite Furniture operations into its existing logistics network. Pepkor's management team has the expertise and capacity to successfully incorporate the Shoprite Furniture business into the group.

The Proposed Transaction will allow Pepkor to expand its value proposition through a complementary product mix in furniture, bedding, appliances and consumer electronics, while also expanding its presence in under-represented regions.

2.3. PRINCIPLE TERMS OF THE PROPOSED TRANSACTION

The total consideration payable on closing of the Proposed Transaction will be equivalent to the net asset value of the acquired assets, subject to adjustments that may be applicable at the closing date. The Proposed Transaction includes the Shoprite Furniture credit loan book and related insurance cell captive arrangements as well as the OK Furniture and House & Home retail brands in addition to inventory and certain fixed assets.

The purchase consideration represents c. 4% of Pepkor's market capitalisation and will be settled in cash.

The conclusion of the Proposed Transaction is subject to the fulfilment of both regulatory and commercial suspensive conditions, customary for a transaction of this nature.

2.4. CLASSIFICATION OF THE PROPOSED TRANSACTION

The Proposed Transaction is not a categorised transaction in terms of the Listings Requirements of the JSE.

Pepkor will host an investor call today at 15:30 SAST to provide an overview of the Proposed Transaction. Details of the investor call are available on the Pepkor website: www.pepkor.co.za

Parow
3 September 2024

Proposed Transaction financial advisor and sponsor to Pepkor
The Standard Bank of South Africa Limited

Proposed Transaction legal advisor to Pepkor
Bowmans and Webber Wentzel

TBCo Transaction financial advisor to Pepkor

Rand Merchant Bank (A division of FirstRand Bank limited)

TBCo Transaction legal advisor to Pepkor
Werksmans

Equity Sponsor
Investec Bank Limited

Debt Sponsor
Rand Merchant Bank (a division of Firstrand Bank Limited)