PROPOSED PURCHASE OF TEN SUPERMARKETS IN KENYA

1. **Introduction**

   Choppies shareholders are advised that the Company entered into a conditional agreement with Ukwala Supermarkets on 29 May 2015, in terms of which it is proposed that Choppies will purchase ten Ukwala supermarkets in Kenya (the “Transaction”).

2. **Rationale for the Transaction**

   The Transaction is in line with the Company’s strategy of expanding into new markets in sub-Saharan Africa and its stated target of operating over 200 stores across at least six countries by December 2016.

   The Transaction provides the Company with an immediate footprint of established stores and a platform from which to grow in Kenya. Three of the supermarkets are located in the country’s capital Nairobi, two in Nakuru and five in the port city of Kisumu, the third largest city in Kenya.

   Ukwala is a recognised and well-regarded brand in the Kenyan market and the stores will trade as Choppies Ukwala supermarkets.

3. **Salient terms of the Transaction**

   Choppies will operate with a 25% local partner in Kenya in terms of the joint-venture agreement with the promoters of Export Trading Group, the leading agricultural commodities trading and logistics business, long-established in the region. The supermarkets will be acquired by Choppies Supermarket Kenya Limited, in which the Company holds a 75% interest.

   Choppies Supermarket Kenya Limited will buy the assets and the business name for a purchase consideration of approximately US$10 million, subject to final due diligence and inventory valuation. The purchase consideration will be funded with debt and from existing cash resources.

4. **Conditions precedent**

   The implementation of the Transaction is subject to approval of the Competition Authority in Kenya and other relevant regulatory approvals.

5. **Categorisation of the Transaction**

   The purchase consideration represents less than 5% of Choppies’ market capitalisation. It is not a categorised transaction in terms of the JSE Limited Listings Requirements. Subject to the approval of the Botswana Stock Exchange (“BSE”), it may not be a categorised transaction in terms of the BSE Listings Requirements.
6. **Nature of Announcement**

   This announcement is voluntary.

Gaborone  
1 June 2015

The Company's primary listing is on the Botswana Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange

**BSE Sponsoring Broker**  
Motswedi Securities (Pty) Ltd

**JSE Sponsor**  
RAND MERCHANT BANK (A division of FirstRand Bank Limited)