

Shoprite Holdings announces an R8.9 billion evergreen B-BBEE employee trust at its subsidiary Shoprite Checkers

Shoprite Checkers Proprietary Limited, a subsidiary of Shoprite Holdings, has established a Black Economic Empowerment transaction through the formation of the Shoprite Employee Trust, which will increase Shoprite Checkers' effective Black Empowerment Ownership to 19.2%. Shoprite Checkers will issue 40 million Shoprite Checkers shares, with an estimated value of R8.9 billion, for the benefit of its employees to recognise their valued contribution and ensure their ongoing participation in the Shoprite Group's continued growth and success.

The Shoprite Employee Trust has been established on a non-vesting, evergreen basis which will be primarily facilitated by Shoprite Checkers on a notional basis. Employees who are employed in the Republic of South Africa (RSA), of which there are currently 126,000, will benefit directly through the Shoprite Employee Trust, as unitholders in the trust, whilst non-RSA employees, of which there are currently 16,000, will receive equivalent benefits through their respective payroll.

Dividend entitlements are linked to a Shoprite Holdings dividend per share to ensure that the benefits which flow to employees are transparent and that employees recognise the tangible benefits of the Shoprite Group continuing to achieve strong operational and financial results.

The transaction is in line with the Shoprite Group's core values of recognising the valued role its employees play in the growth and success of the Shoprite Group. Furthermore, the improvement of employees' lives is an imperative, especially in the economic context of the countries in which the Shoprite Group operates. The Shoprite Employee Trust has been established on a non-vesting, evergreen basis in order to create a long-term B-BBEE shareholder in Shoprite Checkers, for the benefit of the Shoprite Group's employees.

Shoprite Checkers will provide a R888 million contribution which will allow for the subscription of 10% of the shares to be held by the Shoprite Employee Trust with the balance of shares funded on a notional basis by Shoprite Checkers. Furthermore, an initial distribution of R77 million for the 6-month period to 2 January 2022 will be received by eligible RSA and non-RSA employees. The Shoprite Group anticipates the impact of the transaction on the Shoprite Group's headline earnings to be a reduction in the region of 2.7%. This is based on the initial distribution to be paid relative to the Shoprite Group's headline earnings from continuing operations for the 6-month period to 2 January 2022. This transaction will not have an impact on the shares in issue in Shoprite Holdings.

The transaction is intended to retain, motivate and incentivise the employees of the Shoprite Group to continue to contribute towards its success going forward. The transaction represents a material step that has been taken in strengthening the relationship between the Shoprite Group and its employees for the benefit of the Shoprite Group.

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