

CHOPPIES ENTERPRISES LIMITED
(Incorporated in the Republic of Botswana)
Registration number: BW00001142508
ISIN: BW00000001072
BSE SHARE CODE: CHOP-EQO
JSE SHARE CODE: CHP
Tax Reference Number: C08710401018
("Choppies" or the "Company")



DECLARATION ANNOUNCEMENT IN RESPECT OF THE CHOPPIES RIGHTS OFFER

1. INTRODUCTION

- 1.1. Shareholders are hereby advised that Choppies intends to launch a partially underwritten, renounceable rights offer ("**Rights Offer**") of ordinary no par value shares in Choppies ("**Ordinary Shares**") as contemplated in a Rights Offer circular to be published on or around Wednesday, 7 June 2023 (the "**Circular**").
- 1.2. The final terms of the Rights Offer, including the subscription price ("**Rights Offer Price**") per Ordinary Share to be issued in terms of the Rights Offer ("**Rights Offer Shares**") and the ratio of Rights Offer Shares for every Ordinary Share held ("**Ratio of Entitlement**"), are set out below.

2. RATIONALE FOR THE RIGHTS OFFER AND UTILISATION OF FUNDS

- 2.1. The rationale for the Company undertaking the Rights Offer, is to effect a restructure of the balance sheet of the Company, eliminate the technical insolvency, reduce interest bearing debt in the interests of profits, and remove the effect of debt on solvency ratios and going concern issues.
- 2.2. In particular the Company intends to utilise the proceeds of the Rights Offer, being P300,000,000, to reduce bank debt, to extinguish debt owing by the Company to certain Shareholders and to settle the costs relating to the Rights Offer.
- 2.3. In order to achieve the aforesaid objectives and to assist the Company with the successful completion of the Rights Offer, certain key shareholders, including Ramachandran Ottapathu and Farouk Ismail have agreed to follow their rights in terms of the Rights Offer up to an amount of approximately P149,810,005, as further detailed in paragraph 6 below.

2.4. The table below sets out in more details the proposed application of the proceeds of the Rights Offer:

	Utilisation in P millions
Ram Ottapathu interest bearing BWP shareholder loan	95
Ram Ottapathu interest free BWP shareholder loan	16
Farouk Ismail interest bearing BWP shareholder loan	24
Shanta Retail Holdings Ltd US Dollar denominated shareholder loan	34 (USD2,5 million)
Bank long-term interest-bearing BWP loan	75
Bank short-term interest-bearing BWP loan	51
Rights issue Costs BWP	5
Total	300

2.5. The constitution of the Company empowers the Board to make major company policy decisions.

3. SALIENT TERMS OF THE RIGHTS OFFER

- 3.1. Choppies intends to offer a total of 520,833,333 Ordinary Shares for subscription, upon the terms and conditions set out in the Circular, by way of renounceable Rights, at the Rights Offer price of P0.576 or R0.82368 (based on the applicable Pula/Rand exchange rate as at close of trade on 31 May 2023, being R1.43 to the Pula) per Ordinary Share on the basis of 1 Rights Offer Shares for every 2,50297 Ordinary Shares held by Choppies shareholders who are permitted to participate in the Rights Offer and are reflected in the share register of Choppies at the close of trade on the record date for the Rights Offer ("**Qualifying Shareholders**"). If fully subscribed, Choppies will raise a maximum of P300,000,000 (three hundred million Pula) in terms of the Rights Offer.
- 3.2. The Rights Offer price represents a discount of approximately 10% to the 30-day volume weighted average traded price of Choppies Ordinary Shares as at close of business on the date immediately preceding the Declaration Date, being 31 May 2023.
- 3.3. Qualifying Shareholders recorded in the share register of Choppies at the close of business on Tuesday, 13 June 2023, will be entitled to participate in the Rights Offer.
- 3.4. The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with all other existing Ordinary Shares in terms of both voting rights and dividends.
- 3.5. The Letters of Allocation in respect of the Rights Offer are negotiable and will be listed on the BSE on Wednesday, 14 June 2023 under the BSE Instrument Code: CHOP-RTS & ISIN BW0000003961 and on the JSE on Friday, 9 June 2023 under the JSE code CHPN. The Rights Offer Shares cannot be traded before such Shares are listed on the BSE and JSE, respectively.

4. EXCESS APPLICATIONS

- 4.1. Excess applications will be allowed in respect of the Rights Offer Shares, for which no commitment to subscribe has been received by Choppies ("**Non-committed Rights Offer Shares**") only.
- 4.2. Non-committed Rights Offer Shares not taken up pursuant to the terms of the Rights Offer will be available for allocation to Qualifying Shareholders who wish to apply for a greater number of Rights

Offer Shares than those offered to them in terms of the Rights Offer. Accordingly, Qualifying Shareholders may apply for additional Non-committed Rights Offer Shares in excess of the Rights Offer Shares allocated to that Qualifying Shareholder in terms of the Rights Offer, on the same terms and conditions as those applicable to the Rights Offer. The right to apply for additional Non-committed Rights Offer Shares is non-transferable.

- 4.3. The further terms and conditions applicable to excess applications will be set out in the Circular.

5. FRACTIONAL ENTITLEMENTS

The number of Rights to subscribe for Rights Offer Shares to which Qualifying Shareholders will become entitled will be determined by the Ratio of Entitlement. Only whole numbers of Rights Offer Shares will be issued, and Shareholders will be entitled to subscribe for rounded numbers of Rights Offer Shares once the Ratio of Entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

6. IRREVOCABLE UNDERTAKINGS

Choppies has received a commitment from its major shareholders, including those holding more than 10% of the issued share capital of the Company, to follow its rights in terms of the Rights Offer and subscribe for 260,086,814 Rights Offer Shares. The aforesaid commitments to subscribe for the Rights Offer Shares equates to approximately P149,810,005.

7. UNDERWRITING

Ivygrove

- 7.1. Choppies has received a commitment from Ivygrove Holdings Proprietary Limited ("**Ivygrove**") to partially underwrite a maximum of 208,333,333 Rights Offer Shares that are not taken up by other Shareholders in terms of the Rights Offer. The aforesaid commitment to subscribe for Rights Offer Shares equates to approximately P120,000,000.
- 7.2. Ivygrove will receive a fee of 1% of the subscription fee which would be payable for all for the Rights Offer Shares underwritten by Ivygrove, being 1% of P120,000,000, regardless of the number of Rights Offer Shares actually subscribed for by Ivygrove.

Export Marketing

- 7.3. Choppies has received a commitment from Export Marketing (BVI) Limited ("**Export Marketing**") to partially underwrite a maximum of 60,763,888 Rights Offer Shares that are not taken up by other Shareholders in terms of the Rights Offer. The aforesaid commitment to subscribe for the Rights Offer Shares equates to approximately P35,000,000.
- 7.4. Export Marketing will receive an administration fee for all reasonable administrative expenses incurred in relation to its underwriting (including legal fees), which fees shall not exceed 1% of the subscription price paid by Export Marketing for the aggregate Rights Offer Shares taken up by it.

8. SALIENT DATES AND TIMES

The following salient dates and times are applicable to the Rights Offer:

2023

Publication of Circular on the website of the Company (including Form of Instruction)	Wednesday, 7 June
Last day to trade cum rights in order to participate in the Rights Offer	Thursday, 8 June
List letters of allotment (LAs) on and JSE in a suspended state* (BSE Instrument Code: CHOP-RTS & ISIN BW0000003961) (JSE alpha code CHPN) commences at 09:00 on	Friday, 9 June
Company Shares trade 'ex' the rights entitlement at 09:00 on	Friday, 9 June
LAs commence trading on the JSE	Monday, 12 June
Circular posted to Company Certificated Shareholders with Form of Instruction	Monday, 12 June
Record Date for the Rights Offer	Tuesday, 13 June
LAs issued and credited to dematerialised Shareholders accounts at their CSDP or broker on the BSE at 09:00 on	Wednesday, 14 June
Rights Offer opens at 09:00	Thursday, 15 June
LAs issued and credited to dematerialised Shareholders accounts at their CSDP or broker on the JSE at 09:00 on	Thursday, 15 June
In respect of Qualifying Certificated Shareholders, Letters of Allocation credited to an electronic account held with the Transfer Secretaries on the JSE at 09:00 on	Thursday, 15 June
LAs commence trading on the BSE	Thursday, 15 June
Circular emailed/posted to Dematerialised Company Shareholders	Thursday, 15 June
Last day to trade LAs	Friday, 23 June
Certificated Shareholders wanting to sell all or some of their LAs, to lodge Form of instruction with the Transfer Secretaries by 12:00	Friday, 23 June
Listing of Rights Offer Shares and trading therein on the JSE commences at 09:00 on	Monday, 26 June
Record date for LAs	Wednesday, 28 June
Rights Offer closes at 12:00	Wednesday, 28 June
Certificated Shareholders wishing to exercise all or some of their Rights to lodge payment and Forms of Instruction with the Transfer Secretaries by 12:00	Wednesday, 28 June
In respect of qualifying Dematerialised Shareholders (or their renounees), CSDP or broker accounts debited with the aggregate Rights Offer Price and updated with Rights Offer Shares at 09:00 on	Thursday, 29 June
In respect of qualifying Certificated Shareholders (or their renounees), share certificates in respect of Rights Offer Shares posted on or about	Thursday, 29 June

Publication of results announcement on SENS	Thursday, 29 June
Listing and trading of Rights Offer Shares on the BSE commences at 09:00 on	Friday, 30 June
In respect of unsuccessful excess applications for Non-committed Rights Offer Shares (if applicable), refunds made to Qualifying Shareholders holding Certificated Shares	Monday, 3 July
Excess Rights Offer Shares issued to Shareholders	Monday, 3 July

Notes:

***The LAs on the JSE will be suspended for the 1 business day, Friday, 9 June 2023 and trading in the LAs will commence at start of trade on Monday, 12 June 2023.**

1. Qualifying Shareholders will be notified of any material amendments to the important dates and times on X-News and SENS.
2. Unless otherwise indicated, all times reflected above are the time in Botswana (CAT), which is the same as in South Africa.
3. Shareholders may not dematerialise or rematerialize their Ordinary Shares between Friday, 9 June 2023, and Tuesday, 13 June 2023, both dates inclusive.
4. Shares may not be transferred between the BSE share register and the JSE share register between Tuesday, 13 June 2023 and Thursday, 29 June 2023.
5. CSDBs and CSDPs effect payment on a delivery versus payment method in respect of Qualifying Shareholders holding Dematerialised Shares.
6. Choppies share certificates will be posted by registered post at the risk of the Qualifying Shareholder.

9. TAXATION

Shareholders are advised to consult their tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their Rights in terms of the Rights Offer.

10. EXCHANGE CONTROL

The Circular contains further details regarding the applicable exchange control regulations.

11. RIGHTS OFFER CIRCULAR

Further details of the Rights Offer will be disclosed in the Circular, which is anticipated to be made available on Choppies' website (<https://choppiesgroup.com/investor.php#inv4>) on Wednesday, 7 June 2023, and will be posted, together with a Form of Instruction in respect of the letters of allocation, to certificated shareholders on Monday, 12 June 2023 and to qualifying dematerialised shareholders on Wednesday, 15 June 2023.

1 June 2023

Transaction Advisor and JSE Sponsor  PSG CAPITAL	BSE Sponsor  STOCKBROKERS BOTSWANA LTD <i>"Invest Now, Own Your Tomorrow"</i>	Legal Advisor  ARMSTRONGS Attorneys, Notaries & Conveyancers
Reporting Accountants  mazars	Co-Underwriter EXPORT MARKETING	Co-Underwriter IVYGROVE