

sens.txt

Declaration announcement and terms of the DAWN renounceable rights offer

Distribution and Warehousing Network Limited

(Incorporated in the Republic of South Africa)

(Registration number 1984/008265/06)

Share code: DAW & ISIN code: ZAE000018834

(“DAWN” or “the Company” or “the Group”)

NOT FOR DISTRIBUTION TO ANY PERSON LOCATED OR RESIDENT IN ANY JURISDICTION WHERE IT IS

UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT

DECLARATION ANNOUNCEMENT AND TERMS OF THE DAWN RENOUNCEABLE RIGHTS OFFER

## 1. Introduction

DAWN shareholders (“Shareholders”) are referred to the Results of general meeting announcement released by

DAWN on 6 March 2017 on the Stock Exchange News Service (“SENS”) of the JSE Limited (“JSE”), wherein

Shareholders were advised that the necessary resolutions to implement a rights offer (“Rights Offer”) have been

obtained and accordingly the Rights Offer will now proceed.

## 2. Salient terms of the Rights Offer

DAWN proposes to raise R350 million through an offer of 350 million Rights Offer shares (“Rights Offer Shares”)

(excluding the c.8 million Rights Offer Shares attached to DAWN’s treasury shares) at a price of R1.00 per Rights

Offer Share (“Rights Offer Issue Price”) in the ratio of 147.83904 Rights Offer Shares for every 100 existing

DAWN ordinary shares (“DAWN Shares”) held on the record date for the Rights Offer, being Friday, 24 March

sens.txt

2017.

The Rights Offer Issue Price represents a 53.1% discount to the closing price on Friday, 10 March 2017.

Application will be made to the JSE for the listing of the letters of allocation and the Rights Offer Shares on the

securities exchange of the JSE as follows:

. letters of allocation in respect of the Rights Offer Shares will be listed from the commencement of business

on Wednesday, 22 March 2017 to the close of business on Tuesday, 4 April 2017, both days inclusive,

under the JSE code: DAWN and ISIN: ZAE000242293; and

. the Rights Offer Shares will be listed with effect from the commencement of business on Wednesday, 5

April 2017.

The Rights Offer Shares will, upon allotment and issue, rank pari passu with all other shares of the same class.

The Rights Offer will not allow for excess applications.

### 3. Rationale for the Rights Offer

DAWN reported a loss of R763 million for the year ended 31 March 2016 after recognising impairments of R633

million. The impairments arose principally from a reduction in the carrying value of 49% owned GDW and the

write-off of intangible assets at wholly owned Incledon. Consequently bank covenants with DAWN's prime lender,

ABSA Bank Limited, were breached. ABSA agreed to condone the breach subject to certain conditions which

included a phased R100 million reduction in the revolving credit

facility.

An aggressive turnaround programme has commenced and continues to be undertaken, since, inter alia, the

appointment of Stephen Connelly (CEO), on 1 June 2016. In pursuit of this strategic initiative, a number of loss-

making operations were subsequently closed and a cost and working capital reduction programme commenced.

Notable progress has been made in both areas and the programme is ongoing.

Results for the first half of the 2016 financial year, were reported on 16 November 2016. A loss of R367 million

was reported which included R255 million of restructuring costs related to the turnaround programme described

above. A second cost reduction programme has now commenced which targets reducing operating expenditure

by a further R80 million. Whilst the financial benefits of the turnaround programme are evident, the losses for the

first six months will impact the results for the full year ending 31 March 2017. The benefits of the turnaround

programme are planned to be reflected in the 2018 financial year results.

DAWN repaid R25 million of the required R100 million ABSA repayment in October 2016 and will repay the

remaining R75 million from the proceeds of the Rights Offer. A new additional R50 million facility is currently under

negotiation with ABSA to address the lack of working capital financing facilities, which is impeding DAWN's ability

to trade at optimal levels.

In order to achieve and implement the turnaround strategies described above, increase available working capital

facilities and repay R75 million of the revolving credit facility, the Company seeks to raise gross proceeds of R350

sens.txt

million through the Rights Offer. The gross proceeds of the Rights Offer will strengthen the balance sheet and

provide the Company with a sustainable platform for its ongoing operations.

#### 4. Commitments and underwriting

Coronation Asset Management Proprietary Limited and Ukhamba Holdings Proprietary Limited have irrevocably

undertaken to follow their rights for approximately R100 million and R49 million (the "Commitments"), respectively.

Furthermore, to provide the Company and Shareholders with the certainty of a successful implementation of the

Rights Offer, the Company has entered into an underwriting agreement with RECM and Calibre Limited to

underwrite the balance of the Rights Offer up to a maximum amount of R201 million.

As a result, the Rights Offer is fully committed to.

Further details of the underwriting agreement and Commitments will be set out in the Rights Offer circular.

#### 5. Entitlement

The allocation of Rights Offer Shares will be such that Shareholders will not be allocated a fraction of a Rights

Offer Share and as such any entitlement to receive a fraction of a Rights Offer Share which:

. is less than one-half of a Rights Offer Share, will be rounded down to the nearest whole number; and

. is equal to or greater than one-half of a Rights Offer Share but less than a whole Rights Offer Share, will be

rounded up to the nearest whole number.

6. Conditions precedent

The implementation of the Rights Offer is subject to the JSE granting a listing for the letters of allocation and the

Rights Offer Shares on the securities exchange of the JSE in respect of the Rights Offer.

7. Foreign shareholders

Foreign Shareholders may be affected by the Rights Offer, having regard to prevailing laws in their relevant

jurisdictions. Such foreign Shareholders should inform themselves about and observe any applicable legal

requirements of such jurisdiction in relation to all aspects of this announcement that may affect them, including the

Rights Offer. It is the responsibility of each foreign Shareholder to satisfy himself as to the full observation of the

laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Rights Offer, including

the obtaining of any governmental, exchange or other consents or the making of any filing which may be required,

the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other

requisite payments due in such jurisdiction. The Rights Offer is governed by the laws of South Africa and is subject

to applicable laws and regulations, including the Exchange Control Regulations.

The Rights Offer Shares will not be registered with the U.S. Securities and Exchange Commission ("SEC") under

the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Neither the SEC nor any U.S.

federal or state securities commission has registered, approved or disapproved the Rights Offer Shares or passed

comment or opinion upon the accuracy or adequacy of this Circular. Any

sens.txt

representation to the contrary is a criminal

offence in the U.S.

Shareholders who are citizens or residents of the U.S. are advised that the Rights Offer Shares have not been and

will not be registered under the U.S. Securities Exchange Act of 1934, as amended.

#### 8. Salient dates and times

The proposed salient dates and times in respect of the Rights Offer are set out below:

2017

Declaration date announcement released on SENS on  
Monday, 13 March

Finalisation date announcement released on SENS on  
Wednesday, 15 March

Offer Last day to trade in DAWN Shares in order to participate in the Rights  
Monday, 20 March

Listing and trading of Letters of Allocation on the JSE under JSE  
code: DAWN and ISIN:

Wednesday, 22 March

ZAE000242293 commences at 09:00

DAWN Shares commence trading on the JSE ex-Rights Offer entitlement  
Wednesday, 22 March

Rights Offer Circular and Form of Instruction distributed to  
Certificated Shareholders Thursday, 23 March

Record Date for determination of Shareholders entitled to participate  
in the Rights Offer

sens.txt

Friday, 24 March

(Initial Record Date)

Dematerialised Shareholders will have their accounts at their CSDP or  
Broker

Monday, 27 March

automatically credited with their entitlement

Certificated Shareholders on the Register will have their entitlement  
credited to their

Monday, 27 March

accounts held with the Transfer Secretaries

Rights Offer opens at 09:00 on

Monday, 27 March

Rights Offer Circular distributed to those Dematerialised Shareholders  
who have elected

Tuesday, 28 March

to receive documents in hard copy

Last day to trade Letters of Allocation on the JSE

Tuesday, 4 April

Rights Offer Shares listed and trading therein commences on the JSE

Wednesday, 5 April

Payment to be made and Form of Instruction to be lodged with the  
Transfer

Friday, 7 April

Secretaries by Certificated Shareholders by 12:00

sens.txt

Rights Offer closes at 12:00

Friday, 7 April

Record Date for Letters of Allocation (Final Record Date)

Friday, 7 April

Rights Offer Shares issued

Monday, 10 April

Dematerialised Shareholders' accounts updated and debited by CSDP or  
Broker (in

Monday, 10 April

respect of payment for Rights Offer Shares)

Certificates distributed to Certificated Shareholders (in respect of  
the Rights Offer

Monday, 10 April

Shares)

Results of Rights Offer announced on SENS

Monday, 10 April

1. All references to dates and times are to local dates and times in  
South Africa.

2. Dematerialised Shareholders are required to inform their CSDP or  
Broker of their instructions in terms of the Rights Offer in the manner

and time stipulated in the agreement governing the relationship  
between the Shareholder and their CSDP or Broker.

3. Share certificates may not be dematerialised or rematerialised  
between Wednesday, 22 March 2017 and Friday, 24 March 2017, both days

inclusive.

4. Dematerialised Shareholders will have their accounts at their CSDP  
or Broker automatically credited with their rights and Certificated



sens.txt

Shareholders will have their rights credited to their accounts at the Transfer Secretaries.

5. CSDPs effect payment in respect of Dematerialised Shareholders on a delivery-versus-payment method.

9. Finalisation announcement

It is anticipated that the finalisation announcement for the Rights Offer will be released on SENS on Wednesday,

15 March 2017.

10. Rights Offer Circular

Further details of the Rights Offer will be set out in the Rights Offer Circular which is expected to be distributed to

certificated Shareholders on Thursday, 23 March 2017 and to dematerialised shareholders on Tuesday, 28 March

2017. The Rights Offer Circular will be made available on the Company's website [www.dawnltd.co.za](http://www.dawnltd.co.za) from

Monday, 20 March 2017.

Germiston

13 March 2017

Financial advisor and transaction sponsor

Investec Bank Limited

Legal Advisor

White & Case LLP

Sponsor

Deloitte & Touche Sponsor Services (Pty) Ltd

Underwriter

sens.txt

RECM and Calibre Limited

Date: 13/03/2017 01:42:00 Produced by the JSE SENS Department. The SENS service is an information dissemination service administered by the JSE Limited ('JSE').

The JSE does not, whether expressly, tacitly or implicitly, represent, warrant or in any way guarantee the truth, accuracy or completeness of

the information published on SENS. The JSE, their officers, employees and agents accept no liability for (or in respect of) any direct,

indirect, incidental or consequential loss or damage of any kind or nature, howsoever arising, from the use of SENS or the use of, or reliance on,

information disseminated through SENS.