

Pharmacybrands Limited

Annual Report Disclosure for Dividend Re-investment Plan

At the Company's 2012 Annual Meeting, shareholders approved the allotment of ordinary shares under the Company's dividend re-investment plan ("DRP") during the period from 3 August 2012 to 31 December 2017. A copy of the terms of the DRP can be obtained from the registered office of the Company at Level 2, Building C, 600 Great South Road, Greenlane, Auckland.

The Takeovers Panel granted the Company an exemption from the Takeovers Code in respect of the notice of the meeting to approve the allotment of ordinary shares to Cape Healthcare Limited ("CHL") and LPL Trustee Limited ("LPL") (each, a "Specified Shareholder") under the DRP. The disclosures below are required by the Takeovers Code (Pharmacybrands Limited) Exemption Notice 2012.

As at 31 March 2013 ("Calculation Date"):

1. Under the DRP, 1,635,478 ordinary shares were allotted to CHL during the year, bringing its total shareholding in the Company to 38,237,036 or 30.68%. This percentage also represents the total shareholding of CHL and its associates.
2. Under the DRP, 1,635,465 ordinary shares were allotted to LPL during the year, bringing its total shareholding in the Company to 38,236,726 or 30.68%. This percentage also represents the total shareholding of LPL and its associates.
3. On completion of all allotments that could yet be made under the DRP ("Specified Transaction") during the period from 1 April 2013 to 31 December 2017 ("Specified Period"):
 - (a) The maximum percentage of all ordinary shares on issue that could be held or controlled by CHL is 35.08%. This percentage also represents the maximum percentage of all ordinary shares on issue that could be held or controlled by CHL and its associates; and
 - (b) The maximum percentage of all ordinary shares on issue that could be held or controlled by LPL is 35.08%. This percentage also represents the maximum percentage of all ordinary shares on issue that could be held or controlled by LPL and its associates.
4. The assumptions on which the particulars referred to in paragraph 3 above are based are as follows:
 - (a) that the number of ordinary shares is the number of ordinary shares on issue on the Calculation Date and there have been no other share issuances or changes in capital structure such as share splits, consolidations or buybacks of shares;
 - (b) that there is no change in the total number of ordinary shares on issue between the Calculation Date and the end of the Specified Period, other than as a result of the Specified Transaction;

- (c) that the Specified Shareholder elects full participation under the Specified Transaction in respect of each dividend during the Specified Period to which the Specified Transaction applies and is allotted the number of ordinary shares under the Specified Transaction corresponding to its full participation;
- (d) that the Specified Shareholder does not have any associates that hold or control ordinary shares in the Company (CHL and LPL have each advised the Board that it has no such associates at the Calculation Date);
- (e) that each Specified Shareholder (and any of the Specified Shareholder's associates) do not increase their voting control of the Company other than under the Specified Transaction;
- (f) that the issue prices of ordinary shares under the Specified Transaction determined in accordance with the price formula will be \$1.35 in each year of the Specified Period;
- (g) that the net cash dividend payable by the Company in each year of the Specified Period will be \$0.055 per share; and
- (h) that no shareholder of the Company elects to participate in the Specified Transaction, other than the Specified Shareholder.