

ASX Release

10 August 2020

Sigma sells two Distribution Centres for \$172m

Sigma Healthcare Limited (Sigma) today announced that final contracts have been executed for the sale and leaseback of two Distribution Centres (DC's) for proceeds totalling \$172m.

Whilst the original transaction contemplated a part sale of four DC's, the final structure will see the full sale of the land and buildings at Kemps Creek in New South Wales and Berrinba in Queensland. The proceeds are well above the original investment cost, and the gain will be offset by the utilisation of existing capital tax losses.

Sigma retains ownership of our newly constructed Distribution Centre in Canning Vale in Western Australia, and Truganina in Victoria, which is currently under construction, as well as the critical automation across all sites.

This follows an extensive process led by PWC's Real Estate Advisory team, involving 14 expressions of interest and completion of Due Diligence by the successful bidder, LOGOS into one of its managed funds. Final settlement is expected to occur later this month.

As part of the agreement, Sigma has entered into a 15-year lease agreement with two five-year options to extend, with first year lease cost around \$8.0m annualised.

Sigma CEO and Managing Director Mark Hooper said, "This is a great outcome for Sigma shareholders. Owning and managing the construction phase gave us control over the build and created value for shareholders. By completing this transaction, we benefit from LOGOS as the owner and manager of our tenancies at Kemps Creek and Berrinba, while capturing the latent value that was not previously recognised on Sigma's balance sheet."

Proceeds from the sale will reduce net debt to below \$100 million.

"This puts Sigma in a great position. We have restructured our business to deliver a more efficient base, renewed our Distribution Centre Network to arguably be the best in the industry, and are well advanced in upgrading our entire IT infrastructure. At the same time, we have retained balance sheet strength and flexibility to drive the business forward, Mr Hooper concluded."

Sigma will report its 1H21 results on 10 September 2020.

This announcement is authorised by order of the Board.

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