



22 December 2017

Dear Shareholder,

MESSAGE FROM THE CHAIRMAN OF CITY PHARMACY

On behalf of the Board of Directors of City Pharmacy, I am pleased to invite you to participate in the retail component of a 1 for 2 partially underwritten pro-rata non-renounceable entitlement offer of ordinary shares at an offer price of 60 PNG Toea per New Share, to raise gross proceeds of approximately K43,000,000.

This Rights Issue is designed to enhance the liquidity and gearing position of City Pharmacy to ensure the company is in a strong position going forward.

Under the Rights Issue, eligible Shareholders are entitled to acquire 1 New Share for every 2 Shares held at 5.00 pm (Port Moresby time) on 9th January 2018. New Shares will rank equally with existing Shares in all respects from allotment, including entitlements to dividends.

Approximately 71,690,730 New Shares will be issued at a price of 60 PNG Toea per New Share. This is the same price at which 17,744,929 Shares were recently issued to Laxmi Investments Limited. The Issue has been partially underwritten to an amount of PGK 19,000,000. If fully subscribed, the Issue will raise in excess of K40,000,000 after costs of the Issue.

The object of the Rights Issue is to provide additional liquidity to the business and will be used by City Pharmacy to reduce existing creditor balances and to fund the re-fit and re-opening of the Waigani Central Stop 'n Shop supermarket outlet.

Details of the Rights Issue are included in this Prospectus. I recommend that you read it carefully. Your Entitlement to New Shares is set out in the accompanying Entitlement & Acceptance Form. The closing date for acceptance and payment is 5.00 pm (Port Moresby time) on 30th January 2018.

The directors have confidence in the future of City Pharmacy and commend the Rights Issue to you.

Yours faithfully
For City Pharmacy Limited

A handwritten signature in black ink, appearing to read 'Mahesh Patel', written over a horizontal line.

Per Mahesh Patel OBE
Chairman