Brait SE
(Registered in Malta as a European Company)
(Registration No.SE1)
Share code: BAT ISIN: LU0011857645
Bond Code: WKN: A1Z6XC ISIN: XS1292954812
("Brait", "the Company")

NET ASSET VALUE ("NAV") UPDATE FOR THE FIRST QUARTER ENDED 30 JUNE 2016 (Q1 FY2017)

Shareholders of the Company are advised that:

- NAV per share decreased by 3.2% to ZAR131.94 for the quarter ended 30 June 2016 (31 March 2016: ZAR136.27 per share).
- NAV per share of ZAR131.94 reflects an increase of 64.2% for the twelve months ended 30 June 2016 (30 June 2015: ZAR80.34 per share) and a three-year CAGR to 30 June 2016 of 67.9%.
- Inclusive of the ordinary share dividends paid to date, the three-year CAGR to 30 June 2016 is 68.2%.
- The impact of the UK referendum vote to leave the European Union resulted in the Pound weakening 7.5% against the Rand from ZAR21.21 at 31 March 2016 to ZAR19.62 at 30 June 2016. Applying an unchanged exchange rate of ZAR21.21 to translate the Company's GBP denominated assets and liabilities, Brait's reported NAV per share at 30 June 2016 would be ZAR139.93; an increase of 2.7% for the quarter.

Brait's valuation policy is to reference the EV/EBITDA valuation multiple on an historical basis for each of its investments to their peer group's trailing three year average multiple, taking into consideration the peer average spot multiple at reporting date.

The EV/EBITDA historical valuation multiples used at 30 June 2016 are:

	Valuation multiple used	Peer average:	
		3 year trailing	spot
New Look	13.3x	15.1x	12.6x
Virgin Active	11.4x	13.7x	13.9x
Premier	13.1x	13.1x	13.1x
Iceland Foods	8.8x	10.0x	9.8x

The discounts to peer average multiples at 30 June 2016 are:

	Valuation multiple used	Discount to peer average:	
		3 year trailing	spot
New Look	13.3x	12%	(6%)
Virgin Active	11.4x	17%	18%
Premier	13.1x	-	-
Iceland Foods	8.8x	12%	10%

The 24 June 2016 announcement of the UK referendum result to leave the European Union adversely impacted share prices of companies with UK exposures. This resulted in the average spot multiple for New Look's peer group declining from 13.3x, which was the valuation multiple Brait applied at 31 March 2016, to 12.6x at 30 June 2016. However, share prices recovered soon thereafter, with the average spot multiple for New Look's peer group closing at 13.5x on 29 July 2016. Accordingly, Brait's valuation multiple for New Look at 30 June 2016 is unchanged at 13.3x.

Brait NAV Analysis:

	30-Jun-16	31-Mar-16	30-Jun-15
	R'm	R'm	R'm
Investments	70,994	73,036	42,920
New Look	31,279	34,869	14,963
Virgin Active	17,783	17,579	-
Premier	12,854	11,637	8,788
Iceland Foods	7,087	7,181	1,374
Other investments	1,991	1,770	2,397
Steinhoff	-	-	15,398
Loan receivable	-	-	588
Cash and cash equivalents	4,076	4,354	14,297
Accounts receivable	6	245	152
Total assets	75,076	77,635	57,957
Convertible bond	(6,161)	(6,621)	-
Borrowings	(1,977)	(1,100)	(14,916)
Accounts payable	(80)	(42)	(64)
Total liabilities	(8,218)	(7,763)	(14,980)
Preference share equity	-	-	(1,964)
Net asset value	66,858	69,872	41,013
Number of issued shares ('mil) excluding treasury shares	506.72	512.75	510.50
Net asset value per share (ZAR)	131.94	136.27	80.34

Key highlights for Brait's investment portfolio:

New Look:

- The UK clothing and apparel sector has experienced a challenging quarter as a result of unfavourable market conditions, lower consumer confidence and consequent increase in promotional sales. New Look's results for this quarter were further influenced by an out-performance in the prior year comparative first quarter period.
- Revenue (in GBP) for the 13 weeks ended 25 June 2016 declined by 4.2% on the comparative period, with New Look Brand like-for-like sales down 6.6% and UK like-for-like sales down 7.0%. New Look's UK womenswear market share* remains number two overall and number one for under the age of 35.
- Own website sales growth was +9.0% on the comparative period, driven by a further increase in online traffic. Third Party E-commerce sales increased by 28.7%, driven by the increasing volume of business with key partnerships.
- China continues to deliver positive like-for-like sales, with conversion to sales improving as brand awareness increases and product ranges are further refined for the local market. Domestic sourcing now accounts for more than 65% of the product offering. New Look opened 9 new stores in China during the quarter, taking the total in operation to 94 with a strong pipeline of new openings to come.
- Menswear continues to do well with sales growth of 21% on the comparative period and an increasing Mens UK market share*, driven by an improved product offering and standalone stores. Two standalone Menswear stores were opened in the quarter, taking the total in operation to 8, with a strong pipeline of growth for the remainder of FY2017.
- The group's total estate closed the current quarter at 852 stores (26 March 2016: 838), with a total of 467 stores in the Concept format.
- New Look's flexible supply chain enables tight inventory management and good cash generation, with capex plans actively reviewed to facilitate flexibility around planned investment levels and hedges in place at pre-referendum GBP/USD exchange rates for expected FY2017 inventory related US Dollar payments.
- New Look, in which Brait has an effective 79.9% economic interest post dilution for the performance based sweet equity granted to the New Look management team, is valued at 30 June 2016 using an EV/EBITDA multiple of 13.3x (31 March 2016: 13.3x) which represents a discount of 12% to the peer group's three year trailing average of 15.1x. The weakening of the Pound against the Rand by 7.5% for the quarter has impacted New Look's ZAR carrying value. Applying the closing GBP/ZAR exchange rate of ZAR19.62, the resulting ZAR31.3 billion carrying value represents 42% of Brait's total assets. The

New Look FY2017 Q1 debt investor presentation is available at *www.brait.com.*

(Kantar WorldPanel data for the 24 weeks ending 5 June 2016 by value)*

Virgin Active:

- Virgin Active has continued to trade well for the five month period ended 31 May 2016. Measured in constant currency, revenue increased 6% and EBITDA 14% over the prior comparative period, with growth achieved across all territories.
- Total clubs increased by 18 over the last twelve months, with three clubs opened in South Africa during the current year's five month period. The group is on plan to achieve its target of 16 club openings for FY2016.
- Adult membership has increased by 2% on continuing operations over the comparative period.
- The sale of 35 non-core UK clubs to Nuffield Health, which Virgin Active announced on 14 June 2016, was completed on 31 July 2016. This transaction results in a stronger, more cash generative UK estate focussed on prime sites in London, the South East and other major metropolitan areas.
- Virgin Active is well diversified geographically with over 60% of its earnings sourced outside the UK.
- The Asia Pacific region remains a key strategic growth area and early signs from the rollout are looking encouraging, resulting in an acceleration of new club openings in Singapore and Thailand scheduled over the next 12 months.
- Virgin Active, in which Brait has an effective 70.4% economic interest post dilution for the performance based sweet equity granted to the Virgin Active management team, is valued at the reporting date using an EV/EBITDA multiple of 11.4x (31 March 2016: 11.0x), which represents a discount of 17% to its peer group's three year trailing average multiple of 13.7x. Applying the closing GBP/ZAR exchange rate of ZAR19.62, Virgin Active's carrying value is ZAR17.8 billion, which represents 24% of Brait's total assets.

Premier:

- Premier's strong trading continues through the 11 months ended 31 May 2016, and sees the business well placed to exceed its five-year target 10% EBITDA margin, having delivered solid double digit EBITDA growth over this period. Premier's EBITDA margin at the time of Brait's acquisition in July 2011 was 4.5% on an EBITDA run-rate of ZAR225 million.
- All three divisions have delivered results ahead of plan in the current year to date.
- The Baking division has benefitted from its focus on quality and the ZAR370 million investment over the past two years to upgrade facilities and increase capacity in the Western Cape and Kwa-Zulu Natal operations. In a competitive environment,

Premier's like-for-like bread volumes are up 6% with over 500 million loaves sold.
- The Milling division focussed on margin management as a result of the significant increases in grain prices due to the severe drought, depreciation of the Rand and the effect of wheat import tariffs. The new range of breakfast products launched in April 2016, which includes (i) instant maize porridge, launched under Premier's existing maize brands, and (ii) a high protein, multi-grain cereal under a new brand *Thrive,* are trading in line with plan.
- In the Groceries division, sugar confectionary, Lil-lets and CIM have each performed well during the current period.
- Brait increased its shareholding in Premier to 91.4% (31 March 2016: 91.1%) through the exercise of put and call option agreements. Premier is valued at the reporting date using an EV/EBITDA multiple of 13.1x (31 March 2016: 12.7x), which represents the peer group's average three year trailing and spot multiples at reporting date. Premier's carrying value of ZAR12.9 billion represents 17% of Brait's total assets.

Iceland Foods
- Based on the latest Kantar WorldPanel data for the 12 weeks ending 17 July 2016, the UK grocery market grew by 0.1%, with food deflation still at (1.4%). In this competitive and price-driven market place, Iceland has sought to differentiate itself by developing new products and improving public awareness of the benefits of frozen food. These include its quality, authenticity, freshness and convenience, large range of choice and its many advantages in reducing food waste, as well as its consistently great value. Iceland's programme of innovation has established it as the UK's leading fish and seafood specialist and the home of the largest healthy eating brand being the exclusive *Slimming World™* range of frozen ready meals, which Iceland's manufacturing facility is dedicated to producing. Coupled with the expansion of its larger store format, *The Food Warehouse*, the growth of its online business, and the distinctive *Power of Frozen* campaign, this differentiation is helping Iceland to moderate the decline in like-for-like sales and continue its strong record of cash generation.
- Sales (in GBP) for the 12 weeks ended 17 June 2016 decreased by 0.6%, with like-for-like sales decreasing by 2.4%, a modest improvement on the 2.5% decline recorded in the final quarter of FY2016.
- The group added six stores in the quarter, including four Food Warehouse stores. Taking into account two store closures, the group had a total of 885 stores at period end, which includes 16 Food Warehouse stores.
- As most of Iceland's inputs are Pound denominated, its direct exposure to foreign currency is relatively low.

- Iceland Foods, which is 57.1% owned by Brait, is valued at the reporting date using an EV/EBITDA multiple of 8.8x (31 March 2016: 8.8x) which represents an unchanged discount of 12% to its peer group's three year trailing average multiple of 10.0x. Applying the closing GBP/ZAR exchange rate of ZAR19.62, Iceland Foods' carrying value is ZAR7.1 billion, which represents 9% of Brait's total assets. The Iceland Foods Q1 FY2017 debt investor presentation is available at *www.brait.com*

Other investments:

- The increase in Brait's carrying value is attributable to DGB's continued strong performance.

Commentary on the rest of the balance sheet:

- The decrease in the carrying value of cash and the Convertible Bond is largely a function of the GBP/ZAR exchange rate.
- The decrease in the number of issued ordinary shares is a result of treasury shares purchased during the quarter.
- Brait continues to explore alternative sources of funding to enhance flexibility and efficiency.

Whilst the UK referendum vote to leave the European Union introduced foreign exchange rate and equity market volatility, Brait's affected portfolio companies have (i) mostly hedged their exchange rate exposures for the remainder of the financial year, whilst (ii) equity markets have largely retraced, resulting in a normalisation in the peer group average multiples.

Brait's investment portfolio has strong fundamental characteristics in terms of geographical diversity, brand, product offering, innovation and experienced and aligned management teams. Furthermore, relating to the UK, the value positioning of New Look and Iceland Foods, premium positioning of Virgin Active's UK estate, the limited exposure to credit sales and strong cash generation sees Brait's UK investment portfolio well placed in the medium to longer term to deal with challenges facing that region.

The financial information on which this announcement is based has not been reviewed and reported on by the Company's external auditors.

Malta
10 August 2016

Brait's primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange.

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