

Brait SE

(Registered in Malta as a European Company)

(Registration No. SE1)

Share Code: BAT ISIN: LU0011857645

Share Code: BATA ISIN: MT0000680208

("Brait" or "the Company")

DETAILED TERMS ANNOUNCEMENT RELATING TO BRAIT'S PROPOSED DISPOSAL OF ITS EFFECTIVE 37.06% ECONOMIC INTEREST IN PEPKOR HOLDINGS PROPRIETARY LIMITED ("PEPKOR") TO STEINHOFF INTERNATIONAL HOLDINGS LIMITED ("STEINHOFF") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Further to the cautionary announcements released on the website of the Luxembourg Stock Exchange ("LuxSE") and on the Stock Exchange News Service ("SENS") of the Johannesburg Stock Exchange ("JSE") on 19 September 2014 and on 3 November 2014, holders of ordinary shares with a par value of €0.22 each in Brait ("Shareholders") are advised that Brait's subsidiary, Brait Mauritius Limited ("Brait Mauritius"), has entered into a sale of shares agreement with Steinhoff in terms of which Steinhoff will acquire Brait's effective 37.06% interest in Pepkor ("Brait Transaction").

Furthermore, as detailed in the SENS announcement released by Steinhoff today, 25 November 2014, Steinhoff has also entered into agreements to acquire Titan Premier Investments Proprietary Limited's (acting through various wholly-owned subsidiaries) effective 52.47% interest in Pepkor ("Titan Transaction").

Furthermore, Steinhoff has entered into agreements with certain management of Pepkor to acquire a further effective 2.81% interest in Pepkor ("Pepkor Management Transaction").

As a result of the Brait Transaction, the Titan Transaction and the Pepkor Management Transaction, Steinhoff will hold an effective interest of 92.34% in Pepkor, with the Pepkor management holding the balance of the effective interest in Pepkor.

2. Description of business carried on by Pepkor

Founded in 1965 and headquartered in Cape Town, Pepkor is a leading South African based retailer selling mainly clothing, footwear, housewares, personal accessories, cellular products and financial services. Retail interests are focused on the cash retail value market and exposure to LSM 1-6 categories, operating in 16 countries across 3 continents (Africa, Australia and Europe). Pepkor employs c.32,000 people and has an extensive store network operating over 3,700 retail stores representing 12 main retail brands. The core businesses of Pepkor are Pep, Ackermans and Pepco.

3. Terms of the Brait Transaction

Brait, through Brait Mauritius, currently holds its effective 37.06% interest in Pepkor *via* a direct 23.86% holding in the ordinary share capital of Pepkor and an indirect stake of 13.20% held via Newshelf 1093 Proprietary Limited (“Newshelf”).

The consideration to be paid by Steinhoff for acquiring Brait’s effective interest in Pepkor amounts to R26.4 billion (“Brait Transaction Price”). The Brait Transaction Price will be settled through a combination of (i) a cash amount of R15 billion (“Cash Consideration”) and (ii) the issue of 200 million ordinary shares in Steinhoff (“Steinhoff Consideration Shares”) at an issue price of R57.00 per Steinhoff Consideration Share. Subject to the fulfilment of the conditions precedent outlined in paragraph 6 of this announcement, the Brait Transaction is expected to be implemented by no later than two business days after 31 May 2015.

In the event that the Brait Transaction is not completed by 28 February 2015, Brait will be entitled to an increase in the Cash Consideration at a rate of 7% per annum. Furthermore, Steinhoff will guarantee the shortfall to Brait, if any, between the issue price of the Steinhoff Consideration Shares (R57.00) and the gross value realised by Brait on the sale of each Steinhoff Consideration Share, for a period of 12 months from the date of issue of the Steinhoff Consideration Shares.

The Brait Transaction Price effectively values 100% of Pepkor at R73.382 billion Enterprise Value or EV.

The Board of Directors of Brait (“Brait Board”) has considered the terms and conditions of the Brait Transaction and has agreed to support the Brait Transaction. Consequently, the Brait Board will recommend the approval of the Brait Transaction to Shareholders, subject to the fulfilment of the conditions precedent to the Brait Transaction, including Shareholder approval. In the interests of good governance and fairness to all Shareholders, the Brait Board undertook to procure a fairness opinion from an independent professional expert, indicating whether the terms of the Brait Transaction are fair to Shareholders. Ernst & Young Advisory Services (Pty) Limited was appointed as the independent professional expert (“Independent Expert”) to consider the terms and conditions of the Brait Transaction. Taking into consideration the terms and conditions of the Brait Transaction, the Independent Expert is of the opinion that the terms and conditions of the Brait Transaction are fair to the Shareholders.

4. Rationale for the Brait Transaction

The Brait Board believes that Brait has been presented with an opportunity to realise its investment in Pepkor at an attractive valuation. In addition, Brait retains the upside on the Steinhoff Consideration Shares. The Steinhoff Consideration Shares present an attractive investment exposure for Brait, whilst Brait has procured an underpin for the value of its Steinhoff Consideration Shares for a period of 12 months.

Furthermore, Brait is investigating a number of exciting investment opportunities that may add significant value for Shareholders. Proceeds from the Brait Transaction will be used to pursue these opportunities.

5. Net Asset Value (NAV) impact resulting from the Brait Transaction

As a result of the Brait Transaction, the *pro forma* 30 September 2014 NAV per Brait share will increase by 76.7% to R61.35, before transaction costs, which are expected to be approximately R50 million (c.10 cents per share). The *pro forma* NAV of Brait following the Brait Transaction, before transaction costs, is as reflected in the table below:

	Notes	Unaudited 30 September 2014 Total	<i>Pro forma</i> Adjustments Brait Transaction	<i>Pro forma</i> 30 September 2014 Total
		R'm	R'm	R'm
Investments		18,415	(146)	18,269
Pepkor	1	11,546	(11,546)	-
Steinhoff	1	-	11,400	11,400
Premier		3,862	-	3,862
Iceland Foods		1,400	-	1,400
Other investments		1,607	-	1,607
Loan receivable		548	-	548
Cash and cash equivalents	2	622	13,875	14,497
Property and equipment		-	-	-
Accounts receivable		333	-	333
Total assets	1	19,918	13,729	33,647
Borrowings		-	-	-
Accounts payable and provisions		(19)	-	(19)
Total liabilities		(19)	-	(19)
Preference share equity		(1,964)	-	(1,964)
NAV: ordinary shareholders		17,935	13,729	31,664
No. of issued ordinary shares (#'m) excluding treasury		516.2	-	516.2
NAV per share (Rands)		34.75	26.60	61.35

Notes

	R'm
1 <i>Pro forma</i> increase in Brait's 30 September 2014 reported NAV	
Brait Transaction Price	26,400
Cash Consideration	15,000
Steinhoff Consideration Shares	11,400
Less: Brait's share of Newshelf gearing (50.85% of R2.214bn as at 30 September 2014)	(1,125)
Net proceeds to Brait	25,275
Less: Brait's reported 30 September 2014 carrying value for Pepkor	(11,546)
<i>Pro forma</i> increase in NAV	13,729
2 <i>Pro forma</i> increase in cash and cash equivalents	
Cash Consideration	15,000
Less: settlement of Brait's share of Newshelf gearing	(1,125)
<i>Pro forma</i> increase	13,875

6. Conditions precedent

The implementation of the Brait Transaction is subject to the fulfilment of conditions precedent that are usual for a transaction of this nature, including:

- the Shareholders approving the Brait Transaction;
- the ordinary shareholders of Steinhoff approving the Brait Transaction;
- the unconditional approval of the Brait Transaction by the South African competition authorities and such foreign anti-trust authorities as may be required in other relevant jurisdictions;
- the South African Takeover Regulation Panel approving the Brait Transaction or exempting the Brait Transaction from complying with the Takeover Regulations;
- the financial surveillance department or an authorised dealer of the South African Reserve Bank approving the Brait Transaction;
- the conclusion and implementation of the Titan Transaction; and
- the Brait Transaction agreements becoming unconditional in accordance with their terms.

7. Posting of circular

Shareholders are advised that a circular containing full details of the terms of the Brait Transaction and incorporating a notice of extraordinary general meeting (“Extraordinary General Meeting”) containing the necessary resolution(s) to be approved by Shareholders in order to implement the Brait Transaction, is expected to be posted to Shareholders on or about Friday, 12 December 2014.

8. Salient dates and times

Circular expected to be posted to Shareholders on or about	Friday, 12 December 2014
Record date to be entitled to participate in and vote at the Extraordinary General Meeting	Friday, 16 January 2015
Last day to submit forms of proxy in respect of the Extraordinary General Meeting by 11:00 Central European Time / 12:00 South African time on	Monday, 26 January 2015
Extraordinary General Meeting to be held at 4th Floor, Avantech Building, St. Julian’s Road, San Gwann, SGN 2805, Malta at 11:00 Central European Time / 12:00 South African time on	Tuesday, 27 January 2015
Results of the Extraordinary General Meeting published on the website of the LuxSE and on SENS on	Tuesday, 27 January 2015

Notes:

1. The abovementioned times and dates are subject to change. Any material changes will be published on the website of the LuxSE and on SENS.
2. Any form of proxy not delivered by the stipulated date and time may be handed to the chairperson of the Extraordinary General Meeting at any time before the appointed proxy exercises any of the Shareholder rights at the Extraordinary General Meeting.

9. Withdrawal of cautionary announcement

Shareholders are advised that, as a result of the publication of this announcement, the cautionary announcements of 19 September 2014 and 3 November 2014 are hereby withdrawn and that caution is no longer required to be exercised by Shareholders when dealing in their Brait shares.

Malta

25 November 2014

The Company's primary listing is on the Euro MTF market of the LuxSE and its secondary listing is on the JSE.

Financial adviser and sponsor to Brait

Rand Merchant Bank (A division of FirstRand Bank Limited)

South African attorneys

Webber Wentzel

International legal adviser

M Partners S.à r.l. (A member of Maitland Legal)

Independent professional expert

Ernst & Young Advisory Services (Pty) Limited