

## **Brait proposes to sell its 37% stake in Pepkor for at least R26.4 billion**

The Board of directors of Brait SE (“Brait Board”) is pleased to announce to shareholders that it proposes to sell its effective 37.06% interest in Pepkor Holdings Proprietary Limited (“Pepkor”) to Steinhoff International Holdings Limited (“Steinhoff”). Steinhoff has furthermore entered into agreements to acquire (i) Titan Premier Investments Proprietary Limited’s effective 52.47 % interest in Pepkor and (ii) an effective 2.81% interest in Pepkor held by certain management of Pepkor. As a result of these transactions, Steinhoff will acquire an effective interest of 92.34% in the issued ordinary share capital of Pepkor, with Pepkor management holding the balance.

The consideration to be paid by Steinhoff for acquiring Brait’s investment in Pepkor amounts to R26.4 billion to be settled through a combination of (i) a cash amount of R15 billion and (ii) the issue of 200 million ordinary shares in Steinhoff at an issue price of R57.00 per Steinhoff share. In the event that this transaction is not completed by 28 February 2015, Brait will be entitled to an increase on the R15 billion cash amount at a rate of 7% per annum. Furthermore, Steinhoff will guarantee the shortfall per share to Brait, if any, between the R57.00 issue price and the gross value realised by Brait, for a period of 12 months from the date of issue of the Steinhoff shares. The effective date of the transaction is subject to the fulfilment of shareholder and regulatory approvals, by no later than 31 May 2015.

The Steinhoff offer for Brait’s stake values Pepkor at R73.481 billion (“Enterprise Value” or “EV”), which translates into an 18.4x EV/EBITDA multiple and a 37.4x PE multiple based on Pepkor’s respective audited FY2014 EBITDA (R3.994 billion) and net profit (R1.906 billion) from continuing operations.

Brait’s reported Net Asset Value (“NAV”) per share at 30 September 2014 was R34.75. The Steinhoff consideration of R26.4 billion for Brait’s investment in Pepkor would result in a *pro forma* NAV at 30 September 2014 of R61.35, which represents a *pro forma* R26.60 (77%) increase in NAV per Brait share.

Brait is investigating a number of exciting investment opportunities in which to deploy the Pepkor realisation proceeds that may add significant value for Brait’s shareholders. The 200 million Steinhoff shares represents an attractive investment exposure enhanced by Brait benefitting from any upside to the 12 month guaranteed price of R57 per Steinhoff share held.

The Brait Board believes that Brait has been presented with an opportunity to realise its investment in Pepkor at an attractive valuation. The Brait Board has considered the terms and conditions of the Steinhoff offer and have agreed to support the transaction and consequently recommend it to Brait shareholders, subject to the successful conclusion of conditions precedent in the legal agreements, including Brait shareholder approval. The Brait Board appointed Ernst & Young as the independent professional expert and they have provided an opinion that the transaction is fair to Brait shareholders.