

Steinhoff Africa Retail Limited

(Previously K2017221869 (South Africa) Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number: 2017/221869/06)

Share Code: **SRR**

ISIN: **ZAE000247995**

("STAR" or the "Company")

NOT FOR DISTRIBUTION, PUBLICATION OR RELEASE, IN WHOLE OR IN PART DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION, PUBLICATION OR RELEASE WOULD BE UNLAWFUL. THIS ANNOUNCEMENT IS NOT A PROSPECTUS AND NOT AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION, INCLUDING IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.

PRICING ANNOUNCEMENT

1. RESULTS OF THE PRIVATE PLACEMENT

With reference to STAR's Pre-listing Statement dated 4 September 2017 ("**Pre-listing Statement**") and the announcements released on 23 August 2017 and 4 September 2017, regarding the private placement by way of an offer for subscription by the Company of its ordinary shares ("**Shares**"), subject to certain conditions ("**Private Placement**"), the Company advises that it has successfully raised an aggregate amount of R15.4 billion, through the placement of 750 million Shares ("**Placement Shares**") at a price of **R20.50** per Share ("**Placement Price**"). The Placement Shares will, upon their issue, represent approximately 21.74% of the total issued Shares immediately after Listing (as defined below).

As part of STAR's commitment to the development and support of the South African government's Black Economic Empowerment ("**BEE**") initiatives, it has placed to Lancaster 101 (RF) Proprietary Limited ("**Lancaster 101**"), on a preferential basis, and Lancaster 101 has agreed to subscribe for, 302 439 024 of the Placement Shares at the Placement Price, representing an aggregate amount of approximately R6.2 billion ("**BEE Placement**"). The BEE Placement will represent approximately 8.77% of the total issued Shares immediately after Listing (as defined below). The Private Placement excluding the BEE Placement was 4.8 times oversubscribed.

The bookbuild process in relation to the Private Placement closed on Thursday, 14 September 2017. The settlement date and expected date of the listing of STAR ("**Listing**"), which is subject to confirmation that a spread of shareholders has been achieved that is acceptable to the securities exchange operated by the JSE Limited, is expected to be Wednesday, 20 September 2017 ("**Settlement Date**").

Based on a total of 3 450 000 000 Shares in issue at the Settlement Date, the Placement Price implies a total market capitalisation of R70.7 billion for STAR. The proceeds from the Private Placement (net of costs) will be distributed to subsidiaries of Steinhoff International.

2. OVERALLOTMENT OPTION

A further 50 000 000 existing Shares ("**Overallotment Shares**") were allotted to invited investors by a subsidiary ("**Overallotment Shareholder**") of Steinhoff International Holdings N.V. ("**Steinhoff International**") at the Placement Price. The Overallotment Shares were placed pursuant to an option ("**Overallotment Option**") which the Overallotment Shareholder has granted to the stabilisation manager, Citigroup Global Markets Limited ("**Stabilisation Manager**"), for a period commencing on the Settlement Date and ending 30 days thereafter ("**Stabilisation Period**").

The Stabilisation Manager, acting on behalf of the Joint Global Coordinators (as set out below and as defined in the Pre-Listing Statement), may effect transactions, subject to applicable laws and regulations and only during the Stabilisation Period, which may support the market price of the Shares. Such stabilisation, if commenced, may be discontinued at any time without prior notice and will in any event be discontinued after the Stabilisation Period. There is, however, no assurance that the Stabilisation Manager will undertake any stabilisation actions.

3. LOCK-UP ARRANGEMENTS

Steinhoff International and its subsidiaries will continue to hold 2 700 000 000 Shares representing approximately 78.26% of the total issued Shares immediately after the Listing (assuming no exercise of the Overallotment Option).

Subject to certain exceptions, including the issuance of the Shoprite Consideration Shares (as defined in the Pre-listing Statement) and a placement to a limited number of institutional investors of Shares with a market value not exceeding the Rand equivalent of USD 50 million, the Company has entered into a 180-day share lock-up with the Joint Global Coordinators.

Steinhoff Africa Holdings Proprietary Limited and Lancaster 101 have also entered into a 180-day share lock-up agreement subject to certain customary exceptions.

Stellenbosch

15 September 2017



TRANSACTION AND
CORPORATE
SPONSOR



JOINT GLOBAL
COORDINATOR



JOINT GLOBAL
COORDINATOR



JOINT GLOBAL
COORDINATOR



JOINT GLOBAL
COORDINATOR



SOUTH AFRICAN
LEGAL ADVISOR TO
THE COMPANY



INTERNATIONAL
LEGAL ADVISOR TO
THE COMPANY



SOUTH AFRICAN
LEGAL ADVISOR TO
THE COMPANY



INDEPENDENT REPORTING
ACCOUNTANT



INTERNATIONAL LEGAL
ADVISOR TO THE JOINT
GLOBAL COORDINATORS
AND JOINT BOOKRUNNERS



SOUTH AFRICAN LEGAL
ADVISOR TO THE JOINT
GLOBAL COORDINATORS
AND JOINT BOOKRUNNERS



JOINT BOOKRUNNER



JOINT BOOKRUNNER

DISCLAIMER

The contents of this announcement have been prepared by and are the sole responsibility of STAR.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities to any person in the United States, Australia, Canada or Japan or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The securities referred to herein (the "**Shares**") may not be offered or sold in the United States unless registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or offered in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The offer and issue of the Shares has not been, and will not be, registered under the Securities Act or under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Shares referred to herein may not be offered or sold in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. There will be no public offer of securities in the United States, Canada, Australia and Japan.

This announcement does not constitute or form a part of any offer or solicitation or advertisement to purchase and/or subscribe for Shares in South Africa, including an offer to the public for the sale of, or subscription for, or the solicitation of an offer to buy and/or subscribe for, shares as defined in the South African Companies Act No. 71 of 2008, as amended ("**South African Companies Act**") and will not be distributed to any person in South Africa in any manner that could be construed as an offer to the public in terms of the South African Companies Act. In South Africa this announcement is directed only at (i) persons falling within the exemptions set out in section 96(1)(a) or (ii) persons who subscribe, as principal, for Shares at a total contemplated acquisition cost equal to or greater than R1 000 000,

as envisaged in section 96(1)(b), of the Act, and in each case to whom the Private Placement is specifically addressed (all such persons in (i) and (ii) being referred to as "relevant persons"). The Private Placement and any other investment activity to which this announcement relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act on this announcement or any of its contents. This announcement does not, nor does it intend to, constitute a "registered prospectus", as contemplated by the South African Companies Act.

The information contained in this announcement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 37 of 2002, as amended and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Shares or in relation to the business or future investments of the Company is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia), Australia, Canada or Japan. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In member states of the European Economic Area (each, a "**Relevant Member State**"), this announcement and any offer if made subsequently is directed only at persons who are "qualified investors" within the meaning of the Prospectus Directive ("**Qualified Investors**"). For these purposes, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU. In the United Kingdom this announcement is directed exclusively at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated, and any investment activity to which it relates will only be engaged in with such persons and it should not be relied on by anyone other than such persons.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Canada, Australia or Japan.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made.

Each of the Company, Steinhoff International, Citigroup Global Markets Limited ("**Citigroup**"), Investec Bank Limited ("**Investec**"), J.P. Morgan Securities plc ("**J.P. Morgan**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**"), PSG Capital Proprietary Limited ("**PSG Capital**"), Rand Merchant Bank, a division of FirstRand Bank Limited ("**RMB**") and The Standard Bank of South Africa Limited ("**Standard Bank**") and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

Any subscription of Shares in the proposed Private Placement should be made solely on the basis of the information contained in the Pre-listing Statement to be issued by the Company in connection with the Private Placement. The information in this announcement is subject to change. Before subscribing for or purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Pre-listing Statement when published. No reliance may be placed for any purpose on the information contained in

this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The date of the Listing may be influenced by a variety of factors which include market conditions. There is no guarantee that Listing will occur and you should not base your financial decisions on the Company's intentions in relation to Listing at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Private Placement. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Private Placement for the person concerned.

None of Citigroup, Investec, J.P. Morgan, Morgan Stanley, PSG Capital, RMB and Standard Bank or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith.

Each of Citigroup, Investec, J.P. Morgan, Morgan Stanley, PSG Capital, RMB and Standard Bank is acting exclusively for STAR and Steinhoff International and no-one else in connection with the Private Placement. They will not regard any other person as their respective clients in relation to the Private Placement and will not be responsible to anyone other than STAR and Steinhoff International for providing the protections afforded to their respective clients, nor for providing advice in relation to the Private Placement, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Morgan Stanley and J.P. Morgan are authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority.

In connection with the Private Placement, each of Citigroup, Investec, J.P. Morgan, Morgan Stanley, RMB and Standard Bank and any of their respective affiliates, may take up a portion of the Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of STAR or related investments in connection with the Private Placement or otherwise. Accordingly, references in the Pre-listing Statement, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by any of Citigroup, Investec, J.P. Morgan, Morgan Stanley, RMB and Standard Bank and any of their respective affiliates acting in such capacity. In addition, Citigroup, Investec, J.P. Morgan, Morgan Stanley, RMB and Standard Bank may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold or dispose of Shares. None of Citigroup, Investec, J.P. Morgan, Morgan Stanley, RMB and Standard Bank nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

In connection with the Private Placement, Citigroup, as Stabilisation Manager, or any of its agents may, subject to the JSE Listings Requirements and other applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the date of the Listing. There will be no obligation on the stabilisation manager to enter into such transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. Such stabilising action may be undertaken at any time during the period commencing on the date of the Listing and may under no circumstances continue beyond the 30th calendar day after the date of the Listing. Save as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any stabilisation transactions conducted in relation to the Private Placement.