

TRUWORTHS INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1944/017491/06)
PO Box 600, Cape Town, South Africa, 8000
JSE code: TRU; NSX code: TRW
ISIN: ZAE000028296
("Truworths" or "the Group")

Voluntary update

Annual general meeting / remuneration policy implementation report

Shareholders are referred to the announcement published on the JSE news service SENS on 25 September 2018 advising that Truworths' 2018 integrated annual report, as well as its 2018 preliminary report and notice of annual general meeting had been published on the Group's website: www.truworthsinternational.com.

Subsequent to such publication, certain shareholders have engaged with Group management requesting clarification and further information on certain aspects of the Group's remuneration policy implementation report that was published in the 2018 integrated report and in relation to which shareholders will be voting at the annual general meeting.

Accordingly, Truworths provides the following information in relation to the performance share awards made during the 2018 financial period:

- the performance targets applicable to such awards, and
- the basis for making such share awards to executive directors.

Long term incentive performance targets:

Truworths acknowledges that it should be disclosing annually in its remuneration policy implementation report the long term incentive financial performance targets applicable to share awards and plans to do so in its 2019 integrated report.

Truworths notes that its Remuneration Committee's practice has been to set challenging targets for long term incentive (LTI) purposes. The resultant 2018 disclosed vesting of only 52% in respect of the March 2016 share award serves to illustrate this point well. Since the implementation of the Group's 2012 share plan, only one award has achieved vesting at the 100% target level, this being the September 2014 award. Truworths believes the validity of its methodology has been confirmed by historic performance criteria resulting overall in an average percentage vesting of below 100%.

The Remuneration Committee also takes into account the economic environments in which the Group operates and that Truworths' financial metrics in many instances are regarded as being industry leading.

The targets applicable to the performance shares awarded during the 2018 financial year are as follows:

F2021 LTI Targets for March 2018 Award

Metric	Weight %	50% Vesting Target	100% Vesting Target	150% Vesting Target	Published Group Target
ROA	25%	20%	23%	25%	20-25%
ROE	10%	23%	26%	28%	23-28%
EBIT growth	20%	CPI	CPI + 1pp pa	CPI + 2pp pa	
Gross Margin	15%	51%	53%	55%	51-55%
Strategic Projects	30%	Good Performance	Good Performance Plus	Excellent Performance	

F2020 LTI Targets for August 2017 Award

Metric	Weight %	50% Vesting Target	100% Vesting Target	150% Vesting Target	Published Group Target
ROA	25%	20%	23%	25%	20-25%
EBIT growth	20%	CPI	CPI + 1pp pa	CPI + 2pp pa	
Strategic Projects	30%	Good Performance	Good Performance Plus	Excellent Performance	

Note 1: CPI means the Consumer Price Index as published by Statistics SA.

Note 2: The awards vest in years 3, 4 and 5, and performance measurement takes place at the end of year 3.

Note 3: No shares vest at all if performance falls below the 50% vesting target, whilst performance above the maximum 150% vesting target does not increase the vesting percentage above 150%.

Note 4: ROA means return on assets; ROE means return on equity, and EBIT means earnings before interest and taxation.

The Strategic Projects selected by the Remuneration Committee for LTI purposes for both the August 2017 and March 2018 awards have been disclosed in the remuneration policy implementation report in our 2018 integrated report, and are as follows:

- Response to the affordability regulations in South Africa
- Introduction of Office London into South Africa
- Integration of Office in the Group
- Implementation of an updated brand vision for each buying division
- E-commerce implementation and roll-out
- Loads of Living's integration in Truworths
- Introduction of lay-bys across all relevant countries

Basis for performance shares awarded:

As regards the number of performance shares awarded to the executive directors in the 2018 financial year, Truworths advises that various considerations were taken in account by the Remuneration Committee.

The awards made to the CEO are likely to be the final allocation ahead of his envisaged retirement within the next few years, and it is noted the shares awarded vest over a five year period. It is also to be noted that the CEO's annual guaranteed pay had not been adjusted for three years, and accordingly the share award value to pay ratio appears disproportionately high.

The awards made to the other two executive directors were in pursuance of the CEO succession plans being implemented by the board, and acknowledged increased strategic responsibilities assumed by them in the year following a re-allocation of portfolios and the acquisition of a homewares business. The awards also served to give effect to the board's intention to create a new Chief Operating Officer role, to which David Pfaff was appointed in September 2018, and build the stable senior leadership team that will be necessary to support the effective execution of the CEO succession plans.

Although the Remuneration Committee does not have a disclosed policy for annual share awards per executive level, it does have guiding shareholding levels per executive director. These levels are aimed at ensuring substantive alignment between the interests of directors and shareholders, and are reviewed bi-annually. The share awards in the 2018 financial year were made having regard for these shareholding levels, and no executive director's holdings exceed his guideline level.

Truworths trusts that the above additional disclosures are useful to shareholders and will enable them to vote in an informed manner in relation to the resolution to approve the Group's 2018 remuneration policy implementation report, which resolution is to be considered under agenda item 8.2 at the annual general meeting.

Shareholders are reminded that the said annual general meeting is scheduled to be held in the auditorium at its registered office, being No.1 Mostert Street, Cape Town, South Africa on Wednesday, 24 October 2018 at 09h30, to transact the business set out in the notice of the meeting, which notice is contained in the Group's 2018 audited preliminary report and published on the Group's website: www.truworthsinternational.com .

Shareholders are encouraged to participate in the voting on all resolutions, and are advised to make the necessary arrangements to attend or be represented at the annual general meeting and, where required, to furnish voting instructions to their CSDP or broker in good time. The record date for the purposes of participating and voting at the annual general meeting is 17:00 on Friday, 19 October 2018.

Shareholders are reminded that in order for forms of proxy (which are contained in the Group's 2018 audited preliminary report and published on the Group's website: www.truworthsinternational.com) to be valid for the purposes of the meeting, these are requested to be lodged at the offices of Truworths' transfer secretaries, Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (or mailed to be received by them at P O Box, 61051, Marshalltown, 2107, South Africa) by no later than 48 hours before the appointed time of the meeting. Forms of proxy may thereafter however be submitted, to the chairman of the meeting, up to the scheduled time for holding the meeting.

By order of the board

Chris Durham
Company Secretary

Cape Town
16 October 2018

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