

THE FOSCHINI GROUP LIMITED
Reg. No.: 1937/009504/06
Code: TFG
ISIN: ZAE000148466
("TFG" and "Group")

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Rights Offer Declaration Announcement

1. Introduction

TFG shareholders are referred to the announcement released on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on Thursday, 18 June 2020, wherein TFG announced its condensed consolidated financial results for the year ended 31 March 2020 and notice of extraordinary general meeting ("EGM"), with the intention to seek shareholder approval to implement a fully underwritten, renounceable rights offer ("Rights Offer").

2. Rationale

As announced on Thursday, 18 June 2020, TFG faces significant uncertainty and risk in the economic, operating and trading environments of its core markets. The board of directors and management of TFG believe it is prudent and necessary to reduce TFG's financial indebtedness now by way of the Rights Offer. This will allow TFG to strengthen its relative position and insulate the balance sheet against potential future shocks while at the same time positioning TFG for future growth and opportunities.

The proposed size of the Rights Offer has been informed by an extensive scenario planning exercise and the intention is to use the net proceeds of the Rights Offer to:

- reduce debt and insulate the balance sheet, ahead of what is expected to be a sustained period of economic uncertainty;
- pursue TFG's organic growth strategy and further leverage TFG's existing brands to gain market share;
- continue to invest in the retail platform and TFG's digital transformation journey, particularly in the Group's e-commerce offering; and
- ensure the Group has the ability to take advantage of market opportunities in line with its current strategy and which meet its investment criteria.

3. Terms of the Rights Offer

TFG is targeting gross proceeds of up to R3.95 billion through an offer of renounceable rights to subscribe for new TFG ordinary shares ("Rights Offer Shares") to TFG shareholders (excluding TFG shareholders resident or located in certain restricted jurisdictions to be set out in the Rights Offer Circular (as defined below) recorded in the register on the record date for the Rights Offer ("Qualifying Shareholders"), being Friday, 24 July 2020. The final terms of the Rights Offer, including the Rights Offer price and ratio of entitlement, will be announced on SENS by TFG on the finalisation date, expected to be on or about Thursday, 16 July 2020.

Application will be made to the JSE for the listing on the securities exchange of the JSE of:

- the letters of allocation in respect of the Rights Offer which will be listed from the commencement of business on Wednesday, 22 July 2020 until the close of business on Tuesday, 4 August 2020, both days inclusive, under the JSE code TFGN and ISIN ZAE000288353; and

- the Rights Offer Shares which will be listed with effect from the commencement of business on Wednesday, 5 August 2020.

The Rights Offer Shares will, upon issue, rank *pari passu* with all other shares of the same class.

4. Excess applications

Qualifying Shareholders will be permitted to apply for Rights Offer Shares not taken up in excess of their *pro rata* entitlement in terms of the Rights Offer ("Excess Shares"), should there be Excess Shares available for allocation. Such Excess Shares will be allocated equitably, taking into consideration the number of TFG ordinary shares held by the Qualifying Shareholder that applies for Excess Shares prior to such allocation, including Rights Offer Shares taken up as a result of the Rights Offer, and the number of Excess Shares applied for by such Qualifying Shareholder.

5. Entitlement

The allocation of Rights Offer Shares will be such that Qualifying Shareholders will not be allocated a fraction of a Rights Offer Share and only whole numbers of Rights Offer Shares will be issued. Any entitlement to receive a fraction of a Rights Offer Share will be:

- rounded down to the nearest whole number if less than half a Rights Offer Share; and
- rounded up to the nearest whole number if more than or equal to half of a Rights Offer Share.

6. Underwriting

It is intended that the Rights Offer Shares will be underwritten by Rand Merchant Bank, a division of FirstRand Bank Limited, The Standard Bank of South Africa Limited and Absa Bank Limited, subject to customary terms and conditions.

7. Conditions precedent

The implementation of the Rights Offer is subject to the fulfilment of the following conditions:

- the successful passing of the requisite Rights Offer resolutions at the EGM; and
- the JSE granting a listing of the letters of allocation and the Rights Offer Shares on the securities exchange of the JSE in respect of the Rights Offer.

8. Foreign shareholders

Foreign shareholders may be affected by the Rights Offer, having regard to prevailing laws in their relevant jurisdictions. Such foreign shareholders should inform themselves with regard to and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this announcement that may affect them, including the Rights Offer. It is the responsibility of each foreign shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Rights Offer, including obtaining any governmental, exchange or other consents or the making of any filing which may be required, the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdictions. The Rights Offer is governed by the laws of South Africa and is subject to applicable laws and regulations, including Exchange Control regulations. Nothing in this declaration announcement or the Rights Offer Circular referred to herein constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

9. Salient dates and times

	2020
Declaration announcement released on SENS on	Tuesday, 14 July
Finalisation announcement released by 11:00 (SAST) on SENS on or about	Thursday, 16 July
Rights Offer Circular (as defined below) made available on TFG's website, tfglimited.co.za , on	Monday, 20 July
Rights Offer Circular and form of instruction emailed/posted to qualifying certificated shareholders on	Monday, 20 July
Last day to trade in TFG ordinary shares in order to qualify to participate in the Rights Offer (cum rights)	Tuesday, 21 July
TFG ordinary shares commence trading ex-rights on the securities exchange of the JSE at 09:00 (SAST) on	Wednesday, 22 July
Listing of and trading in the letters of allocation commences under JSE code TFGN and ISIN ZAE000288353 at 09:00 (SAST) on	Wednesday, 22 July
Record date for the Rights Offer, at the close of business on	Friday, 24 July
Rights Offer opens at 09:00 (SAST) on	Monday, 27 July
In respect of qualifying certificated shareholders, letters of allocation credited to an electronic account held with the transfer secretaries at 09:00 (SAST) on	Monday, 27 July
Rights Offer Circular and form of instruction emailed/posted to qualifying dematerialised shareholders on	Monday, 27 July
In respect of qualifying dematerialised shareholders, CSDP (as defined below) or broker accounts credited with letters of allocation at 09:00 (SAST) on	Monday, 27 July
Last day to trade in letters of allocation in order to participate in the Rights Offer on	Tuesday, 4 August
In respect of qualifying certificated shareholders (or their renounees) wanting to sell all or some of their letters of allocation, form of instruction to be lodged with the transfer secretaries by 12:00 (SAST) on	Tuesday, 4 August
Listing of Rights Offer Shares on the securities exchange of the JSE commences at 09:00 (SAST) on	Wednesday, 5 August
In respect of qualifying certificated shareholders (or their renounees) wishing to exercise all or some of their rights, payment to be made and form of instruction to be lodged with the transfer secretaries by 12:00 (SAST) on	Friday, 7 August
Rights Offer closes at 12:00 (SAST) on	Friday, 7 August
Record date for letters of allocation on	Friday, 7 August
Rights Offer Shares issued on	Tuesday, 11 August
In respect of qualifying dematerialised shareholders (or their renounees or purchasers of their letters of allocation), CSDP or broker accounts debited with the aggregate Rights Offer Price and updated with Rights Offer Shares at 09:00 (SAST) on	Tuesday, 11 August
In respect of qualifying certificated shareholders (or their renounees or purchasers of their letters of allocation), share certificates posted by registered post on or about	Tuesday, 11 August
Results of the Rights Offer announced on SENS on	Tuesday, 11 August
In respect of successful excess applications (if applicable), Rights Offer Shares issued to qualifying dematerialised shareholders and/or share certificates posted to qualifying certificated shareholders on or about	Thursday, 13 August
In respect of unsuccessful excess applications (if applicable), refunds made to qualifying certificated shareholders on or about	Thursday, 13 August

Notes:

1. Share certificates in respect of TFG ordinary shares may not be dematerialised or rematerialised between Wednesday, 22 July 2020 and Friday, 24 July 2020, both days inclusive.
2. Central Securities Depository Participants ("CSDPs") effect payment on a delivery versus payment basis in respect of dematerialised shares.
3. Qualifying dematerialised shareholders are required to inform their CSDP or broker of their instructions in terms of the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between the qualifying dematerialised shareholder and their CSDP or broker. Qualifying dematerialised shareholders are advised to contact their CSDP or broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.

Shareholders are advised that the dates and times in respect of the Rights Offer may change. Any changes to the dates and times will be announced on SENS.

10. Rights offer circular

Further details of the Rights Offer will be disclosed in the rights offer circular ("Rights Offer Circular"), which Rights Offer Circular is anticipated to be made available on TFG's website, tfglimited.co.za, on Monday, 20 July 2020, and will be posted, together with a form of instruction in respect of the letters of allocation, to certificated shareholders on Monday, 20 July 2020 and to dematerialised shareholders on Monday, 27 July 2020.

Joint Global Coordinator and Underwriter
Absa Bank Limited
(acting through its Corporate and Investment Banking Division)

Joint Global Coordinator and Underwriter
Rand Merchant Bank
(a division of FirstRand Bank Limited)

Joint Global Coordinator and Underwriter
The Standard Bank of South Africa Limited
(acting through its Corporate and Investment Banking division)

Transaction Sponsor
Rand Merchant Bank
(a division of FirstRand Bank Limited)
(Registration Number 1929/001225/06)

Legal advisers to TFG as to South African law
Edward Nathan Sonnenbergs Incorporated

Legal advisers to TFG as to US law
Shearman & Sterling (London) LLP

Legal advisers to the Joint Global Coordinators and Underwriters as to South African law
Webber Wentzel

Legal advisers to the Joint Global Coordinators and Underwriters as to US law
Linklaters LLP

Forward-Looking Statements

This announcement includes certain forward-looking statements, beliefs or opinions, including statements with respect to TFG's business, financial condition, results of operations and prospects. Forward-looking statements are typically identified by the use of forward looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualized", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risk and uncertainties. These statements reflect the directors' beliefs and expectations and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. There are a number of risks, uncertainties and factors that could cause actual results and developments to differ materially from those expressed or implied by these statements and forecasts. Past performance cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this announcement, and TFG expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. No statement in this announcement is intended to be a profit forecast. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

Important Notice

This announcement does not constitute or form a part of any offer or solicitation or advertisement to purchase and/or subscribe for Securities in South Africa, including an offer to the public for the sale of, or subscription for, or the solicitation or advertisement of an offer to buy and/or subscribe for, shares as defined in the South African Companies Act, No. 71 of 2008 (as amended) or otherwise (the "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 Companies Act. As a result, this announcement does not comply with the substance and form requirements for a prospectus set out in Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the with the South African Companies and Intellectual Property Commission or any other South African authority.. Nothing in this announcement should be viewed, or construed, as "advice", as that term is used in the South African Financial Markets Act, No. 19 of 2012, as amended, and/or Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended (the "FAIS Act").

The announcement constitutes factual, objective information about TFG and nothing contained herein should be construed as constituting any form of investments advice or recommendation, guidance or proposal of a financial nature as contemplated in the FAIS Act in respect of TFG or any transaction in relation thereto. TFG and/or its representatives and advisors are not (and are not required to be) Financial Services Providers as contemplated in the FAIS Act in South Africa and the contents of this announcement must not be construed as constituting the canvassing for, or marketing or advertising of, financial services by TFG and/or its representatives and advisors in South Africa. To the extent that any of TFG's representatives and/or advisors, including Rand Merchant Bank (a division of FirstRand Bank Limited), The Standard Bank of South Africa Limited and Absa Bank Limited (the "Joint Global Coordinators and Underwriters"), are registered Financial Services Providers, none of them purport to provide, market or advertise financial services to any person in respect of TFG and this announcement does not constitute financial advice, or financial services, provided by the aforesaid to any person who is in possession of this announcement.

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The contents of this announcement have not been verified by the Joint Global Coordinators and Underwriters in connection with the Rights Offer or any of their respective affiliates. Each Joint Global Coordinator and Underwriter is acting on behalf of the TFG and no one else in connection with the Rights Offer. They will not regard any other person as their client in relation to the Rights Offer and will not be responsible to anyone other than TFG for providing the protections afforded to their respective clients nor for providing advice in relation to the Rights Offer, the contents of this announcement or any

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Cape Town
14 July 2020

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