

Brait SE
 (Registered in Malta as a European Company)
 (Registration No.SE1)
 Share code: BAT ISIN: LU0011857645
 Bond Code: WKN: A1Z6XC ISIN: XS1292954812
 ("Brait", "the Company")

NET ASSET VALUE ("NAV") UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016 (Q3 FY2017)

Shareholders of the Company are advised that:

- Brait's reported NAV per share at 31 December 2016 is ZAR82.45
- The decrease of 21.5% compared to 30 September 2016's NAV of ZAR105.06, includes the adverse impact of the 5% strengthening of the Rand against the Pound Sterling over the quarter, from ZAR17.82 at 30 September 2016 to ZAR16.95 at 31 December 2016. Applying an unchanged exchange rate of ZAR17.82 to the Company's GBP denominated assets and liabilities, Brait's reported NAV per share at 31 December 2016 would be ZAR85.36; a decrease of 18.8%
- The three-year CAGR for reported Rand NAV per share to 31 December 2016 is 39.4% per annum (benchmark of 15% per annum); including ordinary share dividends it is 40.4%
- Expressed in Pound Sterling, on the basis that Brait is most invested in this currency, Brait's NAV per share at 31 December 2016 is GBP4.86 compared to GBP5.90 at 30 September 2016, a decrease of 17.6%. The three-year Pound CAGR to 31 December 2016 is 40.6%; including ordinary share dividends it is 41.1%
- Brait received investment proceeds of ZAR566 million during the quarter (ZAR256 million from Premier; ZAR310 million from the Other Investments portfolio)

Brait's valuation policy is to reference the EV/EBITDA valuation multiple on a historical basis for each of its investments to their peer group's trailing three-year average multiple. At 31 December 2016, the EV/EBITDA historical valuation multiples used are:

	31 December 2016		30 September 2016	
	Valuation multiple used	Peer average: 3 year trailing	Valuation multiple used	Peer average: 3 year trailing
Virgin Active	11.4x	13.8x	11.4x	13.8x
Premier	13.2x	13.3x	13.2x	13.2x
New Look	10.3x	14.8x	11.3x	14.9x
Iceland Foods	9.0x	9.9x	9.4x	10.0x

The discounts when comparing the valuation multiples used to respective peer average multiples are:

	31 December 2016		30 September 2016	
	Discount to peer average: 3 year trailing	Discount to peer average: spot	Discount to peer average: 3 year trailing	Discount to peer average: spot
Virgin Active	17%	11%	17%	17%
Premier	1%	(3%)	-	6%
New Look	30%	25%	24%	10%
Iceland Foods	9%	7%	6%	7%

Brait NAV Analysis:

	31-Dec-16		30-Sep-16	
	R'm		R'm	
Investments	46,410	93%	58,142	94%
Virgin Active	15,190	30%	16,107	26%
Premier	13,184	27%	13,485	22%
New Look	8,696	17%	18,726	30%
Iceland Foods	7,295	15%	7,660	12%
Other investments	2,045	4%	2,164	4%
Cash and cash equivalents	3,509	7%	3,598	6%
Accounts receivable	2	-	4	-
Total Assets	49,921	100%	61,744	100%
Borrowings	(2,608)		(2,736)	
Convertible bond	(5,389)		(5,630)	
Accounts payable	(114)		(101)	
Total liabilities	(8,111)		(8,467)	
Net Asset Value	41,810		53,277	
Number of issued shares ('mil) excluding treasury shares	507.10		507.10	
Net asset value per share (ZAR)	82.45		105.06	

Virgin Active:

- For the financial year ended 31 December 2016, Revenue and EBITDA measured in constant currency, for continuing operations, increased 6% and 12% on the comparative year respectively.
- 16 clubs were opened during the year, giving a total of 255 clubs at 31 December 2016. 13 of these club openings were in South Africa, 2 in Thailand and 1 in Singapore. These openings included 4 flagship Collection clubs in Cape Town, Pretoria, Singapore and Bangkok, 6 Lifecentre clubs and 5 RED clubs in South Africa, and a Lifecentre club in Thailand. Total adult membership closed the year at 1.2m which is in line with the previous year on a continuing operations basis.
- Virgin Active announced on 7 February 2017 the final significant step in focusing its UK operations, in accordance with its international strategy, on metropolitan and commuter hubs in key markets. The sale of 16 UK clubs to David Lloyd Leisure delivers a compelling valuation and is expected to complete in the second quarter of 2017. Virgin Active plans to continue its upgrade programme in 2017 and will continue to operate 45 clubs in the UK, 33 of which are in London.
- Virgin Active's commitment to product innovation and an outstanding member experience was evidenced in 2016 with the further rollout of the Grid (a high intensity floor based functional training class) across more of the estate; the introduction of the Pack (a revolutionary group cycle product) into all major territories and significant enhancements to its digital offering.
- Virgin Active, in which Brait has an effective 70.5% equity interest post dilution for the performance based sweet equity granted to the management team and 78.3% of shareholder funding, is valued at the reporting date using an unchanged EV/EBITDA multiple of 11.4x, which represents a discount of 17% to its peer group's three year trailing average multiple of 13.8x.
- Virgin Active's carrying value in Pound Sterling reflects a slight decrease of 0.9% for the quarter at GBP896 million (30 September 2016: GBP904 million).
- Applying the closing GBP/ZAR exchange rate of ZAR16.95, Virgin Active's carrying value in Rand has decreased by 5.7% for the quarter to ZAR15.2 billion (30 September 2016: ZAR16.1 billion), which represents 30% of Brait's total assets (30 September 2016: 26%).

Premier

- For the six months ended 31 December 2016, revenue and EBITDA increased 11% and 10% respectively on the comparative period, with EBITDA margin at 10.0%.
- This is a pleasing result in the context of a challenging market as a result of high raw material inflation, drought,

volatile currency exchange rates, wheat import tariffs and increased competition.

- In December 2016 Premier refinanced its debt facilities and used the proceeds from this to repay Brait ZAR256 million shareholder funding, which gives rise to a slight decrease in Premier's carrying value for the quarter.
- During the quarter, Brait increased its shareholding in Premier from 91.4% to 92.0% through the exercise of put and call option agreements.
- Premier is valued at the reporting date using an unchanged EV/EBITDA multiple of 13.2x, which represents a discount of 1% to its peer group's three year trailing average multiple of 13.3x.
- Premier's ZAR13.2 billion carrying value at reporting date represents 27% of Brait's total assets (30 September 2016: 22%).

New Look

- The UK and European apparel and footwear sectors continued to face a challenging, promotion-led market with reduced footfall during the 13 weeks ended 24 December 2016 (Q3). In response to the changing consumer "buy now, wear now" mind-set, New Look has revised its buying processes to improve speed to market and strengthened its Buying and Design teams to deliver a stronger product proposition.
- Q3 Revenue (in GBP) increased by 0.8% on the comparative period, as a result of good performances outside the UK, online and in Menswear, evidencing that New Look's strategy of diversification is the right one for the business. Q3 Group LFL sales declined by 4.6%, with its UK LFL sales decreasing by 4.7% in the quarter. Q3 EBITDA decreased by 19.7% on the comparative period.
- International sales increased by 17.9% YTD, mainly attributable to the year-on-year increase in trading in China, which continues to produce positive LFL sales, with 106 stores trading at the end of Q3. Domestic sourcing now accounts for more than 75% of the range in China, with the dedicated buying teams sourcing around 35% of the range exclusively for the Chinese market. Work continues towards a multichannel offering with a growing online presence on TMall.
- Following the launch of New Look's new online platform for international websites in September 2016 and the 'New Look Delivery Pass', which offers free annual delivery for a set one-off fee, in November 2016, New Look experienced strong online trade on Black Friday, Cyber Monday and Christmas, particularly through the mobile channel. Own Website sales increased by 18.2% for Q3, resulting in YTD growth of 12.9%.
- Third Party E-commerce sales have the benefit of being internationally diverse and continue to perform well, with sales increasing on the comparative period by 73.0% for Q3 and 36.8% YTD.

- A further four standalone Menswear stores opened during Q3, bringing the total standalone Menswear stores to 19. YTD Menswear sales were +14% on the comparative period, supported by an improved gross margin.
- The group's total estate closed the third quarter at 867 stores (24 September 2016: 850 stores).
- Notwithstanding unfavourable GBP/USD currency movements, New Look remains committed to delivering sustainable improvements in its gross profit margin in the long term. Work continues with (i) supply chain partners to offset foreign currency pressures and deliver improved intake margins; (ii) investment in stock allocation, replenishment and management systems to reduce levels of markdown; and (iii) managing price architecture to ensure compelling entry prices.
- New Look has maintained a strong cash balance at GBP132.5 million, managing costs tightly and working capital efficiently, whilst continuing to focus investment in its core strategic initiatives in China, Menswear and E-commerce.
- New Look, in which Brait has an effective 79.9% equity interest post dilution for the performance based sweet equity granted to the management team and 90.2% of shareholder funding, is valued at the reporting date using an EV/EBITDA multiple of 10.3x. This represents a reduction to the 11.3x valuation multiple applied at 30 September 2016, and at reporting date, is at a discount of 30% to its peer average three year trailing multiple of 14.8x (30 September 2016: 24% discount) and a 25% discount to its peer average spot multiple (30 September: 10% discount).
- New Look's carrying value in Pound Sterling of GBP513 million reflects a decrease of 51% for the quarter.
- Applying the closing GBP/ZAR exchange rate of ZAR16.95, New Look's carrying value in Rand has decreased by 54% for the quarter to ZAR8.7 billion, which represents 17% of Brait's total assets (30 September 2016: 30%).

Iceland Foods:

- For the 40 weeks ended 30 December 2016, YTD turnover has increased by 3.6% on the comparative period, with Q3 (16 weeks ending 30 December 2016) reflecting 7.0% growth.
- LFL sales growth of 3.8% for Q3 represents a continuous improvement from Q2's 0.8%, with YTD LFL now standing at 1.1%, a significant improvement on the full previous year's negative 2.7%.
- YTD EBITDA increased by 6.1% on the comparative period, principally reflecting the strong Q3 sales performance.
- Iceland has opened 24 new stores in the UK during the current 40-week period, resulting in a net addition of 17 stores and a total UK estate of 881 stores at 30 December 2016. The roll-out of the successful Food Warehouse store format continues, with 20 of the 24 new stores opened under The Food Warehouse fascia, giving a total of 32 of these larger stores trading at the end of Q3.

- The online business continues to show positive LFL growth, benefitting from the significant investment in the website and head office team.
- The business remains highly cash generative, with cash balances standing at GBP207 million at 30 December 2016. Net leverage, calculated as net debt to 12 month EBITDA, has improved over Q3 from 4.6x to 4.2x.
- Iceland Foods, in which Brait holds 57.1%, is valued at reporting date using an EV/EBITDA multiple of 9.0x, which represents a discount of 9% to its peer group's three year trailing average multiple of 9.9x. The reduction in valuation multiple from the 9.4x applied at 30 September 2016, maintains the level of discount unchanged to the peer average spot multiple at reporting date of 9.7x (30 September 2016: 10.1x).
- Iceland Food's carrying value in Pound Sterling of GBP430 million is unchanged for the quarter. Applying the closing GBP/ZAR exchange rate of ZAR16.95, the Rand carrying value has decreased by 5% for the quarter to ZAR7.3 billion, which represents 15% of Brait's total assets (30 September 2016: 12%).

Other investments:

- DGB, which is the majority asset in this portfolio, continues to deliver strong operating performance.
- The slight decrease in the Other Investments carrying value for the quarter is a function of the ZAR310 million proceeds that Brait received from this portfolio, which were mostly from DGB.

Commentary on the rest of the balance sheet:

- Brait received investment proceeds of ZAR566 million during the quarter comprising ZAR256 million from Premier and ZAR310 million from the Other Investments portfolio. The cash holding of ZAR3.5 billion at 31 December 2016 is essentially unchanged for the quarter largely as a result of pre-payments on Brait's gearing facility and the adverse effect of the Pound Sterling having weakened against the Rand when translating Brait's GBP186m cash holding.
- The decrease in the Rand carrying value of Brait's Pound Sterling denominated Convertible Bond is a function of the GBP/ZAR exchange rate.

The financial information on which this announcement is based has not been reviewed and reported on by the Company's external auditors. The respective New Look and Iceland Foods Q3 FY2017 bond investor presentations are available at www.brait.com.

Malta

14 February 2017

Brait's primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange.

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)