

Invicta Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1966/002182/06)  
Ordinary Share code: IVT Ordinary Share ISIN ZAE000029773  
Preference Share code: IVTP Preference Share ISIN: ZAE000173399  
("Invicta" or "the Company")

## CATEGORY 2 TRANSACTION ANNOUNCEMENT: DISPOSAL OF BUILDING SUPPLY GROUP PROPRIETARY LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

### 1. THE TRANSACTION / INTRODUCTION

Shareholders are referred to the cautionary announcement dated 14 November 2016 and renewed on 29 December 2016 and are hereby advised that Invicta South Africa Holdings Proprietary Limited ("the Seller"), a direct subsidiary of Invicta, has entered into an agreement with Steinhoff Doors and Building Materials Proprietary Limited ("Steinbuild" or "the Purchaser"), in terms of which Steinbuild will acquire 100% of Building Supply Group Proprietary Limited ("BSG") from the Seller as to its 60% interest and the remaining 40% held by the minority shareholder, which purchase consideration will be settled as detailed in 4 below ("the Transaction"), subject to the conditions precedent set out in 6 below and including warranties and indemnities that are customary for a transaction of this nature.

The Transaction excludes certain manufacturing and property businesses currently forming part of BSG, which will be disposed of separately.

### 2. DESCRIPTION OF THE BUSINESS CARRIED ON BY BSG / BACKGROUND INFORMATION

BSG is the holding company of the Building Supply Group of companies with various distribution facilities and tile retail outlets in Southern Africa and offices in Asia, employs a multitude of staff both nationally and internationally, imports in excess of 4000 containers of building material products and exports in excess of 2500 containers annually.

### 3. RATIONALE FOR THE TRANSACTION

In terms of the strategic vision of Invicta, the board of directors has, based on Invicta's business fundamentals, concluded that it would be more beneficial for Invicta shareholders to dispose of BSG, rather than to further develop BSG as a core pillar of the Invicta group. This will enable Invicta to focus on its core competency of Industrial Consumables and Capital Equipment and Parts.

### 4. PURCHASE CONSIDERATION

The purchase consideration will be settled by Steinbuild through a combination of subscription in BSG, loan funding and outright purchase price.

The purchase consideration is based on a provisional enterprise value of R678 million for 100% of BSG, however the final enterprise value will be based on the audited EBITDA for BSG for the March 2017 financial year, and must fall within the range of R610 million to R746 million for the Transaction to become effective.

The consolidated value of net assets of the BSG business being sold as at 31 March 2016 was R229 million and the consolidated profit after tax for the year to 31 March 2016 was R38 million.

The purchase consideration will be used by Invicta to settle debt in the short term and to provide funding for future operational growth.

#### 5. THE EFFECTIVE DATE OF THE TRANSACTION

The effective date of the Transaction is 1 April 2017, whilst the Transaction closing date will be the 1<sup>st</sup> day of the month following the month in which the last of the conditions precedent are fulfilled.

#### 6. CONDITIONS PRECEDENT

The Transaction is subject to inter alia the fulfillment of the following conditions precedent or the waiver to the extent allowed thereof:

- Due diligence investigation to be completed and confirmed by Steinbuild by no later than 7 April 2017;
- Approval by the Competition Authorities by 30 June 2017; and
- All regulatory approvals being obtained as appropriate and if applicable by 31 March 2017.

#### 7. CATEGORISATION

The Transaction is a Category 2 transaction as contemplated in the Listings Requirements of the JSE Limited.

#### 8. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 14 November 2016 and renewed on 29 December 2016 as detailed above and are advised that caution is no longer required to be exercised when dealing in their securities.

#### 9. FURTHER ANNOUNCEMENT

Shareholders will be notified once the last of the conditions precedent has been fulfilled or waived.

Company Secretary

Grace Chemaly

Cape Town

16 February 2017

Sponsor: Deloitte & Touche Sponsor Services (Pty) Ltd

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