SPAR ACQUIRES SPAR HOLDING AG
LICENCE HOLDER OF SPAR BRAND IN SWITZERLAND
10 MARCH 2016
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EXECUTIVE SUMMARY
EXECUTIVE SUMMARY

AGREEMENT TO ACQUIRE 60% OF SPAR HOLDING AG

• Purchase price of CHF44.5m (ZAR690.4m)
• Options to acquire remaining 40% after 5 years for CHF56.3m (ZAR881.2bn)

LICENSE HOLDER OF THE SPAR BRAND IN SWITZERLAND

• F2015 revenues: CHF824m (ZAR12.8bn) with EBITDA of CHF27.7m (ZAR429.7m)
• Branded retailer base comprising 305 stores in German-speaking region of Switzerland

BENEFITS

• More geographically spread revenue stream and foreign currency diversification
• Enhanced scale and critical mass
• Strong asset-based balance sheet with good cash generation
• We understand the model

SYNERGIES

• Similar culture
• Sharing knowledge, technologies, products and best practice

SPAR SWITZERLAND CEO KNOWN FOR 27 YEARS

• Strong current management team remain in place
WHO IS SPAR HOLDING AG?

SPAR Holding AG

SPAR
Responsible for operation of 58 corporate stores
247 independent retailer stores

TopCC
11 Cash & Carry operations

Wholesale Distribution
Supply of goods to 305 external customers + cash & carry business

Retail formats
SPAR: 166 stores
SPAR Express: 19 stores
Maxi: 120 stores

ONE OF THE LAST REMAINING LARGE FAMILY-OWNED BUSINESS IN THE SWISS GROCERY RETAIL MARKET
WHO IS SPAR HOLDING AG?

CAREFULLY SELECTED STORE PORTFOLIO OF LOCATIONS IN GERMAN-SPEAKING SWITZERLAND

Note: Location overview as of 31 December 2014
58 corporate + 247 independent retailer stores in German-speaking Switzerland
Total selling area of 74 000m²
WHO IS SPAR HOLDING AG? TOPCC

No. 2 player in Swiss Cash & Carry market | 11 Cash & Carry outlets | Online ordering with 33 000 products
Total selling area of 44 000m²
WHO IS SPAR HOLDING AG? NATIONAL DISTRIBUTION CENTRE

Modern logistics centre | 6 500 ambient and chilled SKUs | 32m cases distributed p.a.
Total area of 33 000m²
DEAL RATIONALE
**THE COLLECTIVE**

<table>
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<th>South Africa</th>
<th>Switzerland</th>
<th>Ireland and SW England</th>
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<tr>
<td><strong>Turnover (2015)</strong></td>
<td>ZAR56.4bn*</td>
<td>CHF824m (ZAR12.8bn)**</td>
<td>€1.2bn (ZAR16.9bn)*</td>
</tr>
<tr>
<td><strong>Markets supplied</strong></td>
<td>Groceries, fresh produce, beverages, pharmaceutical and building materials 1 935 retail stores South Africa, Swaziland, Botswana, Lesotho, Mozambique, Zimbabwe and Namibia</td>
<td>Groceries, fresh produce, beverages 247 independent stores 58 company-owned stores 11 Cash &amp; Carry outlets supplying ~33 000 SKUs</td>
<td>Supplies a network of &gt;1 330 SPAR, EUROSPAR, SPAR EXPRESS, MACE, Londis and XL branded stores 35 company-owned stores 23 Value Centre Cash &amp; Carry outlets</td>
</tr>
<tr>
<td><strong>Distribution capability</strong></td>
<td>Seven distribution centres &gt;242 800m² total floor space 219m cases dispatched in 2015</td>
<td>33 000m² national distribution centre 32m cases dispatched in 2015</td>
<td>30 000m² central distribution centre in Kilcarbery/Saltash 28m cases dispatched in 2015</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>3 800</td>
<td>1 283</td>
<td>1 300</td>
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* Reported at 31 September 2015 and prevailing exchange rates

** Reported at 31 December 2015 and March 8 2016 exchange rates
INVESTMENT HIGHLIGHTS

• Sound asset-based balance sheet
• Diversified retail strategy (channel formats / voluntary trading system)
• Familiar business model with solid growth potential
• State of the art distribution centre with efficient distribution logistics
• Swiss economy: Stable GDP growth with low unemployment rate
• Strong brand recognition and private labels
• Modern and optimised store formats
• Fully integrated systems

STRATEGIC BENEFITS

• Investment in a quality established business in stable market
• Complementary to SPAR Group
• Improves SPAR’s geographic diversification and revenues streams
• Enhances scale and critical mass
• Foreign currency diversification
• Synergies through sharing of knowledge, technologies, products and best practice
FINANCIAL IMPACTS

MARK GODFREY, CFO
TERMS AND FUNDING

PURCHASE PRICE OF CHF100.8M (ZAR 1 563.8M) FOR 100% OF THE GROUP

• Effective date on 1 April 2016
• 60% acquired for CHF44.5m (ZAR 690.4m) on effective date
• Call/put option agreement provides right to acquire 40% after 5 years for CHF56.3m (ZAR 881.2m)

AGGREGATE PURCHASE PRICE FOR SPAR HOLDING AG GROUP

• 13.6 x Swiss GAAP audited “normalised” profit after tax for SPAR AG Group (year ended 31 December 2015)
• Based on projected profits to 2021, effective PE multiple drops below 9x

FUNDING THE PURCHASE PRICE

• Through own cash resources
• Extraordinary General Meeting
## FINANCIAL EFFECTS

**SPAR Holding AG Selected Audited Financial Results as at 31 December 2015**

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<th>CHF (million)</th>
<th>ZARm (million)</th>
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<tbody>
<tr>
<td>Net Assets</td>
<td>144.9</td>
<td>2 247.9</td>
</tr>
<tr>
<td>Sales</td>
<td>824.0</td>
<td>12 787.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>27.7</td>
<td>429.7</td>
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<tr>
<td>Normalised PAT</td>
<td>7.4</td>
<td>114.8</td>
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*CHF translated into ZAR at an exchange rate of R15.5135 per CHF: Exchange rate as at 17:00 on 8 March 2016*
Q&A
This presentation contains forward-looking statements about the company’s operations and financial conditions.

They are based on SPAR Group Limited’s best estimates and information at the time of writing. They are nonetheless subject to significant uncertainties and contingencies many of which are beyond the control of the company. Unanticipated events will occur and actual future events may differ materially from current expectations due to new business opportunities, changes in priorities by the company or its joint ventures as well as other factors. Any of these factors may materially affect the company’s future business activities and its ongoing financial results.
Spar acquires Spar Holding AG
Licence holder of Spar brand in Switzerland
10 March 2016