

ASX ANNOUNCEMENT

Fantastic Holdings and Steinhoff Asia Pacific enter into Scheme Implementation Deed

Key Features

- Fantastic Holdings shareholders to receive \$3.50 cash per share
- Scheme consideration represents a significant premium to pre-announcement share price
- Fantastic Holdings Directors unanimously recommend that Fantastic Holdings shareholders vote in favour of the Scheme
- All Fantastic Holdings Directors intend to vote all Fantastic Holdings shares they hold or control in favour of the Scheme
- Major shareholders controlling over 50% of all Fantastic Holdings shares support the Scheme and intend to vote in favour of the Scheme
- Scheme is subject to limited conditions and scheduled for implementation before end of 2016

14 October 2016 (Sydney, Australia): Fantastic Holdings Limited (**Fantastic Holdings**) and Steinhoff Asia Pacific Holdings Pty Limited (**Steinhoff Asia Pacific**) today announce they have executed a Scheme Implementation Deed (**SID**) under which it is proposed that Steinhoff Asia Pacific will acquire 100% of the issued share capital in Fantastic Holdings by way of a scheme of arrangement (**Scheme**).

Under the terms of the Scheme, Fantastic Holdings shareholders will receive total consideration of \$3.50 in cash per Fantastic Holdings share, subject to all applicable conditions being satisfied or waived and the Scheme being implemented. The offer price values Fantastic Holdings' fully diluted equity¹ at approximately \$361.4 million.

¹ Based on 103,257,398 fully diluted shares on issue upon implementation of the Scheme.

The Scheme consideration of \$3.50 cash per Fantastic Holdings share exceeds the highest price Fantastic Holdings shares have traded since April 2010 and represents an attractive premium of:

- 43% to the closing price of \$2.45 on 13 October 2016, the last price prior to the announcement of the Scheme;
- 46% to the Volume Weighted Average Price (**VWAP**) of \$2.41 for the 5 days prior to the announcement of the Scheme;
- 41% to the VWAP of \$2.49 for the one month prior to the announcement of the Scheme;
- 33% to the VWAP of \$2.62 for the six months prior to the announcement of the Scheme; and
- 42% to the VWAP of \$2.46 for the 12 months prior to the announcement of the Scheme.

Fantastic Holdings' Chairman, Julian Tertini said "This is a compelling proposal and provides Fantastic Holdings shareholders with the opportunity to realise a significant premium, reflecting the underlying strength of our brands, operations and people. The 100% cash consideration provides Fantastic Holdings shareholders with certainty of value and an opportunity to realise their investment in full for cash. Steinhoff Asia Pacific's management team shares our vision for the growth and expansion of Fantastic Holdings and, as such, we believe they are the right long-term partner for our customers, employees, suppliers and other stakeholders".

Tim Schaafsma, a Director of Steinhoff Asia Pacific, said "Steinhoff Asia Pacific is excited about the opportunity to add Fantastic Holdings and its brands to our business. Fantastic Holdings is a complementary business in terms of market segments, customer base and vertical integration. The addition of Fantastic Holdings, its brands and manufacturing operations will broaden our brand portfolio and accelerate the growth of Steinhoff Asia Pacific in Australasia".

Fantastic Holdings' Board of Directors Unanimously Recommends the Scheme

The Directors of Fantastic Holdings unanimously recommend that Fantastic Holdings shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding that the Scheme is in the best interests of Fantastic Holdings shareholders. Subject to those same qualifications, each Director of Fantastic Holdings intends to vote all Fantastic Holdings shares they hold or control (including any proxies given at their discretion) in favour of the proposed Scheme.

Major Shareholder Support

Major Fantastic Holdings shareholders, Julian Tertini and Peter Brennan, have each separately advised Fantastic Holdings that they intend to vote all Fantastic Holdings shares held or controlled by them respectively (in total, 50.8%² of the Fantastic Holdings shares), in favour of the Scheme on the terms set out in the letters annexed to this announcement.

Call Options from Major Shareholders

Steinhoff Asia Pacific has reached agreement pursuant to which entities controlled by Julian Tertini and Peter Brennan separately grant Steinhoff Asia Pacific, the option to buy in aggregate a total of 19.9% of Fantastic Holdings shares on terms set out in agreements that will be disclosed in a substantial holder notice to be released by Steinhoff Asia Pacific to ASX.

Details of the Scheme

The transaction will be implemented by way of a Scheme of Arrangement under Australian law. The SID sets out the terms and conditions upon which Fantastic Holdings and Steinhoff Asia Pacific will give effect to the Scheme.

The Scheme is subject to a number of customary conditions including Fantastic Holdings shareholder and Federal Court of Australia approval, no material adverse change or prescribed occurrences, as well as approval of the Foreign Investment Review Board (**FIRB**). Steinhoff Asia Pacific has submitted its application for approval by FIRB. The Scheme is not conditional on due diligence or finance. Steinhoff Asia Pacific will fund the total cash consideration using existing cash and cash equivalents at call and undrawn debt facilities.

The SID contains customary exclusivity provisions including no shop and no talk restrictions, a notification obligation and a matching right, subject to Fantastic Holdings Directors' fiduciary and statutory obligations. The SID also details the circumstances under which a break fee may be payable by Fantastic Holdings to Steinhoff Asia Pacific. A copy of the executed SID accompanies this announcement

Indicative Timetable and Next Steps

Fantastic Holdings shareholders do not need to take any action at the present time.

The Scheme Booklet is expected to be sent to Fantastic Holdings shareholders in early November 2016 after its review by ASIC. This booklet will contain, amongst other things,

² Julian Tertini and Peter Brennan, who are both Directors of Fantastic Holdings, hold 40.46% and 10.36% of the total number of Fantastic Holdings shares respectively.

further information relating to the Scheme, an independent expert's report to be provided by Leadenhall Corporate Advisory opining on whether the proposed Scheme is in the best interests of Fantastic Holdings shareholders, reasons for the recommendations of the Fantastic Holdings Directors and details of the Scheme meeting.

Fantastic Holdings shareholders will be provided with an opportunity to vote on the Scheme at a Fantastic Holdings shareholder meeting expected to be held on or around 7 December 2016. Subject to Fantastic Holdings shareholder approval and the other conditions of the Scheme being satisfied, the Scheme is expected to be implemented by the end of December 2016.

Advisers

Fantastic Holdings is being advised by Monash Private Capital and Watson Mangioni. Steinhoff Asia Pacific is being advised by Investec and Minter Ellison.

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About Fantastic Holdings Limited

Fantastic Holdings Limited (ASX: FAN) is a leading Australian furniture retailer and manufacturer. Fantastic Holdings operates over 125 stores across three furniture retail chains including, national retailers Fantastic Furniture, Plush and the Original Mattress Factory (NSW and ACT). Fantastic Holdings is also Australia's largest sofa manufacturer, has one of the country's leading mattress manufacturers and operates a national supply chain to service all Fantastic's retail brands. Fantastic Holdings has recently expanded its manufacturing activities into China and Vietnam.

About Steinhoff Asia Pacific Holdings Pty Limited

Steinhoff Asia Pacific Holdings Pty Limited ("Steinhoff Asia Pacific") is a wholly owned subsidiary of Steinhoff International Holdings N.V. ("Steinhoff International").

Steinhoff Asia Pacific is a retailer of furniture and homeware in Australia and New Zealand through 157 retail stores under the Freedom, Snooze, POCO and Bay Leather Republic brands. The Snooze and Freedom brands have been in business in Australia and New Zealand for over 40 years and 35 years, respectively.

Steinhoff Asia Pacific also owns in Australia a mattress manufacturing business, Selectopedic, as well as a furniture importing specialist, G&G Furniture. In addition, Steinhoff Asia Pacific operates Unitrans Asia Pacific, a supply chain specialist.

Steinhoff Asia Pacific employs over 1,800 people in Australia and New Zealand.

About Steinhoff International Holdings N.V.

Steinhoff International Holdings N.V. ("Steinhoff International") is an integrated retailer that retails, sources and manufactures furniture, household goods and general merchandise in Europe, Africa, the USA and Australasia. Retail operations are positioned towards price conscious (value) consumer segments, providing consumers with affordable products through a vertically integrated supply chain.

Steinhoff International's integrated retail divisions comprise of:

- Household goods (furniture and homeware retail businesses);
- General Merchandise, focusing on clothing and footwear, accessories and homeware; and
- Automotive dealerships in South Africa which provides a broad range of new and pre-owned vehicles, parts, insurance, accessories and servicing. In addition, Hertz car rental outlets are included in this segment.

Steinhoff International employs approximately 140,000 employees and has a listing on the Frankfurt Stock Exchange and a secondary listing on the Johannesburg Stock Exchange with a current market capitalisation of approximately €20 billion (A\$30 billion).