

## THIS PRE-LISTING STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, please consult your CSDP, banker, broker, legal advisor, accountant or other professional advisor immediately.

The definitions and interpretations set out in Part 4 (Glossary of Defined Terms) of this Pre-listing Statement apply to this front cover and throughout this document unless otherwise stated.



**BRAIT SE**  
(Formerly "Brait S.A.")  
(Registered in Malta as a European Company)  
(Registration number SE1)  
Listed in Luxembourg and South Africa  
("Brait" or "the Company")

### PRE-LISTING STATEMENT or PROSPECTUS

Prepared as constituting a prospectus for Luxembourg purposes as well as being a pre-listing statement for JSE purposes relating to an offer to Qualifying Investors in South Africa only for subscription of up to 20 000 000 (twenty million) Brait Preference Shares in terms of a private placement and to the listing on the LuxSE and JSE of those shares which are subscribed for pursuant to such offer

The salient dates of the Offer for Subscription are provided below. Any changes to these dates and times will be released on the Exchange Information Services:

<b>Opening date of the Offer for Subscription (09:00)</b>	<b>Monday, 30 July 2012</b>
<b>Closing date of the Offer for Subscription (17:00)</b>	<b>Monday, 30 July 2012</b>
<b>Proposed listing date on the Exchanges (09:00)</b>	<b>Monday, 6 August 2012</b>

**This document does not constitute an offer to the public in South Africa and therefore does not constitute a Prospectus for the purpose of the SA Companies Act. The Offer for Subscription is only made to and may only be applied for by Qualifying Investors, being (i) those South African persons envisaged in section 96(1)(a) of the SA Companies Act, or (ii) a single South African addressee acting as principal where the Subscription Consideration payable by such addressee is not less than R1 000 000 (one million Rand).**

**This document does not constitute an offer to the public in Malta. The Offer for Subscription and any advertisement/communication related thereto shall only be published and circulated outside Malta or transmitted for reception outside Malta or originating outside Malta and such offer or advertisement related thereto shall not be directed to persons in Malta or otherwise be intended to be made available to persons in Malta.**

The Preference Shares will be admitted to a primary listing on the LuxSE and a secondary listing on the JSE and will trade on both Exchanges. The number of Preference Shares to be issued and listed will be determined as at Closing. The Preference Shares of nominal value of Euro 0.01 (zero point zero one Euro) each will be issued at a Subscription Price of ZAR100 (one hundred Rand) each. For Malta and Luxembourg purposes the Subscription Price shall be the Euro equivalent of ZAR100 (one hundred Rand) as at the Closing, at a Dividend Rate of 104% (one hundred and four *per centum*) of the Prime Rate.

Application will be made to the LuxSE to admit the Preference Shares on the official list of the LuxSE to be traded on the Euro MTF market under the abbreviation BRAITPRF with common code 081058172 and ISIN number MT0000680208, and to the JSE Limited to admit the Preference Shares to trading on the JSE on the "Specialist Securities – Preference Shares" sector with abbreviated name "BRAIT PREF" and alpha code "BATP", subject to Brait meeting the requirements set out in the LuxSE Listings Requirements and the JSE Listings Requirements in respect of the requisite spread of Preference Shareholders. For LuxSE purposes, this is a 25% (twenty five *per centum*) free float requirement. For JSE purposes, this is a minimum of 50 (fifty) public shareholders as well as 20% (twenty *per centum*) of the Preference Shares being held by public shareholders. The Preference Shares have been accepted for clearance and settlement on the LuxSE through the facilities of Clearstream and Euroclear.

At the Extraordinary General Meeting the shareholders, by means of extraordinary resolution, resolved to create 20 000 000 (twenty million) Preference Shares by amending the Memorandum and Articles to increase the authorised share capital by 20 000 000 (twenty million) Preference Shares with a nominal value of Euro 0.01 (zero point zero one Euro) each and by providing for the terms of the Preference Shares. The shareholders have also authorised the issue of up to 20 000 000 (twenty million) Preference Shares at a Subscription Price per share of ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing). The shareholders have delegated to the Directors the power to issue any of the 20 000 000 (twenty million) Preference Shares which are not issued pursuant to the Offer for Subscription, at a Subscription Price to be determined by the Directors, such authority lapsing at the expiry of 18 (eighteen) months from the date of Extraordinary General Meeting. To the extent that any Preference Shares will be issued after the lapse of 12 (twelve) months from the date of this document, an updated or new pre-listing statement or Prospectus will, if necessary, be issued in order to allow for the listing of such shares. In addition, ordinary shareholders have waived their rights of pre-emption in relation to all such shares. The terms and conditions of the Offer for Subscription and the Preference Share Issue Programme provide that no-one who acquires Preference Shares shall have pre-emption rights on any issue of such shares during the Preference Share Issue Programme. Pursuant to resolutions adopted by shareholders at the Company's annual general meeting of 25 July 2012, pre-emption rights in relation to Ordinary Shares in the Company were also waived in various circumstances. Holders of Preference Shares will therefore not have pre-emption rights in regards to Ordinary Shares. An extract of the resolutions passed at the aforementioned meetings, together with an updated Memorandum and Articles were delivered to the Maltese Registry of Companies for registration on or about 27 July 2012.

It is anticipated that the Listing will be effective from the commencement of business on Monday, 6 August 2012.

The Preference Shares will only be traded in electronic form and accordingly all Preference Shareholders who elect to receive certificated Preference Shares will have to dematerialise their certificated Preference Shares should they wish to trade on the LuxSE and JSE.

The Directors whose names are set out herein, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Pre-listing Statement contains all information required by the LuxSE Listings Requirements and the JSE Listings Requirements.

*Applicants should ensure that they fully understand the nature of the Preference Shares and the extent of the return and the potential exposure to risks. Applicants should consider the suitability of the Preference Shares as an investment in light of their own financial position. All applicants must obtain their own advice in connection with any investment in the Preference Shares in respect of, inter alia, any specific tax, financial and accounting consequences which may be applicable. Applicants are referred to the risk factors set out at Part 10, pages 50 to 53.*

An abridged version of this Pre-listing Statement has been released on the Exchange Information Services and published in the South African press on 30 July 2012.

Date of issue: 30 July 2012

Advisor, Arranger, Underwriter  
and Sponsor



International Counsel  
and LuxSE Listing Agent

Maitland

Attorneys – South Africa



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## PART 1 IMPORTANT INFORMATION

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### 1. ABOUT THIS PRE-LISTING STATEMENT

This document comprises a pre-listing statement relating to Brait prepared in accordance with the provisions of the LuxSE Listings Requirements and JSE Listings Requirements as regards to information contained in the pre-listing statement, as well as the format, incorporation by reference, and publication of such Pre-listing Statement and dissemination of advertisements. The Pre-listing Statement also constitutes a prospectus for Luxembourg purposes. However, for convenience, it shall be referred to as a Pre-listing Statement in this entire document unless otherwise stated.

This Pre-listing Statement has been produced in connection with the private placement of the Preference Shares and the admission of these shares to trading on the Euro MTF market operated by LuxSE, and on the JSE. In making any investment decision regarding the Preference Shares, prospective investors must rely on their own examination of the Company, including the merits and risks involved in an investment in the Company.

Prospective investors should rely only on the information contained in this Pre-listing Statement. The Company has not authorised any other person to provide prospective investors with any information or to make any representations in connection with the private placement. If anyone provides prospective investors with any information or makes any representations, such information or representations should not be relied upon. Prospective investors should assume that the information appearing in this Pre-listing Statement is accurate only as of the date on the front cover of this Pre-listing Statement, regardless of the time of delivery of this Pre-listing Statement or of any future offer, issue, subscription or sale of the Preference Shares. The business, financial condition, results of operations and prospects of the Company could have changed since that date. The Company expressly disclaims any duty to update this Pre-listing Statement, except as required by applicable law. A supplement to this Pre-listing Statement will be issued should events between the date of this Pre-listing Statement and the admission of the Preference Shares to trading on the Euro MTF market and on the JSE require significant changes to be made to the substance of this Pre-listing Statement or if required by either of the Exchanges.

The Company makes no representation to prospective investors as to the legality of an investment in the Preference Shares and prospective investors should not construe anything in this Pre-listing Statement as legal, business or tax advice. Prospective investors should consult their own advisors as to the legal, tax, business, financial and related aspects of an investment in the Preference Shares.

The Exchanges, being the LuxSE and the JSE Limited, accept no responsibility for the contents of this Pre-listing Statement, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this Pre-listing Statement.

### 2. FORWARD-LOOKING STATEMENTS

This Pre-listing Statement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “intends”, “considers”, “expects”, “seeks”, “target”, “strategy”, “objective”, “aim”, “continue”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Pre-listing Statement and include statements regarding the intentions, beliefs or current expectations of the Company concerning, among other things, the investment objective and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects and dividend payments and policy of the Company and the markets in which it, directly and indirectly, will invest and the resources available to it.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual investment performance of the Company, its results of operations, financial condition, liquidity, dividend payments and the development of its financing strategies and the operation of the markets in which it is, directly or indirectly, invested and the actual resources available to them, may differ materially from the impression created by the forward-looking statements contained in this Pre-listing Statement.

In addition, even if the investment performance, results of operations, financial condition, liquidity and dividend payments of the Company, the development of the financing strategies and the operation of

the markets in which they are, directly or indirectly, invested are consistent with the forward-looking statements contained in this Pre-listing Statement, those results or developments or markets or resources may not be indicative of results or developments or markets or resources in subsequent periods.

Important factors that may cause these differences include, but are not limited to the risk factors set forth in Part 10 of this Pre-listing Statement (Risk Factors), changes in economic conditions generally, legislative/regulatory changes, changes in taxation regimes, the Company's ability to invest the cash on its balance sheet in suitable investments or in a suitable manner on a timely basis, the cost and availability of capital for future investments, the availability and cost of suitable financing, the continued provision of services by the Company and the ability of the Company to attract and retain suitably qualified personnel.

These forward-looking statements speak only as at the date of this Pre-listing Statement. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The Company qualifies all of its forward-looking statements by these cautionary statements.

### **3. RESTRICTIONS ON THE DISTRIBUTION**

The distribution of this document in jurisdictions other than South Africa may be restricted by law, and persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Preference Shares are fully transferable. However, no Preference Shares will be offered by the Company pursuant to the Preference Share Issue Programme for subscription in any restricted territory as set out in section 3.6 of Part 5 (The Preference Shares and Placement Details) of this Pre-listing Statement. Accordingly, this document may not be supplied to the public in any jurisdiction in which any registration, qualification or other requirements exist or would exist in respect of any public offering of shares. This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Preference Shares by any person in any circumstances in which such offer or solicitation is unlawful and is not for distribution in or into Australia, Canada, Japan, Malta or the United States.

### **4. CERTAIN DEFINED TERMS**

Certain capitalised terms are defined the first time they appear in this Pre-listing Statement, although definitions may be repeated more than once for ease of reference. See also Part 4 (Glossary of Defined Terms) for definitions of other capitalised terms and for certain legal and technical terms used in this Pre-listing Statement (some of which are also defined in other sections of this Pre-listing Statement).

### **5. PRESENTATION OF FINANCIAL INFORMATION**

Unless otherwise indicated, the financial information in this Pre-listing Statement has been prepared in accordance with International Financial Reporting Standards ("IFRS").

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## PART 2 CORPORATE INFORMATION

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### **Directors**

P J Moleketi (Chairman), A C Ball, C D Keogh, R J Koch, R Schembri, C S Seabrooke, H R W Troskie, S J P Weber and Dr C H Wiese

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### **Transfer Secretary**

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**Date of incorporation:** 5 May 1976

**This Pre-listing Statement is available in English only. Copies may be obtained from the Arranger and the Transfer Agents at the addresses set out above.**

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## **PART 3 EXECUTIVE SUMMARY**

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The following information is a summary of the more detailed information contained in the main body of this Pre-listing Statement, and as such is not comprehensive or exhaustive. This summary forms part of the Pre-listing Statement containing information concerning the Company and the Preference Shares. This summary is intended to briefly convey the essential characteristics of, and risks associated with, the Company and the Preference Shares. Investors should read the entire Pre-listing Statement, and where referred, make use of the appropriate annual financial statements which can be accessed on the Brait website ([www.brait.com](http://www.brait.com)).

Prospective investors should ensure that they fully understand the nature of the product and the extent of the return and potential exposure to risks, and that they consider the suitability of such Preference Shares as an investment in light of their own financial position.

Prospective investors should carefully take into consideration the following criteria for evaluation of this summary:

- The summary should be read as merely an introduction to the Pre-listing Statement which comprises the whole of this document.
- In the case of divergences between this summary and of the Preference Share Terms, the latter shall prevail.
- Any decision to invest in the Preference Shares should be based on a consideration of the Pre-listing Statement as a whole and not solely on this summary information.
- Under the Prospectus Directive (Directive 2003/71/EEC as amended by Directive 2010/73/EU), in each member state of the European Economic Area, civil liability attaches to the Company which has tabled this summary as part of the Pre-listing Statement, including any translations of this summary, only if the summary is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Pre-listing Statement.

### **1. INTRODUCTION AND RATIONALE**

Brait intends entering into a new capital raising programme in order to make capital available for investment purposes. Aligned to Brait's growth strategy, the proposed capital raising provides the following benefits:

- Diversified, cost efficient permanent capital;
- Further strengthens the Company's existing capital base;
- Effectively lowers the Company's cost of capital; and
- Non-dilutionary for ordinary shareholders.

The capital raising programme will be implemented through the listing of Preference Shares, to be issued over a period of 18 (eighteen) months, in terms of which a maximum number of 20 000 000 (twenty million) Preference Shares will be issued through the Offer for Subscription and possible future issues at the discretion of the Directors. The Offer for Subscription is expected to raise approximately R1 000 000 000 (one billion Rand) to R1 500 000 000 (one and a half billion Rand), with the ability to increase to R2 000 000 000 (two billion Rand), subject to investor demand and by way of a private placement. The Subscription Price for the Offer for Subscription will be ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing). Any authorised, unissued Preference Shares that have not been issued in terms of the Offer for Subscription shall be issued by the Company as and when opportune, at a Subscription Price to be determined by the Directors, subject to the maximum of 20 000 000 (twenty million) Preference Shares. To the extent that any Preference Shares will be issued after the lapse of 12 months from the date of this document, an updated or new pre-listing statement or prospectus will, if necessary, be issued, in order to allow for the listing of such shares.

The minimum amount of R1 000 000 000 (one billion Rand) has been underwritten by the Arranger and Underwriter on the basis of the Arranger and Underwriter pre-placing R785 000 000 (seven hundred and eighty five million Rand) with selected Qualifying Investors, which include the Titan Group. Thereafter and if applicable, the intention will be to issue further Preference Shares, as and when opportune, at a Subscription Price determined by the Directors.

The Preference Shares are redeemable in limited instances at the Company's election on the occurrence of certain events set out below. The Preference Shares constitute permanent capital for Brait.

The terms and conditions of the Preference Shares and comparable preference shares have been carefully considered by the Board. The Board believes that the Dividend Rate and the terms and conditions attaching to the Preference Shares are market-related. This ensures that the benefits listed above should be achieved by the capital raising.

The Board has considered the pre-emption rights of shareholders and believes that the issuance of the Preference Shares without having to offer each and every shareholder the Preference Shares but by means of a private placement, and by disapplying shareholders' pre-emption rights by means of a shareholder resolution, will allow Brait to carry out the capital raising programme with the necessary flexibility required to achieve the benefits set out above.

Pursuant to resolutions adopted by the shareholders at the Company's annual general meeting of 25 July 2012, pre-emption rights in relation to Ordinary Shares were also waived in various circumstances. The Holder of Preference Shares will therefore not have pre-emption rights in regards to Ordinary Shares.

The disapplication of pre-emption rights given under the resolutions passed at the Extraordinary General Meeting extends only to the Preference Share Issue Programme (including those who subscribe for Preference Shares pursuant to the Offer for Subscription who shall not have pre-emption rights for subsequent issuances during the Preference Share Issue Programme) and does not extend to any other issues of Preference Shares and is thus limited to what is necessary to ensure that the capital raising programme can be achieved.

The terms and conditions of the Preference Share Issue Programme provide that anyone who acquires Preference Shares pursuant to such programme shall not have pre-emption rights on issuances of Preference Shares during the course of the programme or any issue of Ordinary Shares.

## 2. DETAILS OF THE OFFER FOR SUBSCRIPTION

### 2.1 Particulars of the Offer for Subscription

Deemed Issue Price for dividend calculation purposes <sup>1</sup>	R100
Dividend Rate	104% of the Prime Rate
Minimum Subscription Consideration payable per applicant who is a single addressee acting as principal	R1 000 000
Minimum amount to be raised in terms of the Offer for Subscription	R1 billion

<sup>1</sup> The initial Subscription Price will be ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing) per Preference Share. Thereafter any further issuances will be at a price determined by the Directors, subject to market conditions at the time of such further Preference Share issuance.

### 2.2 Expected times and dates of the opening and closing of the Offer for Subscription

Opening date of the Offer for Subscription (9:00)	Monday, 30 July 2012
Closing date of the Offer for Subscription (17:00)	Monday, 30 July 2012
Proposed listing date on the Exchanges (09:00)	Monday, 6 August 2012

### 2.3 Conditions to the Listing

Application will be made to the LuxSE to admit the Preference Shares on the official list of the LuxSE to be traded on the Euro MTF market under the abbreviation BRAITPRF with common code 081058172 and ISIN number MT0000680208, and to the JSE Limited to admit the Preference Shares to trading on the JSE on the "Specialist Securities – Preference Shares" sector with abbreviated name "BRAIT PREF" and alpha code "BATP", subject to Brait meeting the requirements set out in the LuxSE Listings Requirements and the JSE Listings Requirements in respect of the requisite spread of Preference Shareholders. For LuxSE purposes, this is a 25% (twenty five *per centum*) free float requirement. For JSE purposes, this is a minimum of 50 (fifty) public shareholders as well as 20% (twenty *per centum*) of the Preference Shares being held by public shareholders. The number of Preference Shares to be listed will be determined on Closing. The Preference Shares have been accepted for clearance and settlement on the LuxSE through the facilities of Clearstream and Euroclear.

At the Extraordinary General Meeting the shareholders, by means of extraordinary resolution resolved, to create 20 000 000 (twenty million) Preference Shares by amending the Memorandum and Articles to increase the authorised share capital by 20 000 000 (twenty million) Preference Shares with a nominal value of Euro 0.01 (zero point zero one Euro) each and by providing for the terms of the Preference Shares. The shareholders have also authorised the issue of up to 20 000 000 (twenty million) Preference Shares at a Subscription Price per share of ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing). The shareholders have delegated to the Directors the power to issue any of the 20 000 000 (twenty million) preference shares which are not issued pursuant to the Offer for Subscription, at a Subscription Price to be determined by the Directors, such authority lapsing at the

expiry of 18 (eighteen) months from the date of the Extraordinary General Meeting. To the extent that any Preference Shares will be issued after the lapse of 12 (twelve) months from the date of this document, an updated or new Pre-listing Statement or Prospectus will, if necessary, be issued in order to allow for the listing of such shares.

In addition, ordinary shareholders have waived their rights of pre-emption in relation to all such shares. Pursuant to resolutions adopted by shareholders at the Company's annual general meeting of 25 July 2012, pre-emption rights in relation to Ordinary Shares were also waived in various circumstances. Holders of Preference Shares will therefore not have pre-emption rights in regards to Ordinary Shares. The terms and conditions of the Offer for Subscription and the Preference Share Issue Programme provide that no-one who acquires Preference Shares shall have pre-emption rights on any issue of such shares during the Preference Share Issue Programme. An extract of the resolutions passed at the aforementioned meetings, together with an updated Memorandum and Articles were delivered to the Maltese Registry of Companies for registration on or about 27 July 2012.

## **2.4 Markets**

### **General**

No action has been or will be taken in any jurisdiction that would permit a public offering of the Preference Shares. The Preference Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Preference Shares may be distributed or published in or from any country or jurisdiction other than South Africa except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

### **United States**

The Preference Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. The Preference Shares are being offered and sold outside of the United States in reliance on Regulation S of the Securities Act.

In addition, until 40 days after the commencement of the offering of the Preference Shares an offer or sale of Preference Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

### **European Economic Area**

In relation to the European Economic Area and each relevant Member State (as contemplated in Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2010/73/EU of the European Parliament and Council of 24 November 2010) ("Relevant Member State") an offer to the public of any Preference Shares which are the subject of the offering contemplated by this Pre-listing Statement may not be made in that Relevant Member State save for an offer pursuant to any of the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of: (1) an average of at least 250 (two hundred and fifty) employees during the last financial year; (2) a total balance sheet of more than Euro 43 000 000 (forty three million Euros) and (3) an annual net turnover of more than Euro 50 000 000 (fifty million Euros), as shown in its last annual or consolidated accounts;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Preference Shares shall result in a requirement for the publication by Brait or the sponsor of a prospectus pursuant to Article 3 of the Prospectus Directive.

No Preference Shares shall be offered for subscription in Malta.

## **3. SALIENT TERMS OF THE PREFERENCE SHARES**

The Preference Shares are cumulative, non-participating preference shares with a nominal value Euro 0.01 (zero point zero one Euro) each. The Offer for Subscription of up to 20 000 000 (twenty million) Preference Shares shall be at a Subscription Price of ZAR100 (one hundred Rand) (or the Euro equivalent



thereof as at Closing) per Preference Share. Thereafter, the Directors are entitled to issue all or some of the authorised but unissued Preference Shares (i.e. any of the 20 000 000 (twenty million) Preference Shares which are not subscribed for during the Offer for Subscription) as and when opportune, at a Subscription Price determined by the Directors.

Brait will apply for a primary listing of the Preference Shares on the LuxSE and a secondary listing on the JSE.

The full terms of the Preference Shares are set out in Annexure 3 (Detailed Preference Share Terms) which forms part of this Pre-listing Statement.

The summary set out herein is not conclusive or exhaustive, and potential investors should refer to Annexure 3 (Detailed Preference Share Terms) for full particulars of the terms and conditions of the Preference Shares. In the case of any divergences between this summary and the full Preference Share Terms as contained in the aforementioned Annexure 3, the latter shall prevail.

### **Entitlements to dividends**

Dividends are payable semi-annually on a date which is the earlier of not less than 5 (five) business days prior to the date on which Brait makes any Distribution in respect of its Ordinary Shares, and no later than 90 (ninety) calendar days after the applicable Calculation Date.

For each Dividend Period, each Preference Share shall be entitled to a dividend in an amount equal to the aggregate of the amounts calculated in respect of each day during that Dividend Period in accordance with the following formula:

$$a = (b + c) \times d$$

in which formula:

a = the amount for the applicable day;

b = the Deemed Issue Price;

c = the Accumulated Dividends in respect of that Preference Share at 17:00, Johannesburg time, on the calendar day immediately preceding the applicable day;

d = if a Dividend Default (i) has not occurred, the Dividend Rate divided by 365 (three hundred and sixty five), or (ii) has occurred, the Default Dividend Rate divided by 365 (three hundred and sixty five).

If (i) the Scheduled Dividend for a Dividend Period is calculated in accordance with the formula outlined above for any Dividend Period, and (ii) at the time of that calculation no Dividend Default has occurred, but (iii) a Dividend Default occurs after such calculation, the Scheduled Dividend for the applicable Dividend Period shall be recalculated at the Default Dividend Rate.

### **Ordinary Share Distributions**

The Company shall not be permitted to pay any Distributions in respect of its Ordinary Shares if the dividends in respect of the Preference Shares have not been paid in full.

### **Adjustment Event**

Tax Change Event: the Company shall pay, in respect of the Outstanding Preference Shares, an Additional Dividend in accordance with the provisions and formulae set out in clauses 9.3.10 and 9.3.11 of the Preference Share Terms, if as a result of:

- any amendment in the SA Tax Act (including, without limitation, the replacement of the SA Tax Act with different legislation), which occurs after the Tax Reference Date, the Preference Dividends become subject to any SA Tax, other than the Dividends Tax or any other withholding Tax imposed under any law of South Africa, in the hands of all the SA Corporates who are Resident Beneficiaries of any Outstanding Preference Shares; or
- any amendment in any law of Malta, Luxembourg or the Republic of Mauritius (including, without limitation, the replacement of any such a law with different legislation), which occurs after the Tax Reference Date, the Preference Dividends become subject to Tax, imposed by any one of Malta, Luxembourg or the Republic of Mauritius, in the hands of all the SA Corporates who are Resident Beneficiaries of any Outstanding Preference Shares.

Rate Event: if as a result of an increase in the Dividends Tax Rate above 15% (fifteen *per centum*) (which is the rate at which the Dividends Tax was levied on the Tax Reference Date) then the Dividend Rate or the Default Dividend Rate, as the case may be, shall be adjusted to such a percentage of the Prime Rate, in accordance with the provisions and formula set out in clause 9.3.12 of the Preference Share Terms.

Post the Tax Change Event and/or the Rate Event occurring, the Company will be entitled to voluntarily redeem the Outstanding Preference Shares at the Redemption Amount.

## **Change of Control**

If an Acquisition of Control occurs, Brait shall have the right to redeem all the Outstanding Preference Shares at the Redemption Amount.

## **Voting rights**

The Holders shall be entitled to vote at general meetings of the Company under the following circumstances:

- (i) when any resolution of the Company is proposed which directly affects the rights of the Preference Shares (as set out in clause 9.6.4.1 of the Preference Share Terms);
- (ii) when any resolution of the Company is proposed to approve the reduction of the Company's share capital of any class or the making of a Distribution either of which has the effect of:
  - (a) reducing the NAV below R10 000 000 000 (ten billion Rand) after that resolution is implemented; or
  - (b) where the ratio of the (i) aggregate of the Deemed Issue Prices of all the Outstanding Preference Shares to (ii) the NAV, after that resolution has been implemented, is equal to or more than 10% (ten *per centum*) (as set out in clause 9.6.4.2 of the Preference Share Terms);
- (iii) when any resolution of the Company is proposed to delist the Company's Ordinary Shares (as set out in clause 9.6.4.3 of the Preference Share Terms);
- (iv) when any resolution of the Company is proposed after an Acquisition of Control has occurred if that resolution, if implemented, will result in the conclusion of a transaction by the Company, the value of which is equal to or exceeds 25% (twenty five *per centum*) of the NAV (as set out in clause 9.6.4.4 of the Preference Share Terms); or
- (v) when any resolution of the Company is proposed during any period which (i) commences on the date 90 (ninety) days after the date on which the Company declared any Preference Dividends, and (ii) ends on the date on which those Preference Dividends are paid (as set out in clause 9.6.4.5 of the Preference Share Terms).

In relation to any of the aforementioned resolutions (i), (ii) (iii) and (iv):

- the Preference Shares shall vote as a separate class;
- in such a vote each Outstanding Preference Share shall carry one vote;
- no such resolution shall be carried except by an extraordinary resolution of at least 75% (seventy five *per centum*) of the votes exercisable by all the Holders who attend and vote at the meeting convened to consider that resolution voting in favour thereof and at least 51% (fifty one *per centum*) in nominal value of all the shares entitled to vote at the meeting voting in favour thereof;
- should the Holders vote against such resolution:
  - Brait shall have the right to redeem all the Outstanding Preference Shares at the Redemption Amount, by no later than 31 December 2512; or
  - should Brait elect to not voluntarily redeem the Outstanding Preference Shares, Brait shall not be permitted to proceed with the implementation of the relevant resolution.

In relation to the aforementioned resolution (v):

- the Preference Shares shall not vote as a separate class but shall vote together with the other shareholders;
- each Preference Share shall confer on its Holder such a percentage of the votes exercisable in relation to that resolution as is equal to the ratio, expressed as a percentage, of the nominal value of that Preference Share to the aggregate of the nominal values of all the issued shares of all classes in the Company's share capital.

## **Ranking and liquidation**

The Preference Shares will rank in priority to the Brait shares with regard to dividends and repayment of capital on the winding-up of the Company. All the Preference Shares form part of the same class of share and all Preference Shares for which listing will be applied, will rank *pari passu* in respect of all rights.

Each Preference Share shall confer upon its Holder (for onward payment to the relevant Beneficiary in accordance with the agreement between the Holder and Beneficiary) the right of a return of capital on liquidation of the Company of an amount equal to the Redemption Amount of that Preference Share calculated up to the day on which that return of capital is paid.

### **Regulatory redemption option**

Upon the occurrence of any one of the following Regulatory Events which has the effect of the Preference Shares becoming more expensive, Brait shall be entitled to redeem all of the Outstanding Preference Shares at the Redemption Amount, by no later than 31 December 2512:

- any change in the LuxSE Listings Requirements or the JSE Listings Requirements;
- any change in the exchange control regulations of South Africa, Malta or Mauritius;
- any change in the SA Tax Act or any other legislation which imposes any taxation of any nature whatsoever on the Company, in relation to the Preference Shares, in Malta, Luxembourg, South Africa and/or Mauritius; or
- any change in the Maltese Companies Act, the SA Companies Act and any other legislation, whether Maltese or South African, which deals with companies generally.

## **4. SUMMARY OF THE KEY RISK FACTORS**

Prospective investors should carefully consider the following matters, as well as the other information contained in this Pre-listing Statement, before making any investment decision with respect to the Preference Shares. This section contains mere highlights of the Risk Factors set out in detail in Part 10 (Risk Factors) of the Pre-listing Statement, which you are strongly advised to review, if necessary with the assistance of your own financial and other professional advisors, prior to making any investment decision with respect to the Preference Shares.

Information contained in this Pre-listing Statement contains “forward-looking statements”, which are subject to the qualifications discussed in Part 1 (Important Information). If any of the risks described were to materialise, they could have a serious effect on the Company’s financial results, trading prospects and the ability of the Company to fulfil its obligations under the Preference Shares to be issued.

### **4.1 Investments may be sold at prices below acquisition cost**

There can be no assurance that the Company’s investments will not be sold at prices below their acquisition costs. Future performance, market conditions, political environment and macro and micro economic conditions are uncertain and may require disposal of an investment at a price below the acquisition cost.

### **4.2 Investments by Brait require a long-term commitment with no certainty of return**

Although certain investments made by the Company may generate current income, the return of capital and the realisation of gains, if any, from an investment by the Company will generally occur only upon the partial or complete disposal of such investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made.

### **4.3 Brait may have difficulty or be unable to dispose of its investments**

Brait may have difficulty exiting its investments by way of disposal or public market exit. The Company may not be able to find a buyer to conclude a disposal of shares. Market conditions, other shareholder interests, or the nature and performance of the investment may preclude a public market exit by way of an IPO. Furthermore, regulatory requirements may further prohibit exit by way of public markets.

### **4.4 Brait may invest a portion of its assets in smaller, less established or start-up companies**

Investments in such companies may involve greater risks than are generally associated with investments in more established companies. The securities of such companies may be subject to more abrupt and erratic market price movements than larger, more established companies, since trading volumes for their securities are generally quite low. Less established companies tend to have smaller capitalisations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies also have shorter operating histories on which to judge future performance and may experience start-up related difficulties that are not faced by established companies. The Company has not established any minimum capitalisation or trading history for the companies in which it will invest.

### **4.5 The success of Brait’s investment strategy will often depend, in part, on the ability of the Company to restructure and effect improvements in the operations of an investment**

The activity of identifying and implementing potential operating improvements in respect of the Company’s investments entails a high degree of uncertainty. There can be no assurance that the Company will be able to successfully identify and implement such improvements.

#### **4.6 Brait may hold non-controlling interests in its investments**

The Company may hold a non-controlling interest in certain investments and therefore, may have a limited ability to protect its position in such investments.

#### **4.7 By reason of their responsibilities in connection with other activities of Brait, the Investment Team may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities**

The Company will not be able to act upon any such information. Due to these restrictions, Brait may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

#### **4.8 Each investment company's day-to-day operations will be the responsibility of such company's own management**

Although the Investment Team will be responsible for monitoring the performance of each investment company and intends to invest in companies operated by strong management teams, there can be no assurance that any such company's existing management team, or any successor, will be able to operate the Company's investment in accordance with the Company's plans.

#### **4.9 Brait's business is subject to irregular cash flows**

The nature of Brait's business subjects the Company to irregular cash flows. All investments are not realised at set intervals, but are rather specific to each investment.

#### **4.10 General fluctuations and volatility in the market prices of securities may affect the value of the investments held by the Company**

Instability in the securities markets may also increase the risks inherent in the Company's investments. The ability of the Company's investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or to raise capital in the leveraged finance debt markets, which historically have been cyclical with regard to the availability of financing.

#### **4.11 Brait is subject to Maltese regulation and listed on two Exchanges**

This entails the Company needing to adhere to multiple disclosure and regulatory requirements which may or may not coincide exactly. Additionally, this may result in extra costs being borne in order to satisfy the regulatory requirements of the LuxSE and the JSE, and also Maltese legislation. The need to adhere to 3 (three) sets of regulatory requirements may also result in implementation delays.

### **5. BUSINESS OVERVIEW OF BRAIT**

Brait was incorporated in Luxembourg on 5 May 1976, under the name of Tolux S.A. The shares of Tolux S.A. were originally admitted to the official list of the LuxSE on 11 July 1980. On 29 July 1998, the Company changed its name to Brait S.A. and was first listed on the JSE in 1998.

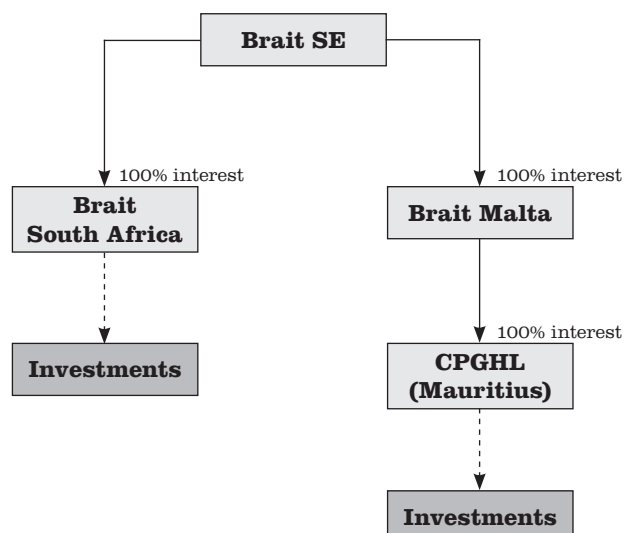
Brait is a listed investment company that invests capital in primarily privately held businesses by making long-term investments of significant influence. The Company also has interests in the management companies that oversee traditional private equity funds.

Historically Brait has operated as a fund management business with the majority of its activities focussed around private equity. Under this business model, it raised funds through the traditional private equity market, whereby each new fund was raised with a very specific mandate, including draw-down stipulations, defined fund life and agreed mandatory investment requirements.

In 2011, Brait undertook a significant reorganisation and restructuring process whereby Brait became a European Company, resulting from a merger with a Malta subsidiary and the subsequent transfer of the registered office of the holding company from Luxembourg to Malta and reorganised the executive management, board and business unit structures to complement the Company's new business structure and strategic focus. It changed its name from Brait S.A., a company registered in Luxembourg to Brait SE, a company registered in Malta.

Brait is now incorporated under Maltese law and registered as a European Company with the Maltese Registry of Companies under the legal form of a *société européenne* under number SE-1.

Below is a diagrammatical illustration of Brait post the restructuring:



There is no government protection or any investment encouragement law affecting the business of Brait or any of its subsidiaries.

## 6. SHAREHOLDING, DIRECTORS AND EMPLOYEES

### 6.1 Authorised and issued share capital before the Offer for Subscription

		Euro'000s
<b>Authorised shares</b>		
1 500 000 000	Ordinary Shares of Euro 0.22 nominal value per share	330 000
<b>Issued shares</b>		
506 200 693 <sup>1</sup>	Ordinary Shares of Euro 0.22 nominal value per share	111 364

### 6.2 Authorised and issued share capital after the Offer for Subscription

The table below is for illustrative purposes only and sets out the authorised and issued capital of Brait (assuming a total subscription of either R1 000 000 000 (one billion Rand) or R1 500 000 000 (one and a half billion Rand)):

		Euro'000s
<b>Authorised shares</b>		
1 500 000 000	Ordinary Shares of Euro 0.22 nominal value per share	330 000
20 000 000	Preference Shares of Euro 0.01 nominal value per share	200
<b>Issued shares assuming a total subscription 10 000 000 (ten million)</b>		
<b>Preference Shares</b>		
506 200 693 <sup>1</sup>	Ordinary Shares of Euro 0.22 nominal value per share	111 364
10 000 000	Preference Shares of Euro 0.01 nominal value per share	100
<b>Issued shares assuming a total subscription of 15 000 000 (fifteen million)</b>		
<b>Preference Shares</b>		
506 200 693 <sup>1</sup>	Ordinary Shares of Euro 0.22 nominal value per share	111 364
15 000 000	Preference Shares of Euro 0.01 nominal value per share	150

<sup>1</sup> Of this number, 4 868 837 Ordinary Shares are held in treasury.

Other than the Brait shares described above, no other class of Brait securities exists.

The Ordinary Shares are listed primarily on the LuxSE, with a secondary listing on the JSE.

### 6.3 The major shareholders of the Company

So far as Brait is aware, as at the Last Practicable Date, the following are the only shareholders holding more than 5% (five *per centum*) of Brait's issued ordinary share capital:

<b>Shareholder</b>	<b>Number of Ordinary Shares held</b>	<b>Percentage shareholding</b>
Titan Group	174 896 777	34.6
Public Investment Corporation	43 707 923	8.6
The Capital Group Companies Inc	24 468 288	4.8
<b>Cumulative total</b>	<b>243 072 988</b>	<b>48.0</b>

The issue of the Preference Shares shall not result in a dilution to the current shareholding of the ordinary shareholders. The Company is not aware of any other arrangements, the operation of which may, at a subsequent date, result in a change in control of the Company.

#### 6.4 Directors

##### (i) The Board

The Board takes the format of a European style investment vehicle which is made up exclusively of non-executive Directors that oversee the Company's investment management function as the *de facto* investment committee.

<b>Name, age and nationality</b>	<b>Function/Role</b>	<b>Date of appointment as director</b>
Phillip Jabulani Moleketi (54) South African	Non-executive Chairman	7 September 2009
Dr Christo Hendrik Wiese (70) South African	Non-executive Director	4 May 2011
Antony Charles Ball (53) South African	Non-executive Director	29 July 1998
Richard John Koch (61) British	Non-executive Director	29 July 1998
Hermanus Roelof Willem Troskie (42) Dutch	Non-executive Director	27 July 2005
Christopher Stefan Seabrooke (59) South African	Non-executive Director	19 June 2009
Colin Denis Keogh (58) British	Non-executive Director	28 July 2010
Serge Joseph Pierre Weber (48) Luxembourgish	Non-executive Director	28 May 2001
Rita Schembri (46) Maltese	Non-executive Director	30 March 2012

##### (ii) Total remuneration of Directors

Payments to Directors for the year ended 31 March 2012 for services rendered were as follows:

<b>Name</b>	<b>2012 total fees (R'000)<sup>1</sup></b>
J P Moleketi	1 341.6
R J Koch	524.2
A C Ball	2 000.0
C H Wiese	1 364.0
C S Seabrooke	1 016.3
S J P Weber	536.5
H R W Troskie	731.4
C D Keogh	549.3
R Schembri <sup>2</sup>	–
<b>Total</b>	<b>8 063.2</b>

##### Notes:

- 1 Fees paid to the Directors for services in those capacities on the Board, Board committees and other forums on behalf of the Company.
- 2 Ms Rita Schembri joined the Board on 30 March 2012.

Non-executive Directors do not have service agreements. Letters of appointment confirm the terms and conditions of their service. The remuneration of the Directors is determined by the Company in general meeting from time to time. Directors' fees are structured so as to encourage maximum Board and sub-committee participation.

No fees are or have been paid or accrued as payable to a third party in lieu of Directors' fees. No benefits in kind have been paid to the Directors.

There will be no variation in the Directors' remuneration as a result of this Offer for Subscription and/or the Listing.

A fee will be paid to M Partners for its advice in relation to the Preference Share Issue Programme. Mr H R W Troskie is the managing partner of M Partners.

Other than the R1 284 000 000 (one billion two hundred and eighty four million Rand) commercial loan to the Investment Team as set out in the extracts of notes to the audited consolidated financial statements in Annexure 1 (Audited Consolidated Historical Financial Statements of Brait and its Subsidiaries for the years ended 31 March 2012, 2011 and 2010), there are no outstanding loans granted or any guarantees provided by Brait to or for the benefit of its founders or members of its administrative, management or supervisory bodies.

### (iii) Interests in securities and Directors' share dealings for the year

The Directors' share dealings for the year and their interests in the Ordinary Shares as at 31 March 2012 are as follows:

Director	Number of shares							Value on net transaction (ZAR)
	Opening balance: 1 April 2011			Net transactions during the year	Closing balance: 31 March 2012			
	Direct beneficial	Indirect beneficial	Total		Direct beneficial	Indirect beneficial	Total	
P J Moleketi	-	-	-	-	-	-	-	-
A C Ball	45 457	4 119 973	4 165 430	7 918 206	-	11 363 636	11 363 636	117 078 616
C D Keogh	-	-	-	19 650	19 650	-	19 650	324 725
R J Koch	75 000	220 700	295 700	611 100	300 000	606 800	906 800	10 083 150
C S Seabrooke	-	600 000	600 000	900 000	-	1 500 000	1 500 000	14 850 000
R Schembri	-	-	-	-	-	-	-	-
H R W Troskie	-	50 000	50 000	-	-	50 000	50 000	-
S J P Weber	50 000	-	50 000	-	50 000	-	50 000	-
Dr C H Wiese*	-	3 250 016	3 250 016	171 646 761	-	174 896 777	174 896 777	2 859 041 385
<b>Total</b>	<b>170 457</b>	<b>8 240 689</b>	<b>8 411 146</b>	<b>180 375 717</b>	<b>369 650</b>	<b>188 417 213</b>	<b>188 786 863</b>	<b>3 001 377 876</b>

\* Dr C H Wiese's shares are held via the Titan Group.

Save for the participation in the Offer for Subscription as disclosed in this Pre-listing Statement, no marketable securities in Brait other than those indicated above are held by or on behalf of a Director.

### (iv) Interests of Directors and related party transactions

No Director had any material beneficial interest in transactions effected by Brait during the current or immediately preceding financial year, or in an earlier financial year and which remain in any respect outstanding or unperformed other than the following transactions:

- Titan Group's participation in the private placement of the Preference Shares as set out in paragraph 3.8 of Part 5 (The Preference Shares and Placement Details);
- Titan Group's participation in the rights offer and private placement of the Ordinary Shares undertaken by the Company in 2011 as disclosed in the Brait annual report for the year ended 31 March 2012 which report is available for inspection in accordance with section 12 of Part 8 (Additional Information) of this Pre-listing Statement and is available on the Company's website (www.brait.com); and
- Antony Ball's realisation of certain capital receipts from his investment interests in one of Brait's previous private equity funds, as was normal in his role in the fund, pursuant to the Pepkor acquisition by the Company.

In the normal course of business, the Brait Group enters into various transactions with related parties. Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operational decisions. These include Directors and shareholders who hold a substantial amount of the votes that can be cast at general meetings.

During the year, Brait Group companies entered into the following transactions with related parties who are not members of the Brait Group:

**Commercial loan to the Investment Team R1,284 million**

Information relating to the commercial loan to the Investment Team is provided in note 3 of Annexure 1 (Audited Consolidated Historical Financial Statements of Brait and its Subsidiaries for the years ended 31 March 2012, 2011 and 2010) of this Pre-listing Statement.

**Directors' remuneration R8 million**

Directors' remuneration as disclosed in section 6 of Part 6 (Corporate Governance) of this Pre-listing Statement.

**Interest income R84 million**

Interest received from the commercial loan to the Investment Team referred above.

**Transaction costs (amount charged directly to equity) R13 million**

These costs include the legal fees paid to M Partners, for their role as international legal counsel, in relation to the rights offer that was undertaken by the Company in July 2011. Mr H R W Troskie, a Director of Brait, is the managing partner of M Partners.

**Employees**

As at 31 March 2012, the number of full time employees of the Brait Group was 30 employees (2011: 95 employees; 2010: 102 employees). The Brait Group does not have a share option scheme in place.

**7. MATERIAL CONTRACTS**

As at the date of this Pre-listing Statement, Brait and its subsidiaries have entered into the following material contracts that are outside the ordinary course of its business:

- the Underwriting Agreement; and
- the Investment Advisory Agreement and Investment Sub-advisory Agreement.

**8. EXPENSES RELATING TO THE OFFER FOR SUBSCRIPTION AND LISTING**

A breakdown of the estimated costs (value added tax exclusive) related to the Offer for Subscription and Listing are outlined below:

	<b>Estimated costs (R's)</b>	
	<b>Based on R1 billion raised</b>	<b>Based on R1.5 billion raised</b>
RMB – Underwriter, arranger, sponsor and advisor	18 062 500	24 162 500
MPartners – International counsel and LuxSE listing agent	236 691	236 691
Cliffe Dekker Hofmeyr Inc – South African attorneys	270 000	270 000
Ince – Publishing and printing	120 000	120 000
Computershare – Transfer secretary	7 500	7 500
Strate – Electronic settlement agent	33 002	33 002
JSE listing fee	211 909	304 127
LuxSE listing fee	26 595	26 595
JSE documentation fee	52 339	52 339
<b>Total</b>	<b>19 020 536</b>	<b>25 212 754</b>



## 9. KEY FINANCIAL INFORMATION

### Statement of comprehensive income for the year ended 31 March 2012

	<b>Audited 31 March 2012 R'm</b>	Audited 31 March 2011 R'm	Audited 31 March 2010 R'm
Investment gains	<b>2 568</b>	276	256
Other investment income	<b>257</b>	274	251
Operating expenses	<b>(117)</b>	(291)	(239)
Finance costs	<b>(62)</b>	(49)	(52)
Taxation	<b>(39)</b>	(36)	(33)
Capital items	-	-	3
<b>Profit for the year/earnings</b>	<b>2 608</b>	175	186
<b>Translation adjustment</b>	<b>48</b>	(61)	(133)
<b>Comprehensive Income</b>	<b>2 656</b>	114	52
Minority interest	-	-	-
Attributable earnings	<b>2 656</b>	114	52
<b>Headline earnings per share (cents)</b>			
- Basic	<b>544.9</b>	155.7	174.8
- Diluted	<b>544.9</b>	153.0	173.2
<b>Basic earnings per share (cents)</b>			
- Basic	<b>653.8</b>	155.7	174.8
- Diluted	<b>653.8</b>	153.0	173.2
Proposed/paid dividends per share (cents)	<b>20.6</b>	74.2	179.5

### Consolidated statement of financial position on 31 March 2012

	<b>Audited 31 March 2012 R'm</b>	Audited 31 March 2011 R'm	Audited 31 March 2010 R'm
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>11 251</b>	1 935	1 719
<b>Current assets</b>	<b>542</b>	219	491
<b>Total assets</b>	<b>11 794</b>	2 154	2 210
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>	<b>10 322</b>	1 491	1 383
<b>Non-current liabilities</b>	<b>1 410</b>	571	505
<b>Current liabilities</b>	<b>63</b>	93	322
<b>Total equity and liabilities</b>	<b>11 794</b>	2 155	2 210

**Consolidated statement of cash flow position for the year ended 31 March 2012**

	<b>Audited 31 March 2012 R'm</b>	Audited 31 March 2011 R'm	Audited 31 March 2010 R'm
Net cash used in operating activities	<b>(5 555)</b>	(16)	153
Net cash used in investing activities	-	(2)	(13)
Net cash from/(used in) financing activities	<b>5 873</b>	(180)	(196)
Net increase/(decrease) in cash and cash equivalents	<b>318</b>	(198)	(56)
Effects of exchange rate changes on cash and cash equivalents	<b>33</b>	(18)	(93)
Cash and cash equivalents at beginning of year	<b>172</b>	281	430
<b>Cash and cash equivalents at end of year</b>	<b>523</b>	65	281
Reclassification of product investments as cash	-	107	-
<b>Revised Cash and cash equivalents at end of year</b>	<b>523</b>	172	281

**10. CURRENT PROSPECTS**

On 6 June 2012, Brait announced its annual results for the year ended 31 March 2012, its first annual results following its major restructuring in 2011. The following is an extract from the results presentation on its website:

*“The Board of Directors is pleased to report to the Company’s shareholders on the results for the year ended 31 March 2012. This has been a milestone year for the Company which saw a successful change in the business model from an alternative asset manager to an investment holding company. The change was underpinned by the successful completion of the ZAR8.6 billion new capital raise, which was made up of ZAR6.4 billion from the Rights Offer and Private Placement concluded on 4 July 2011, as well as ZAR2.2 billion of debt facilities. The past six months have seen major changes for Brait.*

*Since the last reporting period in November 2011, the Company has continued to successfully drive value from its underlying portfolio. In addition, the Directors were pleased to announce on 9 March 2012 the successful acquisition of 18.7% in Iceland Foods, a leader in the frozen food market segment in the United Kingdom. This acquisition, which was completed alongside Iceland Foods’ experienced management team, represents a quality investment for Brait in an industry that the Company is familiar with and enhances the defensive nature of Group’s portfolio through additional exposure to the cash consumer retail sector.*

*The Directors believe that this has been a momentous year for Brait capped by the strong financial results. The Group has successfully transitioned to the new business model and is well positioned for the future.”*

**11. GROUP INVESTMENTS**

The investment strategy for the Company is to acquire five to seven core portfolio investments in the higher growth sectors which have the potential to be developed into platforms in their respective markets. Pepkor, Premier and Iceland Foods have been identified as the initial three anchor investments. Other than Iceland Foods which operates in the United Kingdom, the companies in which Brait has invested have operations in South Africa.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of the Luxembourg Transfer Agent, Maitland Luxembourg S.A. (58 Rue Charles Martel, L-2134 Luxembourg) and at the offices of RMB (1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196 South Africa), during normal business days from the date of issue of this Pre-listing Statement up to and including 13 August 2012:

- current Memorandum and Articles;
- the updated Memorandum and Articles delivered to the Maltese Registry of Companies for registration on or about 27 July 2012;
- the annual reports of Brait for the years ended 31 March 2010, 2011 and 2012 which contain the audited annual financial statements of Brait and notices of annual general meetings for the abovementioned periods;
- the Underwriting Agreement;
- written consents of the experts listed in paragraph 11 of Part 8 (Additional Information) of this Pre-listing Statement; and
- a signed copy of this Pre-listing Statement.

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## PART 4 GLOSSARY OF DEFINED TERMS

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In this Pre-listing Statement, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other gender.

<b>“Accumulated Dividends”</b>	in respect of each Preference Share and on any day, the aggregate of: <ul style="list-style-type: none"><li>• any Scheduled Dividend for any Dividend Period which ended prior to that day, to the extent to which that Scheduled Dividend has not been paid by the Company by the Dividend Payment Date in respect of that Dividend Period; plus</li><li>• any Additional Dividends which the Company should have paid in terms of clause 9.3.8 of the Preference Share Terms, but which the Company has failed to pay as of such day;</li></ul>
<b>“Actual Issue Date”</b>	in relation to each Preference Share, the date on which the Company issues that Preference Share to its first Holder;
<b>“Actual Redemption Date”</b>	in relation to each Preference Share, the date (if any) on which the Company redeems that Preference Share in accordance with the Company Redemption Provisions set out in clauses 9.4.2 to 9.4.5 of the Preference Share Terms;
<b>“Acquisition of Control”</b>	in relation to the Company, that a person who held less than 30% (thirty <i>per centum</i> ) of the issued Ordinary Shares on the Tax Reference Date, acquires such a number of Ordinary Shares as brings its holdings of the Ordinary Shares to 51% (fifty one <i>per centum</i> ) or more of the issued Ordinary Shares;
<b>“Additional Dividends”</b>	in respect of each Preference Share, the dividends (over and above the Scheduled Dividend in respect of that Preference Share) envisaged in clause 9.3.10 of the Memorandum;
<b>“Adjustment Event”</b>	means a Tax Change Event or a Rate Event;
<b>“Arranger” or “Arranger and Underwriter” or “RMB”</b>	Rand Merchant Bank, a division of FirstRand Bank Limited (Registration number 1929/001225/06), a public company duly incorporated in accordance with the laws of South Africa;
<b>“Articles”</b>	Articles of association of the Company;
<b>“Beneficiary”</b>	in relation to a Preference Share, the beneficial owner of that Preference Share as reflected in the records of the applicable Programme Participant;
<b>“Brait” or “the Company”</b>	Brait SE, registration number SE1, a company incorporated in accordance with the laws of Malta as a European Company;
<b>“Brait Group”</b>	Brait SE and its subsidiaries from time to time;
<b>“BSAL” or “Brait South Africa”</b>	Brait South Africa Limited, wholly owned subsidiary of Brait SE, registration number 1960/003893/06, a limited liability public company duly incorporated in accordance with the laws of South Africa;
<b>“Brait shareholders” or “shareholders”</b>	holders of Brait shares;
<b>“Brait shares” or “Ordinary Shares”</b>	ordinary shares with a nominal value of Euro 0.22 (zero point two two) each in the Company’s issued share capital;
<b>“business day”</b>	any day other than a Saturday, Sunday or statutory public holiday in Malta, Luxembourg or South Africa;
<b>“Calculation Dates”</b>	31 March and 30 September of each year;
<b>“certificated shareholder”</b>	a Brait shareholder holding certificated shares;

<b>“certificated shares”</b>	Brait shares which have not yet been dematerialised and which are represented by a paper share certificate or other physical document(s) of title;
<b>“Clearstream”</b>	Clearstream Banking, <i>société anonyme</i> , a limited liability company incorporated under the laws of Luxembourg or any successor thereto;
<b>“Closing”</b>	17:00 on 30 July 2012 being the anticipated closing date of the Offer for Subscription or such later date on which the Offer for Subscription closes;
<b>“Common Monetary Area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
<b>“CPGHL”</b>	Capital Partners Group Holdings Limited, a company registered by continuation in the Republic of Mauritius. CPGHL is the wholly-owned subsidiary and is the primary investment vehicle for the Brait Group. CPGHL has entered into a sub advisory agreement with BSAL whereby BSAL provides certain function and services to CPGHL in connection with managing its investments, as well as identifying and concluding new investments;
<b>“CPGHL Investment Team”</b>	the Mauritius-based investment team responsible for all CPGHL investments, comprising the persons set out in section 3 of Part 6 (Corporate Governance) of this Pre-listing Statement;
<b>“CSDP”</b>	a Participant, or a person which has access to a Clearstream or Euroclear account;
<b>“Deemed Issue Price”</b>	in respect of each Preference Share and irrespective of the Subscription Price actually obtained by the Company for the issue of the Preference Share, an amount of ZAR100 (one hundred Rand);
<b>“Default Dividend Rate”</b>	subject to adjustment in accordance with the rate adjustment clauses set out in clauses 9.3.11 to 9.3.12 of the Preference Share Terms, a rate equal to 144% (one hundred and forty four <i>per centum</i> ) of the Prime Rate;
<b>“dematerialised shareholder”</b>	a Brait shareholder holding dematerialised shares;
<b>“dematerialised shares”</b>	Brait shares which have been dematerialised;
<b>“dematerialised”</b>	the process by which certificated shares are converted to or held in an electronic form as uncertificated shares and recorded in the subregister of shareholders maintained by a CSDP;
<b>“Directors” or “the Board”</b>	the directors of Brait, whose names and details are given in section 2 of Part 6 (Corporate Governance) of this Pre-listing Statement;
<b>“Distribution”</b>	any distribution of profits or capital which the Company makes in respect of any classes of shares in its issued share capital, other than the Preference Shares, irrespective of the manner in which that distribution is made (and includes, without limitation, the declaration and payment of any dividends, the repurchase of any shares and the redemption of any redeemable shares);
<b>“Dividend Default”</b>	means any failure by the Company to pay: <ul style="list-style-type: none"> <li>• the Scheduled Dividends (in respect of all the Outstanding Preference Shares) for any Dividend Period by the applicable Dividend Payment Date; and/or</li> <li>• any Additional Dividends by the date determined in accordance with clause 9.3.8 of the Preference Share Terms;</li> </ul>
<b>“Dividend Payment Date”</b>	in relation to each Dividend Period, (i) any day up to the date 90 (ninety) days after the first Calculation Date which occurs after the last day of that Dividend Period, or (ii) if applicable and earlier than the date in sub-clause (i), any day up to the date 5 (five) days prior to the day on which the Company makes any Distribution in respect of its Ordinary Shares;
<b>“Dividend Period”</b>	each period which commences on a Calculation Date and which ends on the day before the next Calculation Date provided that: <ul style="list-style-type: none"> <li>• the first Dividend Period in respect of any particular Preference Share shall (i) commence on the Actual Issue Date on which the</li> </ul>

	Company issues that Preference Share to its first Holder, and (ii) end on the day before the first Calculation Date which occurs after that Actual Issue Date; and
	<ul style="list-style-type: none"> <li>the last Dividend Period in respect of any particular Preference Share shall be the period which (i) commences on the last Calculation Date which occurs prior to the Actual Redemption Date on which the Company redeems that Preference Share, and (ii) ends on the day before that Actual Redemption Date;</li> </ul>
<b>“Dividend Rate”</b>	subject to adjustment in accordance with the rate adjustment clauses set out in clauses 9.3.11 to 9.3.12 of the Preference Share Terms, a rate equal to 104% (one hundred and four <i>per centum</i> ) of the Prime Rate;
<b>“Dividends Tax”</b>	the withholding tax on dividends imposed under Part VIII of Chapter II of the SA Tax Act;
<b>“Dividends Tax Rate”</b>	the rate at which the Dividends Tax is levied under the SA Tax Act from time to time;
<b>“Euro”</b>	the lawful currency of <i>inter alia</i> Malta;
<b>“Euroclear”</b>	Euroclear Bank S.A./N.V. as operator of the Euroclear system, Luxembourg;
<b>“Euro MTF market”</b>	the Multilateral Trading Facility (as defined in the Markets in Financial Instruments Directive) operated by the LuxSE;
<b>“European Commission”</b>	the executive body of the European Union which is responsible for proposing legislation and implementing decisions;
<b>“European Company”</b>	a European public limited liability company (Societas Europaea) incorporated in terms of European Council Regulation number 2157/2001;
<b>“European Union”</b>	the economic and political confederation of European nations which share a common foreign and security policy and co-operate on justice and home affairs as created on 1 November 1993 by the Treaty on European Union (formerly known as the Maastricht Treaty);
<b>“Exchange Information Services”</b>	the JSE’s service known as the “Securities Exchange News Service” and the communication service of the LuxSE;
<b>“Exchanges”</b>	collectively, the LuxSE and the JSE and an “Exchange” will mean each or either of the Exchanges, as the context requires;
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of Brait shareholders which took place at 10:00 CET on Wednesday, 25 July 2012 at the Company’s registered office;
<b>“Holder”</b> or <b>“Preference Shareholder”</b>	in relation to a Preference Share, its registered holder as reflected in the Company’s share register;
<b>“Iceland Foods”</b>	Iceland Foods Limited, registration number 01107406, a private company registered in England and Wales;
<b>“Investment Advisory Agreement and Investment Sub-advisory Agreement”</b>	collectively, the: (i) investment advisory and services agreement entered into between Brait and CPGHL, in terms of which CPGHL is mandated to perform certain activities that include identifying, evaluating and recommending potential investment opportunities to the Board and (ii) the sub-advisory and services agreement entered into between CPGHL and BSAL in terms of which BSAL is mandated to perform certain activities that include identifying, evaluating and recommending potential investment opportunities to the CPGHL Investment Team and the CPGHL board of directors;
<b>“Investment Team”</b> or <b>“Brait South Africa Investment Team”</b>	as at the Last Practicable Date means collectively, those persons set out in section 4 of Part 6 (Corporate Governance) of this Pre-listing Statement, it being recorded that the Investment Team includes any other persons employed by CPGHL and BSAL who are involved in the investment activities of Brait, as nominated and/or approved by the Board through the investment advisory agreement from time to time;
<b>“JSE”</b>	the securities exchange operated by the JSE Limited (which has been licensed as an exchange under the Securities Services Act);

<b>“JSE Listings Requirements”</b>	the JSE Limited Listings Requirements, as amended from time to time;
<b>“Last Practicable Date”</b>	the last practicable date prior to the finalisation of this Pre-listing Statement, being 16 July 2012;
<b>“Listing”</b>	the primary listing of the Preference Shares on the LuxSE on the Euro MTF market in the “Specialist Securities – Preference Shares” sector under the abbreviation BRAITPRF with common code 081058172 and ISIN number MT0000680208 and secondary listing of the Preference Shares on the JSE in the “Specialist Securities – Preference Shares” sector under the abbreviated name “BRAIT PEF” and alpha code “BATP”, subject to the conditions referred to in paragraph 2.3 of Part 3 (Executive Summary) of this Pre-listing Statement;
<b>“Listing Date”</b>	the date on which the Listing of the Preference Shares subscribed for and issued pursuant to the Offer for Subscription becomes effective, which date is expected to be 6 August 2012;
<b>“Luxembourg”</b>	the Grand Duchy of Luxembourg;
<b>“Luxembourg Transfer Agent”</b>	Maitland Luxembourg S.A, Brait’s transfer agent in Luxembourg;
<b>“LuxSE”</b>	the Luxembourg Stock Exchange;
<b>“LuxSE Listings Requirements”</b>	the Rules and Regulations of the LuxSE, as amended from time to time;
<b>“Malta”</b>	the Republic of Malta;
<b>“Maltese Companies Act”</b>	the Maltese Companies Act, Cap. 386 of the Laws of Malta;
<b>“Memorandum”</b>	the memorandum of association of the Company;
<b>“NAV”</b>	shall, if the Company has published its net asset value as at the last day of its most recent financial quarter on each Exchange Information Service, be the net asset value thus published by the Company failing which it shall be as determined by the Company with reference to its most recent audited financial information;
<b>“Offer for Subscription”</b>	the offer for subscription contained in this Pre-listing Statement in terms of a private placement, to subscribe for Preference Shares;
<b>“Outstanding Preference Share”</b>	a Preference Share which has been issued by the Company, and which has neither been redeemed nor repurchased by the Company;
<b>“Participant”</b>	a central securities depository as defined in Article 1 of the Articles, or participant as defined in section 1 of the Securities Services Act;
<b>“Pepkor”</b>	Pepkor Holdings Limited, registration number 2003/020009/06, a public company duly incorporated in accordance with the laws of South Africa;
<b>“Preference Dividend”</b>	in respect of each Preference Share, the applicable Scheduled Dividends and Additional Dividends;
<b>“Preference Share” or “Brait Preference Share”</b>	a cumulative, non-participating preference share in the Company’s share capital which has a nominal value of Euro 0.01 (zero point zero one Euro) and which confers, on the Holder, the rights, obligations and privileges set out in clause 9 of the Preference Share Terms;
<b>“Preference Share Issue Programme”</b>	the programme pursuant to which the Company, as a means of raising permanent capital, could, subject to various terms and conditions: <ul style="list-style-type: none"> <li>• issue a maximum number of 20 000 000 (twenty million) Preference Shares; and</li> <li>• list the Preference Shares on the LuxSE (as a primary listing) and on the JSE (as a secondary listing),</li> </ul> on the terms and conditions set out in Annexure 3 (Detailed Preference Share Terms);
<b>“Preference Share Terms”</b>	the detailed terms and conditions attaching to the Preference Shares as set out in the Memorandum and Articles, extracts of which are contained in Annexure 3 which forms part of this Pre-listing Statement;
<b>“Pre-listing Statement” or “Prospectus”</b>	this document and its annexures dated 30 July 2012 prepared as constituting a prospectus for Luxembourg purposes as well as being a pre-listing statement for JSE purposes;

<b>“Premier”</b>	Premier Group (Proprietary) Limited, registration number 2007/016008/07, a private company duly incorporated in accordance with the laws of South Africa;
<b>“Prime Rate”</b>	the publicly quoted basic rate of interest levied by FirstRand Bank Limited, from time to time on overdraft, calculated on a 365 (three hundred and sixty five) day year, irrespective of whether the applicable year is a leap year, and proved, prima facie, in the event of a dispute and in the absence of manifest error, by a certificate under the hand of any director or manager of FirstRand Bank Limited, whose appointment and authority need not be proved;
<b>“Programme Participant”</b>	each Participant who holds any Preference Share in custody for the Beneficiary of such Preference Share;
<b>“Qualifying Investor”</b>	a South African resident (i) as envisaged in section 96(1)(a) of the SA Companies Act or (ii) who is a single addressee acting as principal and where the minimum Subscription Consideration payable by such addressee is not less than R1 000 000 (one million Rand), as envisaged in section 96(1)(b) of the SA Companies Act;
<b>“Rate Event”</b>	means any increase in the Dividends Tax Rate above 15% (fifteen <i>per centum</i> ) (which is the rate at which the Dividends Tax was levied on the Tax Reference Date);
<b>“Redemption Amount”</b>	in respect of a Preference Share and without double counting, the aggregate of: <ul style="list-style-type: none"> <li>• the higher of (i) the Deemed Issue Price of that Preference Share or (ii) the Market Price (as defined in clause 9.1.28 of the Preference Share Terms) of that Preference Share, on the date 5 (five) business days prior to the publication of the applicable Redemption Announcement in terms of clause 9.4.4.1 of the Preference Share Terms; plus</li> <li>• an amount equal to 2.5% (two point five <i>per centum</i>) of the higher of the Deemed Issue Price and the Market Price envisaged in the first sub-clause of this definition; plus</li> <li>• the Scheduled Dividend for the Dividend Period which ends on the Actual Redemption Date of that Preference Share; plus</li> <li>• any Accumulated Dividends in respect of that Preference Share on its Actual Redemption Date;</li> </ul>
<b>“registered office”</b>	the registered office of Brait being 4th Floor, Avantech Building, St Julian’s Road, San Gwann SGN 2805, Malta;
<b>“Resident Beneficiary”</b>	any Beneficiary of a Preference Share if that Beneficiary is a “resident” (of South Africa) as defined in the SA Tax Act;
<b>“Restricted Territories”</b>	the United States, Australia, Canada, Japan, Malta and Namibia and any other jurisdiction where the Offer for Subscription would be unlawful or in contravention of certain regulations;
<b>“SA Companies Act”</b>	the South African Companies Act, No. 71 of 2008, as amended;
<b>“SA Corporate”</b>	a Resident Beneficiary of a Preference Share which is a company, other than a small business corporation, an employment company, a gold mining company, a long term insurance company or a Tax holiday company;
<b>“SA Tax”</b>	any Tax imposed by any tier of the government of South Africa;
<b>“SA Tax Act”</b>	the South African Income Tax Act, No. 58 of 1962, as amended;
<b>“Scheduled Dividend”</b>	in respect of each Preference Share and for each Dividend Period, the Preference Dividend calculated in accordance with the formula contained in clause 9.3.5 of the Preference Share Terms;
<b>“Securities Services Act”</b>	the South African Securities Services Act, No. 36 of 2004, as amended;
<b>“South Africa” or “SA”</b>	Republic of South Africa;
<b>“South African Transfer Secretary”</b>	Computershare Investor Services (Proprietary) Limited (Registration number 2000/006082/06), a private company duly incorporated in accordance with the laws of South Africa;

<b>“South Africa Exchange Control Regulations”</b>	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, No. 9 of 1933, as amended;
<b>“Strate”</b>	Strate Limited, registration number 1998/022242/06, a company duly incorporated in accordance with the laws of South Africa under and registered as a central securities depository responsible for the electronic custody and settlement system in terms of the Securities Services Act;
<b>“Subscription Consideration”</b>	the aggregate Subscription Price payable by a Qualifying Investor in respect of the Preference Shares to be allocated and issued to the Qualifying Investor pursuant to the Offer for Subscription;
<b>“Subscription Price”</b>	in relation to each Preference Share, the price, including the nominal value and any premium, obtained by the Company for the allotment and issue of that Preference Share to its first Holder;
<b>“Tax”</b>	any tax, levy, impost, duty, or other charge or withholding of a similar nature, levied in accordance with any law and includes any additional tax, penalties and/or interest levied on any such tax, levy, impost, duty or other charge or withholding;
<b>“Tax Change Event”</b>	<ul style="list-style-type: none"> <li>• any amendment in the SA Tax Act (including, without limitation, the replacement of the SA Tax Act with different legislation), which occurs after the Tax Reference Date, the Preference Dividends become subject to any SA Tax, other than the Dividends Tax or any other withholding Tax imposed under any law of South Africa, in the hands of all the SA Corporates who are the Resident Beneficiaries of any Outstanding Preference Shares; or</li> <li>• any amendment in any law of Malta, Luxembourg or the Republic of Mauritius (including, without limitation, the replacement of any such a law with different legislation) which occurs after the Tax Reference Date, the Preference Dividends become subject to Tax, imposed by any one of Malta, Luxembourg or the Republic of Mauritius, in the hands of all the SA Corporates who are the Resident Beneficiaries of any Outstanding Preference Shares,</li> </ul> <p>and, for clarity, it is specifically recorded that no Tax Change Event shall occur if (i) any amendment envisaged in clause 9.1.48.1 or clause 9.1.48.2 of the Preference Share Terms occurs, but (ii) the effect of such amendment is to subject Resident Beneficiaries who are not SA Corporates to the applicable Tax;</p>
<b>“Tax Reference Date”</b>	1 July 2012;
<b>“Transfer Agents”</b>	collectively the South African Transfer Secretary and Luxembourg Transfer Agent and a “Transfer Agent” will mean each or either of the Transfer Agents, as the context requires;
<b>“Titan Group”</b>	Titan Nominees (Proprietary) Limited, registration number 1978/003570/07, a company incorporated in accordance with the laws of South Africa, being a party related to Dr Christo Wiese, a director of Brait;
<b>“Underwriting Agreement”</b>	the underwriting agreement entered into between Brait and RMB in terms of which RMB agreed to underwrite a minimum amount of R1 000 000 000 (one billion Rand) of the Offer for Subscription, as more fully described in paragraph 3.8 of Part 5 (Preference Shares and Placement Details) of this Pre-listing Statement;
<b>“ZAR” or “Rand” or “R”</b>	South African Rand, the lawful currency of South Africa.



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## **PART 5 THE PREFERENCE SHARES AND PLACEMENT DETAILS**

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### **1. INTRODUCTION AND RATIONALE**

Brait intends entering into a new capital raising programme in order to make capital available for investment purposes. Aligned to Brait's growth strategy, the proposed capital raising provides the following benefits:

- Diversified, cost efficient permanent capital;
- Further strengthens the Company's existing capital base;
- Effectively lowers the Company's cost of capital; and
- Non-dilutionary for ordinary shareholders.

The capital raising programme will be implemented through the listing of Preference Shares, to be issued over a period of 18 (eighteen) months, in terms of which a maximum number of 20 000 000 (twenty million) Preference Shares will be issued through the Offer for Subscription and possible future issues at the discretion of the Directors. To the extent that any Preference Shares will be issued after the lapse of 12 (twelve) months from the date of this document, an updated or new pre-listing statement or prospectus will be issued subject to any regulatory requirements in order to allow for the listing of such shares. The Offer for Subscription is expected to raise approximately R1 000 000 000 (one billion Rand) to R1 500 000 000 (one and a half billion Rand), although there is an ability to increase the Offer for Subscription to R2 000 000 000 (two billion Rand), subject to investor demand and by way of a private placement. The Subscription Price for the Offer for Subscription will be ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing). Any authorised, unissued Preference Shares that have not been issued in terms of the Offer for Subscription shall be issued by the Company as and when opportune, at a Subscription Price to be determined by the Directors, subject to the maximum of 20 000 000 (twenty million) Preference Shares.

The minimum amount of R1 000 000 000 (one billion Rand) has been underwritten by the Arranger and Underwriter on the basis of the Arranger and Underwriter pre-placing R785 000 000 (seven hundred and eighty five million Rand) with selected Qualifying Investors, which include the Titan Group. Thereafter and if applicable, the intention will be to issue further Preference Shares, as and when opportune, at a Subscription Price determined by the Directors.

The Preference Shares are redeemable in limited instances at the Company's election on the occurrence of certain events set out below. The Preference Shares constitute permanent capital for Brait.

The terms and conditions of the Preference Shares and comparable preference shares have been carefully considered by the Board. The Board believes that the Dividend Rate and the terms and conditions attaching to the Preference Shares are market-related. This ensures that the benefits listed above should be achieved by the capital raising.

The Board has considered the pre-emption rights of shareholders and believes that the issuance of the Preference Shares without having to offer each and every shareholder the Preference Shares but by means of a private placement, and by disapplying shareholders' pre-emption rights by means of a shareholder resolution, will allow Brait to carry out the capital raising programme with the necessary flexibility required to achieve the benefits set out above.

Pursuant to resolutions adopted by shareholders at the Company's annual general meeting of 25 July 2012, pre-emption rights in relation to Ordinary Shares were also waived in various circumstances. Holders of Preference Shares will therefore not have pre-emption rights in regards to Ordinary Shares.

The disapplication of pre-emption rights given under the resolutions passed at the Extraordinary General Meeting extends only to the Preference Share Issue Programme (including those who subscribe for Preference Shares pursuant to the Offer for Subscription who shall not have pre-emption rights for subsequent issuances during the Preference Share Issue Programme) and does not extend to any other issues of preference shares and is thus limited to what is necessary to ensure that the capital raising programme can be achieved.

The terms and conditions of the Preference Share Issue Programme provide that anyone who acquires Preference Shares pursuant to such programme shall not have pre-emption rights on issuances of Preference Shares during the course of the programme or any issue of Ordinary Shares.

### **2. SALIENT TERMS OF THE PREFERENCE SHARES**

The Preference Shares are cumulative, non-participating preference shares with a nominal value Euro 0.01 (zero point zero one Euro) each. The Offer for Subscription of up to 20 000 000 (twenty million) Preference

Shares shall be at a Subscription Price of ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing) per Preference Share. Thereafter, the Directors are entitled to issue all or some of the authorised but unissued Preference Shares (i.e. any of the 20 000 000 (twenty million) Preference Shares which are not subscribed for pursuant to the Offer for Subscription) as and when opportune, at a Subscription Price determined by the Directors.

Brait will apply for a primary listing of the Preference Shares on the LuxSE and a secondary listing on the JSE.

The full terms of the Preference Shares are set out in the Annexure 3 (Detailed Preference Share Terms) which forms part of this Pre-listing Statement.

*The summary set out herein is not conclusive or exhaustive, and potential investors should refer to Annexure 3 (Detailed Preference Share Terms) for full particulars of the terms and conditions of the Preference Shares. In the case of any divergences between this summary and the full terms as contained in the aforementioned Annexure 3, the latter shall prevail.*

#### **Entitlements to dividends**

Dividends are payable semi-annually on a date which is the earlier of not less than 5 (five) business days prior to the date on which Brait makes any Distribution in respect of its Ordinary Shares, and no later than 90 (ninety) calendar days after the applicable Calculation Date.

For each Dividend Period, each Preference Share shall be entitled to a dividend in an amount equal to the aggregate of the amounts calculated in respect of each day during that Dividend Period in accordance with the following formula:

$$a = (b + c) \times d$$

in which formula:

a = the amount for the applicable day;

b = the Deemed Issue Price;

c = the Accumulated Dividends in respect of that Preference Share at 17:00, Johannesburg time, on the calendar day immediately preceding the applicable day;

d = if a Dividend Default (i) has not occurred, the Dividend Rate divided by 365 (three hundred and sixty five), or (ii) has occurred, the Default Dividend Rate divided by 365 (three hundred and sixty five).

If (i) the Scheduled Dividend for a Dividend Period is calculated in accordance with the formula outlined above for any Dividend Period, and (ii) at the time of that calculation no Dividend Default has occurred, but (iii) a Dividend Default occurs after such calculation, the Scheduled Dividend for the applicable Dividend Period shall be recalculated at the Default Dividend Rate.

#### **Ordinary share Distributions**

The Company shall not be permitted to pay any Distributions in respect of its Ordinary Shares if the dividends in respect of the Preference Shares have not been paid in full.

#### **Adjustment Event**

Tax Change Event: the Company shall pay, in respect of the Outstanding Preference Shares, an Additional Dividend in accordance with the provisions and formulae set out in clauses 9.3.10 and 9.3.11 of the Preference Share Terms, if as a result of:

- any amendment in the SA Tax Act (including, without limitation, the replacement of the SA Tax Act with different legislation), which occurs after the Tax Reference Date, the Preference Dividends become subject to any SA Tax, other than the Dividends Tax or any other withholding Tax imposed under any law of South Africa, in the hands of all the SA Corporates who are Resident Beneficiaries of any Outstanding Preference Shares; or
- any amendment in any law of Malta, Luxembourg or the Republic of Mauritius (including, without limitation, the replacement of any such a law with different legislation), which occurs after the Tax Reference Date, the Preference Dividends become subject to Tax, imposed by any one of Malta, Luxembourg or the Republic of Mauritius, in the hands of all the SA Corporates who are Resident Beneficiaries of any Outstanding Preference Shares.

Rate Event: if as a result of an increase in the Dividends Tax Rate above 15% (fifteen *per centum*) (which is the rate at which the Dividends Tax was levied on the Tax Reference Date) then the Dividend Rate or the Default Dividend Rate, as the case may be, shall be adjusted to such a percentage of the Prime Rate, in accordance with the provisions and formula set out in clause 9.3.12 of the Preference Share Terms.

Post the Tax Change Event and/or the Rate Event occurring, the Company will be entitled to voluntarily redeem the Outstanding Preference Shares at the Redemption Amount.

## **Change of Control**

If an Acquisition of Control occurs, Brait shall have the right to redeem all the Outstanding Preference Shares at the Redemption Amount.

## **Voting rights**

The Holders shall be entitled to vote at general meetings of the Company under the following circumstances:

- (i) when any resolution of the Company is proposed which directly affects the rights of the Preference Shares (as set out in clause 9.6.4.1 of the Preference Share Terms);
- (ii) when any resolution of the Company is proposed to approve the reduction of the Company's share capital of any class or the making of a Distribution either of which has the effect of:
  - (a) reducing the NAV below R10 000 000 000 (ten billion Rand) after that resolution is implemented; or
  - (b) where the ratio of the (i) aggregate of the Deemed Issue Prices of all the Outstanding Preference Shares to (ii) the NAV, after that resolution has been implemented, is equal to or more than 10% (ten *per centum*) (as set out in clause 9.6.4.2 of the Preference Share Terms);
- (iii) when any resolution of the Company is proposed to delist the Company's Ordinary Shares (as set out in clause 9.6.4.3 of the Preference Share Terms);
- (iv) when any resolution of the Company is proposed after an Acquisition of Control has occurred if that resolution, if implemented, will result in the conclusion of a transaction by the Company, the value of which is equal to or exceeds 25% (twenty five *per centum*) of the NAV (as set out in clause 9.6.4.4 of the Preference Share Terms); or
- (v) when any resolution of the Company is proposed during any period which (i) commences on the date 90 (ninety) days after the date on which the Company declared any Preference Dividends, and (ii) ends on the date on which those Preference Dividends are paid (as set out in clause 9.6.4.5 of the Preference Share Terms).

In relation to any of the aforementioned resolutions (i), (ii) (iii) and (iv):

- the Preference Shares shall vote as a separate class;
- in such a vote each Outstanding Preference Share shall carry one vote;
- no such resolution shall be carried except by an extraordinary resolution of at least 75% (seventy five *per centum*) of the votes exercisable by all the Holders who attend and vote at the meeting convened to consider that resolution voting in favour thereof and at least 51% (fifty one *per centum*) in nominal value of all the shares entitled to vote at the meeting voting in favour thereof;
- should the Holders vote against such resolution:
  - Brait shall have the right to redeem all the Outstanding Preference Shares at the Redemption Amount, by no later than 31 December 2512; or
  - should Brait elect to not voluntarily redeem the Outstanding Preference Shares, Brait shall not be permitted to proceed with the implementation of the relevant resolution.

In relation to the aforementioned resolution (v):

- the Preference Shares shall not vote as a separate class but shall vote together with the other shareholders;
- each Preference Share shall confer on its Holder such a percentage of the votes exercisable in relation to that resolution as is equal to the ratio, expressed as a percentage, of the nominal value of that Preference Share to the aggregate of the nominal values of all the issued shares of all classes in the Company's share capital.

## **Ranking and liquidation**

The Preference Shares will rank in priority to the Brait shares with regard to dividends and repayment of capital on the winding-up of the Company. All the Preference Shares form part of the same class of share and all Preference Shares for which listing will be applied, will rank *pari passu* in respect of all rights.

Each Preference Share shall confer upon its Holder (for onward payment to the relevant Beneficiary in accordance with the agreement between the Holder and Beneficiary) the right of a return of capital on liquidation of the Company of an amount equal to the Redemption Amount of that Preference Share calculated up to the day on which that return of capital is paid.

### Regulatory redemption option

Upon the occurrence of any one of the following Regulatory Events which has the effect of the Preference Shares becoming more expensive, Brait shall be entitled to redeem all of the Outstanding Preference Shares at the Redemption Amount, by no later than 31 December 2512:

- any change in the LuxSE Listings Requirements or the JSE Listings Requirements;
- any change in the exchange control regulations of South Africa, Malta or Mauritius;
- any change in the SA Tax Act or any other legislation which imposes any taxation of any nature whatsoever on the Company, in relation to the Preference Shares, in Malta, Luxembourg, South Africa and/or Mauritius; or
- any change in the Maltese Companies Act, the SA Companies Act and any other legislation, whether Maltese or South African, which deals with companies generally.

### 3. DETAILS OF THE OFFER FOR SUBSCRIPTION

#### 3.1 Particulars of the Preference Shares

Deemed Issue Price for dividend calculation purposes <sup>1</sup>	R100
Dividend Rate	104% of the Prime Rate
Minimum Subscription Consideration payable per applicant who is a single addressee acting as principal	R1 000 000
Minimum amount to be raised in terms of the Offer for Subscription	R1 billion

<sup>1</sup> The Subscription Price payable in terms of the Offer for Subscription will be ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing) per Preference Share. Thereafter any further issuances of Preference Shares will be at a price determined by the Directors, subject to market conditions at the time of such further Preference Share issuance.

#### 3.2 Expected times and dates of the opening and closing of the Offer for Subscription

Opening date of the Offer for Subscription (09:00)	Monday, 30 July 2012
Closing date of the Offer for Subscription (17:00)	Monday, 30 July 2012
Proposed listing date on the Exchanges (09:00)	Monday, 6 August 2012

Any changes to these dates and times will be released on the Exchange Information Services.

Applicants applying for dematerialised Preference Shares must inform their CSDP or broker of their application by the cut-off time stipulated by their CSDP or broker in terms of their agreement.

#### 3.3 Conditions to the Listing

Application will be made to the LuxSE to admit the Preference Shares on the official list of the LuxSE to be traded on the Euro MTF market under the abbreviation BRAITPRF with common code 081058172 and ISIN number MT0000680208, and to the JSE Limited to admit the Preference Shares to trading on the JSE on the “Specialist Securities – Preference Shares” sector with abbreviated name “BRAIT PREF” and alpha code “BATP”, subject to Brait meeting the requirements set out in the LuxSE Listings Requirements and the JSE Listings Requirements in respect of the requisite spread of Preference Shareholders. For LuxSE purposes, this is a 25% (twenty five *per centum*) free float requirement. For JSE purposes, this is a minimum of 50 (fifty) public shareholders as well as 20% (twenty *per centum*) of the Preference Shares being held by public shareholders. The number of Preference Shares to be listed will be determined on Closing. The Preference Shares have been accepted for clearance and settlement on the LuxSE through the facilities of Clearstream and Euroclear.

At the Extraordinary General Meeting the shareholders, by means of extraordinary resolution, resolved to create 20 000 000 (twenty million) Preference Shares by amending the Memorandum and Articles to increase the authorised share capital by 20 000 000 (twenty million) Preference Shares with a nominal value of Euro 0.01 (zero point zero one Euro) each and by providing for the terms of the Preference Shares. The shareholders have also authorised the issue of up to 20 000 000 (twenty million) Preference Shares at a Subscription Price per share of ZAR100 (one hundred Rand) (or the Euro equivalent thereof as at Closing). The shareholders have delegated to the Directors the power to issue any of the 20 000 000 (twenty million) Preference Shares which are not issued pursuant to the Offer for Subscription, at a Subscription Price to be determined by the Directors, such authority lapsing at the expiry of 18 months from the date of the Extraordinary General Meeting. To the extent that any Preference Shares will be issued after the lapse of 12 months from the date of this document, an updated or new pre-listing statement or prospectus will, if necessary, be issued in order to allow for the listing of such shares.

In addition, ordinary shareholders have waived their rights of pre-emption in relation to all such shares. Pursuant to resolutions adopted by shareholders at the Company's annual general meeting of 25 July 2012, pre-emption rights in relation to Ordinary Shares were also waived in various circumstances. Holders of Preference Shares will therefore not have pre-emption rights in regards to Ordinary Shares. The terms and conditions of the Offer for Subscription and the Preference Share Issue Programme provide that no-one who acquires Preference Shares shall have pre-emption rights on any issue of such shares during the Preference Share Issue Programme. An extract of the resolutions passed at the aforementioned meetings, together with an updated Memorandum and Articles were delivered to the Maltese Registry of Companies for registration on or about 27 July 2012.

The approval by the Exchanges of the Listing of the Preference Shares is not to be taken in any way as an indication of the merits of Brait. The Exchanges have not verified the accuracy and truth of the contents of the documentation and to the extent permitted by law, the Exchanges will not be liable for any claim of whatever kind.

### **3.4 Applications**

Applications to subscribe for Preference Shares in terms of the Offer for Subscription must be made in accordance with the application procedure set out below:

#### **3.4.1 Application form**

Applications for Preference Shares may only be made on the application form, which accompanies this Pre-listing Statement, and in accordance with the requirements, terms and conditions set out in the application form and this Pre-listing Statement.

Further copies of this Pre-listing Statement, including the application form, can be obtained during normal business hours prior to Closing from the Arranger and the Transfer Agents, the addresses of which are set out in Part 2 (Corporate Information) of this Pre-listing Statement. Electronic copies of the application form may also be requested from the representative of the Arranger, Daniella Keet (refer to the contact details in paragraph 3.4.8.3 below) ("Arranger's Representative").

#### **3.4.2 Qualifying Investors**

Only Qualifying Investors may apply to subscribe for Preference Shares pursuant to the Offer for Subscription.

#### **3.4.3 Minimum Subscription Consideration**

The purpose of the Offer for Subscription is to raise permanent capital to enable Brait to implement the investment strategy within the existing and new portfolio of investments.

The minimum Subscription Consideration per applicant who is a single addressee acting as principal is R1 000 000 (one million Rand).

#### **3.4.4 Fractions**

Fractions of Preference Shares will not be issued.

#### **3.4.5 Applications irrevocable**

Applications will be irrevocable and may not be withdrawn once received. Prospective investors will be advised of their final allocations by no later than 17:00 on 30 July 2012.

#### **3.4.6 Reservation of rights**

The Directors reserve the right to accept or refuse any application(s), either in whole or in part or to abate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine. Note that this reservation of rights applies to all of the applications for the Preference Shares received in respect of the Offer for Subscription.

The Directors have the right to issue any Preference Shares not subscribed for pursuant to the Offer for Subscription, as and when opportune, by undertaking a separate private placement of Preference Shares not subscribed for pursuant to the Offer for Subscription, at a Subscription Price determined by the Directors.

#### **3.4.7 Minors and deceased estates**

No documentary evidence of capacity to apply need accompany the application form, but Brait reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the Transfer Agents or returned to the applicant at the applicant's risk. Preference Shares may not be applied for in the name of a deceased estate.

### **3.4.8 Submission of application forms**

#### 3.4.8.1 Certificated Preference Shares

In respect of those applicants applying for certificated Preference Shares, duly completed application forms must be submitted via email to the Arranger's Representative to the email address noted in paragraph 3.4.8.3 below, to be received by not later than 17:00 on 30 July 2012.

No late applications will be accepted, unless approved by the Directors, in their sole and absolute discretion.

#### 3.4.8.2 Dematerialised Preference Shares

In respect of those applicants applying for dematerialised Preference Shares, duly completed application forms must be sent to the applicants' duly appointed CSDP or broker, in the manner and time stipulated in the agreement governing their relationship with such CSDP or broker, together with the method of payment as stipulated in such agreement.

The CSDP or broker must submit the application form via email to the Arranger's Representative to the email address noted in paragraph 3.4.8.3 below, to be received by not later than 17:00 on 30 July 2012.

No late applications will be accepted, unless approved by the Directors, in their sole and absolute discretion.

#### 3.4.8.3 Contact details

**Daniella Keet, RMB**

Tel: +27 11 282 1272

Email: daniella.keet@rmb.co.za

### **3.4.9 Allocation**

The allocation of the Preference Shares to be issued in terms of the Offer for Subscription will be made on an equitable basis as determined by the Arranger, after consultation with Brait, which allocation will be ratified by the Board.

### **3.4.10 Payment and delivery**

Each successful applicant must, after being notified of their allocation of Preference Shares:

- in the case of applications for certificated Preference Shares, pay the Subscription Consideration as advised by the Arranger's Representative, in Rands, into the designated account of Brait, the account details for which can be obtained from the Arranger's Representative. Proof of payment must be received by the Arranger's Representative at the email address stated above by no later than 12:00 on Tuesday, 31 July 2012. On the Listing Date, the share certificates will be sent by registered post to the applicant's address provided in the application form attached, at the applicant's own risk.
- in the case of applications for dematerialised Preference Shares, instruct their CSDP or broker to pay the Subscription Consideration, as advised by the Arranger's Representative, in Rands, to their relevant CSDP as required by their mandate. On the Listing Date, the Preference Shares allocated to the applicant will be credited to the applicant's CSDP's account or broker's account against payment of the Subscription Consideration during Strate's settlement runs which occur throughout the day.

#### 3.4.10.1 Issue of Preference Shares

The Preference Shares applied for and subscribed for in terms of this Pre-listing Statement will be issued on the Listing Date against payment of the Subscription Consideration, at the expense of Brait as detailed in paragraph 9 of Part 8.

All Preference Shares issued in terms of this Pre-listing Statement will be allotted and issued subject to the provisions of the Articles.

#### 3.4.10.2 Trading of Preference Shares

##### **LuxSE**

Clearance and settlement of the Preference Shares on the LuxSE will be through the facilities of the Clearstream and Euroclear clearing systems under the abbreviation BRAITPRF with common code 081058172 and ISIN number MT0000680208. The Preference Shares have been accepted for clearance and settlement on the LuxSE through the facilities of Clearstream and Euroclear.

## **JSE**

The JSE settles trades through Strate. The principal features of Strate are as follows:

- trades executed on the JSE must be settled on a T+5 basis, being five business days after the date of the trade;
- there are penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery thereof; and
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements.

The Preference Shares will only trade on the LuxSE and JSE in electronic (dematerialised) form.

Applicants who wish to hold Preference Shares in certificated form must dematerialise their Preference Shares before such shares may be traded.

### **3.4.11 Receipts**

Receipts will be issued in respect of the application forms received. If an applicant does not receive an email acknowledging receipt, such applicant should contact the Arranger's Representative, Daniella Keet (refer to the contact details in paragraph 3.4.8.3 above), to ensure that the application form has been received timeously.

## **3.5 Dividend payments**

The Luxembourg Transfer Agent implements dividend payments due to: (i) certificated shareholders, registered on the Luxembourg share register, by either electronic fund transfer or cheque and (ii) dematerialised shareholders, holding their Preference Shares via the Luxembourg share register, by electronic payment to the applicable common depository (being BGL BNP Paribas for Clearstream and BCEE for Euroclear) who ensures delivery of the funds into the applicable Clearstream or Euroclear accounts.

The South African Transfer Secretary shall implement payments due to: (i) certificated shareholders registered on the South African share register, by either electronic fund transfer or cheque and (ii) dematerialised shareholders, holding their Preference Shares via the South African share register, by electronic payment to the relevant CSDP.

Any unclaimed dividends will be dealt with in accordance with the applicable provisions of Maltese law relating to prescription. The prescriptive period for unclaimed dividends in Malta is 5 (five) years unless such prescriptive period is interrupted or suspended. In the event that the prescriptive period is not interrupted or suspended, upon the lapse of such period the unclaimed dividends shall no longer be a debt due and payable by the Company and the funds constituting such unclaimed dividends may be utilised as the Company deems fit.

## **3.6 Restrictions**

### **General**

No action has been or will be taken in any jurisdiction that would permit a public offering of the Preference Shares. The Preference Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Preference Shares may be distributed or published in or from any country or jurisdiction other than South Africa except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the Offer for Subscription contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the Preference Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### **United States**

The Preference Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. The Preference Shares are being offered and sold outside of the United States in reliance on Regulation S of the Securities Act.

In addition, until 40 days after the commencement of the offering of the Preference Shares an offer or sale of Preference Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

## **European Economic Area**

In relation to the European Economic Area and each relevant Member State (as contemplated in Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003) (“Relevant Member State”) an offer to the public of any Preference Shares which are the subject of the offering contemplated by this Pre-listing Statement may not be made in that Relevant Member State save for an offer pursuant to any of the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of: (1) an average of at least 250 (two hundred and fifty) employees during the last financial year; (2) a total balance sheet of more than Euro 43 000 000 (forty three million Euros) and (3) an annual net turnover of more than Euro 50 000 000 (fifty million Euros), as shown in its last annual or consolidated accounts;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Preference Shares shall result in a requirement for the publication by Brait or the sponsor of a prospectus pursuant to Article 3 of the Prospectus Directive.

No Preference Shares shall be offered for subscription in Malta.

### **3.7 South African Exchange Control Regulations**

This summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt in this regard, you should consult an appropriate professional advisor.

Whilst this Offer for Subscription is being offered to South African residents only, the following will apply to any further issues in terms of which non-residents or emigrants from South Africa will be able to subscribe for Brait Preference Shares.

#### **Emigrants from the Common Monetary Area**

A former resident of the Common Monetary Area who has emigrated may use emigrant blocked funds to subscribe for Preference Shares in terms of this Pre-listing Statement. All payments in respect of any further issues of the Preference Shares by an emigrant using emigrant blocked funds must be made through the authorised dealer in foreign exchange controlling the blocked assets.

Any Preference Shares issued pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios.

The Preference Shares purchased in respect of any further issues of the Preference Shares with blocked funds, where certificates are in fact issued, such Preference Shares certificates will be endorsed “non-resident” in terms of the South African Exchange Control Regulations and will be sent to the authorised dealer in foreign exchange through whom the payment was made.

To the extent applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, emanating from emigrant blocked accounts, for any future issue of Preference Shares, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants’ emigrant blocked accounts.

The use of any proceeds raised by Brait pursuant to the issue of Preference Shares for investments outside the Common Monetary Area requires the prior approval of the Financial Surveillance Department.

#### **Non-residents of the Common Monetary Area**

Non-residents of the Common Monetary Area may acquire Preference Shares on the JSE, provided that payment is received in a foreign currency or Rand from a non-resident account. There is no South African Exchange Control Regulation restriction on the number of Preference Shares they choose to invest in. The non-resident should obtain advice as to whether any governmental and/or legal consent is required and/or whether any other formality must be observed to enable a subscription pursuant to any future issue of Preference Shares.

### **3.8 Underwriting**

In accordance with article 113 of the Maltese Companies Act, the Board and the Arranger and Underwriter have entered into an underwriting arrangement. The minimum amount of R1 000 000 000 (one billion Rand) has been underwritten by the Arranger and Underwriter on the basis of the Arranger and Underwriter pre-placing R785 000 000 (seven hundred and eighty five million Rand) with selected Qualifying Investors, which include the Titan Group.



As a result of such pre-placement, the Arranger and Underwriter will pay away market-related fees to the selected Qualifying Investors who subscribed for Preference Shares totalling R785 000 000 (seven hundred and eighty million Rand) which includes a placement of R150 000 000 (one hundred and fifty million Rand) with the Titan Group, for a market-related fee of R1 125 000 (one million one hundred and twenty five thousand Rand) excluding value added tax.

The Directors confirm that they have made due and careful enquiry to confirm that RMB can meet their commitments to underwrite the Offer for Subscription. RMB has submitted sworn affidavits that it has the financial resources required to meet its underwriting commitment.

The only conditions to the Listing are the conditions referred to in paragraph 3.3 of Part 5 (Preference Shares and Placement Details) of this Pre-listing Statement.

A copy of the Underwriting Agreement is available for inspection as set out in section 12 of Part 8 (Additional Information) of this Pre-listing Statement.

### **3.9 Over-subscriptions**

In the event of an over-subscription, the allocation of the Preference Shares to be issued in terms of the Offer for Subscription will be made on an equitable basis as determined by the Arranger, after consultation with Brait and within the limit of the number of authorised Preference Shares, which allocation will be ratified by the Board.

### **3.10 Brokerages and commissions**

A once off market related commission of 0.3% (zero point three *per centum*) of the relevant Subscription Consideration payable, excluding value added tax, will be payable to true brokers and/or intermediaries who place Preference Shares in terms of the Offer for Subscription.

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## PART 6 CORPORATE GOVERNANCE

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### 1. CORPORATE GOVERNANCE STRUCTURE

The change in the Brait business model on 4 July 2011 to an investment holding company has resulted in an alignment of the Group governance structures.

The new business model has seen the restructuring of the format of the Board into a European style investment vehicle which is made up exclusively of non-executive Directors whose primary responsibility is to oversee the Company's strategy and investment management functions. In line with this restructuring, the Company has entered into an Investment Advisory Agreement with CPGHL in terms of which CPGHL is mandated to perform certain investment advisory services to the Company. CPGHL has entered into an Investment Sub-Advisory Agreement with BSAL in terms of which BSAL is mandated to perform certain investment advisory services to CPGHL. Market related fees are paid in terms of both agreements.

### 2. THE BOARD

The Board takes the format of a European style investment vehicle which is made up exclusively of non-executive Directors that oversee the Company's investment management function as the *de facto* investment committee.

Name, age and nationality	Business address	Function/Role	Date of appointment as director
Phillip Jabulani Moleketi (54) South African	2nd Floor, The Zone II 177 Oxford Road Rosebank, 2196	Non-executive Chairman	7 September 2009
Dr Christo Hendrik Wiese (70) South African	36 Stellenberg Road Parow Industria Cape Town, 7493	Non-executive Director	4 May 2011
Antony Charles Ball (53) South African	2nd Floor, The Zone II 177 Oxford Road Rosebank, 2196	Non-executive Director	29 July 1998
Richard John Koch (61) British	Rua Dr Silverstre Falcao 15 1 Posterior 8800-412 Tavia Portugal	Non-executive Director	29 July 1998
Hermanus Roelof Willem Troskie (42) Dutch	56 Rue Charles Martel L-2134 Luxembourg	Non-executive Director	27 July 2005
Christopher Stefan Seabrooke (59) South African	2nd Floor, The Zone II 177 Oxford Road Rosebank, 2196	Non-executive Director	19 June 2009
Colin Denis Keogh (58) British	Discovery House Whiting Road Norwich, Norfolk NR4 6EJ United Kingdom	Non-executive Director	28 July 2010
Serge Joseph Pierre Weber (48) Luxembourgish	3 Rue Pletzer L-8080 Bertrange Luxembourg	Non-executive Director	28 May 2001
Rita Schembri (46) Maltese	Sardinella, Wardija Hill Wardija SPB6161 Malta	Non-executive Director	30 March 2012

## 2.1 Curriculum Vitae of the Board

**Jabu Moleketi** obtained the following qualifications: Advanced Management Program (Harvard Business School in Boston), MSc (Financial Economics), Post-graduate diploma in Economic Principles. He was Deputy Minister of Finance (South Africa) from 2004 to 2008. During his tenure as Deputy Minister of Finance he was: (i) chairperson of the Public Investment Corporation; (ii) chairperson of Harith Fund Management Company, which invests in infrastructure projects on the African continent; (iii) a member of the 2010 FIFA Local Organising Committee (LOC) Board and of the Executive Committee of the LOC Board and chairperson of the Finance and Procurement Committee of the LOC Board (iv) the South African Government representative in the annual meeting of the Commonwealth Finance Ministers meetings and the South African Customs Union ministerial meetings; and (v) the alternative governor of the IMF representing South Africa. He was Gauteng Provincial MEC of Finance and Economic Affairs from 1994 to 2004, during which time he was the founding member of Blue IQ which included the Gautrain project. He was responsible for setting up Gauteng Shared Services from concept to actual operation. He was a member of the National Executive Committee of the ANC from 1997 to 2007.

**Dr Christo Hendrik Wiese** joined Pep Stores as Executive director in 1967. Seven years later he left Pep Stores to practice at the Cape Bar. He rejoined Pepkor and has been executive chairman of Pepkor since 1981. He is chairman of Shoprite Holdings. He is also the chairman of Tradehold Ltd, Invicta Holdings Ltd and Tulca (Pty) Ltd (trading as Mango). He also serves on the Boards of PSG Group, Primedia Group and Luna Group. Dr Wiese holds the following qualifications: BA, LLB, DCom (hc).

**Antony Charles Ball** is co-founder of Brait's Private Equity business and has the following qualifications: BCom (Hons), Phil (Oxon), CA(SA). To date, he has acted in various leadership capacities in Brait and as its Chief Executive Officer from 1 October 2006 until 2 March 2011. He has led and played a significant role in the raising and governance of the Company's principal private equity funds. He has been responsible for a number of the Company's private equity investments and has represented Brait on the boards of over 18 private and public companies. Prior to joining Brait, he was a partner at Deloitte & Touche, where he co-founded The Strategy Group.

**Richard John Koch** was formerly a consultant with the Boston Consulting Group, a partner of Bain & Company and a founder of The LEK Partnership (now L.E.K. Consulting). He has advised many blue-chip global corporations, is a successful private equity investor on his own account, and has written several best-selling business books, including *The 80/20 Principle*, which has sold over three-quarters of a million copies, world-wide. He has the following qualifications: MA (Oxon), MBA (Wharton).

**Hermanus Roelof Willem Troskie** is the Managing Partner of M Partners, the Luxembourg law firm in the Maitland network of law firms. He has obtained the following qualifications: BJuris, LLB, LLM. He specialises in the area of international corporate structuring and financing for European investment structures. His practice also includes the listing of companies and investment funds. Mr Troskie is a non-executive Director of a number of public and private companies and investment funds. He is a solicitor of the Senior Courts of England and Wales and a member of the Luxembourg Bar.

**Christopher Stefan Seabrooke** has been on the boards of over twenty stock exchange listed companies. He is currently CEO of Sabvest Ltd, Chairman of Metrofile Holdings Ltd, Deputy Chairman of Massmart Holdings Ltd and a director of Datatec Ltd and Net1 UEPS Technologies Inc. He is also a director of a number of unlisted companies including Mineworkers Investment Company (Pty) Ltd and Transaction Capital (Pty) Ltd. He is a former Chairman of The South African State Theatre and former Deputy Chairman of the founding board of The National Arts Council. He has the following qualifications: BCom, BAcc, MBA, FCMA, and is a member of The South African Institute of Directors.

**Colin Denis Keogh** was appointed as Non-Executive Director of Virgin Money Holdings UK Ltd in January 2010. Prior to that he spent most of his working life at Close Brothers Group plc, the UK-listed investment banking group. He was CEO of Close Brothers Corporate Finance and then CEO of Close Asset Management before becoming Group CEO in 2002. He has the following qualifications: ATII degree, MA, MBA (Insead).

**Serge Joseph Pierre Weber** is a director of TRAXYS Europe SA, part of the TRAXYS SA Group, a joint venture created in 2003 between the Luxembourg-based ARCELOR Group and the Belgian based UMICORE Group and he is Chief Financial Officer of TRAXYS Europe and the Group Controller for the TRAXYS Group, a leading metals and minerals marketing and trading group operating worldwide. He obtained the following qualifications: Business Diploma (ESSEC Business School, Paris).

**Rita Schembri** is currently a Member of the Supervisory Committee of the European Commission's Anti-Fraud Office (OLAF), Brussels, Belgium, Ms Schembri has vast experience in finance and in the public sector where she has held senior positions which include Director General Internal Audit and Investigations, Cabinet Office (Office of the Prime Minister, Valletta, Malta), Director General Public

Internal Financial Control and Head Financial Management Monitoring Unit (Ministry of Finance, Valletta, Malta). She has also worked in the private sector and is a founding member of the Forum for Internal Auditors in Malta. She has the following qualifications: B.A. (Hons) Accountancy (Malta), Certified Public Auditor (Malta) and Certified Public Accountant (Malta), Fellow of the Malta Institute of Accountants.

### **3. CPGHL INVESTMENT TEAM**

The CPGHL Investment Team is based at the Company's offices in Mauritius and consists of the following individuals:

**Brett Ivor Childs (50)** (British) joined Brait in 2004 as executive chairman of its Mauritian operation. He has the following qualifications: BCom (Hons), CA(SA). He joined New Africa Technology Holdings (Pty) Ltd, the information technology arm of New Africa Investments Ltd, in 1998 as Finance Director. Post completion of training with Deloitte & Touche in 1987, he co-founded a small reinsurance consultancy business providing investigative and audit services to the London re-insurance industry.

**Dhanraj Boodhoo (41)** (Mauritian) joined Brait in 2001 and sits on the board of numerous companies with global operations. He is qualified as an FCCA (UK) and holds a BSc (Hons) from the LSE. He has wide international experience in financial services gained in commerce as well as the fields of audit and taxation, business process outsourcing, fund management and the global business sector. At present he is an executive director of Brait Group of companies in Mauritius.

### **4. BRAIT SOUTH AFRICA INVESTMENT TEAM**

The Brait South Africa Investment Team comprises the following individuals:

**John Gnodde (47)\***

**BSAL Chief Executive Officer (Appointed to the board on 2 July 1998)**

John Gnodde assumed the role of Chief Executive Officer of BSAL on 2 March 2011. He joined Brait in 1995 and was until recently the CEO of Brait Private Equity as well as a principal for Brait III and IV. He has a BCom qualification obtained from the University of Cape Town. John has been responsible for numerous investments in the consumer products, construction, pharmaceutical manufacture, beverages, resources, media, mobile telecommunications, and recruitment outsourcing, amongst others. He represented Brait on the boards of over 22 private and public companies. John has managed Brait I, II and III and led the fundraising and investment programme for Brait IV. Prior to joining Brait, he served in the investment banking division of Goldman Sachs International in London.

**Samuel Sithole (39)^**

**BSAL Chief Financial Officer (Appointed to the board on 23 July 2008)**

Samuel Sithole assumed the role of Financial Director of BSAL on 2 March 2011 and has the following qualifications: BAcc (Hons), CA(SA), ACA, CA(Z), Programme for Leadership Development (Harvard Business School). He is responsible for providing strategic direction for BSAL on all financial-related matters. Prior to joining Brait, he was a Deloitte & Touche partner for six years, commencing in Harare (two years) and then Johannesburg (four years), eventually leaving Deloitte as the Group Leader for the Johannesburg financial services audit practice. He served in the financial services division of Deloitte & Touche UK, based in London, between September 1999 and February 2002. He was awarded the Duff Award of Merit by the Institute of Chartered Accountants in Zimbabwe for passing the final qualifying examination in 1998 as the overall best student as well as passing both parts of the examination with honours.

**Andrew Bruce Baisley (41)\***

**(Appointed to the board on 11 May 2011)**

He joined Brait in 2001 where his responsibilities include investments in industrial services. Bruce, a chartered accountant, previously worked at JP Morgan in London, after qualifying at Deloitte. Bruce is a graduate of the University of Natal and the University of South Africa where he completed degrees in commerce and accounting.

**Sean Courtney Dougherty (43)\***

**(Appointed to the board on 11 May 2011)**

Sean is a director of Brait's private equity business and a principal of the Investment Team. Sean joined Brait in 1997 and has been responsible for investments in consumer products. He previously worked at Euromoney Publications in London. Sean, a CFA Charterholder, is a graduate of the University of Cape Town and the University of Johannesburg where he completed degrees in economics and law, respectively.

**Rolf Mark Hartmann (38)\***

**(Appointed to the board on 11 May 2011)**

Rolf joined Brait in 2003 and his responsibilities include investments in tourism, consumer products and outsourcing. Rolf, a chartered accountant, previously worked at Insinger de Beaufort Corporate Finance in London, after qualifying at Deloitte and undertaking a short-term secondment to the New York office. Rolf is a graduate of the University of the Witwatersrand, where he completed degrees in commerce and accounting.

**Dennis John Mack (43)\***

**(Appointed to the board on 11 May 2011)**

Dennis joined Brait in 2001 and has been responsible for investments in payment services, industrial services and manufacturing. Dennis, a chartered accountant, previously worked at Arthur Andersen in London and Marriott Merchant Bank, after qualifying at Deloitte. Dennis is a graduate of the University of Natal where he completed degrees in commerce and accounting.

**Bruce Lindsay MacRobert (48)\***

**(Appointed to the board on 11 May 2011)**

Bruce joined Brait in 1997 and has been responsible for investments in media and industrial services. Bruce, a chartered accountant, qualified at Deloitte before working in the investment banking division of Deutsche Morgan Grenfell in London and at Investec. He gained operational experience as a divisional chief executive officer of a manufacturing business. Bruce is a graduate of the University of Cape Town and the University of South Africa where he completed degrees in commerce and accounting, respectively.

**Mark Julian Parsons (37)\***

**(Appointed to the board on 11 May 2011)**

Mark joined Brait in 2009, having been a partner at Deloitte in the financial services audit division. Previously he worked at Commerzbank AG. Mark qualified at Deloitte as a chartered accountant and is also a member of the Chartered Institute of Management Accountants. He is a graduate of the University of South Africa, where he completed degrees in commerce and accounting.

**Alastair James Walker (37)\***

**(Appointed to the board on 11 May 2011)**

Alastair joined Brait in 2007 where his responsibilities include investments in media and manufacturing. Previously, Alastair was a member of the corporate finance department of Anglo American Plc, and prior to that he worked for Deloitte in London. Alastair, a chartered accountant, qualified at Deloitte, and is a graduate of the University of the Witwatersrand, where he completed degrees in commerce and accounting.

**Jacob D Wiese (31)\***

**(Appointment to the board on 11 May 2011)**

Jacob was appointed as alternate director to the board of Shoprite Holdings in September 2005. He has been marketing manager of Lourensford and the Lanzerac Wine Portfolio and currently serves on the boards of various listed and non-listed companies. He is an advocate of the High Court of South Africa and currently works in asset and investment management. He has qualifications in BA Value and Policy Studies, MIEM, LLB.

**Nationality**

\* South Africa

^ Zimbabwean

The business address of the Brait South Africa Investment Team is: 2nd Floor, The Zone II, 177 Oxford Road, Rosebank, 2196.

**5. BORROWING POWERS, QUALIFICATIONS, TERMS OF OFFICE, APPOINTMENT AND REMUNERATION**

Set out in Annexure 2 (Summary of the Articles) to this Pre-listing Statement is the summary of the relevant provisions of the Company's Articles regarding:

- the qualification, appointment, terms of office and remuneration of directors;
- the borrowing powers exercisable by the directors, which may be varied by an amendment to the Articles;
- powers enabling directors to vote on a proposal, arrangement or contract in which they are materially interested and to vote in respect of remuneration to themselves or any member of the board of directors; and
- retirement of directors.

The directors' borrowing powers have never been exceeded and there are no restrictions on the borrowing powers.

## 6. DIRECTORS' REMUNERATION

Payments to Directors for the year ended 31 March 2012 for services rendered were as follows:

<b>Name</b>	<b>Total fees (R'000)<sup>1</sup></b>
J P Moleketi	1 341.6
R J Koch	524.2
A C Ball	2 000.0
Dr C H Wiese	1 364.0
C S Seabrooke	1 016.3
S J P Weber	536.5
H R W Troskie	731.4
C D Keogh	549.3
R Schembri <sup>2</sup>	–
<b>Total</b>	<b>8 063.2</b>

### Notes:

- 1 Fees paid to the Directors for their services in those capacities on the Board, Board committees and other forums on behalf of the Company.
- 2 Ms Rita Schembri joined the Board on 30 March 2012.

Non-executive Directors do not have service agreements. Letters of appointment confirm the terms and conditions of their service. The remuneration of the Directors is determined by the Company in general meeting from time to time. Directors' fees are structured so as to encourage maximum Board and sub-committee participation.

No fees are or have been paid or accrued as payable to a third party in lieu of Directors' fees. No benefits in kind have been paid to the Directors.

Brait does not have a share options scheme in place.

There will be no variation in the Directors' remuneration as a result of this Offer for Subscription and/or the Listing.

A fee will be paid to M Partners for its advice in relation to the Preference Share Issue Programme. Mr H R W Troskie is the managing partner of M Partners.

Other than the R1 284 000 000 (one billion two hundred and eighty four million Rand) commercial loan to the Investment Team as set out in the extracts of notes to the audited consolidated financial statements in Annexure 1 (Audited Consolidated Historical Financial Statements of Brait and its Subsidiaries for the years ended 31 March 2012, 2011 and 2010), there are no outstanding loans granted or any guarantees provided by Brait to or for the benefit of its founders or members of its administrative, management or supervisory bodies.

## 7. DIRECTORS' INTERESTS AND SHARE DEALINGS FOR THE YEAR

The Directors' share dealings for the year and interest in the Ordinary Shares as at 31 March 2011 are as follows:

Director	Number of shares							Value on net transaction (ZAR)
	Opening balance: 1 April 2011			Net transactions during the year Purchases/ (Sales)	Closing balance: 31 March 2012			
	Direct beneficial	Indirect beneficial	Total		Direct beneficial	Indirect beneficial	Total	
P J Moleketi	-	-	-	-	-	-	-	-
A C Ball	45 457	4 119 973	4 165 430	7 918 206	-	11 363 636	11 363 636	117 078 616
C D Keogh	-	-	-	19 650	19 650	-	19 650	324 725
R J Koch	75 000	220 700	295 700	611 100	300 000	606 800	906 800	10 083 150
C S Seabrooke	-	600 000	600 000	900 000	-	1 500 000	1 500 000	14 850 000
R Schembri	-	-	-	-	-	-	-	-
H R W Troskie	-	50 000	50 000	-	-	50 000	50 000	-
S J P Weber	50 000	-	50 000	-	50 000	-	50 000	-
Dr C H Wiese*	-	3 250 016	3 250 016	171 646 761	-	174 896 777	174 896 777	2 859 041 385
<b>Total</b>	<b>170 457</b>	<b>8 240 689</b>	<b>8 411 146</b>	<b>180 375 717</b>	<b>369 650</b>	<b>188 417 213</b>	<b>188 786 863</b>	<b>3 001 377 876</b>

\* Dr C H Wiese's shares are held via Titan Group.

Save for the participation in the Offer for Subscription as disclosed in this Pre-listing Statement, no marketable securities in Brait other than those indicated above are held by or on behalf of a Director.

### 7.1 Interests in transactions

No Director had any material beneficial interest in transactions effected by Brait during the current or immediately preceding year, or in an earlier financial year and which remain in any respect outstanding or unperformed other than the following transactions:

- Titan Group's participation in the private placement of the Preference Shares as set out in paragraph 3.8 of Part 5 (The Preference Shares and Placement Details);
- Titan Group's participation in the rights offer and private placement of the Ordinary Shares undertaken by the Company in 2011 as disclosed in the Brait annual report for the year ended 31 March 2012 which report is available for inspection in accordance with section 12 of Part 8 (Additional Information) of this Pre-listing Statement and is available on the Company's website ([www.brait.com](http://www.brait.com)); and
- Antony Ball's realisation of certain capital receipts from his investments interests in one of Brait's previous private equity funds, as was normal in his role in the fund, in pursuant to the Pepkor acquisition by the Company.

### 7.2 Promoters

Other than as set out in this Pre-listing Statement or as announced on Exchange Information Services, no amounts were paid, or accrued as payable, within the preceding three years, or were proposed to be paid to any promoter, director, or to any partnership, syndicate or other association of which he/she/it is or was a member, and the consideration for such payment, and any other benefit given to such promoter, partnership, syndicate or other association within the said period or proposed to be given, and the consideration for the giving of such benefit.

Other than as set out in this Pre-listing Statement or as announced on Exchange Information Services, no promoter had any material beneficial interest, direct, or indirect, in the promotion of Brait and in any property acquired by Brait out of the proceeds of the Listing or during the three years preceding the date of this Pre-listing Statement.

## 8. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group enters into various transactions with related parties. Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operational decisions. These include Directors and shareholders who hold a substantial amount of the votes that can be cast at general meetings.

During the year, Brait Group companies entered into the following transactions with related parties who are not members of the Brait Group:

**Commercial loan to the Investment Team** **R1,284 million**

Information relating to the commercial loan to the Investment Team is provided in note 3 of Annexure 1 (Audited Consolidated Historical Financial Statements of Brait and its Subsidiaries for the years ended 31 March 2012, 2011 and 2010) of this Pre-listing Statement.

**Directors' remuneration** **R8 million**

Directors' remuneration as disclosed in section 6 of Part 6 (Corporate Governance) of this Pre-listing Statement.

**Interest income** **R84 million**

Interest received from the commercial loan to the Investment Team referred above.

**Transaction costs (amount charged directly to equity)** **R13 million**

These costs include the legal fees paid to M Partners, for their role as international legal counsel, in relation to the rights offer that was undertaken by the Company in July 2011. Mr H R W Troskie, a Director of Brait, is the managing partner of M Partners.

## 9. DIRECTORS' DECLARATION

All of the Directors have confirmed that they have not been:

- disqualified by any court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- publicly criticised by any statutory or regulatory authorities, including recognised professional bodies;
- convicted of an offence resulting from dishonesty, fraud or embezzlement or any offence under legislation relating to the SA Companies Act;
- adjudged bankrupt or entered into any voluntary creditors liquidation or been sequestered in any jurisdiction or been a director of any company at the time or within the 12 months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with creditors generally or any class of creditors; or
- barred from entry into any profession or occupation.

## 10. CORPORATE GOVERNANCE

Corporate governance refers to the principles that guide the proper management and control of a company. Brait is committed to an open governance process. This gives Brait stakeholders confidence that the Company is managed ethically, using cautious risk models and according to international best practice.

The full details of Brait's corporate governance policies and procedures are outlined in Annexure 5 (Additional Information on Corporate Governance).

## 11. EMPLOYEES

As at 31 March 2012, the number of full time employees of Brait Group was 30 employees (2011: 95 employees; 2010: 102 employees). The Brait Group does not have a share option scheme in place.



## PART 7 SHARE CAPITAL AND CORPORATE INFORMATION

### 1. COMPANY OVERVIEW

Brait was incorporated in Luxembourg on 5 May 1976, under the name of Tolux S.A. The shares of Tolux S.A. were originally admitted to the official list of the LuxSE on 11 July 1980. On 29 July 1998, the Company changed its name into Brait S.A. and was first listed on the JSE in 1998. It subsequently changed its name from Brait S.A. into Brait SE on 7 October 2011.

Brait is a listed investment company that invests capital in primarily privately held businesses by making long-term investments of significant influence. The Company also has interests in the management companies that oversee traditional private equity funds.

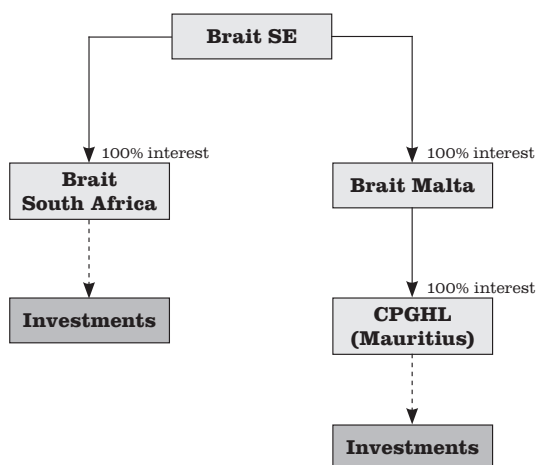
Historically Brait has operated as a fund management business with the majority of its activities focussed around private equity. Under this business model, it raised funds through the traditional private equity market, whereby each new fund was raised with a very specific mandate, including draw-down stipulations, defined fund life and agreed mandatory investment requirements.

In 2011, Brait undertook a significant reorganisation and restructuring process whereby Brait became a European Company, resulting from a merger with a Malta subsidiary and the subsequent transfer of the registered office of the holding company from Luxembourg to Malta and reorganised the executive management, board and business unit structures to complement the Company's new business structure and strategic focus. It changed its name from Brait S.A., a company registered in Luxembourg to Brait SE, a company registered in Malta.

Brait is now incorporated under Maltese law and registered as a European Company with the Maltese Registry of Companies under the legal form of a *société européenne* under number SE-1.

During the current and previous financial years there have been no public takeover or exchange offers by third parties in respect of Brait's Ordinary Shares. In the same period, Brait has not made public exchange offers in respect of other companies' shares.

Below is a diagrammatical illustration of Brait post the restructuring:



### 2. SHARE CAPITAL OF THE COMPANY

#### 2.1 Authorised and issued share capital before the Offer for Subscription

		Euro'000s
<b>Authorised shares</b>		
1 500 000 000	Ordinary Shares of Euro 0.22 nominal value per share	330 000
<b>Issued shares</b>		
506 200 693 <sup>1</sup>	Ordinary Shares of Euro 0.22 nominal value per share	111 364

At the Company's 2011 annual general meeting, shareholders granted the Board the authority to issue Ordinary Shares and to restrict and withdraw statutory pre-emption rights subject to a 15% (fifteen *per centum*) limit over any three year period and limit of 10% (ten *per centum*) for a single year. This authority was renewed, subject to various conditions, for a period of 15 (fifteen) months or until the 2013 annual general meeting, at the Company's annual general meeting held on 25 July 2012.

## 2.2 Authorised and issued share capital after the Offer for Subscription

The table below is for illustrative purposes only and sets out the authorised and issued capital of Brait (assuming a total subscription of R1 000 000 000 (one billion Rand) to R1 500 000 000 (one and half billion Rand)):

		<b>Euro'000s</b>
<b>Authorised shares</b>		
1 500 000 000	Ordinary Shares of Euro 0.22 nominal value per share	330 000
20 000 000	Preference Shares of Euro 0.01 nominal value per share	200
<b>Issued shares assuming a total subscription of 10 000 000 (ten million)</b>		
<b>Preference Shares</b>		
506 200 693 <sup>1</sup>	Ordinary Shares of Euro 0.22 nominal value per share	111 364
10 000 000	Preference Shares of Euro 0.01 nominal value per share	100
<b>Issued shares assuming a total subscription of 15 000 000 (fifteen million)</b>		
<b>Preference Shares</b>		
506 200 693 <sup>1</sup>	Ordinary Shares of Euro 0.22 nominal value per share	111 364
15 000 000	Preference Shares of Euro 0.01 nominal value per share	150

1 Of this number, 4 868 837 Ordinary Shares are held in treasury.

Other than the Brait shares described above, no other class of Brait securities exists. There are no shares not representing capital. Brait has no convertible debt securities, exchangeable debt securities or debt securities with warrants attached.

The Ordinary Shares of Brait are listed primarily on the LuxSE, with the secondary listing on the JSE. Information regarding price history of the Ordinary Shares is provided in Annexure 6 (Brait Ordinary Share Price History on the LuxSE) and Annexure 7 (Brait Ordinary Share Price History on the JSE).

## 2.3 Alterations to share capital

Particulars of alterations to the Company's share capital over the preceding three years are as follows:

### Financial year ended 31 March 2012

Brait's issued share capital increased from R1 963 000 000 (one billion nine hundred and sixty three million Rand) as at 1 April 2011 to R8 352 000 000 (eight billion three hundred and fifty two million Rand) as at the date of this Pre-listing Statement.

**July 2011:** Brait undertook a rights offer in terms of which it issued 387 213 372 (three hundred and eighty seven million two hundred and thirteen thousand three hundred and seventy two) Ordinary Shares at a price of R16.50 (sixteen Rand and fifty cents) per share. The capital raising proceeds were primarily applied against the acquisition of investments in Pepkor and Premier. The details of the rights offer that took place in July 2011 are provided below:

	<b>Number of rights</b>	<b>Brait shares</b>	<b>Price per share</b>	<b>R'000s</b>
Opening Brait shares		118 987 321	R16.50	1 963 291
Total rights available	356 961 963	356 961 963	R16.50	5 889 872
<b>Total post rights offer shares in issue</b>		475 949 284		7 853 163
Private placement share issue		30 251 409	R16.50	499 148
<b>Total Brait shares post rights offer</b>		506 200 693	R16.50	8 352 311

### Financial year ended 31 March 2011

**September 2010:** 896 996 (eight hundred and ninety six thousand nine hundred and ninety six) treasury Ordinary Shares were offered for sale through open market transactions at a price of R21.04 (twenty one Rand and four cents) per share. The reason for the sale of the shares was to raise capital for operating cash flow requirements.

**24 August 2010:** 8 500 000 (eight million five hundred thousand) Ordinary Shares offered in terms of a private placement in terms of an accelerated book build as part of the unwinding of the Sitigo black economic empowerment deal at a price of R19.75 (nineteen Rand and seventy five cents) per share.

**1 April 2010:** 392 100 (three hundred and ninety two thousand one hundred) treasury Ordinary Shares were disposed of at R22.01 (twenty two Rand and one cent) per share due to the vesting of rights under the treasury share scheme.

None of the shares were issued at a discount or premium over the preceding three years.

No share splits or consolidations have taken place in the preceding three years.

There are no options or preferential rights given to any person to subscribe for any securities of Brait.

In May 2012 the Board recommended to shareholders that a bonus share issue of new, fully paid-up Ordinary Shares in the Company to be issued to shareholders in proportion to their existing shareholding in Brait as of the proposed record date through a capitalisation of part of the Company's share premium account. It is proposed that the shareholders shall be given the option to elect to receive a cash dividend in lieu of all or part of their entitlement to the new shares being issued as a result of the proposed bonus share issue. The proposed bonus share issue is expected to have a maximum impact on the number of unissued Ordinary Shares in the Company of 1% (one *per centum*) of the issued share capital. Details of the number of new shares to be issued will be disclosed in due course.

Other than as set out in this Pre-listing Statement or disclosed in the audited financial statements which are available on the Brait website ([www.brait.com](http://www.brait.com)) and available for inspection as per section 12 of Part 8 (Additional Information) of this Pre-listing Statement, there were no commissions, discounts, brokerage or other special terms granted during the three years preceding the date of this Pre-listing Statement.

### 3. CONTROLLING AND MAJOR SHAREHOLDERS OF BRAIT

The Company's ordinary share capital is listed on the LuxSE and the JSE. So far as Brait is aware, as at the Last Practicable Date, the following are the only shareholders holding more than 5% (five *per centum*) of Brait's issued ordinary share capital:

Shareholder	Number of Ordinary Shares held	Percentage shareholding
Titan Group	174 896 777	34.6
Public Investment Corporation	43 707 923	8.6
The Capital Group Companies Inc.	27 468 288	4.8
<b>Cumulative total</b>	<b>246 072 988</b>	<b>48.0</b>

The issue of the Preference Shares shall not result in a dilution to the current shareholding of the ordinary shareholders. The Company is not aware of any other arrangements, the operation of which may, at a subsequent date, result in a change in control of the Company.

The Company did not have any controlling shareholder as at the Last Practicable Date and there has been no change in the controlling shareholder during the previous five years.

#### 3.1 Information on the major shareholders

##### **Titan Group**

Titan Group means Titan Nominees (Pty) Ltd incorporated in accordance with the laws of South Africa, being a party related to Dr Christo Wiese.

##### **Public Investment Corporation**

The Public Investment Corporation Limited (PIC) was established as a corporation on 1 April 2005 with a mandate to invest certain monies received or held by it, for or on behalf of the Government of South Africa and certain bodies, councils, funds and accounts. PIC is the largest investment manager in Africa with assets under management in excess of R1 trillion. PIC is wholly owned by the South African Government, with the South African Minister of Finance having shareholder representation.

##### **The Capital Group Companies Inc**

The Capital Group Companies Inc. is a corporation incorporated in Delaware, United States. It is a global investment management organisation that manages the investments of individuals and large institutions through mutual funds, separately managed accounts and pooled investment funds.

### 4. OPERATING REVIEW

Brait undertook a major restructuring in 2011, in which the Company changed its business model from a private equity fund manager to an investment holding company. The restructuring has had a fundamental

impact on the operations, financial conditions and cash flows of the Company for the year ended 31 March 2012 and, to a great extent distorts the comparability of the results for the year ended 31 March 2012 and the prior two years.

The profit for the year significantly increased from R186 000 000 (one hundred and eighty six million Rand) in the year ended 31 March 2010 to R2 608 000 000 (two billion six hundred and eight million Rand) in the year ended 31 March 2012. The increase in profitability was driven by the unrealised gains on investments. As part of the restructuring, Brait acquired and holds significant interests in Pepkor and Premier, and the revaluations on these key investments resulted in unrealised gains for the year ended 31 March 2012.

Brait also undertook an internal reorganisation of its executive management, Board and business unit structures as well as operating cost reduction initiatives so as to align them with the Company's new business structure and strategic focus. Amongst other changes, there was a significant reduction in employee headcount, from 95 employees to 30 employees, through the streamlining of its middle and back-office functions. These structural changes have translated into a 51% (fifty one *per centum*) decrease in operating costs from R239 000 000 (two hundred and thirty nine million Rand) last year to R117 000 000 (one hundred and seventeen million Rand) in the current year.

Total assets increased to R11 794 000 000 (eleven billion seven hundred and ninety four million Rand) from R2 210 000 000 (two billion two hundred and ten million Rand) over the three year period ended 31 March 2012. The increase was principally through the investments in Pepkor and Premier, including Brait's acquisition of an 18.7% (eighteen point seven *per centum*) interest in Iceland Foods in March 2012 and the commercial loan to the Investment Team of R1 284 000 000 (one billion two hundred and eighty four million Rand). The commercial loan was provided to the Investment Team to facilitate their participation through the acquisition of an 18% (eighteen *per centum*) interest in the Company in order to align their interests with those of the shareholders.

Brait's target cash to NAV percentage is equivalent to or less than 25% (twenty five *per centum*), with the current ratio at a comfortable 5.1% (five point one *per centum*). This translates into 4.4% (four point four *per centum*) of total assets. The cash and cash equivalents are invested in low risk instruments that reduce term and liquidity risks for the Brait Group.

The Directors believe it is critical to demonstrate regular cash flow within the underlying investments. The main assets held by the Company are cash generative with high earnings-to-cash conversion ratios. The net cash used in operating activities which reflects an outflow of R5 555 000 000 (five billion five hundred and fifty five million Rand) is principally because of the cash acquisition of the investments in Pepkor, Premier and Iceland Foods during the year ended 31 March 2012. In prior years, net cash used in operating activities was impacted by the realisation of investments, fees received and operating expenses.

There were no significant acquisitions of property and equipment throughout the three year period ended 31 March 2012. There were no interruptions in Brait's business which may have or have had a significant effect on its financial position in the recent past.

Net cash generated from financing activities reflects the movements in shareholders' capital, borrowings utilised by the Company and largely matches funding requirements emanating from operating activities as outlined above. The Company's borrowings levels, gearing and liquidity measured together with the Company's capital base are referred to in extensive detail in the audited consolidated financial statements for the financial year ended 31 March 2012, which are available on the Brait website ([www.brait.com](http://www.brait.com)) and available for inspection as per section 12 of Part 8 (Additional Information) of this Pre-listing Statement.

As a consequence of Brait's new business model, its dividend policy has changed. Dividends are considered annually when the results for each year are published. The extent of any dividends will be determined relative to net operating cash flows and to the payments received on the realisation of loans and investments from time to time and which are not earmarked for new projects or required for liquidity. The Brait Group will be targeting a dividend to NAV yield of 1% (one *per centum*) to 2.5% (two point five *per centum*) per annum from the 2013 financial year.

In line with the new dividend policy, in May 2012 the Board proposed a final dividend distribution of 20.59 ZAR cents (twenty point fifty nine cents) per share (equivalent to 1% (one *per centum*) of Brait's NAV per share at 31 March 2012) for the year ended 31 March 2012. In the previous two years, the dividends paid were R196 000 000 (one hundred and ninety six million Rand) and R182 000 000 (one hundred and eighty two million Rand) in the year ended 31 March 2010 and 2011 respectively.

Further information relating to the factors that have affected the Company's financial condition and results of the operations for the historical periods covered by the financial statements has been provided in an extensive manner in the Company's audited consolidated financial statements for the financial year ended 31 March 2012, which is available on Brait website ([www.brait.com](http://www.brait.com)) and available for inspection as per section 12 of Part 8 (Additional Information) of this Pre-listing Statement.

## **5. CURRENT PROSPECTS**

In light of the operating review above, the Directors believe that this has been a momentous year for Brait capped by the strong financial results. The Brait Group has successfully transitioned to the new business model and is well positioned for the future.

The acquisition during the year of significant stakes in Pepkor, Premier and Iceland Foods sets a solid foundation for superior NAV growth, through strong earnings and operational cash flow, whilst remaining defensive in the challenging economic environment. This achievement has been coupled with an efficient structure which seeks to minimise cost leakages. The Directors believe that Brait is well positioned to capitalise on the investment environment under its new model which is more aligned to a longer term investment outlook. This is obviously appealing to entrepreneurs and management teams as they now have a shareholder of reference for the long term, which is beneficial for their long term planning process.

The Directors believe that the Group is adequately funded, with approximately ZAR1 000 000 000 (one billion Rand) available to fund new investment opportunities.

## PART 8 ADDITIONAL INFORMATION

### 1. MATERIAL CONTRACTS

As at the date of this Pre-listing Statement, Brait and its subsidiaries have entered into the following material contracts that are outside its ordinary course of business:

- the Underwriting Agreement; and
- the Investment Advisory Agreement and Investment Sub-advisory Agreement.

### 2. MATERIAL LOANS RECEIVABLE BY BRAIT AND ITS SUBSIDIARIES

As at the date of this Pre-listing Statement, other than its share of investments in underlying investee companies in the normal course of Brait's investment operations, Brait and its subsidiaries have the following material loan receivable:

- Commercial loan to the Investment Team as fully disclosed in Note 3 of Annexure 1 (Audited Consolidated Historical Financial Statements of Brait and its Subsidiaries for the years ended 31 March 2012, 2011 and 2010).

No other loans were granted or security furnished by the Company or its subsidiaries to or for the benefit of any third parties, including any directors or managers or any associates of any directors or managers of the Company or its subsidiaries as at the Last Practicable Date.

### 3. MATERIAL LOANS TO BRAIT AND ITS SUBSIDIARIES FROM THIRD PARTIES

As at the date of this Pre-listing Statement, Brait and its subsidiaries hold the following material loans from third parties:

- ZAR1 370 000 000 (one billion three hundred and seventy million) secured loan from FirstRand Bank Limited (trading through its Rand Merchant Bank division) and Standard Bank. The loan bears interest at the Johannesburg Inter Bank Acceptance Rate plus 3.4% (three point four *per centum*) to 4.0% (four *per centum*) and interest is repayable semi-annually, with a right to rollup. The principal amount borrowed is repayable on maturity of the facility on 4 July 2016, with an option to extend for five years, and may be voluntarily repaid earlier from the proceeds of investment realisations. The loan was obtained on 4 July 2011 to part fund the acquisition of Premier and Pepkor.

### 4. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

- Commitments to invest in remaining funds and proprietary investments arising out of normal investing operations – R240 000 000 (two hundred and forty million Rand).
- Rental commitments for operating premises in Malta, Mauritius and South Africa is provided below:

Address of premises	Area (m <sup>2</sup> )	Commencement of lease	Termination of lease	Current monthly rental	Escalation (%)
<b>Brait Malta</b> 4th Floor, Avantech Building St Julian's Road, San Gwann Malta	69.0	9/01/2012	8/01/2013 (12 months rolling contract)	EUR333	3
<b>CPGHL</b> Physical address Suite 520, 5th Floor Barkly Wharf La Caudan Waterfront Port Louis Mauritius	200.0	15/07/2006	14/06/2014	ZAR41 700	5
<b>BSAL</b> 2nd Floor, The Zone II 177 Oxford Road, Johannesburg, South Africa	1 341.8	1/06/2012	31/05/2017	ZAR192 895	7

- Sureties provided by BSAL, in the ordinary course of business, to the investment portfolio companies – ZAR35 000 000 (thirty five million Rand).

## 5. MATERIAL INTERCOMPANY BALANCES BETWEEN BRAIT AND ITS SUBSIDIARIES

<b>Euro '000 000</b>	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
<b>Amounts owed by subsidiaries at amortised cost</b>	<b>8.8</b>	0.9	38.6
<b>Amounts owed to subsidiaries at amortised cost</b>	<b>(5.2)</b>	(0.2)	(31.5)
<b>Net amount owed by subsidiaries</b>	<b>3.6</b>	0.7	7.1
Represented by:			
Brait South Africa Limited	<b>0.9</b>	0.9	0.9
Brait Malta Limited	<b>7.3</b>	(0.2)	–
Sitogo Holdings Limited	–	–	0.1
Capital Partners Group Holdings Limited	<b>(4.6)</b>	–	37.6
Brait International Limited	–	–	(22.5)
Brait Manager Mauritius Limited	–	–	(3.5)
SAPEF GP Limited	–	–	(5.6)

The amounts owed by and to the subsidiary companies are unsecured and interest free. These amounts have no fixed date for repayment.

The Company and its subsidiaries have no unconditional rights to defer settlement as all these amounts are payable on demand.

## 6. LITIGATION STATEMENT

The Directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have or have had a material impact on the financial position of the Brait Group during the 12 months preceding the date of this Pre-listing Statement.

## 7. WORKING CAPITAL, MATERIAL DISPOSAL AND MATERIAL CHANGES

The Directors are of the opinion that the working capital available to the Brait Group is sufficient for the Company's present requirements (being at least the next 12 months from the date of this Pre-listing Statement).

Other than as set out in this Pre-listing Statement or as announced on Exchange Information Services, there have been no material disposals and changes in the financial or trading position of the Company that have occurred since the end of the last financial period.

## 8. SUBSIDIARIES

Information relating to the subsidiaries of Brait is contained in Annexure 4 (Information on Brait Subsidiaries) attached hereto.

## 9. EXPENSES OF THE OFFER FOR SUBSCRIPTION AND LISTING

A breakdown of the estimated costs (value added tax exclusive) of the Offer for Subscription and Listing are outlined below:

	Estimated costs (R's)	
	Based on R1 billion raised	Based on R1.5 billion raised
RMB – Underwriter, Arranger, sponsor and advisor	18 062 500	24 162 500
MPartners – International counsel and LuxSE listing agent	236 691	236 691
Cliffe Dekker Hofmeyr Inc – South African attorneys	270 000	270 000
Ince – Publishing and printing	120 000	120 000
Computershare – Transfer secretary	7 500	7 500
Strate – Electronic settlement agent	33 002	33 002
JSE listing fee	211 909	304 127
LuxSE listing fee	26 595	26 595
JSE documentation fee	52 339	52 339
<b>Total</b>	<b>19 020 536</b>	<b>25 212 754</b>

\* The actual fees paid to Arranger and Underwriter are incentive based, and are dependent on the final quantum raised in terms of the Offer for Subscription.

## 10. ADVISORS' INTERESTS

The advisors to Brait, including RMB, Maitland and Cliffe Dekker Hofmeyr Inc, in respect of the issue and listing of the Preference Shares held no material interest in the issued share capital of Brait at the Last Practicable Date.

## 11. EXPERTS' CONSENTS

RMB, Maitland and Cliffe Dekker Hofmeyr Inc. have consented in writing to act in the capacities stated and to their names being included in this Pre-listing Statement and have not withdrawn their consent prior to the publication of this Pre-listing Statement.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Luxembourg Transfer Secretary, Maitland Luxembourg S.A. (58 Rue Charles Martel, L-2134 Luxembourg) and at the offices of RMB (1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196 South Africa), during normal business days from the date of issue of this Pre-listing Statement up to and including 13 August 2012:

- current Memorandum and Articles;
- the updated Memorandum and Articles delivered to the Maltese Registry of Companies for registration on or about 27 July 2012;
- the annual reports of Brait for the years ended 31 March 2010, 2011 and 2012 which contain the audited annual financial statements of Brait and notices of annual general meetings for the abovementioned periods;
- the Underwriting Agreement;
- written consents of the experts listed in paragraph 11 of Part 8 (Additional Information) of this Pre-listing Statement; and
- a signed copy of this Pre-listing Statement.

**Signed in Malta by or on behalf of all the Directors on 30 July 2012.**



**Bryan Moyer**  
*Company secretary*

30 July 2012



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## PART 9 TAXATION

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### 1. INTRODUCTION

The following statements on taxation are based on advice received by the Board regarding the law and practice in force in Malta and South Africa at the date of this Pre-listing Statement. Brait is currently tax resident in Malta and is therefore subject to Malta tax.

The following summaries are only intended as a brief and general guide to the main aspects of income tax rules in the relevant country. It is not intended to provide specific advice and no action should be taken or omitted to be taken in reliance upon it. Investors are urged to seek professional tax advice in respect of the Brait Preference Shares, including the acquisition, holding and disposal as well as any income or gains derived therefrom or made on their disposal.

The summaries are based on an interpretation of the relevant tax legislation as known to the Board at the date of this Pre-listing Statement. Brait shareholders are reminded that tax laws and their interpretation may change from time to time.

#### 1.1 Malta – Taxation of the Company and Brait shareholders

##### Income Tax

Malta resident companies are defined for tax purposes as companies that have either their seat of registration in Malta or, in the case of foreign registered companies, that have their control and management exercised in Malta. As a company with its seat of registration in Malta and, consequently, Malta tax resident, the Company is subject to income tax on its worldwide income.

The information below is based on the following assumptions:

- (i) The Company does not own immovable property situated in Malta, or any rights over such property, whether directly or indirectly.
- (ii) The Company (or its direct underlying company incorporated or registered in Malta, as applicable) holds at least 10% of the 'equity' shares of its respective direct underlying companies (i.e.: a 'participating holding') and which 'equity' shares confer a right in favour of the Company (or its direct underlying company incorporated or registered in Malta) to any 2 of the following 'equity holding' criteria:
  - (a) A right to votes;
  - (b) A right to profits available for distribution; and,
  - (c) A right to assets available for distribution on a winding up of the company.
- (iii) The business interests of the Company and its subsidiaries and sub-subsidiaries are all situated outside of Malta.
- (iv) The Company as well as its subsidiaries and sub-subsidiaries each have the following attributes:
  - (a) a separate legal personality distinct from that of its shareholders;
  - (b) capital divided into, and represented by, shares;
  - (c) the shareholders' liability is limited to the amount, if any, unpaid on the shares respectively held by each of the shareholders;
  - (d) the ability to distribute profits in favour of their respective shareholders.
- (v) None of the Company's subsidiaries and sub-subsidiaries has more than 50% of its income derived from 'passive interest or royalties' which is defined in Malta income tax law as interest or royalty income which is not derived, directly or indirectly, from a trade or business and where such interest or royalties have not suffered or suffered any foreign tax, directly, by way of withholding or otherwise, at a rate which is less than 5%.

##### Malta Participation Exemption on qualifying dividends and capital gains

Subject to the above assumptions, any income or gains derived by a company registered in Malta from a 'participating holding' or from the transfer of such holding, should be exempt from Malta income tax in terms of a 'participation exemption'.

The application of the said 'participation exemption' in respect of dividend income is conditional on any *one* of the following conditions being satisfied by the body of persons in which the 'participating holding' is held:

- (a) it is resident or incorporated in a country or territory which forms part of the European Union;  
or
- (b) it is subject to any foreign tax of at least 15%; or
- (c) it does not have more than 50% of its income derived from 'passive interest or royalties'.

Should none of the above criteria (a) to (c) be met, it would nonetheless be possible for the ‘participation exemption’ to apply if and to the extent that the body of persons in which the ‘participating holding’ is held satisfies *all* of the following additional conditions:

- (a) the holding in the said body of persons is not a portfolio investment; and
- (b) the said body of persons shall not derive more than 50% of its income from portfolio investments; and
- (c) the said body of persons or the income which it derives from passive interest or royalties would have been subject to tax at a rate of not less than 5%.

#### **Capital Transfer duty**

Generally, a transfer of ‘marketable securities’, which includes any share, stock, debenture, bond and any interest in any company or corporation and any document representing the same, attracts capital transfer duty at the rate of 2% (5%, if the Company’s assets consist primarily of, directly or indirectly, immovable property or any right over such property) on the higher of the consideration paid or the market value of the securities, unless exempted from the imposition of capital transfer duty in terms of a determination issued by the (Malta) Director General (Inland Revenue). Such a determination may be procured on the basis that the Company (and/or its related party, as applicable) shall, whether directly or indirectly, carry on business or have business interests to the extent of more than 90% outside Malta.

#### **Net wealth tax**

There is no wealth tax in Malta.

#### **Dividend withholding tax**

In view of the application in Malta of a full imputation tax system, there is no dividend withholding tax (DWT) imposed on a distribution of profits by a Malta company. Profits realised by the Company and in respect of which the Malta Participation Exemption was applied shall be allocated, for Malta tax accounting purposes to the Company’s Final Tax Account and in respect of which a distribution out of the Final Tax Account shall not be subject to any further Malta income taxation in the hands of the shareholder of the Company, irrespective of whether or not the said shareholder is resident in Malta. In the case of a Malta resident individual as shareholder of the Company, and where a distribution of profits is made by the Company from its Untaxed Account, the said Malta resident individual will be subject to a 15% final withholding tax,

#### **Exposure of non-residents to Malta taxation on the sale of the Company’s shares**

Generally, a non-Malta resident shareholder may dispose of shares in the Company without incurring Malta income tax provided that the said non-Malta resident shareholder is not owned and controlled by, directly or indirectly, nor acts on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta.

### **1.2 South Africa – Taxation of the Company and Brait shareholders**

#### **Residents**

A natural person is a resident of South Africa for tax purposes if (i) he is ordinarily resident in South Africa, or (ii) he is not ordinarily resident in South Africa but is physically present in South Africa for certain periods specified in the SA Tax Act. A juristic person is a resident of South Africa for tax purposes if it is incorporated, established or formed in South Africa or if it has its place of effective management in South Africa.

South African tax residents are subject to SA Tax on their worldwide income. A non-resident is subject to SA Tax only in respect of income derived from a South African source.

#### **The Company**

The Company is not a South African tax resident and is accordingly not subject to SA Tax.

#### **Dividends**

Section 10B of the SA Tax Act deals with dividends (“**foreign dividends**”) which are declared by companies which are not South African tax residents. Since Brait is not a South African tax resident the Preference Dividends will be foreign dividends for South African tax purposes.

Preference Dividends which accrue to a Preference Shareholder which is not a SA tax resident will not be derived from a South African source and will accordingly not be subject to SA Tax.

Preference Dividends which accrue to Preference Shareholders who are South African tax residents will, subject to the exemptions currently contained in section 10B of the SA Tax Act, be subject to SA Tax. Currently, however, foreign dividends which accrue in respect of shares which are listed on the JSE are exempt from SA Tax.

#### **Dividends Tax**

Subject to certain exemptions foreign dividends which are paid in respect of shares which are listed on the JSE are subject to a South African withholding tax (which is currently levied at a rate of 15%).

Currently the SA Tax Act contains various exemptions from the withholding tax, notably that a company which is a resident for South African tax purposes is not subject to that tax.

A Preference Shareholder which is not a resident for South African tax purposes could qualify for relief from the withholding tax in terms of double tax agreement concluded between the country of that Preference Shareholder's tax residence and South Africa.

### **Taxation of capital gains and losses**

#### **South African resident shareholders – individuals**

A disposal of shares by an individual shareholder who is resident in South Africa for tax purposes may give rise to a gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the shares will generally be the consideration paid for those shares. The base cost in the shares may be increased by one-third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A gain on a disposal of shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual's marginal tax rate (maximum 40% (forty *per centum*)) to the extent that it exceeds the annual exclusion (ZAR20 000 (twenty thousand Rand) for the year of assessment ended 28 February 2012 and ZAR30 000 (thirty thousand Rand) for the year of assessment ending 28 February 2013). Only 33.3% (thirty three point three *per centum*) of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 13.3% (thirteen point three *per centum*). On the death of a taxpayer, there is a deemed disposal of the shares at market value, unless the shares are bequeathed to, or in favour of, a surviving spouse. Deemed disposals to a surviving spouse, who is a South African resident, are treated, in practical effect, as taking place at no gain or loss. The annual exclusion where death occurs during the year of assessment ending 28 February 2013 is ZAR300 000 (three hundred thousand Rand). Where a taxpayer emigrates (i.e. gives up his or her South African tax residence) there will also be a deemed disposal of the shares at market value and this may trigger CGT.

#### **South African resident shareholders – corporates**

A disposal of shares by a South African resident corporate shareholder may give rise to a capital gain (or loss) for the purposes of taxation of capital gains. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the shares will generally be the consideration paid for the shares. The base cost in the Shares may be increased by one third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares by a corporate shareholder, together with other capital gains, less allowable losses in a year of assessment, is subject to tax at the normal tax rate for companies (currently 28% (twenty eight *per centum*)). Only 66.6% (sixty six point six *per centum*) of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 18.6% (eighteen point six *per centum*).

#### **Estate duty**

Where a person who is ordinarily resident in South Africa holds shares at the date of his or her death, the market value of such shares will be included in the estate. Estate duty is levied at a flat rate of 20% (twenty *per centum*) on the dutiable amount of the deceased estate to the extent that it exceeds ZAR3 500 000 (three million and five hundred thousand Rand) per estate. In determining the dutiable amount of an estate, deductions are, inter alia, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including capital gains tax paid on the deemed disposal of the shares on date of death. Estate duty is currently under review, given, inter alia, the limited revenue that it raises and the administrative burden it creates.

#### **Securities transfer tax**

Securities transfer tax ("STT") of 0.25% (zero point twenty five *per centum*) of the applicable taxable amount is payable in respect of every "transfer" of securities issued by a company incorporated in South Africa. "Transfer" includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. A purchase of shares from or through the agency of a JSE registered broker is subject to STT of 0.25% (zero point twenty five *per centum*) of the purchase consideration. The STT is payable by the broker, which may recover it from the transferee. Where shares are not purchased from or through the agency of a broker, but the change in beneficial ownership is effected by a Participant, STT of 0.25% (zero point twenty five *per centum*) of the greater of the declared purchase consideration or the JSE closing price of shares on the date of the transaction is payable by the Participant, which may recover it from the transferee.

In any other case of a change in beneficial ownership of shares, STT of 0.25% (zero point twenty five *per centum*) of the greater of the declared purchase consideration or the JSE closing price of shares is payable by the transferee through the broker or Participant, which holds the shares in custody.

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## PART 10 RISK FACTORS

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### 1. RISK FACTORS

You should carefully consider the risk factors described below and all other information contained in this Pre-listing Statement before you decide to invest in the Company's Preference Shares. If any of the following risk factors, as well as other risks and uncertainties that are not currently known to the Company or that it currently believes are not material, actually occur, the Company's business, financial condition and results of operations could be materially and adversely affected. Accordingly, the trading price of the Company's Preference shares could decline, and you may lose part or all of your investment.

#### 1.1 Risks related to Brait's business

##### ***1.1.1 Investments may be sold at prices below acquisition cost***

There can be no assurance that the Company's investments will not be sold at prices below their acquisition costs. Future performance, market conditions, political environment and macro and micro economic conditions are uncertain and may require disposal of an investment at a price below the acquisition cost.

##### ***1.1.2 Higher risk inherent in investment in unlisted securities***

Brait intends to invest in companies the securities of which may not now and may never be publicly traded or listed on a securities exchange. Companies whose securities are unlisted are not subject to the same disclosure and other investor protection requirements that are applicable to companies with listed securities. These investments may be difficult to value and to sell or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in listed or publicly traded companies.

##### ***1.1.3 Investments by Brait require a long-term commitment with no certainty of return***

Although certain investments made by the Company may generate current income, the return of capital and the realisation of gains, if any, from an investment by the Company will generally occur only upon the partial or complete disposal of such investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made.

##### ***1.1.4 Brait may have difficulty or be unable to dispose of its investments***

Brait may have difficulty exiting its investments by way of disposal or public market exit. The Company may not be able to find a buyer to conclude a disposal of shares. Market conditions, other shareholder interests, or the nature and performance of the investment may preclude a public market exit by way of an IPO. Furthermore, regulatory requirements may further prohibit exit by way of public markets.

##### ***1.1.5 Brait may invest a portion of its assets in smaller, less established or start-up companies***

Investments in such companies may involve greater risks than are generally associated with investments in more established companies. The securities of such companies may be subject to more abrupt and erratic market price movements than larger, more established companies, since trading volumes for their securities are generally quite low. Less established companies tend to have smaller capitalisations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies also have shorter operating histories on which to judge future performance and may experience start-up related difficulties that are not faced by established companies. The Company has not established any minimum capitalisation or trading history for the companies in which it will invest.

##### ***1.1.6 The Company cannot provide assurances that it will be able to choose, make and realise investments in any particular company or portfolio of companies***

There can be no assurance that the Company will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any investor will receive any distribution from the Company. Accordingly, an investment in the Company should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with the Company and their affiliates provide no assurance of future success.

##### ***1.1.7 The success of Brait's investment strategy will often depend, in part, on the ability of the Company to restructure and effect improvements in the operations of an investment***

The activity of identifying and implementing potential operating improvements at the Company's investments entails a high degree of uncertainty. There can be no assurance that the Company will be able to successfully identify and implement such improvements.

**1.1.8 Brait may hold non-controlling interests in its investments**

The Company may hold a non-controlling interest in certain investments and therefore, may have a limited ability to protect its position in such investments.

**1.1.9 Brait may invest with third parties, including members of Investment Team, through consortia of private equity investors, joint ventures or other entities**

Brait may invest with third parties, including members of Investment Team, through consortia of private equity investors, joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Company, or may be in a position to take (or block) action in a manner contrary to Brait's investment objectives. In addition, the Company may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve the Investment Team group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

**1.1.10 Brait may make investments in restructurings which involve investments that are experiencing or are expected to experience financial difficulties**

These financial difficulties may never be overcome and may cause such investment to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject Brait to certain additional potential liabilities which may exceed the value of the Company's original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to Brait and distributions by Brait to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transactions under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

**1.1.11 By reason of their responsibilities in connection with other activities of Brait, certain employees of the Investment Team may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities**

The Company will not be able to act upon any such information. Due to these restrictions, Brait may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

**1.1.12 Certain of the Company's investments, especially those in a development phase, may be expected to require additional financing to satisfy their working capital requirements**

The amount of such additional financing needed will depend upon the maturity and objectives of the particular investment. Each such round of financing (whether from Brait or other investors) is typically intended to provide the Company's investments with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavourable to the existing investors, including the Company. In addition, the Company may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the Company's proportionate ownership when a subsequent financing is planned, or to protect the Company's investment when such investment's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Company or any investment. There can be no assurance that any of the Company's investments will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

**1.1.13 Each investment company's day-to-day operations will be the responsibility of such company's own management**

Although the Investment Team will be responsible for monitoring the performance of each investment company and intends to invest in companies operated by strong management teams, there can be no assurance that any such company's existing management team, or any successor, will be able to operate the Company's investment in accordance with the Company's plans.

**1.1.14 In connection with the financing of certain investments, the Company may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates and may under certain circumstances structure investments using total return swaps or other derivative instruments**

While such transactions may reduce certain types of risks, such transactions themselves may entail certain other risks. Thus, while the Company may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Company than if it had not entered into such hedging transactions. In the event of an imperfect correlation between a position in a hedged instrument and the investment that it is intended to protect, the desired protection may not be obtained, and the Company may be exposed to risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs which will be borne by the Company.

**1.1.15 Limited number of investments, concentration of investments and highly competitive market for investment opportunities**

The Company may participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of any single investment. In addition, investors have no assurance as to the degree of diversification of the Company's investments. To the extent the Company concentrates investments in a particular issuer or security its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, the Company may be competing with other investors and corporate buyers for the investments that the Company will make. The activity of identifying, completing and realising attractive private equity investments is highly competitive, and involves a high degree of uncertainty. The Company will be competing for investments with other private equity investors, as well as companies, public equity markets, individuals, financial institutions and other investors. Additional funds with similar objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Company and adversely affecting the terms upon which investments can be made. There can be no assurance that the Company will be able to locate, consummate and exit investments that satisfy the Company's rate of return objectives or realise upon their values or that it will be able to invest fully its committed capital.

**1.1.16 Investments will be managed by the Investment Team**

Accordingly, the success of the Company will depend upon the ability of the Investment Team and other individuals employed by the Investment Team to source, select, complete and realise appropriate investments. The Investment Team will have considerable latitude in its choice of portfolio companies and the structuring of investments. Brait is depending upon the expertise of the senior members of the Investment Team, in providing advice with respect to investments in South Africa and elsewhere in accordance with the advisory and sub-advisory agreements. If the services of the senior members of the Investment Team were lost, then Brait could be adversely affected. There can be no assurance that any members of the Investment Team will continue to be associated with the Investment Team or its affiliates throughout the life of the Company.

**1.1.17 Brait's operations could be adversely affected by a failure of Brait's information systems**

Any system failure that causes an interruption in service or availability of Brait's systems could adversely affect operations or delay the collection of revenues. Brait's servers may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorised tampering. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, or cessations in the availability of systems, all of which could have a material, adverse effect on Brait's business, prospects, financial condition or results of operations.

**1.1.18 Brait's business is subject to irregular cash flows**

The nature of Brait's business subjects the Company to irregular cash flows. All investments are not realised at set intervals, but are rather specific to each investment.

**1.2 Risks related to Brait's industry**

**1.2.1 General fluctuations and volatility in the market prices of securities may affect the value of the investments held by the Company**

Instability in the securities markets may also increase the risks inherent in the Company's investments. The ability of the Company's investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or to raise capital in the leveraged finance debt markets, which historically have been cyclical with regard to the availability of financing.

**1.2.2 Recent events in the sub-prime mortgage market and other areas of the fixed income markets have caused significant disruptions, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets, as well as in the wider global capital and financial markets.**

In particular, recent economic and financial market conditions have significantly deteriorated as compared to prior periods, with rising unemployment in many countries, and significant asset impairment across a number of asset classes. Global financial markets have in the past 18-24 months experienced considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions. Large companies across many sectors of the economy have filed for bankruptcy or entered into insolvency, administration or similar proceedings. As a result, certain government bodies and central banks worldwide, have undertaken unprecedented intervention programs, which have provided some financial relief and rebound in asset prices, but the long term effects of which remain uncertain. The South African economy and that of many OECD countries have experienced recessionary conditions, (although South Africa is now technically out of recession) and are continuing to experience significant declines in household wealth, lending and employment (although South Africa's unemployment levels decreased in the second half of 2011). These events have significantly diminished the availability of credit and increased the cost of financing for businesses, which has materially hindered the initiation of new, large-sized leveraged transactions and, together with declines in valuations of equity and debt securities, has adversely affected the private equity sector. To the extent the Company's investments participate in or otherwise rely on such markets, the results of their operations may suffer. In addition, to the extent that such marketplace events continue (or worsen), this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the US and global economies. Further economic downturn could adversely affect the financial resources of the Company's investments and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, Brait could lose both invested capital in and anticipated profits from the affected investments. Such marketplace events have also severely decreased the availability of financing (and increased the interest cost) for leveraged transactions, which may impair Brait's ability to consummate certain transactions or cause Brait to enter into certain transactions on less attractive terms.

**1.3 Risks related to the offering**

**1.3.1 Liquidity risk**

Although Brait Shares are listed on the LuxSE and JSE, there is no guarantee that a more active trading market for the Brait Shares will develop and be sustained after listing. If a more active volume traded in the Preference Shares does not develop or is not sustained after the listing, this could have a material adverse effect on the liquidity and consequently the market price of the Preference Shares. The initial Subscription Price is ZAR100 (or the Euro equivalent thereof as at the Closing). Subsequent Subscription Prices will be determined by the Directors. The Subscription Price may not be indicative of the market price of Preference Shares after the Listing.

**1.3.2 The market price of Preference Shares may prove to be volatile and is subject to fluctuations, including significant decreases**

The market price of Preference Shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to the Company's financial performance, including changes in general market conditions, the general performance of the exchanges operated by the LuxSE and JSE, changes in sentiment in the market regarding the Brait Shares (or securities similar to them), regulatory changes affecting the Company's operations, variations in the Company's operating results, business developments of the Company or its competitors, the operating and share price performance of other companies in the industries and markets in which the Company operates, speculation about the Company's business in the press, media or the investment community, or changes in the political, social or economic conditions in South Africa or the surrounding region. Furthermore, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of Preference Shares.

**1.3.3 Brait is subject to Maltese regulation and listed on two Exchanges**

This entails the Company needing to adhere to multiple disclosure and regulatory requirements which may or may not coincide exactly. Additionally, this may result in extra costs being borne in order to satisfy the regulatory requirements of the LuxSE and JSE, and also the Maltese legislation. The need to adhere to 3 (three) sets of regulatory requirements may also result in implementation delays.

**AUDITED CONSOLIDATED HISTORICAL FINANCIAL STATEMENTS  
OF BRAIT AND ITS SUBSIDIARIES FOR THE YEARS ENDED  
31 MARCH 2012, 2011 AND 2010**

The financial information for the three financial years ended 31 March 2012, 2011 and 2010 set out below has been extracted from Brait's annual financial statements for the applicable periods. These financial statements were audited by Deloitte Audit Limited, and were all issued without qualification. For a full report of the Company's audited financial statements, potential investors are referred to Brait's annual reports, and interim results, which are available for inspection in accordance with section 12 of Part 8 (Additional Information) of this Pre-listing Statement and which may also be obtained from Brait's website (www.brait.com).

The Directors are responsible for the preparation, integrity and objectivity of the consolidated financial statements that fairly present the state of affairs of Brait SE and its subsidiaries at the end of the financial year and the net income and cash flows for the year, and other information contained in the published annual reports.

**Statement of comprehensive income for the year ended 31 March 2012**

	<b>Audited 31 March 2012 R'm</b>	Audited 31 March 2011 R'm	Audited 31 March 2010 R'm
Investment gains	<b>2 568</b>	276	256
Unrealised revaluations on investments	<b>2 129</b>	275	140
Gain on fair value of retained investment	<b>434</b>	–	–
Net gain on disposal of investments	<b>5</b>	1	116
Other investment income	<b>257</b>	274	251
Interest	<b>142</b>	22	17
Dividends and other income	<b>4</b>	18	18
Fees	<b>77</b>	233	216
Foreign exchange gains	<b>34</b>	1	–
Operating expenses	<b>(117)</b>	(291)	(239)
Staff costs	<b>(74)</b>	(200)	(125)
Non-executive Directors' fees	<b>(8)</b>	(5)	(5)
Audit fees	<b>(7)</b>	(7)	(5)
Professional fees	<b>(6)</b>	(12)	(15)
Travel and accommodation	<b>(4)</b>	(7)	(7)
Office-related costs	<b>(11)</b>	(20)	(9)
Depreciation	<b>(3)</b>	(3)	(4)
Other costs	<b>(5)</b>	(37)	(69)
Finance costs	<b>(62)</b>	(49)	(52)
Taxation	<b>(39)</b>	(36)	(33)
Capital items	–	–	3
<b>Profit for the year/earnings</b>	<b>2 608</b>	175	186
<b>Translation adjustment</b>	<b>48</b>	(61)	(133)
<b>Comprehensive income</b>	<b>2 656</b>	114	52
Minority interest	–	–	–
Attributable earnings	<b>2 656</b>	114	52
<b>Headline earnings per share (cents)</b>			
– Basic	<b>544.9</b>	155.7	174.8
– Diluted	<b>544.9</b>	153.0	173.2
<b>Basic earnings per share (cents)</b>			
– Basic	<b>653.8</b>	155.7	174.8
– Diluted	<b>653.8</b>	153.0	173.2
Proposed/Paid dividends per share (cents)	<b>20.6</b>	74.2	179.5



**Consolidated statement of financial position as at 31 March 2012**

	<b>Audited 31 March 2012 R'm</b>	Audited 31 March 2011 R'm	Audited 31 March 2010 R'm
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>11 251</b>	1 935	1 719
Investments (note 2)	<b>9 961</b>	1 925	1 707
Commercial loan to Investment Team (note 3)	<b>1 284</b>	–	–
Property and equipment (note 4)	<b>6</b>	10	12
<b>Current assets</b>	<b>542</b>	219	491
Accounts receivable	<b>20</b>	47	51
Cash and cash equivalents (note 5)	<b>523</b>	172	440
<b>Total assets</b>	<b>11 794</b>	2 154	2 210
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>	<b>10 322</b>	1 491	1 383
Share capital and premium (note 6)	<b>6 616</b>	441	256
Legal reserves	–	59	48
Equity reserves	–	25	33
Foreign currency translation reserve	<b>(32)</b>	(80)	(19)
Non-Distributable Reserve (note 6)	<b>1 284</b>	–	–
Distributable reserves	<b>2 453</b>	1 046	1 064
<b>Non-current liabilities</b>	<b>1 410</b>	571	505
Redeemable preference shares	–	450	405
Borrowings (note 7)	<b>1 370</b>	2	2
Deferred tax liability	<b>40</b>	118	98
<b>Current liabilities</b>	<b>63</b>	93	322
Accounts payable	<b>54</b>	87	85
Redeemable preference shares	–	–	45
Financial liability	–	–	178
Provisions	<b>9</b>	1	3
Other current liabilities and borrowings	–	5	11
<b>Total equity and liabilities</b>	<b>11 794</b>	2 155	2 210

**Consolidated statement of cash flow position for the year ended 31 March 2012**

	<b>Audited 31 March 2012 R'm</b>	Audited 31 March 2011 R'm	Audited 31 March 2010 R'm
<b>Cash flows from operating activities:</b>			
Sale of investments (note 8)	<b>1 126</b>	17	187
Fees received	<b>75</b>	87	252
Interest received	<b>4</b>	22	17
Dividends received	<b>-</b>	13	13
Fees received in advance	<b>-</b>	66	-
Purchase of investments (note 8)	<b>(6 450)</b>	-	-
Operating expenses paid	<b>(162)</b>	(162)	(235)
Taxation paid	<b>(118)</b>	(3)	(20)
Interest paid	<b>(30)</b>	(56)	(62)
<b>Net cash used in operating activities</b>	<b>(5 555)</b>	(16)	153
Acquisition of property and equipment	<b>-</b>	(2)	(13)
Proceeds from sale of property and equipment	<b>-</b>	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	(2)	(13)
Proceeds from rights offer and private placement issue	<b>6 389</b>	-	-
Transaction costs	<b>(187)</b>	-	-
Net proceeds from long-term borrowings	<b>1 337</b>	(4)	-
Commercial loan to investment team	<b>(1 200)</b>	-	-
Repayment of redeemable preference shares	<b>(450)</b>	-	-
(Buy-back)/Sale of treasury shares	<b>(16)</b>	19	-
Dividends paid	<b>-</b>	(182)	(196)
Sitogo unwind	<b>-</b>	(4)	-
Share scheme dividends paid	<b>-</b>	(9)	-
<b>Net cash from/(used in) financing activities</b>	<b>5 873</b>	(180)	(196)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>318</b>	(198)	(56)
Effects of exchange rate changes on cash and cash equivalents	<b>33</b>	(18)	(93)
Cash and cash equivalents at beginning of year	<b>172</b>	281	430
<b>Cash and cash equivalents at end of year</b>	<b>523</b>	65	281
Reclassification of product investments as cash	<b>-</b>	107	-
<b>Revised cash and cash equivalents at end of year</b>	<b>523</b>	172	281

**Consolidated statement of changes in equity for the year ended 31 March 2012**

	Attributable to equity holders of the parent						
	Share capital and premium R'm	Legal reserve R'm	Equity reserves R'm	Foreign currency translation reserve R'm	Non- distributable reserves R'm	Distributable reserves R'm	Total equity and reserves R'm
<b>Balance at 31 March 2009</b>	<b>256</b>	<b>29</b>	<b>31</b>	<b>114</b>		<b>1 093</b>	<b>1 524</b>
Net translation adjustments	-	-	-	(133)	-	-	(133)
Attributable earnings	-	-	-	-	186	186	186
Share entitlements	-	-	2	-	-	-	2
Ordinary dividends	-	-	-	-	(196)	(196)	(196)
Transfer to/(from) other reserves	-	19	-	-	(19)	(19)	-
<b>Balance at 31 March 2010</b>	<b>256</b>	<b>48</b>	<b>33</b>	<b>(19)</b>		<b>1 064</b>	<b>1 383</b>
Net translation adjustments				(61)			(61)
Attributable earnings					175	175	175
Share entitlements			1				1
Ordinary dividends					(182)	(182)	(182)
Transfer to/(from) other reserves		11	(9)		(11)	(11)	(9)
Dividends share scheme	19						19
Sale of treasury shares	166						166
Issues of shares – Sitogo unwind							
<b>Balance at 31 March 2011</b>	<b>441</b>	<b>59</b>	<b>25</b>	<b>(80)</b>	<b>-</b>	<b>1 046</b>	<b>1 491</b>
Rights offer and private placement issue	6 389						6 389
Transaction costs – share issue expense	(198)						(198)
Net translation adjustments				48			48
Attributable earnings						2 607	2 607
Sale of treasury shares	(16)						(16)
Transfer (from)/to other reserves		(59)	(25)		1 284	(1 200)	-
<b>Balance at 31 March 2012</b>	<b>6 616</b>	<b>-</b>	<b>-</b>	<b>(32)</b>	<b>1 284</b>	<b>2 453</b>	<b>10 322</b>

<b>GROUP STATISTICS</b>	<b>2012</b>	2011	2010
<b>SHARE STATISTICS</b>			
<b>Headline earnings (ZAR million)</b>	<b>2 173.1</b>	174.8	185.6
<b>Net asset value per share (ZAR cents)</b>	<b>2 058.8</b>	1 278.3	1 302.4
<b>Net asset value CAGR (%)</b>	<b>24.8</b>	N/A	N/A
<b>Normalised headline earnings per share (ZAR cents)</b>	<b>433.5</b>	149.9	N/A
<b>Headline earnings per share (ZAR cents)</b>			
– Basic	<b>544.9</b>	155.7	174.8
– Diluted	<b>544.9</b>	153.0	173.2
<b>Earnings per share (ZAR cents)</b>			
– Basic	<b>653.8</b>	155.7	174.8
– Diluted	<b>653.8</b>	153.0	173.2
<b>Proposed/Paid dividends per share (ZAR cents)</b>	<b>20.6</b>	74.2	179.5
<b>FINANCIAL STATISTICS</b>			
<b>Market capitalisation (ZAR m)</b>	<b>10 534.0</b>	2 231.0	2 226.3
<b>Shares in issue (m)</b>	<b>506.2</b>	119.0	110.5
<b>Treasury shares (m)</b>	<b>(4.9)</b>	(2.3)	(4.0)
<b>Shares outstanding (m)</b>	<b>501.3</b>	116.7	106.5
<b>Weighted average shares in issue (m)</b>			
– Basic	<b>398.8</b>	112.3	106.1
– Diluted	<b>398.8</b>	113.9	107.2
<b>Closing share price (ZAR cents)</b>	<b>2 081.0</b>	1 875.0	2 015.0

# **EXTRACT OF NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

## **1. ACCOUNTING POLICIES**

### **1.1 Basis of preparation**

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, on the going concern principle, using the historical cost basis, except where otherwise indicated.

The Group has three functional currencies: South African rand (Rand/R) for its South African operations (US dollar (US\$) and GB Pound for its international operations). Following the migration of the Group to Malta, the current year financial statements are prepared using both the Rand and Euro (Euro) as its presentation currencies.

The accounting policies and methods of computation are consistent with those applied in the annual financial statements ended 31 March 2011. The Group changed its presentation to better reflect its new business model and improve disclosure as explained in note 1.2.

### **1.2 Adoption of new and revised standards and interpretations**

In the current year the Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods commencing on 1 April 2011. Their adoption has not had a significant impact on the presentation of the financial statements.

### **1.3 Principles of consolidation**

#### **1.3.1 Business combinations**

Business combinations are accounted for in accordance with the underlying nature of the combination. Acquisitions are accounted for using the acquisition method of accounting. Where an investment in a subsidiary or associated company is acquired or disposed of during the financial year, its results are included from, or to, the date control became, or ceased to be, effective.

#### **1.3.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 31 March each year.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any shortfall in the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

#### **1.3.3 Goodwill**

Goodwill arising on the acquisition of a subsidiary or jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity and is recognised at date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The carrying amount of the goodwill is reviewed annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill, which represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities acquired over the cost of acquisition, is recognised immediately in profit or loss.

#### **1.3.4 Associated companies**

Associates are those enterprises in which the Group holds a long-term equity interest and over which it has the ability to exercise significant influence, but not control, and are neither subsidiaries nor joint ventures.

Equity-accounted income, which is included in the carrying values of the associates, represents the Group's proportionate share of the associates' profit after tax and after accounting for dividends payable by those associates.

Investments in private equity associates are designated as at fair value through profit or loss and accounted for in accordance with IAS 39 (Financial Instruments: Recognition and Measurement).

#### **1.3.5 Treasury shares**

Ordinary shares held for the vested benefit of Brait SE are classified as treasury shares in the statement of changes in equity. Treasury shares are treated as a deduction from the issued and weighted average number of shares in issue and the cost price of the shares is presented as a deduction from equity. On the reissue of the shares to the market the proceeds are credited to reserves. Dividends received on treasury shares are eliminated on consolidation.

#### **1.3.6 Segmental reporting**

Following the July 2011 restructure, the change in the Group's business model has resulted in only one business segment. Segment reporting is therefore no longer required.

#### **1.3.7 Use of estimates, judgements and assumptions**

In preparing the consolidated financial statements, management is required to exercise its judgement in the process of applying the Group's accounting policies, make estimates, judgements and assumptions that affect reported income, expenses, assets and liabilities and disclosure of contingent assets and liabilities.

Estimates, judgements and assumptions made, predominantly relate valuation of investments. Other judgements made relate to impairment provisions for loans and advances, useful lives, residual values and depreciation methods for property and equipment classifying financial assets and liabilities into their relevant categories and in the determination of their fair value measurement and disclosure purposes. A change in accounting estimate is defined as an adjustment to the carrying value of an asset, liability or the amount of the periodic consumption of an asset that results from the new information or new developments. Changes in accounting estimates are recognised in the statement of comprehensive income during the period in which the change is made.

### **1.4 Translation of financial statements of entities into the presentation currencies**

Assets and liabilities of entities are translated into the Group's presentation currencies of Rand and Euro at year-end exchange rates. Capital and reserves are translated at historical rates. Income statement items are translated at the average exchange rates for the year.

Translation differences arising from the translation of entities are taken directly to reserves. On disposal of entities, such translation differences are recognised in profit and loss as part of the gain or loss on disposal.

### **1.5 Foreign currency assets and liabilities**

In preparing the financial statements of the individual entities, transactions in currencies, other than the entity's functional currency, are recorded at the exchange rates prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currency are translated at the exchange rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currency are translated at the exchange rates prevailing when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated at the closing exchange rate.

## **1.6 Revenue recognition**

### **Investment gains**

Investment appreciation is recognised as earned. This relates to the fair value gains on the capital invested by the Group (or) alongside its investors into its private equity funds (on its own). The fair value is determined per IAS 39 on Financial Instruments (see details under Financial Instruments note).

### **Interest income**

Interest income is accrued on a yield-to-maturity basis by reference to the principal outstanding and the interest rate applicable. In certain instances where the loan is in arrears, an assessment is made regarding recoverability of the loan or group of loans and, if necessary, the accrual of interest is not recognised in profit and loss.

### **Dividend income**

Dividend income is recognised on the date the entity's right to receive payment is established.

### **Fees**

Fees are recognised as the services are provided by the Group private equity fund management companies. Fees are charged at an agreed percentage of the value of third party funds committed to the private equity fund, which are reduced on a sliding scale after the term of the fund's commitment period (usually five years from the anniversary of the final closing date) after which the fee is based on the value capital drawn from investors.

### **Incremental costs directly attributable to securing an investment management contract**

Incremental costs directly attributable to securing an investment management contract, such as placement fees for third-party providers, are written off to profit and loss as they are incurred. This is a prudent approach to the option provided by IAS 18 Appendix 14(b)(iii) which allows for such costs to be recognised as an asset if they are incremental and can be identified separately and measured reliably and it is probable that they will be recovered.

## **1.7 Taxation**

Income tax for the year comprises current and deferred tax. Current income tax is the expected tax payable on the taxable income for the year generated in each of the jurisdictions the Group has operations in, using respective tax rates enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided for on the comprehensive basis, using the statement of financial position liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates substantially enacted at the statement of financial position date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the unused tax losses can be utilised.

## **1.8 Property and equipment**

Property and equipment is stated at historical cost less accumulated depreciation and impairments.

Depreciation is provided for on the historical cost, using the straight-line basis, at rates considered appropriate to write the assets down to their expected residual value over their estimated useful lives which are reassessed at each reporting date.

## **1.9 Financial instruments**

Financial instruments include all financial assets, financial liabilities and equity instruments including derivative instruments and certain private equity associates.

Financial assets and financial liabilities, are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. All transactions, including regular way purchases and sales, are recognised at fair value on trade date.

### **Classification**

Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss (FVTPL).
- Held-to-maturity investments.
- Available-for-sale (AFS) financial assets.
- Loans and receivables.

Currently, the Group has not chosen to classify any investments as 'available-for-sale' or 'held-to-maturity' investments. However, as the classification is investment specific, this does not preclude the use of these categories in the future. Should these categories be utilised in the future, the appropriate accounting treatment as specified by IAS 39 will be applied.

#### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability or, where appropriate, a shorter period.

Interest income or expense is recognised on an effective interest basis for instruments, other than those designated as at FVTPL.

#### **Financial instruments at FVTPL**

Financial assets or financial liabilities are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset or liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset or liability, other than a financial asset or liability held for trading, may be designated as at FVTPL upon initial recognition if:

- the financial asset forms part of a group of financial assets, financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Group designates the majority of its financial asset investments as FVTPL as the Group is managed on a fair value basis.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset. Statement of financial position items carried at fair value include investments.

The Group applies a number of methodologies to determine and assess the reasonableness of the fair value, which may include the following:

- Earnings multiple.
- Recent transaction prices.
- NAV.

The primary valuation model utilised for unlisted investments is the maintainable earnings multiple model:

Maintainable earnings are derived as an average of audited historic and forecasted earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for any non-recurring income or expenditure from the Company's annual financial statements.

The Directors decide on an appropriate group of comparable quoted companies from which to base the current market-based EV/EBITDA multiple. Adjustments for points of difference to the unlisted company being valued are assessed by reference to the two key variables of risk and earnings growth prospects, and include the nature of operations, type of market exposure, competitive position, quality of management, capital structure and differences between the liquidity of the shares being valued and those on a quoted exchange. The resulting valuation multiple is applied to the maintainable EBITDA to calculate the Enterprise Value (EV) for the unlisted company.



The equity valuation takes consideration of the unlisted company's net debt or cash on hand per its latest financial results.

A discounted cash flow (DCF) valuation is used as a cross-check of the derived carrying value.

### **Loans and receivables**

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Statement of financial position items include account receivables and loans, and cash and bank balances.

### **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly only when all legal avenues have been exhausted and there is no possibility of an additional recovery. Changes in the carrying amount and subsequent recoveries of amounts previously written off are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### **Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

### **Financial guarantee contract liabilities**

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of: the amount of the obligation under the contract, as determined in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets); and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

### **Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

## **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## **Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to market risk. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group has not designated any derivatives as part of an IAS 39 hedging relationship.

## **Embedded derivatives**

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

### **1.10 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks, and short-term cash deposited with Brait Funds that are callable within 30 days.

### **1.11 Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### **1.12 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

### **1.13 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **1.14 Long-term incentive plan**

As a result of the Group's restructure, the Group's Long-Term Incentive Plan (LTIP) and cash bonus schemes were terminated and a final distribution paid to participants in April 2011.

### **1.15 Related party transactions**

All related party transactions are, unless otherwise disclosed, at arm's length and are in the normal course of business.

### **1.16 Retirement benefit costs**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### **1.17 Fair valuation of asset management units**

Following the Group's business model change to an investment holding company, the Group asset management units were restructured to non-controlled investments. The remaining interests were fair valued through the statement of comprehensive income on the loss of control in accordance with IAS 27, resulting in a capital profit. At the reporting date, a fair value loss has been charged against the carrying value of the asset.

### **1.18 Standards and interpretations applicable to the Group not yet effective**

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. The Directors do not believe that the below-mentioned standards and amendments will have a material impact on the Group financial statements.

IFRS 1 – First-time Adoption of International Financial Reporting Standards (amendments effective 1 July 2011);

IFRS 7 – Financial Instruments Disclosures (amendments effective 1 January 2013);

IFRS 9 – Financial Instruments (effective 1 January 2015);

IFRS 10 – Consolidated Financial Statements (effective 1 January 2013);

IFRS 11 – Joint Arrangements (effective 1 January 2013);  
 IFRS 12 – Disclosure of Interest in Other Entities (effective 1 January 2013);  
 IFRS 13 – Fair Value Measurement (effective 1 January 2013);  
 IAS 1 – Presentation of Financial Statements (amendments effective 1 July 2012);  
 IAS 12 – Income Taxes (amendments effective 1 January 2012);  
 IAS 27 – Consolidated and Separate Financial Statements (amendments effective 1 January 2013);  
 IAS 28 – Investments in Associates (amendments effective 1 January 2012); and  
 IAS 32 – Financial Instruments: Presentation (amendments effective 1 January 2013).

## 2. INVESTMENTS

	<b>R'm</b>
Pepkor	6 701
Premier	1 191
Iceland Foods	998
Private equity funds investments	584
– Listed	35
– Unlisted	549
Other investments	384
Asset Management Units	103
	<b>9 961</b>

## 3. COMMERCIAL LOAN TO INVESTMENT TEAM

The loan made to the Investment Team is rand denominated and bears interest at Johannesburg Inter Bank Acceptance Rate (“JIBAR”) plus 3.5%, with the right to roll up interest. The loan is repayable at the end of its five-year term with an option to extend for another five years

R1 284 million

There are no vesting or restrictive conditions on the 72 700 000 Brait shares acquired by the Team with the R1 200 000 000. In addition to the pledge of the 72 700 000 shares as security, the Team provided additional security of R300 000 000 cash (which was utilised to acquire a further 18 300 000 Brait shares, which were also pledged to Brait) to achieve a security to loan ratio of 125% at the time. The closing Brait share price of R23.99 on 24 April 2012, the day before the latest trading update announcement, increases this ratio to 170%.

#### 4. PROPERTY AND EQUIPMENT

	Computer equipment R'm	Furniture and fittings R'm	Total R'm
<b>PROPERTY AND EQUIPMENT</b>			
<b>Cost</b>			
<b>2012</b>			
Carrying amount at beginning of year	14	12	26
Additions	-	-	-
Disposals	(4)	(2)	(6)
Translation differences	-	-	-
Carrying amount at end of year	10	10	20
<b>2011</b>			
Carrying amount at beginning of year	13	12	25
Additions	2	-	2
Disposals	(1)	-	(1)
Carrying amount at end of year	14	12	26
<b>Accumulated depreciation</b>			
<b>2012</b>			
Carrying amount at beginning of year	10	6	16
Charges for the year	1	2	3
Disposals	(3)	(2)	(5)
Carrying amount at end of year	8	6	14
<b>2011</b>			
Carrying amount at beginning of year	9	4	13
Charges for the year	1	2	3
Disposals	-	-	-
Carrying amount at end of year	10	6	16
<b>Carrying value</b>			
- At 31 March 2012	2	4	6
- At 31 March 2011	4	6	10
<b>Depreciation rates</b>			
Furniture and fittings	10% – 33%		
Computer equipment	20% – 50%		

#### 5. CASH AND CASH EQUIVALENTS

	2012 R'm	2011 R'm
Balances/(Overdraft) with banks	320	(49)
Short-term treasury investments*	203	221
<b>Total cash and cash equivalents</b>	<b>523</b>	172

\* These funds are invested into instruments managed by Brait Hedge Fund Managers and can be redeemed within 30 days.

## 6. SHARE CAPITAL AND PREMIUM

### *Authorised share capital*

The authorised share capital of the Company of US\$225 000 000 represented by 150 000 000 shares of no par value changed to Euro 330 000 000 represented by 1 500 000 000 at par value of 0.22 Euro cents per share following the migration of the Group from Luxembourg to Malta in November 2011.

<i>Issued share capital</i>	<i>R'm</i>	<i>Number of shares in issue</i>
<b>Stated capital at 31 March 2010</b>	256	<b>110 487 321</b>
Issue of shares – Sitogo unwind	166	8 500 000
Treasury shares sold	19	
<b>Stated capital at 31 March 2011</b>	441	<b>118 987 321</b>
Rights issue	5 890	356 961 963
Private placement	499	30 251 409
Transaction costs	(198)	
Treasury shares repurchased	(16)	
<b>Stated capital balance at 4 November 2011</b>	6 616	<b>506 200 693</b>
Following the conversion of no par value to par value shares of Euro 0.22 per share on 4 November 2011, the stated capital balance is split between share capital and share premium at <b>31 March 2012</b> , as follows:	6 616	
<b>Share capital represented by 506 200 693 issued shares at Euro 0.22 per share</b>	1 140	
<b>Share premium</b>	5 476	
<b>Treasury shares comprise:</b>	2011	<b>2012</b>
Shares held by the Brait S.A. Share Incentive Scheme Trust	856 421	<b>2 332 160</b>
Shares repurchased	1 475 739	<b>2 536 677</b>
	2 332 160	<b>4 868 837</b>

The unissued Ordinary Shares are under the control of the Directors, subject to certain constraints, until the forthcoming annual general meeting.

### *Non-Distributable Reserve (“NDR”)*

In terms of a resolution passed at the Extraordinary General Meeting on 4 May 2011, a NDR was created in terms of the laws in Luxembourg, for the amount loaned to the Investment Team in terms of note 10. Following the Group’s migration to Malta, this NDR is no longer specifically required under Maltese law, but has been retained, and its existence is under consideration of the Board of Directors.

## 7. LOANS AND BORROWINGS

	<b>R'm</b>
Loan from FirstRand Bank Limited (trading through its Rand Merchant Bank division) and Standard Bank is rand denominated, bears interest at Johannesburg Inter Bank Acceptance Rate plus 3.4% to 4.0% and interest is repayable semi-annually, with a right to rollup. The principal amount borrowed is repayable on maturity of the facility on 4 July 2016, with an option to extend for five years, and may be voluntarily repaid earlier from proceeds on investment realisations	<b>1 370</b>

## 8. PURCHASE AND SALE OF INVESTMENTS

	R'm
<b>Purchase of investments includes the following:</b>	
Pepkor	4 074
Premier	1 309
Iceland Foods	971
Private equity fund investments	53
Other investments	43
<b>Total purchase of investments</b>	<b>6 450</b>
<b>Sale of investments includes the following:</b>	
Private equity fund investments	1 002
Other investments	124
<b>Total sale of investments</b>	<b>1 126</b>

### Salient information on the investments

#### Pepkor

Pepkor is a market leading retailer of primarily clothing apparel items to the cash consumer Brait has invested R4.074 million in the acquisition of 24.57% interest in the ordinary shares and a further 12.26% interest through a special purpose vehicle.

#### Premier

Premier is a market leading staple foods producer focused on cash consumers. Brait acquired a 49.9% interest in Premier ordinary shares at an acquisition price of R1 100 000 000 and also invested R221 000 000 in shareholder loans.

#### Iceland Foods

Iceland Foods is a leader in the frozen food market segment in the United Kingdom. Brait owns an 18.7% stake in Iceland Foods which it acquired for a net consideration of R971 000 000.

Details of the vendors in respect of the above acquisitions by Brait can be found in the Rights Offer circular to shareholders issued by Brait on 18 April 2011.

## 9. CONTINGENT LIABILITIES, COMMITMENTS AND SUBORDINATED LOANS

	R'm
<b>Contingencies</b>	
Sureties	35
Guarantee <sup>1</sup>	363
<b>Sureties and guarantees</b>	<b>398</b>
<b>Commitments</b>	
Commitments to invest in private equity funds and proprietary investments (to be funded primarily through cash holdings or debt facilities):	
Other	-
- Private equity funding commitments	204
Other	-
Rental commitments	
- Within one year	4
Malta	1
Mauritius	1
South Africa	2
- Between one and five years	13
Malta	-
Mauritius	1
South Africa	12
<b>Total commitments</b>	<b>221</b>

1. The guarantee has been provided to the lenders of the Pepkor SPV in order to reduce the interest paid by the SPV on certain tranches of its borrowings.

**Subordinated loans****Other**

The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present or former investments.

**10. RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements. Details of transactions between the Group and key management are disclosed below.

**Trading balances**

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	<b>R'm</b>
<b>Statement of financial position balances</b>	
Commercial loan to Investment Team	<b>1 284</b>
<b>Profit from operations include:</b>	
Fees paid	-
Directors' remuneration	<b>(8)</b>
Interest income	<b>84</b>
<b>Statement of changes in equity</b>	
Transaction costs (amount charged directly to equity)	<b>(13)</b>

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## SUMMARY OF THE ARTICLES

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### **Object**

The Articles provide that the Company's principal object is to carry on the business of a holding company. The objects of the Company are set out fully in Clause 4 of the Memorandum.

### **Dividends and distributions**

Dividends may be declared by a resolution of the shareholders in general meeting but shall in no event exceed the amount recommended by the Directors. Subject to the rights of persons (if any) entitled to shares with special dividend rights, all dividends will be paid according to the amounts paid-up on the shares in respect of which the dividend is paid. No dividends shall be paid otherwise than out of profits and no dividends shall bear interest against the Company.

### **Alteration to share capital**

The Company may by an ordinary resolution:

- issue shares of any existing shares or class of shares with special rights in regard to dividends, voting, return of capital or otherwise that is conferred on the holders of such shares; and
- authorise the board of Directors to issue shares in whatever class or any other securities that can be converted or exchanged into, or which carry the right to subscribe for, shares of whatever class of the Company.

Subject to the authority above, all unissued shares shall be at the disposal of the Directors and they may offer, allot, grant options over or otherwise dispose of them.

### **Transfer of securities**

All shares in the Company are freely transferable. All transfers and transmissions of the Company's listed securities shall be subject to the rules and regulations of the relevant Regulated Market, as defined in the Financial Markets Act (Cap. 345 of the Laws of Malta), as may be in force from time to time. The Articles provides that the Directors may refuse to register a transfer on the grounds that the share is not a fully paid share or, in their absolute discretion, where the transfer form is not completed in accordance with the requirements of the applicable law or whereby any applicable transfer, stamp or similar duty has not been paid in relation to such transfer.

### **Pre-emption rights**

The shareholders shall have pre-emptive rights with respect to the issuing and allotting of new equity securities. The Company shall not allot any of the new equity securities unless an offer has first been made to each existing shareholder to allot to him at least on the same terms based on the proportion of their shares. The pre-emption rights can be waived or withdrawn by an extraordinary resolution in a general meeting.

### **Acquisition of own shares**

The Articles authorises the Company to acquire its own shares in terms of Articles 106 of the Companies Act (Cap. 386 of Laws of Malta).

### **Register of Shareholders**

All shares in the Company shall be registered in the register of shareholders, which shall be kept by the Company and such register shall contain the name of each holder of Ordinary Shares, his elected domicile and the number of shares held by him. In the event that a share is registered in the name of more than one person, the name of the person nominated by the joint holders shall be the registered holder of the shares so held, of which failure to nominate will result in the first named holder in the register shall be deemed to be the representative of all other joint holders and shall alone be entitled to receive notices from the Company. The Directors shall not be bound by or required to recognise any trust, nominee, equitable, contingent, future or particular representative interest other than an absolute right to the entirety thereof in the registered holder.

### **Call on shares**

The Directors may from time to time make calls upon the shareholders in respect of any monies unpaid on their shares. If a shareholder fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may require payment of so much of the call or instalment as is unpaid, together with any interests which may have accrued.



**Voting rights**

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting every shareholder shall be entitled to one vote for every share held, provided that all calls or other sum presently payable by him in respect of the shares of the Company have been paid. Any two shareholders holding shares granting the right to vote in the Company shall form a quorum. Extraordinary resolutions shall be passed by a Member or Members having the right to attend and vote at the relevant meeting holding in the aggregate not less than seventy five *per centum* (75%) in nominal value of the shares represented and entitled to vote at the meeting and at least fifty one *per centum* (51%) in nominal value of all the shares entitled to vote at the meeting.

**Qualification, appointment, terms of office and remuneration of Directors**

- Under the Articles, Brait shall appoint a minimum of three and maximum of fifteen Directors to administer and manage the Company. Directors shall be appointed by means of an ordinary resolution of the Company in a general meeting. No formal retirement age is specified for Directors under the Articles. The Articles does not make provision for the requirement of Directors to hold any qualification shares.

**The borrowing powers exercisable by the Board of Directors**

The Board of Directors may time to time borrow or raise any sum or sums of money upon any terms as to interest or otherwise as it may deem fit.

**Powers enabling Directors to vote on a proposal, arrangement or contract in which they are materially interested**

- A Director shall declare his interest in any contract or arrangement which is being discussed by the Board of Directors or which is being or may be entered into by the Company. He shall not be precluded from voting at any meeting where such contracts or arrangements are being considered.

**Retirement of Directors by rotation**

Directors' terms of office shall end immediately after the expiration of the six-year term, with the Directors being eligible for re-election.

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## DETAILED PREFERENCE SHARE TERMS

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Extracts from the Memorandum and Articles relating to the Preference Shares are provided below:

### 9. PREFERENCE SHARES

**9.1** In this clause 9, unless inconsistent with or otherwise indicated by the context:

- 9.1.1** “**Accumulated Dividends**” means, in respect of each Preference Share and on any day, the aggregate of:
- 9.1.1.1 any Scheduled Dividend for any Dividend Period which ended prior to that day, to the extent to which that Scheduled Dividend has not been paid by the Company by the Dividend Payment Date in respect of that Dividend Period; plus
  - 9.1.1.2 any Additional Dividends which the Company should have paid in terms of clause 9.3.8, but which the Company has failed to pay as of such day;
- 9.1.2** “**Acquisition of Control**” means, in relation to the Company, that a person who held less than 30% (thirty *per centum*) of the issued Ordinary Shares on the Tax Reference Date, acquires such a number of Ordinary Shares as brings its holdings of the Ordinary Shares to 51% (fifty one *per centum*) or more of the issued Ordinary Shares;
- 9.1.3** “**Actual Issue Date**” means, in relation to each Preference Share, the date on which the Company issues that Preference Share to its first Holder;
- 9.1.4** “**Actual Redemption Date**” means, in relation to each Preference Share, the date (if any) on which the Company redeems that Preference Share in accordance with the Company Redemption Provisions;
- 9.1.5** “**Additional Dividend**” means, in respect of each Preference Share, the dividends (over and above the Scheduled Dividend in respect of that Preference Share) envisaged in clause 9.3.10 of this Memorandum of Association;
- 9.1.6** “**Adjustment Event**” means a Tax Change Event or a Rate Event;
- 9.1.7** “**Adjustment Notice**” means an Adjustment Notice as defined in clause 9.3.7.3 of this Memorandum of Association;
- 9.1.8** “**Applicable Rate**” means the Dividend Rate or the Default Dividend Rate;
- 9.1.9** “**Beneficiary**” means, in relation to a Preference Share, the beneficial owner of that Preference Share as reflected in the records of the applicable Programme Participant ;
- 9.1.10** “**Business Day**” means any day other than a Saturday, Sunday or statutory public holiday in any of the Republic of Malta, the Grand-Duchy of Luxembourg or the Republic of South Africa;
- 9.1.11** “**Calculation Dates**” means 31 March and 30 September of each year;
- 9.1.12** “**Company NAV**” means, at any applicable time, the Company’s net asset value as determined in accordance with the provisions of clause 9.6.1 of this Memorandum of Association;
- 9.1.13** “**Company Redemption Provisions**” means clauses 9.4.2 to 9.4.5 of this Memorandum of Association;
- 9.1.14** “**Deemed Issue Price**” means, in respect of each Preference Share and irrespective of the Subscription Price actually obtained by the Company for the issue of that Preference Share, an amount of ZAR100.00 (one hundred Rand);
- 9.1.15** “**Default Dividend Rate**” means, subject to adjustment in accordance with the Rate Adjustment Clauses, a rate equal to 144% (one hundred and forty four *per centum*) of the Prime Rate;
- 9.1.16** “**Distribution**” means any distribution of profits or capital which the Company makes in respect of any classes of shares in its issued share capital, other than the Preference Shares, irrespective of the manner in which that distribution is made (and includes, without limitation, the declaration and payment of any dividends, the repurchase of any shares and the redemption of any redeemable shares);

- 9.1.17 “Dividend Default”** means any failure by the Company to pay:
- 9.1.17.1 the Scheduled Dividends (in respect of all the Outstanding Preference Shares) for any Dividend Period by the applicable Dividend Payment Date; and/or
  - 9.1.17.2 any Additional Dividends by the date determined in accordance with clause 9.3.8 of this Memorandum of Association;
- 9.1.18 “Dividend Payment Date”** means, in relation to each Dividend Period, (i) any day up to the date 90 (ninety) days after the first Calculation Date which occurs after the last day of that Dividend Period, or (ii) if applicable and earlier than the date in sub-clause (i), any day up to the date 5 (five) days prior to the day on which the Company makes any Distribution in respect of its Ordinary Shares;
- 9.1.19 “Dividend Period”** means each period which commences on a Calculation Date and which ends on the day before the next Calculation Date provided that -
- 9.1.19.1 the first Dividend Period in respect of any particular Preference Share shall (i) commence on the Actual Issue Date on which the Company issues that Preference Share to its first Holder, and (ii) end on the day before the first Calculation Date which occurs after that Actual Issue Date; and
  - 9.1.19.2 the last Dividend Period in respect of any particular Preference Share shall be the period which (i) commences on the last Calculation Date which occurs prior to the Actual Redemption Date on which the Company redeems that Preference Share, and (ii) ends on the day before that Actual Redemption Date;
- 9.1.20 “Dividend Rate”** means, subject to adjustment in accordance with the Rate Adjustment Clauses, a rate equal to 104% (one hundred and four *per centum*) of the Prime Rate;
- 9.1.21 “Dividends Tax”** means the withholding tax on dividends imposed under Part VIII of Chapter II of the SA Tax Act;
- 9.1.22 “Dividends Tax Rate”** means the rate at which the Dividends Tax is levied under the SA Tax Act from time to time;
- 9.1.23 “Euro”** means the lawful currency of *inter alia* Malta;
- 9.1.24 “Exchange Information Services”** means the JSE’s service known as the “Securities Exchange News Service” and the communication service of the LuxSE;
- 9.1.25 “Holder”** means, in relation to a Preference Share, its registered holder as reflected in the Company’s share register;
- 9.1.26 “JSE”** means the securities exchange known as the JSE, which has been licensed as an exchange under the South African Securities Services Act, 2004;
- 9.1.27 “LuxSE”** means the Luxembourg Stock Exchange;
- 9.1.28 “Market Price”** means, in relation to each Preference Share and on any day, the VWAP of 1 (one) Preference Share on that day after deducting the aggregate of:
- 9.1.28.1 any Accumulated Dividends in respect of one Preference Share on the first day of the Dividend Period during which the Market Price is determined; and
  - 9.1.28.2 the Scheduled Dividend in respect of one Preference Share for the period which commences on the first day of the Dividend Period during which the Market Price is determined and which ends on the day prior to the date on which the Market Price is determined (calculated as if the aforesaid period were a Dividend Period);
- 9.1.29 “Ordinary Share”** means an ordinary share with a nominal value of Euro 0.22 (zero point two two) in the Company’s issued share capital;
- 9.1.30 “Outstanding Preference Share”** means a Preference Share which has been issued by the Company, and which has neither been redeemed nor repurchased by the Company;
- 9.1.31 “Participant”** means a central securities depository as defined in Article 1 of the Articles of Association or participant as defined in section 1 of the South African Securities Services Act, 2004;
- 9.1.32 “Preference Share”** means a cumulative, non-participating preference share in the Company’s share capital which has a nominal value of Euro 0.01 (zero point zero one Euro) and which confers, on its Holder, the rights, obligations and privileges set out in this clause 9;
- 9.1.33 “Preference Dividends”** means, in respect of each Preference Share, the applicable Scheduled Dividends and Additional Dividends;

- 9.1.34 “Preference Share Issue Programme”** means a programme pursuant to which the Company, as a means of raising permanent capital, could, subject to various terms and conditions:
- 9.1.34.1 issue a maximum number of 20 000 000 (twenty million) Preference Shares; and
  - 9.1.34.2 list the Preference Shares on the LuxSE (as a primary listing) and on the JSE (as a secondary listing),
- on the terms and conditions set out in the prospectus and Pre-listing Statement, in respect of the Preference Share Issue Programme, to be issued by the Company on or about 27 July 2012;
- 9.1.35 “Prime Rate”** means the publicly quoted basic rate of interest levied by FirstRand Bank Limited (“**FirstRand**”) from time to time on overdraft, calculated on a 365 (three hundred and sixty five) day year, irrespective of whether the applicable year is a leap year, and proved, *prima facie*, in the event of a dispute and in the absence of manifest error, by a certificate under the hand of any director or manager of FirstRand, whose appointment and authority need not be proved;
- 9.1.36 “Programme Participant”** means each Participant who holds any Preference Share in custody for the Beneficiary of such Preference Share;
- 9.1.37 “Rate Adjustment Clauses”** means clauses 9.3.11 and 9.3.12 of this Memorandum of Association;
- 9.1.38 “Rate Event”** means any increase in the Dividends Tax Rate above 15% (fifteen *per centum*) (which is the rate at which the Dividends Tax was levied on the Tax Reference Date);
- 9.1.39 “Redemption Amount”** means, in respect of a Preference Share and without double counting, the aggregate of:
- 9.1.39.1 the higher of (i) the Deemed Issue Price of that Preference Share, or (ii) the Market Price of that Preference Share on the date 5 (five) Business Days prior to the publication of the applicable Redemption Announcement in terms of clause 9.4.4.1 of this Memorandum of Association; plus
  - 9.1.39.2 an amount equal to 2.5% (two point five *per centum*) of the higher of the Deemed Issue Price and the Market Price envisaged in the first sub-clause of this definition; plus
  - 9.1.39.3 the Scheduled Dividend for the Dividend Period which ends on the Actual Redemption Date of that Preference Share; plus
  - 9.1.39.4 any Accumulated Dividends in respect of that Preference Share on its Actual Redemption Date;
- 9.1.40 “Regulatory Event”** means any change in:
- 9.1.40.1 the listing requirements of the LuxSE or the JSE;
  - 9.1.40.2 the exchange control regulations of the Republic of South Africa, Malta or Mauritius;
  - 9.1.40.3 the SA Tax Act or any other legislation which imposes any taxation of any nature whatsoever on the Company, in relation to the Preference Shares, in Malta, Luxembourg, South Africa, and/or Mauritius; or
  - 9.1.40.4 the Maltese Companies Act (Chapter 386 of the Laws of Malta), the South African Companies Act, 2008 and any other legislation, whether Maltese or South African, which deals with companies generally;
- 9.1.41 “Resident Beneficiary”** means any Beneficiary of a Preference Share if that Beneficiary is a “resident” (of South Africa) as defined in the SA Tax Act;
- 9.1.42 “SA Corporate”** means a Resident Beneficiary of a Preference Share which is a company, other than a small business corporation, an employment company, a gold mining company, a long term insurance company or a Tax holiday company;
- 9.1.43 “SA Tax”** means any Tax imposed by any tier of the government of the Republic of South Africa;
- 9.1.44 “SA Tax Act”** means the South African Income Tax Act, 1962;
- 9.1.45 “Scheduled Dividend”** means, in respect of each Preference Share and for each Dividend Period, the Preference Dividend calculated in accordance with the formula contained in clause 9.3.5;

**9.1.46 “Subscription Price”** means, in relation to each Preference Share, the price, including the nominal value and any premium, obtained by the Company for the allotment and issue of that Preference Share to its first holder;

**9.1.47 “Tax”** means any tax, levy, impost, duty or other charge or withholding of a similar nature, levied in accordance with any law and includes any additional tax, penalties and/or interest levied on any such tax, levy, impost, duty or other charge or withholding;

**9.1.48 “Tax Change Event”** means that, as a result of:

9.1.48.1 any amendment in the SA Tax Act (including, without limitation, the replacement of SA Tax Act with different legislation), which occurs after the Tax Reference Date, the Preference Dividends become subject to any SA Tax, other than the Dividends Tax or any other withholding Tax imposed under any law of the Republic of South Africa, in the hands of all the SA Corporates who are Resident Beneficiaries of any Outstanding Preference Shares; or

9.1.48.2 any amendment in any law of the Republic of Malta, the Grand-Duchy of Luxembourg or the Republic of Mauritius (including, without limitation, the replacement of any such a law with different legislation) which occurs after the Tax Reference Date, the Preference Dividends become subject to Tax, imposed by any one of the Republic of Malta, the Grand Duchy of Luxembourg or the Republic of Mauritius, in the hands of all the SA Corporates who are the Resident Beneficiaries of any Outstanding Preference Shares,

and, for clarity, it is specifically recorded that no Tax Change Event shall occur if (i) any amendment envisaged in clause 9.1.48.1 or clause 9.1.48.2 of this Memorandum of Association occurs, but (ii) the effect of such amendment is to subject Resident Beneficiaries who are not SA Corporates to the applicable Tax;

**9.1.49 “Tax Reference Date”** means 1 July 2012;

**9.1.50 “Voting Resolution”** means the resolutions (by the Company) envisaged in clause 9.6.4 of this Memorandum of Association;

**9.1.51 “VWAP”** means, on any particular day, the volume weighted average traded price at which the Preference Shares traded on the JSE for the 15 (fifteen) most recent trading days, provided that in determining such volume weighted average traded price trades which (i) are effected other than through the normal trading systems of the JSE, but (ii) are nevertheless settled through the settlement systems of the JSE, shall be disregarded;

**9.1.52 “ZAR” or “Rand”** means South African Rand, the lawful currency of the Republic of South Africa.

## **9.2 Applicability**

**9.2.1** This clause 9 shall apply to each Preference Share which the Company issues as part of the Preference Share Issue Programme.

**9.2.2** No issue of any shares of any class in the Company’s share capital after the Actual Issue Date on which the Company issues any Preference Share under the Preference Share Issue Program, shall in any manner detract from or vary the rights which attach to the Preference Shares except if the Holders have otherwise approved by the majorities set out in clause 9.6.2.

## **9.3 Dividends**

### **Entitlement**

**9.3.1** Each Preference Share shall entitle its Holder (for onward payment to the relevant Beneficiary in accordance with the agreement between the Beneficiary and Holder) to the Preference Dividends calculated in accordance with the provisions of this clause 9.3.

**9.3.2** The Company shall pay the Preference Dividends only if it has sufficient distributable profits and if a final or interim dividend declaration is made in accordance with Article 17.

**9.3.3** The Preference Dividends shall rank prior to the dividend rights of any other classes of shares in the Company’s share capital (including, but without limitation, the Ordinary Shares).

**9.3.4** After the payment of the Preference Dividends, the Preference Shares shall not be entitled to participate in the remaining profits of the Company.

### **Scheduled Dividends**

**9.3.5** For each Dividend Period and subject to clause 9.3.6 of this Memorandum of Association, each Preference Share shall be entitled to a Scheduled Dividend in an amount equal to the

aggregate of the amounts calculated in respect of each day during that Dividend Period in accordance with the following formula:

$$a = (b + c) \times d$$

in which formula:

a = the amount for the applicable day;

b = the Deemed Issue Price;

c = the Accumulated Dividends in respect of that Preference Share at 17:00, Johannesburg time, on the calendar day immediately preceding the applicable day;

d = if a Dividend Default (i) has not occurred, the Dividend Rate divided by 365 (three hundred and sixty five), or (ii) has occurred, the Default Dividend Rate divided by 365 (three hundred and sixty five).

**9.3.6** If (i) the Scheduled Dividend for a Dividend Period is calculated in accordance with the formula contained in clause 9.3.5 of this Memorandum of Association for any Dividend Period, and (ii) at the time of that calculation no Dividend Default has occurred, but (iii) a Dividend Default occurs after such calculation, the Scheduled Dividend for the applicable Dividend Period shall be recalculated at the Default Rate.

### **Adjustment Events**

**9.3.7** If an Adjustment Event occurs the Company shall:

9.3.7.1 determine whether, as a result of such occurrence (i) Additional Dividends must be declared and paid by the Company in respect of the Outstanding Preference Shares, or (ii) the Applicable Rates must be adjusted;

9.3.7.2 calculate the amount of the Additional Dividends or the adjusted Applicable Rates (as the case may be);

9.3.7.3 publish an announcement (an “**Adjustment Notice**”) on each Exchange Information Service which sets out (i) the details and date of the Adjustment Event which has occurred, and (ii) whether, as a result of such occurrence, it will pay Additional Dividends or whether the Applicable Rates will be adjusted, and (iii) the amount of the Additional Dividends or the adjusted Applicable Rates (as the case may be).

**9.3.8** If the Company becomes obliged to pay Additional Dividends as a result of the occurrence of any Adjustment Event, the Company shall pay those dividends on the later of (i) the next Dividend Payment Date, or (ii) within 30 (thirty) calendar days after the date on which the applicable Adjustment Event occurs.

**9.3.9** If the Applicable Rates must be adjusted as a result of the occurrence of an Adjustment Event, that adjustment shall take effect on the date reasonably determined by the Company (which date may be prior to the date on which the Company publishes the applicable Adjustment Notice).

### **Tax Change Events**

**9.3.10** If a Tax Change Event occurs in relation to any Scheduled Dividend which the Company has already paid in respect of any Outstanding Preference Share, the Company shall pay, in respect of each Outstanding Preference Share, an Additional Dividend calculated in accordance with the following formula:

$$a = [b \div (1 - c)] - b$$

in which formula:

a = the Additional Dividend per Preference Share;

b = the amount of the Scheduled Dividends (in respect of one Preference Share) which has become subject to the applicable Tax; and

c = the rate at which the applicable Scheduled Dividend has become subject to Tax in the hands of those of the Resident Beneficiaries which are SA Corporates.

**9.3.11** If a Tax Change Event occurs, and as a result of such occurrence any Scheduled Dividends which have not yet been paid will become subject to Tax other than the Dividend Tax, each Applicable Rate shall be increased to such a percentage of the Prime Rate as is calculated in accordance with the following formula:

$$a = b \div (1 - c)$$

in which formula:

a = the increased Applicable Rate, expressed as a percentage of the Prime Rate;

b = the Applicable Rate, expressed as a percentage of the Prime Rate, prior to its adjustment in accordance with this clause 9.3.11; and

c = the rate at which the applicable Scheduled Dividends will become subject to Tax in the hands of Resident Beneficiaries which are SA Corporates.

If the Applicable Rates are increased in accordance with this clause 9.3.11, and after such increase the rate (the “**Adjustment Rate**”) envisaged in the definition of “c” above increases or decreases, the Applicable Rates shall, with effect from the date on which the Adjustment Rate increases or decreases, be the rate calculated in accordance with the formula contained in this clause 9.3.11 on the basis that (i) the value of “a” in that formula shall be the Applicable Rates, expressed as a percentage of the Prime Rate, immediately prior to the occurrence of the Tax Change Event, and (ii) the value of “c” in that formula shall be the increased or decreased Adjustment Rate.

#### **Rate Event**

**9.3.12** If a Rate Event occurs, each Applicable Rate shall each be adjusted to such a percentage of the Prime Rate as is determined in accordance with the following formula:

$$a = b \times (1 - d)/(1 - c)$$

in which formula:

a = the Applicable Rate, expressed as a percentage of the Prime Rate, after its adjustment in accordance with this clause 9.3.12;

b = the Applicable Rate, expressed as a percentage of the Prime Rate, prior to its adjustment in accordance with this clause 9.3.12;

c = the Dividends Tax Rate after the occurrence of the applicable Rate Event; and

d = the Dividends Tax Rate prior to the occurrence of the applicable Rate Event.

#### **Payment**

**9.3.13** The Company shall, subject to clause 9.3.2 of this Memorandum of Association, pay -

9.3.13.1 the Scheduled Dividend for each Dividend Period on the first Dividend Payment Date which occurs after that Dividend Period;

9.3.13.2 any Additional Dividends which it becomes obliged to pay, by the date determined in accordance with clause 9.3.8 of this Memorandum of Association; and

9.3.13.3 any Accumulated Dividends which remain as at the Actual Redemption Date on which it redeems any Preference Share, on that Actual Redemption Date.

#### **Distributions in respect of Ordinary Shares**

**9.3.14** The Company shall not make any Distributions in respect of its Ordinary Shares except if it has paid, in full, the Accumulated Dividends (if any) up to the last day of the last Dividend Period which occurs prior to the date on which the Company makes that Distribution.

### **9.4 Redemption and acquisition of own shares**

#### **Non-Redemption by Beneficiaries and Holders**

**9.4.1** Neither the Beneficiaries nor the Holders of the Preference Shares shall be entitled to require the Company to redeem the Preference Shares.

#### **Company Redemption**

**9.4.2** All (but not some) of the Outstanding Preference Shares may be redeemed at the option of the Company by not later than 31 December 2512 in any of the following circumstances:

9.4.2.1 an Adjustment Event occurs and, as a result of such Adjustment Event (i) the Company becomes obliged to pay any Additional Dividends, or (ii) the Applicable Rates are increased; or

9.4.2.2 a Regulatory Event occurs and, as a result of such occurrence, the raising of funding by the Company by means of the issue of the Preference Shares becomes more expensive for the Company or any of its shareholders; or

- 9.4.2.3 the Preference Shares vote against any Voting Resolution, other than any Voting Resolution envisaged in clause 9.6.4.5 of this Memorandum of Association; or
- 9.4.2.4 an Acquisition of Control occurs.

**9.4.3** If the Company does not redeem the Preference Shares by 31 December 2512, the Preference Shares will automatically become entirely non-redeemable with effect from 1 January 2513.

#### **Procedure**

**9.4.4** If the Company wishes to redeem the Outstanding Preference Shares pursuant to the Company Redemption Provisions:

- 9.4.4.1 the Company shall publish, on each Exchange Information Service, an announcement (a “**Redemption Announcement**”) which sets out (i) the grounds on which the Company is entitled to redeem the Outstanding Preference Shares, and (ii) the date (the “**Company Redemption Date**”) on which the Company will redeem the Outstanding Preference Shares, the Company Redemption Date to be the first Dividend Payment Date which occurs after the publication of the Redemption Announcement or, if that first Dividend Payment Date will occur within 10 (ten) Business Days after the publication of the Redemption Announcement, the second Dividend Payment Date which occurs after that publication;
- 9.4.4.2 the publication of a Redemption Announcement shall be revocable at the instance of the Company and shall not oblige the Company to redeem the Outstanding Preference Share whether on the Company Redemption Date set out in that Redemption Announcement or on any other date (but the Company shall not redeem some of the Outstanding Preference Shares without at the same time redeeming all the Outstanding Preference Shares); and
- 9.4.4.3 if the Company publishes a Redemption Announcement and thereafter elects not to redeem the Outstanding Preference Shares the Company shall (i) make an announcement to such effect on each Exchange Information Service prior to the Company Redemption Date set out in the Redemption Announcement, and (ii) not thereafter be entitled to redeem the Outstanding Preference Shares without again publishing a Redemption Announcement.

#### **Actual Redemption Date**

**9.4.5** If the Company elects to redeem the Outstanding Preference Shares the Company shall, on the applicable Company Redemption Date, pay the Redemption Amount of each Outstanding Preference Share to each Holder (for onward payment to the Beneficiary of that Preference Share).

#### **Acquisition of Own Shares**

**9.4.6** The Outstanding Preference Shares may be acquired by the Company pursuant to Article 3(1) of the Articles of Association.

### **9.5 Return of capital**

**9.5.1** On the liquidation of the Company, each Preference Share shall confer on its Holder (for onward payment to the relevant Beneficiary in accordance with the agreement between the Holder and Beneficiary) a right to a return of capital in an amount equal to the Redemption Amount of that Preference Share calculated up to the day on which that return of capital is paid.

**9.5.2** The Preference Shares’ rights to a return of capital shall rank prior to the rights to a return of capital of all other classes of shares in the Company share capital including, but without limitation, the Ordinary Shares.

**9.5.3** Save as envisaged in clause 9.5.1 of this Memorandum of Association, the Preference Shares shall not be entitled to participate in the Company’s excess assets on its liquidation.

### **9.6 Voting**

#### **Company NAV**

**9.6.1** The Company NAV shall, if the Company has:

- 9.6.1.1 published its net asset value as at the last day of its most recent financial quarter on each Exchange Information Service, be the net asset value thus published by the Company; or



9.6.1.2 not published its net asset value as envisaged in clause 9.6.1.1, be the Company's net asset value as determined by the Company with reference to its most recent audited financial information,

and if clause 9.6.2 applies the Company shall publish an announcement on each Exchange Information Service which sets out the Company's determination of the Company NAV.

### **Voting Rights**

**9.6.2** The Holders shall not have the right to attend, vote at or receive notice of general meetings of the Company, except in respect of the Voting Resolutions. In relation to the Voting Resolutions other than the Voting Resolution contained in clause 9.6.4.5 of this Memorandum of Association -

9.6.2.1 the Preference Shares shall vote as a separate class;

9.6.2.2 in such a vote each Outstanding Preference Share shall carry one vote; and

9.6.2.3 no such Voting Resolution shall be carried except if passed by an extraordinary resolution pursuant to which at least 75% (seventy five *per centum*) of the votes exercisable by all the Holders who attend and vote at the meeting convened to consider that Voting Resolution have voted in favour thereof and at least 51% (fifty one *per centum*) in nominal value of all the shares entitled to vote at the meeting have voted in favour thereof.

**9.6.3** In relation to any Voting Resolution envisaged in clause 9.6.4.5 of this Memorandum of Association:

9.6.3.1 the Preference Shares shall not vote as a separate class but shall vote together with the other shareholders;

9.6.3.2 each Preference Share shall confer on its Holder such a percentage of the votes exercisable in relation to that resolution as is equal to the ratio, expressed as a percentage, of the nominal value of that Preference Share to the aggregate of the nominal values of all the issued shares of all classes in the Company's share capital.

### **Voting Resolutions**

**9.6.4** The Voting Resolutions are any resolution proposed at a general meeting of the Company:

9.6.4.1 which directly affects the rights of the Preference Shares;

9.6.4.2 which is required to approve of (i) the reduction of the Company's share capital of any class, or (ii) the making of a Distribution, if that resolution will have the effect that:

9.6.4.2.1 the Company NAV will be less than R10 000 000 000 (ten billion Rand) after the resolution is implemented; or

9.6.4.2.2 the ratio of (i) the aggregate of the Deemed Issue Prices of all the Outstanding Preference Share, to (ii) the Company NAV after that resolution has been implemented, is equal to or more than 10% (ten *per centum*); and

9.6.4.3 to delist the Company's Ordinary Shares;

9.6.4.4 after an Acquisition of Control has occurred if that resolution, if implemented, will result in the conclusion of a transaction by the Company, the value of which is equal to or exceeds 25% (twenty five *per centum*) of the Company NAV.

9.6.4.5 during any period which (i) commences on the date 90 (ninety) days after the date on which the Company declared any Preference Dividends, and (ii) ends on the date on which those Preference Dividends are paid.

### **Non-Implementation**

**9.6.5** If (i) the Company proposes a Voting Resolution other than any Voting Resolution envisaged in clause 9.6.4.5 of this Memorandum of Association, and (ii) the Holders vote against that resolution:

9.6.5.1 the Company shall be entitled to elect to redeem the Outstanding Preference Shares in accordance with the Company Redemption Provisions; and

9.6.5.2 the Company shall not implement that Voting Resolution until it has redeemed the Outstanding Preference Share in terms of the Company Redemption Provisions.

## **9.7 Non-variation**

In accordance with Article 116 of the Companies Act, no change of the Preference Shares into another class and no variation of the rights attached to the Preference Share (which variation shall include the issue of any class of shares ranking in priority to the Preference Shares either in relation to dividends or in relation to returns of capital on a liquidation) shall take place unless such change or variation is consented to by means of an extraordinary resolution (as described in Article 20 of the Articles of Association) passed at separate meetings of the Preference Shares and of any other class of shares affected thereby.

**The remaining clauses of the Memorandum of Association are renumbered with the existing clauses 9, 10 and 11 becoming clauses 10, 11 and 12.**

### **Amendments to the Articles of Association**

**Article 3(f) shall be deleted in its entirety and replaced with the following:**

“If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of that class of shares and of any other class affected thereby. To every such separate general meeting the provisions of these Articles relating to general meetings shall apply.”

**Article 3(l) shall be deleted in its entirety and replaced with the following:**

“The Company is authorised to acquire its own shares, including the Preference Shares, in terms of Article 106 of the Act.”

**Article 11 (a) shall be deleted in its entirety and replaced with the following:**

“Notice of any general meeting shall be given to all Members of the Company who have the right to attend and vote at the said meeting, to all Directors and to the auditors of the Company.”

**Article 12(d) shall be deleted in its entirety and replaced with the following:**

“Except as provided for in clause 9 of the Memorandum of Association, each share shall entitle the Member to one (1) vote.”

## INFORMATION ON BRAIT SUBSIDIARIES

Reserves and issued capital as at 31 March 2012, per latest audited results. The results of the subsidiaries mentioned below were taken into account for purposes of preparing Brait's consolidated accounts, attached as Annexure 1.

	<b>Brait South Africa Limited</b>	<b>Capital Partners Group Holdings Limited</b>	<b>Brait Malta Limited</b>
<b>Subsidiary name</b>			
<b>Registered office</b>	2nd Floor, The Zone II 177 Oxford Road Rosebank, 2196	10th Floor, Raffles Tower 19 Cybercity Ebene, Mauritius C/o DTOS Ltd	4th Floor, Avantech Building St Julian's Road, San Gwann SGN2805, Malta
<b>Field of activity</b>	Investment Manager	Investment Holding Company	Investment Holding Company
<b>Proportion of capital held</b>	100%	100% held through Brait Malta Limited	100%
<b>Issued capital</b>	Ordinary Shares ZAR1 648 973 (ZAR2.00 nominal value each)	Ordinary Shares US\$38 043 116 (US\$1 nominal value each)	Ordinary Shares US\$159 999 (US\$0.01 nominal value each)
<b>Reserves at 31 March 2012</b>	Including Equity (ZAR) 301.4 million Distributable reserves (ZAR) 478.5 million	Including Equity (ZAR) 6 693.1 million Distributable reserves (ZAR) 108.1 million	Including Equity (US\$) 1 194.4 million Distributable reserves (US\$) 0.03
<b>Profit/(Loss) for the year ended 31 March 2012</b>	ZAR52.7 million	US\$2 603.3 million	(US\$0.02 million)
<b>Value in Brait's books as at 31 March 2012</b>	€47 812 714	US\$1 189.2 million	€894 831 576
<b>Amounts outstanding on paid-up shares</b>	R nil	R nil	R nil
<b>Dividends received in last financial year</b>	R nil	R nil	R nil
<b>Amount of debts owed to subsidiary (as at 31 March 2012)</b>	R nil	R nil	R nil
<b>Date and place of incorporation</b>	South Africa; 26 October 1960	Registered by continuation in the Republic of Mauritius on 12 January 2006	Malta; 13 May 2010
<b>Date on which the company became a subsidiary of Brait</b>	30 September 2003	12 January 2006	13 May 2010
<b>Date on which the company listed on the JSE</b>	Not listed	Not listed	Not listed

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## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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**The following section deals with the corporate governance of the Brait Group:**

Good corporate governance is integral to Brait and incorporates sound business principles and best practice. The Board recognises the need to conduct the business with integrity and according to generally accepted and best international corporate practices. While compliance with formal standards is important, emphasis is placed on effectiveness, particularly in relation to the business of Brait, with substance prevailing over form.

Brait is governed by its Corporate Governance Charter which describes the duties and responsibilities of the Board and its committees. The Corporate Governance Charter is based on The 10 Principles of Corporate Governance of the Luxembourg Stock Exchange which are:

<b>Corporate governance framework</b>	The Company will adopt a clear and transparent corporate governance framework for which it will provide adequate disclosure.
<b>Duties of the Board</b>	The Board will be responsible for the management of the Company. It will act in the best interests of the Company and will protect the general interests of its stakeholders by ensuring the sustainable development of the Company.
<b>Composition of the Board and the special committees</b>	The composition of the Board will be balanced so as to enable it to take well-informed decisions. It will ensure that any special committees necessary for it to properly fulfil its duties are set up.
<b>Appointment of directors and executive managers</b>	The Company will establish a formal procedure for the appointment of non-executive Directors.
<b>Conflicts of interest</b>	The directors will take decisions in the best interests of the Company and will refrain from taking part in any deliberations or decisions that create a conflict between their personal interests and those of the Group.
<b>Evaluation of the performance of the Board</b>	The Board will regularly evaluate its performance and its relationship with the investment management companies.
<b>Investment management function</b>	The Board will operate as the investment committee for the Group and have final approvals on all investment decisions. It has delegated certain of the day-to-day operations by entering into investment management advisory and sub-advisory agreements with CPGHL and BSAL respectively to clearly define the its duties of and delegate to it the necessary powers for the proper discharge of these duties.
<b>Remuneration policy</b>	The Company will secure the services of good quality directors and investment management companies by means of a suitable remuneration policy that is compatible with the long-term interests of the Company.
<b>Financial reporting, internal control and risk management</b>	The Board will establish strict rules, designed to protect the Group's interests, in the areas of financial reporting, internal control and risk management.
<b>Stakeholders</b>	The Company will respect the rights of its stakeholders and ensure they receive equitable treatment. The Company will establish a policy of active communication with its stakeholders.

The Board confirms that it has complied with all the 10 principles above.

### **Policies and objectives**

The change in the Brait business model on 4 July 2011 to an investment holding company has resulted in an alignment of the Group governance structures.

The new model has seen the restructuring of the format of the Board of Directors into a European style investment vehicle which is made up exclusively of non-executive Directors whose primary responsibility is to oversee the Company's strategy and investment management functions. In line with this restructuring, the Company has entered into an investment advisory and services agreement with CPGHL in terms of which CPGHL is mandated to perform certain investment advisory services to the Company. CPGHL has entered into an advisory and services agreement with BSAL in terms of which BSAL is mandated to perform certain investment advisory services to CPGHL. Market related fees are paid in terms of both agreements.

## **Compliance, legislation and regulation**

The Brait Group operates in highly regulated environments. Accordingly, regulatory and legislative compliance over the conduct of business are of utmost importance to the Group as well as maintaining good working relationships with the regulators in the various jurisdictions the Group has operations in.

Responsibility for compliance oversight falls within the Group risk management framework and functions independently, with a direct reporting line to the chairman of the Group Audit and Risk Committee.

## **Risk management and internal control.**

Whilst the responsibility for the Group's risk management, including its systems of internal financial and operational control is that of the Board, this is specifically monitored by the Group Audit and Risk Committee. The foundation for the Group's internal control process is found in its governance principles, which incorporate ethical behaviour, compliance legislation and sound accounting practice.

The control systems include clearly defined lines of accountability and delegation of authority, and provide for full reporting and analysis against approved budgets. The investment advisory management company is responsible for determining the adequacy, extent and operation of these systems and reporting back to the Board. In this regard, the Board is of the opinion that Brait's existing systems provide reasonable assurance that its assets are protected against material loss or unauthorised use and transactions are properly authorised and documented.

## **Internal audit**

The Group's internal audit function operates in accordance with its Internal Audit Charter, which is in line with the requirements of the Institute of Internal Auditors. The Charter formally defines the purpose, authority and responsibility of the internal audit function, and is approved by the Group Audit and Risk Committee.

The internal audit function reports directly to the Chairman of the Audit and Risk Committee and has full and unrestricted access to the Chairman of the Board.

All business operations, including significant enterprise-wide related processes, are subject to regular internal audit reviews. Material or significant control weaknesses and planned corrective action are reported to the Group Audit and Risk Committee. These issues are monitored to ensure that agreed corrective action has been implemented. Overdue issues are reported to the Group Audit and Risk Committee on each occasion that it meets.

The internal audit function is risk rather than compliance based and conducts an annual formal enterprise-wide risk assessment, based on inherent risk and the Board's assessment of residual risk. A comprehensive risk-based annual audit plan is derived from this assessment, which identifies areas of focus based on the relative degree of the inherent risks identified during this process. The annual audit plan is approved by the Group Audit and Risk Committee and is regularly reviewed to ensure that it remains relevant given any changes to Brait's business and the operating environment within the Group. Any changes to the audit plan are approved by the Group Audit and Risk Committee.

KPMG are the Group's internal auditors to ensure that this function is independent of the investment advisory management function in addition to ensuring that the Group complies with international best practice.

## **External audit**

The Group's external auditors are Deloitte Audit Limited of Malta. The independence of the external auditors is recognised and reviewed with the auditors by the Group Audit and Risk Committee on an annual basis. The Group Audit and Risk Committee meets with the external auditors to review the scope of the external audit, budgets and any other matters arising. The external auditors attend the Audit and Risk Committee meetings and have unrestricted access to the Chairman of the Group Audit and Risk Committee.

## **Business integrity and conduct**

The Group subscribes to a corporate ethos which requires members of the Group to adopt the highest personal ethical standards in dealing with all stakeholders in the conduct of the Group's affairs. The principles to which each individual subscribes include integrity, openness, accountability, impartiality and honesty and are embedded in the Group's Code of Conduct.

Brait maintains a zero-tolerance approach to unethical or dishonest behaviour. The Board believes that there has been no material non-adherence to these principles during the year under review.

In accordance with Brait's policies, no donations were made to any political parties, by any of the companies within the Group, during the year under review.

### The environment, health and safety

While Brait's direct activities do not pose any significant threat to the environment in which it operates, Brait continues to strive to be carbon neutral and seeks to invest in businesses which conform to environment standards.

### Share dealings

The Group maintains a register of notified transactions and all persons are required to notify the Company Secretary in advance of any trading in Company shares, any form of Company securities on any of its listed stock exchanges or trading in any derivative involving Company securities, whether listed or unlisted. Details of directors' dealings in Brait shares are disclosed to the Board and to the public through its annual report.

### Directors' dealings for the year and interests in the Company's Ordinary Shares as at 31 March 2012:

Director	Number of shares						Value of net transaction (ZAR)	
	Opening balance: 1 April 2011		Net transactions during the year Purchases/ (Sales)	Closing balance: 31 March 2012		Total		
	Direct beneficial	Indirect beneficial		Direct beneficial	Indirect beneficial			
P J Moleketi	-	-	-	-	-	-	-	
A C Ball	45 457	4 119 973	4 165 430	7 918 206	-	11 363 363	11 363 636	117 078 616
C D Keogh	-	-	-	19 650	19 650	-	19 650	324 725
R J Koch	75 000	220 700	295 700	611 100	300 000	606 800	906 800	10 083 150
C S Seabrooke	-	600 000	600 000	900 000	-	1 500 000	1 500 000	14 850 000
R Schembri	-	-	-	-	-	-	-	-
H R W Troskie	-	50 000	50 000	-	-	50 000	50 000	-
S J P Weber	50 000	-	50 000	-	50 000	-	50 000	-
Dr C H Wiese	-	3 250 016	3 250 016	171 646 761	-	174 896 777	174 896 777	2 859 041 385
<b>Total</b>	<b>170 457</b>	<b>8 240 689</b>	<b>8 411 146</b>	<b>180 375 717</b>	<b>369 650</b>	<b>188 417 213</b>	<b>188 786 863</b>	<b>3 001 377 876</b>

## **Communication with Stakeholders**

Brait places a high premium on the quality of its relationships with its individual and institutional stakeholders. The Company has a policy of active communication with the stakeholders. All shareholders receive a copy of the Group's Annual Report as well as having an open invitation to the Group's presentation of its annual and interim results as advertised on its website. The Group is committed to regular dialogue and transparency in its relations with shareholders, and provides individual shareholders with regular and interactive information.

The Brait website, [www.brait.com](http://www.brait.com), also provides a helpful source of information about the Brait Group for its shareholders. Its practical structure allows quick access to information on the Group, its activities, latest news and the Brait share price. The site also provides access to all the Group's main publications such as annual reports and the interim reports that are released in October each year, as well as press releases and information letters to shareholders. Financial notices concerning the Company including dividend notices, rights issues, capital increases as well as notices for general meetings are published on the Exchange Information Services.

All shareholders are invited to the Company's annual general meeting (AGM) which is held in the last week of July each year in Malta. Shareholders who cannot attend are allowed to vote in absentia through proxies. Agendas and resolutions for the AGM are communicated at least 21 days before the meeting.

Any shareholder holding at least 5% of the Company's shares may submit proposals to the Board concerning the agenda for the AGM, provided that this should reach the Board at least two months prior to the meeting.

The Chairman undertakes to respond to questions asked at the AGM except where the answer might seriously harm the Group, its shareholders or its personnel.

## **Governance structures**

### **Board of Directors**

Brait on 4 May 2011 adopted a European style investment committee Board which is 100% non-executive. The Board is headed by a non-executive Chairman. The Board retains the main authority and function of overseeing the Company's strategy and investment management functions, including making the final decision on all investment-related activities.

Brait is governed by its Corporate Governance Charter which describes the duties and responsibilities of the Board of Directors and its committees.

### **Power and duties of the Board**

The Board has full power to perform all such acts as are necessary or useful to further the objects of the Group.

To carry out its responsibilities regarding strategy and general policy, the Board:

- is responsible for approving Group strategy and setting the acceptable level of risk for the Group, together with key policies;
- should prepare (or cause to be prepared) the annual financial statements, budgets and periodic accounts;
- has the widest power to carry out any acts of management or of disposition that shall interest the Group. All that acts are not expressly reserved for the shareholders in general meeting by law or by the Company's Articles of Association is *intra vires* the responsibility of the Board;
- meets at least four times a year;
- defines and delegates specific responsibility and authority to the Board and investment management functions of the Group;
- ensures that its obligations towards its stakeholders are understood and met, and reports to the stakeholders on how it has fulfilled its responsibilities; and
- also gives proper consideration to its code of business ethics. Brait has a Code of Ethics which has been approved by the Board and circulated to all members of the Group.

### **Appointment of Directors**

In terms of the Articles, the Directors' terms of office may be for a period of up to six years from the date of appointment. Due to Luxembourg law requirements which applied upon the migration of the Company to Malta, the term of office of the current Directors expires at the forthcoming AGM and they shall all be nominated for re-election.

All Directors must be willing and able to fulfil their duties. Before each meeting, each Director receives a Board pack with supporting information on all key decisions to be made. All Directors are expected to engage in constructive and critical discussion of the strategy and key policies to ensure no single Director or group of Directors dominates decision-making.

The Board elects a chairman whose principal function is to preside over meetings of the Board and ensure optimal decision-making and good governance. His duties include the following:

- The appointment, monitoring and evaluation of the Board and Directors.
- Determining, with input from other Directors, an annual plan for the Board.
- Acting as main informal link between the Board and the investment advisory companies.
- Ensuring that all Directors play a constructive role and initiating their removal if they do not.

#### **Skills and training of Directors**

Directors are elected on the basis of their abilities and the contribution they can make to the administration of the Company. Criteria for selection include the following:

- Entrepreneurial flair.
- Strategic, analytical and communication skills.
- An ability to appreciate the wider business perspective.
- Honesty and integrity in personal and business dealings.
- Readiness to objectively challenge and critique in the best interests of the Company.
- Willingness to commit to good governance.
- Does not have any conflict of interest with the Company and maintains his or her independence from the Company.

In order to acquire a thorough understanding of the Group, Directors undertake an induction process which includes visiting Brait's operations; familiarisation with the functions of the Company, Board and various committees as well as an introduction to key internal and external individuals such as business unit heads, and internal and external auditors.

Directors have ongoing education in whatever area they need in order to be able to make effective decisions. They keep themselves up to date with changes in relevant legislation and regulations.

#### **Evaluation of the performance of the Board**

The Board regularly evaluates its performance and its relationship with the investment advisory management companies. The Chairman is responsible for the Board's self-evaluation process. It occurs at least once a year and evaluates both the Board's and each individual Director's performance. A similar evaluation is carried out by each committee of the Board.

#### **Board meeting attendance**

Serving members of the Brait SE Board, during the year and to the reporting date, and their attendance at Board meetings, are as follows:

<b>Non-executive Directors</b>	Date of appointment	Date of resignation	Number of meetings attended during the year	Attendance record
P J Moleketi ( <i>Chairman</i> )	7 September 2009		4/4	100%
A C Ball	29 July 1998		4/4	100%
C D Keogh	28 July 2010		3/3	100%
R J Koch	29 July 1998		4/4	100%
C S Seabrooke	19 June 2009		4/4	100%
H R W Troskie	27 July 2005		4/4	100%
R Schembri	30 March 2012		0/0	N/A
S J P Webber	28 May 2001		3/4	75%
C H Wiese	4 May 2011		4/4	100%



## **Company Secretary**

Bryan Moyer is the Company Secretary. He is suitably qualified and has access to the Brait secretarial resources.

The Company Secretary is responsible for:

- the minute book of general meetings of the Company;
- the minute book of the meeting of the Board of Directors;
- the register of members;
- the register of debentures; and
- such other registers and records as the Company Secretary may be required to keep by the Board of Directors.

In the case of listed securities, the Company Secretary is entitled to rely fully on the information supplied to him by the Central Securities Depository, if any, to whom duties have been delegated by the Directors in accordance with the Articles.

The Company Secretary is to:

- ensure that proper notices are given of all meetings;
- ensure that all returns and other documents of the Company are prepared and delivered in accordance with the requirements of the Companies Act.

The functions of the Company Secretary, provision of registered office and registrar are overseen by Maitland Malta. They are responsible for:

- ensuring compliance with all Board procedures;
- ensuring that the Directors have access to the advice and services of the Company Secretary;
- assisting with the Director induction and training programmes;
- assisting with the appointment of Directors;
- guiding the Board on the duties of Directors and good governance;
- ensuring that Board and committee documents are kept up to date;
- preparing and circulating Board papers; and
- preparing and circulating minutes of Board and committee meetings.

## **Board committees**

Certain responsibilities of the Board have been delegated to Board committees to assist and enable the Board to properly discharge its duties and responsibilities. These committees comprise the Group Audit and Risk Committee, the Remuneration Committee and the Nominations Committee, all of which operate under written terms of reference confirmed by the Board. *Ad hoc* committees are also mandated to attend to specific business matters from time to time. The existence of these committees does not reduce the overall responsibility of the Board and, therefore, all committees must report and make recommendations to the Board. All Board committees are chaired by an independent non-executive Director and are free to obtain independent external professional advice in the carrying out of their duties as and when required.

## **Group Audit and Risk Committee**

The Group Audit and Risk Committee has a minimum of three members all of whom are independent non-executive Directors, including the Chairperson. Representatives from CPGHL and BSAL are required to attend meetings of the committee and other non-members, internal and external auditors, attend meetings by invitation.

## Membership and meeting attendance

Serving members of the Group Audit and Risk Committee, the date of their appointment and their attendance at the meetings are as follows:

<b>Members</b>	Date of appointment	Date of resignation	Independent	Number of meetings attended during the year	Attendance record
C S Seabrooke ( <i>Chairman</i> )	19 June 2009		Yes	4/4	100%
C D Keogh	28 July 2010		Yes	4/4	100%
H R W Troskie	20 May 2008		Yes	4/4	100%
R Schembri	30 March 2012		Yes	0/0	N/A

## Objectives, duties and primary functions/responsibilities

The Group Audit and Risk Committee's primary objective is to provide the Board with additional assurance regarding the quality and reliability of the financial information used by the directors and to assist them in the discharge of their duties.

Specific responsibilities in terms of the Charter of the Group Audit and Risk Committee include:

- providing satisfaction to the Board that adequate and appropriate financial and operating controls are in place;
- ensuring compliance with appropriate standards of governance, reporting and other regulations;
- reviewing and approving internal audit, risk and compliance policies, reports and findings;
- ensuring that significant business, financial and other risks have been identified and are being managed; and
- reviewing and recommending to the Board the adoption of the interim and annual financial statements.

The Group Audit and Risk Committee has satisfied its terms of reference for the year under review.

Issues relating to accounting, auditing, internal control and financial reporting matters are discussed with the Group's external auditors at meetings convened on a periodic basis. Both the internal and external auditors are afforded unrestricted access to the Group Audit and Risk Committee.

At certain meetings, time is reserved for separate discussions with the committee together with representatives of CPGHL and BSAL (excluding the external auditors) and the committee together with the external auditors (excluding CPGHL and BSAL representatives). These separate discussions provide an opportunity for all parties to communicate privately and independently.

The internal and external auditors have unrestricted access to the Group Audit and Risk Committee, ensuring that their independence is maintained at all times.

## Remuneration Committee

The Remuneration Committee has a minimum of three members of whom at least two, are independent non-executive Directors. The Remuneration Committee has a charter and is primarily responsible for the remuneration strategy for the Group and meets regularly to consider annual reviews, remuneration issues, incentives and policy matters.

### Membership and meeting attendance

The serving members, the date of their appointment, and attendance at the Remuneration Committee meetings are as follows:

<b>Members</b>	Date of appointment	Date of resignation	Independent	Number of meetings attended during the year	Attendance record
C H Wiese ( <i>Chairman</i> )	4 May 2011		No	2/2	100%
P J Moleketi	7 September 2009		Yes	2/2	100%
A C Ball	4 May 2011		No	2/2	100%
R J Koch	9 September 1998		Yes	1/1	100%
C D Keogh	28 July 2010	4 May 2011	Yes	1/1	100%
C S Seabrooke	19 June 2009		Yes	2/2	100%

### Nominations Committee

The Nominations Committee should comprise at least three directors, of whom two should be independent non-executive Directors. The committee has a charter and the authority to supervise and review the affairs of Brait as they relate to Board and committee composition and leadership, Board evaluations and senior executive appointments. The committee meets at least twice a year and may hold additional *ad hoc* meetings when required.

<b>Members</b>	Date of appointment	Date of resignation	Independent	Number of meetings attended during the year	Attendance record
P J Moleketi ( <i>Chairman</i> )	7 September 2009		Yes	2/2	100%
C H Wiese	4 May 2011		No	2/2	100%
C S Seabrooke	19 June 2009		Yes	2/2	100%
A C Ball	4 May 2011		No	2/2	100%
R J Koch	1 April 2007	4 May 2011	Yes	1/1	100%

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**BRAIT ORDINARY SHARE PRICE HISTORY ON THE LUXSE**


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	<b>High (EUR)</b>	<b>Low (EUR)</b>	<b>Close (EUR)</b>
<b>Monthly</b>			
<b>2009</b>			
July	2.36	1.99	2.36
August	2.38	2.06	2.37
September	2.57	2.37	2.51
October	2.67	2.36	2.37
November	2.51	2.29	2.38
December	2.84	2.38	2.84
<b>2010</b>			
January	2.94	2.68	2.77
February	2.82	2.51	2.61
March	2.78	2.60	2.74
April	2.89	2.67	2.83
May	3.08	2.63	2.93
June	3.12	2.73	3.02
July	3.15	2.95	3.15
August	3.15	2.78	2.86
September	3.06	2.78	3.01
October	3.58	3.01	3.48
November	3.65	3.42	3.45
December	3.68	3.36	3.65
<b>2011</b>			
January	3.89	3.11	3.17
February	3.27	3.03	3.24
March	3.24	2.54	2.78
April	2.84	2.70	2.84
May	2.85	1.66	1.73
June	1.81	1.68	1.69
July	1.88	1.69	1.82
August	1.83	1.59	1.76
September	1.76	1.53	1.60
October	1.73	1.59	1.73
November	1.81	1.63	1.74
December	1.90	1.73	1.90
<b>2012</b>			
January	1.97	1.89	1.95
February	2.15	1.95	2.11
March	2.13	1.99	2.04
April	2.41	1.99	2.39
May	2.40	2.21	2.33
June	2.55	2.29	2.44

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**BRAIT ORDINARY SHARE PRICE HISTORY ON THE JSE**


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	<b>High (ZAR)</b>	<b>Low (ZAR)</b>	<b>Close (ZAR)</b>	<b>Volume weighted average price (ZAR)</b>
<b>Monthly</b>				
<b>2009</b>				
July	18.50	15.69	18.50	16.70
August	19.42	16.50	18.50	17.04
September	19.10	17.80	19.00	18.54
October	20.00	18.00	18.45	18.76
November	18.70	17.00	17.93	17.75
December	21.00	17.93	21.00	19.18
<b>2010</b>				
January	22.00	20.00	21.00	21.25
February	21.35	18.96	20.00	20.34
March	20.70	19.75	20.15	20.06
April	21.70	19.50	20.80	20.36
May	23.40	20.79	22.50	22.11
June	23.60	21.20	23.05	22.68
July	24.35	22.10	23.00	23.02
August	22.45	20.30	21.50	21.35
September	21.51	19.75	21.00	20.04
October	25.00	21.10	24.20	23.40
November	25.39	23.63	24.30	24.82
December	24.50	23.03	24.20	23.84
<b>2011</b>				
January	27.99	21.95	22.90	24.36
February	23.65	21.30	22.50	22.64
March	22.50	17.48	18.75	19.24
April	18.90	18.15	18.70	18.72
May	18.80	16.21	16.99	16.73
June	17.50	16.41	16.54	16.75
July	18.11	16.50	17.50	17.40
August	17.80	16.24	17.76	16.93
September	18.00	16.71	17.60	17.42
October	19.07	17.20	19.00	18.14
November	20.06	18.35	19.00	19.21
December	20.10	18.70	19.95	19.56
<b>2012</b>				
January	20.21	19.64	20.00	20.00
February	21.95	19.92	21.12	20.59
March	21.39	20.20	20.81	20.83
April	24.74	20.60	24.35	22.58
May	25.28	23.36	24.69	23.91
June	26.95	24.02	25.98	25.70



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## PRIVATE PLACEMENT APPLICATION FORM

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### **BRAIT SE**

(Formerly "BRAIT S.A.")  
(Registered in Malta as a European Company)  
(Registration number SE-1)  
Listed in Luxembourg and South Africa  
Share code: BAT ISIN: LU0011857645  
("Brait")

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The definitions and interpretations set out in Part 4 (Glossary of Defined Terms) of the Pre-listing Statement to which this application form is enclosed, apply to this application form unless otherwise stated.

In respect of the Offer for Subscription of cumulative, non-participating Preference Shares with a nominal value of Euro 0.01 (zero point zero one Euro) each in the share capital of Brait ("Preference Shares").

**The Offer for Subscription is only made to and may only be applied for by Qualifying Investors, being (i) those South African persons named in section 96(1)(a) of the SA Companies Act, or (ii) a single South African addressee acting as principal where the Subscription Consideration payable by such addressee is not less than R1 000 000. Brait will reject any application that does not comply with this condition.** It is the responsibility of the applicant to ensure that he is legally entitled to apply for the Offer for Subscription.

Please refer to the instructions at the end of this application form before completing this application form.

#### **Applications for certificated Preference Shares**

In respect of those applicants applying for certificated Preference Shares, application forms must be submitted via email to the representative of the Arranger, namely Daniella Keet ("Arranger's Representative") to the email address stated below, to be received by not later than 17:00 on 30 July 2012.

**N.B. The Preference Shares will only be traded on the LuxSE and the JSE in electronic form and, as such, applicants who apply for certificated Preference Shares will have to dematerialise their certificated Preference Shares should they wish to trade therein.**

#### **Applications for dematerialised Preference Shares**

In respect of those applicants applying for dematerialised Preference Shares, application forms must be sent to the applicants' duly appointed CSDP or broker, in the manner and time stipulated in the agreement governing their relationship with such CSDP or broker, together with the method of payment as stipulated in such agreement.

The CSDP or broker must submit the application form via email to the Arranger's Representative to the email address stated below, to be received by not later than 17:00 on 30 July 2012.

#### **Delivery of application form**

This application form must be emailed to the Arranger's Representative namely, Daniella Keet at RMB (at the email addresses stated below) by no later than 17:00 on 30 July 2012.

#### **Daniella Keet, RMB**

Tel: +27 11 282 1272

Email: daniella.keet@rmb.co.za

Successful applicants will be informed of their final allocation via email on 30 July 2012 by 17:00.

#### **Payment for the Subscription Consideration**

Each successful applicant must, after being notified of their allocation of Preference Shares:

- in the case of applications for certificated Preference Shares, pay the Subscription Consideration as advised by the Arranger's Representative, in Rands, into the designated account of Brait, the account details for which can be obtained from the Arranger's Representative. Proof of payment must be received by the Arranger's

Representative at the email address stated above by no later than 12:00 on Tuesday, 31 July 2012. On the Listing Date, the share certificates will be sent by registered post to the applicant's address provided below, at the applicant's own risk.

- in the case of applications for dematerialised Preference Shares, instruct their CSDP or broker to pay the Subscription Consideration, as advised by the Arranger's Representative, in Rands, to their relevant CSDP as required by their mandate. On the Listing Date, the Preference Shares allocated to the applicant will be credited to the applicant's CSDP's account or broker's account against payment of the Subscription Consideration during Strate's settlement runs which occur throughout the day.

**NO LATE APPLICATIONS WILL BE ACCEPTED UNLESS APPROVED BY THE DIRECTORS IN THEIR SOLE DISCRETION.**

**Reservation of rights and exclusion of liability**

The Directors reserve the right to accept or refuse any application(s), either in whole or in part, or to pro rate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

The Directors of Brait reserve the right to accept or decline any application, in whole or in part, particularly if the instructions overleaf and as set out in the Pre-listing Statement are not properly complied with.

The allocation of the Preference Shares to be issued in terms of the Offer for Subscription will be made on an equitable basis as determined by the Arranger, after consultation with Brait, which allocation will be ratified by the Board.

Brait accepts no responsibility and will not be liable for the correctness of any allocation of the Preference Shares pursuant to payment of the Subscription Consideration being made or alleged to have been made by way of electronic transfer due to proof of such payment not being received or purported proof of such payment being insufficient or defective or for Brait, for any reason, not being able to reconcile a payment or purported payment with a particular application for Preference Shares.

**To the Directors of Brait:**

I/We, the undersigned, confirm that I/we am/are a Qualifying Investor (as defined in Part 4 of the Pre-listing Statement (Glossary of Defined Terms)) and have full legal capacity to contract and, having read the Pre-listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned number of Preference Shares in Brait or any lesser number that may, in your absolute discretion, be allotted to me/us.

I/We understand that the issue of Preference Shares in terms of the Pre-listing Statement is conditional on the Listing of the Preference Shares by **6 August 2012**, or such later date as the Directors may determine.

Dated \_\_\_\_\_

Telephone number (office hours) (      ) \_\_\_\_\_

Cellphone number \_\_\_\_\_

Signature \_\_\_\_\_



<b>A: SOUTH AFRICAN RESIDENT INDIVIDUAL APPLICANT</b> <b>Surname of individual</b>	Mr Mrs Ms Other title
<b>First names in full</b> <b>Identity number</b> <b>Temporary resident permit number</b> (if applicable) <b>Passport number</b> <b>Passport country</b> <b>Tax number</b> <b>Street address*</b>	Postal code
<b>Contact name</b> <b>Email</b> <b>Fax number</b> <b>Telephone number (    )</b> <b>Cellphone number (    )</b>	
<b>B: SOUTH AFRICAN RESIDENT JURISTIC ENTITY APPLICANT</b> <b>Name of entity*</b> <b>Registration number*</b> <b>Tax number</b> <b>VAT number</b> <b>Entity street address*</b>	Postal code
<b>Entity contact name</b> <b>Entity email</b> <b>Entity fax number</b> <b>Entity telephone number (    )</b>	
<b>C: ALL APPLICANTS</b> <b>TOTAL VALUE OF PREFERENCE SHARES APPLIED FOR</b>	R (Enter figures only – not words, in Rands)

\* Mandatory information to be supplied.

**A:** This section to be completed by South African resident individuals.

**B:** This section to be completed by South African resident juristic entities.

**C:** This section to be completed by all applicants.

**Application for *certificated* Preference Shares:**

**SUBSCRIBERS WISHING TO RECEIVE CERTIFICATED PREFERENCE SHARES**

<input type="checkbox"/> I wish to receive my Preference Shares in certificated form and I acknowledge that these Preference Shares will not be tradeable on the LuxSE or the JSE until dematerialised. Kindly post the Preference Share certificate to the following address:	<b>Broker's stamp (if applicable)</b>
<b>Name</b>	
<b>Postal address</b>	

**Application for *dematerialised* Preference Shares:**

**APPLICANTS WANTING TO RECEIVE DEMATERIALISED PREFERENCE SHARES MUST CONTACT THEIR CSDP OR BROKER.**

The CSDP or broker is to confirm that a securities account in your name is held in their books, and is to forward an application, duly authenticated, in terms of Strate for processing the application. Payment will be effected on a delivery versus payment basis.

*Required information must be completed by CSDP or broker with their stamp and signature affixed thereto.*

<b>CSDP name</b>	
<b>CSDP contact person</b>	
<b>CSDP contact telephone number</b>	
<b>CSA or bank CSD account number</b>	
<b>Scrip account number</b>	
<b>Settlement bank account number</b>	
<b>Stamp and signature of CSDP or broker</b>	

This application form constitutes a legal contract between Brait and the applicant.

**INSTRUCTIONS:**

1. Applications may be made on this application form only.
2. This application form should be sent to Daniella Keet, at RMB (daniella.keet@rmb.co.za) via email.
3. Applications are irrevocable and may not be withdrawn once submitted.
4. Please refer to the terms and conditions of the Offer for Subscription set out in Part 5 (Preference Shares and Placement Details) of the Pre-listing Statement. Applicants should consult their stockbroker, banker or other professional advisor in case of doubt as to the correct completion of this application form.
5. Applicants must submit only one application form.
6. Each application submitted must be in one name only and show only one address.
7. All alterations on this application form must be authenticated by a full signature.