

Brait SE
(Registered in Malta as a European Company)
(Registration No.SE1)
Share code: BAT ISIN: LU0011857645
Bond code: WKN: A1Z6XC ISIN: XS1292954812
LEI code: 549300VB8GBX4UO7WG59
("Brait" or "Group")

CLOSE-OUT OF FLEET

1. Introduction

Shareholders in Brait ("Shareholders") are advised that the Board has yesterday resolved to acquire, through its subsidiary Brait Mauritius Limited ("BML"), the pledged Brait shares held as collateral for the indemnity provided by BML to FirstRand Bank Limited (trading through its Rand Merchant Bank division) and The Standard Bank of South Africa Limited (the "Lenders") for the loan amount owing by the investment team's vehicle ("Fleet"), used to facilitate the holding of shares in Brait, to these Lenders, with the Board having further resolved to settle the loan amount, through BML, owing by Fleet to the Lenders (the "Transaction").

To provide context, in 2011 Shareholders approved Brait advancing R1.2 billion to Fleet, which further advanced this loan funding on behalf of investment team members ("Investment Team Borrowers"). The Investment Team Borrowers contributed R300 million of their own capital to purchase a total of R1.5 billion of Brait shares, all of which were pledged to Brait as collateral for the R1.2 billion loan funding advanced. In 2014 and 2015, Fleet refinanced the loan, including accrued interest, of R1.6 billion from Brait with the Lenders. In return for receiving these refinance proceeds, Brait, through BML, provided the Lenders with an indemnity for their loan to Fleet (the "Indemnity"), secured by the pledged Brait shares held by Fleet and the Investment Team Borrowers.

The Transaction is the result of constructive discussions initiated by Fleet and the Investment Team Borrowers. Notwithstanding the due date of the loans from the Lenders of 6 December 2020, Fleet and Investment Team Borrowers, together holding 36.4 million Brait shares pledged as collateral, have notified BML of their intention to dispose of these shares. Rather than being sold in to the market, Brait, through BML, has decided to acquire these shares utilising the portion of BML's facility ring-fenced for the full amount owing by Fleet to the Lenders in terms of BML's Indemnity.

As reported at 30 September 2018, the number of pledged Brait shares owned by the Investment Team Borrowers available as collateral was 37.5 million. This has reduced to 36.6 million shares as at 20 March 2019 as certain Investment Team Borrowers have settled their legal obligations to Fleet in full primarily through cash settlement. Following the purchase of the 36.4 million shares by BML, 0.2 million Brait shares remain pledged as collateral, with Brait's net exposure under the Indemnity having reduced to R14 million.

2. Effect of the Transaction on Brait

The effects of the Transaction on Brait are expected to be as follows:

- Brait reported aggregate cash and facilities available at 30 September 2018 of R3.4 billion. This amount was reported net of the R2.0 billion Fleet loan outstanding which was ring-fenced against the BML facility in terms of the Indemnity. This ring-fenced amount will be drawn to fund the Transaction. The *pro forma* effect of the Transaction results in aggregate cash and facilities available of R3.3 billion as a result of the accrual of interest less cash settlements made by Investment Team Borrowers in relation to the Fleet loan outstanding.
- BML will acquire the 36.4 million pledged shares from Fleet and the Investment Team Borrowers at the volume weighted average price ("VWAP") of Brait shares on the Luxembourg Stock Exchange ("LuxSE") and Johannesburg Stock Exchange ("JSE") during the 7-day trading period to 22 March 2019. The indicative 7-day VWAP for the period ending 20 March 2019 is R25.11. The final 7-day VWAP will be announced on the LuxSE website and JSE SENS on conclusion of the Transaction, which is expected to conclude on 26 March 2019. The Net Asset Value ("NAV") per share at 30 September 2018 was R55.23. Relative to the indicative purchase price of R25.11, the transaction is therefore expected to be accretive.

- From an accounting perspective, in accordance with IFRS, the 36.4 million Brait shares acquired by BML will be reflected by the Group as treasury shares, increasing the number reflected in the Group's consolidated financial statements as treasury shares from 17.5 million to 53.9 million. This has the effect of reducing the number of Brait shares in issue, excluding shares reflected as treasury shares, from 508.1 million reported at 30 September 2018 to 471.7 million.
- The resulting *pro forma* effect of the Transaction, applied to Brait's last reported 30 September 2018 NAV per share of R55.23, is an increase to R56.54.
- As reported at 30 September 2018, Brait had provided R685 million for its net exposure in terms of the Indemnity. This net exposure has subsequently increased by R466 million to the date of the Transaction primarily as a result of the decrease in share price, and will be settled with the Lenders as part of the Transaction. Taking into account the R412 million interest income earned whilst the loan to Fleet was reflected as an asset on Brait's balance sheet (during the period 2011 to the date of refinance in 2014 and 2015), the net effect of the Transaction to Brait's NAV since 4 July 2011 is a reduction of R739 million.

This announcement has been made in accordance with article 17 of the EU Market Abuse Regulations.

Brait will update the market on the LuxSE website and JSE SENS on conclusion of the Transaction, which is expected to be on 26 March 2019.

For and on behalf of Brait's Board of Directors
PJ Moleketi
Non-Executive Chairman

Malta
22 March 2019

Brait is primarily listed and admitted to trading on the Euro MTF market of the LuxSE and its secondary listing is on the JSE.

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)