

Brait SE  
(Registered in Malta as a European Company)  
(Registration No. SE1)  
Share code: BAT ISIN: LU0011857645  
Bond code: WKN: A1Z6XC ISIN: XS1292954812  
LEI: 549300VB8GBX4U07WG59  
("Brait", the "Company" or "Group")

AUDITED RESULTS ANNOUNCEMENT  
for the year ended 31 March 2019

Summary consolidated statement of financial position as at 31 March

Restated Audited 31 March 2017 R'm	Restated Audited 31 March 2018 R'm	Audited 31 March 2019 R'm		Notes	Audited 31 March 2019 EUR'm	Restated Audited 31 March 2018 EUR'm	Restated Audited 31 March 2017 EUR'm
			<b>ASSETS</b>				
44 408	36 497	31 444	Non-current assets		1 934	2 501	3 100
44 408	36 497	31 444	Investments	3	1 934	2 501	3 100
3 289	2 932	1 158	Current assets		71	201	230
5	25	324	Accounts receivable	4	20	2	-
3 284	2 907	834	Cash and cash equivalents	5	51	199	230
47 697	39 429	32 602	Total assets		2 005	2 702	3 330
			<b>EQUITY AND LIABILITIES</b>				
39 580	28 384	19 708	Ordinary shareholders equity and reserves		1 213	1 945	2 763
8 065	10 813	12 870	Non-current liabilities		791	741	563
5 396	5 443	6 359	Convertible Bonds	7	391	373	377
2 669	4 719	6 511	Borrowings	8	400	323	186
-	651	-	Financial guarantee	9	-	45	-
52	232	24	Current liabilities		1	16	4
52	232	24	Accounts payables and other liabilities		1	16	4
47 697	39 429	32 602	Total equity and liabilities		2 005	2 702	3 330
521.0	525.6	525.6	Ordinary shares in issue (m)		525.6	525.6	521.0
(14.6)	(17.5)	(54.1)	Treasury shares (m)	6	(54.1)	(17.5)	(14.6)
506.4	508.1	471.5	Outstanding shares for NAV calculation (m)		471.5	508.1	506.4
7 815	5 586	4 180	Net asset value per share (cents)		257	383	546

Summary consolidated statement of comprehensive income for the year ended 31 March

Restated Audited 31 March 2018 R'm	Audited 31 March 2019 R'm		Notes	Audited 31 March 2019 EUR'm	Restated Audited 31 March 2018 EUR'm
(9 192)	(10 813)	Investment losses		(679)	(605)
287	377	Interest income		24	19
149	162	Dividend income		10	10
35	74	Fee income		5	2
(219)	599	Foreign exchange gains/(losses)		38	(14)
(281)	(278)	Operating expenses		(18)	(18)
(651)	(523)	Other expenses	9	(33)	(45)
(710)	(838)	Finance costs		(53)	(47)
(28)	(26)	Taxation		(2)	(2)
(10 610)	(11 266)	Loss for the year		(708)	(700)
		Other comprehensive profit/(loss)			
(297)	3 502	Translation adjustments		33	(99)
(10 907)	(7 764)	Comprehensive loss for the year		(675)	(799)
(2 092)	(2 219)	Loss and Headline loss per share (cents) - basic	10	(139)	(138)

Summary consolidated statement of changes in equity for the year ended 31 March

Restated Audited	Audited		Audited	Restated Audited

31 March 2018 R'm	31 March 2019 R'm		31 March 2019 EUR'm	31 March 2018 EUR'm
37 802	27 125	Ordinary shareholders balance at beginning of year	1 859	2 639
1 778	1 259	Restatement impact	86	124
39 580	28 384	Restated Ordinary shareholders balance at beginning of year	1 945	2 763
(10 610)	(11 266)	Loss for the year	(708)	(700)
(297)	3 502	Net translation adjustment	33	(99)
(168)	(912)	Purchase of treasury shares	(57)	(11)
(290)	-	Ordinary dividend paid (cash election)	-	(19)
169	-	Cash dividend reinvestment	-	11
28 384	19 708	Ordinary shareholders balance at end of year	1 213	1 945

Summary consolidated statement of cash flows for the year ended 31 March

Restated Audited 31 March 2018 R'm	Audited 31 March 2019 R'm		Audited 31 March 2019 EUR'm	Restated Audited 31 March 2018 EUR'm
			Notes	
		Cash flows from operating activities:		
123	409	Investment proceeds received		26
20	17	Fees received		1
446	404	Interest received		25
(303)	(275)	Expenses paid		(17)
(37)	(19)	Taxation paid		(1)
249	536	Operating cash flow before investments		34
(1 734)	(1 658)	Purchase of investments		(104)
-	(1 420)	Gross amount advanced: Debtor Purchase Agreement	4	(89)
-	1 187	Gross amount received: Debtor Purchase Agreement	4	75
(1 485)	(1 355)	Net cash used from operating activities		(84)
1 971	1 945	Net drawdown of Borrowings	8	122
1 438	-	Drawdown of third party borrowings		-
(1 461)	-	Refinance of third party borrowings		-
-	(1 174)	Settlement of financial guarantee	9	(74)
(293)	(647)	Interest paid	8	(41)
(42)	(17)	Facility fees paid		(1)
(166)	(176)	Convertible bond coupon paid		(11)
(168)	(912)	Net purchase of treasury shares		(57)
(290)	-	Cash dividend paid		-
169	-	Cash dividend reinvestment		-
1 158	(981)	Net cash (used in)/generated from financing activities		(62)
(327)	(2 336)	Net decrease in cash and cash equivalents		(146)
(50)	263	Effects of exchange rate changes on cash and cash equivalents		(2)
3 284	2 907	Cash and cash equivalents at beginning of year		199
2 907	834	Cash and cash equivalents at end of year		51

Notes to the summary consolidated financial statements for the year ended 31 March

1. ACCOUNTING POLICIES

1.1 Basis for preparation

The Consolidated and Company financial statements (Financial Statements) 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 summarised financial statements are presented in accordance with the framework concepts, measurement and recognition requirements of IFRS and as a minimum contain the information required by IAS 34 Interim Financial Reporting. Except as detailed in note 2 below, the accounting policies and methods of computation are consistent with those applied in the consolidated financial statements for the year ended 31 March 2018. The Group has only one operating segment being that of an investment holding company. All segment information can be obtained through inspection of the consolidated financial statements.

The Group's financial statements are prepared using both the Euro (EUR) and SA Rand (R/ZAR) as its presentation currencies.

The Group's subsidiaries have one of three functional currencies: Pound Sterling (GBP), SA Rand or US Dollar (USD/US\$). The holding company, Brait SE, and its main consolidated subsidiaries use GBP as their functional currency. The financial statements have been prepared

using the following exchange rates:

	2019		2018	
	Closing	Average	Closing	Average
USD/ZAR	14.4978	13.7630	11.8408	12.9902
GBP/ZAR	18.8946	18.0440	16.5965	17.2166
EUR/ZAR	16.2620	15.9166	14.5952	15.1903
USD/EUR	0.8915	0.8647	0.8112	0.8552
GBP/EUR	1.1619	1.1337	1.1371	1.1334

## 2. RESTATEMENT

In the financial years 2011-2017 Brait accounted for the financial guarantee given by it for Fleet (the Investment Team's vehicle to facilitate the holding of shares in Brait) under IAS37 (Provisions, Contingent Liabilities and Contingent Assets) as required by IAS39 (Financial Instruments: Recognition and Measurement). In the full year financials for 2018, and following extensive discussions with the auditors, the decision was made to change the basis of accounting to consolidate Fleet in accordance with IFRS10 (Consolidated Financial Statements) and the comparative figures for 2017 and 2018 were restated accordingly.

During the current financial period, this basis of accounting has been rigorously reassessed by the Audit Committee and the auditors. It has been concluded that variations in the size of the net exposure under the guarantee do not provide Brait with any incremental rights over the relevant activities of Fleet or any decision-making power over Fleet or any ability to influence the variable returns of Fleet in the periods prior to the due date of the loans guaranteed by Brait. This has been the case since the inception date of July 2011. The assessment of the facts and the conclusion reached have also been confirmed by a written opinion from Senior Counsel. As such, the Directors are of the view that, in accordance with IFRS 10 paragraph B85, their initial assessment of Brait's control of Fleet has not changed simply because of a change in the net exposure.

Accordingly, Brait has restated its comparative figures to account for its net exposure, representing the amount payable if the loans were settled at that time, as a financial guarantee as defined in IAS39 and in accordance with IAS37. The Directors believe that this is a more accurate reflection of the commercial and legal reality of the arrangements with Fleet. As announced on 27 March 2019, following constructive discussions initiated by Fleet, the loan amount owing by Fleet to the Lenders was settled in full as a result of Brait Mauritius Limited ("BML") using the ring-fenced portion of its borrowing facility to (i) acquire the pledged Brait shares held as collateral; and (ii) subsequently settle Fleet's loan amount. As a result, Brait no longer has any exposure in terms of the indemnity provided.

### 2.1 Restatement impact on Group statement of financial position

Brait's net exposure in terms of its financial guarantee to Fleet is recognized as a liability in the comparative periods. The net exposure takes into account the loan amount owing by Fleet to the Lenders at each reporting date, reduced by the pledged Brait shares held as collateral for this loan, which are valued at the closing share price. The number of pledged Brait shares recognized as collateral is limited to the extent of the loan amount owing by respective individual Investment Team Borrowers, calculated using the closing share price at each reporting date.

Previously reported	Restatement Adjustment	Restated	Restated	Restatement Adjustment	Previously reported
R'm	R'm	R'm	EUR'm	EUR'm	EUR'm
4 426	961	5 387	565	100	465
(4 828)	-	(4 828)	(782)	(34)	(748)
864	-	864	57	-	57
37 340	817	38 157	2 923	58	2 865
37 802	1 778	39 580	2 763	124	2 639
1 778	(1 778)	-	-	(124)	124
34.0	(19.4)	14.6	14.6	(19.4)	34.0
7 763	52	7 815	546	4	542
4 482	906	5 388	565	95	470
(5 125)	-	(5 125)	(881)	(34)	(847)
864	-	864	57	-	57
26 904	353	27 257	2 204	25	2 179
27 125	1 259	28 384	1 945	86	1 859
(1 910)	1 910	-	-	131	(131)
-	(651)	(651)	(45)	(45)	-
52.4	(34.9)	17.5	17.5	(34.9)	52.4
5 732	(146)	5 586	383	(10)	393

### 2.2 Restatement impact on Group statement of comprehensive income

As a result of recognizing the net exposure in terms of the financial guarantee to Fleet as a liability, the change in exposure during the period is recognized as "Other expense/income".

Previously reported	Restatement Adjustment	Restated	2018	Restated	Restatement Adjustment	Previously reported
R'm	R'm	R'm	2018	EUR'm	EUR'm	EUR'm
(897)	187	(710)	Finance costs	(47)	12	(59)
-	(651)	(651)	Other expenses	(45)	(45)	-
(9 249)	-	(9 249)	Other unchanged income/expense items	(608)	-	(608)
(10 146)	(464)	(10 610)	Loss for the year	(700)	(33)	(667)
(297)	-	(297)	Translation adjustments	(99)	-	(99)
(10 443)	(464)	(10 907)	Comprehensive loss for the year	(799)	(33)	(766)
(2 144)	52	(2 092)	Earnings/Headline earnings per share - basic (cents)	(138)	3	(141)

### 2.3 Restatement impact on Group statement of cash flows

Under the previous consolidation basis, repayments made by Fleet or the Investment Team Borrowers on their respective outstanding loan amounts gave rise to cash flows to Brait. As a result of recognizing the net exposure in terms of the financial guarantee to Fleet as a liability, Brait's cash flow statement now only reflects a cash outflow during the current financial period as a result of the settlement of the loans outstanding.

Previously reported	Restatement Adjustment	Restated	2018	Restated	Restatement Adjustment	Previously reported
R'm	R'm	R'm	2018	EUR'm	EUR'm	EUR'm
(113)	(55)	(168)	Net purchase of Treasury shares	(11)	(5)	(6)
(348)	55	(293)	Interest paid	(20)	3	(23)
134	-	134	Other unchanged cash flow items	8	-	8
(327)	-	(327)	Net decrease in cash and cash equivalents	(23)	(2)	(21)
(50)	-	(50)	Effects of exchange rates on cash	(8)	2	(10)
3 284	-	3 284	Cash and cash equivalents at beginning of year	230	-	230
2 907	-	2 907	Cash and cash equivalents at end of year	199	-	199

### 3. INVESTMENTS

The Group designates the majority of its financial asset investments as FVTPL as the Group is managed on a fair value basis, with any resultant gain or loss recognised in Investment gains/losses. Fair value is determined in accordance with IFRS 13.

Statement of financial position items carried at fair value include investments in equity, debt and shareholder funding instruments. 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; net asset value; and price to book multiple. Listed investments are held at recent quoted transaction prices.

The primary valuation model utilised for valuing unlisted portfolio investments is the maintainable earnings multiple model. Maintainable earnings are derived with reference to the mix of prior year audited EBITDA and latest available current year forecast EBITDA per the portfolio company, adjusted for any non-recurring income/expense. As the year progresses, so the weighting is increased towards the portfolio company's forecast.

The Directors decide on an appropriate group of comparable quoted companies from which to base the EV/EBITDA multiple. The three-year trailing average multiple of the comparable quoted companies is adjusted for points of difference, where required, to the portfolio company being valued.

No control premium adjustment is considered for those portfolio investments in which the Group holds a majority interest. The peer average spot multiple at reporting date is also considered. The equity valuation takes consideration of the portfolio company's net debt/cash on hand as per its latest available financial results. Further valuation information can be obtained from the 31 March 2019 investor presentation on the Group's website, [www.brait.com](http://www.brait.com).

2018	2019		2019	2018
R'm	R'm		EUR'm	EUR'm
36 497	31 444	The Group's portfolio of investments	1 934	2 501
		Equity and shareholder funding investments		
17 067	17 363	Virgin Active	1 068	1 169
10 735	8 803	Premier	541	736
6 287	3 176	Iceland Foods	196	431
960	1 146	New Look	70	66
1 448	956	Other investments	59	99

Valuation metrics	31 March 2019			31 March 2018		
	Maintainable EBITDA	Multiple	3rd Party Net Debt	Maintainable EBITDA	Multiple	3rd Party Net Debt
Virgin Active (GBP'm)	138	11.0x	353	144	11.4x	331

Premier (R'm)	1 009	11.0x	2 053	1 065	12.4x	1 938
Iceland Foods (GBP'm)	140	7.0x	714	157	8.4x	689
New Look (GBP'm)		Note 1			Note 1	
Other investments		Varied			Varied	

Note 1 Brait's equity and shareholder loan investments in New Look are valued at nil based on the Enterprise Value at the reporting dates shown. Senior Secured Notes ("SSNs") are valued at the reporting date using the post balance sheet restructuring conversion ratio price of 0.234561 (determined at the restructure transaction's voting record time (5:00 pm UK time on 18 April 2019) representing the existing SSNs of GBP1,066 million to be exchanged into GBP250 million new SSNs) applied to the nominal value of Brait's 18.2% holding of existing SSNs.

#### Fair Value Hierarchy

IFRS 13 provides a hierarchy that classifies inputs used to determine fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Inputs for the assets or liability that are not based on observable market data.

There are no financial assets that are categorised as Level 1 or Level 2 in the current period or Level 2 in the prior period.

All Level 3 investments have been valued using a maintainable earnings multiple model.

Level 3				Level 3
R'm	31 March 2019			EUR'm
17 363	Virgin Active			1 068
5 776	Premier			355
3 176	Iceland Foods			196
856	New Look			52
956	Other investments			59
28 127	Investments at fair value			1 730

2018	2019		2019	2018
R'm	R'm		EUR'm	EUR'm
25	324	4. ACCOUNTS RECEIVABLE	20	2
		Included in accounts receivable is the outstanding balance of GBP13.2 million (R250 million) for the Debtor Purchase Agreement with New Look (refer to note 11 and note 13). This represents the net GBP12.9 million (R233 million) advanced together with GBP0.3 million (R7.0 million) factoring charge earned. Also included is the accrual of fees earned on the New Look restructure of GBP3.1 million (R58.6 million).		
		5. CASH AND CASH EQUIVALENTS		
		Balances with banks (1)		
2 907	834		51	199
155	74	- ZAR cash	5	11
104	9	- USD cash	1	7
2 648	751	- GBP cash	45	181
		(1) All balances are held with banks with credit ratings of at least BB+.		

Restated 2018	2019		2019	Restated 2018
14 576 784	17 475 070	6. TREASURY SHARES	17 475 070	14 576 784
2 898 286	36 616 189	Opening shares held for the vested benefit of the Group	36 616 189	2 898 286
17 475 070	54 091 259	Net shares purchased	54 091 259	17 475 070
		Closing shares held for the vested benefit of the Group		
2018	2019		2019	2018
R'm	R'm		EUR'm	EUR'm
5 443	6 359	7. CONVERTIBLE BONDS	391	373
		On 18 September 2015 Brait received GBP350 million from the issuance of its five year unsecured convertible bonds ("Bonds"). The Bonds listed on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange on 15 October 2015 and carry a fixed coupon of 2.75% per annum payable		

semi-annually in arrears. The initial conversion price of GBP7.9214 per ordinary share represented a 30% premium to the VWAP of Brait's ordinary shares between launch and pricing on 11 September 2015. The adjusted conversion price at reporting date is GBP7.7613 per ordinary share, which takes into account Brait's bonus share issue and cash dividend alternative since date of issue, in accordance with the Bonds terms and conditions. Using this conversion price, the Bonds would be entitled to convert into 45.096 million ordinary shares (8.6% of Brait's current share capital of 525.599 million ordinary shares) on exercise of bondholder conversion rights.

In the event that the bondholders have not exercised their conversion rights in accordance with the terms and conditions of the Bonds, the Bonds are settled at par value in cash on maturity on 18 September 2020.

2018 R'm	2019 R'm		2019 EUR'm	2018 EUR'm
		8. BORROWINGS		
2 669	4 719	Opening Balance	323	186
372	494	Interest accrual	31	24
-	-	Foreign currency translation	(35)	13
1 971	1 945	Net drawdown of Borrowings	122	120
1 971	2 288	Drawdowns	144	120
-	(343)	Capital repayments	(22)	-
(293)	(647)	Interest repayments	(41)	(20)
4 719	6 511	Closing Balance	400	323
		The loan from FirstRand Bank Limited (trading through its Rand Merchant Bank division) and The Standard Bank of South Africa Limited (the "Lenders") is Rand denominated, bears interest at JIBAR plus 3.0% repayable quarterly, with a right to rollup these quarterly interest payments. The Group's ZAR8.5 billion revolving credit has an existing term of December 2020. The Group expects to refinance this facility in the ordinary course ahead of this date. The facility is secured by the assets of Brait Malta Limited and its subsidiaries.		
Restated 2018 R'm	2019 R'm		2019 EUR'm	Restated 2018 EUR'm
651	-	9. FINANCIAL GUARANTEE	-	45
		During the current period, Brait's net exposure in terms of its financial guarantee increased by R523 million. At reporting date, Brait no longer has any exposure in terms of its financial guarantee as a result of Brait Mauritius Limited using the ring-fenced portion of its borrowing facility to (i) acquire the full 36.6 million pledged Brait shares held as collateral at the 7 day VWAP to 22 March 2019 of R24.91, resulting in the total consideration paid of R912 million; and (ii) subsequently settle the financial guarantee amount of R1,174 million.		
		In the prior year, Brait's net exposure in terms of its financial guarantee was R651 million, being the difference between the loan amount owing by Fleet to the lending banks of R1,910 million and the value at that reporting date, of the available Brait shares pledged as collateral of R1,259 million (representing 34.9 million of the total 37.5 million pledged shares valued at the closing share price of R36.10).		
(10 610)	(11 266)	10. HEADLINE EARNINGS RECONCILIATION		
507	508	Loss and headline loss	(708)	(700)
(2 092)	(2 219)	Weighted average ordinary shares in issue (m) - basic	508	507
		Loss and headline loss per share (cents) - basic	(139)	(138)
		The conversion of the Bonds is anti-dilutive given the loss and headline loss per share		
2018 R'm	2019 R'm		2019 EUR'm	2018 EUR'm
		11. RELATED PARTY BALANCES		
		Transactions between the Company and its subsidiaries (Brait Malta Limited and Brait Mauritius Limited) have been eliminated on consolidation and are not disclosed in this note.		

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

On 10 May 2018, Brait Capital International Limited ("BCIL") (a wholly owned subsidiary of Brait SE) and New Look Retailers Limited ("NLR") (a wholly owned subsidiary of New Look Retail Group Limited) entered into a Debtor Purchase Agreement ("Agreement"). The terms of the Agreement allow NLR to sell and assign approved 3rd Party E-commerce debtor balances to BCIL, with no recourse. The credit assessment of debts offered and the decision to purchase are at the sole discretion of BCIL. The debtor balances are purchased at a discount to face value to take into consideration any potential future provision amounts that may be required. The trade terms of the debtors acquired vary between 30 days and 75 days. A factoring charge of three-month LIBOR plus 2.0% per annum applies, which is within the pricing range quoted by third party banks. Refer to note 4.

		Profit from operations include:		
(17)	(19)	Non-executive directors' fees	(1)	(1)
(2)	(4)	Professional fees - M Partners S.a.r.l (1)	-	-
(2)	-	Professional fees - Maitland International Holdings Plc (1)	-	-
(3)	(2)	Other expenses - Maitland International Holdings Plc (1)	-	-
		(1) HRW Troskie is a director and shareholder of Brait, and is a director and shareholder of Maitland International Holdings Plc; M Partners S.a r.l. is a Maitland network law firm; HRW Troskie is neither a director nor a shareholder of M Partners S.a r.l.		
		12. CONTINGENT LIABILITIES AND COMMITMENTS		
		12.1 Commitments		
6 209	6 886	Convertible Bond commitments	424	425
160	182	- Coupon payment due within one year	11	11
240	91	- Coupon payments due between one and five years (1)	6	16
5 809	6 613	- Principal settlement due within five years (1)	407	398
		(1) The coupon payments reflect the semi-annual coupons of 2.75% payable in arrears over the Bond's five year term. The principal settlement due amount is payable in the event that the bondholders have not exercised their conversion rights.		
15	14	Private equity funding commitments	1	1
		Rental commitments (Malta and Mauritius)		
2	2	- Within one year	-	-
3	3	- Between one and five years	-	-
6 229	6 905	Total commitments	425	426
		12.2 Other		
		The Group has rights and obligations in terms of standard representation shareholder or purchase and sale agreements relating to its present or former investments.		

#### 13. POST BALANCE SHEET EVENTS

As announced, New Look completed its balance sheet restructuring transaction on 3 May 2019. This has resulted in Brait's 18.2% holding of the existing New Look SSNs being exchanged into GBP45 million (R850 million) of reinstated SSNs, and together with the GBP28 million (R529 million) Brait advanced for the subscription to New Money Bonds, give Brait an aggregate holding of new SSNs of GBP73 million (R1.4 billion) at issue price. Brait's equity holding in New Look post the restructure is 18.5%, with Brait remaining the largest shareholder in New Look. Brait received GBP18 million (R340 million) in May 2019 representing (i) the repayment of the bridge facility provided to New Look, including interest accrued thereon, of GBP15 million (R291 million) and (ii) restructuring fees of GBP3 million (R59 million). Following the completion of the restructure, Brait's Debtor Purchase Agreement with New Look (note 4 and note 11) has ceased and is in the process being wound down. As at 10 June 2019, GBP3.7 million (R68.2 million/EUR4.2 million) remains outstanding, which Brait anticipates receiving by September 2019.

During June 2019, as a result of Virgin Active South Africa having refinanced its senior debt facilities, thereby increasing the overall facility level, incremental proceeds will be distributed to the shareholders as a repayment of shareholder funding. Brait's pro-rata portion of these proceeds is c.R610 million, expected to be received by end of June 2019. The refinance benefits Virgin Active by extending the term to June 2024 and reducing the interest margin thereby decreasing the overall annual interest cost.

#### AUDITOR'S OPINION

This summarised report is extracted from audited information but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office.

The directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements.

#### Review of operations

The Board of Directors hereby reports to shareholders on the Group's results for the financial year ended 31 March 2019.

Commenting on the results, Brait's Chairman Jabu Moleketi said: "We have had a challenging year in our key markets of South Africa and the UK. Weak consumer demand, inflationary cost pressures and increased promotional activity among our competitors, have affected the performance of our portfolio companies and their peers, which has negatively impacted our NAV. While our NAV has declined, primarily as a result of the decline in valuation multiples due to peer group average multiples having reduced, this has been minimized as much as possible through the hard work of the management teams within our investments and our investment team, focusing on margin management and operational efficiencies. With the economic outlook in our markets unlikely to change in the near future, we believe this approach puts us in the best possible position as and when conditions improve. Brait remains committed to its investment strategy, materially reducing the debt on its balance sheet, and driving performance in its companies, with the support of excellent management teams."

#### FINANCIAL HIGHLIGHTS

- NAV per share of R41.80, a decrease of 25% for the year (FY2018 restated R55.86 - Note 1)
- Valuation multiples reduced following the decline in peer averages: Virgin Active at 11.0x (FY2018: 11.4x); Premier at 11.0x (FY2018: 12.4x); Iceland Foods at 7.0x (FY2018: 8.4x)
- For comparison, applying unchanged valuation multiples, NAV per share would have been R51.37, a decrease of 8.0%
- Cash received from the portfolio for the financial year was R798 million (FY2018: R484 million)
- Available cash and facilities were R2.8 billion at reporting date

Note 1: As set out in Brait's interim HY2019 results, the audited NAV per share at 31 March 2018 of R57.32 was restated to R55.86. Refer to the discussion on Fleet.

#### REPORTED NAV PER SHARE

Despite the challenging macro environment, the first half of the financial year produced a broadly flat performance. However, the second half has proven more challenging in our key markets in South Africa and the UK, driven by increasingly weaker consumer demand, inflationary cost pressures and promotional activities in the key sectors our portfolio companies operate in. Whilst our portfolio companies responded by minimizing the impact on their key operational metrics, being EBITDA and net debt, portfolio carrying values have been impacted by a reduction in valuation multiples in order to maintain discount levels with peer averages. The focus remains on progressing strategies to materially reduce debt in the near term on Brait's own balance sheet whilst increasing annual cash flow to Brait itself and driving portfolio company performance. The Board foresees the challenging conditions continuing for the short to medium term. Portfolio company management teams continue to take appropriate measures to ensure that their businesses are able to respond to the macro environment.

In accordance with Brait's policy, the valuation multiple applied at reporting date is referenced to the respective peer 3-year trailing average multiple, whilst taking into consideration the peer average spot multiple. The sharp decline in respective peer average spot multiples during the second half of the financial year has weighed heavily on the valuation multiples applied at reporting date. Brait has accordingly reduced the respective valuation multiples applied at 31 March 2019 for Virgin Active, Premier and Iceland Foods. The historic EV/EBITDA valuation multiples used compared to respective peer average multiples are:

	31 March 2019			30 September 2018			31 March 2018		
	Valuation multiple used	% discount/ (premium) to peer average:	spot	Valuation multiple used	% discount/ (premium) to peer average:	spot	Valuation multiple used	% discount/ (premium) to peer average:	spot
Virgin Active	11.0x	17%	13%	11.4x	17%	24%	11.4x	16%	17%
Premier	11.0x	10%	(6%)	11.4x	10%	(8%)	12.4x	5%	2%
Iceland Foods	7.0x	24%	8%	8.4x	14%	5%	8.4x	18%	-
New Look (Note 2)	-	-	-	-	-	-	-	-	-

Note 2: Since 30 September 2017, Brait's equity investment in New Look is valued at zero.

The composition of the peer groups for Premier and Iceland Foods remain unchanged for the financial year. Virgin Active's peer group has been revised at 31 March 2019 to (i) exclude Whitbread (given the downsizing of Virgin Active's UK estate); (ii) exclude Planet Fitness (given its very different US based franchise model); and (iii) include Technogym (Virgin Active's primary supplier of fitness equipment and technology partner). As a result, Virgin Active's peer group at 31 March 2019 comprises: The Gym Group, Basic Fit, Technogym, Woolworths, Life Healthcare, Clicks and Merlin Entertainments. The effect of



this revised composition to the Virgin Active peer group, is a reduction to the average 3-year trailing multiple from 13.7x to 13.2x, with the average spot multiple reducing from 14.3x to 12.7x.

As a result of the balance sheet restructuring and strategic review of its international operations, the peer group for New Look has been revised to exclude Fast Retailing, Ted Baker and Superdry. New Look's peer group now comprises: M&S, Next, H&M, Inditex and Associated British Foods (owner of Primark). The revised average 3-year trailing multiple for this peer group is unchanged at 9.8x, with the average peer spot multiple reducing from 11.7x to 10.7x.

For comparison purposes, had the valuation multiples used at reporting date remained unchanged from those at 31 March 2018 (thus valuing Virgin Active at 11.4x; Premier at 12.4x and Iceland at 8.4x), NAV per share at 31 March 2019 would have been R51.37, a decrease of 8.0% for the year.

The NAV breakdown at reporting date is as follows:

Restated Audited	Unaudited	Audited		Audited	Unaudited	Restated	
31 March 2018	30 September 2018	31 March 2019		31 March 2019	30 September 2018	31 March 2018	
R'm	R'm	R'm	%	EUR'm	EUR'm	EUR'm	
36 497	37 710	31 444	Investments	96	1 934	2 297	2 501
17 067	17 972	17 363	Virgin Active	53	1 068	1 095	1 169
10 735	9 945	8 803	Premier	27	541	606	736
6 287	6 602	3 176	Iceland Foods	10	195	402	431
960	2 050	1 146	New Look	3	70	125	66
1 448	1 141	956	Other investments	3	59	69	99
2 907	2 069	834	Cash and cash equivalents	3	51	126	199
25	273	324	Accounts receivable	1	20	17	2
39 429	40 052	32 602	Total assets	100	2 005	2 440	2 702
11 045	11 988	12 894	Total liabilities		792	730	757
5 443	6 124	6 359	Convertible bond		391	373	373
4 719	5 160	6 511	Borrowings		400	314	323
651	685	-	Financial guarantee		-	42	45
232	19	24	Accounts payable		1	1	16
28 384	28 064	19 708	NAV		1 213	1 710	1 945
508.12	508.12	471.51	Net issued ordinary shares ('mil)		471.51	508.12	508.12
5 586	5 523	4 180	NAV per share (cents)		257	336	383

#### KEY HIGHLIGHTS FOR THE GROUP'S INVESTMENT PORTFOLIO:

##### Virgin Active

- For the year ended 31 December 2018, Virgin Active has focused on membership growth, select new club rollouts, investment into its existing club portfolio and continued development of the group exercise and digital propositions:
  - Membership sales growth was 13% year-on-year, significantly exceeding expectations, following the successful Vitality Campaign in the second half of the year in South Africa. Overall adult membership increased by 3%, driven by strong growth in UK, Italy and South Africa.
  - During the year, Virgin Active opened 7 new clubs (4 in Asia Pacific, 2 in Italy and 1 in South Africa), completed 3 major refurbishments (2 in the UK and 1 in South Africa) and had 2 closures (Italy and South Africa). At 31 December 2018, the group comprised 238 well invested clubs with 1.2 million members across 8 countries.
  - Using actual Pound Sterling exchange rates for the 2018 financial year, revenue grew by 1% on the prior year. EBITDA, which lags membership growth, decreased by 4%, impacted by (i) the investment in 7 new clubs and associated start-up losses; (ii) the upfront recognition of increased new member acquisition costs associated with the substantial increase in sales, and (iii) foreign exchange rates, which have had an adverse effect in translating the South African business Rand EBITDA into the group's reported Pound Sterling EBITDA.
  - Excluding these impacts, EBITDA on a constant currency basis for the 2018 financial year was up 7%. All territories generated positive revenue growth, driven by volume growth in membership and the maturing of new and developing clubs.
- Virgin Active produced a solid set of financial results for Q1 of FY2019. In constant currency, revenue increased by 6% on the comparative period, driven by overall membership growth of 2%, with EBITDA increasing by 7%. In terms of territory highlights:
  - The South African business is +5% for revenue and +4% for EBITDA on the comparative period. A new Vitality contract was signed in January 2019, effective until 2025, which reduces the activation fee to the lowest it has ever been in real terms (from R1,999 to R799). This has unlocked significant growth in Vitality membership sales. Furthermore, the investment into group exercise continues to deliver, whilst several cost efficiency initiatives are underway to drive cost reductions.
  - The Italian business is +9% for revenue and +16% for EBITDA, driven by strong returns from new and developing clubs and enhancements to the member proposition, benefitting from continued investment in digital, and the focus on group exercise.
  - The UK business is +2% for revenue and +25% for EBITDA, driven by good volume growth, strong cost control and the renegotiation and reduction of licence fees. The major refurbishments at the Kensington and Mayfair clubs in the UK are delivering exceptional growth (EBITDA up 16% and 25% respectively for the quarter). Similar refurbishments are planned going forward for selected clubs in the estate.
  - In Asia Pacific, revenue is +9% with EBITDA -86%, impacted by new club start-up losses. A total of 6 new clubs are in the build phase and due

to open during 2019, bringing the total estate to 25 clubs by the end of the year. Whilst there is short term dilution as a result of start-up losses, GBP15 million EBITDA is embedded in the business that will come through over the next 3 years as 2019 and earlier openings mature.

- During the 2018 financial year, Virgin Active repaid GBP25 million of shareholder funding, of which Brait received GBP19.8 million (R365 million). Virgin Active's leverage ratio at 31 December 2018 for net third party debt to EBITDA is 2.6x (FY2018: 2.4x)
- Virgin Active, in which Brait has an effective 71.9% (FY2018: 71.9%) equity value participation (post dilution for the performance based sweet equity granted to the Virgin Active management team) and 79.2% (HY2018: 79.2%) shareholder funding participation, has a carrying value of R17.4 billion (FY2018: R17.1 billion), representing 53% of Brait's total assets (FY2018: 43%).
- During June 2019, Virgin Active South Africa refinanced its senior debt facilities, extending the term to June 2024 and reducing the interest margin. As part of the refinancing the facility level was increased, with the incremental proceeds and surplus cash being available for distribution to shareholders as a repayment of group shareholder funding. Brait's pro-rata portion of these proceeds is c.R610 million, which it expects to receive by the end of June 2019.

#### Premier

- In the face of significant input cost pressure, a constrained consumer and price-led competition, the second half of Premier's financial year ended 31 March 2019 proved more challenging, further impacted by industrial action at the Cape Town MillBake site, which lasted 105 days, and the continued weakness of the Mozambican economy.
- Premier continued its strategy of focusing on: (i) margin management whilst maintaining its MillBake operating margin; (ii) cost containment, having limited the increase in production costs to 5%, indirect costs to 2% and reducing central costs by 22%; and (iii) maintaining its world class production facilities and brands through continued investment.
- Premier retained its strong market share across its major categories other than maize, where the focus on margin management resulted in a conscious decrease in volumes rather than competing at unsustainably low margins.
- Compared to FY2018, group revenue for the current year was 5% lower, impacted by lower commodity prices. Whilst gross profit remained flat, group EBITDA decreased by 9%, as a result of increased costs driven by the weakened rand, higher fuel prices and labour settlements. Adjusting for management's estimate of the EBITDA impact arising from lost sales volumes during the period of the strike at the Cape Town MillBake site, normalised group EBITDA declined by 5%.
- Premier's bread division, representing 52% of group revenue, grew revenue by 1% notwithstanding the deflationary environment that prevailed for most of the financial year. Sales volumes, impacted by the strike, decreased by 1% to 539m loaves. Encouragingly, the industry closed FY2019 with increased bread prices having restored margins to be in line with historical averages.
- The milling division, representing 29% of group revenue, decreased revenue by 15%, in competitive flour and maize markets. Premier has leveraged its portfolio of regional maize brands to launch products into adjacent categories such as instant maize breakfast porridge, samp and mageu (a maize-based nutritional beverage).
- Capital expenditure of R432 million for the year was 4% of revenue (FY2018: 3%) and was in line with expectations.
- Premier repaid Brait R232 million shareholder funding. Premier's leverage ratio for net debt owing to third parties is 2.1x (FY2018: 1.8x).
- Brait increased its shareholding in Premier to 96.1% (FY2018:93.7%), through the exercise of put and call option agreements.
- The reduction in valuation multiple during the financial year from 12.4x to 11.0x takes into account the decline in the peer average spot multiple, and is the main reason for Premier's carrying value having reduced to R8.8 billion at reporting date (FY2018: R10.7 billion), which represents 27% of Brait's total assets (FY2018: 28%).

#### Iceland Foods:

- Iceland grew sales by 4.5% (in Pound Sterling) compared to the prior year (on a 52-week basis). The UK food retail market continues to be competitive, with a renewed focus on value and price against the backdrop of weak consumer confidence. Iceland outperformed the IGD market by 2.3% for the 52 weeks ended 29 March 2019, benefitting from the net 43 stores opened in the financial year and a net 30 stores opened in the previous year.
- Investment in sales-driving initiatives and the distribution network to support sales growth, combined with inflationary costs, largely being wage inflation related, impacted Gross Profit. Cost savings initiatives helped mitigate the impact to EBITDA for the full year, which recovered from a 22% shortfall for H1 to close 8.5% down on the comparative 52 week period.
- Iceland's online business continues to grow strongly, with a new website launched in March 2019, and further roll out of this service across the estate, now including the Food Warehouse stores.
- Pursuant to the strategic alliance entered into in August 2018, Iceland products are now made available in 9 of The Range home, garden and leisure stores.
- Iceland refitted a total of 30 Iceland facia stores across the UK, taking the total number of completed refurbishments to 81. The trial of capex light 'mini refits' during the year have proven successful, with 8 stores completed. This will be the focus for the refit programme in the coming year, centred on clusters of stores in specific areas.
- The total estate at reporting date is 975 stores (FY2018: 932 stores) which includes 90 Food Warehouse stores (FY2018: 59).
- Liquidity remains strong, with cash on balance sheet of GBP111m at reporting date. Due to the decline in EBITDA, combined with the increased capital expenditure for growing and refreshing the store estate and increased potential stock holding, net debt closed the financial year higher than the comparative, with the net debt to EBITDA leverage ratio at 4.9x (FY2018: 4.3x).
- Capital expenditure peaked at 3.3% of sales (FY2018: 2.7%), with planned spend decreasing for the coming year, to ensure net debt continues to reduce.
- Following a company share buyback from an exiting executive during April 2018, Brait's shareholding in Iceland increased by 3% to 63.1% (FY2018:60.1%).
- The reduction in valuation multiple during the financial year from 8.4x to 7.0x takes into account the decline in the peer average spot multiple, and is the main reason for Iceland's carrying value having reduced to R3.2 billion at reporting date (FY2018: R6.3 billion) which represents 10% of Brait's total assets (FY2018: 16%).

## New Look

- As announced, New Look's balance sheet restructuring completed post the reporting date on 3 May 2019 (the "Transaction"), which resulted in New Look's long-term debt significantly reducing from GBP1,350 million to GBP350 million, comprising the existing GBP100 million Revolving Credit Facility ("RCF"), and GBP250 million of reinstated Senior Secured Notes ("SSNs").
- Overwhelming support was received for the Transaction from the holders of SSNs, with c.99% voting in favour and c.98% committing to fund the GBP150 million capital raise, in the form of new SSNs ("New Money Bonds"), which refinanced the GBP80 million interim Bridge Facility, providing additional liquidity to support the business, and cover transaction costs. On completion of the Transaction, long-term debt comprises GBP400 million SSNs in issue plus the GBP100 million RCF.
- The Transaction provides New Look with a more flexible capital structure, significantly lowering its overall annual cash interest payment from c.GBP80 million to c.GBP40 million and providing greater debt servicing flexibility. The maturity date of the SSNs has been extended to 2024, reducing refinancing risk.
- Given the post-year end completion date of the Transaction, the investment in New Look at 31 March 2019 reporting date comprises: (i) Brait's 18.2% holding of existing SSNs, valued at the post Transaction exchange ratio at GBP45.3 million; and (ii) Brait's GBP15.3 million pro-rata participation in the interim Bridge Facility. Brait's equity investment and shareholder loan in New Look are valued at nil. The aggregate carrying value of GBP60.6 million, translated at closing exchange rates, amounts to R1.1 billion, representing 3% of Brait's total assets.
- Brait's holdings post the Transaction are: (i) equity shareholding of 18.5%, with Brait remaining the largest shareholder in New Look; and (ii) GBP73.2 million SSNs, at issue price, comprising GBP27.9 million of New Money Bonds subscribed for by Brait and the GBP45.3 million of reinstated SSNs.
- Brait's net new cash investment pursuant to the Transaction will be c.GBP10 million, representing the cost of Brait's New Money Bonds holding (GBP27.9 million), offset by the restructuring fees Brait received on completion of the Transaction and the receipt of the debtor factoring finance that Brait has with New Look.
- New Look's FY2019 results will be announced to bond investors on 25 June 2019.

## Other Investments:

- Following the separate disclosure of Brait's holding of New Look SSNs, the majority of the carrying value of R1.0 billion (FY2018: R1.4 billion) is represented by Brait's 91.3% shareholding in DGB, a leading South African producer and exporter of local wine and importer of international spirit brands. The remainder of the carrying value relates to Brait's remaining private equity fund investments, mostly relating to Brait IV's investment in Consol, the largest manufacturer of glass packaging on the African continent.
- The decrease in carrying value for the portfolio is a function of a decrease in the carrying value of DGB, which includes the impact of a discontinued contract and a downgrade in the valuation multiple, as well as realization proceeds from the remaining private equity fund investments.
- At reporting date, the Other Investments portfolio represents 3% of Brait's total assets (FY2018: 4%).

## CASH FLOW TO BRAIT FROM THE PORTFOLIO

Brait's portfolio of investments are highly cash flow generative. Historically, cash flow generated by the Group's portfolio of investments was mostly retained within the portfolio for growth and deleveraging. Brait received R798 million during FY2019 (FY2018: R484 million) from its portfolio, representing (i) shareholder funding repayments by Virgin Active of R365 million and by Premier of R232 million; (ii) R157 million coupon received from the holding of New Look SSNs; and (iii) R44 million realisation proceeds from the Other Investments portfolio.

Whilst ensuring growth opportunities are not compromised, Brait's target is to receive annual cash inflows from the investment portfolio to fund operating and financing costs at the centre. For FY2019, an amount of R536 million, post the payment of operating costs and taxation, was available to service financing costs (FY2018: R249 million).

## LOW COST TO AUM RATIO FOR BRAIT

The Group is focused on reducing its net operating costs at the centre through measures including cost rationalisation and increasing its annual fee and annuity income from its portfolio. This ratio is measured as operating expenditure, net of fee and annuity income, expressed as a percentage of average AUM for the financial year. Net operating expenditure for FY2019 is R204 million (FY2018: R246 million), which represents 0.55% of average AUM of R37.4 billion (FY2018: 0.58% of average AUM of R42.5 billion); funded by cash inflows from the portfolio.

## GROUP FUNDING POSITION

The Group's committed revolving R8.5 billion facility from the Lenders is Rand denominated, bears interest at JIBAR plus 3.0% payable quarterly, with the right to rollup these quarterly interest payments. This facility is secured by the assets of Brait Malta Limited and its subsidiaries. At 31 March 2019, the Group has available undrawn facilities of R2.0 billion, being Brait's borrowing facility of R8.5 billion, reduced for the amount drawn of R6.5 billion. Considering the Group's R0.8 billion cash, this results in total liquidity of R2.8 billion at reporting date. Covenants are NAV based. The Board is comfortable with the level of headroom at reporting date.

The Group is focused on materially reducing debt on Brait's balance sheet, in anticipation of the redemption and repayment of Brait's convertible bonds due September 2020. Brait is progressing a number of opportunities to generate cash proceeds from its investment portfolio. To reduce funding costs, proceeds received will be applied to paying down drawn debt on the Group's committed revolving facility from the Lenders.

Following the completion of Virgin Active South Africa's refinance of its senior debt facilities during June 2019, Brait will receive its c.R610 million pro-rata portion of the resulting group shareholder funding distribution by the end of June 2019. Brait will continue to announce to the market as and when significant inflows are realised.

#### CONVERTIBLE BOND

Brait's GBP350 million unsubordinated, unsecured convertible bonds are listed on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange ("Bonds"). The Bonds have a five-year term ending 18 September 2020 and carry a fixed coupon of 2.75% per annum payable semi-annually in arrears. In accordance with the terms and conditions of the Bonds, Brait's bonus share and cash dividend alternatives issued / paid during the Bonds' term result in adjustment to the Bonds' conversion price, which at reporting date is GBP7.7613. Using this conversion price, the Bonds' would be entitled to convert into 45.096 million ordinary shares (8.6% of Brait's current share capital of 525.599 million ordinary shares) on exercise of bondholder conversion rights. In the event that the bondholders have not exercised their conversion rights in accordance with the terms and conditions of the Bonds, the Bonds are to be settled at par value in cash on maturity date. Per the terms of the Bonds, Brait's 'Tangible NAV/Net Debt' ratio is required to not be less than 200%. The definition for Net Debt excludes the Bonds, with the covenant referenced to Brait's net asset value. The Board is comfortable with the level of headroom at reporting date.

In accordance with IAS 32 (Financial Instruments: Presentation), the Bonds' liability component is measured at reporting date as GBP336.6 million. Applying the closing exchange rate of R18.89, results in the Bonds' translated carrying value of R6.4 billion.

#### ORDINARY SHARE CAPITAL

Total issued ordinary share capital at 31 March 2019 is 525,599,215 shares of EURO.22 each (FY2018: 525,599,215 shares). In accordance with IFRS, the 36,616,189 shares acquired by Brait Mauritius Limited (BML) pursuant to the close-out of Fleet on 27 March 2019, are classified as treasury shares. As a result, the Group accounts for 54,091,259 treasury shares at 31 March 2019 (FY2018: 17,475,070 treasury shares held). This results in net ordinary share capital in issue of 471,507,956 shares (FY2018: 508,124,145 shares).

#### SHARE BUYBACK PROGRAMME

The objectives of Brait's existing share buyback programme, as announced on 16 August 2016 (in accordance with EU Regulations), are to meet the obligations of the Bonds, should bondholders have exercised their rights to convert into ordinary shares and to reduce the capital of the Company. Taking consideration of (i) the conversion price of the Bonds, and as a consequence, the unlikely conversion into shares; (ii) the Board's resolve to reduce debt at the Brait level; and (iii) the number of shares held by the Group at reporting date; the Board hereby announces, as required by EU Regulations, the termination of the existing share buyback programme until further notice.

#### FLEET: RESTATEMENT EFFECT FOR FY2018 AND CLOSE OUT IN CURRENT YEAR

In the financial years 2011-2017 Brait accounted for the financial guarantees given by it for the loan amount owing by Fleet (the Investment Team's vehicle to facilitate the holding of shares in Brait) to the Lenders under IAS37 (Provisions, Contingent Liabilities and Contingent Assets) as required by IAS39 (Financial Instruments: Recognition and Measurement). In the full year financials for 2018, and following extensive discussions with the auditors, the decision was made to change the basis of accounting to consolidate Fleet in accordance with IFRS10 (Consolidated Financial Statements).

As reported in Brait's 30 September 2018 interim results, this basis of accounting was rigorously reassessed by the Audit Committee and the external auditors and it was concluded that variations in the size of the net exposure under the guarantee did not provide Brait with any incremental rights over the relevant activities of Fleet or any decision-making power over Fleet or ability to influence the variable returns of Fleet. This being the case since inception in July 2011. The assessment of the facts and conclusion reached was also confirmed by Senior Counsel. As such, the Directors concluded that, in accordance with IFRS 10 paragraph B85, their initial assessment of Brait's control of Fleet had not changed simply because of a change in the net exposure. Accordingly, in its 30 September 2018 interim results, Brait reverted to accounting for its net exposure under the indemnity provided to the Lenders as a financial guarantee (as done in 2012 to September 2017) as defined in IFRS9 (Financial Instruments) and in accordance with IAS37. The effect to the FY2018 reported results is a restated NAV per share of R55.86, compared to the R57.32 reported under the IFRS10 consolidation basis.

As announced on 27 March 2019, Brait no longer has any exposure in terms of the indemnity provided as a result of BML using the ring-fenced portion of its revolving facility with the Lenders to (i) acquire the 36.6 million pledged Brait shares held as collateral, at the 7-day volume weighted average price to 22 March 2019 of R24.91; and (ii) subsequently settle Fleet's loan amount. Taking into account the R412 million interest income that Brait received following the full loan refinance with the Lenders in 2014 and 2015, Fleet's net effect to Brait's NAV, for the period since its inception on 4 July 2011 to 27 March 2019, is a reduction of R762 million.

#### STRUCTURE FOR LONG TERM SHARE OWNERSHIP BY THE INVESTMENT TEAM

The Board is engaging with key shareholders to consider an appropriate long term share ownership structure, to align the Investment Team's interests with those of shareholders, being growth in NAV through the performance of the underlying portfolio companies. Details will be advised to shareholders before the end of June and the new structure will be put to shareholders for approval at the AGM on 31 July 2019.

#### GROUP OUTLOOK

With the economic outlook in our markets unlikely to change in the near future, Brait is focused on achieving operational efficiencies and implementing

strategies aimed at ensuring the portfolio is in the best possible position as and when conditions improve.

For the investment portfolio:

- Virgin Active's strong volume growth continues, setting a solid platform to deliver good revenue and mid-upper single digit EBITDA growth for 2019. The group is focused on delivering on its global strategy: "To deliver feel good exercise experiences at a time and place convenient to you". This entails improving group exercise, personal training and digital experiences, which will translate into improved member retention and yields, increasing membership, revenue and EBITDA.
- Premier continues its margin management and cost saving programmes, having recently completed a head office restructure to simplify the business. Capex investment will continue to be directed at low-risk, strategic projects targeting growth in its core operations and driving returns through operating efficiencies. This includes the optimisation of the bakery footprint to align capacity with demand. Premier remains alert to potential value enhancing acquisitions to enter new categories and/or geographies.
- Iceland's focus is to continue growing sales and enhancing the success of its fast-growing online business and unique home delivery service. The rollout of Food Warehouse stores continues, targeting the 100th opening in July 2019, with the programme of Iceland fascia store refits focused on the capex light 'mini refits' centred on clusters in specific areas. Liquidity remains strong with capital expenditure planned to decrease year-on-year to ensure net debt continues to decrease. Iceland plan to repay the outstanding GBP45 million Fixed Rate Notes due 2020 with internally generated cash before their maturity date. Iceland continues to focus on investing for the long-term success of the business.
- New Look's materially deleveraged balance sheet and more flexible capital structure provides a stable operating platform. Strengthened liquidity provides sufficient resources to accelerate investing in the business, with no significant near-term maturities providing a runway for management to focus on long term growth. Considerable progress has been made hereby in delivering on its well-defined turnaround measures, positioning it well to respond to challenges and grasp opportunities.

For Brait, the focus remains on positioning itself to resume the previous success in growing NAV per share, through:

- Materially reducing debt on Brait's own balance sheet and increasing cash flow to Brait from its portfolio
- Enhancing organic growth in Virgin, Premier and Iceland and execution of New Look's turnaround strategy
- Preparing for the redemption and repayment of Brait's Bonds, due September 2020, from internally generated cash flows, portfolio realisations and partially from a possible new bond issue
- Positioning for a new acquisitive phase by the end of this period to achieve a wider investment spread primarily focused on consumer facing and industrial investments mainly in our chosen geographies of South Africa and the UK.

Executing on these plans should result in growth in NAV driven by portfolio company performance and a reduction of the discount of Brait's share price to the reported NAV per share.

For and on behalf of the Board

PJ Moleketi  
Non-Executive Chairman

18 June 2019

Directors (all non-executive)

PJ Moleketi (Chairman)\*, JC Botts^, AS Jacobs(##), Dr LL Porter(##), CS Seabrooke\*, HRW Troskie\*\*, Dr CH Wiese\* (Alternate: JD Wiese)\*  
(##) British ^American \*\*Dutch \*South African

Brait's primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange.

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