

BRAIT SE

(Registered in Malta as a European Company)

(Registration No. SE1)

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("Brait", the "Company" or the "Group")

BRAIT DISPOSES OF ITS 63.1% SHAREHOLDING IN ICELAND FOODS; VOLUNTARY NAV UPDATE FINANCIAL YEAR ENDED 31 MARCH 2020

BRAIT DISPOSES OF ITS 63.1% SHAREHOLDING IN ICELAND FOODS

1. Introduction

The Board of directors of Brait SE ("**Brait Board**") is pleased to announce to shareholders that it has completed a transaction to sell the Group's entire interest in Iceland Topco Limited ("**Iceland Foods**") with effect 8 June 2020 (the "**Transaction**").

This disposal is in line with the new strategy announced to shareholders by the Brait Board on 27 November 2019 that Brait would focus on maximising value through the realisation of the existing assets in its portfolio over the next five years.

2. Salient terms of the Transaction

In terms of the Transaction, Brait has sold its shareholding of 243,571,047 B Shares in Iceland Topco Limited ("**the B Shares**") to a newly established company, wholly owned by Sir Malcolm Walker CBE and Tarsem Dhaliwal ("**NewCo**"). Iceland Foods is now wholly owned by Sir Malcolm Walker CBE (founder and executive chairman), Tarsem Dhaliwal (chief executive officer) and their related parties. Iceland Foods was founded in 1970 by Sir Malcolm Walker CBE and the Transaction returns the business to being wholly owned by its founder, and the management team.

The sale consideration to be paid by NewCo to Brait is GBP115 million in cash payable in three instalments. The first tranche of GBP60 million was paid to Brait on 8 June 2020 and the remaining instalments (the "**Deferred Payments**") of GBP26.9 million and GBP28.1 million will be paid on 30 July 2021 and 29 July 2022, respectively. NewCo may settle the Deferred Payments in full, or in part, at any time on or before these payment dates, in which case a rebate for early repayment shall be applied.

NewCo has granted Brait a pledge over the B Shares it has acquired as part of the Transaction. The pledge will remain in place until all of the Deferred Payments have been received by Brait. The pledge will be cancelled upon final settlement of the Deferred Payments.

The sale agreement contains clauses typical for a transaction of this nature including price protection for Brait should the shares in NewCo or the B Shares be on-sold before 8 June 2022 and penalty interest should the Deferred Payments not be received in full on, or before, the payment dates.

3. Rationale for the disposal and use of proceeds

Brait's new strategy is to maximise value through the realisation of the assets in its existing portfolio. Brait acquired its initial stake in Iceland in 2012 and a subsequent stake in 2015. Management have expressed an interest in owning 100% of the business for some time, and diligent cash management, combined with a reduced capital expenditure programme, has provided sufficient liquidity to enable them to do so.

Brait's carrying value for its stake in Iceland Foods as at 31 March 2020 is GBP62.5 million (R1,391 million at the closing GBP/R exchange rate of R22.17). The carrying value implies a value for the business of GBP804 million ("**Enterprise Value**" or "**EV**"), which translates into a 6.0x EV/EBITDA multiple based on Iceland Foods' unaudited earnings before interest, depreciation and amortisation ("**EBITDA**") for the year ended 31 March 2020 of GBP134 million and net debt (including accrued interest) of GBP705 million at year end.

The Transaction, which will be treated as a non-adjusting post balance sheet event in Brait's results for the year ended 31 March 2020, values Brait's stake in Iceland Foods at GBP115 million. This implies an Enterprise Value of GBP887 million for Iceland Foods as at 31 March 2020. Based on EBITDA of GBP134 million, this equates to a 6.6x EV / EBITDA multiple.

At the GBP/R exchange rate on 5 June 2020 of R21.36, the initial consideration of GBP60 million equates to R1.28 billion. Brait intends using the proceeds to partially repay the revolving credit facility held by its subsidiary Brait Mauritius Limited.

The Brait Board wishes the Iceland management team well in the next step of its journey and believes that the Transaction demonstrates Brait's ability to execute its strategy of realising value from its existing assets over the next five years.

VOLUNTARY NAV UPDATE FINANCIAL YEAR ENDED 31 MARCH 2020

Shareholders are advised that Brait's reported Net Asset Value ("**NAV**") per share at 31 March 2020 is anticipated to be between R8.00 and R8.50 (EUR0.41 and EUR0.43) ("**Guided NAV Range**").

This compares to the unaudited interim NAV per share reported as at 30 September 2019 of R38.00. The illustrative impact arising from the issuance of 848 million new shares pursuant to Brait's R5.6 billion equity capital raise concluded in February 2020, reduced this interim NAV per share to R17.46.

The reduction in the Guided NAV Range has been driven by a decrease in valuation multiples following the decline in peer spot averages as a result of the impact of Coronavirus and the impact of Coronavirus on the portfolio company profitability and outlook. The financial information on which this trading statement is based has not been reviewed and reported on by the Company's external auditors. The 31 March 2020 financial results of the Company are currently being prepared and are expected to be released on the website of the Luxembourg Stock Exchange ("**LuxSE**") and the Stock Exchange News Service of the JSE Limited ("**JSE**") on or about 24 June 2020.

San Gwann, Malta

8 June 2020

Brait's primary listing is on the Euro MTF market of the LuxSE and its secondary listing is on the exchange operated by the JSE.

Sponsor:

Rand Merchant Bank, a division of FirstRand Bank Limited