



# INVESTOR PRESENTATION

NOVEMBER 2019



- Brait is raising up to **R5.6 billion** through a Rights Offer to materially reduce its current leverage; **Ethos Fund VII (R750m) and Ethos Capital (R600m) will jointly commit R1.35bn** to the Rights Offer
- Brait will **amend its strategy** to focus on maximising and realising value from its portfolio companies **over the next five years to optimise value for Brait shareholders**
- The Brait Rights Issue will provide Brait with **sufficient capacity and flexibility to realise its revised strategy** and to manage the portfolio companies in an unconstrained manner to optimise value
- Ethos Private Equity will become the **Advisor** to the Brait board, advising on the implementation of the strategy (at a material reduction in the cost of the existing Brait advisory contract)
- The Brait Rights Issue will be priced at a discount to the Brait share price, with a **maximum Rights Offer price of R9.40 per share**
- Ethos Capital will raise **up to R750 million in a NAV neutral manner** through a rights offer priced at / close to Ethos Capital's prevailing share price

Ethos Capital and Ethos Fund VII will **invest R1.35 billion in Brait** as part of its proposed equity capital raise of R5.6 billion, **pursuant to which Ethos will become a strategic equity partner in Brait and Ethos Private Equity will become the Advisor to the Brait board**



- Brait has a core portfolio of **distinctive, financially strong and cash generative investments** that are currently undervalued, in part, due to Brait's overleveraged balance sheet
- Ethos Capital will **acquire a stake in the Brait asset base and participate on the value unlock** through a medium term value realisation strategy facilitated by:
  - A refinanced and sustainable Brait capital structure post the Rights Offer;
  - Materially lower operating costs as a consequence of the new advisory contract; and
  - A new investment advisor in Ethos Private Equity with strong institutional capabilities that will adopt a disciplined private equity approach to realising and maximising value over the medium term
- **Ethos Capital's effective in-price will be at a >50% discount to the current Brait Net Asset Value per Share** which will significantly enhance the returns to Ethos Capital investors from these high quality assets
- The asset base complements Ethos Capital's existing investments, adding further **sector and geographic diversification**
- The unlock of value through the Brait value realisation strategy will **provide strong capital flows to Ethos Capital** over the medium term, which will have a **positive impact on returns and liquidity**
- There will be **no management or participation fees charged by Ethos Private Equity** on the Ethos Capital investment into Brait

This transaction provides Ethos Capital with an opportunity to **invest in a portfolio of high quality assets** at a significant **discount to their net asset value**



**High-quality portfolio of assets**

Portfolio of distinctive, financially strong and cash generative investments

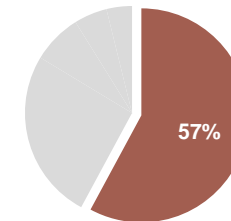


**Premium global fitness club operator, with an attractive digitisation thesis**

**Highlights of largest exposures**

- Leading international health club operator serving >1.2 million members and operating 240 clubs across four continents in eight countries
- Focus is shifting from footprint repositioning and expansion to extracting value out of its current portfolio
- High free cash flow conversion underpins returns
- Investing in data and digital capabilities to further differentiate the business

**% of NAV**

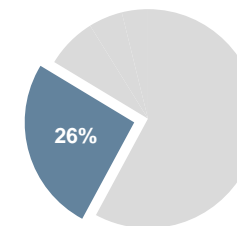


Maintainable EBITDA £140.2m



**A leading bread producer in South Africa; wide and effective distribution network**

- A leading South African bread producer, with complementary maize, flour, personal care and confectionary businesses
- Strong heritage brands and private label mix
- Serves all channels to the market and operates an extensive distribution network across South Africa, Eswatini, Lesotho and Mozambique
- Defensive business with strong cash generation
- A proven and disciplined approach to investing in margin enhancing projects

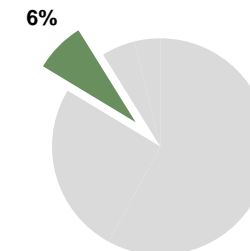


Maintainable EBITDA R1,000m



**Strong footprint and brand that has maintained market share over a long period of time**

- UK food retailer with > 1000 stores (2% share) trading through 2 brands (Iceland & Food Warehouse)
- Conveniently located stores, with strong frozen foods market share (15%)
- Has invested significantly in store growth over the past few years to consolidate its market position
- Food Warehouse format showing positive results



Maintainable EBITDA £140.0m

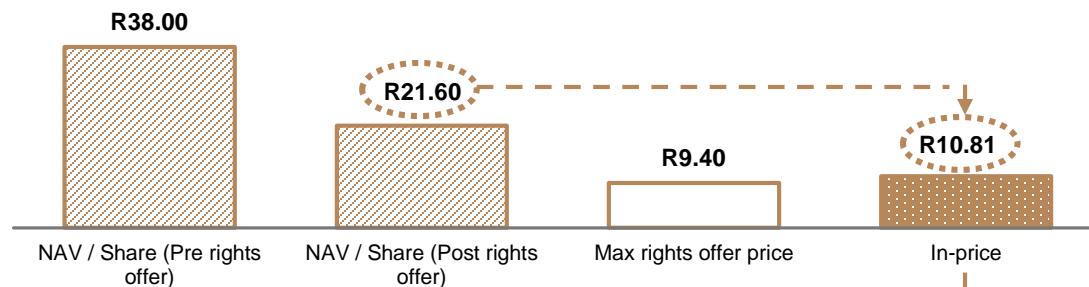


# ...AT A SIGNIFICANT DISCOUNT TO NAV



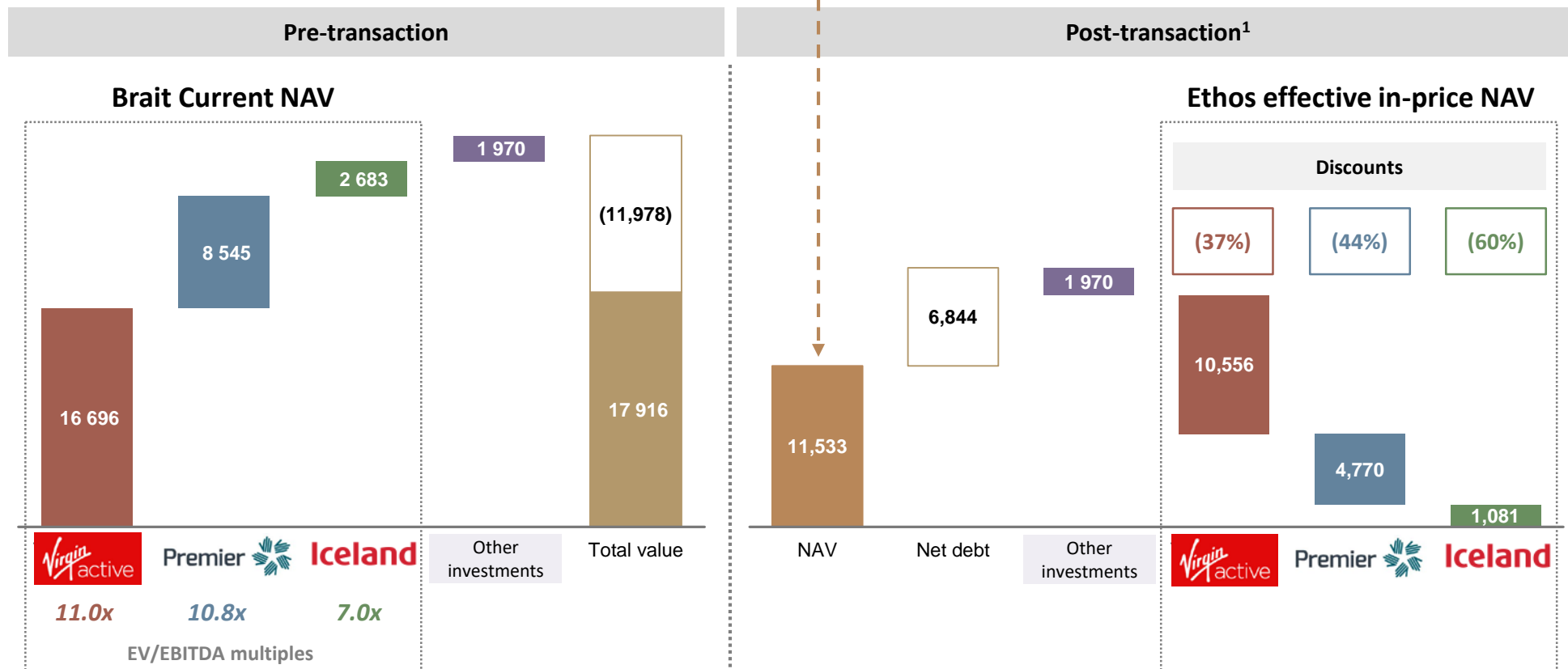
## Discounted entry valuation

The maximum Ethos Capital in-price of R10.81 implies a discount of >50% to the post Rights Offer NAVPS of R21.60



The current Brait NAV implies a NAV per share of R38.00. Post a R5.6bn Rights Offer, the NAV per share equates to **R21.60**

At the maximum Rights Offer price of R9.40 per share, Ethos' effective in-price is **R10.81**



Note 1: Analysis based on R5.25bn Rights Offer and R350mn general issue, i.e. R5.6bn of capital raised. Maximum rights offer price of R9.40, Ethos estimates based on the latest Brait NAV and maintainable EBITDA



**Value maximisation & realization strategy**

The new strategy for Brait, which was endorsed by Brait shareholders and the Brait board, will be to focus on maximising and realising value from the Brait portfolio over the next 5 years

**Strategy for the investment portfolio**

- VIRGIN ACTIVE**
  - Continued focus on the digitisation thesis and systems
  - Rigorous focus on capex plans for all regions based on return on capital
  - Focus on FCF generation (South Africa, United Kingdom) and growth in Italy and Asia-Pacific region
  - Potential listing/trade sale on the back of consumer data/insights thesis, backed by strong cash flows & further diversification
- PREMIER**
  - Continue to maximise operational efficiencies in manufacturing and distribution footprint
  - Potential consolidation opportunities to diversify product mix and improve exit thesis and rating
  - Potential value enhancing acquisitions to enter into new categories and/or geographies
  - Support of the Mozambique turnaround strategy
- ICELAND**
  - Strong footprint, brand and maintained market share over long period
  - Drive cash flow generation to de-gear the business
  - Medium term plan to optimise market positioning, valuation and exit attractiveness
  - Plan for exit into an improved UK retail environment
- OTHER**
  - Maximise value from DGB and Consol in the shorter term in an orderly basis to further deleverage the Brait balance sheet
  - Support New Look's executive management plan in delivering on its well-defined turnaround measures
  - Monitor liquidity options on the Senior Secured Notes held by Brait
- OPERATING COSTS**
  - Ethos Private Equity will become the advisor to the Brait board
  - The fee in respect of the advisory agreement will be significantly reduced from the current R215 million to an annual cost of R100 million p.a.
  - Other operating costs will be reduced through implementing a restructure of the Brait operating model

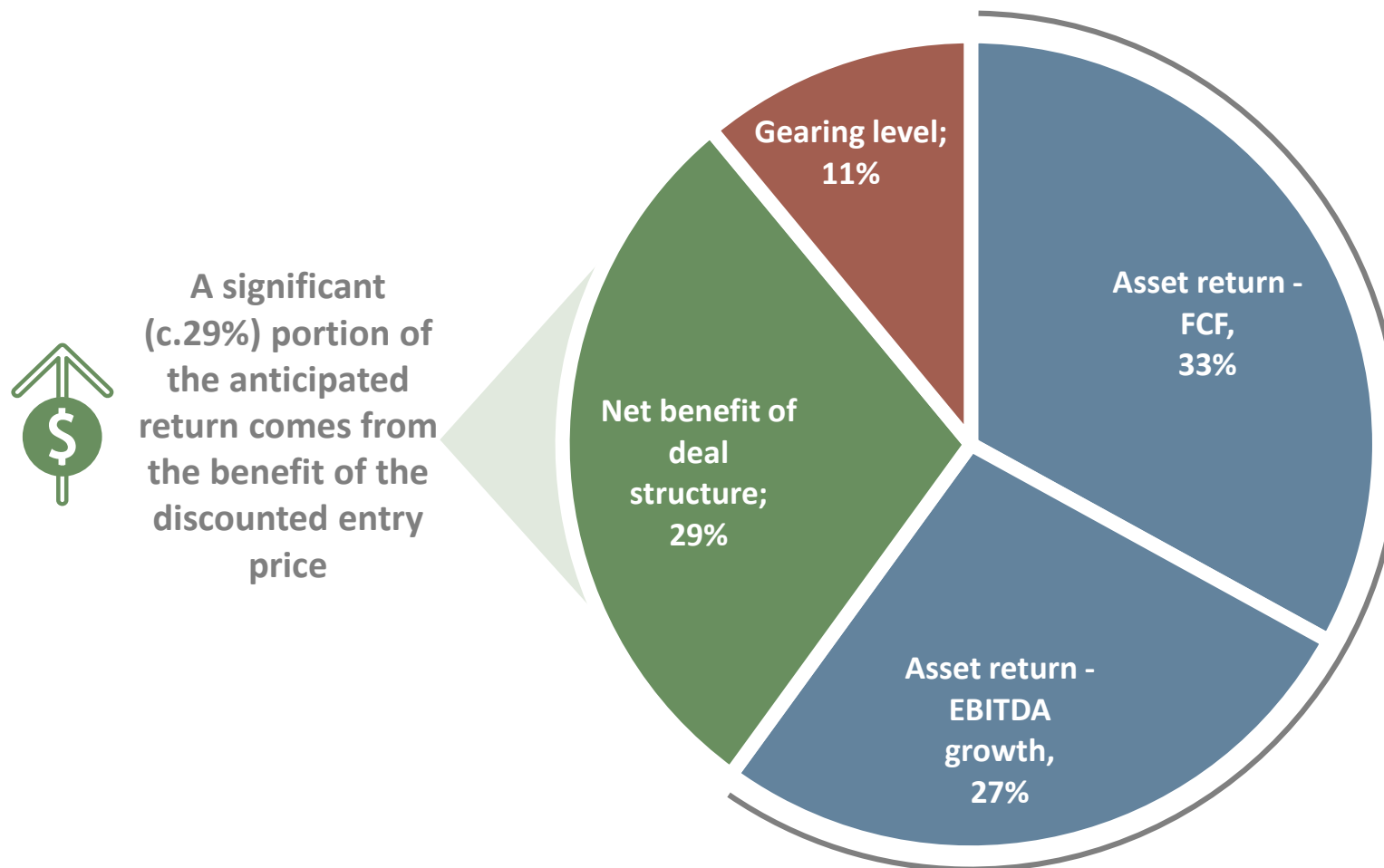


## Attractive risk-adjusted return

Driven by:

- Discounted entry price
- High free cash flow of the underlying portfolio companies
- Defensive growth characteristics of the underlying portfolio companies

## Composition of the Returns



A significant (c.29%) portion of the anticipated return comes from the benefit of the discounted entry price

In total, 'Asset return' accounts for 60% of the total IRR, with only 27% "value growth" required to come from EBITDA growth over time

The investment returns benefit from the high free cash flow conversion in the underlying assets



**Ethos Capital portfolio diversification**

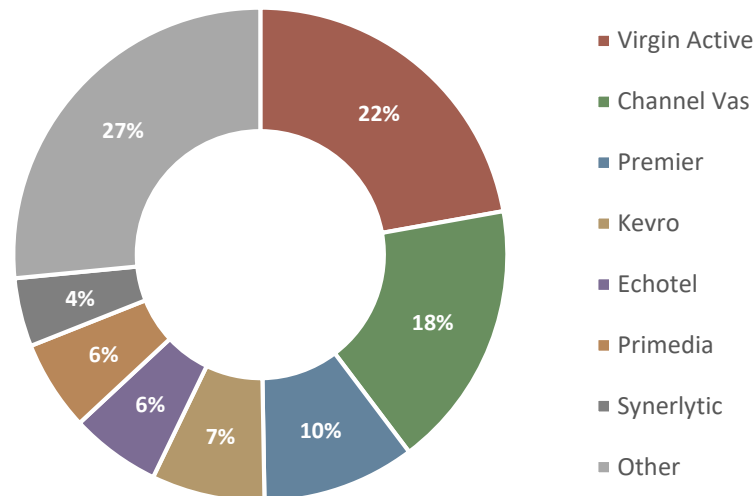
Brait has a high-quality asset base that complements Ethos Capital's existing investments by adding sector and geographic diversification

In addition, the Brait assets provide currency diversification; reducing the impact of ZAR volatility

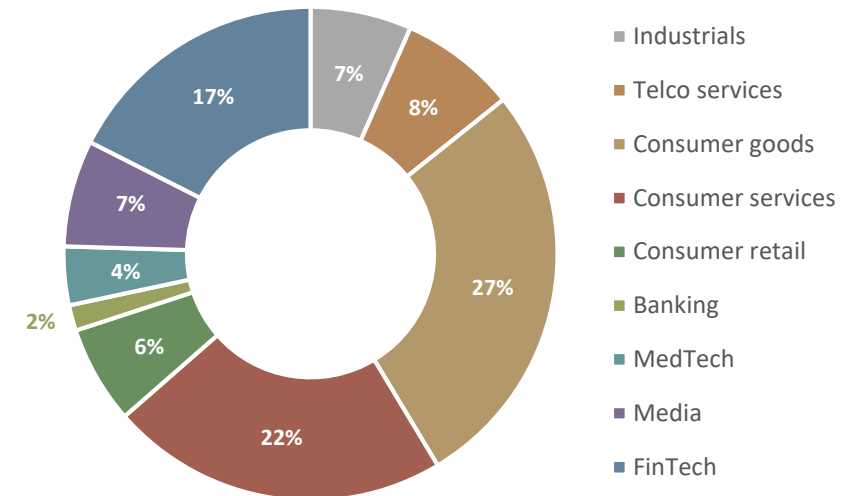
Following the investment into Brait, Ethos Capital's largest three assets will make up c.50% of its portfolio: Virgin Active (22%), ChannelVAS (18%) and Premier (10%)

While the portfolio will have a large exposure to Consumer goods, retail and services; this is diverse across geography (c.60% South Africa, 26% SSA and 14% International) and consumer type across LSM

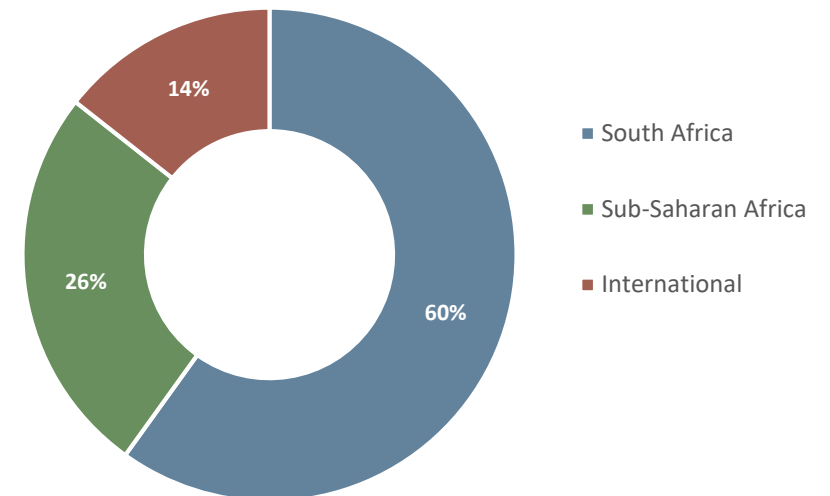
**PORTFOLIO: BY ASSET (BASED ON 30 SEPT 2019 NAV)**



**PORTFOLIO: BY SECTOR (BASED ON 30 SEPT 2019 NAV)**



**PORTFOLIO: BY REGION (BASED ON 30 SEPT 2019 NAV)**







## DISCLAIMER

THE INFORMATION CONTAINED HEREIN IS PROVIDED FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY AND IS NOT, AND MAY NOT BE RELIED ON IN ANY MANNER AS, LEGAL, TAX OR INVESTMENT ADVICE OR AS AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY AN INTEREST IN ANY OF THE ETHOS PRIVATE EQUITY FUNDS OR LISTCO (TOGETHER THE "FUNDS"). A PRIVATE OFFERING OF INTERESTS IN THE FUNDS WILL ONLY BE MADE PURSUANT TO A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "OFFERING MEMORANDUM") AND SUBSCRIPTION DOCUMENTS, WHICH WILL BE FURNISHED TO QUALIFIED INVESTORS ON A CONFIDENTIAL BASIS AT THEIR REQUEST FOR THEIR CONSIDERATION IN CONNECTION WITH SUCH OFFERING. THE INFORMATION CONTAINED HEREIN WILL BE QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE OFFERING MEMORANDUM, WHICH CONTAINS ADDITIONAL INFORMATION ABOUT THE INVESTMENT OBJECTIVE, TERMS AND CONDITIONS OF AN INVESTMENT IN THE FUNDS AND ALSO CONTAINS TAX INFORMATION AND RISK DISCLOSURES THAT ARE IMPORTANT TO ANY INVESTMENT DECISION REGARDING THE FUNDS. NO PERSON HAS BEEN AUTHORISED TO MAKE ANY STATEMENT CONCERNING THE FUNDS OTHER THAN AS SET FORTH IN THE OFFERING MEMORANDUM AND ANY SUCH STATEMENTS, IF MADE, MAY NOT BE RELIED UPON. THE INFORMATION CONTAINED HEREIN MUST BE KEPT STRICTLY CONFIDENTIAL AND MAY NOT BE REPRODUCED OR REDISTRIBUTED IN ANY FORMAT WITHOUT THE APPROVAL OF THE FUNDS. NOTWITHSTANDING THE FOREGOING, EACH INVESTOR AND PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT THEREOF) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE FUNDS AND ITS INVESTMENTS AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO SUCH INVESTOR OR PROSPECTIVE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, PROVIDED, HOWEVER, THAT SUCH DISCLOSURE SHALL NOT INCLUDE THE NAME (OR OTHER IDENTIFYING INFORMATION NOT RELEVANT TO THE TAX STRUCTURE OR TAX TREATMENT) OF ANY PERSON AND SHALL NOT INCLUDE INFORMATION FOR WHICH NONDISCLOSURE IS REASONABLY NECESSARY IN ORDER TO COMPLY WITH APPLICABLE SECURITIES LAWS.

AN INVESTMENT IN THE FUNDS WILL INVOLVE SIGNIFICANT RISKS, INCLUDING THE LOSS OF THE ENTIRE INVESTMENT. THE FUNDS WILL BE ILLIQUID, AS THERE IS NO SECONDARY MARKET FOR INTERESTS IN THE FUNDS AND NONE IS EXPECTED TO DEVELOP. RESTRICTIONS APPLY TO TRANSFERS AND WITHDRAWALS OF INTERESTS IN THE FUNDS, AND THE INVESTMENT PERFORMANCE OF THE FUNDS MAY BE VOLATILE. THE FEES AND EXPENSES CHARGED IN CONNECTION WITH AN INVESTMENT IN THE FUNDS MAY BE HIGHER THAN THE FEES AND EXPENSES OF OTHER INVESTMENT ALTERNATIVES AND MAY OFFSET PROFITS. BEFORE DECIDING TO INVEST IN THE FUNDS, PROSPECTIVE INVESTORS SHOULD READ THE MEMORANDUM OF THE FUNDS AND PAY PARTICULAR ATTENTION TO THE INVESTMENT CONSIDERATIONS CONTAINED IN THE MEMORANDUM. INVESTORS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISK CHARACTERISTICS OF THE FUNDS' INVESTMENTS.

IN CONSIDERING ANY PERFORMANCE DATA CONTAINED HEREIN, YOU SHOULD BEAR IN MIND THAT PAST OR TARGETED PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THE FUNDS WILL ACHIEVE COMPARABLE RESULTS OR THAT TARGET RETURNS WILL BE MET. IN ADDITION, THERE CAN BE NO ASSURANCE THAT UNREALISED INVESTMENTS WILL BE REALISED AT THE VALUATIONS SHOWN AS ACTUAL. REALISED RETURNS WILL DEPEND ON, AMONG OTHER FACTORS, FUTURE OPERATING RESULTS, THE VALUE OF THE ASSETS AND MARKET CONDITIONS AT THE TIME OF DISPOSITION, ANY RELATED TRANSACTION COSTS, AND THE TIMING AND MANNER OF SALE, ALL OF WHICH MAY DIFFER FROM THE ASSUMPTIONS ON WHICH THE VALUATIONS CONTAINED HEREIN ARE BASED. THE IRRS PRESENTED ON A "GROSS" BASIS DO NOT REFLECT ANY MANAGEMENT FEES, CARRIED INTEREST, TAXES AND ALLOCABLE EXPENSES BORNE BY INVESTORS, WHICH IN THE AGGREGATE MAY BE SUBSTANTIAL. ALL IRRS PRESENTED ARE ANNUALISED AND CALCULATED ON THE BASIS OF MONTHLY INVESTMENT INFLOWS AND OUTFLOWS. NOTHING CONTAINED HEREIN SHOULD BE DEEMED TO BE A PREDICTION OR PROJECTION OF FUTURE PERFORMANCE OF THE FUNDS.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INVESTIGATION AND EVALUATION OF THE INFORMATION CONTAINED HEREIN. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISER AND TAX ADVISER AS TO LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE INFORMATION CONTAINED HEREIN.

EXCEPT WHERE OTHERWISE INDICATED HEREIN, THE INFORMATION CONTAINED HEREIN IS BASED ON MATTERS AS THEY EXIST AS OF THE DATE OF PREPARATION OF THIS PRESENTATION AND NOT AS OF ANY FUTURE DATE. THE INFORMATION PROVIDED HEREIN WILL NOT BE UPDATED OR OTHERWISE REVISED TO REFLECT INFORMATION THAT SUBSEQUENTLY BECOMES AVAILABLE, OR CIRCUMSTANCES EXISTING OR CHANGES OCCURRING AFTER THE DATE HEREOF.

CERTAIN INFORMATION CONTAINED IN THIS PRESENTATION CONSTITUTES "FORWARD-LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, ACTUAL EVENTS OR RESULTS MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS.

CERTAIN INFORMATION CONTAINED IN THIS PRESENTATION IS BASED ON OR DERIVED FROM INFORMATION PROVIDED BY INDEPENDENT THIRD-PARTY SOURCES. ETHOS BELIEVES THAT SUCH INFORMATION IS ACCURATE AND THAT THE SOURCES FROM WHICH IT HAS BEEN OBTAINED ARE RELIABLE. ETHOS CANNOT GUARANTEE THE ACCURACY OF SUCH INFORMATION, HOWEVER, AND HAS NOT INDEPENDENTLY VERIFIED THE ASSUMPTIONS ON WHICH SUCH INFORMATION IS BASED.

THIS PRESENTATION IS BEING PROVIDED ON A CONFIDENTIAL BASIS. ACCORDINGLY, THIS PRESENTATION MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE FUNDS.