

INVESTOR PRESENTATION

January 2020



- 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 **Rights Offer price of R6.60 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 54.2% 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

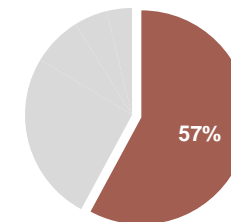


Premium global fitness club operator, with an attractive digitisation thesis

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

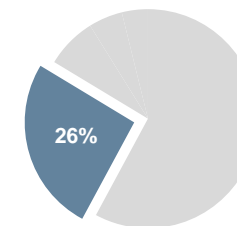


Maintainable EBITDA £140.2m



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

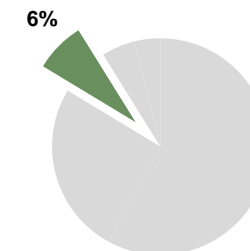


Maintainable EBITDA R1,000m



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

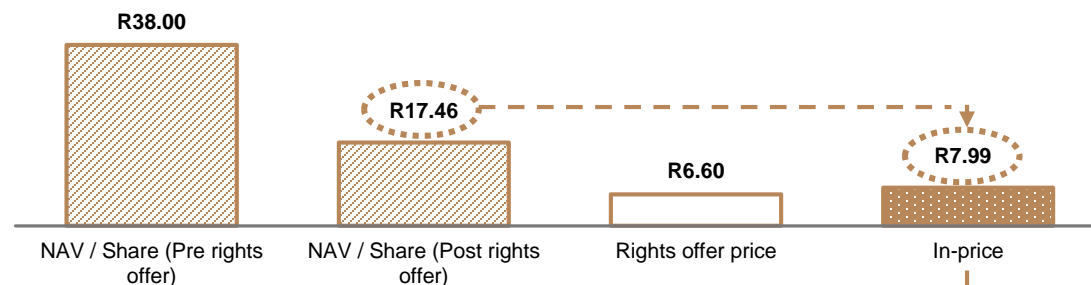


...AT A SIGNIFICANT DISCOUNT TO NAV



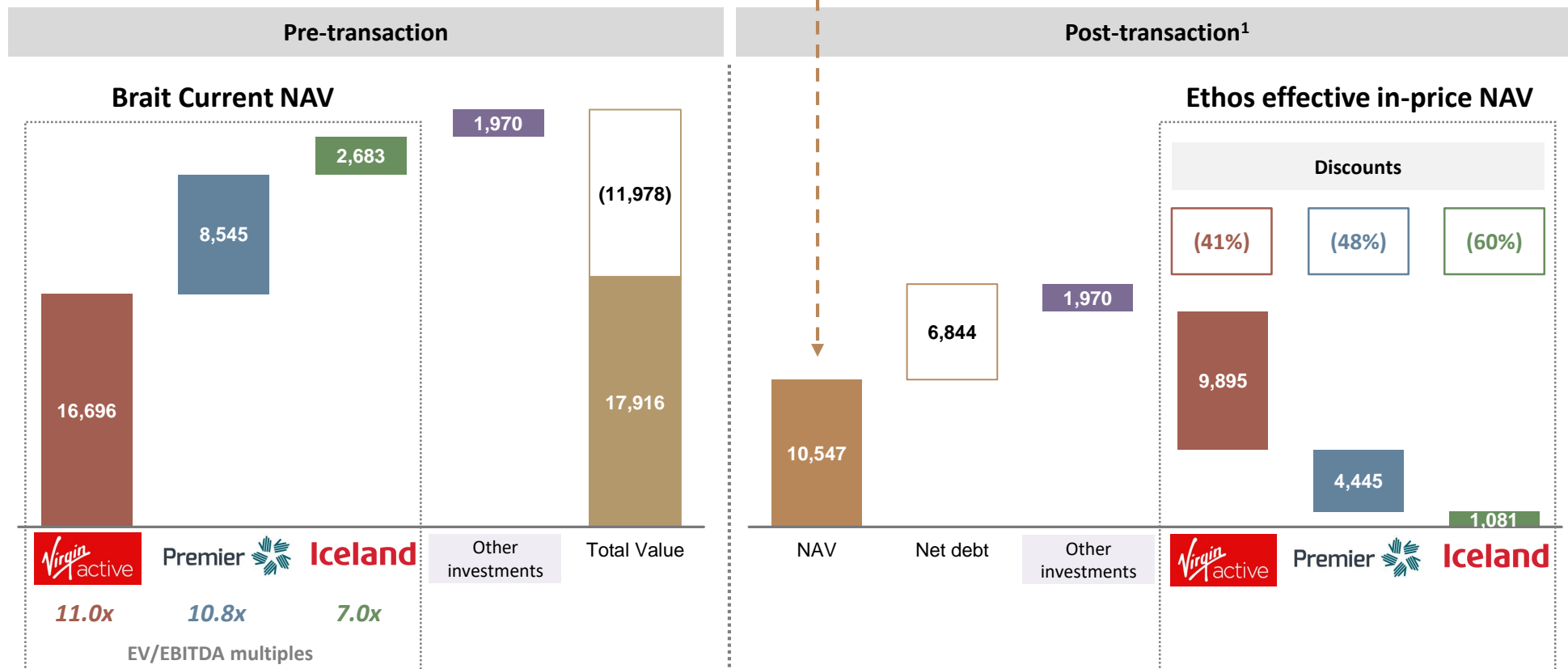
Discounted entry valuation

The Ethos Capital in-price of R7.99 implies a discount of 54.2% to the post Rights Offer NAVPS of R17.46



The current Brait NAV implies a NAV per share of R38.00. Post a R5.6bn Rights Offer, the NAV per share equates to **R17.46**

At the Rights Offer price of R6.60 per share, Ethos' effective in-price is **R7.99**



Note 1: Analysis based on R5.25bn Rights Offer and R350mn general issue, i.e. R5.6bn of capital raised. rights offer price of R6.60, 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	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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

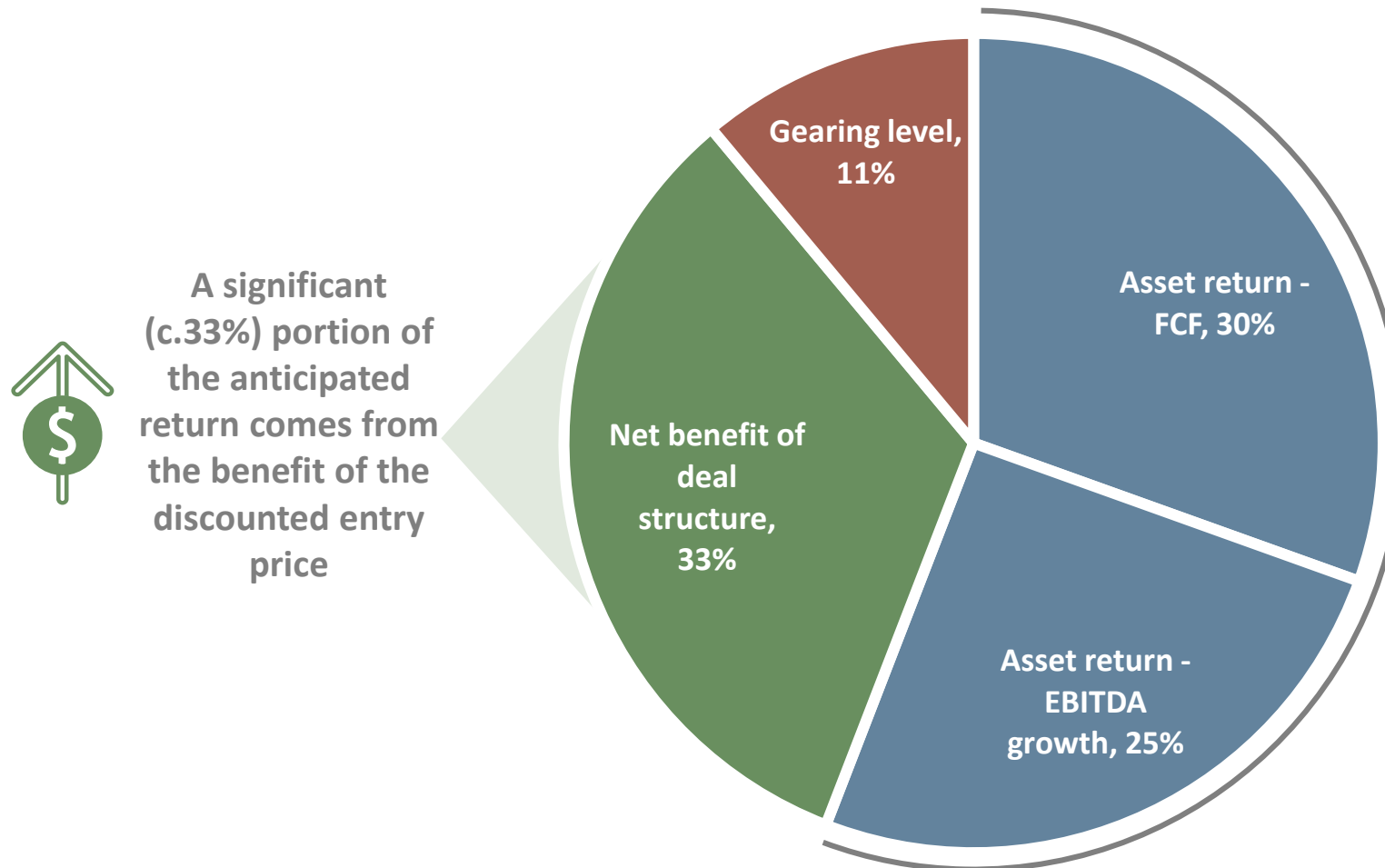


Attractive risk-adjusted return

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.33%) portion of the anticipated return comes from the benefit of the discounted entry price

In total, 'Asset return' accounts for 55% of the total IRR, with only 25% "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

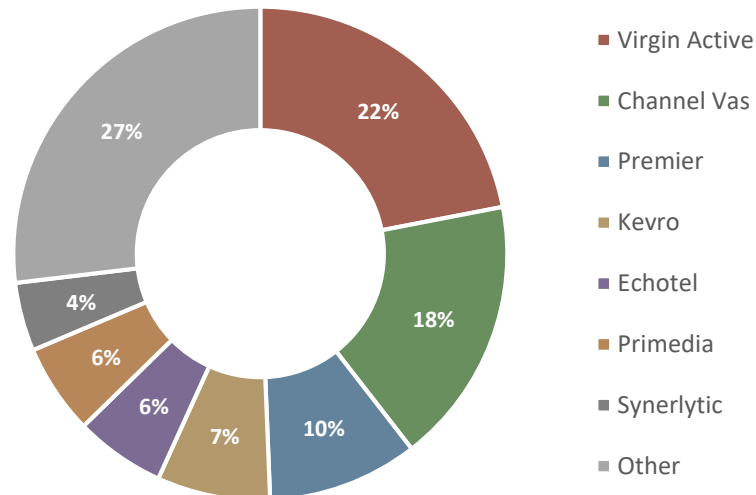
Brait has a high-quality asset base that complements Ethos Capital’s existing investments by adding sector and geographic diversification

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

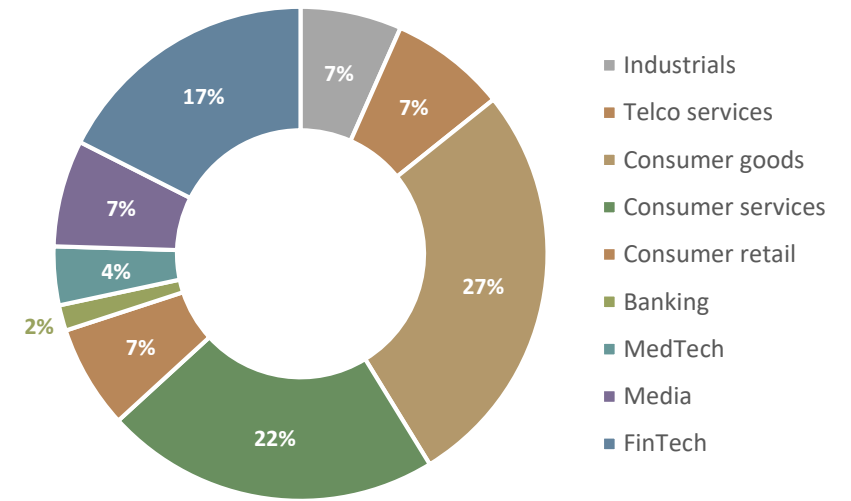
Following the investment into Brait, Ethos Capital’s largest three assets will make up c.50% of its portfolio: Virgin Active (22%), ChannelVAS (18%) and Premier (10%)

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

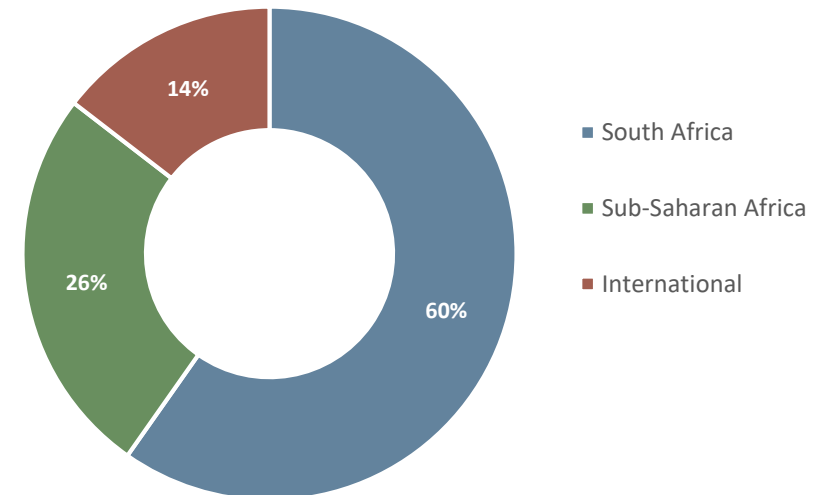
PORTFOLIO: BY ASSET (BASED ON 30 SEPT 2019 NAV)



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



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





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