

## **BRAIT INVESTMENT HOLDINGS LIMITED**

(Registered in Mauritius as a Public Limited Company)

(Registration number: 183308 GBC)

JSE Alpha code: BIHLEB ISIN: MU0707E00002

LEI: 8755004E9YEXF8GHCY56

Bond CFI: DCFUCR Bond FISN: Brait/5.00 FXD BD 20241203

(the "**Issuer**")

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## **NOTICE REQUESTING WRITTEN CONSENT FROM THE BONDHOLDERS OF THE OUTSTANDING**

**R3,000,000,000 5.00% SENIOR UNSECURED EXCHANGEABLE BONDS WITH A PRINCIPAL AMOUNT OF R1,000 EACH DUE 2024 EXCHANGEABLE INTO BRAIT PLC ORDINARY SHARES**

**(THE "EXCHANGEABLE BONDS") ISSUED BY BRAIT INVESTMENT HOLDINGS LIMITED**

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1. Pursuant to Condition 14(a)(xii) and 14(b) of the Terms and Conditions of the Exchangeable Bonds, the Issuer hereby gives notice requesting written consent from the Bondholders of the outstanding Exchangeable Bonds issued on 20 December 2021 for the Extraordinary Resolutions to be passed by written resolution ("**Extraordinary Written Resolutions**") proposed by the Issuer described below.
2. Unless otherwise defined, words and expressions used in this notice will bear the same meanings as in the Terms and Conditions of the Exchangeable Bonds.
3. The record date to be recorded in the Register to receive this notice of request for written consent, and to vote on the proposed Extraordinary Written Resolutions, is the date of publication of this notice on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") on 19 June 2024 ("**SENS**").

### **4. REQUEST**

The Issuer requests the Bondholders to approve the Extraordinary Written Resolutions set out below, for the reasons set out in paragraph 6 below.

### **5. ACTION REQUIRED BY BONDHOLDERS**

In terms of Condition 14(a)(xii) of the Terms and Conditions of the Exchangeable Bonds, the Bondholders are required to sign the Extraordinary Written Resolutions and deliver a signed copy thereof, as set out in paragraph 8 below, by no later than 17h00 Johannesburg time, on 1 July 2024 (the "**Deadline Date**").

### **6. BACKGROUND AND RATIONALE**

- 6.1 The Issuer wishes to amend the Terms and Conditions of the Exchangeable Bonds on the terms set out in Schedule 2 (the "**Amended and Restated Terms and Conditions**") of the notice disseminated by Strate Proprietary Limited ("**STRATE**"), with deletions and insertions to the existing Terms and Conditions reflected as tracked changes.

6.2 The background and rationale for the proposed amendments to the Terms and Conditions of the Exchangeable Bonds is set out below:

The stated strategy of Brait, is to monetise its asset base and optimise the return of capital to its shareholders. This strategy has not changed. Due to the unforeseen effects of COVID on Virgin Active and New Look, in particular, the timeline to realise value from these assets has, by necessity, been extended. The December 2024 maturity of the Bonds requires a recapitalisation of the Group's balance sheet in order to provide the requisite flexibility to optimise the exit window for these assets and to avoid being forced into expedient sales of Brait's three remaining assets when market conditions are not conducive to value maximisation for shareholders.

The 3-year extensions to the maturities of the Bonds in terms of the Recapitalisation, as defined below, provide runway for all stakeholders to benefit from the continued recovery in Virgin Active and New Look and the growth in Premier and gives Brait the ability to choose the earliest optimal exit window for each asset.

The combined R900 million partial repayment of the Bonds, which will be funded using the proceeds from the March 2024 placement of Premier Group Limited shares ("**Premier Proceeds**"), meaningfully reduces the Group's debt whilst the Rights Offer will strengthen the Group's balance sheet and provide it with the requisite capital for general working capital purposes, potential portfolio company investments and liquidity to repay debt.

The Recapitalisation provides increased flexibility for Brait to redeem the Bonds, which may allow the Group to return capital to stakeholders in the event of an earlier exit of the asset base. In addition, the combined R900 million reduction in the nominal values of the Bonds mitigates the increase in the coupon rates, resulting in a negligible increase in cash interest expense for the Group. No Shares in addition to those originally allocated have been allocated to the Bonds under the terms of the Recapitalisation, in order to limit any dilution to existing Brait Shareholders.

The key terms of the inter-conditional recapitalisation of Brait's capital structure are as follows:

- the amendment of the Exchangeable Bonds Terms & Conditions, for which Brait has obtained irrevocable undertakings of support from holders representing 73% of the nominal value of the Exchangeable Bonds, thereby in excess of the required threshold of 67% per their Terms and Conditions to give effect to the proposed amendments, to provide for:
  - the extension of the final maturity date of the Exchangeable Bonds from 3 December 2024 (the "**EB Original Final Maturity Date**") to 3 December 2027 (the "**EB Amended Final Maturity Date**") ("**EB Maturity Extension**");
  - the partial redemption of the Exchangeable Bonds in the aggregate amount of R750 million (plus any associated accrued interest), to be effected by way of a reduction in the nominal value of each Exchangeable Bond from R1,000 each to R750 each, to be funded from the Premier Proceeds;
  - the consequent reduction in the Exchange Price applicable upon the exercise of rights to exchange Exchangeable Bonds for Shares from R4.3700 to R3.2775, which will be further reduced post the Rights Offer in accordance with the existing terms and conditions of the Exchangeable Bonds;
  - the amendment of the coupon rate payable on the Exchangeable Bonds from 5.0% per annum to 6.0% per annum (made up of 5.75% paid in cash and 0.25% paid in kind (i.e. capitalised in arrears on each Interest Payment Date)); and

- share settlement at the option of the Issuer to be available at any time during the final 270 days prior to the maturity of the Exchangeable Bonds
- with such changes having effect from satisfaction of the following:
  - the Convertible Bond Amendments (as defined below); and
  - the Rights Offer;
 (the “**Exchangeable Bond Amendments**”);
- the amendment of the Convertible Bonds Terms & Conditions, for which Brait has obtained irrevocable undertakings of support from holders representing 80% of the nominal value of the Convertible Bonds, thereby in excess of the required threshold of 75% per their Terms and Conditions to give effect to the proposed amendments, provide for:
  - the extension of the final maturity date of the Convertible Bonds from 4 December 2024 (the “**CB Original Final Maturity Date**”) to 4 December 2027 (the “**CB Amended Final Maturity Date**”) (“**CB Maturity Extension**”);
  - the *pro rata* redemption of Convertible Bonds in the aggregate amount of R150 million (plus any associated accrued interest), to be funded from the Premier Proceeds;
  - the amendment of the coupon rate payable on the Convertible Bonds from 6.5% per annum to 8.0% per annum (comprising 7.25% paid in cash and 0.75% paid in kind (i.e. capitalised in arrears on each Interest Payment Date));
  - redemption permitted at any time at par plus accrued interest and in no minimum amount;
  - certain restrictions on debt incurrence whereby Brait may not incur additional indebtedness unless the total amount of outstanding indebtedness does not exceed the pre-Recapitalisation amount of financial indebtedness (including undrawn commitments on the BML RCF);
  - certain asset sale/mandatory prepayments governing redemption in accordance with the structural seniority waterfall (first applied to the BML RCF, then the Exchangeable Bonds and then the Convertible Bonds),
  - with such changes having effect from satisfaction of the following:
    - the Exchangeable Bond Amendments (as defined above);
    - the Rights Offer;
 (the “**Convertible Bond Amendments**”);
- the fully underwritten equity capital raise of up to R1.5 billion (“**Rights Offer**”) which facilitates the amendments to the Bonds with the proceeds retained by Brait for general working capital purposes, potential investment in existing portfolio companies and/or repayment of Group debt over time, for which Brait has secured irrevocable undertakings from shareholders who collectively hold 61.0% of the Brait ordinary shares outstanding to vote in favour of the ordinary resolutions to be proposed at the Shareholder EGM to be held on Tuesday 2 July 2024, as follows:
  - The Rights Offer is fully underwritten by way of secured irrevocable undertakings and/or underwriting commitments of R1.5 billion from Titan Financial Services Proprietary Limited (“**Titan**”), represented by Dr Christo Wiese and his related entities, and is priced at R0.59 cents per Share, which represents a 25% discount to the Theoretical Ex-Rights Price (“**TERP**”) based on the volume weighted average price (“**VWAP**”) of a Share for the five

consecutive dealing days prior to Brait having announced the Recapitalisation on 3 June 2024;

- The Rights Offer is conditional upon certain conditions,
  - the Brait Board having validly approved all matters necessary or required for implementing the Rights Offer;
  - Brait convening the Shareholder EGM and obtaining the necessary shareholder approvals required to implement the Rights Offer and issue of shares to satisfy conversion rights in relation to the Convertible Bonds;
  - the preparation and submission of such documents (including but not limited to public announcements) in each case as may be required by the Euro MTF market of the Luxembourg Stock Exchange (“**LuxSE**”) and the exchange operated by the JSE Limited (“**JSE**”);
  - receipt of any required regulatory approvals, including, but not limited to, the approvals of the LuxSE and the JSE;
  - the underwriting agreement between Brait and Titan (“**Underwriting Agreement**”) becoming unconditional in accordance with its terms; and
  - the Convertible Bond Amendments and Exchangeable Bond Amendments having been duly approved by bondholders,
- The Underwriting Agreement is conditional upon, inter alia:
  - from the date of the Underwriting Agreement to 16h30, on the business day prior to the finalisation date, there shall not have occurred (i) an event, nor is an event reasonably like to occur, which is reasonably likely to result in a material adverse effect on the earnings of Brait’s material investments, Brait’s reported net asset value per Share, the equity investment value of Brait’s material investments or the solvency of Brait, BIH, BML or their material investments; (ii) trading in any Shares of Brait or Brait’s listing having been suspended, terminated or limited by the JSE, LuxSE or any other applicable regulatory body, or trading generally having been suspended or materially limited on, any of the New York Stock Exchange, the London Stock Exchange, the LuxSE or the JSE, or if minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges; and/or (iii) a material disruption in commercial banking, securities settlement, payment or clearance service in Luxembourg or South Africa has occurred; and/or (iv) any outbreak or escalation of hostilities, act of terrorism, or any material adverse change in national or international monetary, financial, or economic conditions in South Africa, the United Kingdom, any member state of the European Union or the United States of America; which in each case would make it impracticable or inadvisable to proceed with the Rights Offer.
  - The conditions in the Underwriting Agreement may be waived in the absolute discretion of Titan. Titan may terminate the Underwriting Agreement prior to the settlement date for the Rights Offer inter alia if there is a breach of any of the warranties or representations in the Underwriting Agreement, a material market disruption event, or an event of default under the Convertible Bonds or the Exchangeable Bonds such that they become immediately due and payable, in each case which would make it inappropriate or inadvisable to proceed with the Rights Offer, and

- Extension of the Brait Mauritius Limited (“**BML**”) committed revolving credit facility (the “**BML RCF**”) by three years to March 2028, with facility limit increased from R0.6 billion to R1 billion, for which the existing lending banks have agreed and signed a credit approved term sheet, with the drafting of legal agreements to record these arrangements currently underway,

(collectively, the “**Recapitalisation**”).

In this paragraph 6.2:

<b>BML</b>	Brait Mauritius Limited, with registration number C60342, a company duly incorporated and registered under the laws of Mauritius, and a wholly-owned subsidiary of the Issuer
<b>Bonds</b>	the Convertible Bonds and the Exchangeable Bonds
<b>Brait or the Group</b>	Brait PLC, with registration number 183309 GBC, a public company duly incorporated and registered under the laws of Mauritius and the parent of the Issuer
<b>Convertible Bonds</b>	GBP150,000,000, 6.50% convertible bonds due on the CB Original Final Maturity Date with a nominal value of GBP100,000 each issued by Brait and convertible into Shares at the Conversion Price
<b>Rights Offer Shares</b>	an aggregate of up to 2,542,372,881 Shares proposed to be issued by Brait pursuant to the Rights Offer
<b>Qualifying Shareholders</b>	those Shareholders who are entitled to subscribe for Rights Offer Shares pursuant to the Rights Offer Circular
<b>Shares</b>	the ordinary shares of no par value in the capital of Brait

6.3 The rationale for Written Extraordinary Resolution 2 is to make consequential amendments to the relevant agreements to align with the amended Terms and Conditions of the Exchangeable Bonds.

## 7. EXTRAORDINARY WRITTEN RESOLUTION

7.1 In terms of Condition 14(a)(xii) of the Terms and Conditions of the Exchangeable Bonds, a resolution in writing submitted to the Bondholders, entitled to exercise voting rights in relation to the resolution, and signed by Bondholders holding at least 66.67% (in the case of a matter to be adopted by Extraordinary Resolution) of the outstanding principal amount of the Exchangeable Bonds, within 20 Business Days after the written resolution was submitted to such Bondholders, shall be as valid and effective as if it had been passed at a meeting duly convened and constituted and shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the last day on which that resolution is signed by any one or more of the Bondholders.

7.2 If approved, the amendments to the Terms and Conditions of the Exchangeable Bonds will be effected by the Issuer executing the Amended and Restated Terms and Conditions.

7.3 The Issuer is entitled to announce that the required threshold for the passing of the Written Extraordinary Resolutions has been met as soon as the Written Extraordinary Resolutions have been signed by Bondholders holding at least 66.67% of the outstanding principal amount of the Exchangeable Bonds and will make such announcement on 2 July 2024.

## 8. SUBMISSION OF SIGNED RESOLUTION BY BONDHOLDERS

- 8.1 Each Bondholder is required to sign the written resolution and deliver a signed copy thereof, by no later than 2 business days before the Deadline Date, electronically to:
- (a) the relevant Central Securities Depository Participant ("CSDP") of that Bondholder (that provided the Bondholder with this notice) pursuant to the terms of the custody agreement with such CSDP; and
  - (b) the Issuer, c/o Rand Merchant Bank, a division of FirstRand Bank Limited, for the attention of Masechaba Makhura at the following e-mail address: [masechaba.makhura@rmb.co.za](mailto:masechaba.makhura@rmb.co.za).
- 8.2 On receipt of the signed written resolution from each Bondholder, the relevant CSDP is required to notify and provide a copy thereof to Strate Proprietary Limited of the Bondholder's vote for, against or abstaining from voting in respect of the written resolution together with the outstanding principal amount of the Exchangeable Bonds held and voted on by that Bondholder in the signed written resolution, by e-mail to [Strate-CDAdmin@strate.co.za](mailto:Strate-CDAdmin@strate.co.za) by no later than the Deadline Date.

### IT IS RESOLVED BY WRITTEN RESOLUTION THAT:

#### 2. EXTRAORDINARY WRITTEN RESOLUTION NUMBER 1 OF THE BONDHOLDERS OF OUTSTANDING EXCHANGEABLE BONDS

Pursuant to Condition 14(a)(xii) and 14(b) of the Terms and Conditions of the Exchangeable Bonds, the Bondholders approve the amendment and restatement of the Terms and Conditions on the terms set out in Schedule 2 (the "**Amended and Restated Terms and Conditions**") of the notice disseminated by STRATE, with deletions and insertions to the existing Terms and Conditions reflected as tracked changes.

#### 3. EXTRAORDINARY WRITTEN RESOLUTION NUMBER 2 OF THE BONDHOLDERS OF OUTSTANDING EXCHANGEABLE BONDS

Pursuant to Condition 14(a)(xii) and 14(b) of the Terms and Conditions of the Exchangeable Bonds, the Bondholders consent to amendments, if any, to the Bondholder Representative Deed, Paying and Transfer Agency Agreement, Exchange Agency Agreement, Calculation Agency Agreement and Deed Poll to align with the Amended and Restated Terms and Conditions.

Port Louis, Mauritius

19 June 2024

The Issuer is a wholly owned subsidiary of Brait P.L.C., an investment holding company. BIH's Bonds are dual listed on the Main Board of the exchange operated by the JSE Limited ("**JSE**") as well as the Official Market of the Stock Exchange of Mauritius ("**SEM**").

#### **JSE Debt Sponsor:**

Rand Merchant Bank (a division of FirstRand Bank Limited)

#### **SEM Authorised Representative and Sponsor:**

Perigeum Capital Ltd