

Brimstone Investment Corporation Limited
(Incorporated in the Republic of South Africa)
Registration number 1995/010442/06
Share Code: BRT ISIN: ZAE000015277
Share Code: BRN ISIN: ZAE000015285
("Brimstone" or the "Company")

INVESTMENT BY BRIMSTONE IN FPG INVESTMENTS PROPRIETARY LIMITED

1. Introduction

Brimstone shareholders are advised that the board of directors of Brimstone have resolved to participate in a private placement (the "**FPG Private Placement**" or the "**Transaction**") being undertaken by FPG Investments Proprietary Limited ("**FPG Investments**").

FPG Investments is seeking to raise fresh capital in terms of a rights offer to its existing shareholders ("**FPG Rights Offer**"), and to the extent that shareholders in FPG Investments do not follow their rights, such shares will be allocated to the FPG Private Placement (the FPG Rights Offer and the FPG Private Placement are together referred to as the "**FPG Capital Raise**"). FPG Investments is seeking to issue 3,174,604 new ordinary shares ("**FPG Shares**") at an issue price of R31.50 per ordinary share ("**FPG Rights Offer Price**"). The FPG Rights Offer Price has been determined by the board of directors of FPG Investments and is based on the aggregate enterprise value of FPG Investments of R4,368 million.

In terms of the FPG Private Placement, Brimstone has subscribed for, and been allocated, 1,587,302 FPG Shares at the FPG Rights Offer Price, amounting to an investment of R50 million, which will result in Brimstone acquiring a c.1.4% interest in FPG Investments post the FPG Capital Raise. Brimstone has subscribed for the FPG Shares utilising available cash. The Transaction is not subject to any conditions precedent and is expected to be implemented on or about 13 September 2024.

2. Description of FPG Investments and rationale for the FPG Capital Raise

FPG Investments is an investment holding company whose principal investment is an 86.4% shareholding in FPG Property Fund Proprietary Limited ("**FPG Property Fund**" or the "**Fund**"). FPG Property Fund is principally a property-owning entity with a focus on the convenience retail sector. The Fund also provides a full spectrum of property services to its properties, which includes both property and asset management functions. The properties are not only located in South Africa but the Fund also has exposure to the United Kingdom, through its wholly-owned subsidiary FPG UK Limited, where it has invested in retail properties and is developing and renovating residential properties. In addition, FPG Investments holds an 86.9% shareholding in FPG Foods Proprietary Limited ("**FPG Foods**"), which owns a collection of quick service restaurants and a minority stake in a high growth FMCG business.

The value of the net assets of FPG Investments were R3,626 million as at 29 February 2024. The profits attributable to the net assets of FPG Investments were R651 million for the year ended 29 February 2024. These figures were extracted from the latest audited annual financial statements of FPG Investments, which were prepared in accordance with the IFRS for SMEs Accounting Standard.

3. Rationale for the Transaction

The Transaction with FPG Investments increases Brimstone's exposure to FPG Property Fund and adds exposure to FPG Foods. Both businesses have consistently demonstrated high growth rates and have provided solid returns to shareholders. Furthermore, both businesses have strong prospects for future growth and delivering high returns to shareholders. The investment by Brimstone will enable FPG Investments to accelerate its growth trajectory, as Brimstone's equity contribution will be used to fund new investments.

4. Small related party transaction

The Transaction is classified as a "small related party" transaction in terms of paragraphs 10.1 and 10.7 of the JSE Limited Listings Requirements (the "**Listings Requirements**") as Brimstone is transacting with FPG Investments, which is an associate (as defined in the Listings Requirements) of Liyaqat Allie Parker, a non-executive director of Brimstone.

In terms of paragraph 10.7(b) of the Listings Requirements, Brimstone appointed Moore Advisory Cape Town Proprietary Limited as the independent expert ("**Independent Expert**") and provided the JSE Limited with written confirmation from the Independent Expert ("**Opinion**") that the terms of the Transaction are fair insofar as the shareholders of Brimstone are concerned. The Opinion can be inspected at Brimstone's registered office and by emailing Brimstone's Company Secretary at TMoodley@brimstone.co.za, for a period of 28 days from the date of this announcement.

12 September 2024

Cape Town

Investment Bank, Corporate Advisor and Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Independent Expert

Moore Advisory Cape Town Proprietary Limited