

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this "front cover" (unless the context requires a contrary intention).

### Action required

- If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, Participant, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Brimstone Shares, please forward this Circular to the purchaser of such Brimstone Shares or to the Broker, Participant, banker, accountant, attorney or other agent through whom the disposal was effected.
- Brimstone Shareholders are referred to page 2 of this Circular, which sets out the action required by them.

**Brimstone does not accept responsibility, and will not be held liable for any act of or omission by, any Participant or Broker including, without limitation, any failures on the part of the Participant or the Broker of any beneficial owner of Brimstone Shares to notify such beneficial owner of the contents of this Circular.**



### 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")

## CIRCULAR TO BRIMSTONE SHAREHOLDERS

regarding

- **the approval of the potential disposal by Brimstone of its entire shareholding (3.37%) in Life Healthcare in six instalments for approximately R1.348 billion, due to the scheduled unwind of Brimstone's Zero Cost Collar over its Life Healthcare Shares and the related full and final settlement of the Loan Transaction, which disposal will constitute a category 1 transaction for Brimstone in terms of the JSE Listings Requirements,**

and incorporating

- **a notice convening the General Meeting of Brimstone Shareholders to be conducted entirely by electronic communication; and**
- **a form of proxy (for use by holders of Certificated Shares and Dematerialised Shares with "own-name" registration only).**

Investment Bank, Corporate Advisor and Sponsor



Independent Transaction Sponsor

**Deloitte.**

Independent Reporting Accountant

**Deloitte.**

Date of issue: Friday, 18 September 2020

This Circular is available in English only and copies thereof may be obtained from the offices of the Company and the Sponsor at the addresses reflected on the Corporate Information page of this Circular, or by emailing the Company Secretary at [tmoodley@brimstone.co.za](mailto:tmoodley@brimstone.co.za), from the date of issue of this Circular until the date of the General Meeting. A copy of this Circular will also be available on Brimstone's website ([www.brimstone.co.za](http://www.brimstone.co.za)) during the same period.

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## IMPORTANT LEGAL NOTICES

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The definitions and interpretations commencing on page 6 of this Circular shall apply, *mutatis mutandis*, to this "Important Legal Notes" (unless the context requires a contrary intention).

### **FORWARD-LOOKING STATEMENTS**

This Circular may contain statements about Brimstone that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Brimstone cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which Brimstone operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Brimstone, as communicated in publicly available documents by Brimstone, all of which estimates and assumptions, although Brimstone believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Brimstone or not currently considered material by Brimstone.

Brimstone Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Brimstone not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Brimstone has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Any forward-looking statements have not been reviewed nor reported on by the Company's external auditors.

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## CORPORATE INFORMATION AND ADVISORS

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### **Company Secretary and Registered Office**

T Moodley  
1st Floor, Slade House  
Boundary Terraces  
1 Mariendahl Lane  
Newlands  
Cape Town, 7700  
South Africa  
(PO Box 44580, Claremont, 7735)

Incorporated in the Republic of South Africa on  
2 October 1995

### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
South Africa  
(Private Bag X9000, Saxonwold, 2132)

### **Investment Bank, Corporate Advisor and Sponsor**

Nedbank Corporate and Investment Banking  
A division of Nedbank Limited  
(Registration number 1951/000009/06)  
3rd Floor, Corporate Place  
135 Rivonia Road  
Sandton, 2196  
South Africa  
(PO Box 1144, Johannesburg, 2000)

### **Independent Transaction Sponsor**

Deloitte & Touche Sponsor Services Proprietary Limited  
(Registration Number 1996/000034/07)  
Deloitte Place  
5 Magwa Crescent  
Waterfall City  
Midrand, Johannesburg, 2090  
South Africa  
(Private Bag X6, Gallo Manor, 2052, South Africa)

### **Independent Reporting Accountant**

Deloitte & Touche  
(Practice number 902276)  
Unit 11  
Ground Floor  
La Gratitude  
97 Dorp Street  
Stellenbosch, 7600  
(PO Box 578, Cape Town, 8000)

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## ACTION REQUIRED BY BRIMSTONE SHAREHOLDERS

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The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this "Action required by Brimstone Shareholders" (unless the context requires a contrary intention).

**Please take careful note of the following provisions regarding the action required by Brimstone Shareholders:**

1. If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, Participant, banker, accountant, attorney or other professional advisor immediately.
2. If you have disposed of all of your Brimstone Shares, please forward this Circular to the purchaser of such Brimstone Shares or to the Broker, Participant, banker, accountants, attorney or other agent through whom the disposal was effected.
3. This Circular contains information relating to the Disposal. You should carefully read through the Circular and decide how you wish to vote on the Disposal Resolution to be proposed at the General Meeting.
4. As a result of the COVID-19 outbreak, and guidance from authorities regarding the need for social distancing, the General Meeting will be conducted entirely by electronic communication.

### 5. GENERAL MEETING

#### 5.1 Notice of General Meeting

The notice convening the General Meeting to approve the Disposal is attached to this Circular. The General Meeting will be conducted entirely by electronic communication, as permitted in terms of the Companies Act and the Company's Memorandum of Incorporation, on Monday, 19 October 2020 at 10:00.

#### 5.2 General Meeting to be conducted entirely by electronic communication

5.2.1 Shareholders or their duly appointed proxy(ies) who wish to participate in the General Meeting via electronic communication ("**Shareholder Participant(s)**") must either:

5.2.1.1 register online using the online registration portal at [www.smartagm.co.za](http://www.smartagm.co.za); or

5.2.1.2 apply to Computershare, by delivering the duly completed electronic participation form to: First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Shareholder Participant), or sending it by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za) so as to be received by Computershare by no later than 10:00 on Thursday, 15 October 2020. The electronic participation form can be found as an insert to the Notice of General Meeting. Computershare will first validate such requests and confirm the identity of the Shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

5.2.2 Computershare will inform Shareholder Participants who notified SmartAGM or Computershare of their intended participation in accordance with the details under Electronic Participation set out on page 24 of the Notice of General Meeting, by no later than 10:00 on Friday, 16 October 2020 by email of the relevant details through which Shareholder Participants can participate electronically.

5.2.3 The cost of electronic participation in the General Meeting is for the account of the Shareholder Participant and will be billed separately by the Shareholder Participant's own service provider.

5.2.4 The Shareholder Participant acknowledges that the electronic services are provided by third parties and indemnifies Brimstone against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Shareholder Participant or anyone else. In particular, but not exclusively, the Shareholder Participant acknowledges that he/she will have no claim against Brimstone, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Shareholder Participant via the electronic services to the General Meeting.

5.2.5 Brimstone cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

### 5.3 If you hold Dematerialised Shares

#### 5.3.1 "Own-name" registration

You are entitled to participate in the General Meeting via electronic communication, or be represented by proxy.

If you are unable to participate in the General Meeting but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received, for administration purposes, by the Transfer Secretaries by no later than 10:00 on Thursday, 15 October 2020:

**Hand deliveries to:**

Computershare Investor Services  
Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank

**Postal deliveries to:**

Computershare Investor Services  
Proprietary Limited  
Private Bag X9000  
Saxonwold, 2132

**Email to:**

proxy@computershare.co.za

#### 5.3.2 Other than "own-name" registration

In accordance with the mandate between you and your Participant or Broker you must advise your Participant or Broker timeously if you wish to participate, or be represented at, the General Meeting. If your Participant or Broker has not contacted you, you are advised to contact your Participant or Broker and provide them with your voting instructions. If your Participant or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You must not complete the attached form of proxy.

### 5.4 If you hold Certificated Shares

You are entitled to participate, or be represented by proxy, in the General Meeting.

If you are unable to participate in the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, for administration purposes, by no later than 10:00 on Thursday, 15 October 2020:

**Hand deliveries to:**

Computershare Investor Services  
Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank

**Postal deliveries to:**

Computershare Investor Services  
Proprietary Limited  
Private Bag X9000  
Saxonwold, 2132

**Email to:**

proxy@computershare.co.za

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* to this "Salient dates and times" section (unless the context requires a contrary intention):

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**2020**

Record date to determine which Brimstone Shareholders are eligible to receive the Circular on	Friday, 11 September
Circular (together with the notice convening the General Meeting) posted to Brimstone Shareholders on	Friday, 18 September
Announcement relating to the issue of the Circular (together with the notice convening the General Meeting) released on SENS on	Friday, 18 September
Announcement relating to the issue of the Circular (together with the notice convening the General Meeting) published in the press on	Monday, 21 September
Last day to trade to be entitled to vote and participate in the General Meeting on	Tuesday, 6 October
Record date to be entitled to vote and participate in the General Meeting on	Friday, 9 October
Last day to lodge forms of proxy for the General Meeting with the Transfer Secretaries, for administration purposes, (by 10:00) on	Thursday, 15 October
General Meeting to be conducted entirely by electronic communication at 10:00 on	Monday, 19 October
Results of the General Meeting to be released on SENS on	Monday, 19 October

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**Notes:**

1. These dates and times are subject to amendment. Any such amendment will be released on SENS.
2. This Circular is available in English only. Copies may be obtained from Brimstone's Registered Office at the address set out in the "Corporate Information and Advisors" section of this Circular, or by emailing the Company Secretary at [tmoodley@brimstone.co.za](mailto:tmoodley@brimstone.co.za), or on the Company's website, [www.brimstone.co.za](http://www.brimstone.co.za), from the date of issue of this Circular until the date of the General Meeting.

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## DEFINITIONS AND INTERPRETATIONS

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In the Circular, unless otherwise stated or the context otherwise indicates, (i) the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, (ii) reference to the singular shall include the plural and *vice versa*, (iii) words denoting one gender shall include the other genders, and (iv) an expression denoting natural persons shall include juristic persons and associations of persons:

"Agreements"	collectively, the GMSL Agreement, the July 20 Confirmation, and the Cession and Pledge, all of which gave rise to the Transaction, and ultimately the Disposal;
"Associate(s)"	has the meaning ascribed to it in the JSE Listings Requirements;
"Averaging Date(s)"	each Business Day from: <ul style="list-style-type: none"><li>• 29 October 2020 to the first Expiration Date;</li><li>• 26 November 2020 to the second Expiration Date;</li><li>• 7 January 2021 to the third Expiration Date;</li><li>• 4 February 2021 to the fourth Expiration Date;</li><li>• 4 March 2021 to the fifth Expiration Date; and</li><li>• 1 April 2021 to the sixth Expiration Date;</li></ul>
"Board" or "Directors"	the directors of Brimstone whose names are reflected on page 10 of this Circular;
"Brimstone" or the "Company"	Brimstone Investment Corporation Limited (registration number 1995/010442/06), a public company incorporated in accordance with the laws of South Africa, the shares of which are listed on the main board of the exchange operated by the JSE;
"Brimstone Group" or the "Group"	Brimstone and its subsidiaries, from time to time;
"Brimstone Shareholders"	the registered holder(s) of a Brimstone Share(s);
"Broker"	any person registered as a broking member (equities) in terms of the rules of the JSE;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"Cash Settle(d)"	settlement of the aggregate of the Loan Repayment Amounts via the transfer of cash by Brimstone to Nedbank;
"cents"	South African cents, in the lawful currency of South Africa;
"Certificated Shareholder(s)"	Brimstone Shareholder(s) who hold Certificated Share(s);
"Certificated Share(s)"	Brimstone Share(s) represented by a Share certificate(s) or other physical document(s) of title, which has/have not been surrendered for dematerialisation in terms of the requirements of Strate;
"Cession and Pledge"	the cession and pledge (in security) entered into on 23 January 2019 between Brimstone and Nedbank to give effect to the security provided by Brimstone to Nedbank for the Equity Funded Option Transaction;
"Circular"	this circular dated Friday, 18 September 2020 including the Notice of General Meeting and the form of proxy;
"Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended;
"CSDP"	a person that holds in custody and administers securities or an interest in securities as a central securities depository as a participant;



"Dematerialised Share(s)"	Brimstone Share(s) that have been dematerialised through a Participant or Broker and are held on the sub register of Brimstone Shareholders administered by Participants in electronic form;
"Dematerialised Shareholder(s)"	Brimstone Shareholder(s) that have dematerialised their Brimstone Share(s) through a Participant and have instructed the Participant to hold their Brimstone Share(s) on the sub register maintained by the Participant and forming part of the Brimstone Share register;
"Disposal"	the potential disposal by Brimstone of its entire shareholding in Life Healthcare in six instalments to settle the Loan Transaction and unwind the Equity Funded Option Transaction, as a result of Brimstone's potential election to Equity Settle the Zero Cost Collar;
"Disposal Consideration"	an amount equal to the Loan Repayment Amounts, being R1.348 billion;
"Disposal Resolution"	the ordinary resolution of Brimstone Shareholders authorising Brimstone to dispose of the Disposal Shares;
"Election Date(s)"	the dates by which Brimstone is required to make an election in terms of the July 20 Confirmation to either Equity Settle or Cash Settle the Zero Cost Collar, being 5 Business Days prior to the relevant First Averaging Date;
"EPS"	earnings per share;
"Equity Funded Option Transaction" or "Zero Cost Collar"	a put and call (collar) option transaction in respect of the Life Healthcare Shares, entered into between Brimstone and Nedbank on 23 January 2019, as evidenced by the July 20 Confirmation;
"Equity Settle(d)"	settlement of the aggregate of the Loan Repayment Amounts via the transfer of the Life Healthcare Shares by Brimstone to Nedbank;
"Expiration Date(s)"	each of 19 November 2020, 17 December 2020, 28 January 2021, 25 February 2021, 25 March 2021 and 22 April 2021. The Expiration Dates and the Loan Repayment Dates have been structured to coincide such that the repayment of the Loan Amount and the unwind of the Zero Cost Collar are scheduled to take place on the same dates;
"February 20 Confirmation"	the confirmation agreement dated 13 February 2020 entered into between Brimstone and Nedbank reflecting updated settlement dates in respect of the Transaction, which agreement superseded an original confirmation dated 23 January 2019;
"form of proxy"	the form of proxy ( <i>blue</i> ) attached to this Circular;
"General Meeting"	the general meeting of Shareholders to be conducted entirely by electronic communication on Monday, 19 October 2020 at 10:00 to consider and, if deemed appropriate, approve the Disposal;
"GMSL Agreement"	the global master securities lending agreement entered into on 23 January 2019 between Brimstone and Nedgroup Securities to give effect to the Transaction;
"HEPS"	headline EPS;
"IFRS"	International Financial Reporting Standards;
"Independent Reporting Accountant"	Deloitte & Touche (Practice number 902276), a professional partnership established in terms of South African law and the independent reporting accountant to Brimstone;
"Independent Transaction Sponsor"	Deloitte & Touche Sponsor Services Proprietary Limited, a private company incorporated in accordance with the laws of South Africa, with registration number (registration number 1996/000034/07);

“July 20 Confirmation”	the confirmation agreement dated 16 July 2020 entered into between Brimstone and Nedbank reflecting further updated terms and conditions of the Transaction, and specifically allowing Brimstone to elect to Equity Settle the Zero Cost Collar, which agreement superseded an original confirmation dated 23 January 2019 and the February 2020 Confirmation;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“JSE Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“Last Day to Trade”	the last day to trade Brimstone Shares on the JSE in order to be recorded in the Register to vote at the General Meeting;
“Last Practicable Date”	Friday, 28 August 2020, the last practicable date prior to the finalisation of this Circular;
“Life Healthcare”	Life Healthcare Group Holdings Limited (registration number 2003/002733/06), a public company incorporated in accordance with the laws of South Africa on 7 February 2003, the shares of which are listed on the main board of the exchange operated by the JSE, with its registered office at Oxford Manor, 21 Chaplin Road, Illovo, Johannesburg 2196. Life Healthcare is one of three major private healthcare providers in South Africa primarily serving the private medically insured market. Life Healthcare provides acute care and high-technology private hospital services, acute rehabilitation, mental health, renal dialysis, radiation and chemotherapy oncology, occupational health, employee wellness services, acute and long-term chronic mental health and frail care services in South Africa. Life Healthcare has operations in Poland, providing private healthcare and medical services in 41 locations across 23 cities. Life Healthcare’s United Kingdom subsidiary, Alliance Medical, offers diagnostic and molecular imaging services across the United Kingdom and Europe;
“Life Healthcare Shares”	49 497 807 (3.37%) ordinary share(s) of R0.000001 each in the capital of Life Healthcare;
“Loan Amount”	an amount of R1,158,690,451 (one billion, one hundred and fifty eight million, six hundred and ninety thousand and four hundred and fifty one Rand);
“Loan Repayment Amount(s)”	each of: <ul style="list-style-type: none"> <li>• R220,667,709.50 on the first Loan Repayment Date;</li> <li>• R220,667,709.50 on the second Loan Repayment Date;</li> <li>• R220,667,789.75 on the third Loan Repayment Date;</li> <li>• R228,780,852.75 on the fourth Loan Repayment Date;</li> <li>• R228,780,852.75 on the fifth Loan Repayment Date; and</li> <li>• R228,735,526.87 on the sixth Loan Repayment Date;</li> </ul>
“Loan Repayment Date(s)”	the 5th Business Day prior to the first Averaging Date related to: <ul style="list-style-type: none"> <li>• the first Expiration Date;</li> <li>• the second Expiration Date;</li> <li>• the third Expiration Date;</li> <li>• the fourth Expiration Date;</li> <li>• the fifth Expiration Date; and</li> <li>• the sixth Expiration Date;</li> </ul>
“Loan Transaction”	the transaction in terms of which Nedbank loaned the Loan Amount to Brimstone on 23 January 2019, as evidenced by the July 20 Confirmation;

"Major Subsidiaries"	a subsidiary that represents 25% (twenty five percent) or more of total assets or revenue of the consolidated group based on the latest published interim results of Brimstone;
"N Share(s)"	"N" ordinary share(s) of 0.001 cent each in the capital of Brimstone;
"NAV"	net asset value;
"Nedbank"	Nedbank Limited (registration number 1951/000009/06), a public company duly incorporated and registered in accordance with the laws of South Africa;
"Nedbank Group"	Nedbank and its subsidiaries and various divisions;
"Nedbank CIB" or "Investment Bank, Corporate Advisor and Sponsor"	Nedbank Corporate and Investment Banking, a division of Nedbank, and the investment bank, corporate advisor and sponsor to Brimstone;
"Nedgroup Securities"	Nedbank Group Securities Proprietary Limited (registration number 1995/012240/07), a private company incorporated in accordance with the laws of South Africa;
"Notice of General Meeting"	the notice convening the General Meeting of Brimstone Shareholders attached to this Circular, containing, <i>inter alia</i> , the ordinary resolutions required to authorise the Disposal;
"Ordinary Share(s)"	ordinary share(s) of 0.1 cent each in the capital of the Company;
"Participant"	a Central Securities Depository Participant appointed by individual Brimstone Shareholder(s) for the purpose of and in regard to the dematerialisation of his/her Brimstone Share(s);
"R" or "Rand"	South African Rand, the lawful currency of South Africa;
"Register"	Brimstone's securities register, including all Sub Registers (if any);
"Registered Office"	the registered office of Brimstone, currently situated at 1st Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, 7700;
"SENS"	the Stock Exchange News Service of the JSE;
"Share(s)" or "Brimstone Share(s)"	Ordinary Share(s) and/or N Share(s), as the case may be;
"Shareholder(s)" or "Brimstone Shareholder(s)"	holder(s) of Brimstone Share(s);
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
"sub register"	each of Brimstone's sub-registers of members administered and maintained by CSDPs in electronic form;
"TNAV"	tangible net asset value;
"Trading Day"	a day on which trading is capable of being made on the exchange operated by the JSE;
"Transaction"	collectively, the Loan Transaction and the Equity Funded Option Transaction; and
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa.



**BRIMSTONE**  
INVESTMENT CORPORATION LIMITED

## **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")

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### **Directors**

F Robertson (Executive Chairman)

MA Brey (Chief Executive Officer)

GG Fortuin (Financial Director)

MI Khan (Chief Operating Officer)

T Moodley

MJT Hewu\*\*

PL Campher (Lead Independent Director)\*\*

FD Roman\*\*

N Khan\*\*

KR Moloko\*\*

LA Parker\*\*

\* Independent

# Non-executive

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## **CIRCULAR TO BRIMSTONE SHAREHOLDERS**

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### **SECTION ONE – THE TRANSACTION AND THE DISPOSAL**

#### **1. INTRODUCTION**

Brimstone Shareholders are referred to the announcement released on SENS on Monday, 31 August 2020 regarding Brimstone's proposed potential disposal of its minority interest in Life Healthcare Shares in six instalments due to the scheduled unwind of Brimstone's Zero Cost Collar over its Life Healthcare Shares and the related settlement of the Loan Transaction.

The purpose of this Circular is to provide Brimstone Shareholders with relevant information relating to the Transaction, and ultimately the Disposal, as well as to convene the General Meeting of Brimstone Shareholders at 10:00 on Monday, 19 October 2020, which will be conducted entirely by electronic communication, for the purposes of considering and, if deemed fit, passing, with or without modification, the Disposal Resolution.

#### **2. BACKGROUND TO THE TRANSACTION**

Brimstone has been invested in Life Healthcare since 2005, when it first acquired an 18% interest in Life Healthcare. Following the initial investment, the Company increased its shareholding to 21.9% in 2006 and then in 2010 Brimstone unbundled part of its investment in Life Healthcare to its shareholders. Brimstone currently holds 49 497 807 (3.37%) ordinary shares in Life Healthcare.

In January 2019, Brimstone entered into the Agreements with Nedbank Group in terms of which the Company utilised its Life Healthcare Shares as security to raise funding to pursue growth opportunities. The Loan Transaction is nearing maturity, requiring Brimstone to commence settling the Loan Amount including accrued interest in six instalments on the various Loan Repayment Dates. In addition, in terms of the July 20 Confirmation, which gave effect to the Zero Cost Collar, this structure is to be Cash Settled, commencing in October 2020 and ending in March 2021, although Brimstone has the option, at its sole discretion, to Equity Settle the structure. It is currently Brimstone's intention to Equity Settle the Zero Cost Collar, which will result in the extinguishing of the Loan Amount including accrued interest utilising the Company's Life Healthcare Shares.

The Zero Cost Collar has provided Brimstone with a unique opportunity to dispose of the Life Healthcare Shares at a significant premium to the current share price. Consequently, the Board has resolved to Equity Settle the Zero Cost Collar in six instalments as determined by the July 20 Confirmation. If the Company makes the required election to Equity Settle the Zero Cost Collar by the required dates, in terms of the July 20 Confirmation, this will result in the effective disposal of Brimstone's Life Healthcare Shares in six instalments, at a premium to the current share price, against settlement of the Loan Repayment Amounts.

### 3. RATIONALE FOR THE DISPOSAL

As mentioned in previous announcements published by the Company in May 2020, in light of the general economic uncertainty, further impacted by the COVID-19 pandemic, the Board has undertaken a strategic review of its investment portfolio having regard to its long-term strategy. The Board has identified assets that it believes can be disposed of at acceptable valuations without jeopardising this strategy. The proceeds from these disposals will be applied to meet Brimstone's funding obligations in the near- to medium-term.

The Zero Cost Collar provides Brimstone with the opportunity to dispose of the Life Healthcare Shares at between R26.75 and R27.73 which is between 60% and 66% higher than the share price of R16.71 (on the Last Practicable Date), and thereby settle the Loan Amount including accrued interest, and the Board is confident that it is a prudent course of action to take at this time.

### 4. TERMS OF THE DISPOSAL AND SETTLEMENT OF THE LOAN TRANSACTION

In terms of the July 20 Confirmation, and as a result of the Board's decision to proceed with Equity Settling the Zero Cost Collar, depending on market conditions at the time the Company is required to notify Nedbank of its decision to Equity Settle, the Disposal will take place in six instalments between October 2020 and March 2021, which will coincide with the Loan Repayment Dates and result in the settlement of the Loan Repayment Amounts. Should the Company decide to fully Equity Settle the Zero Cost Collar, following the Disposal, Brimstone will no longer hold any shares in Life Healthcare and the Loan Amount including accrued interest (R189.6 million) will be extinguished.

### 5. BRIMSTONE'S PROSPECTS

Brimstone has historically demonstrated sustainable growth over the long term for its Shareholders. Its investments include some of the most iconic brands in South Africa in Sea Harvest and Ladismith Cheese (part of the Sea Harvest Group), Lucky Star (part of the Oceana Group), and Carducci and C-Squared (part of House of Monatic). Brimstone is also invested in Phuthuma Nathi, which owns 20% of Multichoice South Africa, an interest in Equites Property Fund and a 10% shareholding in a specialised property group called FPG.

Brimstone has a values-driven identity, driven by its mission to be profitable, empowering and to have a positive social impact. Brimstone has more than 2 500 individual Shareholders including 39 non-governmental organisations which support in excess of 3.5 million beneficiaries.

Following the strategic review of the portfolio, the Board is confident that its plans will create long-term value for Shareholders.

## SECTION TWO – FINANCIAL INFORMATION

### 6. PRO FORMA FINANCIAL EFFECTS

The table below sets out the *pro forma* financial effects of the Disposal on Brimstone's unaudited interim results for the six months ended 30 June 2020. The *pro forma* financial effects have been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present Brimstone's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Disposal going forward.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published audited consolidated financial results of Brimstone for the year ended 31 December 2019. The *pro forma* financial effects are presented in accordance with the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The Directors are responsible for the compilation, contents and preparation of the Brimstone *pro forma* financial effects. Their responsibility includes determining that the Brimstone *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Brimstone and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial effects disclosed pursuant to the JSE Listings Requirements.

<b>Per Brimstone Share (cents)</b>	<b>Before the Disposal<sup>(1)</sup></b>	<b>Pro forma after the Disposal<sup>(4)</sup></b>	<b>Percentage change<sup>(1) to (4)</sup> (%)</b>
Basic loss per Brimstone Share <sup>(2)</sup>	(74.4)	(61.3)	17.6%
Diluted loss per Brimstone Share <sup>(2)</sup>	(74.4)	(61.3)	17.6%
Basic headline loss per Brimstone Share <sup>(2)</sup>	(77.3)	(64.2)	17.0%
Diluted headline loss per Brimstone Share <sup>(2)</sup>	(77.3)	(64.2)	17.0%
Net asset value per Brimstone Share <sup>(3)</sup>	987	969	(1.9%)
Tangible net asset value per Brimstone Share <sup>(3)</sup>	348	330	(5.2%)
Intrinsic net asset value per Brimstone Share <sup>(3)</sup>	1,369	1,351	(1.3%)
Weighted average number of Brimstone Shares in issue ('000)	252 803	252 803	0.0%
Diluted weighted number of Brimstone Shares in issue ('000)	252 803	252 803	0.0%
Number of Brimstone Shares in issue ('000)	252 803	252 803	0.0%

**Notes and assumptions:**

1. The "Before the Disposal" information has been extracted without adjustment from Brimstone's unaudited interim results for the six months ended 30 June 2020.
2. The basic and diluted EPS and HEPS "After the Disposal" are based on the assumption that the Disposal was effected on 1 January 2020 for statement of profit or loss purposes.
3. The NAV, TNAV and INAV "After the Disposal" are based on the assumption that the Disposal was effected on 30 June 2020 for statement of financial position purposes.
4. The detailed notes and assumptions to the *pro forma* financial effects are presented in **Annexure 1** to this Circular and the *pro forma* financial effects should be read in conjunction with the *pro forma* consolidated statement of profit or loss and the *pro forma* consolidated statement of financial position contained therein. The Independent Reporting Accountant's assurance report on the compilation of *pro forma* financial information is contained in **Annexure 2** to this Circular.

## 7. EXPENSES RELATING TO THE DISPOSAL

The expenses relating to the implementation of the Disposal are estimated at approximately R803 000 (excluding VAT) and comprise:

<b>Description</b>	<b>R'000</b>
Nedbank CIB (Investment Bank and Corporate Advisor)	325
Deloitte & Touche (Independent Transaction Sponsor)	125
Deloitte & Touche (Independent Reporting Accountant)	150
JSE documentation fees	53
Ince Proprietary Limited (printing fee for the Circular)	50
Ince Proprietary Limited (print media fee for all announcements)	30
General Meeting costs to conduct it entirely by electronic communication	20
Contingency	50
<b>Total</b>	<b>803</b>

## 8. WORKING CAPITAL

The Directors are of the opinion that the working capital available to the Brimstone Group, following the Disposal, is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of issue of this Circular.

## SECTION THREE – ADDITIONAL MATERIAL INFORMATION

### 9. DIRECTORS

#### 9.1 Directors' remuneration and contracts

Neither the remuneration receivable by the Directors, nor the Directors' contracts, will be varied as a consequence of the Disposal.

#### 9.2 Directors' interests in Brimstone Shares

The direct and indirect beneficial interests of the Directors and their Associates, including directors who have resigned during the last 18 months, in the issued share capital of Brimstone as at 30 June 2020 was as follows:

##### Ordinary Shares

Director	Beneficial		Non-beneficial	Total	% held*
	Direct	Indirect			
MA Brey	1 351 184	4 847 350	104 184	6 302 718	15.8%
F Robertson	520 300	6 015 523	–	6 535 823	16.4%
MI Khan	–	–	10 089	10 089	0.0%
T Moodley	22 799	–	17 095	39 894	0.1%
M Hewu	107 134	–	–	107 134	0.3%
N Khan	133 279	235 812	–	369 091	0.9%
LA Parker	–	655 730	–	655 730	1.6%
<b>Total</b>	<b>2 134 696</b>	<b>11 754 415</b>	<b>131 368</b>	<b>14 020 479</b>	<b>35.2%</b>

\* Based on 39 874 146 Ordinary Shares in issue, including treasury shares, as at 30 June 2020.

There have been no dealings in Ordinary Shares by Directors and Associates of Directors between 30 June 2020 and the Last Practicable Date.

##### N Shares

Director	Beneficial		Non-beneficial	Total	% held*
	Direct	Indirect			
MA Brey	724 733	18 597 559	199 589	19 521 881	8.5%
F Robertson	292 735	17 521 838	–	17 814 573	7.8%
MI Khan	80 813	–	980	81 793	0.0%
GG Fortuin	11 483	–	–	11 483	0.0%
T Moodley	629 833	–	162 736	792 569	0.3%
M Hewu	243 495	–	5 547	249 042	0.1%
N Khan	146 084	1 152 887	–	1 298 971	0.6%
LA Parker	–	2 298 649	–	2 298 649	1.0%
<b>Total</b>	<b>2 129 176</b>	<b>39 570 933</b>	<b>368 852</b>	<b>42 068 961</b>	<b>18.4%</b>

\* Based on 228 639 962 N Shares in issue, including treasury shares, as at 30 June 2020.

There have been no dealings in N Shares by Directors and Associates of Directors between 30 June 2020 and the Last Practicable Date.

#### 9.3 Directors' interests in transactions

No Director, including a director of Brimstone who has resigned during the last 18 months has any material beneficial interest, whether direct or indirect, in the Disposal or any other transactions that were effected by Brimstone (i) during the current or immediately preceding financial year; or (ii) during an earlier financial year and remain in any respect outstanding or unperformed.

#### 9.4 Directors' responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief there are no details that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and contain all information required by law and the JSE Listings Requirements.

#### 10. MAJOR BRIMSTONE SHAREHOLDERS

At the Last Practicable Date, insofar as is known to the Directors, the following Brimstone Shareholders beneficially held in excess of 5% of the issued Brimstone Shares:

Brimstone Shareholder	Ordinary Shares	N Shares	Total	Percentage of Shares in issue*
MA Brey (direct and indirect, beneficial and non-beneficial)	6 302 718	19 521 881	25 824 599	9.62%
F Robertson (direct and indirect, beneficial and non-beneficial)	6 535 823	17 814 573	24 350 396	9.07%
Brostone Securities (Pty) Ltd	2 855 757	15 222 007	18 077 764	6.73%
Jasmynweg Beleggings 3 (RF)	2 855 757	15 222 007	18 077 764	6.73%
<b>Total</b>	<b>18 550 055</b>	<b>67 780 468</b>	<b>86 330 523</b>	<b>32.15%</b>

\* Based on 39 874 146 Ordinary Shares and 228 639 962 N Shares in issue, including treasury shares, as at the Last Practicable Date.

#### 11. MATERIAL LOANS

Brimstone's material loans will not change as a result of the Disposal, save for the repayment of the Loan Repayment Amounts, which total R1.348 billion, as a result of the decision by Brimstone to Equity Settle the Zero Cost Collar.

#### 12. MATERIAL CONTRACTS AND VENDORS, MATERIAL CHANGES AND LITIGATION STATEMENT

In terms of a ruling letter dated 30 July 2020, the JSE accepted that the disclosures required for the Life Healthcare Shares, being the subject matter of the Disposal, in terms of the appendix to section 9 of the JSE Listings Requirements may be limited to publicly available information. Save for what is publicly disclosed by Life Healthcare, Brimstone cannot make the necessary disclosures in relation to Life Healthcare as regards material changes and litigation. In this regard Shareholders are referred to paragraph 16 below for historical financial information in relation to Life Healthcare.

The Life Healthcare Shares were first acquired by Brimstone in 2005, and therefore there is no relevant disclosure in relation to material contracts and vendors, which information is only required to be disclosed if the subject matter of the Disposal was acquired in the last three years.

#### 13. CONSENTS

##### 13.1 Consents

The advisors, whose details are set out in the "Corporate Information and Advisors" section of this Circular, have provided their written consents to act in the capacities stated and to their names being used in the Circular and have not withdrawn their consent prior to the publication of the Circular.

The Independent Reporting Accountant has given and has not withdrawn its written consent to the issue of the Circular, containing the Independent Reporting Accountant's report in the form and context in which it appears in **Annexure 2** of this Circular.

#### 14. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS

The Brimstone Board is of the opinion that the Disposal is in the best interests of Brimstone and its subsidiaries and recommends that Brimstone Shareholders vote in favour of the Disposal Resolution to be proposed at the General Meeting.

The Directors intend to vote in favour of the Disposal Resolution to be proposed at the General Meeting in respect of their personal holdings in the issued share capital of Brimstone.



## 15. GENERAL MEETING

- 15.1 In terms of the JSE Listings Requirements, the Disposal is classified as a Category 1 transaction for Brimstone and accordingly requires Brimstone Shareholder approval.
- 15.2 The General Meeting will be conducted entirely by electronic communication, as permitted by the Companies Act and by the Company's Memorandum of Incorporation, at 10:00 on Monday, 19 October 2020, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions required to give effect to the Disposal.
- 15.3 A notice convening the General Meeting and a form of proxy for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration who are unable to participate in the General Meeting are attached to this Circular.
- 15.4 Pursuant to paragraph 9.20(b) of the JSE Listings Requirements, the Company will only be permitted to give effect to the Disposal if the Disposal Resolution is supported by more than 50% of the voting rights exercised by Brimstone Shareholders at the General Meeting.

## 16. INCORPORATED BY REFERENCE

The following information has been incorporated by reference and is available for viewing on the Company's website as set out below and is available for inspection at Brimstone's Registered Office or from the Company Secretary by emailing [tmoodley@brimstone.co.za](mailto:tmoodley@brimstone.co.za), at no charge, during business hours for a period of 14 Business Days from the date of issue of this Circular.

Information incorporated by reference	Website link
Life Healthcare's audited results for the years ended 30 September 2017, 2018 and 2019 and unaudited interim results for the six months ended 31 March 2020	<a href="http://www.lifehealthcare.co.za/investor-relations/results-and-reports/">www.lifehealthcare.co.za/investor-relations/results-and-reports/</a>

## 17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by Brimstone Shareholders at the Registered Office of Brimstone or from the Company Secretary by emailing [tmoodley@brimstone.co.za](mailto:tmoodley@brimstone.co.za) from the date of issue of this Circular up to and including the date of the General Meeting, during normal business hours:

- 17.1 the memorandum of incorporation of Brimstone;
- 17.2 a standard Directors' letter of engagement;
- 17.3 the Agreements;
- 17.4 the written consents of the advisors, whose names are set out in the "Corporate Information and Advisors" section of this Circular, to the inclusion of their names in this Circular in the context and form in which they appear;
- 17.5 the Signed Independent Reporting Accountant's assurance report on the compilation of the *pro forma* financial information contained in **Annexure 2** to this Circular;
- 17.6 the audited financial statements of Brimstone for the financial years ended 31 December 2019, 2018 and 2017, and the unaudited interim results of Brimstone for the six months ended 30 June 2020; and
- 17.7 a signed copy of this Circular.

### For and on behalf of Brimstone Investment Corporation Limited

This Circular was signed in Cape Town on behalf of all the Directors in terms of a resolution passed by all Directors on Monday, 31 August 2020.

### Signed on behalf of the Board

#### MA Brey

Chief Executive Officer

Friday, 18 September 2020

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## PRO FORMA FINANCIAL INFORMATION

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The tables below set out the *pro forma* financial information of the Disposal on Brimstone's unaudited interim results for the six months ended 30 June 2020. The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present Brimstone's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Disposal going forward.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published audited consolidated financial results of Brimstone for the year ended 31 December 2019. The *pro forma* financial information is presented in accordance with the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The Directors are responsible for the compilation, contents and preparation of the Brimstone *pro forma* financial information. Their responsibility includes determining that the Brimstone *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Brimstone and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the JSE Listings Requirements.

The *pro forma* consolidated statement of financial position as at 30 June 2020 and the *pro forma* consolidated statement of profit or loss for the six months then ended, should be read in conjunction with the Independent Reporting Accountant's report thereon contained in **Annexure 2** to this Circular.

*Pro forma* condensed consolidated statement of profit or loss for the six months ended 30 June 2020

R'000	Before the Disposal	Fair value adjustments	Finance cost adjustments	Expenses relating to Disposal	After the Disposal
Notes	1,2	3	4	5	
<b>Revenue</b>	<b>2 116 473</b>				<b>2 116 473</b>
Sales and fee income	2 089 618				2 089 618
Dividends received	26 855				26 855
Operating expenses	(1 811 971)			(803)	(1 812 774)
<b>Operating profit</b>	<b>304 502</b>			<b>(803)</b>	<b>303 699</b>
Fair value losses	(189 998)	(3 106)			(193 104)
Other investment gains	7 030				7 030
Share of profits of associates and joint ventures	33 354				33 354
<b>Profit before net finance costs</b>	<b>154 888</b>	<b>(3 106)</b>		<b>(803)</b>	<b>150 979</b>
Income from investments	9 265				9 265
Finance costs	(261 960)		50 285		(211 675)
<b>Loss before taxation</b>	<b>(97 807)</b>	<b>(3 106)</b>	<b>50 285</b>	<b>(803)</b>	<b>(51 431)</b>
Taxation	(31 784)	696	(14 080)	180	(44 988)
<b>Loss for the period</b>	<b>(129 591)</b>	<b>(2 410)</b>	<b>36 205</b>	<b>(623)</b>	<b>(96 419)</b>
Loss attributable to:					
Equity holders of the parent	(188 140)	(2 410)	36 205	(623)	(154 968)
Non-controlling interests	58 549				58 549
	<b>(129 591)</b>	<b>(2 410)</b>	<b>36 205</b>	<b>(623)</b>	<b>(96 419)</b>

R'000	Before the Disposal	Fair value adjustments	Finance cost adjustments	Expenses relating to Disposal	After the Disposal
Notes	1,2	3	4	5	
<b>Loss per share (cents)</b>					
Basic	(74.4)	(1.0)	14.3	(0.2)	(61.3)
Diluted	(74.4)	(1.0)	14.3	(0.2)	(61.3)
<b>Headline loss per share (cents)</b>					
Basic	(77.3)	(1.0)	14.3	(0.2)	(64.2)
Diluted	(77.3)	(1.0)	14.3	(0.2)	(64.2)
Weighted average number of shares on which basic loss and basic headline loss per share is based (000's)	252 803				252 803
Weighted average number of shares on which diluted loss and diluted headline loss per share is based (000's)	252 803				252 803
Net loss attributable to equity holders of the parent	(188 140)	(2 410)	36 205	(623)	(154 968)
Loss on disposal of property, plant, equipment and vehicles	743				743
Gain on bargain purchase	(7 686)				(7 686)
Adjustments relating to results of associates	(244)				(244)
Total tax effects of adjustments	(149)				(149)
<b>Headline loss</b>	<b>(195 476)</b>	<b>(2 410)</b>	<b>36 205</b>	<b>(623)</b>	<b>(162 304)</b>

**Notes and assumptions:**

1. The "Before the Disposal" information has been extracted without adjustment from Brimstone's unaudited interim results for the six months ended 30 June 2020.
2. The Disposal is assumed to have occurred on 1 January 2020 for statement of profit or loss purposes.
3. The assets and liabilities recognised by Brimstone relating to the Disposal are the investment in Life Healthcare Shares, the option relating to the derivative embedded in the Zero Cost Collar and the Loan Amount including accrued interest. The Life Healthcare Shares and the option embedded in the Zero Cost Collar ("**Option**") are fair valued each quarter. The Option value is estimated by an independent expert using the Monte Carlo method, taking into account the spot price per Life Healthcare Share, the risk-free rate, dividends and volatility. The net movement in fair value associated with the Life Healthcare Shares and Option have been reversed together with the associated tax impact. The adjustment is once-off in nature.
4. The finance charges relating to the Loan Amount, amounting to 8.11% per annum, have been reversed together with the associated tax impact. The adjustment will have a continuing effect up to the repayment of the Loan Amount including accrued interest which occurs on pre-determined dates.
5. The transaction costs associated with the Disposal, net of capital gains tax, have been included as a *pro forma* adjustment. The adjustment is once-off in nature.

**Pro forma condensed consolidated statement of financial position for the six months ended 30 June 2020**

R'000	Before the Disposal	Adjustments	After the Disposal
Notes	1	2,3,4,5	
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>7 389 331</b>		<b>7 389 331</b>
Property, plant, equipment and vehicles	2 097 079		2 097 079
Right-of-use assets	157 031		157 031
Biological assets	81 313		81 313
Goodwill and intangible assets	1 616 148		1 616 148
Investments in associates and joint ventures	2 534 754		2 534 754
Investments	759 018		759 018
Loans and receivables	16 783		16 783
Loans to supplier partners	80 550		80 550
Deferred taxation	21 584		21 584
Other financial assets	25 071		25 071
<b>Current assets</b>	<b>3 483 025</b>	<b>(1 345 165)</b>	<b>2 137 860</b>
Inventories	780 868		780 868
Biological assets	82 130		82 130
Investments <sup>(3.1)</sup>	835 028	(835 028)	0
Trade and other receivables	971 703		971 703
Insurance assets	90 627		90 627
Other financial assets <sup>(3.2)</sup>	509 370	(509 334)	36
Taxation	12 786		12 786
Cash and cash equivalents <sup>(4)</sup>	200 513	(803)	199 710
<b>TOTAL ASSETS</b>	<b>10 872 356</b>	<b>(1 345 165)</b>	<b>9 527 191</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>3 631 250</b>	<b>(44 360)</b>	<b>3 586 890</b>
Share capital	39		39
Capital reserves	621 045		621 045
Revaluation reserves	17 204		17 204
Cash flow hedging reserve	(14 717)		(14 717)
Cost of hedging reserve	(50 134)		(50 134)
Foreign currency translation reserve	42 914		42 914
Changes in ownership	564 859		564 859
Retained earnings <sup>(5)</sup>	1 315 089	(44 360)	1 270 729
Attributable to equity holders of the parent	2 496 299	(44 360)	2 451 939
Non-controlling interests	1 134 951		1 134 951
<b>Non-current liabilities</b>	<b>4 517 512</b>	<b>(125 635)</b>	<b>4 391 877</b>
Long-term interest bearing borrowings	3 573 473		3 573 473
Long-term provisions	22 697		22 697
Lease liabilities	171 782		171 782
Contingent consideration	95 418		95 418
Deferred grant income	31 596		31 596
Other financial liabilities	66 525		66 525
Share-based payment liability	29 065		29 065
Deferred taxation <sup>(4)</sup>	526 956	(125 635)	401 321

R'000	Before the Disposal	Adjustments	After the Disposal
Notes	1	2,3,4,5	
<b>Current liabilities</b>	<b>2 723 594</b>	<b>(1 175 170)</b>	<b>1 548 424</b>
Short-term interest bearing borrowings <sup>(3,3)</sup>	1 449 231	(1 300 625)	148 606
Short-term provisions	26 325		26 325
Bank overdrafts	68 032		68 032
Trade payables	512 522		512 522
Other payables	186 694		186 694
Deferred grant income	3 169		3 169
Lease liabilities	14 804		14 804
Insurance liabilities	238 706		238 706
Other financial liabilities	210 890		210 890
Taxation <sup>(4)</sup>	13 221	125 455	138 676
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 872 356</b>	<b>(1 345 165)</b>	<b>9 527 191</b>
<b>NAV per share (cents)</b>	<b>987</b>	<b>(18)</b>	<b>969</b>
<b>TNAV per share (cents)</b>	<b>348</b>	<b>(18)</b>	<b>330</b>
<b>INAV per share (cents)</b>	<b>1 369</b>	<b>(18)</b>	<b>1 351</b>
Capital and reserves (R'000)	2 496 299	(44 360)	2 451 939
Shares in issue at end of period (000's)	252 803		252 803

**Notes and assumptions:**

- The "Before the Disposal" information has been extracted without adjustment from the unaudited interim results of the Company at 30 June 2020.
- The structure of the Zero Cost Collar ensures that at Expiration Date, the value of the liability is at least matched by the value of the derivative, being a cap collar instrument on the Life Healthcare Shares. The level of the Put Strike Price ensures that the value of the liability is at least matched by the value of the assets. In practice the Loan Amount including accrued interest will be settled in tranches at pre-determined Expiration dates occurring after 30 June 2020, however, for the purposes of this Circular, the impact of settlement at 30 June 2020 is shown. The matching effect, ensured through the structure, has been used as the basis of determining the *pro forma* adjustments.
- The assets and liabilities recognised by Brimstone relating to the Zero Cost Collar are the investment in Life Healthcare Shares, the Option relating to the derivative embedded in the Zero Cost Collar, the Loan Amount including accrued interest raised as part of the Zero Cost Collar and deferred tax.
  - Life Healthcare Shares are fair valued at each quarter based on market inputs. The Life Healthcare Shares will be disposed of as part of the Disposal and have been eliminated.
  - The Option relating to the derivative embedded in the Zero Cost Collar is fair valued each quarter. The Option value is estimated by an independent expert using the Monte Carlo method, taking into account the spot price per Life Healthcare Share, the risk-free rate, dividends and volatility. The derivative will expire as part of the Disposal and therefore the Option has been eliminated.
  - The Loan Amount including accrued interest associated with the Zero Cost Collar will be settled as part of the Disposal and has therefore been eliminated.
- The net tax impact is the recognition of a net tax liability, assuming the Disposal took place on 30 June 2020, however the actual tax consequences will differ depending on the actual timing of the Disposal per the February 20 Confirmation. Deferred tax has been recognised based on the fair value movements over the life of the investment and Option. Existing Brimstone deferred tax assets of R152.5 million offset the deferred tax liability of R278.1 million. The costs associated with the Disposal further offset the tax liability.
- Retained earnings reconciliation:

	R'000
Transaction costs	803
Capital gains tax savings on Transaction costs	(180)
Future unwinding of discount on Loan Amount	43 737
<b>Total</b>	<b>44 360</b>

The derivative instrument ensures that the value of the asset will match the value of the liability at Expiration Date. The liability associated with the Zero Cost Collar is recognised at amortised cost while the assets are recognised at fair value. Settlement will occur in tranches on pre-determined dates after 30 June 2020, at which time the liability and assets will match perfectly. However, for purposes of this Circular, the accounting mismatch, giving rise to the difference between the carrying amount of the assets and the liability, has been debited to retained earnings as a *pro forma* adjustment called "future unwinding of discount on Loan Amount".

- There are no other subsequent events that require adjustments to the *pro forma* financial information.

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## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

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To the Directors of Brimstone Investment Corporation Limited

1 Mariendahl Ave  
Newlands  
Cape Town  
7700  
South Africa

Dear Sirs/Mesdames

### **Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information Included in a Circular for Brimstone Investment Corporation Limited.**

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Brimstone Investment Corporation Limited by the directors. The *pro forma* financial information, as set out in section 2 paragraph 6 and Annexure 1 of the circular ("the circular"), to be dated on or about *14 September 2020*, consists of consolidated *pro forma* statement of financial position and statement of profit or loss and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 2 of the circular, on the company's financial position as at 30 June 2020, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at *1 January 2020*. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's unaudited interim financial statements for the period ended 30 June 2020.

#### *Directors' Responsibility for the Pro Forma Financial Information*

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 6 and Annexure 1 of the circular.

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Reporting Accountant's Responsibility*

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 6 and Annexure 1 of the circular.

#### **Deloitte & Touche**

Registered Auditor

Per: Michael Van Wyk

*Partner*

*4 September 2020*

Deloitte & Touche

Unit 11 Ground Floor, La Gratitude, 97 Dorp Street, Stellenbosch, 7600





## **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")

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## NOTICE OF GENERAL MEETING OF BRIMSTONE SHAREHOLDERS

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Notice is hereby given that the General Meeting of Brimstone Shareholders will be conducted entirely by electronic communication at 10:00 on Monday, 19 October 2020 for the purpose of considering, and if deemed fit, passing, with or without modification, the ordinary resolutions set out below.

The record date on which members must be recorded as such in the register maintained by the Transfer Secretaries of the Company for the purposes of being entitled to participate in and vote at the General Meeting is Friday, 9 October 2020.

Terms defined in the Circular to which this Notice of General Meeting is attached shall, unless the context indicates otherwise, have the same meanings ascribed to them in this Notice of General Meeting (including the resolutions set out below) as those ascribed to them in the Circular.

### **ORDINARY RESOLUTION 1: APPROVAL OF THE DISPOSAL AS A CATEGORY 1 TRANSACTION IN TERMS OF THE JSE LISTINGS REQUIREMENTS**

"Resolved that, the Disposal in terms of the Agreements, be and is hereby approved."

*In order for Ordinary Resolution 1 to be adopted, it must be supported by more than 50% of the voting rights exercised on the resolution by Brimstone Shareholders who are present in person or represented by proxy at the General Meeting and who are entitled to exercise voting rights on the resolution.*

The reason for Ordinary Resolution 1 is that paragraph 9.20(b) of the JSE Listings Requirements requires that companies may only give effect to a category 1 disposal (as such term is understood in the JSE Listings Requirements) if such resolution is supported by more than 50% of the voting rights exercised on such resolution by the relevant shareholders of such company. The effect of Ordinary Resolution 1 is that the Disposal will be approved by the Brimstone Shareholders as a category 1 transaction in terms of the JSE Listings Requirements.

### **ORDINARY RESOLUTION 2: SIGNING AUTHORITY**

"Resolved that each Director, or the Company Secretary, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the Disposal Resolution passed at the General Meeting of the Company and set out in this notice."

*In order for Ordinary Resolution 2 to be adopted, it must be supported by more than 50% of the voting rights exercised on the resolution by Brimstone Shareholders who are present in person or represented by proxy at the General Meeting and who are entitled to exercise voting rights on the resolution.*

### **STATUTORY DISCLOSURE**

#### **Voting:**

On a show of hands, every Brimstone Shareholder, present in person or represented by proxy, shall have one vote only. On a poll, every Brimstone Shareholder, present in person or represented by proxy, shall have one hundred votes for every Ordinary Share and one vote for every N Share held in Brimstone by such Brimstone Shareholder.

#### **Proxies:**

In terms of section 58 of the Companies Act, a Brimstone Shareholder entitled to attend, participate in and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting in place of the Brimstone Shareholder. The proxy need not be a shareholder of the Company.

## Dematerialised Shareholders:

Brimstone Shareholders who have dematerialised their Brimstone Shares through a Participant or Broker, and who have not elected "own-name" registration and wish to participate in the General Meeting, should timeously inform their Participant or Broker of their intention to participate in the General Meeting and request such Participant or Broker to issue them with the necessary letter of representation to participate. If they do not wish to participate in the General Meeting, they may provide such Participant or Broker with their voting instructions.

If your Participant or Broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

## Identification:

In terms of section 63(1) of the Companies Act, before any person may attend or participate in a shareholders' meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

## ELECTRONIC PARTICIPATION

1. As a result of the COVID-19 outbreak, and guidance from authorities regarding the need for social distancing, the General Meeting will be conducted entirely by electronic communication.
2. Shareholders or their duly appointed proxy(ies) who wish to participate in the General Meeting via electronic communication ("**Shareholder Participant(s)**") must either:
  - a. register online using the online registration portal at [www.smartagm.co.za](http://www.smartagm.co.za); or
  - b. apply to Computershare, by delivering the duly completed electronic participation form to:  
First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant), or sending it by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za) so as to be received by Computershare by no later than 10:00 on Thursday, 15 October 2020. The electronic participation form can be found as an insert to this Notice of General Meeting. Computershare will first validate such requests and confirm the identity of the Shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.
3. Computershare will inform Shareholder Participants who notified SmartAGM or Computershare of their intended participation in accordance with the details under Electronic Participation set out on page 27 of this Circular by no later than 10:00 on Friday, 16 October 2020 by email of the relevant details through which Shareholder Participants can participate electronically.
4. The cost of electronic participation in the General Meeting is for the expense of the Shareholder Participant and will be billed separately by the Shareholder Participant's own service provider.
5. The Shareholder Participant acknowledges that the electronic services are provided by third parties and indemnifies Brimstone against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Shareholder Participant or anyone else. In particular, but not exclusively, the Shareholder Participant acknowledges that he/she will have no claim against Brimstone, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Shareholder Participant via the electronic services to the General Meeting.
6. Brimstone cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

By order of the Board

**T Moodley**  
**Company Secretary**

Friday, 18 September 2020  
Cape Town



# BRIMSTONE

INVESTMENT CORPORATION LIMITED

## 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")

### FORM OF PROXY

*Terms defined in the Circular to which this form of proxy is attached shall, unless the context indicates otherwise, have the same meanings ascribed to them in this form of proxy as those ascribed to them in the Circular, and the form of proxy forms part of the Circular.*

For use only by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration at the General Meeting of Brimstone Shareholders, to be conducted entirely by electronic communication at 10:00 on Monday, 19 October 2020.

I/We (name in block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

Telephone number (work) \_\_\_\_\_

(home) \_\_\_\_\_

Cellphone number \_\_\_\_\_

Email address \_\_\_\_\_

being the holder(s) of  Ordinary Shares

being the holder(s) of  N Shares

do/does hereby appoint:

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

3. the chairperson of the General Meeting,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the following resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolution and/or abstain from voting in respect of the Brimstone Shares registered in my/our name(s), in accordance with the following instructions:

	Number of Ordinary Shares			Number of N Shares		
	For	Against	Abstain	For	Against	Abstain
<b>Ordinary Resolution 1:</b> Approval of the Disposal in terms of the JSE Listings Requirements						
<b>Ordinary Resolution 2:</b> Signing authority						

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of Brimstone Shares than you own, insert the number of Brimstone Shares held in respect of which you desire to vote.

Signed at on \_\_\_\_\_

2020

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Each Brimstone Shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, participate, speak and vote in place of that Brimstone Shareholder at the General Meeting. On a show of hands every Brimstone Shareholder who is present in person or represented by proxy will have one vote (irrespective of the number of shares held in the Company) and, on a poll, every Brimstone Shareholder, present in person or represented by proxy, shall have one hundred votes for every Ordinary Share and one vote for every N Share held in Brimstone by such Brimstone Shareholder.

**PLEASE READ THE NOTES ON THE REVERSE SIDE OF THIS FORM OF PROXY.**

## Notes to form of proxy

1. This form of proxy will not be effective at the General Meeting, unless received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, for administration purposes, by no later than 10:00 on Thursday, 15 October 2020.
2. If a Brimstone Shareholder does not wish to deliver this form of proxy to the Transfer Secretaries, it may also be posted, at the risk of the Brimstone Shareholder, to Computershare Investor Services Proprietary Limited, Private Bag X9000, Saxonwold, 2132, or emailed to proxy@computershare.co.za.
3. This form of proxy is for use by registered Brimstone Shareholders who wish to appoint another person (a proxy) to represent them at the General Meeting. If duly authorised, companies and other corporate bodies who are registered Brimstone Shareholders may appoint a proxy using this form, or may appoint a representative in accordance with paragraph 13 below. Other Brimstone Shareholders should not use this form of proxy. All beneficial Brimstone Shareholders who have dematerialised their Brimstone Shares through a Participant or Broker must provide the Participant or Broker with their voting instruction. Alternatively, if they wish to participate in the General Meeting, they should request the Participant or Broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial Brimstone Shareholder and the Participant or Broker.
4. This proxy shall apply to all Brimstone Shares registered in the name of the Brimstone Shareholder who signs this form of proxy at the record date, unless a lesser number of Brimstone Shares is inserted.
5. A Brimstone Shareholder may appoint one person of his own choice as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. The Brimstone Shareholder may insert the name(s) of one or more proxies (none of whom need be a Brimstone Shareholder) in the space provided, with or without deleting the words "the chairperson of the General Meeting". The person whose name stands first on the form of proxy and has not been deleted and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairperson.
6. Unless revoked, the appointment of a proxy in terms of this form of proxy remains valid until the end of the General Meeting, even if the meeting or part thereof is postponed or adjourned.
7. If:
  - a. a Brimstone Shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
  - b. the Brimstone Shareholder gives contradictory instructions in relation to any matter; or
  - c. any additional resolution/s are properly put before the General Meeting; or
  - d. any resolution listed in the form of proxy is modified or amended;the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the Brimstone Shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 7.a. to 7.d. above, the proxy shall comply with those instructions.
8. If this proxy is signed by a person (signatory) on behalf of the Brimstone Shareholder, whether in terms of a power of attorney or otherwise, this form of proxy will not be effective, unless:
  - a. it is accompanied by a certified copy of the authority given by the Brimstone Shareholder to the signatory; or
  - b. the Company has already received a certified copy of that authority.
9. The chairperson of the General Meeting may, in his/her discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the chairperson prior to the time when the General Meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairperson shall not accept any such appointment of a proxy, unless the chairperson is satisfied that it reflects the intention of the Brimstone Shareholder appointing the proxy.
10. Any alternations made in this form of proxy must be initialled by authorised signatory/ies.
11. This form of proxy is revoked if the Brimstone Shareholder who granted the proxy:
  - a. gives written notice of such revocation to the Company, so that it is received by the Company by not later than 10:00 on Thursday, 15 October 2020;
  - b. subsequently appoints another proxy for the General Meeting; or
  - c. participates in the General Meeting himself.
12. All notices which a Brimstone Shareholder is entitled to receive in relation to the Company shall continue to be sent to that Brimstone Shareholder and shall not be sent to the proxy.
13. If duly authorised, companies and other corporate bodies who are Brimstone Shareholders having Brimstone Shares registered in their own names may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the General Meeting by giving written notice of the appointment of that representative. That notice will not be effective at the General Meeting, unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the Company's transfer office, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, by no later than 10:00 on Thursday, 15 October 2020. If a Brimstone Shareholder does not wish to deliver the notice to that address, it may also be posted, at the risk of the Brimstone Shareholder, to Computershare Investor Services Proprietary Limited, Private Bag X9000, Saxonwold, 2132.
14. The completion and lodging of this form of proxy does not preclude the relevant shareholder from participating in the General Meeting and speaking and voting in person to the exclusion of any proxy appointed by the Brimstone Shareholder.
15. The chairperson of the General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he/she shall not accept a proxy, unless he/she is satisfied as to the manner in which a Brimstone Shareholder wishes to vote.

## Summary in terms of section 58(8)(b)(i) of the Companies Act

Section 58(8)(b)(i) of the Companies Act provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, 2008 (as amended), which summary is set out below:

- A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- A proxy may not delegate the proxy's authority to act on behalf of the shareholder to another person.
- A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
- A shareholder may revoke a proxy appointment in writing.
- A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.



**BRIMSTONE**  
INVESTMENT CORPORATION LIMITED

**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")

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**PARTICIPATION IN THE GENERAL MEETING VIA ELECTRONIC COMMUNICATION**

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*Terms defined in the Circular to which this form is attached shall, unless the context indicates otherwise, have the same meanings ascribed to them in this form as those ascribed to them in the Circular, and the form forms part of the Circular.*

1. Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication ("**Participant(s)**"), must either:

1.1 register online using the online registration portal at [www.smartagm.co.za](http://www.smartagm.co.za); or

1.2 apply to Computershare, by delivering this duly completed form to:

Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant), or by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za) so as to be received by Computershare by no later than 10:00 on Thursday, 15 October 2020. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

2. Important notice

Computershare shall, by no later than 10:00 on Friday, 16 October 2020, notify Participants that have delivered valid notices in the form of this form, by email of the relevant details through which Participants can participate electronically.

Full name of Participant:

ID number:

Email address:

Cellphone number:

Telephone number (code):

Name of CSDP or broker (if Shares are held in dematerialised format):

Contact number of CSDP or broker:

Contact person at CSDP or broker:

Number of Share certificate (if applicable):

Signed at

on

2020

Signature

Assisted by (where applicable)

**Terms and conditions for participation in the General Meeting via electronic communication:**

1. The cost of electronic participation in the General Meeting is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies Brimstone against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the General Meeting.
3. The application to participate in the General Meeting electronically will only be deemed successful if this application form has been completed fully and signed by the Participant.
4. Brimstone cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

Participant's name:

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Signature:

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Date:

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