

Brimstone Investment Corporation sells R387m stake in Tiger Brands

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Enduring empowerment company Brimstone Investment Corporation has confirmed the sale of R387m worth of shares in food brands conglomerate Tiger Brands. Brimstone, which has a market capitalisation of about R3.2bn, was a participant in Tiger's empowerment scheme.



Brimstone CEO Mustaq Brey. Image credit: *Sunday Times*

Its decision to sell was not entirely unexpected. The company detailed arrangements late in 2017 for a forward sale of 600,000 shares at R374.80 a share for the first quarter of 2018.

According to a Sens announcement, Brimstone's wholly owned subsidiary, Brim Tiger SPV, disposed of about 1.81-million Tiger shares in three separate transactions.

In terms of the original black economic empowerment (BEE) deal, Tiger was entitled to repurchase a certain number of the shares held by the Brimstone SPV after lock-in period expired at the end of 2017. In this arrangement, Tiger repurchased 861,257 Tiger shares from the Brimstone SPV at 740c a share, or R6.4m.

In a second tranche, the Brimstone SPV sold 352,356 Tiger shares on the open market at an average price of R442.74 a

share for R156m. The Brimstone SPV also disposed of 600,000 Tiger shares on the open market at a net price of R374.79 a share to collect about R225m.

Brimstone said the Tiger share sales allowed the SPV to settle the outstanding notional vendor funding owing to Tiger in terms of the BEE transaction. Brimstone accorded a fair value of about R325m to the Tiger shares in its interim results to end June 2017. This meant a fair value gain of about R48m after taxation.

CEO Mustaq Brey said Brimstone was well geared for seeking new investment opportunities but he cautioned that pricing expectations were a deterrent to deal-making.

Brimstone's biggest investments include a controlling stake in fishing group Sea Harvest and a significant minority stake in Tiger-controlled fishing group Oceana. Recent deal-making activities have included investments in JSE-listed investment company Long4Life and private education specialist Stadio, as well as unlisted FPG Property Fund.

Source: Business Day

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