

Brimstone takes stake in Grindrod BEE deal

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Investment company Brimstone is taking a majority stake in a black economic empowerment (BEE) consortium that will acquire between 8% and 8.5% in ship, rail and port operator Grindrod.



Brimstone is to buy a percentage in a BEE consortium for upwards of R450m. Image: RRL Grindrod

Brimstone is investing alongside Solethu Investments and Calulo Investments.

In the R1.6bn BEE deal, Brimstone will buy between 59.2% and 65.1% in a special-purpose vehicle invested in Grindrod for between R450m and R495m. Calulo Newco will buy between 21.7% and 27.6% for between R165m and R210m and Solethu will take a 13% holding for R100m.

Other funding will be provided through preference shares.

Solethu Investments has been in a 50:50 joint venture with Grindrod, known as RRL Grindrod since 2009. Solethu has also partnered with Grindrod through Racec.

"We have been partners for the last five years. I am not a stranger to them. I started a company called RRL which Grindrod bought in 2009. We grew that company and they also bought Racec," Solethu's chief executive Ted Zulu said.

"There was a need for Grindrod to raise money for expansion in Africa and there was a need for them to empower the business at the top," Zulu said.

Grindrod will buy Solethu's interests in RRL Grindrod and Racec for R200m.

The other existing BEE partner Calulo has a number of partnerships with Grindrod including Grindrod SA, Unicorn Calulo, Sturrock Grindrod Maritime Holdings, which will be bought by Grindrod for R360m.

"The deal is absolutely value accretive. It's where we wanted Calulo to get to at Grindrod. We have built our partnership over time. We have now reached enough credence for us to buy at a group level," said Calulo Investments executive chairman Mkhusele Faku.

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