

LONG4LIFE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2016/216015/06)

Share code: L4L ISIN: ZAE000243119

("Long4Life")

ACQUISITION OF RAGE DISTRIBUTION PROPRIETARY LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

The board of directors of Long4Life ("the Board") is delighted to announce that it has concluded an agreement to acquire the entire issued share capital of Rage Distribution Proprietary Limited ("Rage" or the "Business") ("the Acquisition").

2. OVERVIEW OF RAGE

Established in 1996, Rage is a fashion retailer of footwear, apparel and accessories in the adult and children's markets. Its business model embraces brand ownership, in-house product development and design, strong procurement and state of the art logistics ability. Rage has established a loyal brand following, with a specific focus on the mid-to-lower LSM market. The Business has in excess of 1.5 million active customers.

Rage currently has 555 stores located countrywide with a further planned roll out of c.90 new stores per year.

3. RATIONALE FOR THE ACQUISITION

The Acquisition provides a unique opportunity for Long4Life to acquire a market leading company with an aspirational brand targeted at the mid-to-lower LSM segments. Rage has a strong national footprint with significant potential for further store roll-out and product growth, both in South Africa and in the rest of sub Saharan Africa. Rage presents an exciting opportunity to build on Long4Life's existing lifestyle brands platform with additional cross selling opportunities. The addition of Rage will amplify Long4Life's retail product offering to include all segments of the LSM market.

Rage is managed by an experienced management team headed up by Jeffrey and Merle Gochin. Jeffrey, Merle and the rest of his team will remain with Rage and will also become significant shareholders of Long4Life post the Acquisition. Jeffrey will be appointed as a director to the Board post the Acquisition.

The Board anticipates that the Acquisition will be earnings accretive from day one on a full 12 months basis.

4. THE ACQUISITION

The purchase consideration is R3 915 million based on the Business achieving revenue of R1 250 million, EBITDA of R360 million and net profit after tax of R263 million for the year ending 30 June 2018 (of which R232 million was earned for the 11-month period ended 31 May 2018) and our initial assessment of the Business' performance for the year ending 30 June 2019. Rage's revenue and tangible net asset value for the 11-month period ended 31 May 2018 was R1 125 million and R512 million respectively. This information was sourced from the Business' unaudited management accounts which are subject to verification by the Board as part of the due-diligence process.

In arriving at the purchase consideration cognisance was taken of the fact that Rage is currently growing its revenue on a comparative basis to the previous year at c.16% on a like for like basis (excluding new store openings).

The purchase consideration will be settled through:

- the issue of 270 million Long4Life ordinary shares at a price of R5.50 per share, to the value of R1 485 million. After this share issuance the sellers will hold approximately 22.8% of Long4Life's entire issued share capital. These consideration shares will be subject to a three-year lock-up period after which the sellers will be entitled to dispose of not more than 1/12 of their Long4Life shares per month on a non-cumulative basis subject to a pre-emptive right in favour of Long4Life; and
- the payment of the balance of R2 430 million in cash. The cash portion of the purchase consideration will be funded through a combination of Long4Life's internal cash resources and bank debt of c.R1 500 million.

The Acquisition, which has an effective date of 1 July 2018, is subject to certain suspensive conditions, including:

- completion of a due diligence investigation to the satisfaction of Long4Life;
- approval by the relevant competition authorities;
- service and restraint agreements being entered into between Long4Life and certain members of the Rage management team; and
- other suspensive conditions that are standard for a transaction of this nature.

The sellers have further undertaken in relation to any special resolution contemplated in section 65(11) of the Companies Act and any JSE Listings Requirements ("Listing Requirements") resolution which require a 75% majority of votes, to vote their Long4Life shares in favour of or against the resolution in question in the same manner as Long4Life's CEO, Brian Joffe, votes his Long4Life shares in respect of the relevant resolution. The sellers will therefore be fully aligned with the strategic imperatives as previously articulated by Long4Life.

In line with previous guidance and post the Acquisition, the combined Long4Life group is expected to deliver EBITDA in excess of R850 million.

The financial information contained in this section has not been reviewed or reported on by Long4Life's auditors.

5. CATEGORISATION

The Acquisition is classified as a Category 1 transaction for Long4Life in terms of the Listings Requirements. However, as Long4Life is listed as an investment entity in terms of section 15 of the Listings Requirements, a shareholder vote is not required in terms of section 9 of the Listings Requirements as the Acquisition is concluded in the ordinary course of business pursuant to the investment policy of Long4Life.

6. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that the Cautionary Announcement dated 18 June 2018 is hereby withdrawn. Notwithstanding the withdrawal of this announcement, the Board reiterates the conditionality of the Acquisition. Further information will be provided to shareholders upon completion of the due-diligence.

Johannesburg

26 June 2018

Financial advisors

Investec Bank Limited

The Standard Bank of South Africa Limited

Legal advisor

Werksmans Attorneys

Transaction sponsors

The Standard Bank of South Africa Limited

Investec Bank Limited