

Lewis Group Limited
Reg No. 2004/009817/06
JSE Share Codes:
LEW01 ISIN: ZAG00011022

("Lewis" or the "Group")

VOLUNTARY ANNOUNCEMENT - THE PURCHASE OF THE ELLERINES AND BEARES BUSINESSES IN NAMIBIA, LESOTHO, BOTSWANA AND SWAZILAND

1. Introduction

Shareholders are advised that Lewis' subsidiaries incorporated in each of Namibia, Lesotho, Botswana and Swaziland ("the Jurisdictions") have entered into sale of business agreements with the relevant in-country subsidiaries of Ellerine Services Proprietary Limited (a wholly owned subsidiary of Ellerine Furnishers Proprietary Limited (in Business Rescue) ("Ellerines")), to acquire their businesses trading under the "Ellerines" and "Beares" brands in each of the Jurisdictions ("Transactions").

2. Salient details

The Transactions include the acquisition of 25 stores in Botswana, 10 stores in Lesotho, 21 stores in Namibia and 6 stores in Swaziland. The assets to be acquired in terms of the Transactions and related transactions include all fixed assets, stock, intellectual property and the debtors book in respect of each business as well as the Ellerines and Beares club. It is anticipated that all employees of such businesses who wish to transfer to the subsidiaries of Lewis will do so on implementation of each of the Transactions, subject to compliance with the applicable legislation in the Jurisdictions.

The purchase consideration will be determined as at the effective date of each of the relevant Transactions with reference to the value of the fixed assets, stock and the debtors book of each of the businesses to be acquired and the number of store lease agreements that are successfully assigned to the subsidiaries of Lewis. The aggregate gross purchase consideration is anticipated to be approximately R250 million.

The implementation of each of the Transactions is subject to suspensive conditions traditional for transactions of this nature and include inter alia:

- In respect of Botswana, Namibia and Swaziland, obtaining the approval of the relevant competition authorities in each such jurisdiction; and
- Obtaining other necessary regulatory consents in each Jurisdiction.

Should any of the transactions not be implemented, the remaining transactions will still be implemented.

Lewis expects the Transactions to be implemented by 28 February 2016.

3. **Rationale for the Transactions**

Ellerines and Beares are both well-established retail furniture businesses across Southern Africa. The Transactions will enable Lewis to expand and diversify its Southern African footprint by gaining access to new segments of the furniture retail market and by expanding its existing customer base in each of the Jurisdictions.

Beares is a scalable brand which offers growth prospects for the group. The acquisition by Lewis of the South African Beares business from Ellerines during 2014 has attracted new customers to the group. Similarly, the acquisition of these businesses will provide the Group with greater access to customers in higher income segments in those Jurisdictions.

The Transactions are not classified as a categorised transaction in terms of the JSE Listings Requirements.

Debt Sponsor

Absa Bank Limited (acting through its Corporate and Investment Banking division)

