



**LABAT AFRICA LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 1986/001616/06)

("Labat" or "the Company")

ISIN Code: ZAE 000018354 Share code: LAB

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**DETAILED CAUTIONARY ANNOUNCEMENT RELATING TO THE POTENTIAL ACQUISITION OF CENTENARY TANKER HIRE PROPRIETARY LIMITED**

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**1. Background**

Shareholders are advised that Labat has agreed high level terms with the shareholder of Centenary Tanker Hire Proprietary Limited ("Centenary"), in terms of which Labat will acquire the business and assets **or** the issued shares of Centenary, as the case may be ("the Acquisition") in return for a cash payment of R60 million paid within 21 business days after the suspensive conditions have been fulfilled and a second cash payment of R5 million one calendar year after the first cash payment, ("the Purchase Consideration"). The shareholder of Centenary is The Centenary Group Trust owning 100% of the issued shares of Centenary and represented by Mr Steve Boere.

**2. Description of Centenary Transportation**

Centenary operates in the liquids arena of the logistics sector.

**3. Rationale for the Acquisition**

The Acquisition will expand on the existing logistics business of Labat and assist Labat in its quest to become a major player in the logistics and distribution business.

**4. Suspensive conditions**

- The parties executing a sale agreement in respect of Centenary and the agreement becoming unconditional. The sale agreement will contain the normal warranties and indemnities associated with a transaction of this nature;
- Labat advising Centenary that it is satisfied with the outcome of the required due diligence investigation;
- Mr Steve Boere continue to operate Centenary and continue to be actively involved in its expansion strategy and the retainment of Centenary key management on similar terms and conditions of employment as is the case at present;
- If material third party, material supply or other service provider contracts contain change of control provisions, consent to such change being obtained from the third parties;
- Direct transfer of guarantees and suretyships provided by Centenary in connection with the running of its business be transferred and ceded to Labat; and
- Final approval of the Acquisition by the Board of Directors and shareholders of Labat and Centenary being obtained;
- Any regulatory approvals to the extent required, including approval by Competition Commission and JSE to the extent necessary.

**5. Classification of the transaction**

The Acquisition is classified as a Category 1 transaction in terms of the JSE Listings Requirements and shareholder approval of the Acquisition will accordingly be required. Centenary and its associates are not related parties to Labat.

The transaction will not result in a change in control of Labat nor a change in the control of the board of Labat or in the nature of the business of Labat and therefore does not meet the definition of a Reverse Takeover as defined in the JSE Listings Requirements.

#### **6. Financial Information**

As per the formally prepared but unaudited management reports of Centenary for the year ended 30 June 2017, the salient financial information was as follows:

- Net asset value of R20 317 190;
- Turnover of R39 118 769; and
- Profit after taxation of R10 551 711.

Post the implementation of the Acquisition, Labat will participate in 100% of the earnings and net asset value of Centenary.

The management report information was prepared in accordance with the International Financial Reporting Standard for Small to Medium-sized Entities.

#### **7. Renewal of cautionary announcement**

Due to the suspensive conditions, which include the execution of formal legal agreements and a due diligence, shareholders are advised to continue to exercise caution until a further announcement is made. In addition, Labat remains in discussions relating to other acquisitions, which, if successfully concluded, may have a material effect on the price of the Company's securities.

Accordingly, shareholders are advised to exercise caution when dealing in the securities of the Company until further announcements are made.

#### **Johannesburg**

xx June 2018

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#### **Sponsor**

Arbor Capital Sponsors Proprietary Limited

