

ASTORIA INVESTMENTS LTD
(Incorporated in the Republic of Mauritius)
(Registration number 129785 C1/GBL)
SEM share code: ATIL.N0000
JSE share code: ARA NSX share code: ARO
ISIN: MU0499N00007
("Astoria" or the "Company")



FIRM INTENTION BY RECM AND CALIBRE LIMITED ("RAC") TO MAKE A CONDITIONAL VOLUNTARY OFFER TO ACQUIRE ALL OF THE ISSUED ORDINARY SHARES OF ASTORIA AND FURTHER CAUTIONARY ANNOUNCEMENT

1. Introduction

- 1.1. In the most recent quarterly results of Astoria which were published on 30 April 2018, Astoria advised shareholders that the Board was cognisant of the continued discount in the share price to NAV and that it was undertaking a strategic review with a view to taking further steps to mitigate the discount. RAC's announcement of 25 April 2018 was also referred to and, in the circumstances, the Board advised Astoria shareholders to exercise caution in their dealings in the Company's securities. Shareholders should note that Astoria's net asset value as per its most recent quarterly results is USD1.20 per share, c.R15.04 at the USD:ZAR exchange rate (Source: *Bloomberg*) at 8am on the date of this announcement.
- 1.2. After close of business on 3 May 2018, Astoria was advised of the firm intention of Livingstone Investments Proprietary Limited ("**the offeror**"), a wholly owned subsidiary of RAC, to make a conditional voluntary offer ("**conditional voluntary offer**" or "**offer**") to the shareholders of Astoria to acquire all the issued shares of Astoria other than the 35 311 373 shares already held by the offeror.
- 1.3. This announcement provides some details for shareholders of the firm intention by RAC to make a conditional voluntary offer. However, Astoria intends communicating its full response and recommendation to shareholders in the reply document to be issued by Astoria following the offer document anticipated to be issued by RAC, as further detailed in paragraph 3 below.

2. Salient details of the firm intention to make the conditional voluntary offer and initial guidance for Astoria shareholders

2.1. The offer price and offer consideration

- 2.1.1. While the offeror has informed Astoria that the offer price will be 1 350 South African cents per share ("**cps**"), Astoria cautions shareholders that the offeror has proposed that the settlement of the offer price may include non-cumulative redeemable participating preference shares issued by RAC ("**RAC prefs**"), depending on the level of acceptances of the offer by Astoria shareholders. The value of an RAC pref is uncertain, RAC prefs are generally non-voting and have less rights than ordinary shares issued by RAC, and when they trade on the JSE it is currently at a price materially lower than the value placed on them by the offeror.
- 2.1.2. The offeror has proposed that the offer price will be settled first with a cash consideration of R355 million ("**available cash**") and, to the extent that the level of acceptances exceeds an aggregate value in excess of the available cash, the offer will be settled in both cash and RAC prefs.
- 2.1.3. In quantifying its offer price for Astoria shareholders, the offeror has assumed that an RAC pref has a value of 2 800cps, which is materially higher than the 30-day weighted average traded price on the JSE of RAC prefs, which was 1 995cps on 3 May 2018 when the offeror delivered its firm intention letter. Astoria shareholders should not assume that RAC prefs could be saleable at or around a price of 1 995cps. On average in the 12 months ended April 2018, only c.0.8% of RAC prefs in issue traded per month. Shareholders may wish to compare that to Astoria shares: on average c.5.2% of Astoria shares in issue traded per month in the same period.

- 2.1.4. Astoria cautions shareholders that quantifying the proposed offer price in cps is an uncertain exercise and the actual offer consideration may be materially less than 1 350cps. There are two variables in the quantification calculation currently unknown to Astoria and its shareholders. The first is what level of acceptances, if any, there will be for the offer (which will determine the ratio of cash and RAC pref shares to be received in consideration for Astoria shares). The second is the value of the RAC prefs, noting that their market price on the JSE is materially lower than the value placed on them by the offeror.
- 2.1.5. The table below illustrates the value that the offeror proposes will be received per Astoria share at different levels of acceptances when the RAC prefs are valued at 2 800cps as the offeror proposes and when RAC prefs are valued at 1 995cps being their 30-day weighted average traded price as at 3 May 2018.

	Scenario 1	Scenario 2	Scenario 3
Level of acceptances in Astoria shares	26 165 991	56 904 672	87 643 353
Offeror's shareholding in Astoria after acceptances	50%+1	75%	100%
Proportion of offer consideration to be paid in ZAR			
In cash	353 240 879	768 213 072	1 183 185 266
In RAC prefs	-	413 213 072	828 185 266
The value received for Astoria shares sold to the offeror:			
Value received in cash (cents per Astoria share)	1 350cps	624cps	405cps
Number of RAC prefs to be issued per Astoria share	0	0.259	0.337
Value per Astoria share if RAC prefs are worth 2 800cps (cps)	1 350cps	1 350cps	1 350cps
Value per Astoria share if RAC prefs are worth 1995cps (cps)	1 350cps	1 141cps	1 078cps

- 2.1.6. Astoria is a Mauritian company and is subject to the Mauritian securities laws, which include the Securities (Takeover) Rules 2010 (“**Takeover Rules**”). Astoria is advised that, in terms of Rules 14 and 31 of the Takeover Rules and in the event the conditional voluntary offer becomes unconditional, the offeror is required to offer to acquire 100% of the shares of other shareholders in the offeree for a price not less than the price paid by the offeror to acquire shares in the offeree in the six months preceding the date of this public announcement (“**underpin price**”). Astoria shareholders are cautioned that Astoria is engaging with the Mauritian authorities regarding the application of this protection for shareholders in the circumstances of the offer proposed by the offeror, having regard to the offer price quantified using the 30-day weighted average traded price of the RAC pref.
- 2.1.7. Astoria has concerns about the offeror’s proposed construction of the offer, which intentionally requires Astoria shareholders to respond to the offer without knowing what they will receive for the Astoria shares they sell, as the offeror proposes that the ratio of cash and RAC prefs will depend on the level of acceptances of the offer. Astoria will liaise with the Mauritian authorities and RAC to obtain clarity and protect Astoria shareholders, as far as it can, from the uncertainty that results from the offeror’s proposed construction of the offer and as regards the underpin price.
- 2.1.8. The offeror has informed Astoria that it has access to the available cash. The available cash would only be sufficient to acquire 26 165 991 Astoria shares comprising 21.28% of Astoria shares for cash at 1 350cps. The offeror has not confirmed that it has access to further financial resources to acquire further Astoria shares for cash nor has it confirmed that all reasonable measures have been taken to secure full payment of the shares to be acquired.

2.2. **Conditions**

According to the offeror, the offer is only conditional upon:

- 2.2.1. RAC pref shareholders approving the issue of up to a maximum of 30 million RAC preference shares, which RAC prefs are to be used as the top-up share consideration; and
- 2.2.2. the offeror receiving acceptances in respect of Astoria shares which, together with the Astoria shares acquired or agreed to be acquired before or during the offer, will result in the offeror holding more than 50% of the total issued share capital of Astoria.

The offeror has not stated that any outstanding regulatory approvals are a condition to the offer.

2.3. **Offeror confirmations**

The offeror has confirmed that:

- 2.3.1. no agreements exist between the offeror and the offeree in relation to any Astoria shares; and
- 2.3.2. as at the date of the firm intention, it is not acting in concert with any party, nor has it entered into any agreement with any party in relation to the acquisition of any additional shares.

3. **Documentation**

- 3.1. The offeror has informed Astoria that its offer document will be posted to Astoria shareholders on Thursday, 17 May 2018. A separate independent reply document prepared by Astoria will be posted to Astoria shareholders to enable shareholders to reach an informed decision about the offer. Unless otherwise determined by the relevant regulator, Astoria's reply document must be posted to Astoria shareholders within 21 days thereafter.
- 3.2. Astoria has convened a board committee of non-executive directors to consider the terms of the offer. The Board will appoint an independent adviser (the "**independent adviser**"), to advise and report to the Board as to whether the offer (comprising a combination of the available cash and the RAC prefs) is fair and reasonable, to carry out a valuation of Astoria and the RAC prefs and submit a report to the Board of the Astoria.
- 3.3. The report shall contain the advice, the valuation and the method of valuation used, including reasons and assumptions made. The independent adviser's full report as well as the Board's opinion of the offer will be included in the reply document to be issued to Astoria shareholders in respect of the offer.

4. **Responsibility statement**

The directors of Astoria jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, that having made all reasonable inquiries and to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and that there are no other facts omitted from this announcement, which omission would make any statement in this announcement misleading.

5. **Further cautionary announcement**

- 5.1. The Board of Astoria will continue to engage with RAC and the various regulatory authorities to ensure that any offer put forward to shareholders for consideration is adequately constructed.
- 5.2. As such, shareholders are advised to continue to exercise caution when dealing in the shares of Astoria and will be kept informed of further developments in respect of this matter.

Astoria has primary listings on the Stock Exchange of Mauritius and the Alternative Exchange of the JSE, and a secondary listing on the main board of the Namibian Stock Exchange.

South African corporate advisor and JSE designated advisor



NSX sponsor



Mauritian company administrator



7 May 2018