

ASTORIA INVESTMENTS LTD

(Incorporated in the Republic of Mauritius)

(Registration number 1297585 C1/GBL)

SEM share code: ATIL.N0000

JSE share code: ARA NSX share code: ARO

ISIN: MU0499N00007

(“Astoria” or “the company”)



ISSUE OF CIRCULAR AND SMALL RELATED PARTY TRANSACTION

1. POSTING OF CIRCULAR

Further to the announcements released on SENS and the SEM website on 12 December 2018, 18 January 2019 and 8 February 2019 respectively, Astoria shareholders are advised that the company will, on Monday, 18 February 2019, issue a circular to its shareholders (the “**circular**”) relating to the adoption of a new investment policy, a reduction of stated capital and transfer to non-distributable reserves, realisation of assets, a capital payment and the termination of the investment management agreement (collectively, the “**corporate actions**”).

A general meeting of shareholders will be held at 10:00 South African time/12:00 Mauritian time on Wednesday, 20 March 2019 at 5th Floor, La Croisette, Grand Baie, Mauritius, for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions necessary to approve and implement the corporate actions (the “**general meeting**”).

The circular will be available on the company's website at <http://www.astoria.mu/publications> from Monday, 18 February 2019.

2. SMALL RELATED PARTY TRANSACTION

2.1. Introduction and rationale

- 2.1.1. In terms of the investment management agreement (the “**IM agreement**”) between Astoria and Anchor Capital (Mauritius) Limited (the “**investment manager**”), Astoria may terminate the IM agreement on 183 days’ notice in writing to the investment manager in the event that shareholders of Astoria resolve to do so. In the event of termination of the IM agreement, Astoria would become liable to pay the investment manager a termination fee equal to five times its aggregate gross fees for the twelve-month period immediately preceding the termination (the “**break fee**”). The investment manager has, however, informed Astoria that, in the event of termination of the IM agreement, it would accept payment of USD 4.96 million, being a 25% discount to the break fee, and waive the 183-day notice period provided for in the IM agreement.
- 2.1.2. On this basis, Astoria and the investment manager concluded a termination agreement on 31 January 2019 (the “**termination agreement**”) in order to facilitate the implementation of the termination of the IM agreement and payment of the reduced break fee, the salient terms of which are set out in paragraph 2.2 below.
- 2.1.3. The board has been advised that implementation of the corporate actions, more fully described in the circular, would not in of themselves cause or allow for termination of the IM agreement or trigger an obligation to pay any termination fee to the investment manager.
- 2.1.4. However, the board of Astoria obtained irrevocable undertakings from shareholders holding circa 42.45% of Astoria shares entitled to vote on the resolution to terminate the IM agreement (39.29% of Astoria shares in issue) that they will vote to support termination of the IM agreement by Astoria and payment of the reduced break fee to the investment manager, conditional on implementation of the capital payment.

- 2.1.5. A resolution to approve the termination of the IM agreement is contained in the notice of general meeting referred to above. All resolutions contained in the notice of general meeting and required to implement the corporate actions, are inter-conditional.

2.2. Salient terms of the termination agreement

- 2.2.1. In terms of the termination agreement, with effect from the date of the general meeting and against payment by Astoria of the reduced break fee of USD 4.96 million, the IM agreement shall terminate. The 183-day notice period contemplated in clause 24.2 of the IM agreement is to be waived.
- 2.2.2. Payment of the reduced break fee is in full and final settlement of any and all amounts of whatever nature owing by Astoria to the investment manager in terms of and/or arising from the termination of the IM agreement. The termination of the IM agreement will not, however, affect any fees which were payable by Astoria to the investment manager up to and including the date on which the IM agreement is terminated.
- 2.2.3. Anchor Capital (Pty) Limited (“**Anchor South Africa**”) will not exercise the Astoria voting rights which it controls, amounting to 23 204 493 Astoria shares, or 18.87% of the total Astoria shares in issue, in respect of the resolutions to be proposed at the general meeting regarding the termination of the IM agreement and the adoption of the new investment policy. Anchor South Africa will provide the beneficial owners of the Astoria shares in respect of which it has been granted a discretionary mandate by certain private clients (representing 11.43% of the total Astoria shares in issue) the opportunity to exercise their discretion in respect of the voting rights in relation to their shares.
- 2.2.4. The termination agreement shall become effective on the date that the conditions precedent are fulfilled.

2.3. Conditions precedent

The termination agreement is subject to the following conditions precedent:

- 2.3.1. on or before the date of the general meeting, the investment manager providing written proof to the board of directors of Astoria (excluding any board member who was nominated by the investment manager or its related parties), which the board of directors of the company may accept or reject in its sole discretion, acting reasonably, that:
- 2.3.1.1. the investment manager has generally done all such things and signed all such documents that may be necessary or desirable to give effect to, or which may be incidental to, the termination agreement; and
- 2.3.1.2. the investment manager has procured that Anchor Capital South Africa has complied with all the obligations imposed on it by the termination agreement, specifically in relation to voting restrictions placed on it; and
- 2.3.2. at the general meeting, the requisite majority of Astoria shareholders approving the termination of the IM agreement.

2.4. Warranties

The warranties and undertakings provided are standard for a transaction of this nature.

2.5. Small related party considerations and fairness opinion

- 2.5.1. As the investment manager is a related party in relation to Astoria, the conclusion of the termination agreement, and in particular agreement in respect of the reduced break fee, between the investment manager and Astoria constitutes a small related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements.

- 2.5.2. Albeit that the termination of the IM agreement is subject to shareholder approval at the general meeting, as required in accordance with its terms, the termination of the IM agreement and reduced break fee as a small related party transaction is not subject to shareholder approval in terms of section 10 of the JSE Listings Requirements, provided that an independent expert has confirmed that the quantum of the reduced break fee is fair insofar as Astoria shareholders are concerned. The board, excluding Peter Armitage, who as a director of the investment manager is conflicted (the “**independent board**”), will appoint an independent expert to advise and report to the independent board on the fairness of the quantum of the reduced break fee by way of a fairness opinion prepared in terms of the JSE Listings Requirements.
- 2.5.3. A further announcement will be published on or before Wednesday, 13 March 2019 detailing the outcome of the fairness opinion.

3. SALIENT DATES AND TIMES

The salient dates and times relating to the corporate actions are set out below:

	2019
Record date for shareholders on the Mauritian register to receive circular (together with the notice convening the general meeting)	Friday, 8 February
Record date for shareholders on the SA register to receive circular (together with the notice convening the general meeting)	Friday, 8 February
Announcement relating to the small related party transaction and the issue of the circular (together with the notice convening the general meeting) released on SENS and on the SEM website	Friday, 15 February
Circular (together with the notice convening the general meeting) issued	Monday, 18 February
Last day to trade on the Mauritian register in order to be eligible to vote at the general meeting	Monday, 11 March
Last day to trade on the SA register in order to be eligible to vote at the general meeting	Tuesday, 12 March
Announcement relating to the outcome of the fairness opinion prepared by the independent expert released on SENS and on the SEM website on or before	Wednesday, 13 March
Voting record date	Friday, 15 March
Last day to lodge forms of proxy for the general meeting (by 10:00 South African time/12:00 Mauritian time)	Monday, 18 March
General meeting held at 10:00 South African time/12:00 Mauritian time	Wednesday, 20 March
Results of the general meeting released on SENS and on the SEM website	Wednesday, 20 March
Finalisation information including the US\$ to Rand conversion rate in relation to the capital payment published on SENS and on the SEM website	Tuesday, 2 April
Last day to trade <i>cum</i> to receive the capital payment	Tuesday, 23 April
Astoria shares trade <i>ex</i> entitlement to receive the capital payment	Wednesday, 24 April
Record date to receive the capital payment	Friday, 26 April
Capital payment to Astoria shareholders	Monday, 29 April

Notes:

1. The above dates and times are subject to change. Any changes will be released on SENS and the SEM website and, if required, published in the press.
2. Shareholders should note that as transactions in Astoria shares on the SA register are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, shareholders who acquire Astoria shares after Tuesday, 12 March 2019 will not be eligible to vote at the general meeting.
3. If the general meeting is adjourned or postponed, forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the general meeting.
4. Share certificates may not be dematerialised or rematerialised between Wednesday, 24 April 2019 and Friday, 26 April 2019, both days inclusive.
5. Transfers of shares between sub-registers in South Africa and Mauritius may not take place between Wednesday, 24 April 2019 and Friday, 26 April 2019, both days inclusive.

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.

This notice is issued pursuant to SEM Listing Rules 11.3 and 11.17, and Rule 5(1) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007. The Board accepts full responsibility for the accuracy of the information contained in this announcement.

15 February 2019

**Joint corporate advisor and JSE
designated advisor**

JAVACAPITAL

NSX sponsor

NEB
NAMIBIA EQUITY BROKERS

**Joint corporate advisor and
Mauritian company administrator**

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