

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”)



UPDATED NET ASSET VALUE PER SHARE, PROPOSED CAPITAL PAYMENT, TERMINATION OF INVESTMENT MANAGEMENT AGREEMENT AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. NAV UPDATE

Astoria will be releasing its financial results for the year ended 31 December 2018 on or about 15 March 2019. The board of directors of Astoria (the “**Board**”) wishes to provide the market with an update of the estimated net asset value (“**NAV**”) per Astoria share. As at 30 November 2018, Astoria’s estimated unaudited NAV per share is USD 1.12 (NAV per share at 30 September 2018 was USD 1.20). This NAV estimate has not been reviewed or audited by the company’s auditors. Astoria intends providing the market with an updated estimated NAV per share as at 31 December 2018 on or about 21 January 2019. Astoria’s capital allocation at 30 November 2018 was 52.4% direct equities, 40.2% cash, 1.9% fixed income investments and 5.5% private equity investments.

2. PROPOSED CAPITAL PAYMENT

In the six months preceding the date of this announcement, Astoria shares have traded on the JSE in a price range of between ZAR 11.10 and ZAR 13.60, representing a share price discount range of approximately 29% to 15% to the 30 November 2018 NAV per share, at ruling exchange rates. In current market conditions, the Board expects that Astoria’s shares will continue to trade at a discount to its NAV. Following a strategic review of all options, the Board has resolved to propose to unlock value for shareholders through a realisation by Astoria of all its liquid investments in order to return a substantial portion of its capital in cash to shareholders (the “**capital payment**”).

Mauritius has several limiting regulatory restrictions regarding a company’s capital structure. In order to enhance the flexibility of its capital structure and position itself to effect the capital payment, Astoria proposes a special resolution in accordance with section 62 of the Companies Act, 2001 (Act No. 15 of 2001) of Mauritius (the “**Companies Act**”), in order to reduce the stated capital of Astoria and transfer a corresponding amount to its non-distributable reserves.

In the event that shareholders approve the proposed reduction of stated capital and the capital payment is subsequently effected, Astoria will be a substantially smaller company with limited remaining capital invested in or allocated to Astoria’s less liquid investments comprising private equity investments and cash committed for private equity investments. As shareholders will retain their shares in the smaller Astoria after the capital payment, they should be aware that the Board believes that third parties will be interested in acquiring shares in the smaller Astoria and in Astoria’s private equity investments and the Board will consider all alternatives including any good faith offers to shareholders or a managed sales process in order to optimise overall value for Astoria shareholders.

3. REDUCTION OF STATED CAPITAL AND THE CAPITAL PAYMENT

At 30 September 2018, the company has stated capital in the amount of USD 121.1 million. Subject to obtaining the relevant shareholder approval for the reduction of stated capital, the company proposes to transfer substantially all of its stated capital to non-distributable reserves, in order to create the flexibility to make capital payments to shareholders. At present, it is not expected that the initial amount of the capital payment will exceed USD 84.6 cents per share (approximately ZAR 12.13 per share at current exchange rates). The initial amount of the capital payment will be dependent on the cash received through the realisation of liquid assets and the determination of the Board that, immediately after the payment, the company will meet the solvency test as required by Mauritian law. If, thereafter, less liquid assets are realised, the company may be in a position to make a further capital payment and/or to pay a dividend.

Accordingly, the exact amount of the capital payment and any dividend will be announced in due course.

4. CHANGE TO INVESTMENT POLICY

In order to permit the company to pursue the objective of realising all its liquid assets and continuing to be invested in private equity investments and certain illiquid shares and to hold the cash committed to private equity investments with a view to their ultimate managed disposal to third parties (the “**proposed strategy**”), the Board proposes that the investment policy be amended to reflect this material change. Accordingly, the Board proposes that an ordinary resolution be put to shareholders at a general meeting to amend the investment policy of Astoria, as required by section 15.7 of the JSE Listing Requirements. The detail of the proposed amendment will be contained in the circular to shareholders that will follow after this announcement.

5. TERMINATION OF THE INVESTMENT MANAGEMENT AGREEMENT

In terms of the investment management agreement (the “**IM agreement**”) between Astoria and Anchor Capital (Mauritius) Limited (“**ACL**”), Astoria may terminate the IM agreement on 183 days’ notice in writing to ACL 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 ACL a termination fee equal to five times its aggregate gross fees for the twelve-month period immediately preceding the termination (the “**contractual termination fee**”). However, ACL has informed Astoria that, in the event of termination of the IM agreement, it would accept payment of USD 4.76 million, being a 25% discount to the contractual termination fee, and waive the 183-day notice period provided for in the agreement.

The Board has been advised that implementation of the capital payment would not in itself cause or allow for termination of the IM agreement or trigger an obligation to pay any termination fee to ACL. However, the Board has been informed by shareholders holding circa 57.35% of Astoria shares entitled to vote on the resolution to terminate the IM agreement (41.72% of Astoria shares in issue), that they will vote to support termination of the IM agreement by Astoria and payment of the discounted contractual termination fee to ACL, conditional on implementation of the capital payment.

Accordingly, the Board will put the requisite resolution to shareholders regarding the termination of the IM agreement, on the basis of Astoria making payment of the discounted termination fee, and will be guided by the voting of shareholders. The Board is likely to support the termination of the IM agreement, should shareholders so resolve, as termination thereof may better position the company, after implementation of the capital payment, to attract third party interest which may benefit Astoria’s shareholders.

6. MANAGEMENT OF THE REMAINING ASTORIA PORTFOLIO

Pursuant to the capital payment and the subsequent termination of the IM agreement, the Board will assume the investment management function in relation to the remaining assets in the Astoria portfolio. It may in its discretion make use of the professional services of ACL as it deems necessary, which services will be performed strictly on a cost recovery basis. This will afford the Board the opportunity to consider all good faith third party interest in Astoria, as referred to above.

7. UPDATE TO RAC VOLUNTARY OFFER

Shareholders are referred to previous announcements released by Astoria on SENS, relating to the intended voluntary offer to be made by RECM and Calibre Limited (“**RAC**”) to Astoria shareholders to acquire the remaining Astoria shares not already owned by RAC (the “**intended voluntary offer**”). RAC has indicated to the Board that it would support the proposed implementation of the capital payment and the termination of the IM agreement (the “**corporate actions**”).

Accordingly, on the basis that the corporate actions are implemented without any undue delay, RAC has provided confirmation to the Board that it will not proceed with the intended voluntary offer and the Board and RAC have further agreed that all legal proceedings in relation to the intended voluntary offer will be withdrawn.

8. REQUIRED APPROVALS

In light of the above, the Board intends presenting the following resolutions to shareholders at a general meeting:

- an ordinary resolution of shareholders authorising the amendment of the investment policy in line with the proposed strategy;
- a special resolution of shareholders authorising the Board to realise all the company’s assets, constituting more than 75% of the value of the company’s total assets, and to undertake a reduction of stated capital in anticipation of the capital payment; and
- an ordinary resolution of shareholders to approve the termination of the IM agreement in terms of clause 24.3 of the IM agreement, on the basis that ACL accepts the discounted contractual termination fee in resolution of all amounts then due to it in terms of the IM agreement, conditional on implementation of the capital payment to shareholders.

9. VOTING CONSIDERATIONS

Given that ACL is the investment manager to Astoria, ACL is in a position of conflict of interest and accordingly ACL and its associates will abstain from voting on the resolution to approve the termination of the IM agreement.

Anchor Capital Limited, an associate of ACL, has concluded investment mandates with its clients entitling it to exercise voting rights on their behalf in respect of Astoria shares. Anchor Capital Limited has undertaken that it will not exercise the shareholder votes it controls, estimated at 33.5 million shares which constitutes approximately 27% of Astoria shares in issue, in respect of the resolution to be proposed at the general meeting regarding the termination of the IM agreement.

10. SALIENT DATES AND TIMES

Set out below are the indicative salient dates and times in respect of the issuance of the circular and the capital payment. These dates reflect anticipated seasonal delays affecting communications with the regulators. If these dates can be accelerated, Astoria will do so and announce the revised dates:

	2019
Record date to receive circular (together with the notice convening the general meeting)	Friday, 11 January
Circular (together with the notice convening the general meeting) posted and announced on SENS	Friday, 18 January
Announcement relating to the issue of the circular (together with the notice convening the general meeting) released on SENS and on the SEM website	Friday, 18 January
Last day to trade on the Mauritian register in order to be eligible to vote at the general meeting	Monday, 4 February
Last day to trade on the South African register in order to be eligible to vote at the general meeting	Tuesday, 5 February
Voting record date	Friday, 8 February
Last day to lodge forms of proxy for the general meeting (by 10:00 South African time/12:00 Mauritian time)	Wednesday, 13 February
General meeting held at 10:00 South African time/12:00 Mauritian time	Friday, 15 February
Results of the general meeting released on SENS and on the SEM website	Friday, 15 February
Finalisation announcement including the USD to ZAR conversion rate released on SENS and SEM website	Tuesday, 19 February
Last day to trade to participate in the distribution as a return of capital	Tuesday, 26 February
Astoria shares trade <i>ex</i> entitlement to receive the distribution as a return of capital	Wednesday, 27 February
Record date to participate in the distribution	Friday, 1 March
Payment of distribution as a return of capital to Astoria shareholders	Monday, 4 March

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. Share certificates may not be dematerialised or rematerialised between Wednesday, 27 February 2019 and Friday, 1 March 2019, both days inclusive.
3. Transfers of shares between sub-registers in South Africa and Mauritius may not take place between Wednesday, 27 February 2019 and Friday, 1 March 2019, both days inclusive.

11. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Pending receipt of any formal offers from third parties to acquire Astoria or its remaining investments post the capital payment, all material information known to Astoria in respect of the proposed capital payment and termination of the investment management agreement has been disclosed in this announcement. Accordingly, shareholders are advised that they no longer need to exercise caution when trading in their Astoria shares and the cautionary announcement renewed on Tuesday, 27 November 2018 is withdrawn.

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.

Joint corporate advisor and JSE designated advisor



NSX sponsor



Joint corporate advisor and Mauritian company administrator

