

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")



COMMENCEMENT OF LEGAL PROCEEDINGS IN RELATION TO RAC'S 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**") and Livingstone Investment Proprietary Limited ("**the offeror**") to Astoria shareholders to acquire the remaining Astoria shares not already held by the offeror ("**the voluntary offer**"), the last of which was released on SENS on 8 August 2018.

The board of directors of Astoria ("**the board**") has received legal advice that the intended offer, if made in its proposed form, will contravene provisions of the Securities Act of 2005 ("**Securities Act**"), the Securities (Takeover) Rules 2010 ("**Takeover Rules**") and the Civil Code of Mauritius ("**Civil Code**"). Accordingly, the company, pursuant to this advice, is approaching the Supreme Court of Mauritius ("**court**") to protect the interests of its shareholders in the face of unlawful, unfair and improper practices in relation to the company's securities. The board is required to take this action in the discharge of its fiduciary duties owed to Astoria and all its shareholders.

The basis of the approach by the company to the court includes the following:

1. Breach of the Securities Act

The offeror has proposed that the offer price will be settled in cash, up to R355 million ("**available cash**") and thereafter, to the extent that the level of acceptances exceeds an aggregate value in excess of the available cash, in both cash and RAC preference shares ("**RAC prefs**"). In terms of section 68 of the Securities Act, the issue of RAC prefs in Mauritius constitutes an offer of securities to the public. This means that the voluntary offer should have been made in a prospectus which was provisionally registered with the Financial Services Commission ("**FSC**") and distributed to Astoria shareholders. To date, Astoria is not aware of a prospectus that has been provisionally registered by the offeror.

2. Breach of the Takeover Rules

2.1. *Pricing mechanism*

When the offer consideration is calculated using the market price of the RAC pref and assuming 100% of shareholders accept the voluntary offer, the implied offer price is R10.69 per Astoria share. In terms of section 14 of the Takeover Rules, the offer price must be equivalent to at least either (i) the highest price paid by the offeror during the six months prior to the date of the public announcement of the firm intention to make an offer ("**firm intention announcement**") or (ii) the average of the weekly high and low of the closing prices of the offeree shares as listed on the securities exchange where the offeree shares are most frequently traded during the six months preceding the date of the firm intention announcement, whichever is the highest. The implied offer price falls below the minimum pricing requirements prescribed in section 14 of the Takeover Rules and, the board is advised, is not in compliance with the Takeover Rules.

In addition, in terms of the pricing mechanism proposed by the offeror, Astoria shareholders would not know the proportion of cash to RAC prefs they would be receiving at the time of electing to participate in the voluntary offer and would accordingly not know the true offer price at which they accept the voluntary offer until the closing date of the voluntary offer.

2.2. *Failure to issue the offer document*

Section 17 of the Takeover Rules requires the offeror to have communicated a copy of the offer document to Astoria shareholders and to have notified the board of Astoria in writing, within 14 days of filing a copy of the offer document with the FSC and the relevant securities exchange. The company has been advised

that an offer document has been filed with the FSC on 31 July 2018, but to date, no copy of the offer document has been communicated to Astoria shareholders. The board has been advised that the offer has now lapsed in light of the offeror's failure to issue the offer document within the prescribed time limits set out in the Takeover Rules. The purpose of section 17 of the Takeover Rules is to protect companies from being paralysed by the threat of an imminent offer that is never made, which is the case in this instance.

As a result of RAC's inability to operate within prescribed timelines, the board believes that the company has been exposed to an excessive period of siege. This has created uncertainty regarding the prospects of Astoria and has had a destabilising effect on the company generally.

3. Breach of the Civil Code

The board is advised that an offeror has a general obligation in terms of the Takeover Rules not to mislead shareholders of the offeree company as well as to exercise its duty of honesty and good faith towards shareholders of the offeree company. The statement in the firm intention announcement that the offer price is R13.50 per Astoria share is false and misleading. The board is advised that the lack of a determined price infringes certain provisions of the Civil Code, which infringement invalidates the offer and renders it null and void.

4. Update on the strategic review

The board is cognisant of the continued discount in the Astoria share price to net asset value. The board will continue to progress its strategic review to investigate alternative mechanisms to mitigate the discount and unlock value for shareholders, which alternatives may include, *inter alia*, dividend payments, the realisation of assets or an *in specie* distribution (or a combination of the two), a repurchase of shares, or a change in investment strategy. Astoria will also continue to explore possible business combinations with third parties that approach the company in good faith.

The strategy to unlock the discount to net asset value will be communicated as soon as practically possible. Pending further updates, Astoria shareholders are advised to continue to exercise caution when dealing in their shares.

The board wishes to clarify that the company has expended, up to 30 June 2018, US\$250 000 on advice and legal fees pertaining to the voluntary offer. If the intended RAC offer was lawfully constructed, the company would not be required to institute any legal action. The company will continue to manage its legal expenses cost effectively.

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



22 August 2018

This notice is issued pursuant to SEM Listing Rule 11.3. The Board of Astoria accepts full responsibility for the accuracy of the information in this announcement.