

Private and confidential

6 May 2020

The Board of Directors
Astoria Investments Limited
5th Floor
La Croisette
Grand Baie
Mauritius**INDEPENDENT EXPERT'S REPORT TO ASTORIA INVESTMENTS LIMITED REGARDING THE ENTERING INTO OF AN ASSET MANAGEMENT AND ADMINISTRATION AGREEMENT WITH A RELATED PARTY****1. BACKGROUND**

Astoria Investment Limited ("**Astoria**" or the "**Company**") is an investment holding company incorporated in Mauritius with a primary listing of its ordinary shares on both the Alternative Exchange of the JSE ("**AltX**") and the Stock Exchange of Mauritius.

RECM and Calibre Limited ("**RAC**"), acting through its wholly-owned subsidiary, Livingstone Investments Proprietary Limited ("**Livingstone**"), recently acquired 100% of the issued share capital of Astoria. Accordingly, Astoria no longer meets the Listings Requirements of the JSE Limited ("**JSE**") as they pertain to having a spread of public shareholders and the trading in its shares has been suspended until such time as, inter alia, the requisite spread of public shareholders has been achieved.

Astoria's intention is to retain its primary listing on the Alternative Exchange of the JSE with an objective of building a portfolio of investments that create long-term value for its shareholders.

In contemplation thereof, RAC and Astoria wish to align their separate asset management arrangements in accordance with the jurisdictions in which they operate. Pursuant thereto, Astoria has entered into an asset management agreement with RAC Advisory (Mauritius) Limited ("**RAC Advisory MU**" or the "**Manager**"), a Mauritian-domiciled asset management company, the shareholders of which are associates of the directors of RAC (the "**Astoria AM Agreement**" or the "**Agreement**"). Concurrent with the conclusion of the Astoria AM Agreement, RAC's existing asset management agreement has been amended to exclude Astoria from its ambit and operation.

In terms of the Astoria AM Agreement, Astoria appointed RAC Advisory MU as its' investments and administration manager to inter alia manage the investments of Astoria, upon a discretionary basis, in accordance with Astoria's Investment Policy, but subject to the powers, supervision, instruction and mandate of the Company's board from time to time.

As consideration for the investments and administration services, Astoria pays a management fee to RAC Advisory MU equal to 1% per annum of the assets under management ("**AUM**") of Astoria, calculated and accrued monthly and payable in arrears, on the last day of each month ("**Management Fee**"). The Management Fee is furthermore capped at a maximum fee of USD Five Million (\$5,000,000) per annum, adjusted annually for inflation with reference to the official US 12-month inflation rate as published from time to time.

RAC Advisory MU may in its discretion from time to time, appoint third party service providers and investment advisors in execution of its' duties in terms of the Agreement and notwithstanding such

delegation, the Manager remains responsible and liable to the Company for delivery of its obligations. All fees and expenses payable to appointed third parties is for RAC Advisory MU's sole account.

The Agreement term is an initial minimum period of ten (10) years from the commencement date, but is terminable by the respective parties during the currency of the term, in defined circumstances. No termination fees beyond the termination date are payable to the Manager in the event of lawful termination of the Agreement by the Company in terms of its provisions.

2. SCOPE

The shareholding of RAC Advisory MU is owned by associates of Piet Viljoen and Jan van Niekerk, both current directors of Astoria. The Astoria AM Agreement is therefore a related party transaction (the "**Transaction**") in terms of paragraph 10.1 of the JSE Listing Requirements (the "**Listing Requirements**"). The board of directors of Astoria ("**Directors**" or "**Board**") are required to obtain a fairness opinion from an independent expert confirming whether the remuneration terms of the Astoria AM Agreement are fair insofar as the shareholders of Astoria are concerned. It is noted that Livingstone is currently the sole shareholder of Astoria.

Moore Corporate Services Cape Town (Pty) Ltd ("**Moore**") is appointed as the independent expert ("**Independent Expert**") to provide an independent fairness opinion with regard to the Management Fee payable in terms of the Agreement ("**Opinion**").

The Opinion is accordingly given strictly limited in ambit to assessment of only the fairness of the remuneration provisions of the Agreement.

3. RESPONSIBILITY

Compliance with the Listing Requirements is the responsibility of the Board. Our responsibility is to report to the Directors of Astoria our Opinion.

4. SOURCE OF INFORMATION

Our opinion is based upon the following principal sources of information:

- a. The published annual report of Astoria for the year ended 31 December 2019.
- b. The signed Investment Management Agreement entered into between RECM and Calibre Limited, RAC Investment Holdings (Proprietary) Limited and RAC Advisory (Proprietary) Limited, dated 1 November 2016 ("**Existing AM Agreement**"), together with addendums thereto.
- c. The signed Astoria AM Agreement, dated 5 May 2020.
- d. The Astoria Investment Policy.
- e. Representations made by and discussions with the CFO and independent board members of Astoria regarding the rationale for concluding the Astoria AM Agreement upon its terms.

We have relied upon and assumed the accuracy of the information provided to and obtained by us, referred to above, in concluding our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purposes of our Opinion, whether in writing or obtained orally, by reference to publicly available or independently obtained information.

5. EXPLANATION AS TO HOW THE TERM “FAIR” APPLIES IN THE CONTEXT OF THE MANAGEMENT FEE

Schedule 5.7 of the Listing Requirements states that the “fairness” of a transaction is based on quantitative issues. In the case of the acquisition of an asset from a related party, a transaction will typically be considered fair to a company’s shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value given by a company.

In the context of the Agreement, a determinable fee calculated in terms of a formula is given by the Company to the Manager against delivery by the Manager to the Company of defined and contractually undertaken obligations and services. Assuming the nature and ambit of services to be the same or more onerous, the Management Fee will be considered fair to Astoria shareholders if the fee comprised of the remuneration payable for the services rendered is equal to or less than that payable in terms of the Existing AM Agreement.

We have applied the aforementioned principle in preparing the Opinion on the Astoria AM Agreement. The Opinion does not purport to cater for individual shareholders’ positions but rather the general body of shareholders. A shareholder’s decision regarding fairness of the remuneration terms of the Astoria AM Agreement may be influenced by his or her particular circumstances. Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Astoria AM Agreement, considering his/her personal circumstances.

6. PROCEDURES PERFORMED

In arriving at our Opinion, we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Management Fee:

- Reviewed the terms and conditions of the Astoria AM Agreement.
- Reviewed the terms and conditions of the Existing AM Agreement.
- Reviewed the addendum to the Existing AM Agreement.
- Compared the key terms and clauses dealing with the services to be rendered and fees payable under both the Astoria AM Agreement and the Existing AM Agreement.
- Held discussions with the CFO and independent board members of Astoria as to the Transaction, the Agreement and its rationale.
- Obtained letters of representation from the Board of Astoria confirming that we have been provided with all relevant information, that no material information was omitted and that all such information provided to us is accurate in all respects;
- Reviewed certain publicly available information relating to Astoria, including company announcements and media articles.

Based on the results of the procedures mentioned above, we determined the fairness of the Management Fee to the general body of Astoria shareholders.

7. ASSUMPTIONS

Our Opinion is based on the key assumption that the Astoria AM Agreement is legally enforceable, will have the legal, accounting and taxation consequences described in discussions with and as evidenced by, materials furnished to us by representatives of Astoria.

8. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Comparing and corroborating such information and assumptions with external sources of information, to the extent such information was available.
- Determining the extent to which oral representations from management were confirmed by and accorded with documentary evidence, as well as our understanding of Astoria, the Transaction and the Agreement.

9. RESULTS OF PROCEDURES PERFORMED

A summary of the key remuneration terms of the Existing AM Agreement and the Astoria AM Agreement is presented below:

	Existing AM Agreement	Astoria AM Agreement
Scope of services to be rendered	Investment management services	Investment management and related administrative services
Fees payable to asset manager	1% p.a. of assets under management, payable as to 1/12 th on a monthly basis.	1% p.a. of assets under management, payable as to 1/12 th on a monthly basis.
Performance Fees	None.	None.
Fee Cap	None.	Subject to a maximum amount of USD 5 000 000 p.a.
Term	Indefinite.	Initial minimum 10-year period.
Termination/Break Fees	No capitalised fee acceleration liability for balance of term in event of early termination and no fees payable beyond termination date.	No capitalised fee acceleration liability for balance of term in event of early termination and no fees payable beyond termination date.

The above table indicates that based upon a like-for-like comparison of the stated key terms of the Existing AM Agreement and the Astoria AM Agreement:

- there is parity of fees between the two agreements excepting the Astoria AM Agreement is subject to a capping; and
- there is a wider ambit of services rendered under the Astoria AM Agreement.

10. OPINION

Based on the results of our procedures and assessments, subject to the limiting conditions as set out elsewhere herein, our opinion is that the Management Fee is fair to Astoria shareholders.

11. INDEPENDENCE, COMPETENCE, FEES AND LIMITING CONDITIONS

We confirm that Moore has no independence issues relating to directorships, employment, owning shares, management and fees earned in Astoria or related parties.

We confirm that Moore and the directors responsible for this assignment have the necessary competencies relating to internal control systems, quality control, experience and qualifications.

We confirm that we have no financial interest and no relationship in Astoria or related parties. Furthermore, we confirm that our professional fees are not contingent upon the success of the Transaction.

We confirm that the scope of our procedures and work performed were not subject to any limiting conditions excepting those referenced herein.

We have made the assumptions referred to in 8 above and consequently accept that all agreements have full legal force and effect as represented to us, are furthermore lawful and duly authorised.

With due regard to the foregoing, our Opinion is furthermore based upon the current economic, market, regulatory and other conditions (to the exclusion of any consideration of the COVID-19 pandemic and government or other legal authority interventions in consequence thereof), as at the date of signature of the Opinion. It is to be expressly understood that subsequent developments may affect our Opinion which we are notwithstanding under no obligation to update, revise or re-affirm.

Although in the course of the Opinion the substantive terms of the Agreement may be noted or referenced, no assessment, review or opinion of any nature whatsoever is made or expressed in connection therewith and neither may same be inferred or imputed from or in connection with the Opinion.

The Opinion is provided to the Board in connection with and for the purpose of the Transaction and for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Astoria Shareholders regarding the fairness of the Management Fee. The Opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The Opinion is provided in terms of the Listing Requirements. It does not constitute a recommendation to any Astoria Shareholder and is not to be regarded by the Board as a substitute of or for its authority or responsibility, the Board at all times and in all circumstances being required to make its own independent assessment and conclude on the necessary matters in terms of its own determinations and with due regard to its own responsibilities. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if the Opinion is used or relied upon for anything other than its stated, intended purpose.

12. CONSENT

We consent to the reference the Opinion in the SENS announcement to be issued to the Shareholders of Astoria in the form and context in which it appears and in any other required regulatory announcement or documentation.

Yours faithfully



Moore Corporate Services Cape Town Proprietary Limited
Director: Andrew Pitt
Chartered Accountant (SA)