

RECM AND CALIBRE LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2009/012403/06

Preference Share Code: RACP

ISIN: ZAE000145041

("RAC" or "the Company")



UPDATE ON ASTORIA OFFER DOCUMENT AND LEGAL PROCEEDINGS

Update on offer document to shareholders of Astoria Investments Limited ("Astoria")

Shareholders are referred to the announcements released by RAC on SENS on 04 May 2018, 17 May 2018, 15 June 2018, 29 June 2018, setting out, *inter alia*, the terms and conditions on which RAC, acting through its wholly-owned subsidiary, Livingstone Investments Proprietary Limited ("**Livingstone Investments**") ("**the Offeror**"), intends making a voluntary offer to the shareholders of Astoria to acquire the remaining Astoria shares not already held by the Offeror ("**the Voluntary Offer**"). Shareholders are also referred to the announcement released by RAC on 23 July 2018 confirming that the requisite RAC preference shareholder approval for the issue of RAC preference shares, as a top-up consideration to Astoria shareholders in terms of the Voluntary Offer, if applicable, was obtained.

Shareholders of RAC and Astoria are further advised that RAC has, on 31 July 2018, submitted a revised offer document ("**Offer Document**") to the Financial Services Commission ("**FSC**"), following various communication between the Offeror and the FSC, and is awaiting confirmation from the FSC that the Offer Document may be distributed to Astoria shareholders. Key commercial terms of the Voluntary Offer, as previously communicated by RAC, remain unchanged and the Offeror fully intends to proceed with the Voluntary Offer.

Legal proceedings instituted by Astoria

RAC has been advised by the FSC that on 24 July 2018, one day after RAC announced approval by its shareholders to issue RAC participating preference shares under the intended Voluntary Offer, Astoria has instituted legal proceedings against RAC and Livingstone Investments as well as against the FSC, before the Supreme Court of Mauritius ("**Legal Proceedings**").

Astoria is seeking, through the aforesaid Legal Proceedings, respective court orders:

- a. declaring that the initial Offer Document, submitted to the FSC and the Astoria board of directors ("**Astoria Board**") on 3 May 2018, violated the Securities Act 2005, the Takeover Rules 2010 and the Civil Code of Mauritius;
- b. declaring that the Voluntary Offer has now lapsed;
- c. directing that the FSC not allow the Voluntary Offer to be communicated to Astoria shareholders; and
- d. in the nature of a perpetual injunction, restraining and prohibiting the Offeror from ever communicating the Voluntary Offer to Astoria shareholders.

As of today, RAC has not yet been formally served with court document in respect of the Legal Proceedings.

RAC intends to contest the Legal Proceedings.

Further Update

Since RAC commenced engagement with the Astoria Board on 3 May 2018, the Astoria Board has:

- a. indicated that the Astoria Board has been engaging the FSC with the intention of opposing the intended Voluntary Offer, via a SENS announcement released on 7 June 2018;
- b. instituted Legal Proceedings against RAC, Livingstone Investments and the FSC, as noted above; and
- c. confirmed in Astoria's results, released on SENS on 8 August 2018, that the Astoria Board had spent, up to 30 June 2018, US\$450 000 on advice and legal fees pertaining to the Voluntary Offer.

As the single largest shareholder in Astoria, RAC is concerned about the significant expenses that Astoria has incurred on opposing and litigating against the Voluntary Offer instead of allowing the Voluntary Offer to proceed and thereby providing Astoria shareholders with the opportunity to decide on the merits of the Voluntary Offer for themselves. Every Astoria shareholder has the right, and should be given the opportunity to decide whether to accept or reject the Voluntary Offer, based on the terms fully detailed in the Offer Document.

In addition to the concerns on the Astoria Board's actions noted above, RAC notes that the discount at which the Astoria share price trades relative to its disclosed NAV has increased significantly over this period and remains substantially below the intended offer price.

17 August 2018

Cape Town

Sponsor and Corporate Advisor to RAC

Questco Corporate Advisory Proprietary Limited

and

Questco Proprietary Limited