

20 December 2018

SNC Disappointed by Alterra's failure to engage

We refer to the announcement made by Alterra Limited (ASX:1AG) (**Alterra**) yesterday.

We are disappointed that Alterra failed to maintain the confidentiality of the confidential, non-binding, indicative offer proposal (the **Proposal**) provided to Alterra on 18 December 2018.

Alterra's announcement contains statements and assertions which are factually incorrect. By announcing to ASX the correspondence between the parties less than 30 minutes after sending it to Sandon Capital Pty Ltd, the investment manager of both Sandon Capital Investments Ltd (ASX: SNC) and Sandon Capital Activist Fund, (together, **Sandon**) did not provide any time for us to correct Alterra's errors.

The Proposal sought to obtain meaningful engagement with Alterra, including access to make due diligence enquiries of Alterra, with a view to finalising and making a binding proposal.

In our view, the actions taken by Alterra appear to be designed to frustrate such discussions and prevent Sandon from making a compelling binding proposal for Alterra shareholders to consider.

Alterra asserts that Sandon does not have the cash to complete the proposal. Alterra have used, without reference to Sandon, figures obtained from the SNC monthly reports as at the 30 November 2018. Had Alterra read the SNC monthly report carefully, they would have noted that following the sale of certain shares into a takeover offer, SNC's cash levels were expected to increase *"the Fund's cash level by approximately 6%."* SNC's current cash holdings are approximately 8.5% of gross assets.

The total cash holdings across the entities managed by Sandon is currently approximately \$8.9 million, substantially more than the \$5.9 million that would be required to fund the Proposal.

In addition, the statement made by Alterra in relation to Sandon's "mandate" are incorrect. Sandon can make and complete a takeover bid.

While the directors may assert the offer does not provide an adequate premium for control, we note that recently a significant number of Alterra shareholders have been willing to sell their shares for well below the indicative price proposed of 5 cents per share.

Sandon believes Alterra directors should have engaged meaningfully and allowed Sandon sufficient time to deal with the issues raised by Alterra. Such engagement may have led to Sandon identifying additional value which could have resulted in an increase in offer price.

Contact

If 1AG or SNC shareholders have any questions regarding this announcement, please call Gabriel Radzyninski on 02 8014 1188 Or 0408 936 357