

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising upon investments in shares and other securities, or from another appropriate authorised independent adviser if you are outside of the United Kingdom.

## **Avarae Global Coins plc**

*(Incorporated in The Isle of Man under the Isle of Man Companies Acts 1931 – 2004 and re-registered as a company incorporated under the Isle of Man Companies Act 2006 with Registered No. 4526V)*

Rosaline Melia (Executive Director)	4-8 Hope Street
Matthew Wood (Non-Executive Director)	Douglas
Clement Chambers (Non-Executive Director)	Isle of Man
Alan Molloy (Non-Executive Director)	IM1 1AQ
Laurence Gergel (Non-Executive Director)	

13 November 2019

Dear Shareholder

### **TENDER OFFER TO PURCHASE UP TO 6,500,000 ORDINARY SHARES**

#### **1. Introduction**

Over the last few years, the Company has purchased for cancellation, in aggregate, approximately 67.7 million of its Ordinary Shares in five previous tender offers, during which it returned cash to Qualifying Shareholders of more than £9.7 million. The Company is now proposing to undertake a further buyback of up to 6,500,000 of its existing 13,000,000 Ordinary Shares (being 50.0 per cent. of its current issued share capital) by way of a Tender Offer at a price of **16.0 pence** per Ordinary Share. The Tender Offer will provide Qualifying Shareholders with another opportunity to realise some or all of their investment in Avarae. Ordinary Shares acquired by the Company pursuant to the Tender Offer will be cancelled.

The Tender Offer will remain open until 11.00 a.m. on 5 December 2019 unless extended at the discretion of the Company. The Company also reserves the right to cancel the Tender Offer at any time should circumstances change and the Directors consider that proceeding with the Tender Offer is no longer in the interest of the Company and its Shareholders.

Accompanying this letter are:

- A document setting out the terms and conditions of the Tender Offer, which also details how you can participate in the Tender Offer ("**Terms and Conditions**"); and
- If you hold your Ordinary Shares in certificated form, a Tender Form which includes further terms and conditions in respect of certificated Ordinary Shares.

You are advised to read the documents in their entirety. Defined terms in this letter have the same meaning as in the Terms and Conditions. If you participate in the Tender Offer, you will be deemed to have accepted the terms and conditions set out in the Terms and Conditions and, if applicable, the Tender Form.

If you do not wish to participate in the Tender Offer, you do not need to take any action.

The attention of Shareholders who are citizens or nationals of or resident in jurisdictions outside the United Kingdom and who wish to participate in the Tender Offer is drawn to the section headed "Overseas Shareholders" in the Terms and Conditions. The Tender Offer is not being made, directly or indirectly, in or into any Restricted Jurisdiction.

Under Isle of Man law, shareholder consent is not required for the Company to undertake the Tender Offer.

## **2. Basic entitlement, additional tenders and scaling back**

Qualifying Shareholders may tender any or all of their Ordinary Shares on the Record Date (6.00 p.m. on 5 December 2019).

Qualifying Shareholders validly tendering up to 50.0 per cent. of their Ordinary Shares held on the Record Date will have their tenders accepted in full.

Qualifying Shareholders may tender all of their Ordinary Shares if they wish to do so (Box 1B on the Tender Offer Form), albeit that the Company cannot guarantee that those Ordinary Shares tendered above 50.0 per cent. of their holding will be accepted. Accordingly, if the Company receives valid tenders from Qualifying Shareholders for 6,500,000 Ordinary Shares or fewer, those tenders will be accepted in full. If the Company receives valid tenders from Qualifying Shareholders in excess of 6,500,000 Ordinary Shares, after an initial allocation to each Qualifying Shareholder of 50.0 per cent. of their Ordinary Shares on the Record Date (or such lower amount as the Shareholder tendered), tenders will be scaled back, to ensure that the total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 6,500,000 Ordinary Shares.

In the event that the Company receives valid tenders from Qualifying Shareholders in excess of 6,500,000 Ordinary Shares, the basis of scaling back will be determined by the Company but it is anticipated that scaling back will be conducted on a *pro rata* basis to the number of Ordinary Shares tendered, unless and to the extent the Company determines that there is a good reason to scale back on a different basis, for example, to enable a complete exit for very small shareholders. The decision of the Company as to the basis of scaling back and the treatment of fractions or other issues arising from any scaling back will be conclusive and binding on all Shareholders.

## **3. Current trading and financial position**

In the seven-month period from 31 March 2019 (the Company's financial year end) to 31 October 2019, the Company recorded unaudited sales of approximately £0.44 million and an unaudited net loss of approximately £0.07million, which was in line with the Directors' expectations. Copies of the Company's unaudited interim results for the six months ended 30 September 2019 have been published today and can be found on the Company's website at [www.avarae.com](http://www.avarae.com), together with copies of the Company's audited annual accounts for the year ended 31 March 2019.

The aggregate of the Company's net cash balances and accounts receivable as at the date of this document were approximately £1.16 million, and the Company's remaining stock of coins had an unaudited carrying value, as the same date, of approximately £0.97 million.

The maximum aggregate cash consideration potentially payable by the Company for the Tender Offer Shares will be £1.04 million.

Whilst the Tender Offer Price of 16.0 pence per Ordinary Share is in line with the Company's most recent tender offer price from November last year, there is no guarantee that any subsequent buybacks proposed by the Company will be at the same or higher price than 16.0 pence per Ordinary Share currently being offered.

## **4. Action to be taken**

If you are a Qualifying Shareholder and wish to participate in the Tender Offer, you should follow the procedure for tendering shares. Qualifying Shareholders can tender up to all of their holding of Ordinary Shares, should they so wish, but the Company cannot guarantee being able to satisfy any

tenders made in excess of the Basic Entitlement. Full details of the Tender Offer, and the procedure to be followed by Qualifying Shareholders wishing to tender Ordinary Shares, are set out in the Terms and Conditions. The closing date for submission of tenders is 11.00 a.m. on 5 December 2019.

The procedure for tendering Ordinary Shares on the Register at the Record Date depends on whether a Qualifying Shareholder holds Ordinary Shares in certificated or uncertificated form. Shareholders holding Ordinary Shares in certificated form should refer to paragraph C.1 of the Terms and Conditions. Shareholders holding Ordinary Shares through CREST should refer to paragraph C.2 of the Terms and Conditions.

#### **5. Taxation**

Shareholders are strongly advised to consult an appropriate independent professional adviser in relation to the tax treatment of any sale of Ordinary Shares pursuant to the Tender Offer.

#### **6. Ad Hoc Buybacks in Future**

The Tender Offer is designed to offer all Qualifying Shareholders an opportunity to realise some or all of their investment in Avarae. However, the Company is willing to consider individual buybacks from Shareholders in future, subject to legal requirements, financial condition and the Directors considering any further purchase to be in the interests of the Company and its Shareholders. Following completion of the Tender Offer, if you wish to discuss the Company purchasing your Ordinary Shares, please contact the Company through the “Contact Us” section of the Company’s website at [www.avarae.com](http://www.avarae.com). There is no guarantee that the price agreed (if any) will be at an equivalent or higher level to that of Tender Offer Price.

#### **7. Enquiries**

If you have any enquiries in relation to the Tender Offer, please contact Neville Registrars Limited on 0121 585 1131 or, if calling from outside the UK, on +44 121 585 1131. Lines are open 9.00 a.m. to 5.00 p.m., Monday to Friday (except bank holidays). Calls to the helpline number from inside the UK are charged at your service provider’s standard rates (charges may vary). Calls to the helpline number from outside the UK are charged at applicable international rates. Calls may be recorded and monitored randomly for security and training purposes. Neville Registrars Limited cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice.

**Please note that the Directors make no recommendation to Qualifying Shareholders in relation to their participation in the Tender Offer and recommend that all Qualifying Shareholders consult their duly authorised independent advisers before they make a decision as to whether to tender some, all, or none of their Ordinary Shares, in order to obtain advice relevant to their particular circumstances.**

Yours faithfully

Rosaline Melia  
Matthew Wood  
Clement Chambers  
Alan Molloy  
Laurence Gergel  
*Directors*