

10 October 2018

Unsolicited, preliminary, conditional and non-binding proposal

Navitas Limited (NVT: ASX) (“Navitas” or “the Company”) today announced that after the market closed on 9 October 2018 it received an unsolicited, preliminary, conditional and non-binding proposal from BGH Capital Pty Ltd (“BGH”), AustralianSuper Pty Ltd as trustee for AustralianSuper (“AustralianSuper”) and Mr Rodney Jones, (together, “BGH Consortium”) to acquire 100% of the outstanding shares in Navitas by way of a scheme of arrangement (the “Indicative Proposal”).

The Indicative Proposal would offer Navitas shareholders \$5.50 cash per Navitas share, which represents:

- a 26% premium to the closing share price on 9 October 2018;
- a 25% premium to the 3 month volume weighted average price (VWAP);
- an 18% premium to the 12 month VWAP; and
- a 2% discount to the highest closing price over the last 52 weeks.

The indicative price would be reduced by the value of any dividends or other distributions declared, proposed or paid after 9 October 2018.

The Indicative Proposal would also offer Navitas shareholders an alternative such that they could receive consideration of:

- \$2.75 cash per Navitas share; and
- one ordinary share in a newly formed unlisted company that will initially own Navitas (“RollCo”) for every two shares held in Navitas.

The cash and scrip alternative above would be subject to both a minimum and a cap such that the total number of shares rolled over (excluding any shares rolled by the BGH Consortium members) is at least 5% and does not exceed 15% of the post-acquisition equity in RollCo (subject to pro rata scale back to the extent that elections for the cash and scrip alternative exceed the cap).

BGH has entered into a cooperation agreement with AustralianSuper and Mr Jones who hold 5.4% and 12.6% of Navitas’ total shares respectively (a copy of this agreement will be lodged with the ASX by the BGH Consortium). Pursuant to the cooperation agreement, Mr Jones has agreed with the other BGH Consortium members that he would sell 50% of his shares for cash and roll over his remaining 50% shareholding into RollCo.

Given Mr Jones’ involvement in the BGH Consortium, the Navitas Board is putting in place formal protocols in relation to Mr Jones’ access to information, employees, and attendance at Board meetings.

The Indicative Proposal is subject to a significant number of assumptions and conditions, which are outlined in Appendix A.

The Navitas Board has not yet formed a view as to the merits of the Indicative Proposal and together with its financial adviser Goldman Sachs and legal adviser Ashurst, will conduct a detailed review of the Indicative Proposal and will inform shareholders of the outcome of this review in due course.

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Shareholders do not need to take any action in relation to the Indicative Proposal. There is no certainty that the proposal will result in a transaction.

Appendix A

The proposal has been made on the basis of a number of assumptions, including:

- That the financial targets set out by the Company at its 21 September 2018 Investor Day are supportable and achievable; and
- That Navitas' consolidated net debt position will be no higher than A\$191 million on 30 June 2019, in line with broker consensus estimates, with a usual level of working capital retained in the business at that date.

The BGH Consortium has indicated that the implementation of the Indicative Proposal is subject to the terms of a scheme implementation deed ("SID") to be agreed between Navitas and a company or entity owned by the BGH Consortium members. Entry into the SID would be subject to a significant number of conditions being met in the period commencing on 9 October 2018 and ended on the date that the SID is executed, including:

- Satisfactory completion of due diligence;
- That the Company does not issue additional shares or other securities convertible or exchange into shares;
- That there have been no changes to material terms of the current University Partnership contracts or losses of any of these contracts;
- That no transaction cost reimbursement arrangements are offered or provided to any party which may be exploring the possible of acquiring shares in Navitas;
- That debt commitments for the transaction are finalised; and
- That each BGH Consortium Member receives final approval to submit a Binding Proposal from its Investment Committee (where relevant).

The BGH Consortium has indicated that the SID (if executed) would include customary terms and conditions, including, but not limited to, the following:

- A unanimous recommendation by the Navitas Board that Shareholders vote in favour of the Scheme in the absence of a superior proposal, subject to an independent expert conclusion that the Indicative Proposal is in the best interests of Shareholders;
- That Navitas shareholder approval is received;
- Receipt of all necessary regulatory and court approvals associated with the Proposed Scheme, including Foreign Investment Review Board;
- There are no material adverse changes to the business, assets or prospects of Navitas or financial markets;
- That Navitas agree to customary exclusivity provisions including exclusivity arrangements, no-shop / no-talk, notification of rival proposals, matching rights and a 1% break fee;
- That all existing performance rights, options and other securities convertible or exchangeable into shares held by Navitas' employees, officers or other persons (if any) being acquired or cancelled on terms acceptable to the BGH Consortium;
- That Navitas agree to a customary list of prescribed occurrences not occurring (eg no dividends distributions unless agreed, no material acquisitions or disposals, no share issues etc); and
- That Navitas agree to any specific conditions required to address matters arising from due diligence.

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About Navitas

Navitas is a leading global education provider that offers an extensive range of educational services through two major Divisions to students and professionals including university programs, creative media education, professional education, English language training and settlement services. Navitas is a S&P/ASX200 company. Further details about Navitas are available at www.navitas.com