



ALTVEST CAPITAL LIMITED

Incorporated in the Republic of South

Africa

(Registration Number: 2021/540736/06)

Ordinary Shares: ISIN: ZAE400000143, Share Code: 4AAVC
Class A Preferred Ordinary Shares: ISIN: ZAE400000168, Share Code: 4AVUMG
Class B Preferred Ordinary Shares: ISIN: ZAE400000176 Share Code: 4AVBAM
("Altvest Capital" or the "Company")

DISCLOSABLE RELATED PARTY TRANSACTION ANNOUNCEMENT

1. INTRODUCTION

Altvest Credit Opportunities Fund Limited ("**ACOF**") was incorporated and incubated by Altvest Capital, with the intention of operating as an independent SME lending platform. At present, Altvest Capital owns 100% of the Ordinary Share Capital of ACOF.

Pursuant to the process of commencing operations in ACOF, the management thereof entered into an agreement with Kisby Capital Partners ("**KCP**") to purchase the KCP business as a going concern including all intellectual property. This intellectual property primarily constitutes business plans, legal templates, regulatory applications, process maps and financial models. ("**the Proposed Transaction**").

2. RATIONALE FOR THE PROPOSED TRANSACTION

Altvest Capital considered the business a strategic partner able to offer debt solutions to its equity investment companies. For this reason, ACOF executed this Proposed Transaction which was valued based on the direct cost incurred by KCP in the generation of this Intellectual Property, with a discount applied.

3. DESCRIPTION OF THE NATURE OF THE ACQUISITION

KCP created an SME loans business model which is the subject matter of the Proposed Transaction, comprising business plans, marketing materials, financial models, processes, due diligence materials, templates and other confidential information. The Sale of Business Agreement provides that the Proposed Transaction is a purchase of the KCP business as a going concern in respect of specific assets including intellectual property, policies and other records.

The intellectual property acquired by ACOF includes the following:

- all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto together with all revisions, extensions, and re-examinations thereof;
- any registered, pending and/or unregistered trademarks including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith;
- all works capable of copyright, all copyright, and all applications, registrations, and renewals in connection therewith;
- all trade secrets and business information (including ideas, research and development, know-how, formulas, compositions, technical data, designs, drawings, specifications, client lists, pricing and cost information, and business and marketing plans and proposals);
- all computer software (including data and related documentation);

- all patterns and/or designs and design applications and registrations;
- all other proprietary rights; and
- all copies and tangible embodiments thereof, in each instance in whatever form or medium.

The Policies, which would also comprise most of the copyright are the –

- Complaints Policy;
- Code of Conduct;
- Conflict of Interest Policy;
- Corporate Governance Policy;
- ESG Policy;
- FICA Policy;
- Insider Trading;
- Operations Policy;
- Personal Accounts Policy;
- Procurement Policy;
- Risk Management Plan; and
- Treating Clients Fairly Policy.

4. PURCHASE CONSIDERATION

The Purchase Consideration is an amount equal to R9 812 736.00 ("**Purchase Consideration**"). This amount was determined with reference to the specifically identifiable costs incurred by KCP for corporate advisors, legal advisors and other service providers in the generation of key models, processes, templates and tools required for the operation of the lending business contemplated. A discount of ~10% was negotiated between the respective management teams to the sum of the invoices incurred by Kisby to reflect the specialized nature, and therefore possible illiquidity, of the intangible assets purchased by Altvest Capital, via Altvest Credit Opportunities Fund.

This transaction is not envisioned to have any directly identifiable impact on the Profit Before Tax or Profit After Tax of Altvest Capital beyond ensuring that ACOF has the essential intangible assets required to commence operations and would not need to incur upfront incorporation costs directly in the generation of these assets. Altvest Capital, via ACOF, will receive benefits that include immediate access to fit-for-purpose SME lending infrastructure. Altvest Capital management expects that access to these intangible assets will result in ACOF being able to commence operations forthwith, and to thereby secure funding and possible capital commitments from external funding providers quicker and easier than if it had to generate these intangible assets itself.

Purchase consideration is payable in the form of the transfer of selected liabilities from Kisby to Altvest Credit Opportunities Fund.

5. FINANCIAL IMPACT OF THE PROPOSED TRANSACTION

Upon conclusion of the Proposed Transaction Altvest Capital, through ACOF, will recognize an acquired intangible asset on its Statement of Financial Position and a corresponding liability for the value of KCP liabilities absorbed. Management of Altvest Capital expects this liability to be settled within the current financial year from the secure funding and possible capital commitments from external providers mentioned above. As such, management expects no directly attributable financial effect on earnings, with the impact on liabilities being temporary. Altvest Capital management, through ACOF's management, will periodically apply the requisite IFRS accounting principles to the value of the intangible assets acquired to ensure that it continues to meet the relevant recognition and measurement principles.

6. CONDITIONS PRECEDENT

The Sale of Business Agreement is subject to the customary conditions precedent in transactions of this nature including board approvals and any applicable regulatory consents/exemptions as well as the requisite shareholder approval, excluding all related parties.

7. EFFECTIVE DATE

The Proposed Transaction will be effective once all Conditions Precedent have been met and the requisite shareholder approval has been obtained, excluding all related parties.

8. CATEGORISATION

Based on the market capitalisation of Altvest at the date of the sales agreement this transaction is a Disclosable Transaction in terms of the Cape Town Stock Exchange Listings Requirements (“**CTSE LRs**”). In addition, KCP is considered a related party in terms of Section 13 of the CTSE LRs due to the following:

- Warren Wheatley is the Chief Executive Officer of Altvest Capital and is an Executive Director of KCP; and
- WGW Family Trust, an associate of Warren Wheatley, holds 22.5 % shareholding into KCP.

9. CONCLUSION

The Company will procure that a fairness opinion will be prepared by an independent expert and a circular will be distributed to obtain the requisite shareholder approval, excluding all related parties and in terms of Section 13 of the CTSE LRs.

An announcement disclosing the details of the circular, with the relevant fairness opinion to be published, and the relevant timetable and Effective Date of the Proposed Transaction will be released in due course.

BY ORDER OF THE BOARD OF DIRECTORS OF ALTVEST CAPITAL

19 April 2023

ISSUER AGENT TO ALTVEST

BSM Sponsors Proprietary Limited

COMPANY SECRETARY

CTSE Registry Services Proprietary Limited.

Registration number: 2016/396777/07

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