

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions on page 7 of this Circular apply, *mutatis mutandis*, throughout this Circular, including this front cover.

Shareholders are referred to the section titled **“Action required by Shareholders”** on page 3 of this Circular, which sets forth the detailed actions required of them in respect of the matters dealt with in this Circular.

If you are in any doubt as to the action you should take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

Action required by dematerialised and certificated Shareholders

1. If you have disposed of your shares in Altvest Capital Limited, this Circular and the attached Form of Written Consent (*grey*) (Annexure 3) should be handed to the purchaser of such shares or the CSDP, Broker, banker or other agent through whom the disposal was effected.
2. Holders of Dematerialised shares must instruct their CSDP or Broker to vote on their behalf in accordance with the custody agreement entered into between the Dematerialised Shareholder and their CSDP or Broker.
3. Any CSDP or Broker which does not obtain timeous voting instructions in terms of paragraph 2 above will be obliged to vote in accordance with the instructions as contained in the custody agreement concluded between themselves and the Dematerialised Shareholder concerned.
4. **Altvest Capital does not accept responsibility and will not be held liable for any action of or omission by any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Altvest Capital shares to notify such beneficial owner of the details set out in this Circular.**



ALTVEST CAPITAL LIMITED
Registration Number: 2021/540736/06
(Incorporated in South Africa)
(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")

CIRCULAR TO SHAREHOLDERS

Regarding the -

- **Approval and implementation of the Proposed Transaction relating to the acquisition of the business of Kisby Capital Partners Proprietary Limited ("KCP") with the Related Party;**

And incorporating:

- **the proposed Altvest Capital Ordinary Shareholder resolutions to be adopted in terms of section 60(1) of the Act (Annexure 2); and**
 - **a Form of Written Consent (*grey*) (Annexure 3).**
-



BSM Sponsors Proprietary Limited

Issuer Agent



CTSE Registry Services Proprietary Limited

Transfer Secretaries

Date of issue: Friday, 26 May 2023

This Circular is available in English only. Copies may be obtained from the registered office of the Company whose address is set out in the “Corporate Information” section of this Circular from Friday, 26 May until Monday, 26 June 2023. An electronic version of this Circular is also available on the Company’s website www.altvestcapital.co.za.

CORPORATE INFORMATION AND ADVISORS

Altvest Capital Limited

(Registration number 2021/540736/06)
Block B, 66 Rivonia Road,
Chislehurst
Sandton,
Gauteng, 2196

Email: Info@altvestcapital.co.za

Incorporation details

Date of incorporation: 21 April 2021
Place of incorporation: Johannesburg, South Africa
Tax residency of the Company: South Africa

Directors

Executive

Warren Gregory Wheatley (Chief Executive Officer
and Chief Financial Officer)
Koshiek Suresh Karan (Chairman)

Non-executive

Joanne Baynham (Independent)
Bright Khumalo (Independent)
Fariyal Mukkadam (Lead Independent Director)
Henk Barnhoorn (independent)

Independent Expert

BDO Corporate Finance
Wanderers Office Park
52 Corlett Drive
Illovo
2196

Corporate Advisor and Issuer Agent

BSM Sponsors Proprietary Limited
Jindal Africa Building
22 Kildoon Road
Bryanston
2192

Represented by: Tanya Cesare
Representative qualification: CA (SA)
Representative nationality: South African

Company Secretary

CTSE Registry Services Proprietary Limited
(Registration number 2016/396777/07)
Woodstock Exchange Building, Block B,
5th Floor, 66-68 Albert Road, Woodstock
Cape Town, 7925
Email: admin@ctseregistry.co.za
Tel: 011 100 8352

Transfer Secretaries

CTSE Registry Services Proprietary Limited
(Registration number 2016/396777/07)
Woodstock Exchange Building, Block B,
5th Floor, 66-68 Albert Road, Woodstock
Cape Town, 7925

ACTION REQUIRED BY SHAREHOLDERS

The definitions on page 7 of this circular apply, *mutatis mutandis*, to this section.

1. VOTING ON THE RESOLUTIONS AS SET OUT IN THIS CIRCULAR

1.1 COMPLETION OF THE FORM OF WRITTEN CONSENT

1.1.1 A Shareholder may indicate, by inserting the relevant number of votes exercisable by that Shareholder in the appropriate boxes provided, on the Form of Written Consent, how it wishes to cast its votes in relation to the Resolutions.

1.1.2 Please consider the Resolutions and return a copy of the completed and signed Form of Written Consent to the Company Secretary at email address admin@ctseregistry.co.za, by no later than close of business on Monday, 26 June 2023.

1.2 ONLINE VOTING

1.2.1 Steps to Voting Online:

- Access the CTSE Registry Voting Portal via the following link: <https://ctseregistry.co.za>;
- Capture the Shareholder's Email or Cell Phone number and request your OTP;
- An OTP will be sent to the cell phone number you have entered on the previous screen which must be captured and submitted on the next screen;
- You will be requested to submit or update your details;
- Once completed, click on the elections tab on the left side of your screen;
- A screen containing the AGM resolutions on which you need to vote will open;
- You will be able to vote "in Favour", "Against" or "Abstain" for each resolution; and
- Make your choice and click "Submit Resolutions".

2. DEEMED RECEIPT

As this Circular is sent to a Shareholder by means of electronic mail, such Shareholder is deemed to have received this Circular on the date and at the time recorded by the computer used by the sender, unless there is conclusive evidence that it was delivered on a different date or at a different time.

3. APPROVAL OF THE RESOLUTIONS IN TERMS OF SECTION 60

Section 65(2) of the Act provides that the board of directors of a company may propose any resolution to be considered by Shareholders and may determine whether that resolution will be considered at a convened shareholder meeting at which Shareholders may vote or by written consent in terms of section 60 of the Act. The Board has resolved that the Resolutions, being those resolutions set out in Annexure 2 to this Circular, be considered by Shareholders by written consent in terms of section 60 of the Act.

Section 60 of the Act provides that a resolution that could be voted on at a Shareholders' meeting may, instead, be voted on in writing by Shareholders entitled to exercise voting rights in relation to the resolution, within 20 (twenty) Business Days after the resolution was submitted to them.

Notwithstanding the aforesaid, the Resolutions will be adopted as soon as the voting rights exercised in favour thereof equal the requisite majority of all voting rights for such resolution to be passed, even though the abovementioned 20 (twenty) Business Day period may not yet have elapsed.

4. RESULTS OF VOTING

Once it has been established that the Shareholder Resolutions have been adopted or rejected by Shareholders, the Company will within 10 (ten) Business Days after the resolutions are adopted or rejected deliver a statement to Shareholders describing the results of the vote.

IMPORTANT DATES AND TIMES

The definitions on page 7 of this Circular apply, *mutatis mutandis*, to this section.

Event	2023
Record date to determine which Shareholders are entitled to receive this Circular and are eligible to vote	Friday, 19 May
Circular dispatched to Shareholders by electronic email and deemed date of submission of this Circular to Shareholders (for purposes of calculating the 20 Business Day period referred to in section 60(1) of the Act)	Friday, 26 May
Voting period opens	Friday, 26 May
Closing Date: Last day to return Form of Written Consent	17h00 on Monday, 26 June
Announce results of voting by no later than	17h00 on Tuesday, 27 June

Notes:

1. All dates and times above and quoted generally in this Circular are South African local times.
2. The above dates and times are subject to amendments.
3. In order for a Shareholder Resolution to be adopted, the requisite percentage of the voting rights exercised on that Shareholder Resolution must have been exercised in favour of that Shareholder Resolution within 20 (twenty) Business Days after the Circular was submitted to Shareholders. **Notwithstanding this, a Shareholder Resolution shall be adopted and become effective as soon as the voting rights exercised in favour thereof equate to requisite percentage of all voting rights that were entitled to be exercised on that Shareholder Resolution, which may be sooner than the Closing Date.**

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or the context indicates otherwise: (i) words or expressions in the first column below shall have the meaning assigned to them in the second column; (ii) a reference to the singular shall include the plural and *vice versa*; (iii) a word or expression which denotes one gender, includes all other genders; (iv) a natural person includes a juristic person and *vice versa*; and (v) cognate words and expressions shall bear corresponding meanings:

“Act”	the Companies Act No. 71 of 2008, as amended from time to time;
“Altvest Capital” or “the Company”	Altvest Capital Limited (Registration number: 2021/540736/06), a publicly listed company incorporated in accordance with the laws of South Africa;
“Associates”	As defined in the CTSE LRs;
“Assumed Liabilities”	means the following liabilities of the Seller arising from the conduct of the Business, to be assumed by the Purchaser with effect from the Effective Date: (a) Lebashe Loan (R1 852 500.00); (b) WGW Capital Loan (R2 600 412.00); (c) Altvest Capital Loan (R2 271 422.00); (d) CTSE Capital Solutions (R304 750.00); and (e) Consulting fees (R2 783 652);
“MOI” or “Memorandum of Incorporation”	means the memorandum of incorporation of the Company or any equivalent constitutive documents, as amended from time to time;
“Board” or “Directors”	The board of directors of Altvest Capital;
“Business Days”	bears the meaning ascribed to the term “business days” in the Act;
“CTSE”	the Cape Town Stock Exchange;
“CTSE LRs”	the Cape Town Stock Exchange Listings Requirements;
“CIPC”	the Companies and Intellectual Property Commission, established in terms of section 185 of the Act;
“Circular”	this bound document, dated Friday, 26 May 2023;
“Closing Date”	close of business on Monday, 26 June 2023;
“Company Secretary”	CTSE Registry Services Proprietary Limited (Registration number 2016/396777/07), a private company incorporated in accordance with the laws of South Africa.
“Form of Written Consent”	the Form of Written Consent (grey) annexed as Annexure 3 to this Circular;

“Kisby Extension Letter”	Update to the Sales Agreement whereby the period for complying with the necessary conditions precedent have been extended to Friday, 30 June 2023;
“Last Practicable Date”	Thursday, 25 May 2023, being the last practicable date prior to the finalisation of this Circular;
“MOI”	the Company’s memorandum of incorporation;
“Ordinary Shares”	means ordinary shares, each of no-par value, in the authorised and issued share capital of the Company;
“the Proposed Transaction”	the purchase of the KCP Sale Business as a going concern including all intellectual property;
“Preferred Ordinary Shares”	the Class A Preferred Ordinary Shares and Class B Preferred Ordinary Shares in the share capital of Altvest Capital respectively;
“Purchaser” or “ACOF”	means Altvest Credit Opportunities Fund Limited (Registration Number: 2022/737301/06, a private company incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Altvest
“Purchase Consideration”	means the aggregate consideration payable by Altvest Credit Opportunities Fund in respect of the Proposed Transaction at the agreed price when the Proposed Transaction is effected;
“Related Party”	Warren Wheatley (Identity Number: 7901155118088);
“Resolutions”	the resolutions set out in Annexure 2 to this Circular;
“Sale Business”	the business purchased as a going concern by ACOF from KCP;
“Seller” or “KCP”	Kisby Capital Partners Proprietary Limited (Registration Number: 2020/620545/07);
“Shares”	means ordinary shares of no par value in the share capital of Altvest Capital;
“Shareholders”	registered holders of ordinary shares in Altvest Capital;
“Sale Agreement”	means the agreement entered into between the Seller and the Purchaser, which sets out the terms of the Proposed Transaction, a description of which has been disclosed in this Circular;
“South Africa”	the Republic of South Africa.



ALTVEST CAPITAL LIMITED

Registration Number:2021/540736/06

(Incorporated in South Africa)

(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")

CIRCULAR TO SHAREHOLDERS

1. BACKGROUND

The purpose of this Circular is to furnish Shareholders with information relating to the Proposed Transaction indicated on the cover page which is proposed to be voted on in terms of Section 60 of the Companies Act.

Section 65(2) of the Act provides that the board of directors of a company may propose any resolution to be considered by Shareholders and may determine whether that resolution will be considered at a convened Shareholder meeting at which Shareholders may vote or by written consent in terms of section 60 of the Act. The Board has resolved that the Resolutions, being those resolutions set out in this document, be considered by Shareholders by written consent in terms of section 60 of the Act.

Section 60 of the Act provides that a resolution that could be voted on at a Shareholders' meeting may, instead, be voted on in writing by Shareholders entitled to exercise voting rights in relation to the resolution, within 20 (twenty) Business Days after the resolution was submitted to them.

Notwithstanding the aforesaid, the Resolutions will be adopted as soon as the voting rights exercised in favour thereof equal to the requisite majority of all voting rights, excluding all Related Parties and their associates, for such resolution to be passed, even though the abovementioned 20 (twenty) Business Day period may not yet have elapsed.

Shareholders should note that voting rights in terms of this circular and the resolutions to be passed are to be executed only by the holders of the Shares (i.e., the ordinary shares of no par value in the share capital of Altvest Capital).

For the avoidance of doubt, the holders of Preferred Ordinary Shares do not exercise any voting rights in respect of the Resolutions contemplated in this Circular.

Should Shareholders pass the required Resolutions, the Proposed Transaction will be implemented in terms of the CTSE Listings Requirements, and in accordance with the Sale Agreement.

2. THE PROPOSED TRANSACTION AND RATIONALE

ACOF was incorporated and incubated by Altvest Capital with the intention of operating as an independent SME lending platform. Altvest Capital owns 100% of the ordinary share capital of ACOF.

Pursuant to the process of commencing operations in ACOF, its management entered into an agreement with KCP to purchase the Sale Business, comprising primarily of all KCP's intellectual property. The intellectual property primarily constitutes business models, legal templates, policies, regulatory applications, process maps, financial models and other confidential information.

Altvest Capital considered the Sale Business a strategic partner which will offer debt solutions to its equity investment companies and other local SMEs. For this reason, ACOF executed the Proposed Transaction which was valued based on the direct cost incurred by the Seller in the generation of the intellectual property forming the main part of the Proposed Transaction.

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.

The acquisition of the IP enabled ACOF to reduce its development time and ultimate launch by at least 2 years. In addition, all the fees would have had to be incurred in the event of the development of ACOF business. The acquisition of the IP and institutional memory allowed for a seamless transition into the SME lending business.

3. 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 KCP to reflect the specialized nature, and therefore possible illiquidity, of the intangible assets purchased by ACOF. The Purchase Consideration therefore covers the Assumed Liabilities, as defined in the Sale Agreement.

The Proposed 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, through 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.

The purchase consideration is payable in the form of the transfer of selected liabilities from KCP to ACOF.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

Pro-forma table of incremental financial effects of transaction on the Statement of Financial Position of Altvest Capital:

	As at conclusion of the sale transaction ¹	Shortly after the conclusion of listing of Preferred Ordinary Shares Class C ²	As at 28 February 2024 (next financial year end) ³
Assets			
Non-current assets			
Purchased Intellectual Property	R9 812 736	R9 812 736	R9 812 736
Total Assets	R9 812 736	R9 812 736	R9 812 736
Liabilities			
Current Liabilities			
Assumed Liabilities	R9 812 736	R9 812 736 (R9 812 736)	0

Equity			
Share Capital		R9 812 736	R9 812 736
Total Equity and Liabilities	R9 812 736	R9 812 736	R9 812 736

¹Expected Closing Date for this transaction is Monday, 26 June 2023.

²Upon the issuance of Preferred Ordinary Shares Class C, Altvest Credit Opportunities Fund shall utilize part of the capital received from it to settle the liabilities assumed in respect of the abovementioned purchase of Kisby Capital Partners intellectual property.

ACOF will have to raise sufficient capital to cover the Assumed Liabilities or to make the appropriate provisions as the case may be.

³As the listing of the Preferred Ordinary Shares Class C is expected to occur within the financial year, management does not anticipate that the current liabilities assumed in respect of selected amounts owing by Kisby Capital Partners will still be due at financial year end. Altvest Capital will undertake a capital raise of up to R144 million over a 5 year period, part of which would be applied towards the existing liabilities.

These pro forma financial effects have been prepared by management and have not been reviewed by the auditor or a reporting accountant.

It is anticipated that up to R 5.4 million of the proceeds of the Class C capital raise will be used to settle the liabilities taken over by ACOF.

Altvest Capital management does not envision any impact on its Statement of Comprehensive Income in respect of this transaction, as it entails the purchase of an asset (intellectual property), and the settlement of an assumed liability in respect of that purchase with the proceeds of equity. As such, management does not envision any directly attributable income or expenses from this transaction.

5. CONDITIONS PRECEDENT AND EFFECTIVE DATE

The Sale 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.

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 and associates. This is expected to be by no later than the closing date of the shareholder vote being **Monday, 26 June 2023**.

6. RELATED PARTY DETAILS AND CATEGORISATION

KCP shares a common director with Altvest Capital, the ultimate holding company of ACOF.

- Warren Wheatley is the Chief Executive Officer of Altvest Capital and an Executive Director of KCP; and
- The WGW Family Trust, an associate of Warren Wheatley, effectively holds 22.5% of the issued share capital in KCP.

Warren Wheatley has a personal financial interest in the Proposed Transaction for the amount of R3 991 826.00 in loans and consulting fees.

Neither Warren Wheatley nor any of his Associates are entitled to cast a vote on the Resolutions contemplated

in this Circular.

Other related parties and shareholders who will not be voting include:

Entity	Relationship	Reason	Shareholder in Altvest Capital	Voting on Circular
Lebashe Investment Group (Pty) Ltd	Related party	Warren Wheatley is an indirect beneficial shareholder and director of Lebashe Investment Group	No	N/a
WGW Capital (Pty) Ltd	Related party	Warren Wheatley is an indirect beneficial shareholder and director of WGW Capital	Yes	No
Altvest Capital Limited	Related party	Warren Wheatley is an indirect beneficial shareholder and director of Altvest Capital	N/a	n/a
CTSE Capital Solutions (Pty) Ltd	Related party	Warren Wheatley is an indirect beneficial shareholder of the CTSE	No	n/a
Dorsia Holdings	Related party	Koshiek Karan is a shareholder and director of Dorsia Holdings	Yes	No
TK Investments (Pty) Ltd	Related party	Tatum Keshwar, Warren Wheatleys wife, is a director and shareholder of TK Investments	Yes	No
Kayle Wheatley	Related party	Kayle Wheatley, Warren Wheatleys so, is a direct shareholder in Altvest Capital	Yes	No
Akshay Karan	Related party	Akshay Karan, is a direct shareholder and indirect beneficial shareholder in Dorsia Holdings	Yes	No
Nicholas Mugisha	Related party	Nicholas Mugisha, is a direct shareholder and indirect beneficial shareholder in Dorsia Holdings	Yes	No

Based on the market capitalisation of Altvest at the date of the Sale Agreement, this Proposed Transaction is a Disclosable Transaction in terms of the CTSE Listings Requirements. The Purchase Consideration of R9 812 736.00 and the Market Capitalisation of Altvest Capital of R57,500,000 at date of signature of Sale Agreement, being 28 February 2023, yields a percentage ratio of 17,07%.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company, whose names are given on page 2 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the CTSE Listings Requirements.

8. OPINIONS AND RECOMMENDATION

The Board, excluding the Related Party and any Associates, having considered the advice of the Independent Expert, is of the opinion that the Proposed Transaction is in the best interests of the Company and the Shareholders, and it accordingly recommends that the Shareholders vote in favour of the resolutions to be proposed in this circular. The Directors, excluding the Related Party and any Associates, intend to vote in favour of the resolutions in respect of the Shares held by them.

The Independent Expert, a copy of whose report is reflected in Annexure 1 to this circular, has advised the board that the terms and conditions of the Proposed Transaction are in its opinion fair to Altvest Capital and its Shareholders.

9. CONSENTS

The Company Secretary, Independent Expert, Transfer Secretary and Issuer Agent have provided their written consents to act in the capacity stated and to their name being used in the Circular and have not withdrawn their consent prior to the publication of the Circular.

10. ACCOMPANYING DOCUMENTS

Copies of the following documents will be available for inspection by Altvest Capital Shareholders at the registered office of Altvest Capital from Friday, 26 May 2023 up to and including Monday, 26 June 2023, during normal business hours:

- a copy of the fairness opinion executed by the Independent Expert;
- a copy of the Sale Agreement and the Kisby Extension Letter;
- a signed copy of the Circular;
- historical annual financial statements of Altvest Capital for the years ended 28 February 2021 and 28 February 2022;
- the MOI of Altvest Capital and its subsidiaries; and
- the written consents of the Company Secretary, Reporting Accountants, Independent Expert, Transfer Secretary, and Issuer Agent, as set out in paragraph 5 of the Circular.

11. ACTION REQUIRED BY SHAREHOLDERS

Shareholders are therefore requested:

- to approve the resolutions set out in **Annexure 2** to this Circular by completing and submitting **Annexure 3** or capturing their vote online by following the process as set out under the **Actions to be taken by Shareholders**, which are necessary to implement the Proposed Transaction by no later than 17h00 on Monday, 26 June 2023.

By order of the Board

ALTVEST CAPITAL LIMITED

CTSE Registry Services

Company Secretary

REGISTERED OFFICES OF ALTVEST CAPITAL

Block B, 66 Rivonia Road,

Chislehurst

Sandton,

Gauteng, 2196



Tel: +27(0)11 488 1700
www.bdo.co.za

BDO Corporate Finance
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52 Corlett Drive
Illovo, 2196

Private Bag X60500
Houghton, 2041
South Africa

The Directors
Altvest Credit Opportunities Fund Limited
Block b, 66 Rivonia Road
Chislehurst
Sandton
2196

05 May 2022

Dear Sirs/ Mesdames

FAIRNESS OPINION IN RESPECT OF THE ACQUISITION OF THE KCP BUSINESS INCLUDING INTELLECTUAL PROPERTY, BY ACOF FROM KCP WHICH CONSTITUTES A RELATED PARTY TRANSACTION

Introduction

Altvest Credit Opportunities Fund Limited (“ACOF”, the “Company” or the “Purchaser”) a wholly owned subsidiary of Altvest Capital Limited (“Altvest”), was incorporated with the intention of operating as an independent SME lending platform. ACOF has entered into an agreement on 28 February 2023 with Kisby Capital Partners Proprietary Limited (“KCP” or the “Sellers”) to purchase the KCP business (“Sale Assets”) as a going concern including all intellectual property for a total purchase consideration of R9.8m (“Purchase Consideration”), (the “Transaction”). The intellectual property primarily constitutes business plans, legal templates, regulatory applications, process maps, and financial models that was developed by KCP for the purpose of operating as an independent SME lending platform.

Fairness opinion required in terms of the Cape Town Stock Exchange Listing Requirements

KCP is a related party in terms of Section 13 of the Cape Town Stock Exchange (“CTSE”) Listing Requirements (“CTSE LR’s”) as Warren Wheatley is the Chief Executive Officer of Altvest Capital, an executive director of KCP and the WGW Family Trust, an associate of Warren Wheatley, holds an effective 22.5% shareholding in KCP.

Based on the market capitalization of Altvest at the date of the sales agreement, the Transaction is a Disclosable Transaction in terms of the CTSE LRs and also considered a related party transaction. The board of directors of Altvest (the “Board” or “Directors”) is required to provide the CTSE with written confirmation from an independent professional expert confirming that the terms of the Transaction are fair insofar as the shareholders of Altvest (“Shareholders”) are concerned.

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed as the independent expert by the Board to provide a fairness opinion with regard to the Transaction (“Fairness Opinion”).

Responsibility

Compliance with the CTSE LR’s is the responsibility of the Board. Our responsibility is to report on the fairness of the Transaction.

Explanation as to how the term “fair” applies in the context of the Transaction

A transaction will typically be considered fair to a company’s shareholders if the value received by a company, as a result of a corporate action, is equal to or greater than the value ceded.

BDO Corporate Finance (Pty) Ltd
Registration number: 1983/002903/07
VAT number: 4250218718

BDO Corporate Finance (Pty) Ltd, a South African company, is an affiliated company of BDO South Africa Inc, a South African company, which in turn is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

BDO is an international network of independent public accounting, tax and advisory firms (“the BDO network”), which perform professional services under the name of BDO (BDO is the brand name for the BDO International network and for each of the BDO Member Firms). BDO Corporate Finance (Pty) Ltd

The Transaction would be considered fair to Shareholders if the Purchase Consideration is less than or equal to the value of the Sale Assets, or unfair if the Purchase Price is more than the value of the Sale Assets.

Details of information and sources of information

In arriving at our opinion we have considered the following principal sources of information:

- Sale of business agreement between KCP and ACOF dated 28 February 2023;
- Disclosable Related Party Transaction Announcement, dated 19 April 2023 (“SENS Announcement”);
- Supporting documentation for costs incurred by KCP as disclosed in the Sale of business agreement;
- Discussions with executive directors and management of Altvest on the prevailing market, economic, legal, and other conditions which may affect underlying value; and
- Publicly available information relating to Altvest and the South African lending industry.

The information above was secured from:

- Certain executive directors and management of Altvest; and
- Third-party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Altvest.

Procedures and Considerations

In arriving at our opinion, we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Transaction:

- Obtained an understanding from the management of Altvest regarding the details of the Transaction;
- Reviewed the sale of business agreement between KCP and ACOF;
- Reviewed the supporting documentation for the costs incurred by KCP as disclosed in the Sale of business agreement;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the lending sector generally;
- Held discussions with the executive directors and management of Altvest as to the long-term strategy and the rationale for the Transaction and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the South African lending sector; and
- Where relevant, representations received were corroborated to source documents, or independent analytical procedures were performed by us, to examine and understand the lending market, and to analyse external factors that could influence the lending business.

Assumptions

We arrived at our opinion based on the following assumptions:

- That the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Altvest.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Altvest and the economic environment in which the business operates.

Limiting conditions

This Fairness Opinion is provided in connection with and for the purposes of the Transaction. The Fairness Opinion does not purport to cater for each individual Shareholder’s perspective, but rather that of the general body of

Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

Individual Shareholder's decisions regarding the Transaction may be influenced by such Shareholder's particular circumstances and accordingly, individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the entering into of the Transaction.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Altvest and we express no opinion on such consequences.

The Fairness Opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such development.

We have been neither a party to the negotiations entered into in relation to the Transaction nor have we been involved in the deliberations leading up to the decision on the part of Altvest to enter into the Transaction.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Transaction. All such evaluations, advice, judgements or comments remain the sole responsibility of the Board and their advisors. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of Altvest ordinary shares ("Altvest Shares"). We do not express any view as to the price at which Altvest Shares may trade nor on the future value, financial performance or condition of Altvest.

It is also not within our terms of reference to compare the merits of the Transaction to any alternative arrangements that were or may have been available to Altvest. Such comparison and Purchase Price remain the responsibility of the Board and their advisors.

Independence

We confirm that we have no direct or indirect interest in Altvest Shares or in the Transaction. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the successful implementation of the Transaction.

Valuation Approach

In considering the terms and conditions of the Transaction, we performed an independent valuation of the Sale Assets, as at 28 February 2023. The valuations were based on a cost approach by applying the following principal valuation methodologies:

- The Purchase Consideration was determined with reference to the specifically identifiable costs incurred by KPC 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; and
- A discount of c.10% was applied to the sum of the invoices incurred by KCP to reflect a technical obsolescence factor due to the specialized nature of the intangible assets.

Opinion

BDO Corporate Finance has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that, the terms of the Transaction are fair to Shareholders.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us up to Wednesday, 03 May 2023 (the "Last Practicable Date"). We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Last Practicable Date that may affect our opinion or factors or assumptions contained herein.

We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Transaction, have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully



N Lazanakis

Director

BDO Corporate Finance Proprietary Limited

RESOLUTIONS

The definitions on page 7 of this Circular to which this Annexure 2 is attached apply mutatis mutandis to the resolutions set out below. Section 60 of the Act provides that a resolution that could be voted on at a Shareholders meeting may instead be submitted for consideration to the Shareholders entitled to exercise voting rights in relation to the resolution and be voted on in writing by Shareholders entitled to exercise voting rights in relation to the resolution, within 20 (twenty) Business Days after the resolution was submitted to them.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE SALE AGREEMENT AND PROPOSED TRANSACTION

“Resolved that, as an ordinary resolution, the Company hereby approves, and to the extent necessary ratifies, the Sale Agreement and the implementation of the Proposed Transaction together with all actions contemplated therein as well as any other agreement or document necessary for the full implementation of the Sale Agreement”

Additional information in respect of Special Resolution Number 1

The adoption of Ordinary Resolution 1 authorizes the conclusion of the Sale Agreement by the Company’s subsidiary, namely ACOF, together with any actions required for its full implementation.

For Ordinary Resolution Number 1 to be adopted, the support of more than 50% of the total number of votes exercisable by Shareholders, present in person or by proxy is required, excluding the votes of the Related Parties and their Associates (if any).

Notwithstanding the aforesaid, such resolution shall be adopted as soon as the voting rights exercised in favour thereof equal at least 50.1% of all voting rights that may be exercised on such resolution, even if the abovementioned 20 (twenty) Business Day period has not yet elapsed.

ORDINARY RESOLUTION NUMBER 2 – AUTHORITY TO IMPLEMENT

“Resolved that, as an ordinary resolution, each director and the Company Secretary be and is hereby authorised, on behalf of the Company, to do or cause to be done all such things, and sign or cause to be signed all such documentation, as may be necessary or desirable to give effect to the special resolutions above, and insofar as any such actions have been taken before the adoption of this resolution, such actions be and are hereby ratified and approved to the fullest extent permitted by law.”

Additional information in respect of Ordinary Resolution Number 2

The adoption of Ordinary Resolution Number 2 will authorise any director of the Company to execute all documents and perform all such further acts and things as he may in his discretion consider appropriate to implement and give effect to the Ordinary Resolution set out above.

For Ordinary Resolution Number 2 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy is required, excluding the votes of the Sellers and its associates (if any).

Notwithstanding the aforesaid, such resolution shall be adopted as soon as the voting rights exercised in favour thereof equal at least 50.1% of all voting rights that may be exercised on such resolution, even if the abovementioned 20 (twenty) Business Day period has not yet elapsed.

FORM OF WRITTEN CONSENT



ALTVEST CAPITAL LIMITED
 Registration Number:2021/540736/06
 (Incorporated in South Africa)
 (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")

The definitions on page 7 of this Circular to which this Annexure 3 is attached apply mutatis mutandis to this Form of Written Consent.

Altvest Capital ordinary shareholders should complete this Form of Written Consent, and return the signed form to the Company Secretary, in accordance with the instructions contained below. This Form of Written Consent is irrevocable and cannot be withdrawn once submitted to the Company Secretary.

I/We (Please PRINT name of Shareholder in full) of

(address)

Holder of Ordinary Shares in the Company, hereby vote as follows:

	For*	Against*	Abstain*
Ordinary Resolution 1: Approve the Proposed Transaction			
Ordinary Resolution 2: Authority to implement			

** One vote per Ordinary Share held by a Shareholder. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Ordinary Shares held by them in a certain manner.*

Signed at: _____ On _____ 2023

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached

Email Address:

Cellphone Number

Assisted by me (where applicable)

Full name

Capacity

Signature

Notes:

1. Documentary evidence establishing the authority of a person signing this Form of Written Consent in a representative capacity (e.g., for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this Form of Written Consent, unless previously recorded by the Company Secretary.
2. Where this Form of Written Consent is signed under power of attorney, such power of attorney must accompany this Form of Written Consent, unless it has been registered by the Company Secretary.
3. The completed and signed Form of Written Consent and authority (if any) under which it is signed must be emailed to the Company Secretary at cosec@ctregistry.co.za, so as to be received by the Company Secretary by no later than 17h00 on Monday, 26 June 2023.
4. A Shareholder's instructions on this Form of Written Consent must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate box provided or by the insertion of "X" should a Shareholder wish to vote all ordinary shares held by such Shareholder. A Shareholder is not obliged to use all the votes exercisable by the Shareholder, but the total number of votes cast and in respect of which abstention is recorded, may not exceed the total number of votes exercisable by such Shareholder.
5. Any alteration or correction made to this Form of Written Consent must be initialed by the signatory/ies.
6. The Board is entitled, in its discretion, to accept a Form of Written Consent which does not comply with the requirements set out herein.