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For Public Release

KGF ACQUIRES TRANSFORMATIONAL PROPERTY PORTFOLIO

The Manager and Board of Kinetic Growth Fund Ltd (“KGF” or “the Fund”) are pleased to announce the acquisition of a substantial property portfolio in Suva from Kelton Investments Pte Ltd (“Kelton”) in exchange for a mix of cash and equity.

The properties to be acquired are prime real estate assets in the Suva CBD:

1. **Naibati House**, 9 Goodenough Street – A three-storey office building situated on a 1,014m² lot and with total lettable floor space of 1,059m². Tenants include Pacific Power, the Human Rights & Anti-Discrimination Commission and the Ministry of Women, Children & Poverty Alleviation.
2. **Korobasaqa House**, 3 Gorrie Street - A three-storey office building with basement. Korobasaqa House has total lettable floor space of 618m² and is situated on a 607m² lot. It is leased to the Ministry of Finance, Strategic Planning, National Development & Statistics.
3. **Gunu House**, 25 Gladstone Road - A three-storey office building situated on a 814m² lot and with total lettable floor space of 793m². It is leased to the Ministry of Finance, Strategic Planning, National Development & Statistics.

The properties were valued by Rolle Associates in March 2023 at a total of \$13.3m. Each of the properties is currently fully tenanted and generates positive net cash flow and operating income. The properties will transfer as going concerns, with property management to remain substantively the same.

Under the terms of the transaction, payment by KGF will involve:

- \$4.4m in cash to Kelton or its nominees: and
- the issue of 7,289,286 KGF shares to six parties who are shareholders of Kelton. Each of the parties is an independent investor and shares will be issued in six parcels ranging from 699,766 to 3,333,000 shares (equivalent to 6.3% to 29.9% of total issued capital post-transaction).



From left to right: Mr. Jack Lowenstein, Sir James Ah Koy, Mr. Mark Halabe, Mr. Anthony Ah Koy.

The Sale & Purchase Agreement (“SPA”) for the transaction has now been executed by the relevant parties and is anticipated to close within 90 days.

The cash portion of the transaction is being financed through bank debt. The financing is through a mortgage on the three properties with a conservative loan-to-value ratio. Negotiations with financiers are at an advanced stage and it is anticipated that this will be completed in a matter of days.

KGF Chairman, Erik Larson, said the transaction would be transformative for KGF and represented an outstanding opportunity for KGF's shareholders.

"The high-quality property portfolio will be cash flow positive, and we expect that KGF will move immediately to profitability. The deal is strongly value accretive and by our calculations, has the potential to increase KGF's net asset value per share by around 15%. On a pro forma basis, using the March 2023 assessed value of the properties, cash component of the transaction, and share issuance, KGF's NAV as at 31 October would be \$1.05 compared to the \$0.90 announced.

"At the same time, we know that KGF has written down significant portions of the carrying value of its investments in the past, including in the last audit. This was done in the interests of prudence, as these investee companies, with KGF's help, worked through their various challenges. However, we believe that the investments in KGF's portfolio that had struggled in recent years are now poised for a turn-around, which will further contribute to KGF's positive performance.

"Having this property portfolio provides a strong platform for future growth for KGF. We are particularly excited to be able to partner with Kelton, an established and successful business in Fiji."

"We hope that shareholders will be as excited about the future direction of KGF as we are and look forward to working closely with our new shareholders and with Kelton," he said.

Commenting on the transaction, Anthony Ah Koy, Managing Director of Kelton called it the latest chapter in a collaboration stretching back many years:

"Many might not know that Kelton has collaborated with Kontiki Capital, the Manager of KGF, on various projects stretching back over two decades. So, in a way, this is but the latest chapter in this relationship.

"While KGF is currently a relatively small investment fund, we believe it has the potential to grow into a major player in the investment industry in Fiji. Our entry is not only a way to catalyse this growth, but a confirmation of our confidence in KGF's potential. Our confidence is underlined by the fact that Kelton and its associates will be taking a significant portion of the transaction value in KGF shares".

Ah Koy said Kelton also saw KGF as a natural partner in several exciting projects that Kelton had in the pipeline.

"We have been working on several projects that we believe will make a significant impact on many communities and the Fiji economy overall. Here, we see KGF's ability to access finance and the resources that the KGF board and Manager can bring, as potentially playing an important role."

KGF director, Jack Lowenstein, who was instrumental in founding KGF in 2004, said:

"We have always felt that KGF lacked the critical mass to be truly successful. From its founding, we had envisioned KGF growing both by having successful investments and by bringing in new capital. This transaction helps address this issue. Adding this property portfolio increases KGF's total assets by more than a factor of four.

“Through Kontiki Capital, I have personally worked with Anthony and Kelton on various deals over the years and have admired how they built a great business with skill and passion. I look forward to continuing this relationship through KGF”.

Griffon Emose, representative of the KGF Manager (Kontiki Capital), said the transaction was a natural fit for KGF.

” Property is an important part of the economy and in a diversified portfolio, it makes sense to have significant property exposure. KGF previously achieved this through Halabe Investment, which has now been fully realised. This transaction keeps property in KGF’s portfolio, albeit at a large initial percentage. This will balance out over time as the Fund expands into other investments.

“Importantly, the properties will be transferred as going concerns. The properties are prime real estate assets and have been well-managed by Kelton. These arrangements will not change post-transaction.

“We are excited to bring on board quality assets and strong new partners and we look forward to the future.”

About Kelton

Kelton Investments Pte Limited is the parent company of the Kelton Group of Companies.

Founded in Fiji, privately owned Kelton and its principals have an extensive investment track record in real estate and public and private equity investments, spanning the entire South Pacific region, Asia and North America.

Kelton’s diverse experience over five decades has included investments in the areas of: Property (commercial, residential, industrial, retail, hospitality); Technology (OA, ICT, mobile telephony); Agriculture (commercial farming, exports, agricultural supplies); Tourism (hotel operations); Manufacturing (garments, food processing); Insurance (broking); Aviation (domestic & international Airline operations); Construction (general contracting, residential); and Trading (import & distribution).

Update on Suspension of Share Trading.

To ensure an orderly market and that all shareholders have the opportunity to access this information, KGF and SPX have agreed to continue the suspension of trading in KGF shares. This suspension will remain in place while finalizing the process for the additional quotation of shares, which will depend on SPX regulatory approval.

Yours sincerely,



Erik Larson
Board Chairman



Griffon Emose
Company Secretary