

Sunstone Capital Limited

(Incorporated in the Republic of South Africa)

(Registration number 2017/418473/06)

(FSP number: 48870)

(VCC number: VCC-0101)

("Sunstone" or "the Company")



A Section 12J Venture Capital Company as defined by the Income Tax Act, 58 of 1962 as amended

PROSPECTUS

A general public offer to subscribe for 75 000 Ordinary Shares of no par value at an issue price of R1 000 per share

Opening date of the Offer	07 December 2018
Closing date of the Offer	28 February 2019

Managed by

Administered by



The Advisors, whose names are included in this Prospectus, have given and have not, prior to registration, withdrawn their written consent to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this Prospectus.

An English copy of this Prospectus was registered by the Commissioner of CIPC on 07 December 2018.

Sunstone Capital Limited
(Incorporated in the Republic of South Africa)
(Registration number 2017/418473/06)
(FSP number: 48870)
(VCC number: VCC-0101)

PROSPECTUS

The definitions and interpretations commencing on page 8 of this document apply to this entire document, except where the context indicates a contrary intention.

THE ATTENTION OF THE PUBLIC IS DRAWN TO THE FACT THAT THE ORDINARY SHARES ON OFFER ARE UNLISTED AND ARE NOT READILY MARKETABLE AND SHOULD BE CONSIDERED TO BE A RISK-CAPITAL INVESTMENT.


This Prospectus includes forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, and expansion prospects or future capital expenditure levels and other economic factors, such as, inter alia, interest rates. By their nature forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Sunstone Capital cautions that forward-looking statements are not guarantees of future performance.

These forward-looking statements have been based on current expectations and projections about future results which, although the Directors believe them to be reasonable, are not a guarantee of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Sunstone Capital operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

Risk factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by it in the forward-looking statements include, among other things, economic decline. These risk factors are more fully described in **Annexure 1** of this Prospectus.

The Directors and officers, whose names are given in Section 1 paragraph 2 of this document, accept full responsibility, collectively and individually, for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law.

<u>Auditors and Reporting Accountants</u>		<u>Manager and Promoter</u>	
			
<u>Company Secretary</u>	<u>Administrative Manager & Corporate Advisors on Prospectus</u>		<u>Company Attorney</u>
Light & Livingstone Secretarial Services (Pty) Ltd			
<u>Compliance Officer</u>		<u>Commercial Bank</u>	
			

This Prospectus is only available in English. Copies of this Prospectus may be obtained during normal business hours from the registered office of Sunstone Capital Limited at their respective address set out in the "Corporate Information and Advisors" section of this Prospectus from the date of issue hereof, being 07 December 2018.

Corporate Information and Advisors

Business and Registered Office Address	Administrative Manager and corporate Advisors to the Prospectus
<p>Sunstone Capital Limited Registration number: 2017/418473/06</p> <p>164 Katherine Street Building 2, Pinmill Office Park Strathavon, 2196</p> <p>P.O. Box 1277 Gallo Manor 2052</p> <p>Tel: 011 262 6433</p>	<p>Grovest Corporate Advisory Proprietary Limited Registration number: 2012/223909/07</p> <p>164 Katherine Street Building 2, Pinmill Office Park Strathavon 2196</p> <p>P.O. Box 1277 Gallo Manor 2052</p> <p>Tel: 011 262 6433</p>
Company Secretary	Compliance Officer
<p>Light & Livingstone Secretarial Services (Pty) Ltd Registration number: 2017/264017/07</p> <p>3rd Floor, Palm Grove, Houghton Estate Office Park 2 Osborn Road Houghton 2198</p> <p>P.O. Box 46079 Orange Grove 2119</p> <p>Tel: 011 483 1930</p>	<p>Moonstone Compliance Proprietary Limited Registration number: 2002/020736/07</p> <p>25 Quantum Street Technopark Stellenbosch 7613</p> <p>P.O. Box 12662 Die Boord, Stellenbosch 7613</p> <p>Tel: 021 883 8000</p>
Company Attorney	Fund Manager and Advisor
<p>Werksmans Inc. Registration number: 1990/007215/21</p> <p>The Central 96 Rivonia Road Sandton 2196</p> <p>Private Bag X10015 Sandton 2146</p> <p>Tel: 011 535 8000</p>	<p>Sun Stone Management Company Registration number: 2017/666366/07</p> <p>164 Katherine Street Building 2, Pinmill Office Park Strathavon 2196</p> <p>P.O. Box1277 Gallo Manor 2052</p> <p>Tel: 011 262 6433</p>
Auditors & Reporting Accountants	Corporate Bank
<p>Grant Thornton Johannesburg Inc. Registration number: 1994/001166/21 Chartered Accountants SA</p> <p>52 Corlett Drive Johannesburg, 2196</p> <p>Private Bag X10046 Sandton 2146</p> <p>Tel: 010 590 7200</p>	<p>Standard Bank of Southern Africa Registration number: 1969/017128/06</p> <p>9th Floor, Standard Bank Centre 5 Simmonds Street Johannesburg 2001</p> <p>P.O. Box 7725 Johannesburg 2000</p> <p>Tel: 0860 123 000</p>

General Statements

Prospective investors should consult with your own independent legal, tax, accounting, investment or other relevant advisor when contemplating any investment decisions described in this document.

The information contained herein has been prepared to assist in forming an initial view of the Offer. The document does not purport to contain all the information that an investor may require nor is it intended to replace any form of legal, financial or technical due diligence. The content hereof may not be utilised and/or relied upon for any purpose other than to evaluate whether you wish to participate in the Offer.

Investments in Sunstone by taxpayers who are not Connected Persons in relation to the Company, will qualify as a deduction from income in terms of Section 12J of the Income Tax Act.

In the event of any conflict or inconsistency between the terms of this Prospectus and Sunstone's MOI, the terms of the MOI shall prevail. In the event that it is necessary to amend the MOI in order to ensure the enforcement of any of the provisions of this Prospectus or to carry into effect the intent of this Prospectus, the Directors will apply all reasonable endeavours to procure that the MOI is so amended.

Disclaimer

The contents of this Prospectus do not constitute and should not be construed as investment, tax, legal, accounting and/or other advice. For advice on these matters we recommend that you should consult your preferred investment, tax, legal, accounting and/or other advisor about any information contained in this Prospectus.

The Companies and Intellectual Properties Commission registers a prospectus in terms of chapter 4 of the Companies Act, 71 of 2008. The Commission takes no responsibility for the contents of the Prospectus, makes no representations as to the accuracy or completeness and expressly disclaims and liability whatsoever for any loss howsoever arising from or in the reliance upon any part of the contents of this Prospectus.

Warning

Venture capital investments are speculative by their very nature and prospective subscribers should refer to **Annexure 1** of this Prospectus concerning the potential risks.

Date of issue: 07 December 2018

This Prospectus is only available in English. Copies of this Prospectus may be obtained during normal business hours from the registered office of the Company set out in the "*Corporate Information and Advisors*" section of this Prospectus from the date of issue hereof until 28 February 2019.

Definitions and Interpretations	8
SECTION 1 – INFORMATION ABOUT SUNSTONE CAPITAL LIMITED	11
1. NAME, ADDRESS AND INCORPORATION (reg 57).....	11
2. DIRECTORS, OTHER OFFICE HOLDERS AND MATERIAL THIRD PARTIES (reg 58).....	11
3. HISTORY, STATE OF AFFAIRS AND PROSPECTS OF SUNSTONE	16
4. SHARE CAPITAL OF THE COMPANY (reg 60).....	21
5. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES (reg 61)	22
6. COMMISSIONS PAID AND PAYABLE IN RESPECT OF UNDERWRITING OF SHARES ISSUES.....	22
7. MATERIAL CONTRACTS (reg 63(1) (a) (b), 63(2)).....	22
8. INTEREST OF DIRECTORS AND PROMOTERS (reg 64).....	22
9. LOANS (reg 65).....	23
10. SHARES ISSUED OTHERWISE THAN FOR CASH (reg 66)	23
11. PROPERTY ACQUIRED OR TO BE ACQUIRED (reg 67).....	23
12. AMOUNTS PAID OR PAYABLE TO PROMOTERS (reg 68)	23
13. PRELIMINARY EXPENSES AND ISSUE EXPENSES (reg 69)	23
SECTION 2 – DETAILS OF THE OFFER	24
1. PURPOSE OF THE OFFER (reg 70(a))	24
2. SALIENT DATES (reg 71)	24
3. PARTICULARS OF THE OFFER (reg 72).....	24
4. MINIMUM AND MAXIMUM SUBSCRIPTIONS IN TERMS OF THIS OFFER (reg 73).....	25
5. RESERVATION OF RIGHTS.....	25
6. RESULTS OF ALLOCATIONS	25
SECTION 3 - STATEMENTS AND REPORTS RELATING TO THE OFFER.....	26
1. STATEMENT OF ADEQUACY OF CAPITAL (reg 74).....	26
2. REPORT BY DIRECTORS AS TO MATERIAL CHANGES (reg 75)	26
3. STATEMENT AS TO LISTING ON STOCK EXCHANGE (reg 76)	26
4. REPORT BY THE AUDITOR OF THE COMPANY (reg 79)	26
SECTION 4 - ADDITIONAL MATERIAL INFORMATION.....	27
1. TAX DEDUCTIBILITY OF INVESTMENT IN SUNSTONE.....	27
2. PROCEDURE TO CLAIM TAX DEDUCTION OF INVESTMENT	27
3. LITIGATION STATEMENT	27
4. CORPORATE GOVERNANCE.....	27
5. EXPERTS' CONSENTS	27
6. DIRECTORS' RESPONSIBILITY STATEMENT	28
7. FINANCIAL ADVICE.....	28
8. RISK FACTORS OF VENTURE CAPITAL INVESTMENTS	28

9.	COMPLAINTS PROCESS & TCF OUTCOMES	28
10.	CONFIDENTIALITY	29
11.	INVESTORS NOT RESIDENT IN SOUTH AFRICA	29
12.	DOCUMENTS AVAILABLE FOR INSPECTION (reg 53(a) (b) (d) (e))	29
13.	PROFESSIONAL INDEMNITY AND FIDELITY INSURANCE COVER	29
14.	SHARE BUY BACKS	29
	SECTION 5 - INAPPLICABLE SECTIONS	Error! Bookmark not defined.
	ANNEXURE 1 – Risk Factors	32
	ANNEXURE 2 - Appointment, Qualification, Remuneration and Borrowing Powers of Directors (MOI Extract)	34
	ANNEXURE 3 – Directors Service Contracts	39
	ANNEXURE 4 – Salient Points of the Management Agreement (Extract)	40
	ANNEXURE 5 – FSCA License	41
	ANNEXURE 6 – Independent Auditors Report	42
	ANNEXURE 7 – Auditors Report, Regulation 79	45
	ANNEXURE 8 – King Code on Corporate Governance	47
	ANNEXURE 9 – SARS License	58
	ANNEXURE 10 – What is Section 12J	59

Definitions and Interpretations

In this Prospectus, unless the context indicates otherwise, reference to the singular shall include the plural and vice versa, words denoting one gender include others, expressions denoting natural persons include juristic persons and associations of persons, and the words in the first column have the meanings stated opposite them in the second column as follows:

“Act” or “Companies Act”	the Companies Act, 71 of 2008, as amended, including the regulations issued thereunder;
“Administrative Manager”	Grovest Corporate Advisory Proprietary Limited (registration number 2012/223909/07), a Private Company incorporated under the laws of South Africa, full details of which are contained in the Corporate Information and Advisors section of this Prospectus.
“Advisors”	Light & Livingstone Secretarial Services, Grant Thornton, Grovest Corporate Advisory, Moonstone, Standard Bank, Sun Stone Management Company and Werksmans Inc. and/or any one of them as the context may require;
“Application Form(s)”	the application form in respect of the Offer which is attached to, and forms part of this Prospectus and which must be completed by all prospective investors;
“Blocked Rands”	Refers to funds that are legally prohibited to leave the country when an investor emigrates but are still under the ownership of the Investor;
“Board”	the directors of the Company from time to time, which, as at the Last Practicable Date, comprises the persons identified in section 1, in paragraph 2 of this Prospectus;
“Business Day”	any day other than a Saturday, Sunday or statutory holiday in South Africa;
“Closing Date”	the closing time and date of the Offer, expected to be 17:00 on 28 February 2019 but which may be amended by the Company by way of an announcement released on its website;
“Common Monetary Area”	The area that links South Africa, Namibia, Lesotho and Swaziland into a monetary union which is allied to the South African Customs Union;
“Company” or “Sunstone”	Sunstone Capital Limited, registration number: 2017/418473/06, a public unlisted company incorporated under the laws of South Africa, full details of which are contained in the Corporate Information and Advisors section of this Prospectus;
“Company Secretary”	Light & Livingstone Secretarial Services (Pty) Ltd, a private company incorporated under the laws of South Africa, full details of which are contained in the “Corporate Information and Advisors” section of this Prospectus;
“Connected Person(s)”	connected person as defined in section 1(1) of the Income Tax Act;
“Directors”	the directors of the Company from time to time, which, as at the Last Practicable Date, comprises the persons identified in section 1, in paragraph 2 of this Prospectus;
“FAIS”	Financial Advisory and Intermediaries Services Act, 37 of 2002;
“FSCA”	Financial Sector Conduct Authority, established by the Financial Sector Regulation Act No. 9 of 2017 and came into operation on the 1 st of April 2018;

“Grant Thornton”	Grant Thornton, a partnership incorporated under the laws of South Africa, full details of which are contained in the <i>“Corporate Information and Advisors”</i> section of this Prospectus;
“Grovest Corporate Advisory”	Grovest Corporate Advisory Proprietary Limited (registration number 2012/223909/07), a Private Company incorporated under the laws of South Africa, full details of which are contained in the <i>Corporate Information and Advisors</i> section of this Prospectus.
“Income Tax Act”	the Income Tax Act, 58 of 1962, as amended, consolidated or re-enacted from time to time and including all schedules thereto;
“Investment Portfolio”	the portfolio of investments created by investing the proceeds raised from the issue of Venture Capital Shares pursuant to the Offer;
“Investor(s)”	an individual, trust, company, or other legal entity who subscribes for Venture Capital Shares;
“Last Practicable Date”	15 November 2018, being the last practicable date prior to the finalisation of this document;
“Management Agreement”	the agreement concluded between the Manager and Sunstone Capital in terms of which Sun Stone Management will conduct the administration and management of Sunstone, details of which are set out in Annexure 4;
“Manager” or “Promoter” or “Sun Stone Management”	Sun Stone Management Company Proprietary Limited (registration number 2017/666366/07), a private company incorporated under the laws of South Africa, full details of which are set out in the <i>Corporate Information and Advisors</i> section of this Prospectus;
“MOI”	the memorandum of incorporation of the Company, as amended from time to time;
“Moonstone”	Moonstone Compliance Proprietary Limited (registration number: 2002/020736/07), a private Company incorporated under the laws of South Africa, full details of which are contained in the <i>Corporate Information and Advisors</i> section of this Prospectus;
“Offer”	An offer to subscribe for 75 000 Ordinary Shares of no par value at an issue price of R1 000 per share, with a minimum subscription for at least 100 Ordinary Shares per each investor, the terms of which are set out in this Prospectus;
“Offer Period”	the period from 07 December 2018 to 28 February 2019;
“Offer Price”	R1 000 per Ordinary Share;
“Ordinary Shares”	Ordinary Shares of no par value in the capital of Sunstone;
“Prospectus”	this prospectus and its annexures, issued on 07 December 2018;
“Qualifying Company”	a company satisfying the conditions of a Qualifying Company as defined in Section 12J of the Income Tax Act;

“Qualifying Investment(s)”	an investment in the shares of an unlisted company which satisfies the conditions of a Qualifying Company as defined in Section 12J of the Income Tax Act;
“Qualifying Shares”	an equity share issued to Sunstone by a Qualifying Company;
“Risk Capital”	in respect of each of the ordinary shareholders, one hundred percent of the subscription price paid for the acquisition of the shares, minus the highest marginal rate of income tax for investors when such ordinary shares are issued (being 45% as at the Last Practical Date);
“SARS”	South African Revenue Service;
“Shareholder”	holders of Shares from time to time;
“Shares”	Ordinary Shares as the context may require;
“Venture Capital Company”	a venture capital company as defined in Section 12J of the Income Tax Act; and
“Venture Capital Shares”	shares in Sunstone as defined in Section 12J of the Income Tax Act, being Ordinary Shares;

Sunstone Capital Limited
(Incorporated in the Republic of South Africa)
(Registration number 2017/418473/06)
("Sunstone" or "the Company")

Amaresh Chetty (Independent Non-Executive Chairman)
Stanley Medalie (Non-Executive Director)
Bruce King (Non-Executive Director)
Jeffrey Miller (Non-Executive Director)

PROSPECTUS

SECTION 1 – INFORMATION ABOUT SUNSTONE CAPITAL LIMITED

1. **NAME, ADDRESS AND INCORPORATION (reg 57)**

- 1.1. Sunstone Capital Limited (Registration number 2017/418473/06) was incorporated as a private company on 12 September 2017. (reg 57 (1) (a) and (c)).
- 1.2. The Company converted from a private company to a public company on 26 January 2018. (reg 57 (1) (a) and (c)).
- 1.3. The Company's registered office and primary place of business is set out in the "*Corporate Information and Advisors*" section of this Prospectus. (reg 57 (1)(b)).
- 1.4. As at the Last Practicable Date the Company had no holding Company. (reg 57 (3))
- 1.5. As at the Last Practicable Date, the Company has subscribed for 69% of the Ordinary Shares in Randburg Van Rentals Proprietary Limited (Registration Number: 2018/107504/07), a private company incorporated on 08 March 2018 at 164 Katherine Street Pinmill Office Park, Building 2 Strathavon 2196 with the object to rent out income producing moveable assets. (reg 57 (3)).
- 1.6. The purpose of the Offer is to raise capital to expand the Company's investment activities and take advantage of its strong pipeline of opportunities. The purpose of the Prospectus is to provide information to Investors in relation to the Offer.

2. **DIRECTORS, OTHER OFFICE HOLDERS AND MATERIAL THIRD PARTIES (reg 58)**

- 2.1. The Board currently comprises three Non-Executive Directors and one Independent Non-Executive Director. The Chairman is an Independent Non-Executive Director. Details relating to the management of the Company are set out in paragraph 2.6 below.
- 2.2. The full names, business addresses, qualifications, positions and experience of the Directors and prescribed officers, all of whom are South African citizens, are set out below: (reg 58 (2)(a))

Name	Amaresh Chetty (reg 58 (2)(a))
Business Address	42 Fricker Road, Illovo, Gauteng, 2198 (reg 58 (2)(a))
Position	Independent Non-Executive Chairman (reg 58 (2)(a))
Occupation	Holds directorships on the boards of various companies in which he holds private equity investments. (reg 58 (2)(a))
Qualifications and Experience	<p>B Com, PostGrad Dip in Bus Mngmt, MBA from the University of Natal (Durban), PostGrad Studies in Corporate Restructuring, Mergers & Acquisitions, and separately, Valuations at Harvard Business School (Boston).</p> <p>Amaresh worked at First Rand Bank in the leveraged debt division focusing on MBO's, MBI's and BEE deals. He thereafter joined Absa where he was a national manager of Specialised Finance, and an observer at the Incubator Fund private equity investment committee.</p> <p>Amaresh then joined Circle Capital, a BEE investment holding company, founded and chaired by Mamphela Ramphele (a prior MD of the World Bank) as their investment officer, responsible for investment evaluation and acquisitions. At Circle Capital he worked on the Sasfin Bank BEE deal, which was a proposed leveraged buy-in of a South African bank. Amaresh was at Circle Capital when the billion-rand Medi-Clinic BEE buy-in was concluded.</p> <p>Experience includes cross-border project finance incorporating export credit guarantees (built an aquarium in Istanbul and arranged debt from ABN Amro (NZ) utilising an NZECO guarantee) and mezzanine financing within the constraint of accommodating thin capitalisation rules.</p> <p>Amaresh has worked with one of the largest Scandinavian biotech funds on biotech transactions, specifically the due diligence, valuation and structuring of acquisition opportunities in Africa.</p> <p>Involved in the capital raising of Series A funding (from Richemont) for a Silicon Valley technology company named Synthasite (subsequently renamed Yola). AOL and HP are clients.</p> <p>Some transactions have demanded active involvement at investee companies in terms of their strategy, as well as operationally – setting budgets, determining strategy etc.</p> <p>Most recently was a director of the current National Lottery (Ithuba), other directorships include/have included director at a lime mine, various resource exploration companies and a technology company which owns a suite of patents as well as a conservation NPO.</p>

Name	Stanley Medalie (reg 58 (2)(a))
Business Address	19 Oaklands Rd Orchards 2192 (reg 58 (2)(a))
Position	Non-Executive Director (reg 58 (2)(a))
Occupation	Medalie holds directorships on the boards of various companies in which he holds private equity investments. (reg 58 (2)(a))
Qualifications and Experience	<p>Electrical Engineering degree from Wits University and an MBA from Columbia in New York.</p> <p>After working for Sandoz Pharmaceuticals in the US he returned to SA and has been involved as a founder and shareholder in several listed companies. These include H. Lewis, a food manufacturer (sold to Tongaat); Pleasure Foods, a fast foods company with the Juicy Lucy, Pizza Hut and Milky Lane brands (sold to AVI); Bidvest; Chariots, a motor group including Rand Stadium Toyota and Autozone (sold to Super Group); Armato Foods (sold to Afribrand); African Media Entertainment, a media and leisure company including Big Concerts, Golden Gloves, Radio Oranje and Algoa Radio (sold to Caxtons); and Andulela.</p> <p>His current business interests are substantially in the property market where he has done several residential conversions in the Johannesburg CBD as well as Industrial projects on the East and West Rand and a few commercial developments in the CBD. In addition he has been the owner of an independent vehicle rental business since 1989 and now has the AVIS franchise for bakkies, trucks and 4x4 Safari Vehicles in South Africa</p>
Name	Bruce King (reg 58 (2)(a))
Business Address	23 Diesel Road, Isando, Kempton Park,1600 (reg 58 (2)(a))
Position	Non-Executive Director (reg 58 (2)(a))
Occupation	King holds directorships on the boards of various companies. King is also an executive director and CEO of the Avis Van Rentals Randburg (reg 58 (2)(a))
Qualifications and Experience	<p>In 1973 Bruce King began his career at Grosvenor Car Hire and tours, in the accounts department and later moved to the fleeting division of same company.</p> <p>In 1975 Grosvenor Car Hire was taken over by Budget Rent a Car where King spent a further 14 years and during this time was promoted to National Operations Manager. In 1989 King started his own business, Kings Car Hire and within a short time he merged this business with Protea Car Hire, owned by his current business partner Stanley Medalie.</p> <p>In 1997, Bruce King bought his first Avis Van Rental Franchise and in June 1998, Bruce and Stanley together started the second franchise in the Avis Van Rental stable, Avis Van Rental Gauteng. During this period Van rental was not available in South Africa, due to the high theft risk and uncertainty in the country. Although this period was a challenging time, it also proved to be lucrative, and exciting time to enter the market. Today King spends his time running the Gauteng Area for Avis Van Rental.</p>

Name	Jeffrey Wayne Miller (reg 58 (2)(a))
Business Address	8 Kinkel Close, Woodmead Springs, Sandton, 2052 (reg 58 (2)(a))
Position	Non-Executive Director (reg 58 (2)(a))
Occupation	Jeffrey holds directorships on the boards of various companies in which he holds private equity investments. Jeffrey is also an Executive Director and CEO of Grovest Corporate Advisory, and Non-Executive Director of the Manager (reg 58 (2)(a))
Qualifications and Experience	<p>Jeffrey is a Chartered Accountant having completed his articles at Grant Thornton and has over 30 years' experience investing in unquoted companies across numerous industries. Jeffrey co-founded Brandcorp, which was listed on the Johannesburg Stock Exchange in 1997.</p> <p>He brings many years of operational and investment skills to the Company. He was a co-founder of KNR Flatrock, Balboa Finance, Born Free Properties, Eurosuit, Bride & Co., Seed Engine, Seed Academy and Grovest Corporate Advisory. Jeffrey is a pioneer of Section 12J Venture Capital Companies in South Africa and is an active member of various sub-committees of SAVCA and Simodisa, both of which focus their efforts on the South African Venture Capital industry.</p>

2.3. Company Advisors and Company Secretary (reg 58(2) (b))

- 2.3.1. The names and business addresses of the Advisors are set out in the “*Corporate Information and Advisors*” section of this Prospectus. (reg 58(2) (b) (i) and (ii))
- 2.3.2. The Company Secretary is Light & Livingstone Secretarial Services (Pty) Ltd, whose name and address is set out in the “*Corporate Information and Advisors*” section of this Prospectus. Light & Livingstone Secretarial Services (Pty) Ltd is represented by Jeffrey Livingstone (B. Com, CA (S.A.), HDip Tax Law). (reg 58(2) (b) (iii)).

2.4. Additional information relating to Directors

- 2.4.1. Directors shall be elected by an ordinary resolution of the shareholders at a general or annual general meeting. (reg 58 (3) (a))
- 2.4.2. **Annexure 2** contains the following additional information in respect of the Directors: (reg 58 (3) (b))
- 2.4.2.1. borrowing powers of the company exercisable by Directors, which have not been exceeded or varied since the Company’s incorporation, and how such borrowing powers can be varied; (reg 58 (3)(c))
 - 2.4.2.2. directors and prescribed officers’ remuneration policy; and
 - 2.4.2.3. retirement and appointment of directors. (reg 58 (3) (a))
- 2.4.3. All Directors have a term of office of a minimum of one year. Further details of the service contracts are set out in Annexure 3. (reg 58 (3)(a))

2.4.4. The Directors' and Officers' emoluments are set out below: (reg 58 (3) (b))

Name of Director	Position	Fees
Amaresh Chetty	Independent Non-Executive Chairman and member of the Investment Committee	R5 000 per meeting
Stanley Medalie	Non-Executive Director, member of the Investment Committee and member of the Audit Committee	Nil
Bruce King	Non-Executive Director, member of the Audit Committee	Nil
Jeffrey Miller	Non-Executive Director, Chairman of the Audit Committee and Chairman of the Investment Committee	Nil

2.4.4.1. The Board will meet approximately four times per annum.

2.5. Borrowing powers of the Company exercisable by the Directors (reg 58(3)(c))

2.5.1. The provisions of the MOI regarding the borrowing powers exercisable by the Directors are set out in **Annexure 2** to this Prospectus.

2.5.2. The Company not has exceeded its borrowing powers during since the incorporation of the Company.

2.6. Management of the Company (reg 58 (3) (d))

2.6.1. Sunstone is managed by the Manager, whose business address is listed in the “*Corporate Information and Advisors*” section of this Prospectus. (reg 58 (3) (d) (i))

2.6.2. Sun Stone Management encompasses an experienced management team with private equity and commercial experience, including:

2.6.2.1. originating, evaluating and selecting suitable investment opportunities;

2.6.2.2. providing post investment management services; and

2.6.2.3. Identifying and implementing exit opportunities.

2.6.3. The Company has entered into a 10-year Management Agreement with Sun Stone Management with Sun Stone Management is incentivised to deliver investment returns for Sunstone. The terms of the Management Agreement are summarised in **Annexure 4**.

2.6.4. In terms of the Management Agreement the Manager will perform the functions as set out in **Annexure 4**. (reg 58 (3) (d) (ii))

2.6.5. The Manager has entered into an agreement with Grovest Corporate Advisory to carry out certain of the administrative functions of the Company. Paragraph 3.1.4 below provides more details in this regard.

2.6.6. The Manager will be paid a once-off capital raising fee of 3% (excluding VAT) calculated on the total capital raised from the Ordinary Shares. (reg 58 (3) (d) (iii))

2.6.7. The Manager will carry the costs incurred in evaluating investment opportunities not implemented. (reg 58 (3) (d) (iii))

2.6.8. Randburg Van Rentals Proprietary Limited, the subsidiary, is not managed or proposed to be managed by a third party under a contract. (reg 58 (3) (d) (iii))

2.7. Directors' Declarations

2.7.1. None of the Directors of the Company have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements, or has been publicly criticised by any statutory or regulatory authorities, including recognised professional bodies, or being disqualified by court from acting as a director of a company or for acting in the management or conduct of the affairs of the Company, or has been convicted of any offence involving dishonesty.

2.7.2. No payment has been made to any Director at the Last Practical Date, to induce him to become a director or in connection with the promotion or formation of the Company.

2.7.3. Formal letters of appointment have been entered into with all Directors of the Company and are available for inspection at the registered offices of the Company and including 10 (ten) Business days after the Closing Date.

3. HISTORY, STATE OF AFFAIRS AND PROSPECTS OF SUNSTONE

3.1 History of the Company (reg 59)

3.1.1. Overview (reg 59(2) (b))

3.1.1.1. Sunstone was incorporated as a private company on 21 September 2017. (reg 59(3) (a) (i) and (ii))

3.1.1.2. The primary investment objective of the Company is to manage investments in qualifying companies that will secure a fleet of income producing commercial vehicles to be rented out.

3.1.2. Nature of business

3.1.2.1. Sunstone is a Venture Capital Company licensed as a Financial Services Provider in terms of Section 8 of FAIS under license number 48870. A copy of the FSCA license is contained in **Annexure 5** of this Prospectus.

3.1.2.2. Sunstone is also registered with SARS as a Venture Capital Company in terms of Section 12J of the Income Tax Act under reference number VCC-0101. A copy of the FSCA license is contained in **Annexure 9** of this Prospectus.

3.1.2.3. Sunstone does not fall within the ambit of the Collective Investment Schemes Control Act, 45 of 2002.

3.1.3. The Manager

3.1.3.1. Sun Stone Management is the Management Company of Sunstone. The Directors of Sun Stone Management are Stanley Medalie and Jeffrey Miller.

3.1.3.2. Sunstone has entered into a 10-year Management Agreement with Sun Stone Management. The Salient terms of such Management Agreement are contained in **Annexure 4**.

3.1.4. Grovest Corporate Advisory

3.1.4.1. Grovest Corporate Advisory is the Administrative Manager of the Manager.

3.1.4.2. Grovest Corporate Advisory is responsible for, *inter alia*:

- setting up and maintaining the Section 12J Venture Capital Company structure;
- compliance monitoring;
- key individual functions;
- monthly accounting and audit preparation;
- FSCA and SARS reporting; and
- Corporate Advisory

3.2 Material changes (reg 59(3) (b))

As at the Last Practicable Date, the Company has subscribed for 69% of the Ordinary Shares in Randburg Van Rentals Proprietary Limited (Registration Number: 2018/107504/07), a private company incorporated on 08 March 2018 situated at 164 Katherine Street Pinmill Office Park, Building 2 Strathavon 2196 with the object to rent out income producing moveable assets.

3.3 Prospects (reg 59 (3) (c) (i))

3.3.1 Investment Objectives

3.3.1.1 Sunstone aims to subscribe for qualifying shares in Qualifying Companies that seek to acquire a fleet of vehicles to be rented out to commercial fleet operators. Through the wealth of knowledge and industry specific experience possessed by the Directors, the Company has identified a unique opportunity that allows for this strategy.

3.3.1.2 These Qualifying Companies have a primary goal that entails the provision of large commercial fleet operators with a low administrative cost rental alternative for commercial vehicles that continue to satisfy the needs of the fleet operator. The rental model enables the fleet operator to migrate from the conventional hire purchase finance agreements commonly used in the industry, which had resulted in high administrative costs and the cause of major operational inefficiencies.

3.3.2 Investment Strategy

3.3.2.1 The acquisition strategy together with the investment objective is to acquire shares in Qualifying Companies that will acquire a fleet of commercial vehicles obtaining deep discounts on the vehicles at acquisition.

3.3.2.2 Vehicle choice will be based on both existing customer needs and the exit value potential of the vehicle. This may result in the composition of the fleet varying over time to optimise returns to shareholders.

3.3.2.3 The investment committee will evaluate potential returns, the counterparty risk to the rental agreements and the resale value of vehicles acquired.

3.3.2.4 The investment committee will target resale values of approximately 95% of cost after 18 months of use.

3.3.3 Investment Process

3.3.3.1 The Sunstone Investment Committee, with the assistance of the Manager, will apply comprehensive investment processes in considering investments and will conduct rigorous due diligence investigations before recommending any potential investment to the Board of Sunstone.

3.3.3.2 The Sunstone due diligence ("DD") process will comprise an in-depth DD which will include a comprehensive assessment of the customer needs, capex requirements, cash flows, profitability, legislative requirements, credit worthiness and sustainability of the counter party to the rental agreement.

3.3.3.3 The results of the DD will be presented to the Investment Committee for final decision making, where after the relevant legal agreements will be drafted.

3.3.4 Post Investment Management

3.3.4.1 The Board's post investment plan is to mitigate risk, and as such will on a regular basis conduct audits on all of the counterparties to the rental agreements. These audits will be conducted to ensure that all crucial parameters are in keeping with best practise in regard to maintenance and the condition of the vehicles to ensure that the fair value of the vehicles is realised upon disposal.

3.3.4.2 Sunstone will ensure that the Qualifying Company adheres to the legal obligations set out below;

- Licensing of the vehicles and ensuring roadworthiness;
- the maintenance of the vehicles rented to the various operators; and
- that the vehicles are operated within the confines of the law;

3.3.5 Investment Mandate

3.3.5.1 Capital raised will be invested, in terms of its investment mandate, as adopted by the Board which currently

is set out below. The primary investment objective of the Company is to manage investments in qualifying companies that will secure a fleet of income producing commercial vehicles to be rented out.

The Board reserves the right to amend the investment mandate from time to time.

Investment Type	Percentage of Fund (%)	Targeted IRR (%)	Average Time Frame of Investment (Years)
Cash on hand, call and fixed deposits	0 – 100	7	3
Panel Vans	0 – 80	16	5
One-ton capacity vehicle	0 – 80	16	5
Half-ton capacity vehicle	0 – 80	16	5
Other commercial vehicles	0 - 80	18	5

3.3.5.2 An investment in Sunstone should be considered as a medium to long term investment.

3.3.6 Exit Strategies

The Sunstone Board will continuously evaluate various exit mechanisms for its investments. The intended mechanism is to sell the assets in the qualifying company.

Alternative exit strategies would include, but are not limited to:

- the listing of Sunstone on an alternative exchange.
- Sale of an underlying qualifying company;

3.3.7 Sunstone's Investment Committee

The Investment Committee comprises of a minimum of three members. The members of the Investment Committee are Jeffrey Miller (Chairman), Amaresh Chetty and Stanley Medalie. Decisions are made on a majority vote by members. The committee has the right to co-opt appropriately skilled parties as and when required.

3.3.8 Sunstone's Deal Flow

Sunstone is currently in negotiations a target company that seeks to acquire commercial vehicles to be rented out to Johannesburg Avis Van Rental, who currently operate a fleet of approximately 1000 vehicles.

3.3.9 Directors' opinion regarding prospects (reg 59 (3) (c))

The Directors are of the opinion that Sunstone and its investments/subsidiary has good prospects of achieving its investment mandate based on the following:

- an experienced, well-balanced, innovative and motivated management team;
- a well-developed pipeline of investment opportunities;
- an extremely experienced and diversely skilled board;
- a rigid due-diligence and selection process; and
- active post investment management

3.3.10 State of affairs of the Company (reg 59(3) (d))

The historic Statement of Comprehensive Income for the year ending 28 February 2018 is set out below.

A loss of R74 606 was reported in the Audited Financial Statements for the year ending 28 February 2018. This loss was a result of set up costs of the Company.

The Director's forecasts are based on a targeted Capital of R75 000 000 being raised by way of Ordinary Shares as at 28 February 2018.

Statement of Comprehensive Income

	R	R	R
	Audited 28-Feb-18	Public Placement	Post Public Placement 28 Feb-18
Revenue			
Sales	-	-	-
Cost of sales	-	-	-
Gross Profit	-	-	-
Expenses	74,606	38,000	112,606
Auditors remuneration	-	25,000	25,000
Bank Charges	1,326	3,000	4,326
Insurance	31,160	-	31,160
Legal fees	28,500	-	28,500
Secretarial Fees	13,620	10,000	23,620
Interest Income - Note 1	-	5,092,500	5,092,500
Total Interest	-	5,092,500	5,092,500
Profit Before Tax	- 74,606	5,054,500	4,979,894
Taxation	12,910	1,415,260	1,428,170
Profit/(Loss) for the financial period	- 61,696	3,639,240	3,577,544
Share Capital of The Company	3,045	75,000	78,045
Total Ordinary Shares	3,045	75,000	78,045
Earnings per Share	- 20.26	48.52	45.84

Notes

- Included in the public placement adjustment column is financial income of 7% p.a. for 12 months and a pro forma adjustment for the operating expenses of Sunstone Capital on the assumption that the Company has been in operation for 12 months.
- Investment in Randburg Van Rentals for 69% of the shares in the subsidiary was made post 28 February 2018.

3.3.11 Pro forma statement of financial position before and after the Offer

The Audited statement of financial position of Sunstone Capital at 28 February 2018, assuming the Offer is fully subscribed are set out below.

Statement of Financial Position

	R	R	R
	Audited 28-Feb-18	Public Placement	Post Public Placement 28 Feb-18
Asset			
Non-Current Assets	12,910	-	12,910
Deferred Taxation	12,910	-	12,910
Current Assets	3,045,174	72,750,000	75,795,174
Trade and Other Receivables	-	-	-
Cash and Cash Equivalents	3,045,174	72,750,000	75,795,174
Total Assets	3,058,084	72,750,000	75,808,084
Equity And Liabilities			
Equity			
Ordinary Shares	2,880,691	72,750,000	75,630,691
Retained Income	-	-	-
Profit and Loss	(61,696)	-	(61,696)
Liabilities			
Current Liabilities	239,089	-	239,089
Trade Payables	239,089	-	239,089
Other accrued expenses	-	-	-
Total Equity and Liabilities	3,058,084	72,750,000	75,808,084
Share Capital of the Company			
Number of Shares Authorised			
Ordinary Shares	1,000,000	1,000,000	1,000,000
"A" Ordinary Shares	1,000,000	1,000,000	1,000,000
Unclassified Shares	1,000,000	1,000,000	1,000,000
Number of Shares Issued			
Total Ordinary Shares	3,045	75,000	78,045
NAV Per Share	926	970	968

Notes:

Stated Capital – Ordinary Shares

Assuming 75 000 Ordinary Shares have been issued at R1 000 per share.

R75 000 000

Share issue costs of 3% have been set off capital raised.

R 2 250 000

R72 750 000

3.3.12 Principal immovable property owned (reg 59(3) (e))

- 3.3.12.1 There are no immovable properties owned by the Company and/or its subsidiary.
- 3.3.12.2 The Company entered into a lease agreement for the rental of its premises situated at 164 Katherine Street, Building 2, Pinmill Office Park, Strathavon, 2196.
- 3.3.12.3 The lease is for a period of 2 years at a rental of R3 000 per month and expires on 28 February 2020.

3.3.13 Capital commitments, lease payments and contingent liabilities (reg 59(3) (f))

3.3.13.1 Capital commitments

At the Last Practicable Date, the Company has made no material commitments for capital expenditure for the acquisition, construction or installation of any buildings, plant or machinery.

3.3.13.2 Contingent liabilities

At the date of this Prospectus, the Company has no material contingent liabilities.

3.3.14 Turnover, profit and loss and dividend policy (reg 59(3) (g))

3.3.14.1 Refer to paragraph 3.3.10 for the revenue, profits and losses of the company since its date of incorporation. (reg 59(3) (g) (i) and (ii))

3.3.14.2 The report by the Auditor in terms of Regulation 79 of the Companies Act is set out in **Annexure 6**.

3.3.14.3 Sunstone has not paid any dividends at any time prior to the Last Practicable Date. (reg 59(3) (g) (iii))

3.3.14.4 Surpluses on realisation of investments will ordinarily be distributed to shareholders by way of dividends as determined by the Board from time to time. Dividends paid will be subject to Dividends Tax as applicable.

4. SHARE CAPITAL OF THE COMPANY (reg 60)

4.1 The authorised and issued share capital of the Company before and after the offer is set out below. (reg 60(a) (i) and reg 60):

Share Capital of the Company

	28-Feb-18	Notes	28-Feb-19
Number of authorised shares			
Ordinary Shares of no par value	1 000 000		1 000 000
"A" Ordinary Shares of no par value	1 000 000		1 000 000
Unclassified Ordinary Shares of no par value	1 000 000		1 000 000
	28-Feb-18	Notes	28-Feb-19
Number of issued shares			
Ordinary Shares of no par value	3 046	75 000	78 046
"A" Ordinary Shares of no par value	-	-	-
Unclassified Ordinary Shares	-	-	-
Stated Capital (Rand)	3 046 000	75 000 000	78 704 620

Notes

Stated Capital – Ordinary Shares

Assuming 75 000 Ordinary Shares have been issued at R1 000 per share

4.2 The authorised and unissued shares are under the control of the Directors, subject to the provisions of Section 38 of the Act.

4.3 None of the Ordinary Shares have any conversion or redemption rights. Ordinary Shares participate equally in dividends declared by the Board.

4.4 The Shares held by the Directors are set out in paragraph 8.2 (reg 60(a) (iii))

4.5 A total number of 3046 Ordinary Shares have been issued at R1 000 per share to the public from the date of incorporation of the Company. (reg 60(c) (i) (ii))

4.6 All Shares issued to the Public, from the date of incorporation of the Company, were issued in proportion to the Investors Shareholding. (reg 60 (c) (iii))

5. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES (reg 61)

The Company and/or its subsidiary is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any shares in the Company.

6. COMMISSIONS PAID AND PAYABLE IN RESPECT OF UNDERWRITING OF SHARES ISSUES (reg 62)

6.1 There have been no commissions paid or payable in respect of underwriting by the Company from its incorporation date up to the Last Practicable Date.

6.2 No other commissions, discounts or brokerages have been paid nor have any other special terms been granted in connection with the issue of shares by the Company.

7. MATERIAL CONTRACTS (reg 63(1) (a) (b), 63(2))

7.1 Material contracts entered into include:

- Management Agreement with Sun Stone Management as disclosed in **Annexure 4**
- Directors Service Contracts as set out in **Annexure 3**
- Oral agreement with the Company Secretary.

7.2 All the material contracts concluded by the Company are open for inspection at its registered address during normal office hours from the date of issue of this Prospectus up to and including 10 (ten) Business days after the Closing Date.

8. INTEREST OF DIRECTORS AND PROMOTERS (reg 64)

8.1. In the preceding 3 (three) years, no consideration, has been paid, or agreed to be paid to:

8.1.1. any Director or related party;

8.1.2. another company in which a Director has a beneficial interest or of which such Director is also a director; or

8.1.3. any partnership, syndicate or other association of which the Director is a member,

to induce the Director to become a Director, to qualify as a director or for services rendered by the director or by a company, partnership, syndicate or other association, in connection with the promotion or formation of the Company. (reg 64(2) (a))

8.2. At the Last Practicable Date, the Directors do not own any Ordinary Shares in the company.

8.3. The salient points of the Management Agreement are disclosed in **Annexure 4**.

8.4. No property has been acquired or disposed of by the Company since its incorporation and therefore the Directors had no interests in property acquired or disposed by the Company since its incorporation. (reg 64 (2) (b) (iii))

8.5. The Directors have no interests in material contracts or transactions other than that disclosed in clause 8.6 below.

8.6. The Manager may charge the underlying Qualifying Company a 1.5% management fee per annum on share capital, payable quarterly in advance. The Manager may further subscribe for 31% of the "A" Shares in the Qualifying Company.

- Stanley Medalie is a Non-Executive Director and Shareholder in the manager; and
- Jeffrey Miller is a Non-Executive Director and indirect Shareholder in the Manager.
- "A" Shares in Randburg Van Rentals participate pari passu with other shareholders in non-capital nature dividends.

9. LOANS (reg 65)

Since incorporation of the Company and up to the date of this Prospectus, Sunstone and/or its subsidiary have no material loans payable and had no material loans advanced to any party

10. SHARES ISSUED OTHERWISE THAN FOR CASH (reg 66)

There have been no Shares or other securities issued other than for cash since the Company's and/or its subsidiary's incorporation.

11. PROPERTY ACQUIRED OR TO BE ACQUIRED (reg 67)

- 11.1. Since incorporation of the Company and up to the date of this Prospectus, the Company and/or its subsidiary did not acquire any immovable property or fixed assets.
- 11.2. Whilst the Company does not plan to acquire any immovable property, it does intend to acquire assets that are material to the business and the Company will be utilised to procure these fixed assets out of the proceeds of this Offer.

12. AMOUNTS PAID OR PAYABLE TO PROMOTERS (reg 68)

- 12.1. A capital raising fee of 3% on capital raised is payable to the Manager, whose name and address is set out in the "Corporate Information and Advisors" section of this Prospectus, on all Ordinary Shares subscribed for in terms of this Offer.
- 12.2. In the last three years, A total amount of R91 380 has been paid to the Manager in respect of a capital raising fee to the Manager in terms of the Management Agreement.

13. PRELIMINARY EXPENSES AND ISSUE EXPENSES (reg 69)

- 13.1 An amount of R 263 000 has been budgeted for the expenses of this offer on full subscription, excluding capital raising fees.
- 13.2 These expenses (VAT exclusive) are estimated and comprise the following:

Service	Service Provider	R
Preparation of Prospectus	Grovest Corporate Advisory	R180 000
Registration of Prospectus	CIPC	R7 000
Reporting Accountants Report	Grant Thornton	R22 000
Auditors Report	Grant Thornton	R4 000
Secretarial Services	Light & Livingstone	R10 000
Prospectus Review	Werksmans Inc.	R40 000
Total		R263 000

- 13.3 In the last three years, there have been a total of R164 310 preliminary and issue expenses incurred by the Company.

SECTION 2 – DETAILS OF THE OFFER

1. **PURPOSE OF THE OFFER (reg 70(a))**

1.1. The purpose of the Offer is:

- 1.1.1. to expand the capital base of the Company;
 - 1.1.2. to increase the issued capital of Sunstone to enable it to invest in Qualifying Companies as defined in Section 12J of the Income Tax Act;
 - 1.1.3. to invite members of the public, financial institutions and business associates of Sunstone to invest directly in the Company;
 - 1.1.4. to broaden the shareholder base of Sunstone;
 - 1.1.5. to enhance its profile as an asset-backed vehicle rental venture capital company; and
 - 1.1.6. to fund the growth aspirations of the Company.
- 1.2. Any amounts raised in excess of the projected issuing expenses, will be used to achieve the Company's goal to increase its capital base. (reg70 (b))

2. **SALIENT DATES (reg 71)**

The dates and times for the opening and closing of the offer is set out below:

Details	2018/2019
Opening date of the Offer on (09:00)	07 December 2018
Expected Closing Date of the Offer (17:00)	28 February 2019

3. **PARTICULARS OF THE OFFER (reg 72)**

3.1. The Offer comprises:

- 3.1.1. an offer to the public to subscribe for 75 000 Ordinary Shares at R1 000 per Share, each having 1 vote per share; and
- 3.2. Application may be made by completing the "Mandate and Application Form" in this Prospectus. Completed Applications must be submitted to the Company by no later than 28 February 2019.
- 3.3. Prior to the date of this Prospectus and as at the Last Practicable Date, the Company has issued the following Shares since its incorporation (reg 72(2)):

Date of Issue	Number of Authorised Shares	Number of Ordinary Shares issued	Price at which the Ordinary Shares were issued
28 February 2018	1 000 0000	3 046	R 1 000

- 3.4. The Directors have resolved, via the required resolutions, authorisations and approvals, to issue 75 000 Ordinary Shares of no-par value at R1 000 per share in terms of the Offer. The Directors consider this price to be justified by the prospects of the Company, and therefore adequate consideration in terms of section 40 of the Companies Act.
- 3.5. The Company has not issued any Shares at a premium in the preceding three years. (reg 72 (3))
- 3.6. Applications must be for a minimum of 100 (one hundred) Ordinary Shares.
- 3.7. All application forms completed in accordance with the provisions of this Prospectus and the instructions set out on the Mandate and Application form, should be delivered to:

Email address: Investors@grovest.co.za

Physical address: 164 Katherine Street, Building 2, Pinmill Office Park, Strathavon, 2196

Registered mail: 164 Katherine Street, Building 2, Pinmill Office Park, Strathavon, 2196

- 3.8. Proof of payment is to be received by Sunstone by no later than 17h00 on 28 February 2019.
- 3.9. Applications will be regarded as complete once payment has been received. Payment may be made by bank guaranteed cheque (crossed "not transferable") or banker's draft or electronic transfer into the following bank account:

Account Name: Sunstone Capital Limited
Bank Name: Standard Bank
Branch Name: Sandton
Branch Code: 019205
Account Number: 252309162

- 3.10. Applications will be irrevocable once received by Sunstone. No receipts will be issued for applications and/or payments received[W1]

4. MINIMUM AND MAXIMUM SUBSCRIPTIONS IN TERMS OF THIS OFFER (reg 73)

- 4.1. The Company does not intend to purchase any immovable property with the proceeds of the Offer.
- 4.2. The minimum amount to be raised in terms of this offer is R600 000, this includes the projected issuing expenses exclusive of VAT.
- 4.3. Any amounts raised in excess of the projected issuing expenses, will be used to achieve the Company's goal to increase its capital base.
- 4.4. Should the minimum amount of R600 000 not be raised in terms of the Offer, the Offer in terms of this Prospectus will become null and void, all moneys received will be returned to Investors and no Ordinary Shares will be issued pursuant to this Offer.
- 4.5. Should the Offer fail, an announcement to this effect will be made on the Company's website within 7 (seven) Business Days of the Closing Date, with moneys returned to Investors within 10 (ten) Business Days thereafter.

5. RESERVATION OF RIGHTS

- 5.1. The Directors of Sunstone reserve the right to accept or refuse any application(s), either in whole or in part, or to abate any or all application(s) in such manner as they may, in their sole and absolute discretion, determine.
- 5.2. The Directors of Sunstone reserve the right to accept applications for less than 10 (ten) shares per application at their absolute and sole discretion.
- 5.3. If an application is refused by the Directors, the money that has been received by the Company will be refunded to the applicant within 10 (ten) Business Days of the relevant Closing Date.

6. RESULTS OF ALLOCATIONS

Investors will be notified of the allocation of shares within 7 (seven) Business Days of the Closing Date by way of email.

6.1. Over Subscriptions

In the event of any Offer application being rejected or accepted for a lesser number of Shares than applied for, any surplus application monies received will be refunded by Sunstone within 10 (ten) Business Days of the Closing Date.

6.2. Issue of Shares

All Ordinary Shares to be issued in terms of the Offer will be issued at the expense of Sunstone.

SECTION 3 - STATEMENTS AND REPORTS RELATING TO THE OFFER

1. STATEMENT OF ADEQUACY OF CAPITAL (reg 74)

The Directors of the Company are of the opinion that issued working capital of Sunstone, both before and pursuant to the Offer, is sufficient for Sunstone's present requirements, that is, for a period of at least the next 12 months from the date of issue of this Prospectus.

2. REPORT BY DIRECTORS AS TO MATERIAL CHANGES (reg 75)

There have been no other material changes in the financial and trading position of the Company since the previous financial reporting period and the date of this Prospectus.

3. STATEMENT AS TO LISTING ON STOCK EXCHANGE (reg 76)

No application has been made to any stock exchange for the listing of the Company's securities. The Company is currently investigating the possibility of listing its securities on an approved over-the-counter exchange (OTC Platform) and will update shareholders in this regard going forward.

4. REPORT BY THE AUDITOR WHERE BUSINESS UNDERTAKING TO BE ACQUIRED (reg 77)

Potential pipeline deals mentioned in the Prospectus do not meet the criteria of Reg 77 as they are not yet a finalization stage.

5. REPORT^[w2] BY THE AUDITOR WHERE COMPANY WILL ACQUIRE A SUBSIDIARY (reg 78)

In terms of Regulation 78 of the Companies Act, this report is not required by the auditor for the Company.

6. REPORT^[w3] BY THE AUDITOR OF THE COMPANY (reg 79)

In terms of Regulation 79 of the Companies Act, the auditor is required to prepare a report on the profits and losses, dividends and assets and liabilities of the Company. In this regard paragraph 3.3.11 and **Annexure 7** of this Prospectus sets out the financial information and the auditor's report in respect of the financial information required.

SECTION 4 - ADDITIONAL MATERIAL INFORMATION

1. TAX DEDUCTIBILITY OF INVESTMENT IN SUNSTONE

- 1.1. In terms of Section 12J of the Income Tax Act, investors will be entitled to deduct from their income the full amount of their investment in Sunstone in the tax year of assessment whereby the investment is made to the basis that Sunstone is approved by SARS as a Venture Capital Company.
- 1.2. This tax relief mitigates investment risk and may enhance the potential return.
- 1.3. The tax impact is best demonstrated as follows:

Investor type	Individuals	Trusts	Corporates
Gross investment	R1 000 000	R1 000 000	R1 000 000
Tax relief (Maximum)	(R450 000)	(R450 000)	(R280 000)
Net Investment	R550 000	R550 000	R720 000
Effective % Tax Relief	45%	45%	28%

* Dividends received by Corporates should not be subject to Dividends Tax, to the extent the local company-to-company dividend exemption requirements set out in section 64F of the Income Tax Act are met.

** The above is based on an individual being taxed at the highest marginal income tax rate, in the tax year in which the investment is made

- 1.4. Sunstone intends to return realised investment surpluses to shareholders by way of dividends. Dividends paid will be subject to Dividend Withholding Tax as applicable.
- 1.5. A return of capital limited to the amount of the initial investment in Sunstone should not be subject to income tax as a recoupment in the hands of an investor provided that the investment has been held for no less than five years and Sunstone's approval by SARS as a Venture Capital Company has not for any reason been withdrawn.
- 1.6. An amount equal to 125% of the expenditure incurred by investors in subscribing for shares in Sunstone must be included in the income of Sunstone in the year of assessment should its approval as a Venture Capital Company be withdrawn.
- 1.7. Capital Gains as well as original capital returned to investors will be subject to Capital Gains Tax.

2. PROCEDURE TO CLAIM TAX DEDUCTION OF INVESTMENT

- 2.1. Investors will be entitled to deduct the full amount of their investment in Sunstone from their income in the tax year ending 28 February 2019.
- 2.2. Sunstone shall send certificates to substantiate the claims for tax deductions to investors within 6 weeks of the Closing Date.
- 2.3. Investors can claim the tax relief by claiming the deduction in their 2018 provisional tax returns or in their 2019 income tax returns.

3. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the Company is aware that may have or have had in the last 12 months, a material effect on the Company's financial position.

4. CORPORATE GOVERNANCE

- 4.1. Sunstone subscribes to the guidelines of Corporate Governance set out in the King IV Report on Corporate Governance as set out in **Annexure 9**. (reg 54 (1) (b) (i))
- 4.2. The Managers performance is reviewed by the Board on an ongoing basis.

5. EXPERTS' CONSENTS

- 5.1. Each of the parties listed under "Corporate Information and Advisors" section have consented in writing to act in the capacities stated and to their names appearing in this Prospectus and have not withdrawn their consent prior to the publication of this Prospectus.

- 5.2. The independent reporting accountants have consented in writing to have their reports appear in the Prospectus in the form and context as they appear and have not withdrawn their approval prior to the publication of this Prospectus.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company, whose names are given in Section 1, paragraph 2.2 of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information provided in this Prospectus and certify that to the best of their knowledge and belief there are no facts relating to the Company that have been omitted which would make any statement relating to the Company false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information relating to the Company required by law.

7. FINANCIAL ADVICE

- 7.1. This Prospectus constitutes objective information about Sunstone. Nothing contained in it should be construed as constituting any form of investment advice or recommendation, guidance or proposal of a financial nature in respect of any investment. Nothing in this Prospectus should be construed as constituting the canvassing for, or marketing or advertising of financial services by Sunstone.
- 7.2. Investors should be cognisant that the value of, and potential income generated from, an acquisition of shares in Sunstone may appreciate as well as depreciate. Investors may not realise the initial share acquisition price. If in doubt, Investors should seek advice from their financial advisor, attorney, accountant, banker or other professional advisor.

8. RISK FACTORS OF VENTURE CAPITAL INVESTMENTS

- 8.1. All the information in this Prospectus should be considered by potential investors before making a decision to invest in Sunstone. Venture Capital Investments are considered to be speculative and are considered to be more suitable for investors in a high-income bracket who are prepared to accept the risks inherent in investments of this nature.
- 8.2. Prospective investors should carefully consider their financial position and make every effort to familiarise themselves with the consequences of non-attainment by Sunstone of the objectives outlined in this Prospectus. It may be prudent to seek independent financial advice regarding this investment.
- 8.3. Prospective investors should be aware that the value of the ordinary shares in Sunstone will fluctuate and that his investment may not realise a profit.
- 8.4. Changes in legislation relating to Venture Capital Companies may restrict or adversely affect the ability of Sunstone to meet its objectives.
- 8.5. There can be no assurances that Sunstone will meet its objectives.
- 8.6. In order to comply with VCC legislation, Sunstone must spend at least 80% of its expenditure on equity shares in Qualifying Companies, which must be unlisted and have a book value of assets of not more than R50 000 000 after Sunstone makes the investment in the Qualifying Companies. Such companies may have a higher risk profile than larger, listed companies.
- 8.7. Qualifying Investments made by Sunstone will be in companies whose shares are not listed and will therefore not be readily marketable. Whilst Sunstone may, in exceptional circumstances, buy back ordinary shares from Shareholders, it is not obliged to do so.
- 8.8. Venture Capital Shares are illiquid. Incoming investors who purchase Venture Capital Shares from existing investors will not qualify for the Section 12J Income Tax deduction.

9. COMPLAINTS PROCESS & TCF OUTCOMES

- 9.1. Sunstone is committed to service excellence and values the relationship with its investors. The Treat Your Customers Fairly (TCF) Culture is embedded in our business.
- 9.2. In terms of FAIS, Investors may lodge a complaint with Jeffrey Miller who is the Key Individual of Sunstone at jeffm@grovest.co.za. We are committed to an effective and fair resolution of any complaints. Sunstone's Complaints Resolution Procedure is available on request.

10. CONFIDENTIALITY

Sunstone will not use or disclose any confidential information obtained, except to the extent permitted by our investors or required by applicable law. Policies and procedures in terms of the Protection of Personal Information Act No. 4 of 2013 are in the process of implementation.

11. INVESTORS NOT RESIDENT IN SOUTH AFRICA

11.1. Investors not resident in South Africa should seek professional advice as to the consequences of making an investment in a VCC as they may be subject to tax in other jurisdictions as well as in South Africa.

11.2. The following summary is intended as a guide and is, therefore, not comprehensive. If you are in any doubt in this regard, please consult your professional advisor.

11.3. Emigrants from the Common Monetary Area

11.3.1. A former resident of the Common Monetary Area who has emigrated from South Africa may use Blocked Rands to purchase Shares in terms of the Offer.

11.3.2. All payments in respect of subscriptions for Shares by emigrants using Blocked Rands must be made through an authorised dealer in foreign exchange.

11.3.3. Share certificates will be restrictively endorsed as "NON-RESIDENT".

11.3.4. If applicable, refund monies in respect of unsuccessful applications, emanating from Blocked Rand accounts, will be returned to the authorised dealer administering such Blocked Rand accounts for the credit of such applicant's Blocked Rand account.

11.4. Applicants resident outside the Common Monetary Area

11.4.1. A person who is not resident in the Common Monetary Area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Offer.

11.4.2. This Prospectus is accordingly not an Offer in any area or jurisdiction in which it is illegal to make such an Offer. In such circumstances this Prospectus is provided for information purposes only. Share certificates will be restrictively endorsed as "NON-RESIDENT".

12. DOCUMENTS AVAILABLE FOR INSPECTION (reg 53(a) (b) (d) (e))

12.1. Copies of the following documents will be available for inspection at the registered offices of Sunstone at any time during business hours on weekdays until and including 10 business days after the Closing Date:

12.1.1. the Memorandum of Incorporation of Sunstone;

12.1.2. material agreements disclosed in this Prospectus;

12.1.3. the written consents of the Advisors, transfer secretaries and the company secretary, reporting accountant's report named in this Prospectus to act in those capacities;

12.1.4. the Independent Reporting Accountant's Report; and

12.1.5. Sunstone's FSCA license.

13. PROFESSIONAL INDEMNITY AND FIDELITY INSURANCE COVER

As required in terms of FAIS, professional indemnity and fidelity insurance cover of R1 000 000 has been procured by Sunstone.

14. SHARE BUY BACKS

- An investment in Sunstone should be considered as a medium to long term investment. In the event of a shareholder requiring to out his investment prematurely, the Board will endeavour to place the shares with an alternate investor on his behalf.
- In exceptional circumstances, and at the discretion of the Board, Sunstone may repurchase such shares at an appropriately discounted value.

- Shareholders who do not hold Venture Capital Shares for a minimum period of five years, will be subject to a recoupment of tax on their initial investment, in the year in which the Venture Capital Shares are sold.

SECTION 5 – INAPPLICABLE SECTIONS

1. The following paragraphs of the Companies Act Regulations dealing with the requirements for a prospectus are not applicable to this Prospectus:
- 1.1. Regulation 54(2) and 54(3)
 - 1.2. Regulation 55
 - 1.3. Regulation 57(2)
 - 1.4. Regulation 57(3)(a)(b)
 - 1.5. Regulation 59
 - 1.6. Regulation 61
 - 1.7. Regulation 62
 - 1.8. Regulation 64 (2) (b)(i), (ii) and (c)
 - 1.9. Regulation 65
 - 1.10. Regulation 66
 - 1.11. Regulation 67(b)(i)
 - 1.12. Regulation 68
 - 1.13. Regulation 77
 - 1.14. Regulation 78 and
 - 1.15. Regulation 80

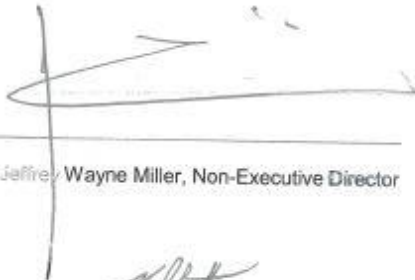
Signed in Sandton on or about 30 November 2018.



By: Stanley Medalie, Non-Executive Chairman



By: Bruce King, Non-Executive Director



By: Jeffrey Wayne Miller, Non-Executive Director



By: Amaresh Chetty, Non-Executive Director

ANNEXURE 1 – Risk Factors

This annexure describes the risk factors which are considered by the Directors to be material in relation to Sunstone:

Risk	Explanation of impact of risk on performance/ reputation of Sunstone	Level	Mitigating factor
Economic conditions	The state of the economy will change over time in line with the economic and business cycles	Medium	Vehicle sales have been increasing slightly in Southern Africa with this industry showing resilience to economic down turn.
Uncertainty	Having limited knowledge of current conditions or future outcomes	Low	The Investment Committee will only consider investments of which it has a good understanding and can add value and influence to the underlying investments.
Changes in legislation	Legislative risk includes changes to Section 12J legislation	Medium	The Section 12J VCC regime is subject to a sunset clause terminating on 30 June 2021. It is reasonable to assume that National Treasury and SARS will review the efficiency of the regime and a decision will be then made as to whether it should be extended.
Illiquid shares	The issued Ordinary Shares to Investors are Illiquid	High	Full disclosure is made to investors that shares subscribed for are illiquid. At the discretion of the Board, the company may repurchase investor shares at an appropriately discounted value. Furthermore, the Board is considering high probability exit strategies.
Fraud risk / internal control risk	The Company does not have an internal audit function	Medium	Management accounts are produced monthly and reviewed by the Board. It is not deemed necessary by the Audit and Risk Committee to implement an internal audit function due to the size of the company. External auditors annually provide a management report on internal controls to the Audit and Risk Committee.
Credit Risk	Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.	Low	The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Interest Rate Risk	<p>Financial Assets and Liabilities that are sensitive to interest rate comprise</p> <p>Cash Balances and gearing if any.</p>	Low	<p>Funds not yet invested are deposited in short, medium and long-term interest-bearing accounts.</p> <p>A 1% increase or decrease represents management's assessment of reasonably possible changes in interest rates.</p>
Operational Risks	<p>The operational risk is that investment decisions are not properly evaluated and considered</p> <p>Post investment management not conducted with adequate diligence and care</p>	<p>Low</p> <p>Low</p>	<p>The mandate of the Investment Committee is to ensure that investment decisions are properly considered and evaluated prior to investments being made.</p> <p>The Manager will procure the appointment of at least 1 non-executive director to the Board of Investee Companies as a condition of investment.</p>
Liquidity Risk	The risk that funds will not be available to meet future investment requirements	Medium	The Company manages liquidity risk through ongoing review of future funding obligations.
Capital Risk	To safeguard the Company's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.	Medium	In order to maintain or adjust the capital structure, the company may issue new shares or sell assets to increase cash and cash equivalents.

ANNEXURE 2 - Appointment, Qualification, Remuneration and Borrowing Powers of Directors (MOI Extract)

The material provisions of the Memorandum of Incorporation of the Company are as follows:

32 COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

- 32.1 The board shall consist of not less than three directors. The shareholders shall be entitled, by ordinary resolution, to determine such maximum number of directors as they from time to time shall consider appropriate.
- 32.2 A director shall not be required to hold any qualifying shares.
- 32.3 No director shall be elected for life or for an indefinite period.
- 32.4 Notwithstanding anything to the contrary in this MOI, the manager will only be entitled to nominate directors for election.
- 32.5 All directors shall be elected by an ordinary resolution of the shareholders at a general or annual general meeting from the nominees of the manager in terms of clause 32.4 .
- 32.6 In any election of directors -
- 32.6.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the board at that time have been filled; and
- 32.6.2 in each vote to fill a vacancy -
- 32.6.2.1 each voting right entitled to be exercised may be exercised once; and
- 32.6.2.2 the vacancy is filled only if a majority of the voting rights exercised support the candidate.
- 32.7 The board may appoint a person who satisfies the requirements for election as a director to fill any vacancy and serve as a director on a temporary basis until the vacancy has been filled by election in terms of clause 32.6 at the next annual general meeting, and during that period any person so appointed has all of the powers, functions and duties, and is subject to all of the liabilities, of any other director.
- 32.8 The company shall only have elected directors and there shall be no appointed or ex officio directors as contemplated in section 66(4).
- 32.9 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a director or a prescribed officer of the company.
- 32.10 All acts performed by the directors or by a committee of directors or by any person acting as a director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the election of the directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly elected and was qualified and had continued to be a director or member of such committee.
- 32.11 Save as otherwise expressly provided by the MOI, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments and all documents to be executed by the company, shall be signed, drawn, accepted, endorsed or executed as the case may be in such manner as the directors shall from time to time determine.
- 32.12 The directors shall have the authority to make, amend or repeal any rules relating to the governance of the company as contemplated in section 15(3).
- 32.13 Without prejudice to any contrary provisions in this MOI, a director shall vacate his office in the circumstances envisaged in section 70(1) of the Act or if –
- 32.13.1 his estate is sequestrated, or he surrenders his estate or enters into a general compromise with his creditors; or
- 32.13.2 he is found to be or becomes of unsound mind; or
- 32.13.3 a majority of his co-director's sign and deposit at the office a written notice wherein he is requested to vacate his office, which shall become operative on deposit at the office (but without prejudice to any claim for damages); or
- 32.13.4 he is removed by a resolution of the company of which proper notice has been given in terms of the Act (but without prejudice to any claim for damages); or

- 32.13.5 he is, pursuant to the provisions of the Act or any order made thereunder, prohibited from acting as a director; or
- 32.13.6 he gives one months (or with the consent of the board, a lesser period) notice in writing of his intention to resign; or
- 32.13.7 he dies or resigns his office by notice in writing to the company; or
- 32.13.8 he is absent from meetings of the directors for six consecutive months without leave of the directors while not engaged in the business of the company and -
 - 32.13.8.1 he is not represented at any such meetings during such six consecutive months by an alternate director; and
 - 32.13.8.2 the directors resolve that his office be, by reason of such absence, vacated,

provided that the directors shall have power to grant to any director leave of absence for a definite or indefinite period.

32.14 A director may hold any other office or place of profit under the company (except that of auditor) or any subsidiary of the company in conjunction with his office of director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a director) and otherwise as a disinterested quorum of the directors or a remuneration committee appointed by the board may determine.

32.15 A director of the company may be or become a director or other officer of, or otherwise interested in, any company promoted by the company or in which the company may be interested as shareholder or otherwise.

32.16 Any director may act personally or through his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services rendered as if he were not a director.

32.17 A director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the company or any person in which the company has an interest, shall declare the nature of his interest in accordance with the Act.

32.18 No director shall be disqualified by his office from contracting with the company with regard to –

- 32.18.1 his tenure of any other office or place of profit under the company or in any company promoted by the company or in which the company is interested;
- 32.18.2 professional services rendered or to be rendered by such director;
- 32.18.3 any sale or other transaction.

No such contract or arrangement entered into by or on behalf of the company in which any director is in any way interested is voidable solely by reason of such interest.

32.19 No director so contracting or being so interested shall be liable to account to the company for any profit realised by any such appointment, contract or arrangement by reason of his office as director or of the fiduciary relationship created thereby.

32.20 A director may not vote nor be counted in the quorum (and if he shall do so his vote shall not be counted) on any resolution for his own appointment to any other office or place of profit under the company or in respect of any contract or arrangement in which he is interested, provided that this prohibition shall not apply to –

- 32.20.1 any arrangement for giving to any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the company; or
- 32.20.2 any arrangement for the giving by the company of any security to a third party in respect of a debt or obligation of the company which the director has himself guaranteed or secured; or
- 32.20.3 any contract by a director to subscribe for or underwrite shares or debentures of the company; or
- 32.20.4 any contract or arrangement with a public company in which he is interested by reason only of being a director, officer, creditor or shareholder of such legal person,

and these provisos may at any time be suspended or relaxed either generally, or in respect of any particular contract or arrangement, by the company in general meeting.

- 32.21 A contract which violates the terms of clause 32.20 can be ratified by the company in general meeting.
- 32.22 The terms of clause 32.20 shall not prevent a director from voting as a shareholder at a general meeting at which a resolution in which he has a personal interest is tabled.
- 32.23 The directors may exercise the voting powers conferred by the shares held or owned by the company in any other company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them to be directors or officers of such other company or for determining any payment of or remuneration to the directors or officers of such other company.
- 32.24 A director may vote in favour of a resolution referred to in clause 32.23 for the exercise of the voting rights in the manner described in clause 32.23 notwithstanding that he may be, or is about to become, a director or other officer of such other company and for that or any other reason may be interested in the exercise of such voting rights in the manner aforesaid.

33 RETIREMENT OF DIRECTORS

- 33.1 All the directors shall retire at the first annual general meeting and at every annual general meeting thereafter one third of the non-executive directors, or if their number is not a multiple of three, then the number nearest to but not less than one third, shall retire from office.
- 33.2 The non-executive directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as non-executive director on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.
- 33.3 The length of time a director has been in office shall be computed from his last election or the date upon which he was deemed re-elected.
- 33.4 A director retiring at a meeting shall retain office until the election of directors at that meeting has been completed.
- 33.5 Retiring directors may be re-elected.
- 33.6 No person, other than a director retiring at the meeting shall, unless recommended by the directors, be eligible for election to the office of a director at any general meeting, unless –
- 33.6.1 not more than twenty-one, but at least seven clear days before the day appointed for the meeting, there shall have been delivered at the office of the company a notice in writing by a shareholder (who may also be the proposed director) duly qualified to be present and to vote at the meeting for which such notice is given;
- 33.6.2 such notice sets out the shareholder's intention to propose a specific person for election as director; and
- 33.6.3 notice in writing by the proposed person of his/her willingness to be elected is attached thereto (except where the proposer is the same person as the proposed).
- 33.7 The company may at the meeting at which a director retires, fill the vacated office by electing a person thereto and in default the retiring director, if willing to continue to act, shall be deemed to have been re-elected, unless –
- 33.7.1 it is expressly resolved at such meeting not to fill such vacated office; or
- 33.7.2 a resolution for the re-election of such director was put to the meeting and rejected.
- 33.8 The company in general meeting or the directors may appoint any person as director either to fill a casual vacancy or as an additional director, but the total number of directors shall not at any time exceed the maximum number fixed by or in accordance with this MOI.
- 33.9 Should the company in general meeting increase or reduce the number of directors, it may also determine in what rotation such increased or reduced number is to retire.

34 PROCEEDINGS OF DIRECTORS AND COMMITTEES

- 34.1 Save as may be provided otherwise in this MOI, the directors may meet for the despatch of business, adjourn, and otherwise regulate their meetings as they think fit.
- 34.2 Until otherwise determined by the directors, two directors shall constitute a quorum.
- 34.3 A director authorised by the board of directors of the company-
- 34.3.1 may call a meeting of the directors at any time; and
- 34.3.2 must call such a meeting if required to do so by at least -
- 34.3.2.1 25% of the directors, in the case of a board that has at least twelve members; or
- 34.3.2.2 two directors, in any other case.
- 34.4 The directors shall determine the number of days' notice to be given for directors' meetings, and the form of that notice.
- 34.5 A meeting of the directors may be conducted by electronic communication and/or one or more directors may participate in a meeting by electronic communication, so long as the electronic communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.
- 34.6 The remaining directors must as soon as possible, and in any event, not later than three months from the date that the number of directors became less than the permissible minimum, fill the vacancies or call a general meeting for the purpose of filling the vacancies. Failure by the company to have the minimum number of directors during the aforesaid three-month period does not limit or negate the authority of the board or the company. The directors in office may act notwithstanding any vacancy in their body, but after the expiry of the aforementioned three-month period, if and for so long as their number is below the minimum number fixed in accordance with the MOI, they may act only for the purpose of filling up vacancies in their body or of summoning general meetings of the company, but not for any other purpose.
- 34.7 The directors may –
- 34.7.1 elect a chairperson and a deputy chairperson (to act in the absence of the chairperson) of their meetings;
- 34.7.2 determine the period for which they are to hold office, which period shall not exceed five years.
- 34.8 The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of directors. Should no chairperson or deputy chairperson be elected, or if at any meeting the chairperson or deputy chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present shall choose one of their number to be chairperson at such meeting.
- 34.9 All issues arising at any meeting shall be decided by a majority of votes and each director shall have one vote on any issue to be decided at any meeting.
- 34.10 The chairperson shall not have a second or casting vote.
- 34.11 A meeting of the directors at which a quorum is present shall be entitled to exercise all or any of the powers, authorities and discretions conferred by or in terms of the MOI or which are vested in or are exercisable by the directors generally.
- 34.12 A resolution in writing signed, given in person, or by electronic communication by a majority of directors which resolution is then inserted into the minute book and provided that each director has received notice of the matter to be decided, shall be as valid and effectual as a resolution passed at a meeting of the directors duly called and constituted.
- 34.13 Any resolutions contemplated in clause 34.12 –
- 34.13.1 may consist of one or more documents so signed;
- 34.13.2 shall have regard to the provisions of section 75 of the Act;
- 34.13.3 shall be delivered to the secretary without delay, and shall be recorded by him in the company's minute book.
- Such resolution shall be deemed to have been passed on the day it was signed by the last director or alternate director who is entitled to sign it, unless a statement to the contrary is made in that resolution.

34.14 The meetings and proceedings of any committee consisting of two or more directors shall be governed by the provisions hereof in regard to meetings and proceedings of the directors so far as the same are applicable thereto.

34.15 Resolutions adopted by the board –

34.15.1 must be dated and sequentially numbered; and

34.15.2 are effective as of the date of the resolution, unless any resolution states otherwise.

34.16 Any minutes of a meeting, or a resolution, signed by the chairperson of the meeting, or by the chairperson of the next meeting of the board, is evidence of the proceedings of that meeting, or the adoption of that resolution, as the case may be.

34.17 Minutes of all board meetings, resolutions and directors' declarations shall be kept in accordance with the provisions of section 24.

35 DIRECTORS' REMUNERATION

35.1 The company may pay remuneration to the directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years, as set out in sections 66(8) and 66(9), and the power of the company in this regard is not limited or restricted by this MOI.

35.2 Any director who –

35.2.1 serves on any executive or other committee; or

35.2.2 devotes special attention to the business of the company; or

35.2.3 goes or resides outside the RSA for the purpose of the company; or

35.2.4 otherwise performs or binds himself to perform services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director,
may be paid such extra remuneration or allowance in addition to or in substitution of the remuneration to which he may be entitled as a director, as a disinterested quorum of the directors or a remuneration committee appointed by the board may from time to time determine.

35.3 A director may be employed in any other capacity in the company or as a director or employee of a company controlled by, or itself a major subsidiary of, the company and, in such event, his appointment and remuneration in respect of such other office must be determined by a disinterested quorum of directors.

35.4 The directors shall also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with –

35.4.1 the business of the company; and

35.4.2 attending meetings of the directors or of committees of the directors or of the company.

37 BORROWING POWERS

37.1 Subject to all other provisions of this MOI, the directors may from time to time –

37.1.1 borrow for the purpose of the company such sums as they think fit;

37.1.2 secure the payment or repayment of any such sums or any other sum, as they think fit, whether by the creation and issue of debentures, mortgage or charge upon all or any of the property or assets of the company;

37.1.3 make such regulations regarding the transfer of debentures, the issue of certificates therefor and all such other matters incidental to debentures as the directors think fit.

37.2 The borrowing powers of the company as contemplated in clause 37.1 are not limited.

ANNEXURE 3 – Directors Service Contracts

Name of Director	Commencement Date	Termination Date	Period	Notice Period	Remuneration
Amaresh Chetty	26/02/2018	26/02/2023	Five consecutive one year terms of office	1 calendar month	R5 000
Bruce King	12/02/2018	12/02/2023	Five consecutive one year terms of office	1 calendar month	Nil
Stanley Medalie	12/02/2018	12/02/2023	Five consecutive one year terms of office	1 calendar month	Nil
Jeffrey Wayne Miller	12/02/2018	12/02/2023	Five consecutive one year terms of office	1 calendar month	Nil

ANNEXURE 4 – Salient Points of the Management Agreement (Extract)

Term : 10-Years and to continue in perpetuity thereafter
Notice Period : 3 Months' notice from either Party
Services :

- effectively manage and supervise the day to day operations of the Business including, but without limitation:
- raising of funds for the operations of the Company and if necessary engaging intermediaries for that purpose;
- promoting and marketing the Company;
- initiating and sourcing of potential investments for the Company;
- managing due diligence investigations in relation to potential investments and making recommendations arising therefrom to the Board;
- monitoring and managing the Company's investments and to the extent necessary representing the Company at shareholders and directors' meetings of companies in which the Company has invested;
- investigating and managing the disposal and realisation of the Company's investments and making recommendations in that regard to the Board;
- conducting on behalf of the Company all negotiations in relation to the acquisition or disposal of any investment;
- preparation at regular intervals of reports and communications to the Board and Shareholders of the Company in relation to the Management, administration, conduct and control of the Company;
- preparation, on request by the Board, of material required for inclusion in the annual and other reports of the Company or the Board;
- prepare and maintain agendas, minutes, adequate accounting records and other reports in respect of the Business;
- open and operate banking accounts for the purposes of the Company;
- report to the Board at such times as may be reasonably necessary with regard to all aspects of the Company;
- institute or defend any legal proceedings arising out of the ordinary and regular course of conduct of the Company, which costs will be for the account of the Company.

Remuneration: Ordinary Shares

- The Fund Manager is entitled to payment of a capital raising fee of 3% (three percent) (excluding VAT) on capital raised.

2017/00626/FSP
20/09/2018



FINANCIAL SECTOR CONDUCT AUTHORITY

LICENCE No. 48870

It is hereby certified that with effect from 6 February 2018

SUNSTONE CAPITAL LTD

**is licensed as a financial services provider
in terms of section 8 of the Financial Advisory and Intermediary Services
Act, 2002 (Act No. 37 of 2002),
subject to the conditions and restrictions set out in the Annexure**


For Financial Sector Conduct Authority



ANNEXURE 6 – Independent Auditors Report



The Board of Directors
Sunstone Capital Limited
P.O Box 852075
Benmore
Johannesburg

Grant Thornton
@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo
2196
T +27(0)105807200
F +27(0)105807201

Private Bag X5
Northlands
2116

26 November 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF THE SUNSTONE CAPITAL LIMITED ("SUNSTONE") PROSPECTUS.

We have completed our assurance engagement to report on the compilation of pro forma financial information of the Sunstone prospectus ("The prospectus") by the directors. The *pro forma* financial information, in the prospectus, consists of the pro forma statement of financial position, pro forma statement of comprehensive income and related notes.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in the prospectus, on the company's financial position, and the company's financial performance for the period then ended, as if the corporate actions or events had taken place at 28 February 2018 for purposes of the pro forma statement of financial position and at 1 March 2017 for purposes of the pro forma statement of comprehensive income. As part of this process, information about the company's financial position has been extracted by the directors from the company's financial statements for the year ended 28 February 2018.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria acceptable in terms of the Companies Act No 71, 2008 and as described in the notes to the *pro forma* statement of financial position and statement of comprehensive income.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Partners
E.F.G. Dreyer (Head - Audit)
G.M. Chatswartz (Head - Private
Sector)
M.Z. Seckel (Head - Public Sector)

*Partner & Registered Auditor
Partners: For a complete list of
partners please refer to our website

Grant Thornton, Johannesburg Partnership Practice number: 903485E Audit - Tax - Advisory South Africa is a member firm of Grant
Thornton International Ltd

www.grantthornton.co.za

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria acceptable in terms of the Companies Act No 71, 2008 based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria acceptable in terms of the Companies Act No 71, 2008.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

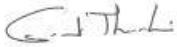
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria acceptable in terms of the Companies Act No 71 of 2008 and described in the prospectus.

Consent

This report on the *pro forma* information is included solely for the information of the Sunstone shareholders. We consent to the inclusion of our report on the *pro forma* financial information and the references thereto, in the form and context in which they appear.



Grant Thornton
Registered Auditors
Practice Number: 903485E

Paul Badrick
Partner
Registered Auditor
Chartered Accountant (SA)



The Directors
Sunstone Capital Limited
Building 2 Pinmill Office Park
164 Katherine Street
Sandton
2196

26 November 2018

Grant Thornton
@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo
2196
T +27(0)105907200
F +27(0)105907201

Private Bag X5
Northlands
2116

Dear Sir/Madam

AUDITORS REPORT ON THE FINANCIAL INFORMATION OF SUNSTONE CAPITAL LIMITED (“SUNSTONE CAPITAL” OR “THE COMPANY”) IN TERMS OF REGULATION 79 OF THE COMPANIES ACT

We have agreed to provide a report on Sunstone Capital’s financial information included in the prospectus to be issued on or about the 09 November 2018 (“the Prospectus”) for purposes of complying with Regulation 79 of the Companies Act 71 of 2008 (“the Act”). In terms of Regulation 79 of the Act, a company issuing a prospectus is required to provide financial information comprising of the following:

- the profits and losses of the company for the three financial years preceding the date of the prospectus; and
- the assets and liabilities of the company as at the last date to which the annual financial statements were made out; and
- the dividends paid by the company in respect of each class of securities for the three financial years preceding the date of the prospectus, including particulars of each class of share on which dividends were paid and cases where no dividends were paid in respect of a particular class of shares,

(collectively “the Regulation 79 financial information”).

Grant Thornton Johannesburg is the appointed auditor of Sunstone Capital.

We have audited the annual financial statements of Sunstone Capital for the period ended 28 February 2018. Our audit was conducted in accordance with International Standards on Auditing and the financial statements prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities. We have not performed any audit procedures subsequent to our audit opinion dated 22 June 2018, in respect of the period ended 28 February 2018.

	28 February 2018	28 February 2017	29 February 2016
Total profit (loss)	(61 696)	-	-
Total Assets	3 058 084	-	-
Total Liabilities	239 089	-	-
Total dividends paid	-	-	-

We confirm that the Regulation 79 financial information detailed above has been extracted from Sunstone Capital’s annual financial statements for the period ended 28 February 2018. As the Regulation 79 financial information is an extract from the annual financial statements Grant Thornton Johannesburg can report the following:

Partners
E.P.G. Dreyer (Head - Audit)
G.M. Chotowitz (Head - Private Sector)
M.Z. Sasaki (Head - Public Sector)
*Partner & Registered Auditor
Partners For a complete list of partners please refer to our website

Grant Thornton Johannesburg Partnership Practice number: 903495E AedII - Tax - Advisory South Africa is a member firm of Grant Thornton International Ltd

www.grantthornton.co.za

- the financial information is free from material misstatement and has been prepared on a basis consistent with the Act;
- the trade debtors and creditors include no material amount that is not a trade account;
- the provision for doubtful debts appears to be adequate; and
- no intercompany eliminations are required as these are not consolidated financial statements.

Material changes in the assets and liabilities

In accordance with Regulation 79 (4)(b)(v), Grant Thornton Johannesburg is required to include a statement in its report, as to whether there have been any material changes to the assets and liabilities of Sunstone Capital since the date of the last annual financial statements.

Our engagement to ascertain whether there have been any material changes to the assets and liabilities of Sunstone Capital since the date of the last annual financial statements was undertaken in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in complying with regulation 79 (4)(b)(v) of the Act.

The following procedures were performed:

- reviewed the latest available management accounts of Sunstone Capital;
- requested the minutes of the board of directors of Sunstone Capital since the financial year end for review however no minutes have been maintained therefore these could not be reviewed; and
- obtained a letter of representation from Sunstone Capital management confirming that all significant changes to the financial position of the Company since the financial year end have been disclosed to ourselves.

Based on the aforementioned procedures there have been material changes in the assets and issued share capital of the Company since the date of the last annual financial statements relating to issue of ordinary shares by way of a private placement as detailed in the prospectus.

These material changes are incorporated into the *pro forma* financial information of Sunstone Capital set out in sections 3.3.10 and 3.3.11 of the prospectus. An independent auditor's report set out in **Annexure 6** of the prospectus has been issued on the *pro forma* financial information of Sunstone Capital. Other than the above, nothing has come to our attention that would indicate that there has been a material change in the assets and liabilities of Sunstone Capital since its last financial year end.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the procedures.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose of complying with Regulation 79(4) and for your information. This report relates only to the items specified above, and does not extend to any financial statements of Sunstone Capital.

We hereby consent to the inclusion of this letter in its entirety in the prospectus.

Yours faithfully


GRANT THORNTON
Registered Auditors
Practice Number: 903485E
GM Chaitowitz, Partner
Registered Auditor, Chartered Accountant (SA)

ANNEXURE 8 – King Code on Corporate Governance

The directors have established mechanisms and policies appropriate to the Company's business in keeping with its commitment to the best practices in Corporate Governance in order to ensure guidance from the King Code IV. These are reviewed by the directors from time to time.

The formal steps taken by the directors are summarised as follows:

1. BOARD OF DIRECTORS AND BOARD SUB-COMMITTEES Board of directors

The Board of Directors consists of a minimum of 4 non-executive directors. The non-executive director brings to the Company a wide range of skills and experience that will enable him to contribute an independent view and to exercise objective judgement in matters requiring the directors' decisions. The Chairman is an independent non-executive director.

All directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Company's Memorandum of Incorporation.

Board meetings are held at least quarterly, with additional meetings convened when circumstances necessitate it. The Board sets the strategic objectives of the Company and determines investment and performance criteria as well as being responsible for the proper management, control compliance and ethical behaviour of the businesses under its direction. The Board has established a number of committees to give detailed attention to certain of its responsibilities and which operate within defined, written terms of reference.

Audit and Risk Committee

The Board has established an audit and risk committee whose primary objectives are to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors, to assist them in the discharge of their duties. The committee is required to provide comfort to the Board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified and are being suitably managed and that satisfactory standards of governance, reporting and compliance are in operation.

Within this context, the Board is responsible for the Company's systems of internal financial and operational control. The directors are charged with the responsibility of determining the adequacy, extent and operation of these systems. Comprehensive reviews and testing of the effectiveness of the internal control systems in operation are performed by external practitioners, who report to the Audit Committee.

The Audit and Risk Committee meets at least two times a year and comprises a majority of non-executive directors, one of whom acts as Chairman. Executives and managers responsible for finance, the heads of internal audit, if applicable, and the external auditors, are in attendance.

Remuneration Committee

The Board performs the functions of a remuneration committee in that it monitors the remuneration policies of Sunstone and reviews and approves the remuneration set for directors.

The Company's remuneration policies are reviewed annually.

Investment Committee

The Board has appointed an investment committee. The committee consists of a minimum of two non-executive directors, one independent non-executive director and an independent consultant.

The Investment Committee meets quarterly and when necessary to review Sunstone's investment portfolio as well as to consider investment opportunities and possible sales of investments. The committee's authority level is determined by the Board.

The independent consultant has voting power at the Investment Committee.

2. DIRECTORS' DEALINGS AND PROFESSIONAL ADVICE

The Company operates a policy of prohibiting dealings by directors and certain other managers in periods of time as deemed necessary by the Board.

The Board may in furtherance of their duties, take independent professional advice, at the Company's expense, when necessary. All directors have access to the advice and services of the Company Secretary.

3. RISK MANAGEMENT

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed. It is the Board's responsibility to:

- review legal matters that could have a significant impact on the company's business;
- review the company's directors' reports detailing the adequacy and overall effectiveness of the company's risk management function and its implementation by management, and reports on internal control and any recommendations, and confirm that appropriate action has been taken;
- review the risk philosophy, strategy and policies recommended by the Board. The committee will ensure compliance with such policies.
- review the adequacy of insurance coverage;
- review risk identification and measurement methodologies.

Each risk is viewed from three distinct perspectives:

- opportunity (as there is an inherent relationship between risk and reward);
- uncertainty (to ensure proactive action); and
- hazard (Potential negative events including financial loss such as theft, injury, death or a lawsuit).

4. COMMUNICATION

The company is committed to communicating regularly and effectively with all stakeholders in an accurate and transparent manner.

5. STAKEHOLDER RELATIONSHIPS

Mutual respect between the Company and its stakeholders is encouraged and the interests of stakeholders are taken into account in all decisions made by the company. All shareholders are treated equally.

6. ETHICS

Sunstone is committed to being a responsible corporate citizen promoting the highest standards of ethical behaviour.

7. Instances of non-compliance with King IV are listed below

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		Compliant	Remarks
Organisational ethics			
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.			
7.	The governing body should ensure that the codes of conduct and ethics policies provide for arrangements that familiarise employees and other stakeholders with the organisation's ethical standards. These arrangements should include - a. publishing the organisation's codes of conduct and policies on the organisation's website, or on other platforms or through other media as is appropriate;	Non-compliant	Available for inspection at the company's premises.
	c. including the codes of conduct and ethics policies in employee induction and training programmes.	N/A	The Company is managed by the Manager and has no employees
9.	The governing body should exercise ongoing oversight of the management of ethics and oversee that it results in the following:		
	c. The use of protected disclosure or whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	d. The monitoring of adherence to the organisation's ethical standards by employees and other stakeholders through, among others, periodic independent assessments.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
10.	The following should be disclosed in relation to organisational ethics: a. An overview of the arrangements for governing and managing ethics.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	b. Key areas of focus during the reporting period.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	c. Measures taken to monitor organisational ethics and how the outcomes were addressed.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	d. Planned areas of future focus.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations

Responsible corporate citizenship		Compliant	Remarks
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporation citizen			
14.	The governing body should oversee and monitor, on an ongoing basis, how the consequences of the organisation's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed with management in all of the following areas:	N/A	The Company is managed by the Manager and has no employees
	a. Workplace (including employment equity; fair remuneration; and the safety, health, dignity and development of employees).		
	b. Economy (including economic transformation prevention, detection and response to fraud and corruption, and responsible and transparent tax policy).	N/A	The Company is managed by the Manager and has no employees
15.	The following should be disclosed in relation to corporate citizenship: a. An overview of the arrangements for governing and managing responsible corporate citizenship.	Non-compliant	Governance processes in place as are appropriate to

	b. Key areas of focus during the reporting period.	Non-compliant	the size and scope of the Company's operations
	c. Measures taken to monitor corporate citizenship and how the outcomes were addressed.	Non-compliant	
	d. Planned areas of future focus.	Non-compliant	
Reporting		Compliant	Remarks
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informal assessments of the organisation's performance, and its short, medium and long-term prospects.			
11.	The governing body should oversee that reports such as the annual financial statements, sustainability reports, social and ethics committee reports, or other online or printed information or reports are issued, as is necessary, to comply with legal requirements, and/or to meet the legitimate and reasonable information needs of material stakeholders.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
12.	The governing body should oversee that the organisation issues an integrated report at least annually, which is either:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	a. a standalone report which connects the more detailed information in other reports and addresses, at a high level and in a complete, concise way, the matters that could significantly affect the organisation's ability to create value; or		
	b. a distinguishable, prominent and accessible part of another report which also includes the annual financial statements and other reports that must be issued in compliance with legal provisions.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
15.	The governing body should oversee that the following information is published on the organisation's website, or on other platforms or through other media as is appropriate for access by stakeholders:	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	a. Corporate governance disclosures required in terms of this Code (refer to Part 3: <i>King IV Application and Disclosure</i> for more detail).		
	b. Integrated reports.	Non-compliant	Audited Annual Financial Statements are sent to shareholders annually.
	c. Annual financial statements and other external reports.	Partially Compliant	
Primary role and responsibilities of the governing body		Compliant	Remarks
Principle 6: The Governing Body should serve as the focal point and custodian of corporate governance in the organisation.			
5.	The following should be disclosed in relation to the primary role and responsibilities of the governing body:	Partially Compliant	Attendance Registers maintained for all relevant meetings
	a. The number of meetings held during the reporting period, and attendance at those meetings		
	b. Whether the governing body is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Composition of the governing body		Compliant	Remarks
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.			
Composition			
7.	When determining the requisite number of members of the governing body, the following factors should be considered:		
	b. The appropriate mix of executive, non-executive and independent non-executive members	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	f. Diversity targets relating to the composition of the governing body.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
8.	The governing body should comprise a majority of non-executive members, most of whom should be independent.	Non-Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
9.	As a minimum, the Chief Executive Officer (CEO) and at least one other executive should be appointed to the governing body to ensure that it has more than one point of	N/A	The Company is managed by the

	direct interaction with management. The executive other than the CEO appointed to the governing body may be the Chief Finance Officer (CFO) or another designated executive as is appropriate for the organisation.		Manager and therefore there is no CEO or CFO
11.	The governing body should set targets for race and gender representation in its membership.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
12.	The governing body should establish arrangements for periodic, staggered rotation of its members so as to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
<i>Nomination, election and appointment of members to the governing body</i>			
20.	A brief professional profile of each candidate standing for election at the annual general meeting (AGM), including details of existing professional commitments, should accompany the notice of the AGM, together with a statement from the governing body confirming whether it supports the candidate's election or re-election.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations

<i>Independence and conflicts</i>			
28.	The governing body should consider the following and other indicators holistically, and on a substance-over-form basis, when assessing the independence of a member of the governing body for purposes of categorisation. The member of the governing body:		
	d. has been in the employ of the organisation as an executive manager during the preceding three financial years, or is a related party to such executive manager;	N/A	The Company is managed by the Manager
30.	The following should be disclosed with regards to the composition of the governing body:		
	b. The targets set for gender and race representation in the membership of the governing body, and progress made against these targets.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	i. The reasons why any members of the governing body have been removed, resigned or retired.	Non-compliant	

<i>Chair of the governing body</i>			
31.	The governing body should elect an independent non-executive member as chair to lead the governing body in the objective and effective discharge of its governance role and responsibilities.	Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
32.	The governing body should appoint an independent non-executive member as the lead independent to fulfil the following functions:		
	a. To lead in the absence of the chair.		
	b. To serve as a sounding board for the chair.		
	c. To act as an intermediary between the chair and other members of the governing body, if necessary.		
	d. To deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	e. To strengthen independence on the governing body if the chair is not an independent non-executive member of the governing body.		
	f. To chair discussions and decision-making by the governing body on matters where the chair has a conflict of interest.		
	g. To lead the performance appraisal of the chair.		
34.	The CEO of the organisation should not also chair the governing body, and the retired CEO should not become the chair of the governing body until three complete years have passed after the end of the CEO's tenure.	N/A	
36.	When determining which of its committees the chair of the governing body should serve on, either as member or chair, the governing body should consider how this affects the overall concentration and balance of power on the governing body. Generally, the following should apply:		
	b. The chair may be a member of the committee responsible for remuneration but should not be its chair.	N/A	

	d. The chair may be a member of the committee responsible for risk governance and may also be its chair.	N/A	
	e. The chair may be a member of the social and ethics committee but should not be its chair.	N/A	
38.	The following should be disclosed in relation to the chair: b. Whether or not an independent non-executive member of the governing body has been appointed as the lead independent, and the role and responsibilities assigned to the position.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Committees of the governing body		Compliant	Remarks
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.			
General			
43.	The terms of reference should, at a minimum, deal with the following: h. The arrangements for evaluating the committee's performance.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
47.	Members of the executive and senior management should be invited to attend committee meetings either by standing invitation or on an ad hoc-basis to provide pertinent information and insights in their areas of responsibility.	N/A	The Company is managed by the Manager and has no employees
50.	The following should be disclosed in relation to each committee of the governing body: a. Its overall role and associated responsibilities and functions. b. Its composition, including each member's qualifications and experience. c. Any external advisers or invitees who regularly attend committee meetings. d. Key areas of focus during the reporting period. e. The number of meetings held during the reporting period and attendance at those meetings. f. Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Audit committee			
56.	All members of the audit committee should be independent, non-executive members of the governing body.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
59.	In addition to required statutory disclosure and the disclosures recommended in paragraph 50, the following should also be disclosed in relation to the audit committee: a. A statement as to whether the audit committee is satisfied that the external auditor is independent of the organisation. The statement should specifically address: i. the policy and controls that address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year, ii. the tenure of the external audit firm and, in the event of the firm having been involved in a merger or acquisition, including the tenure of the predecessor firm; iii. the rotation of the designated external audit partner, and d. The audit committee's views on the effectiveness of the chief audit executive and the arrangements for internal audit. e. The audit committee's views on the effectiveness of the design and implementation of internal financial controls, and on the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error f. The audit committee's views on the effectiveness of the CEO and the finance function.	Partially Compliant Partially Compliant Non-compliant N/A Partially Compliant N/A	Governance processes in place as are appropriate to the size and scope of the Company's operations
Committee responsible for nominations of members of the governing body			
61.	All members of the committee for nominations should be non-executive members of the governing body, and the majority should be independent.	Non-Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Refer to paragraph 50 for the recommended disclosures in relation to the committee responsible for nominations.			
Committee responsible for risk governance			
63.	If the committees for audit and risk are separate, the governing body should consider for one or more members to have joint membership of both committees for more effective functioning.	N/A	
Committee responsible for remuneration			

65.	The governing body should consider allocating oversight of remuneration to a dedicated committee or adding it to the responsibilities of another committee as is appropriate for the organisation.	N/A	The Company is managed by the Manager and has no employees
66.	All members of the committee for remuneration should be non-executive members of the governing body, with the majority being independent non-executive members of the governing body.	N/A	
67.	The committee for remuneration should be chaired by an independent non-executive member.	N/A	
Social and ethics committee			
68.	For some companies, the establishment of a social and ethics committee is a statutory requirement. The governing body of any organisation not so obliged should consider allocating oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to a dedicated committee, or adding it to the responsibilities of another committee as is appropriate for the organisation.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
69.	The responsibilities of the social and ethics committee should include its statutory duties (if applicable) and any other responsibilities delegated to it by the governing body.	Non-compliant	
70.	The social and ethics committee should, subject to legal provisions, have executive and non-executive members, with a majority being non-executive members of the governing body.	Non-compliant	
Evaluations of the performance of the governing body		Compliant	Remarks
Principle 9: The governing body should ensure that the evaluation of its own performances and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.			
71.	The governing body should assume responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members by determining how it should be approached and conducted.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
72.	The governing body should appoint an independent non-executive member to lead the evaluation of the chair's performance if a lead independent is not in place.		
73.	A formal process, either externally facilitated or not in accordance with methodology approved by the governing body, should be followed for evaluating the performance of the governing body, its committees, its chair and its individual members at least every two years.		
74.	Every alternate year, the governing body should schedule in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its chair and its members as a whole.		
75.	The following should be disclosed in relation to the evaluation of the performance of the governing body: a. A description of the performance evaluations undertaken during the reporting period, including their scope, whether they were formal or informal, and whether they were externally facilitated or not. b. An overview of the evaluation results and remedial actions taken. c. Whether the governing body is satisfied that the evaluation process is improving its performance and effectiveness.		
Appointment and delegation to management		Compliant	Remarks
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.			
CEO appointment and role			
76.	The governing body should appoint the CEO.	N/A	The Company is managed by the Manager and has no CEO
77.	The CEO should be responsible for leading the implementation and execution of approved strategy, policy and operational planning, and should serve as the chief link between management and the governing body.		
78.	The CEO should be accountable, and report to, the governing body.		
79.	The CEO should not be a member of the remuneration, audit or nomination committees, but should attend by invitation any meeting, or part thereof, if needed to contribute pertinent insights and information.		
80.	The CEO and the governing body should agree on whether the CEO takes up additional professional positions, including membership of other governing bodies outside the organisation. Time constraints and potential conflicts of interest should be considered and balanced against the opportunity for professional development		
81.	The governing body should satisfy itself that there is succession planning for the CEO position in place to provide continuity of executive leadership. Succession planning should be reviewed periodically, and should provide for both succession in emergency situations and succession over the longer term.		
82.	The governing body should formally evaluate the performance of the CEO against agreed performance measures and targets at least annually.		
83.	The following should be disclosed in relation to the CEO: a. The notice period stipulated in the CEO's employment contract and the contractual conditions related to termination b. Other professional commitments of the CEO, including membership of governing bodies outside the organisation; c. Whether succession planning is in place for the CEO.		
Delegation			
84.	The governing body should set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the CEO.	Partially comply	Governance processes in place as are appropriate to the size

85.	The governing body should approve a delegation of authority framework that articulates its set direction on reservation and delegation of power.		and scope of the Company's operations The Company is managed by the Manager
86.	The governing body should ensure that the delegation of authority framework addresses the authority to appoint executives who will serve as <i>ex officio</i> -executive members of the governing body and to make other executive appointments.		
87.	The governing body should oversee that key management functions are: a. headed by an individual with the necessary competence and authority, and b. adequately resourced.		
88.	The governing body should satisfy itself that there is succession planning in place for executive management and other key positions to provide continuity of leadership. Succession planning should be reviewed periodically and provide for both succession in emergency situations and succession over the longer term.		
89.	A statement by the governing body on whether it is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities should be disclosed.		
Professional and corporate governance services to the governing body			
Risk governance		Compliant	Remarks
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.			
7.	The governing body should consider the need to receive periodic independent assurance on the effectiveness of risk management.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
8.	The nature and extent of the risks and opportunities the organisation is willing to take should be disclosed without compromising sensitive information.	Partially comply	
9.	In addition, the following should be disclosed in relation to risk: a. An overview of the arrangements for governing and managing risk. b. Key areas of focus during the reporting period, including objectives, the key risks that the organisation faces, as well as undue, unexpected or unusual risks and risks taken outside of risk tolerance levels. c. Actions taken to monitor the effectiveness of risk management and how the outcomes were addressed. d. Planned areas of future focus.	Partially comply	Governance processes in place as are appropriate to the size and scope of the Company's operations
Technology and information governance		Compliant	Remarks
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives			
17.	The following should be disclosed in relation to technology and information: a. An overview of the arrangements for governing and managing technology and information. b. Key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions and remedial actions taken as a result of major incidents. c. Actions taken to monitor the effectiveness of technology and information management and how the outcomes were addressed. d. Planned areas of future focus.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Compliance governance		Compliant	Remarks
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.			
23.	The following should be disclosed in relation to compliance: a. An overview of the arrangements for governing and managing compliance. b. Key areas of focus during the reporting period. c. Actions taken to monitor the effectiveness of compliance management and how the outcomes were addressed. d. Planned areas of future focus.	Partially comply	Governance processes in place as are appropriate to the size and scope of the Company's operations
25.	Details of monitoring and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance should be disclosed.	N/A	
Remuneration governance		Compliant	Remarks
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.			
Remuneration policy			
26.	The governing body should assume responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis.	N/A	The Company is managed by the Manager and has no employees
27.	The governing body should approve policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration.	N/A	
28.	The remuneration policy should be designed to achieve the following objectives: a. To attract, motivate, reward and retain human capital. b. To promote the achievement of strategic objectives within the organisation's risk appetite. c. To promote positive outcomes. d. To promote an ethical culture and responsible corporate citizenship.	N/A	
29.	The remuneration policy should address organisation-wide remuneration and include provision for the following specifically		

	<p>a. Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation.</p> <p>b. The use of performance measures that support positive outcomes across the economic, social and environmental context in which the organisation operates; and/or all the capitals that the organisation uses or affects.</p> <p>c. If the organisation is a company, the voting by shareholders on the remuneration policy and implementation report, and for the implementation of related responding measures as outlined under Voting on Remuneration below.</p>	N/A	The Company is managed by the Manager and has no employees
30.	<p>All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy, including:</p> <p>a. base salary, including financial and non-financial benefits,</p> <p>b. variable remuneration, including short and long-term incentives and deferrals;</p> <p>c. payments on termination of employment or office; d sign-on, retention and restraint payments,</p> <p>d. the provisions, if any, for pre-vesting forfeiture (<i>malus</i>) and post-vesting forfeiture (claw-back) of remuneration;</p> <p>e. any commissions and allowances; and</p>	N/A	The Company is managed by the Manager and has no employees
31.	The governing body should oversee that the implementation and execution of the remuneration policy achieves the objectives of the policy.	N/A	The Company is managed by the Manager and has no employees
Remuneration report			
32.	The governing body should ensure that remuneration is disclosed by means of a remuneration report in three parts:	N/A	
	a. A background statement.		
	b. An overview of the main provisions of the remuneration policy.	N/A	
Background statement			
33.	<p>The background statement should briefly provide context for remuneration considerations and decisions, with reference to:</p> <p>a. internal and external factors that influenced remuneration,</p> <p>b. the most recent results of voting on the remuneration policy and the implementation report and the measures taken in response thereto,</p> <p>c. key areas of focus and key decisions taken by the remuneration committee during the reporting period, including any substantial changes to the remuneration policy;</p> <p>d. whether remuneration consultants have been used, and whether the remuneration committee is satisfied that they were independent and objective;</p> <p>e. the views of the remuneration committee on whether the remuneration policy achieved its stated objectives; and</p> <p>f. future areas of focus.</p>	N/A	The Company is managed by the Manager and has no employees
Overview of remuneration policy			
34.	<p>The overview of the main provisions of the remuneration policy should address the objectives of the policy and the manner in which the policy seeks to accomplish these. The overview should include the following:</p> <p>a. The remuneration elements and design principles informing the remuneration arrangements for executive management and, at a high level, for other employees.</p> <p>b. Details of any obligations in executive employment contracts which could give rise to payments on termination of employment or office.</p> <p>c. A description of the framework and performance measures used to assess the achievement of strategic objectives and positive outcomes, including the relative weighting of each performance measure and the period of time over which it is measured.</p> <p>d. An illustration of the potential consequences on the total remuneration for executive management, on a single, total figure basis, of applying the remuneration policy under minimum, on-target and maximum performance outcomes.</p> <p>e. An explanation of how the policy addresses fair and responsible remuneration for executive management in the context of overall employee remuneration.</p> <p>f. The use and justification of remuneration benchmarks.</p> <p>g. The basis for the setting of fees for non-executive directors.</p> <p>h. A reference to an electronic link to the full remuneration policy for public access.</p>	N/A	The Company is managed by the Manager and has no employees
Implementation report			
35.	<p>The implementation report, which includes the remuneration disclosure in terms of the Companies Act, should reflect the following:</p> <p>a. The remuneration of each member of executive management, which should include in separate tables:</p> <p>i. a single, total figure of remuneration, received and receivable for the reporting period, and all the remuneration elements that it comprises, each disclosed at fair value,</p> <p>ii. the details of all awards made under variable remuneration incentive schemes in the current and prior years that have not yet vested, including the number of awards, the values at date of grant, their award, vesting and expiry dates (where applicable); and the fair value at the end of the reporting period; and</p> <p>iii. the cash value of all awards made under variable remuneration incentive schemes that were settled during the reporting period.</p>	N/A	The Company is managed by the Manager and has no employees

	b. An account of the performance measures used and the relative weighting of each, as a result of which awards under variable remuneration incentive schemes have been made, including: the targets set for the performance measures and the corresponding value of the award opportunity; and for each performance measure, how the organisation and executive managers, individually, performed against the set targets.		
	c. Separate disclosure of, and reasons for, any payments made on termination of employment or office		
	c. A statement regarding compliance with, and any deviations from, the remuneration policy.		
Assurance		Compliant	Remarks
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.			
Combined assurance			
42.	The governing body should oversee that the combined assurance model is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of the following assurance service providers and functions as is appropriate for the organisation:		
	c. Internal auditors, internal forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	e. Other external assurance providers such as sustainability and environmental auditors, external actuaries, and external forensic fraud examiners and auditors.	N/A	
Internal audit			
48.	The governing body should assume responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. The governing body should delegate oversight of internal audit to the audit committee, if in place.	Non-compliant	Due to the size and scope of the Company's operations, the Company does not have an internal audit function
49.	The governing body should approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.		
50.	The governing body should ensure that the arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and that internal audit is supplemented as required by specialist services such as those provided by forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries.		
51.	If a chief audit executive (CAE) position is provided for in the arrangements for internal audit, the governing body should ensure that the position is set up to function independently from management who designs and implements the controls that are in place, and that the position carries the necessary authority.		
52.	The governing body should approve the appointment of the CAE, including the employment contract and remuneration of the CAE, and ensure that the person who fills the position has the necessary competence, gravitas and objectivity.		
53.	For reasons of independence, the CAE should have access to the chair of the audit committee.		
54.	For reasons of independence, the CAE should not be a member of executive management, but should be invited to attend executive meetings, as necessary, to be informed about strategy and policy decisions and their implementation.		
55.	Where internal audit services are co-sourced or outsourced, the governing body should ensure that there is clarity on who fulfils the role of CAE.		
56.	The CAE should report to the chair of the audit committee on the performance of duties and functions that relate to internal audit. On other duties and administrative matters, the CAE should report to the member of executive management designated for this purpose as appropriate for the organisation.		
58.	The governing body should monitor on an ongoing basis that internal audit: <ul style="list-style-type: none"> a. follows an approved risk-based internal audit plan; and b. reviews the organisational risk profile regularly, and proposes adaptations to the internal audit plan accordingly 		
59.	The governing body should ensure that internal audit provides an overall statement annually as to the effectiveness of the organisation's governance, risk management and control processes.		
60.	The governing body should ensure that an external, independent quality review of the internal audit function is conducted at least once every five years.		
61.	The governing body should obtain confirmation annually from the CAE that internal audit conforms to a recognised industry code of ethics.		

Stakeholder Relationships		Compliant	Remarks
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.			
Stakeholder relationships			
4.	The governing body should exercise ongoing oversight of stakeholder relationship management and, in particular, oversee that it results in the following:		
	a. Measurement of the quality of material stakeholder relationships, and appropriate responses to the outcomes.	Non-compliant	
5.	The following should be disclosed in relation to stakeholder relationships:		
	a. An overview of the arrangements for governing and managing stakeholder relationships.	Non-compliant	
	b. Key areas of focus during the reporting period.		
	c. Actions taken to monitor the effectiveness of stakeholder management and how the outcomes were addressed.		
	d. Future areas of focus.		
Shareholder relationships			
10.	The minutes of the AGMs of listed companies should be made publicly available.	N/A	
Relationships within a group of companies			
18.	The holding company should disclose an overview of the group governance framework that is implemented across the group.	Non-compliant	
19.	The subsidiary company should disclose what responsibilities it has delegated to board committees of the holding company and the extent to which it has adopted the policies and procedures of the holding company.	Non-compliant	
Responsibilities of institutional investors		Compliant	Remarks
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value to the companies in which it invests.			
20.	The governing body of an institutional investor should assume responsibility for governing responsible investing by setting the direction for how it should be approached and conducted by the organisation.	N/A	
21.	The governing body should approve policy that articulates its direction on responsible investment. This policy should provide for the adoption of a recognised responsible investment code, principles and practices.		
22.	The governing body should delegate to management, if in place, or alternatively, to the outsourced service provider if investment decisions and investment activities are outsourced, the responsibility to implement and execute its policy on responsible investment.		
23.	Where the institutional investor outsources investment decisions or investment activities to custodians, nominees, consultants or other service providers, the governing body should oversee that the outsourcing is regulated by formal mandate which reflects and gives effect to its responsible investment policy.		
24.	The governing body should ensure that service providers are held accountable for complying with the formal mandate.		
25.	The responsible investment code adopted by the institutional investor and the application of its principles and practices should be disclosed.		

Legal Counsel

Legal Advisory

**Venture Capital
Company Office**

Enquiries
Mxolisi Radebe

Switchboard
(011) 602 2000

Direct Line
011 602 3839

Facsimile
011 602 3525

E-mail
MRadebe4@sars.gov.za

Sector
VCC Office

Reference
VCC-0101

Date
19 February 2018

The Public Officer
Sunstone Capital Limited
PO Box 1277
Gallo Manor
2052

per email: jeffm@vcms.co.za

Attention: Jeff Miller

Dear Public Officer

APPROVAL OF APPLICATION FOR VENTURE CAPITAL COMPANY STATUS

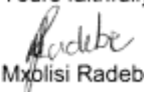
We refer to your application to register as a Venture Capital Company (VCC) in terms of section 12J of the Income Tax Act No. 58 of 1962 ("the Act").

The application has been successful and the company is now an approved VCC.

Your reference number is VCC-0101. Please quote this reference number when communicating with SARS.

Please note that should the company at any stage fail to comply with the provisions of section 12J of the Act the approval may be withdrawn and the company could be liable for penalties. You may refer to the VCC reference guide on the SARS website for guidance in this regard.

Yours faithfully


Mxolisi Radebe


Thabile Matolo

**ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN
REVENUE SERVICE**



South African Revenue Service

South African Revenue Service

1st Floor, Blocks A and B,
Megawatt Park, Maxwell Drive,
Sunninghill, Sandton
(No postal deliveries to this address)

Private Bag X170, Rivonia, 2128

SARS online: www.sars.gov.za

Background

One of the main challenges to the economic growth of small and medium-sized businesses and junior mining exploration is access to equity finance.

To assist these sectors in terms of equity finance, government has implemented a tax incentive for investors in such enterprises through the Venture Capital Company (VCC) regime.

The VCC is intended to be a vehicle to attract retail investors. It has the benefit of bringing together small investors as well as concentrating investment expertise in favour of the small business sector.

With effect from 1 July 2009, investors (any taxpayers) can claim an income tax deduction in respect of the expenditure incurred in the subscription for equity in a VCC shares.

The VCC legislation is subject to a 12-year sunset clause i.e. it ends on 30 June 2021. This will allow for review of the efficiency of regime and a decision will then be made as to whether it should be continued.

What does this mean for the Investor in Sunstone Capital Limited?

The full amount invested in Sunstone, to the extent it is approved by SARS as a Venture Capital Company, is 100% deductible from your income in the year in which the investment is made. This applies to individuals, companies and trusts.

An investor in Sunstone should therefore obtain a 45 % tax incentive (for an individual tax payer at maximum marginal rate) at the time of investment.

If the investment in Sunstone is held for a minimum period of time of 5 years the tax benefit conferred at the date of investment will become permanent, i.e. NO recoupment of the tax benefit in the hands of the investor when the investment in the Sunstone is subsequently realised, provided Sunstone 's approval by SARS as a Venture Capital Company has not for any reason been withdrawn.

Sunstone is able to invest in companies with total assets up to R50 million (previously R20m). Sunstone is able to consider investment in larger, more established companies, significantly expanding the investment universe and reducing investment risk.

Governing Regulation

Section 12J is subject to the provisions of the Income Tax Act No. 58 of 1962 (the Act). Section 12J was introduced to cater for the deductions in respect of expenditure incurred in exchange for the issue of venture capital company shares.

An overview of how it works

Qualifying Investors will invest in approved VCC's in exchange for the issue of Venture Capital Shares and investor certificates. Investors can claim tax deductions in respect of their investments in an approved VCC.

The approved VCC will, in turn, invest in qualifying investee companies in exchange for qualifying shares.

Who qualifies to be an Investor?

Any taxpayer qualifies to invest in an approved VCC.

Qualifying investors can claim income tax deductions in respect of the expenditure actually incurred to acquire shares in approved VCCs.

Where any loan or credit is used to finance the expenditure in acquiring a venture capital share and remains owing at the end of the year of assessment, the deduction is limited to the amount for which the taxpayer is deemed to be at risk on the last day of the year of assessment.

No deduction will be allowed where the taxpayer is a connected person to the VCC.

On request from SARS, the investor must verify a claim for a deduction by providing a VCC Investor Certificate that has been issued by an approved VCC, stating the amount of the investment and the year of assessment in which the investment was made.

Except in the case of Venture Capital Shares held by a taxpayer for longer than five years, the deduction is recouped (recovered) if the taxpayer disposes of the Venture Capital Shares to the extent of the initial VCC investment (under the general recoupment rules of section 8(4) of the Act)).

Standard income tax and CGT rules apply in respect of VCC shares.

What supporting documents will the investor receive from the VCC?

The approved VCC must issue investor certificates to its investors. This will provide SARS with the proof it needs to allow the investor the relevant tax deduction.

Who qualifies to be an Investee?

- The Investee must be a company; The company must be a resident;
- The company must not be a controlled group company in relation to a group of companies;
- The company's tax affairs must be in order (a tax clearance certificate must be requested from SARS to support this requirement);
- The company must be an unlisted company (section 41 of the Act) or a junior mining company; A junior mining company may be listed on the Alternative Exchange Division (AltX) of the JSE Limited;
- During any year of assessment, the sum of the "Investment Income" derived by the company must not exceed 20% of its gross income for that year of assessment;
- The company must not carry on any of the following impermissible trades:
- Any trade carried on in respect of immoveable property, except trade as a hotel keeper (includes bed and breakfast establishments);
- Financial service activities such as banking, insurance, money-lending and hire purchase financing; Provision of financial or advisory services, including legal, tax advisory, stock broking, management consulting, auditing, or accounting;
- Operating casino's or other gambling related activities including any other games of chance; Manufacturing, buying or selling liquor, tobacco products or arms or ammunition; or
- Any trade carried on mainly outside the Republic.
- There are no special tax rules for investee companies. The standard tax rules will apply.

Requirements to be met by Section 12J companies

The VCC must satisfy the following requirements by the end of each year of assessment after the expiry of 36 months from the first date of issue of Venture Capital Shares:

- A minimum of 80% of the expenditure incurred by the VCC to acquire assets must be for qualifying shares, and each investee company must, immediately after the issuing of the qualifying shares, hold assets with a book value not exceeding: R500 million in any junior mining company; or R50 million in any other qualifying company
- The expenditure incurred by the VCC to acquire qualifying shares in any one qualifying company must not exceed 20% of any amounts received in respect of the issue of Venture Capital Shares.

Responsibilities of an approved VCC

The VCC must maintain a record of all its investors. A copy of this record must be submitted to SARS in February and August of each year. The records must contain at least the following details of the investors:

- Taxpayer Reference Number
- Name of entity
- Physical address
- Nature of trade
- Contact details
- Number of shares issued (per investor)
- Value of shares (per investor)
- Date of issue of shares (per investor)

The VCC must maintain a record of all its investees. A copy of this record must be submitted to SARS in February and August of each year. The records must contain at least the following details of the investees:

- Taxpayer Reference Number
- Name of entity
- Physical address
- Nature of trade
- Contact details
- Number of qualifying shares received (per investee)
- Value of qualifying shares (per investee)
- Date of receipt of qualifying shares (per investee).

The onus will be on the VCC to ensure that it invests in companies (i.e. investees) that meet the stipulated requirements. The VCC must issue "VCC investor certificates" to qualifying investors in the year in which the investment is received. The certificates issued by the VCC must include at least the following details:

- The VCC reference number as issued by SARS.
- The name and address of the VCC issuing the certificate to which enquiries may be directed
- The date of receipt of the investment
- The name and address of the Investor
- The Taxpayer Reference Number of the Investor
- The amount of the investment

On request from the Minister of Finance, a VCC must submit a report providing information that the Minister may prescribe

In Summary

An investor in Sunstone will obtain a 45 % tax incentive (for an individual tax payer at maximum marginal rate) at the time of investment

There is no recoupment of tax incentive at the time of realisation of investment in Sunstone if the investment is held for a minimum period by the investor of 5 years.