

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

This Prospectus relates to a general public offer to subscribe for 35 000 "B" Ordinary Shares and/or 15 000 "UB" Ordinary Shares of no par value at an issue price of R1 050 per share.

The minimum subscription required for participation by an investor in the Offer is 100 Shares, which amounts to a minimum subscription payment of R105 000. The Offer seeks to raise in aggregate a total equity amount of R52 500 000. The minimum amount to be raised in terms of the Offer is R1 000 000, this includes the projected issuing expenses exclusive of VAT.

Should the minimum amount of R1 000 000 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 Shares will be issued pursuant to this Offer.

Opening date of the Offer	9:00 on Friday, 15 November 2019
Closing date of the Offer	17:00 on Friday, 28 February 2020

Managed by



Administered by



An English copy of this Prospectus, accompanied by the documents referred to under "Documents available for inspection" as set out in paragraph 12 of Section 4 of this Prospectus was registered by the CIPC on 15 November 2019 and is issued in terms of the Companies Act and the Companies Regulations for the purpose of providing information to the Investors wishing to participate in the Offer.

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PROSPECTUS

Important Information

The Definitions and Interpretations commencing on page 8 of this document apply to this entire document (including the cover page), except where the context indicates a contrary intention.

THE ATTENTION OF THE PUBLIC IS DRAWN TO THE FACT THAT THE 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 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 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** on page 34 of this Prospectus.

The Directors and Officers, whose names are given in Section 1 paragraph 2.5 of this Prospectus, 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.

This prospectus complies with section 100 of the Companies Act and the Companies Regulations and. The written consents of the experts and advisors set out in the *Corporate Information and Advisors* section of this Prospectus have been attached to the copy of the Prospectus filed with CIPC. Each of the aforementioned experts and advisors have consented to the use of any statement made by them in this Prospectus and/or the use of their names in this Prospectus, as the case may be, and have not withdrawn such consents as at the date of this Prospectus. The number of each applicable regulation of the Companies Regulations is given in square brackets after appropriate headings or sub-headings.

This Prospectus constitutes an offer to the public only in South Africa and has been prepared for the purposes of complying with the Companies Act and the Companies Regulations published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

The release, publication or distribution of this Prospectus in jurisdictions other than South Africa may be restricted by law and therefore persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any jurisdiction.

This Prospectus and any accompanying documentation is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities in any jurisdiction in which it is illegal to make such an offer, invitation or solicitation, or such offer, invitation or solicitation would require Sunstone to comply with filing and/or other regulatory obligations. In those circumstances this Prospectus and any accompanying documentation are sent for information purposes only and should not be copied or distributed.

This Prospectus is only available in English. Copies of this Prospectus may be obtained during normal business hours from the registered office of Sunstone at their respective address set out in the Corporate Information and Advisors section of this Prospectus from 9:00 on Friday, 15 November 2019 until 17:00 on Friday, 28 February 2020.

Electronic copies of this Prospectus can be obtained on the Company's website on www.sunstone.co.za

Auditor & Reporting Accountants



**Administrative
Manager, and
Compliance Officer**



Commercial Bank



Manager



Legal Advisor to the Company



Fleet Operator



Corporate Information and Advisors

Business and Registered Office Address	Administrative Manager & Compliance Officer
<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	Fleet Operator
<p>E.R.Goodman Secretarial Services Proprietary Limited Registration number: 2017/091079/07</p> <p>1st Floor Voltex House 3 River Rd (Cnr Boeing Rd West) Bedfordview 2008</p> <p>P.O. Box 9420 Verwoerd Park 1453</p> <p>Tel: 082 308 2896</p>	<p>iFleet Management Services Proprietary Limited Registration number: 2017/238629/07</p> <p>Unit 3 Columbus Avenue River Gate Park Parklands 7441</p> <p>P.O. Box 1277 Gallo Manor 2052</p> <p>Tel: 011 262 6433</p>
Legal Advisor to the Company	Fund Manager
<p>Fasken (incorporated as in South Africa as Bell Dewar Inc.) Registration number: 1995/004675/21</p> <p>Inanda Greens 54 Wierda Road West Johannesburg 2196</p> <p>P.O. Box 652057 Benmore 2010</p> <p>Tel: 011 586 6000</p>	<p>Sunstone Management Company Proprietary Limited</p> <p>Registration number: 2017/666366/07</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>
Auditors & Reporting Accountants	Corporate Bank
<p>BDO South Africa Inc. Registration number: 1995/002310/21 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 their 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 CIPC registers a prospectus in terms of chapter 4 of the Companies Act. The CIPC takes no responsibility for the contents of the Prospectus, makes no representations as to the accuracy or completeness thereof and expressly disclaims any 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** on page 34 of this Prospectus concerning the potential risks.

Date of issue: 15 November 2019

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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” or “Grovest”	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;
“Advisors”	BDO, E.R. Goodman, Grovest Corporate Advisory, FlexiClub, Standard Bank of Southern Africa, Sunstone Management and Fasken and/or any one of them as the context may require;
“Application Form(s)”	the application form constituting the acceptance of the Offer by a prospective investor, agreeing to subscribe for the Shares, which application form(s) will be substantially in the form attached to this Prospectus;
“BDO”	BDO South Africa, the Company’s reporting accountants whose full details are set out in the <i>Corporate Information and Advisors</i> section of this Prospectus;
““B” Ordinary Shares”	“B” Ordinary Shares of no par value in the share capital of Sunstone with the rights and obligations set out in the MOI;
““B” Ordinary Share Portfolio”	the portfolio of investments created by investing the proceeds raised from the issue of “B” Ordinary Shares pursuant to the Offer;
“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 paragraph 2 of section 1 of this Prospectus;
“Business Day”	any day other than a Saturday, Sunday or statutory holiday in South Africa;
“CIPC”	the Companies and Intellectual Property Commission, established pursuant to section 185 of the Companies Act or its successor body;
“Closing Date”	the closing time and date of the Offer, expected to be 17:00 on 28 February 2020 or such later date extended by the Company through an announcement released on its website www.sunstone.co.za ;
“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 <i>Corporate Information and Advisors</i> section of this Prospectus;

“Company Secretary” or “E.R. Goodman”	E.R. Goodman Secretarial Services Proprietary Limited, 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;
“Companies Regulations”	the regulations promulgated pursuant to the Companies Act;
“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;
“Fasken”	Fasken (Incorporated in South Africa as Bell Dewar Incorporated), full details of which are set out in the <i>Corporate Information and Advisors</i> section of this Prospectus;
“FlexiClub”	iFleet Management Services Proprietary Limited (registration number 2017/238629/07), 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
“FSCA”	Financial Sector Conduct Authority, a juristic person established in terms of section 56 of the Financial Sector Regulation Act, 9 of 2017, as amended;
“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”	1 November 2019, being the last practicable date prior to the finalisation of this Prospectus;
“Management Agreement”	the agreement concluded between the Manager and Sunstone in terms of which Sunstone Management will conduct the administration and management of Sunstone, details of which are set out in Annexure 4;
“Manager” or “Promoter” or “Sunstone Management”	Sunstone 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;
“Offer”	an offer to the public to subscribe for 35 000 “B” Ordinary Shares and/or 15 000 “UB” Ordinary Shares at an issue price of R1 050 per share, with a minimum subscription of at least 100 Shares per each investor, the terms of which are set out in this Prospectus;

“Offer Period”	the period between the opening of the Offer and its closing, being from 9:00 on Friday, 15 November 2019 to 17:00 on Friday, 28 February 2020;
“Offer Price”	R1 050 per Share;
“Officer”	the members of the Investment Committee and Audit Committee of the Company from time to time, which, as at the Last Practicable Date, comprises the persons identified in paragraph 2.7.4 of section 1 of this Prospectus;
“Ordinary Shares”	ordinary no par value shares in the share capital of Sunstone having the rights and obligations set out in the MOI;
“Ordinary Shareholders”	holders of Ordinary Shares in the Company;
“Prospectus”	this entire prospectus document and its annexures, issued on 15 November 2019;
“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”	a holder of Shares from time to time;
“Shares”	“B” Ordinary Shares and “UB” Ordinary Shares in the share capital of the Company, as the context may require;
“Subsidiary/(ies)”	as defined in the Companies Act and shall include any person who would, but for not being a “company” as contemplated in the Companies Act, qualify as a “subsidiary” as defined in the Companies Act;
“Sunstone Investment Committee”	the investment committee of the Board, appointed from time to time, contemplated in clause 3.3.7 of this Prospectus;

“Sunstone Subsidiaries”	collectively, the current Subsidiaries of the Company being, as at the Last Practicable Date, Randburg Van Rentals Proprietary Limited, Automobus Proprietary Limited, Truckspot Proprietary Limited and Sunboard Rentals Proprietary Limited;
““UB” Ordinary Shares”	“UB” Ordinary Shares of no par value in the capital of Sunstone;
““UB” Ordinary Share Portfolio”	the portfolio of investments created by investing the proceeds raised from the issue of “UB” Ordinary Shares pursuant to the Offer;
“VAT”	Value Added Tax as contemplated in the Value Added Tax Act 89 of 1991, as amended from time to time;
“Venture Capital Company” or “VCC”	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)
(FSP number: 48870)
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("Sunstone" or "the Company")

Amaresh Chetty (Independent Non-Executive Chairman)
Stanley Medalie (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 registered and incorporated as a private company with the CIPC on 21 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)) (reg 59(3)(a))
- 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 has no holding Company. (reg 57 (3))
- 1.5. As at the Last Practicable Date the Company has subscribed:
 - 1.5.1. 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, with its registered office and primary place of business at 164 Katherine Street Pinmill Office Park, Building 2 Strathavon 2196, which is the business of renting out income producing movable assets (reg 57 (3));
 - 1.5.2. for 69% of the ordinary shares in Automobus Proprietary Limited (Registration Number: 2019/115309/07), a private company incorporated on 06 March 2019, with its registered office and primary place of business at 164 Katherine Street Pinmill Office Park, Building 2 Strathavon 2196, which is in the business of renting out income producing movable assets (reg 57(3));
 - 1.5.3. for 69% of the ordinary shares in Sunboard Rentals Proprietary Limited (Registration Number: 2019/115106/07), a private company incorporated on 06 March 2019, with its registered office and primary place of business at 164 Katherine Street Pinmill Office Park, Building 2 Strathavon 2196, with is in the business of renting out income producing movable assets (reg 57(3)); and
 - 1.5.4. for 69% of the ordinary shares in Truckspot Proprietary Limited (Registration Number: 2018/115342/07), a private company incorporated on 06 March 2019, with its registered office and primary place of business at 164 Katherine Street Pinmill Office Park, Building 2 Strathavon 2196, which is in the business of renting out income producing movable 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 embraces the principles of good corporate governance as espoused in the guidelines of the King IV Report on Corporate Governance of South Africa, 2016 (“**King IV**”).
- 2.2. The Board is committed to doing business ethically while also building a sustainable company but recognises the short and long-term impact of its activities on the economy, society and the environment. The Board believes in ethical leadership as the foundation upon which they create value for their stakeholders.
- 2.3. 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 compliance with King IV. These are reviewed by the Directors from time to time. Further details relating to the Company's approach to Corporate Governance is set out in Annexure 8.
- 2.4. The Board currently comprises two 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 2.9 below.
- 2.5. 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 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).

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.

Amaresh then joined Circle Capital, a BEE investment holding company, founded and chaired by Mamphela Ramphele (a former 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.

Amaresh's 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.

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.

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.

Some transactions have demanded active involvement at investee companies in terms of their strategy, as well as operationally – setting budgets, determining strategy etc. Amaresh has been actively involved in these transactions.

Most recently, Amaresh 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.

Name	Stanley Medalie (reg 58 (2)(a))
Business Address	19 Oaklands Road, Orchards, Gauteng, 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 United States of America he returned to South Africa 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	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>

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

- 2.6.1. 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))
- 2.6.2. The Company Secretary is E.R. Goodman, whose name and address is set out in the *Corporate Information and Advisors* section of this Prospectus. E.R Goodman is represented by Marillis Janse Van Rensberg. (reg 58(2) (b) (iii))

2.7. Additional information relating to Directors

- 2.7.1. Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting. (reg 58 (3) (a))
- 2.7.2. **Annexure 2** contains the following additional information in respect of the Directors: (reg 58 (3) (b))
- 2.7.2.1. 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))
- 2.7.2.2. Directors and prescribed officers' remuneration policy; and
- 2.7.2.3. retirement and appointment of Directors. (reg 58 (3)(a))
- 2.7.3. All Directors have a term of office of a minimum of 5 years. Further details of the service contracts are set out in **Annexure 3** on page 41 of this Prospectus. (reg 58 (3)(a))
- 2.7.4. The Directors' remuneration will be determined by the Shareholders at general or annual general meetings. 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
Jeffrey Miller	Non-Executive Director, Chairman of the Audit Committee and Chairman of the Investment Committee	Nil

The Board will meet approximately four times per annum.

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

- 2.8.1. The provisions of the MOI regarding the borrowing powers exercisable by the Directors are set out in **Annexure 2** on page 36 of this Prospectus.
- 2.8.2. The Company has not exceeded its borrowing powers since its incorporation.

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

- 2.9.1. 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))
- 2.9.2. Sunstone Management encompasses an experienced management team with private equity and commercial experience, including:
- 2.9.2.1. originating, evaluating and selecting suitable investment opportunities;
- 2.9.2.2. providing post investment management services; and
- 2.9.2.3. identifying and implementing exit opportunities.

- 2.9.3. The Company has entered into a 10-year Management Agreement with Sunstone Management in terms of which Sunstone Management is incentivised to deliver investment returns for Sunstone. The terms of the Management Agreement are summarised in **Annexure 4** on page 42 of this Prospectus.
- 2.9.4. In terms of the Management Agreement the Manager will perform the functions as set out in **Annexure 4** on page 42 of this Prospectus. (reg 58 (3) (d) (ii))
- 2.9.5. The Manager has entered into an agreement with Grovest to carry out certain of the administrative functions of the Company. Paragraph 3.1.4 below provides more details in this regard.
- 2.9.6. The Manager will be paid a once-off capital raising fee of 1.5% (excluding VAT) calculated on the total capital raised from the "B" Ordinary Shares and "UB" Ordinary Shares. (reg 58 (3) (d) (iii))
- 2.9.7. An annual Management fee of 2.0% excluding VAT is payable to the Manager, quarterly in advance on all proceeds from the Shares.
- 2.9.8. A performance fee of 20% is payable to the Manager upon the return of Risk Capital to the Investor.
- 2.9.9. The Manager will carry the costs incurred in evaluating investment opportunities not implemented. (reg 58 (3) (d) (iii))
- 2.9.10. The Sunstone Subsidiaries are 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 been 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 as at the Last Practicable 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 from the date of issue of this Prospectus up to 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 generate dividends through high yielding movable assets to be rented out.

3.1.2. Nature of business

- 3.1.2.1. Sunstone is licensed as a Financial Services Provider in terms of Section 8 of FAIS under license number 48870. A copy of the FSCA license is attached as **Annexure 5** on page 43 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 attached as **Annexure 9** on page 60 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. Sunstone Management is the management company of Sunstone. The Directors of Sunstone Management are Stanley Medalie and Jeffrey Miller.

3.1.3.2. Sunstone has entered into a 10-year Management Agreement with Sunstone Management. The salient terms of such Management Agreement are contained in **Annexure 4** on page 42 of this Prospectus.

3.1.4. Grovest

3.1.4.1. Grovest is the Administrative Manager of the Manager.

3.1.4.2. Grovest 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, other than the subscriptions mentioned in paragraph 1.5 above, there are no other material changes in the assets and liabilities of the Company which have occurred between the date of incorporation and the date of this Prospectus.

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 generate stable monthly rentals off the back of a fleet of vehicles managed by an experienced operator. Through the wealth of knowledge and industry specific experience possessed by the Directors and FlexClub, the Company has identified unique opportunities that allow for rapid deployment of capital.

3.3.1.2 These Qualifying Companies have a primary goal that entails the provision of owners and users of movable assets with a low administrative cost rental alternative for their asset specific needs. 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 inefficacies.

3.3.2 Investment Strategy

3.3.2.1 The investment strategy adopted by the “B” Ordinary Share Portfolio entails the following:

- The acquisition strategy together with the investment objective is to acquire shares in Qualifying Companies that will acquire a movable asset portfolio with the intent of using discounts to purchase assets below market price and, as such, retaining as much value as possible.

3.3.2.2 The investment strategy adopted by the “UB” Ordinary Share Portfolio entails the following:

- The Investors will have exposure to businesses which specialise in investing in ride-hailing vehicle fleets. The Directors have identified various opportunities whereby the Company

will purchase and rent out ride-hail appropriate vehicles at a competitive rate and rent them out for a period of 36 months. At the end of the period, the counterparty will have the option to purchase the vehicle at fair market value or the vehicle will be sold on the second-hand vehicle market.

3.3.2.3 Asset choice will be based on both existing customer needs and the exit value potential of the asset. This may result in the composition of the portfolio varying over time to optimise returns to shareholders.

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

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.

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 comply with best practice 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 associated with each asset in question, listed below are examples of such obligations:

- licensing of the vehicles and ensuring roadworthiness;
- the maintenance of the vehicles rented to the various operators;
- that the vehicles are operated within the confines of the law;
- maintenance of outdoor media assets; and
- ensuring that assets purchased comply with relevant municipal requirements.

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 generate dividend income from movable assets to be rented out to commercial operators.

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	0 – 100	7	3
Commercial fleet vehicles	0 – 80	15 - 17	5
Outdoor media assets	0 – 80	15 - 17	5
Cab-fleet vehicles	0 – 80	15 - 17	3
Security equipment	0 – 80	16 - 18	3
Other Asset-Backed Rentals	0 – 80	16 - 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 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; and
- sale of an underlying Qualifying Company.

3.3.7 Sunstone's Investment Committee

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

3.3.8 Sunstone's Deal Flow

Sunstone is currently in negotiations with a few target companies and has an attractive pipeline of deals, which are currently at various stages of completion in the following asset focus areas:

- Commercial Fleet Vehicles – these will be rented out to creditworthy counterparties with substantial fleets who are looking for a more cost and administratively effective solution;
- Safari Vehicles – these will be rented out to a company with a proven track record that facilitates short term rentals on safari vehicles;
- Outdoor Media Assets – the Company will purchase outdoor media assets and rent them out to industry leaders who boast some of the highest fill rates in the industry. This is a niche market which is typically challenged with the administrative requirements around getting bank finance which results in operators not being able to keep up with industry demand;
- Security Equipment – the Company seeks to provide various tracking and security companies with a tailor-made operating lease alternative which allows them to offer monthly rentals to customers; and
- Ride-hailing Vehicles – a sizeable fleet of vehicles that will be leased by the Company to ride-hail operators.

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

The Directors are of the opinion that Sunstone and its investments/Subsidiary(ies) have 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 DD 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 29 February 2019 is set out below.

The Director's forecasts are based on a targeted Capital of R52 500 000 being raised by way of "B" Ordinary Shares and/or "UB" Ordinary Shares as at February 2020.

Statement of Comprehensive Income

	R	R	R
	Audited 28-Feb-19	Public Placement	Post Public Placement 28-Feb-19
Revenue			
Dividends received	125 000,00	-	125 000,00
Cost of sales	-	-	-
Gross Profit	125 000,00	-	125 000,00
Expenses	115 541	77 000	192 541
Auditors remuneration	27 250	34 000	61 250
Bank Charges	6 573	3 000	9 573
Compliance fees	20 685		20 685
Compilation fees	21 500		21 500
FSCA levies	6 298		6 298
Insurance	-	-	-
Legal fees	-	30 000	30 000
Secretarial Fees	33 235	10 000	43 235
Interest Income - Note 1	33 853	3 619 875	3 653 728
Total Interest	33 853	3 619 875	3 653 728
Profit Before Tax	43 312	3 542 875	3 586 187
Taxation	22 873 -	992 005 -	969 132
Profit/(Loss) for the financial period	66 185	2 550 870	2 617 055
Share Capital of The Company	11 158	50 000	61 158
- Total Ordinary Shares	11 158	-	11 158
- Total "B" Ordinary Shares	-	35 000	35 000
- Total "UB" Ordinary Shares	-	15 000	15 000
Earnings per Share			
- Ordinary Shares	5,93	-	5,93
- "B" Ordinary Shares		51,02	51,02
- "UB" Ordinary Shares		51,02	51,02

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 on the assumption that the Company has been in operation for 12 months.
- The EPS and NAV calculations have been split proportionately to the amount of capital raised in each share class on offer.
- Investment in Sunboard Rentals Proprietary Limited, Automobus Proprietary Limited and Truckspot Proprietary Limited for 69% of the shares in the Sunstone Subsidiaries was made post 28 February 2019.

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

The audited statement of financial position of Sunstone at 29 February 2020, assuming the Offer is fully subscribed are set out below.

Sunstone Capital Limited
Statement of Financial Position

	R	R	R	R	R
	Audited 28-Feb-19	Acquisition	Sub-Total	Public Placement	Post Public Placement 28-Feb-19
Asset					
Non-Current Assets	2 667 783	7 252 000	9 919 783	-	9 919 783
Investment: Randburg Van Rentals 69%	2 632 000	-	2 632 000	-	2 632 000
Investment: Automobus 69%	-	2 090 000	2 090 000	-	2 090 000
Investment: Truckspot 69%	-	2 632 000	2 632 000	-	2 632 000
Investment: Sunboard Rentals 69%	-	2 530 000	2 530 000	-	2 530 000
Deferred Taxation	35 783	-	35 783	-	35 783
Current Assets	8 062 901	7 252 000	810 901	51 712 500	52 523 401
Trade and Other Receivables	-	-	-	-	-
Cash and Cash Equivalents	8 062 901	7 252 000	810 901	51 712 500	52 523 401
Total Assets	10 730 684	-	10 730 684	51 712 500	62 443 184
Equity And Liabilities					
Equity	10 446 094	-	10 446 094	51 712 500	62 158 594
Ordinary Shares	10 441 605	-	10 441 605	-	10 441 605
"B" Ordinary Shares	-	-	-	36 198 750	36 198 750
"UB" Ordinary Shares	-	-	-	15 513 750	15 513 750
Retained Income	4 489	-	4 489	-	4 489
Profit and Loss	-	-	-	-	-
Liabilities	284 590	-	284 590	-	284 590
Current Liabilities	284 590	-	284 590	-	284 590
Trade Payables	179 590	-	179 590	-	179 590
Other accrued expenses	105 000	-	105 000	-	105 000
Total Equity and Liabilities	10 730 684	-	10 730 684	51 712 500	62 443 184
Share Capital of the Company					
Number of Shares Authorised					
Ordinary Shares	1 000 000	-	1 000 000	1 000 000	1 000 000
"B" Ordinary Shares	-	-	100 000	100 000	100 000
"M" Ordinary Shares	-	-	100 000	100 000	100 000
"S" Ordinary Shares	-	-	100 000	100 000	100 000
"V" Ordinary Shares	-	-	100 000	100 000	100 000
"UB" Ordinary Shares	-	-	100 000	100 000	100 000
Unclassified Shares	1 000 000	-	500 000	500 000	500 000
Number of Shares Issued					
- Total Ordinary Shares	11 158	-	11 158	-	11 158
- Total "B" Ordinary Shares	-	-	-	35 000	35 000
- Total "UB" Ordinary Shares	-	-	-	15 000	15 000
NAV Per Share					
- Ordinary Shares	936	-	936	-	936
- "B" Ordinary Shares	-	-	-	1 034	1 034
- "UB" Ordinary Shares	-	-	-	1 034	1 034

Notes:

Stated Capital – Shares

Assuming 35 000 "B" Ordinary Shares and/or 15 000 "UB" Ordinary Shares have been issued at R1 050 per share:

Share issue costs of 1.5% have been set off capital raise:

R52 500 000
R 787 500
R51 712 500

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 the Sunstone Subsidiary/(ies).
- 3.3.12.2 The Company has 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 price of R3 000 per month and expires on 29 February 2020. The Company intends renewing the lease for an additional 2 years, with a resultant expiry date of 28 February 2022.

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** on page 44 of this Prospectus.

3.3.14.3 As at the Last Practicable Date, Sunstone has paid a total dividend of R350 000 to the Ordinary Shareholders. (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-19	02-Oct-19	29-Feb-20
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
“B” Ordinary Shares of no par value		100 000	100 000
“M” Ordinary Shares of no par value		100 000	100 000
“S” Ordinary Shares of no par value		100 000	100 000
“UB” Ordinary Shares of no par value		100 000	100 000
“V” Ordinary Shares of no par value		100 000	100 000
Unclassified Ordinary Shares of no par value	1 000 000	500 000	500 000
	28-Feb-19	Notes	29-Feb-20
Number of issued shares			
Ordinary Shares of no par value	11 158		11 158
“A” Ordinary Shares of no par value			-
“B” Ordinary Shares of no par value		35 000	35 000
“S” Ordinary Shares of no par value			
“M” Ordinary Shares of no par value			
“UB” Ordinary Shares of no par value		15 000	15 000

“V” Ordinary Shares of no par value

Unclassified Ordinary Shares

Stated Capital (Rand)	11 158 000	50 000 000	61 158 000
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Notes

Stated Capital –Shares

The above information is subject to the assumption that 35 000 “B” Ordinary Shares and/or 15 000 “UB” Ordinary Shares have been issued at R1 050 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 Companies Act.
- 4.3 As at the Last Practicable Date, the Directors of the Company exercised their power through an ordinary resolution of the Board to classify 500 000 unclassified shares in the share capital of the Company as follows:
- 100 000 “B” Ordinary Shares of no par value;
 - 100 000 “M” Ordinary Shares of no par value;
 - 100 000 “S” Ordinary Shares of no par value;
 - 100 000 “UB” Ordinary Shares of no par value; and
 - 100 000 V” Ordinary Share of no par value.
- 4.4 None of the “B” Ordinary Shares and/or “UB” Ordinary Shares have any conversion or redemption rights.
- 4.5 The “B” Ordinary Shares participate equally in dividends declared by the Board in the “B” Ordinary Share Portfolio.
- 4.6 The “UB” Ordinary Shares participate equally in dividends declared by the Board in the “UB” Ordinary Share Portfolio.
- 4.7 The Shares held by the Directors are set out in paragraph 8.2. (reg 60(a) (iii))
- 4.8 A total number of 11 158 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))
- 4.9 As at the Last Practicable Date, none of the “B” Ordinary Shares and/or “UB” Ordinary Shares have been offered to the public.
- 4.10 All Shares issued to the public, from the date of incorporation of the Company, were issued in proportion to the Investors’ shareholding in the Company. (reg 60 (c) (iii))

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

The Company and/or any of its Subsidiaries 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 The Company has only entered into the following Material contracts as at the Last Practicable

Date:

- Management Agreement with Sunstone Management as disclosed in **Annexure 4**; and
- Directors Service Contracts as set out in **Annexure 3**.

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 Shares in the Company.

8.3. The salient points of the Management Agreement are disclosed in **Annexure 4** on page 42 of this Prospectus.

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 of 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 2.0% 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.

8.7. 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.

8.8. "A" shares in Randburg Van Rentals Proprietary Limited 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 Subsidiaries 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 Subsidiaries' 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 Subsidiaries 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 1.5% on total 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 Shares subscribed for in terms of this Offer.
- 12.2. In the last three years, a total amount of R334 740 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 173 000 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	R100 000
Registration of Prospectus	CIPC	R7 000
Reporting Accountants Report	BDO	R22 000
Auditors Report	BDO	R4 000
Secretarial Services	E.R Goodman	R10 000
Prospectus Review	Fasken	R30 000
Total		R173 000

- 13.3 In the last three years, there have been a total of R427 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 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 are set out below:

Details	
Opening date of the Offer on (09:00)	15 November 2019
Expected Closing Date of the Offer (17:00)	28 February 2020

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

3.1. The Offer comprises an offer to the public to subscribe for 35 000 "B" Ordinary Shares and/or 15 000 "UB" Ordinary Shares at R1 050 per Share, each having 1 vote per share as contemplated in the MOI; 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 2020.

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	1 000 000	3 046	R 1 000
28 February 2019	1 000 000	8 112	R 1 000

3.4. The Directors have passed the required resolutions, authorisations and approvals, to issue 35 000 "B" Ordinary Shares and/or 15 000 "UB" Ordinary Shares of no par value at R1 050 per share in terms of the Offer. The Directors consider this issue price for the issue of the Shares in terms of the Offer to be justified by the prospects of the Company, and therefore constitutes 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. Interest earned on all investments made by Investors on or before 20 February 2020 will be paid to the Investor within 10 (ten) Business Days from the Closing Date.

3.7. Applications must be for a minimum of 100 (one hundred) Shares.

3.8. 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

3.9. Proof of payment is to be received by Sunstone by no later than 17h00 on 28 February 2020 (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.

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 R1 000 000, 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 R1 000 000 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 Shares will be issued pursuant to this Offer.

4.5. Should the Offer fail, an announcement to this effect will be made available 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. Shares are issued subject to the provisions of the application processes, the constitutional documents of the Company and the terms of this Prospectus. As such, the Directors of the Company 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 the Company reserve the right to accept applications for less than 100 (one hundred) Shares per application at their sole and absolute 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 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 are of the opinion that the issued share capital and working capital of the Company will be adequate for the purpose of the business of the Company, for at least a period of 12 months after the date of this Prospectus.

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

There have been no 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 Shares. 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 the future regarding this.

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

Potential transactions mentioned in the prospects section of this Prospectus do not fulfil the requirements of Regulation 77 of the Companies Regulations, as they have not been finalised.

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

A report from the auditor in terms of Regulation 78 of the Companies Regulations is not required for purposes of this Prospectus.

6. REPORT 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, on 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 marginal rate)	(R450 000)	(R450 000)	(R280 000)
Net Investment	R550 000	R550 000	R720 000
Effective % Tax	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 29 February 2020.
- 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 2019 provisional tax returns or in their 2020 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 as set out in **Annexure 8** on page 49 of this Prospectus. (reg 54 (1) (b) (i))
- 4.2. The Manager's 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 paragraph 2.5 of Section 1 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 Venture Capital Company 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 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 **ki@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 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 Venture Capital Company 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 (ten) Business Days after the Closing Date:
 - the MOI of Sunstone;
 - material agreements disclosed in this Prospectus;
 - the written consents of the Advisors and transfer secretaries named in this Prospectus to act in those capacities;
 - the Independent Reporting Accountant's Report; and

- 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

14.1. An investment in Sunstone should be considered as a medium to long term investment. In the event of a shareholder requiring to terminate his investment prematurely, the Board will endeavour to place the shares with an alternate investor on his behalf.

14.2. In exceptional circumstances, and at the discretion of the Board, Sunstone may repurchase such shares at an appropriately discounted value.

14.3. 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 4 November 2019.



By: Amaresh Chetty, Non-Executive Chairman



By: Jeffrey Wayne Miller, Non-Executive Director



By: Stanley Medalie, 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	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 Sunstone 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.

<p>Interest rate risk</p>	<p>financial assets and liabilities that are sensitive to interest rate comprise</p> <p>cash balances and gearing if any.</p>	<p>low</p> <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>
<p>Operational risks</p>	<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>the mandate of the Sunstone Investment Committee is to ensure that investment decisions are properly considered and evaluated prior to investments being made.</p> <p>low</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>
<p>Liquidity risk</p>	<p>the risk that funds will not be available to meet future investment requirements</p>	<p>medium</p> <p>the company manages liquidity risk through ongoing review of future funding obligations.</p>
<p>Capital risk</p>	<p>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.</p>	<p>medium</p> <p>in order to maintain or adjust the capital structure, the company may issue new shares or sell assets to increase cash and cash equivalents.</p>

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

The material provisions of the MOI of the Company are as follows:

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 -
- each voting right entitled to be exercised may be exercised once; and
- 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 -

he is not represented at any such meetings during such six consecutive months by an alternate director; and

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.

RETIREMENT OF DIRECTORS

- 32.25 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.
- 32.26 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.
- 32.27 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.
- 32.28 A director retiring at a meeting shall retain office until the election of directors at that meeting has been completed.
- 32.29 Retiring directors may be re-elected.
- 32.30 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 –
- 32.30.1 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;
- 32.30.2 such notice sets out the shareholder's intention to propose a specific person for election as director; and
- 32.30.3 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).
- 32.31 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 –
- 32.31.1 it is expressly resolved at such meeting not to fill such vacated office; or
- 32.31.2 a resolution for the re-election of such director was put to the meeting and rejected.
- 32.32 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.
- 32.33 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.

PROCEEDINGS OF DIRECTORS AND COMMITTEES

- 32.34 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.
- 32.35 Until otherwise determined by the directors, two directors shall constitute a quorum.
- 32.36 A director authorised by the board of directors of the company-
- 32.36.1 may call a meeting of the directors at any time; and
- 32.36.2 must call such a meeting if required to do so by at least -
- 25% of the directors, in the case of a board that has at least twelve members; or
- two directors, in any other case.
- 32.37 The directors shall determine the number of days' notice to be given for directors' meetings, and the form of that notice.
- 32.38 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.
- 32.39 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.
- 32.40 The directors may –
- 32.40.1 elect a chairperson and a deputy chairperson (to act in the absence of the chairperson) of their meetings;
- 32.40.2 determine the period for which they are to hold office, which period shall not exceed five years.
- 32.41 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.
- 32.42 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.
- 32.43 The chairperson shall not have a second or casting vote.
- 32.44 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.
- 32.45 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.
- 32.46 Any resolutions contemplated in clause 32.45 –
- 32.46.1 may consist of one or more documents so signed;
- 32.46.2 shall have regard to the provisions of section 75 of the Act;
- 32.46.3 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.

32.47 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.

32.48 Resolutions adopted by the board –

32.48.1 must be dated and sequentially numbered; and

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

32.49 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.

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

DIRECTORS' REMUNERATION

32.51 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.

32.52 Any director who –

32.52.1 serves on any executive or other committee; or

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

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

32.52.4 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.

32.53 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.

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

32.54.1 the business of the company; and

32.54.2 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
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 Manager is entitled to payment of a capital raising fee of 3% (three percent) (excluding VAT) on capital raised.

“B” Ordinary Shares and “UB” Ordinary Shares

- The Manager is entitled to a capital raising fee of 1.5% (one-point five percent) (excluding VAT) on total capital raised in the “B” Ordinary Shares and/or “UB” Ordinary Shares;
- The Manager may charge the underlying Qualifying Company a 2% (two percent) management fee per annum on share capital, payable quarterly in advance on 1 March, 1 June, 1 September and 1 December of each year.
- The Manager may charge investors a performance fee of 20% (twenty percent) of the total amount due to “B” Ordinary and “UB” Ordinary Shareholders upon return of risk capital to the Investor.

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



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Private Bag X60500
Houghton, 2041
Johannesburg
South Africa

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

11 November 2019

Dear Sirs

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

Introduction

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of the Sunstone prospectus ("The prospectus") prepared 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 2019 for purposes of the *pro forma* statement of financial position and at 1 March 2018 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 2019.

Directors' responsibility

The directors of Sunstone (the "Directors") are solely responsible for the compilation, contents and presentation of the *pro forma* Financial Information as described in the circular, and for the financial information from which it has been prepared.

Quality control

The firm applies International Standard on Quality Control 1 ("ISQC 1") 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.

Independence and other ethical requirements

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

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

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

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

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 are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* Financial Information. In addition, we have not performed an audit or review of the financial information used in compiling the *pro forma* Financial Information.

Scope

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Reports on the Process to Compile *pro Forma* Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the responsible party has applied the process to compile the *pro forma* Financial Information in accordance with the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published 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 Published Financial Information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* Financial Information included in a circular 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, we do not provide any assurance that the actual outcome of the event or transaction as at 28 February 2019 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 in the compilation of the *pro forma* Financial Information provides 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 judgment, 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.

Consent

This report on the *pro forma* information is included solely for the information of the Sunstone Capital Limited 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.

Per Nick Lazanakis

Chartered Accountant (SA)



BDO South Africa Incorporated



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Private Bag X60500
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South Africa

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

11 November 2019

Dear Sir/Madam

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

We have agreed to provide a report on Sunstone's financial information included in the prospectus to be issued on or about the 15 November 2019 ("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").

BDO South Africa Incorporated ("BDO") is the appointed auditor of Sunstone.

BDO has audited the annual financial statements of Sunstone for the period ended 28 February 2019. The 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. No further audit procedures have been performed subsequent to the audit opinion dated 25 June 2019, in respect of the period ended 28 February 2019.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

National Executive: PR Badrick • HN Bhaga-Muljee • S Dansie • BJ de Wet • HCS Lopes (Johannesburg Office Managing Partner)
SM Somaroo • ME Stewart (Chief Executive) • IM Scott • MS Willimott

The company's principal place of business is at 52 Corlett Drive, Illovo, Johannesburg, where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms



	28 February 2019	28 February 2018	29 February 2017
	R	R	R
Total profit (loss)	66 185	(61 969)	-
Total Assets	10 730 684	3 058 084	-
Total Liabilities	284 590	239 089	-
Total dividends paid	-	-	-

We advise that the Regulation 79 financial information detailed above has been extracted from Sunstone's annual financial statements for the period ended 28 February 2019. As the Regulation 79 financial information is an extract from the annual financial statements BDO can report the following:

- 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), BDO 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 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 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;
- requested the minutes of the board of directors of Sunstone since the financial year end for review;
- obtained a letter of representation from Sunstone management confirming that all significant changes to the financial position of the Company since the financial year end have been disclosed to ourselves.

The following material changes have been disclosed up to date of this report:

- A new investment amounting to R2,090,000 was made during the financial year ending 29 February 2020.
- A new investment amounting to R2,909,500 was made during the financial year ending 29 February 2020.
- A new investment amounting to R2,650,000 was made during the financial year ending 29 February 2020.



Nothing further has come to our attention that would indicate that there has been a material change in the assets and liabilities of Sunstone 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.

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

Yours faithfully

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

per Kathryn Ann Luck
Chartered Accountant (SA)
Registered Auditor

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 consists of a minimum of 3 non-executive directors. The non-executive Directors bring to the Company a wide range of skills and experience that will enable them to contribute independent views and to exercise objective judgements 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 MOI.

Board meetings will be 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 and Risk 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 the Sunstone Investment Committee. The Sunstone Investment Committee consists of a minimum of two non-executive Directors, one independent non-executive Director and an

independent consultant. The Sunstone 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 Sunstone Investment Committee.

2. DIRECTORS' DEALINGS AND PROFESSIONAL ADVICE

The Company has a policy which prohibits dealings by directors and certain other managers in certain circumstances as determined by the Board.

The Board may in furtherance of their duties and when necessary, take independent professional advice, at the Company's expense. 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; and
- 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

The Company 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 -	Non-compliant	Available for inspection at the company's premises.
	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;		
	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:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	a. An overview of the arrangements for governing and managing ethics.		
	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:	Non-compliant	Governance processes in place as are appropriate to the size and scope of
	a. An overview of the arrangements for governing and managing responsible corporate citizenship.	Non-compliant	
	b. Key areas of focus during the reporting period.	Non-compliant	
	c. Measures taken to monitor corporate citizenship and how the outcomes were addressed.	Non-	

	d. Planned areas of future focus.	compliant Non-compliant	the Company's operations
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: 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	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	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: a. Corporate governance disclosures required in terms of this Code (refer to Part 3: <i>King IV Application and Disclosure</i> for more detail).	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	b. Integrated reports.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	c. Annual financial statements and other external reports.	Partially Compliant	Audited Annual Financial Statements are sent to shareholders annually.
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: a. The number of meetings held during the reporting period, and attendance at those meetings	Partially Compliant	Attendance Registers maintained for all relevant 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.			
<i>Composition</i>			
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 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.	N/A	The Company is managed by the 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	Compliant	Governance processes in

	and responsibilities.		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:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	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.		
	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:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	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.		
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.			
<i>General</i>			
43.	The terms of reference should, at a minimum, deal with the following:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	h. The arrangements for evaluating the committee's performance.		
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:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	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.		
<i>Audit committee</i>			
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:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	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,	Partially Compliant	
	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;	Non-compliant	
	iii the rotation of the designated external audit partner.	N/A	
	d. The audit committee's views on the effectiveness of the chief audit executive and the arrangements for internal audit.	Partially Compliant	
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.	N/A		
f. The audit committee's views on the effectiveness of the CEO and the finance function.			
<i>Committee responsible for nominations of members of the governing body</i>			
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.			
<i>Committee responsible for risk governance</i>			
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	
<i>Committee responsible for remuneration</i>			
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	
<i>Social and ethics committee</i>			
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			
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			
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.			
<i>CEO appointment and role</i>			

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 and scope of the Company's operations The Company is managed by the Manager
85.	The governing body should approve a delegation of authority framework that articulates its set direction on reservation and delegation of power.		
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
Compliance governance			
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.		Compliant	Remarks
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.			
<i>Remuneration policy</i>			
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:	N/A	
	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.		
29.	d. To promote an ethical culture and responsible corporate citizenship.	N/A	
	The remuneration policy should address organisation-wide remuneration and include provision for the following specifically		
	a. Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation.		
	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.		
30.	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.	N/A	
	All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy, including:		
	a. base salary, including financial and non-financial benefits,		
	b. variable remuneration, including short and long-term incentives and deferrals;		
	c. payments on termination of employment or office; d sign-on, retention and restraint payments,		
d. the provisions, if any, for pre-vesting forfeiture (<i>malus</i>) and post-vesting forfeiture (claw-back) of remuneration;			
e. any commissions and allowances; and			
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
<i>Remuneration report</i>			
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	
<i>Background statement</i>			
33.	The background statement should briefly provide context for remuneration considerations and decisions, with reference to:	N/A	The Company is managed by the Manager and has no employees
	a. internal and external factors that influenced remuneration,		
	b. the most recent results of voting on the remuneration policy and the implementation report and the measures taken in response thereto,		
	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;		
	d. whether remuneration consultants have been used, and whether the remuneration committee is satisfied that they were independent and objective;		
	e. the views of the remuneration committee on whether the remuneration policy achieved its stated objectives; and\		
f. future areas of focus.			
<i>Overview of remuneration policy</i>			
34.	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:	N/A	The Company is managed by the Manager and has no employees
	a. The remuneration elements and design principles informing the remuneration arrangements for executive management and, at a high level, for other employees.		
	b. Details of any obligations in executive employment contracts which could give rise to payments on termination of employment or office.		
	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.		
	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.		
	e. An explanation of how the policy addresses fair and responsible remuneration for executive management in the context of overall employee remuneration.		
	f. The use and justification of remuneration benchmarks.		
	g. The basis for the setting of fees for non-executive directors.		
h. A reference to an electronic link to the full remuneration policy for public access.			
<i>Implementation report</i>			

35.	The implementation report, which includes the remuneration disclosure in terms of the Companies Act, should reflect the following:	N/A	The Company is managed by the Manager and has no employees
	a. The remuneration of each member of executive management, which should include in separate tables:		
	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,		
	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		
	iii. the cash value of all awards made under variable remuneration incentive schemes that were settled during the reporting period.		
	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.			
<i>Combined assurance</i>			
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	
<i>Internal audit</i>			
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:		
	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.			
<i>Stakeholder relationships</i>			
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.		
<i>Shareholder relationships</i>			
10.	The minutes of the AGMs of listed companies should be made publicly available.	N/A	
<i>Relationships within a group of companies</i>			
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.		

ANNEXURE 9 – SARS LICENSE

Legal Counsel

Legal Advisory

**Venture Capital
Company Office**

Enquiries
Mxolisi Radebe

Switchboard
(011) 602 2000

Direct Line
011 602 3839

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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**

Page 1 of 1



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

ANNEXURE 10 – WHAT IS SECTION 12J

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?

The full amount invested in Sunstone, to the extent it is approved by SARS as a VCC, 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 VCC 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 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 immovable 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.