

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:

70 000 "B" Ordinary Shares of no par value at an issue price of R1 050 per share; and/or

70 000 "M" Ordinary Shares of no par value at an issue price of R1 050 per share; and/or

20 000 "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 140 Shares, which amounts to a minimum subscription payment of R147 000. The Offer seeks to raise in combination a total equity amount of R105 000 000. 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, 11 December 2020
Closing date of the Offer	17:00 on Friday, 28 February 2021

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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 11 December 2020 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.

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 37 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. 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 the 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, 11 December 2020 until 16:00 on Friday, 28 February 2021.

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

Auditor & Reporting Accountants

PKF OCTAGON

**Administrative
Manager, and
Compliance Officer**

GR VEST
CORPORATE ADVISORY

Commercial Bank



Manager

SUNSTONE
Management Company

Legal Advisor to the Company

FASKEN

Corporate Information and Advisors

Business and Registered Office Address	Administrative Manager & Compliance Officer
Sunstone Capital Limited Registration number: 2017/418473/06 164 Katherine Street Building 2, Pinmill Office Park Strathavon, 2196 P.O. Box 1277 Gallo Manor 2052 Tel: 011 262 6433	Grovest Corporate Advisory Proprietary Limited Registration number: 2012/223909/07 164 Katherine Street Building 2, Pinmill Office Park Strathavon 2196 P.O. Box 1277 Gallo Manor 2052 Tel: 011 262 6433
Company Secretary	Commercial Bank
E.R.Goodman Secretarial Services Proprietary Limited Registration number: 2017/091079/07 1st Floor Voltex House 3 River Rd (Cnr Boeing Rd West) Bedfordview 2008 P.O. Box 9420 Verwoerd Park 1453 Tel: 082 308 2896	FirstRand Bank Limited Registration number: 1929/001225/06 Group Company Secretary's Office 4 Merchant Place, CNR Fredman Drive and Rivonia Road 2146 P.O. Box 650149 Benmore 2010 Tel: 087 575 9404
Legal Advisor to the Company	Fund Manager
Fasken (incorporated as in South Africa as Bell Dewar Inc.) Registration number: 1995/004675/21 Inanda Greens 54 Wierda Road West Johannesburg 2196 P.O. Box 652057 Benmore 2010 Tel: 011 586 6000	Sunstone Management Company Proprietary Limited Registration number: 2017/666366/07 164 Katherine Street Building 2, Pinmill Office Park Strathavon 2196 P.O. Box 1277 Gallo Manor 2052 Tel: 011 262 6433
Auditors & Reporting Accountants	
PKF Octagon Inc. Registration number: 2018/515503/21 Chartered Accountants SA 21 Scott Street Waverly Johannesburg 2090 Same as above Tel: 010 003 0150	

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 37 of this Prospectus concerning the potential risks.

Date of issue: 11 December 2020

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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”	PKF Octagon, E.R. Goodman, Grovest Corporate Advisory, First Rand Bank Limited, 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;
““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 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 2021 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;
“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”	30 October 2020, being the last practicable date prior to the finalisation of this Prospectus;
““M” Ordinary Shares”	“M” Ordinary Shares of no par value in the share capital of Sunstone with the rights and obligations set out in the MOI;
““M” Ordinary Share Portfolio”	the portfolio of investments created by investing the proceeds raised from the issue of “M” Ordinary Shares pursuant to the Offer;
“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 up to 70 000 “B” Ordinary Shares, 70 000 “M” Ordinary Shares and/or 20 000 “UB” Ordinary Shares at an issue price of R1 050 per share, with a minimum subscription of at least 140 Shares per 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, 11 December 2020 to 17:00 on Friday, 28 February 2021;
“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 Shareholders”	holders of Ordinary Shares in the Company;
“Ordinary Shares”	ordinary no par value shares in the share capital of Sunstone having the rights and obligations set out in the MOI;
“PKF Octagon”	PKF Octagon, the Company’s reporting accountants whose full details are set out in the <i>Corporate Information and Advisors</i> section of this Prospectus;
“Prospectus”	this entire prospectus document and its annexures, issued on 11 December 2020;
“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, 100% of the subscription price paid for the acquisition of the shares in the Company, 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, “M” 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)
(VCC number: VCC-0101)
("Sunstone" or "the Company")

Amaresh Chetty (Independent Non-Executive Chairman)
Avrahami Gordon (Non-Executive Director)
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));
 - 1.5.4. for 69% of the ordinary shares in Truckspot Proprietary Limited (Registration Number: 2019/115342/07), 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)); and
 - 1.5.5. for 69% of the ordinary shares in Growth Motors Proprietary Limited (Registration Number: 2019/115368/07), 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 being a 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	Avrahami Gordon (reg 58 (2)(a))
Business Address	164 Katherine Street, Pinmill Office Park, Building 2, Strathavon, 2196 (reg 58 (2)(a))
Position	Non-Executive Director (reg 58 (2)(a))
Occupation	Holds directorships on the boards of various companies in which he holds private equity investments (reg 58 (2)(a))
Qualifications and Experience	<p>He also holds directorships on the boards of various companies in which he holds private equity investments.</p> <p>Avraham holds a bachelors degree in financial accounting and a post-graduate diploma in business administration. He has been a part of the fund management team for Sunstone Capital and Decentral Energy Capital since 2018. He has significant commercial experience from his management roles in a number of private companies specialising in distribution and manufacturing as well as his experience in the financial services industry.</p>

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 Marilis Janse Van Rensburg. (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 44 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
Avrahami Gordon	Non-Executive Director, member of the Audit Committee	Nil
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 39 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 45 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 45 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, “M” Ordinary Shares and “UB” Ordinary Shares. (reg 58 (3) (d) (iii))

- 2.9.7. An annual asset Management fee of 2.0% excluding VAT is payable to the Manager, quarterly in advance on all assets under management.
- 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 46 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

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 “B” Ordinary Shares

Sunstone will subscribe for qualifying shares in Qualifying Companies that seek to generate stable monthly rentals off the back of a diversified portfolio of high liquid operating assets. The objective is to generate dependable returns through asset backed investments with minimal exposure to the operational upside and downside of the assets performance. Through the wealth of knowledge and industry specific experience possessed by the Directors and the operators, the Company has identified unique opportunities that allow for rapid deployment of capital.

3.3.1.2 “M” Ordinary Shares

Sunstone will subscribe for qualifying shares in Qualifying Companies that seek to generate stable monthly rentals off the back of a diversified portfolio of medical assets which are leased out to medical professionals. Through its partner network, Sunstone has access to a substantial pipeline of attractive investment opportunities.

3.3.1.3 “UB” Ordinary Shares

Sunstone will subscribe for qualifying shares in Qualifying Companies that seek to generate stable monthly rentals off the back of a fleet of vehicles managed by experienced operators. Through the wealth of knowledge and industry specific experience possessed by the Directors and the operators, the Company has identified unique opportunities that allow for rapid deployment of capital.

3.3.1.4 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 inefficiencies.

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. These moveable assets include but are not limited to bakkies, billboards, safari vehicles, machinery and medical equipment. From time to time, these assets may be sold earlier if an opportunity exists to earn above normal returns to investors exists. This share class will aim to pay out dividends on a bi-annual basis.

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 the purchasing and leasing out of vehicles fleets. The Directors have identified various opportunities whereby the Company will purchase and rent out vehicles at a competitive rate and rent them out for a period of 18-36 months. At the end of the period, these vehicles are to be sold at fair market value. This share class will aim to pay out dividends on an annual basis.

3.3.2.3 The investment strategy adopted by the “M” 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 portfolio of assets to be leased out to medical professionals on a 18-60 month basis. Asset selection will be motivated by liquidity factors as well as the credibility of the off-takers. Personal suretyship will be signed on each lease and a risk based approach will be used when calculating rentals. This share class will aim to pay out dividends on a bi-annual basis.

3.3.2.4 Asset choice in each of the share classes 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.

3.3.2.5 The investment committee will evaluate potential returns, the counterparty risk to the rental agreements and the resale value of the moveable assets 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, asset requirements, cash flows, profitability, legislative requirements, credit worthiness, sustainability of the counter party as well as the exit value in secondary market.

3.3.3.3 The results of the DD are presented to the Investment Committee for final decision making, where after the relevant rental agreements are 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 moveable assets to ensure that the fair value of these assets may be realised upon disposal.

3.3.4.2 Sunstone will ensure that each of the Qualifying Companies adhere to the legal obligations associated with each asset in question.

3.3.5 Investment Mandate

3.3.5.1 Capital raised will be invested, in terms of the various investment mandates, as adopted by the Board which currently are 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
Medical asset rentals	0 –80	15-18	3-5
e-hailing vehicles	0 – 80	15 - 17	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 in the secondary market.

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 three 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;
- Lodge equipment – a portfolio of lodge suitable assets such as golf carts and commercial fleets which are leased out to established post revenue lodges.

- Ride-hailing Vehicles – a sizeable fleet of vehicles that will be leased by the Company to ride-hail operators.
- Medical assets – medical operating assets and equipment to be rented out to doctors in private medical practice.

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 2020 is set out below.

The Director's forecasts are based on a targeted Capital of R105 000 000 being raised by way of combination comprising 45 000 "B" Ordinary Shares, 45 000 "M" Ordinary Shares and/or 10 000 "UB" Ordinary Shares as at February 2021.

Statement of Comprehensive Income

	R	R	R
	Audited 28-Feb-20	Public Placement	Post Public Placement 28-Feb-20
Revenue			
Dividends received	605 000,00	-	605 000,00
Cost of sales		-	-
Gross Profit	605 000,00	-	605 000,00
Expenses	114 209	83 000	197 209
Auditors remuneration	18 113	25 000	43 113
Bank Charges	4 632	3 000	7 632
Compliance fees	8 734	5 000	13 734
Compilation fees	20 700	-	20 700
Directors fees	20 000	40 000	60 000
FSCA levies	6 662	-	6 662
Insurance	30 730	-	30 730
Secretarial Fees	4 638	10 000	14 638
Interest Income - Note 1	139 951	4 654 125	4 794 076
Fair value gains (losses)	495 642	-	495 642
Total Interest	635 593	4 654 125	5 289 718
Profit Before Tax	1 126 384	4 571 125	5 697 509
Taxation	- 118 231	- 1 279 915	- 1 398 146
Profit/(Loss) for the financial period	1 008 153	3 291 210	4 299 363
Share Capital of The Company	24 902	100 000	124 902
- Total Ordinary Shares	11 158	-	11 158
- Total "B" Ordinary Shares	11 012	45 000	56 012
- Total "M" Ordinary Shares	-	45 000	45 000
- Total "UB" Ordinary Shares	2 732	10 000	12 732

Notes

- Included in the public placement adjustment column is financial income of 4.5% 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 based on the assumptions 45 000 "B" Ordinary Shares, 45 000 "M" Ordinary Shares and 10 000 "UB" Ordinary Shares to the amount of capital raised in each share class on offer.

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
	Audited 28-Feb-20	Public Placement	Post Public Placement 28-Feb-20
Asset			
Non-Current Assets	11 682 642	-	11 682 642
Investment: Randburg Van Rentals 69%	3 127 642	-	3 127 642
Investment: Automobus 69%	2 090 000	-	2 090 000
Investment: Truckspot 69%	2 650 000	-	2 650 000
Investment: Sunboard Rentals 69%	2 909 500	-	2 909 500
Investment: Growth Motors 69%	905 500	-	905 500
Current Assets	13 524 722	103 425 000	116 949 722
Trade and Other Receivables	110 000	-	110 000
Cash and Cash Equivalents	13 414 722	103 425 000	116 839 722
Total Assets	25 207 364	103 425 000	128 632 364
Equity And Liabilities			
Equity	24 756 928	103 425 000	128 181 928
Ordinary Shares	10 441 609	-	10 441 609
"B" Ordinary Shares	11 562 600	46 541 250	58 103 850
"UB" Ordinary Shares	2 818 600	10 342 500	13 161 100
"M" Ordinary Shares	-	46 541 250	46 541 250
Retained Income	391 725	-	391 725
Profit and Loss	-	-	-
Non-Current Liabilities	82 448		82 448
Loans from Qualifying Companies	-	-	-
Deferred Tax	82 448	-	82 448
Liabilities			
Current Liabilities	367 988	-	367 988
Trade Payables	146 025	-	146 025
Dividend Payable	221 963	-	221 963
Total Equity and Liabilities	25 207 364	103 425 000	128 632 364
Share Capital of the Company			
Number of Shares Authorised			
Ordinary Shares	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	500 000	500 000	500 000
Number of Shares Issued			
- Total Ordinary Shares	11 158	-	11 158
- Total "B" Ordinary Shares	11 012	45 000	56 012
- Total "M" Ordinary Shares	-	45 000	45 000
- Total "UB" Ordinary Shares	2 732	10 000	12 732
NAV Per Share			
- Ordinary Shares	971	-	971
- "B" Ordinary Shares	1 017	1 034	1 037
- "M" Ordinary Shares	-	1 034	1 034
- "UB" Ordinary Shares	999	1 034	1 034

Notes:

Stated Capital – Shares

Assuming 45 000 “B” Ordinary Shares, 45 000 “M” Ordinary Shares and/or 10 000 “UB” Ordinary Shares have been issued at R1 050 per share:

	R105 000 000
Share issue costs of 1.5% have been set off capital raise:	<u>R 1 575 000</u>
	R103 425 000

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

- 3.3.12.1 There are no immovable properties owned by the Company and/or 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 47 of this Prospectus.
- 3.3.14.3 As at the Last Practicable Date, Sunstone has paid a total dividend of R1 019 869 to the Ordinary Shareholders. (reg 59(3) (g) (iii))
- 3.3.14.4 As at the Last Practicable Date, Sunstone has not paid any dividends to “B” Ordinary Shareholders and “UB” Ordinary Shareholders.
- 3.3.14.5 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	29-Feb-20	29-Feb-21
Number of authorised shares			
Ordinary Shares of no par value	1 000 000	1 000 000	1 000 000
“A” Ordinary Shares of no par value	1 000 000	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-20	Notes	29-Feb-21
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	11 012	45 000	56 012
“S” Ordinary Shares of no par value			
“M” Ordinary Shares of no par value		45 000	45 000
“UB” Ordinary Shares of no par value	2 732	10 000	12 732
“V” Ordinary Shares of no par value			
Unclassified Ordinary Shares			
Stated Capital (Rand)	24 365 203	105 000 000	129 365 203

Notes

Stated Capital –Shares

The above information is subject to the assumption that 45 000 “B” Ordinary Shares, 45 000 “M” Ordinary Shares and/or 10 000 “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 None of the Shares have any conversion or redemption rights.

4.4 The “B” Ordinary Shares participate equally in dividends declared by the Board which are attributable to shareholders of the “B” Ordinary Share Portfolio.

4.5 The “M” Ordinary Shares participate equally in dividends declared by the Board in the “M” 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 below. (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 “M” Ordinary Shares have been offered to the public.
- 4.10 As at the Last Practicable, a total number of 11 012 “B” Ordinary Shares have been issued at R1 050 per share to the public.
- 4.11 As at the Last Practicable, a total number of 2 732 “UB” Ordinary Shares have been issued at R1 050 per share to the public.
- 4.12 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 45 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 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 R173 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	PKF Octagon	R22 000
Auditors Report	PKF Octagon	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)	11 December 2020
Expected Closing Date of the Offer (17:00)	28 February 2021

3. PARTICULARS OF THE OFFER (reg 72)

3.1. The Offer comprises an offer to the public to subscribe for 70 000 "B" Ordinary Shares and/or 20 000 "UB" Ordinary Shares at R1 050 per Share, and a private offer 70 000 "M" Ordinary Share at R1 050 per share, each having 1 vote as contemplated in the MOI.

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 2021.

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	Number of "B" Ordinary Shares issued	Number of "M" Ordinary Shares issued	Number of "UB" Ordinary Shares issued	Price at which the Ordinary Shares were issued
28 Feb 2018	1 000 000	3 046				R 1 000
28 Feb 2019	1 000 000	8 112				R 1 000
29 Feb 2020	1 000 000		11 012		2 732	R 1050

3.4. The Directors have passed the required resolutions, authorisations and approvals, to issue 70 000 "B" Ordinary Shares, 70 000 "M" Ordinary Shares and/or 20 000 "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 140 (one hundred and forty) 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 2021 (crossed "not transferable") or banker's draft or electronic transfer into the following bank account:

Account Name: Sunstone Capital Limited

Bank Name: FNB

Branch Name: Sandton

Branch Code: 019205

Account Number: 6280 1421 009

- 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. 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.
- 4.4. Any amounts raised in excess of the projected issuing expenses, will be used to achieve the Company's goal to increase its capital base.
- 4.5. 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 Capital Limited to R2 500 000 per Individual taxpayer and R5 000 000 per Corporate taxpayer in the tax year of assessment whereby the investment is made.
- 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 2021.
- 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 2020 provisional tax returns or in their 2021 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 R7 500 000 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 58
- 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 Sundhwa by Jeffrey Miller on behalf of all of the Directors of Sunstone Capital Limited on or about 07 December 2020.


By: Amareesh Chetty, Non-Executive Chairman

By: Avrahami Gordon, Non-Executive Director


By: Jeffrey Miller, Non-Executive Director

By: Stanlie Medsile, 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 of the Income Tax Act	medium	The Section 12J VCC regime is subject to a sunset clause terminating on 30 June 2021. It is reasonable to assume that National Treasury and SARS will review the efficiency of the regime and a decision will be then made as to whether it should be extended.
Illiquid shares	the issued ordinary shares to investors are illiquid	high	full disclosure is made to investors that shares subscribed for are illiquid. at the discretion of the Board, the Company may repurchase investor shares at an appropriately discounted value. Furthermore, the Board is considering high probability exit strategies.
Fraud risk / internal control risk	the company does not have an internal audit function	medium	management accounts are produced monthly and reviewed by the Board. it is not deemed necessary by the audit and risk committee to implement an internal audit function due to the size of the Company. external auditors annually provide a management report on internal controls to the audit and risk committee.
Credit risk	credit risk consists mainly of cash deposits, cash equivalents and trade debtors.	low	the company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Interest rate risk	<p>financial assets and liabilities that are sensitive to interest rate comprise</p> <p>cash balances and gearing if any.</p>	low	<p>funds not yet invested are deposited in short, medium and long-term interest-bearing accounts.</p> <p>a 1% increase or decrease represents management's assessment of reasonably possible changes in interest rates.</p>
Operational risks	<p>the operational risk is that investment decisions are not properly evaluated and considered</p> <p>post investment management not conducted with adequate diligence and care</p>	<p>low</p> <p>low</p>	<p>the mandate of the Sunstone Investment Committee is to ensure that investment decisions are properly considered and evaluated prior to investments being made.</p> <p>the manager will procure the appointment of at least 1 non-executive director to the board of investee companies as a condition of investment.</p>
Liquidity risk	<p>the risk that funds will not be available to meet future investment requirements</p>	medium	<p>the company manages liquidity risk through ongoing review of future funding obligations.</p>
Capital risk	<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>	medium	<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
Avrahami Gordon	01/12/2020	30/11/2025	Five consecutive one year terms of office	1 calendar month	Nil
Stanley Medalie	12/02/2018	12/02/2023	Five consecutive one year terms of office	1 calendar month	Nil
Jeffrey Wayne Miller	12/02/2018	12/02/2023	Five consecutive one year terms of office	1 calendar month	Nil

ANNEXURE 4 – SALIENT POINTS OF THE MANAGEMENT AGREEMENT (EXTRACT)

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

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

Remuneration:

Ordinary Shares

- The 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.

2017/00628/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 – REGULATION 79 & INDEPENDENT AUDITORS REPORT



The Board of Directors
Sunstone Capital Limited
PO Box 1277
Gallo Manor
2052

PKF OCTAGON

02 December 2020

Dear Sirs

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 **pro-forma statement of comprehensive income and statement of financial position** of the SUNSTONE prospectus to be issued on or about 10 December 2020 ("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 consolidated and separate profits and losses of the company for the three financial years preceding the date of the prospectus; and
- the consolidated and separate 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").

PKF OCTAGON is the appointed auditor of SUNSTONE.

We have audited the annual financial statements of SUNSTONE for the period ended 29 February 2020. Our audit was conducted in accordance with International Standards on Auditing and the financial statements prepared in accordance with International Financial Reporting Standards. We have not performed any audit procedures subsequent to our audit opinion dated 22 October 2020, in respect of the period ended 29 February 2020.

We confirm that the Regulation 79 financial information detailed in the pro-forma statement of comprehensive income and statement of financial position has been extracted from SUNSTONE's annual financial statements for the period ended 29 February 2020. As the Regulation 79 financial information is an extract from the annual financial statements PKF OCTAGON Johannesburg 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
- all inter company profits have been eliminated.

Material changes in the assets and liabilities

In accordance with Regulation 79 (4)(b)(v), PKF OCTAGON Johannesburg is required to include a statement in its report, as to whether there have been any material changes to the assets and liabilities of SUNSTONE 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;
- reviewed minutes of the board of directors of SUNSTONE since the financial year end; and
- 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.

Based on the aforementioned procedures there have not been material changes in the assets and issued share capital of the Company since the date of the last annual financial statements relating to issue of ordinary shares by way of a private placement as detailed in the prospectus.

Nothing 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


PKF Octagon Inc

ANNEXURE 7 – 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.		
	b. Key areas of focus during the reporting period.		
	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

	f. Diversity targets relating to the composition of the governing body.	Partially Compliant	operations 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	Compliant	Governance

	lead the governing body in the objective and effective discharge of its governance role and responsibilities.		processes in place as are appropriate to the size and scope of the Company's operations
32.	<p>The governing body should appoint an independent non-executive member as the lead independent to fulfil the following functions:</p> <p>a. To lead in the absence of the chair.</p> <p>b. To serve as a sounding board for the chair.</p> <p>c. To act as an intermediary between the chair and other members of the governing body, if necessary.</p> <p>d. To deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate.</p> <p>e. To strengthen independence on the governing body if the chair is not an independent non-executive member of the governing body.</p> <p>f. To chair discussions and decision-making by the governing body on matters where the chair has a conflict of interest.</p> <p>g. To lead the performance appraisal of the chair.</p>	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
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.	<p>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:</p> <p>b. The chair may be a member of the committee responsible for remuneration but should not be its chair.</p> <p>d. The chair may be a member of the committee responsible for risk governance and may also be its chair.</p> <p>e. The chair may be a member of the social and ethics committee but should not be its chair.</p>	N/A	
38.	<p>The following should be disclosed in relation to the chair:</p> <p>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.</p>	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Committees of the governing body		Compliant	Remarks
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.			
<i>General</i>			
43.	<p>The terms of reference should, at a minimum, deal with the following:</p> <p>h. The arrangements for evaluating the committee's performance.</p>	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
47.	Members of the executive and senior management should be invited to attend committee meetings either by standing invitation or on an ad hoc-basis to provide pertinent information and insights in their areas of responsibility.	N/A	The Company is managed by the Manager and has no employees
50.	<p>The following should be disclosed in relation to each committee of the governing body:</p> <p>a. Its overall role and associated responsibilities and functions.</p> <p>b. Its composition, including each member's qualifications and experience.</p> <p>c. Any external advisers or invitees who regularly attend committee meetings.</p> <p>d. Key areas of focus during the reporting period.</p> <p>e. The number of meetings held during the reporting period and attendance at those meetings.</p> <p>f. Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.</p>	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
<i>Audit committee</i>			
56.	All members of the audit committee should be independent, non-executive members of the	Partially	Governance

	governing body.	Compliant	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.		
Committee responsible for nominations of members of the governing body			
61.	All members of the committee for nominations should be non-executive members of the governing body, and the majority should be independent.	Non-Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Refer to paragraph 50 for the recommended disclosures in relation to the committee responsible for nominations.			
Committee responsible for risk governance			
63.	If the committees for audit and risk are separate, the governing body should consider for one or more members to have joint membership of both committees for more effective functioning.	N/A	
Committee responsible for remuneration			
65.	The governing body should consider allocating oversight of remuneration to a dedicated committee or adding it to the responsibilities of another committee as is appropriate for the organisation.	N/A	The Company is managed by the Manager and has no employees
66.	All members of the committee for remuneration should be non-executive members of the governing body, with the majority being independent non-executive members of the governing body.	N/A	
67.	The committee for remuneration should be chaired by an independent non-executive member.	N/A	
Social and ethics committee			
68.	For some companies, the establishment of a social and ethics committee is a statutory requirement. The governing body of any organisation not so obliged should consider allocating oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to a dedicated committee, or adding it to the responsibilities of another committee as is appropriate for the organisation.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
69.	The responsibilities of the social and ethics committee should include its statutory duties (if applicable) and any other responsibilities delegated to it by the governing body.	Non-compliant	
70.	The social and ethics committee should, subject to legal provisions, have executive and non-executive members, with a majority being non-executive members of the governing body.	Non-compliant	
Evaluations of the performance of the governing body		Compliant	Remarks
Principle 9: The governing body should ensure that the evaluation of its own performances and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.			
71.	The governing body should assume responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members by determining how it should be approached and conducted.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
72.	The governing body should appoint an independent non-executive member to lead the evaluation of the chair's performance if a lead independent is not in place.		
73.	A formal process, either externally facilitated or not in accordance with methodology approved by the governing body, should be followed for evaluating the performance of the governing body, its committees, its chair and its individual members at least every two years.		
74.	Every alternate year, the governing body should schedule in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its chair and its members as a whole.		
75.	The following should be disclosed in relation to the evaluation of the performance of the governing body:		
	a. A description of the performance evaluations undertaken during the reporting period, including their scope, whether they were formal or informal, and whether they were externally facilitated or not.		
	b. An overview of the evaluation results and remedial actions taken.		
	c. Whether the governing body is satisfied that the evaluation process is improving its performance and effectiveness.		

Appointment and delegation to management		Compliant	Remarks
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.			
CEO appointment and role			
76.	The governing body should appoint the CEO.	N/A	The Company is managed by the Manager and has no CEO
77.	The CEO should be responsible for leading the implementation and execution of approved strategy, policy and operational planning, and should serve as the chief link between management and the governing body.		
78.	The CEO should be accountable, and report to, the governing body.		
79.	The CEO should not be a member of the remuneration, audit or nomination committees, but should attend by invitation any meeting, or part thereof, if needed to contribute pertinent insights and information.		
80.	The CEO and the governing body should agree on whether the CEO takes up additional professional positions, including membership of other governing bodies outside the organisation. Time constraints and potential conflicts of interest should be considered and balanced against the opportunity for professional development		
81.	The governing body should satisfy itself that there is succession planning for the CEO position in place to provide continuity of executive leadership. Succession planning should be reviewed periodically, and should provide for both succession in emergency situations and succession over the longer term.		
82.	The governing body should formally evaluate the performance of the CEO against agreed performance measures and targets at least annually.		
83.	The following should be disclosed in relation to the CEO: a. The notice period stipulated in the CEO's employment contract and the contractual conditions related to termination		
	b. Other professional commitments of the CEO, including membership of governing bodies outside the organisation;		
	c. Whether succession planning is in place for the CEO.		
Delegation			
84.	The governing body should set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the CEO.	Partially comply	Governance processes in place as are appropriate to the size 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.	Partially comply	Governance processes in place as are appropriate to the size and scope of the Company's operations
	b. Key areas of focus during the reporting period, 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.		
Compliance governance		Compliant	Remarks
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.			
23.	The following should be disclosed in relation to compliance: a. An overview of the arrangements for governing and managing compliance.	Partially comply	Governance processes in place as are
	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.		appropriate to the size and scope of the Company's operations
	d. Planned areas of future focus.		
25.	Details of monitoring and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance should be disclosed.	N/A	
Remuneration governance		Compliant	Remarks
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.			
Remuneration policy			
26.	The governing body should assume responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis.	N/A	The Company is managed by the Manager and has no employees
27.	The governing body should approve policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration.	N/A	
28.	The remuneration policy should be designed to achieve the following objectives:	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.		
	d. To promote an ethical culture and responsible corporate citizenship.		
29.	The remuneration policy should address organisation-wide remuneration and include provision for the following specifically	N/A	The Company is managed by the Manager and has no employees
	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.		
	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.		
30.	All elements of remuneration that are offered in the organisation and the mix of these should be set out in the remuneration policy, including:	N/A	The Company is managed by the Manager and has no employees
	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
Remuneration report			
32.	The governing body should ensure that remuneration is disclosed by means of a remuneration report in three parts:	N/A	
	a. A background statement.		
	b. An overview of the main provisions of the remuneration policy.	N/A	
Background statement			
33.	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.		
Overview of remuneration policy			
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.		
Implementation report			
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.			
Combined assurance			
42.	The governing body should oversee that the combined assurance model is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of the following assurance service providers and functions as is appropriate for the organisation:		
	.		
	c. Internal auditors, internal forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	e. Other external assurance providers such as sustainability and environmental auditors, external actuaries, and external forensic fraud examiners and auditors.	N/A	
Internal audit			
48.	The governing body should assume responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. The governing body should delegate oversight of internal audit to the audit committee, if in place.	Non-compliant	Due to the size and scope of the Company's operations, the Company does not have an internal audit function
49.	The governing body should approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.		
50.	The governing body should ensure that the arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and that internal audit is supplemented as required by specialist services such as those provided by forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries.		
51.	If a chief audit executive (CAE) position is provided for in the arrangements for internal audit, the governing body should ensure that the position is set up to function independently from management who designs and implements the controls that are in place, and that the position carries the necessary authority.		
52.	The governing body should approve the appointment of the CAE, including the employment contract and remuneration of the CAE, and ensure that the person who fills the position has the necessary competence, gravitas and objectivity.		
53.	For reasons of independence, the CAE should have access to the chair of the audit committee.		
54.	For reasons of independence, the CAE should not be a member of executive management, but should be invited to attend executive meetings, as necessary, to be informed about strategy and policy decisions and their implementation.		
55.	Where internal audit services are co-sourced or outsourced, the governing body should ensure that there is clarity on who fulfils the role of CAE.		
56.	The CAE should report to the chair of the audit committee on the performance of duties and functions that relate to internal audit. On other duties and administrative matters, the CAE should report to the member of executive management designated for this purpose as appropriate for the organisation.		

58.	The governing body should monitor on an ongoing basis that internal audit: 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 8 – SARS LICENSE

Legal Counsel

Legal Advisory

Venture Capital Company Office

Enquiries
Mxolisi Radebe

Switchboard
(011) 602 2000

Direct Line
011 602 3839

Facsimile
011 602 3525

E-mail
MRadebe4@sars.gov.za

Sector
VCC Office

Reference
VCC-0101

Date
19 February 2018

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

per email: jeffm@vcms.co.za

Attention: Jeff Miller

Dear Public Officer



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

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

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ANNEXURE 9 – 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 immoveable property, except trade as a hotel keeper (includes bed and breakfast establishments);
- Financial service activities such as banking, insurance, money-lending and hire purchase financing; Provision of financial or advisory services, including legal, tax advisory, stock broking, management consulting, auditing, or accounting;
- Operating casino's or other gambling related activities including any other games of chance; Manufacturing, buying or selling liquor, tobacco products or arms or ammunition; or
- Any trade carried on mainly outside the Republic.
- There are no special tax rules for investee companies. The standard tax rules will apply.

Requirements to be met by Section 12J companies

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

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

Responsibilities of an approved VCC

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

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

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

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

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

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

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

In Summary

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

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

ANNEXURE 10 – AUDITED FINANCIAL STATEMENTS

Sunstone Capital Limited
(Registration number 2017/418473/06)
Financial statements
for the year ended 29 February 2020

Sunstone Capital Limited

(Registration number 2017/418473/06)
Financial Statements for the year ended 29 February 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment in qualifying companies as defined in Section 12J of the Income Tax Act
Directors	Amaresh Chetty Stanley Medalie Jeffrey Wayne Miller Avraham Gordon
Registered office	Building 2 Pinmill Office Park 164 Katherine Street Sandton 2196
Postal address	PO Box 1277 Gallo Manor Woodmead Gauteng 2052
Bankers	The Standard Bank of South Africa Limited
Auditors	PKF Octagon Inc. Registered Auditors
Secretary	ER Goodman Secretarial Services
Company registration number	2017/418473/06
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: N Olsen CA (SA)

Sunstone Capital Limited

(Registration number 2017/418479/06)

Financial Statements for the year ended 29 February 2020

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Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Published

22 October 2020

Audit and Risk Committee Report

This report is provided by the audit and risk committee appointed in respect of the 2020 financial year of Sunstone Capital Limited.

1. Members of the Audit Committee

The members of the audit committee are all non-executive directors of the company and include:

Name
JW Miller (Chairman)
A Gordon
S Medaille

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

2. Meetings held by the Audit and Risk Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 as appropriate for the size and scale of the company and activities by holding meetings on a periodic basis and by the unrestricted access granted to the external auditors.

3. External auditor

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession.

The audit committee agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Roles and Responsibilities

The committee is, inter alia, responsible for assisting the board in discharging its duties in respect of the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of accurate financial statements.

5. Statutory Duties

- Nominated and recommended the appointment for the ensuing year of the external auditors of the company who are registered auditors and who, in the opinion of the company, are independent of the company.
- Determined the fees to be paid to the auditors and the auditors' term of engagement.
- Ensured that the appointment of the auditors complies with the Companies Act, and any other legislation relating to the appointment of the auditors.
- Determined the nature and extent of any non-audit services that the auditors may provide to the company.
- Prepared a report which has been included in the annual financial statements.
- Received and dealt with any concerns relating to the accounting policies of the company, the content or auditing of the company's annual financial statements, the internal financial controls of the company or any related matter, and
- Made submissions to the board as required on any matter concerning the company's accounting policies, financial control, records and reporting.
- Keep under review the effectiveness of the company's internal controls and risk managements systems; and
- Review and approve the statements to be included in the Annual Report concerning internal controls and risk management;

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Audit and Risk Committee Report

- Review the company's arrangements with its employees to raise concern, in confidence, about possible wrong doing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation and such matters and appropriate follow up action.

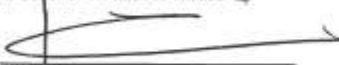
6. Going Concern

The audit committee has satisfied itself that the company will be a going concern for the foreseeable future.

7. Annual Financial Statements

Following the review of the annual financial statements the audit committee recommend board approval thereof.

On behalf of the audit committee


JW Miller
Chairman Audit and Risk Committee

Johannesburg

25 September 2020

Sunstone Capital Limited

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Financial Statements for the year ended 29 February 2020

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 9 to 10.

The financial statements set out on pages 12 to 27, which have been prepared on the going concern basis, were approved by the directors on 22 October 2020 and were signed on their behalf by:

Approval of financial statements


Amaresh Chetty
Johannesburg
22 October 2020


Avraham Gordon

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Sunstone Capital Limited for the year ended 29 February 2020.

1. Incorporation

The company was incorporated on 21 September 2017 and obtained its certificate to commence business on the same day.

2. Nature of business

Sunstone Capital Limited is a Venture Capital Company 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) under license number FSP48870. It is registered with the South African Revenue Service as a registered venture capital company under registration number VCC-0101.

Sunstone Capital Limited's business model is to provide rent options on moveable assets to various counterparties allowing them to move away from operationally inefficient, intensive and excessive documentation processes of traditional hire purchase finance providers thus enhancing efficiencies and customer service and saving administration costs. Sunstone Capital focuses on high-yielding, dividend generating moveable assets which it is able to rent out, in order to ensure speedy deployment of capital and liquidity.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

At 29 February 2020, the Net Asset Value of Ordinary shares was R970.90 (2019: R936.20), B Ordinary shares was R1 016.59 (2019: Nil), UB Ordinary shares was R998.87 (2019: Nil) per share.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

Investment activity

Automobus Proprietary Limited ("Automobus")

During the year, Sunstone Capital invested an amount of R2 090 000 into Automobus Proprietary Limited for a 69% equity stake. Automobus carries on the business of owning and renting vehicles to commercial fleet operators. As the current year is the first year of investment, the investment has been valued at cost.

Growth Motors Proprietary Limited ("Growth Motors")

During the year, Sunstone Capital invested an amount of R905 500 into Growth Motors Proprietary Limited for a 69.03% equity stake. Growth Motors carries on the business of owning and renting vehicles to commercial fleet operators. As the current year is the first year of investment, the investment has been valued at cost.

Sunboard Rentals Proprietary Limited ("Sunboard")

During the year, Sunstone Capital invested an amount of R2 909 500 into Sunboard Rentals Proprietary Limited for a 69% equity stake. Sunboard carries on the business of owning and renting advertising billboards to media companies. As the current year is the first year of investment, the investment has been valued at cost.

Truckspot Proprietary Limited ("Truckspot")

During the year, Sunstone Capital invested an amount of R2 650 000 into Truckspot Proprietary Limited for a 69% equity stake. Truckspot carries on the business of owning and renting vehicles to commercial fleet operators. As the current year is the first year of investment, the investment has been valued at cost.

Randburg Van Rentals Proprietary Limited ("RVR")

During the prior year Sunstone Capital invested an amount of R2 632 000 into Randburg Van Rentals Proprietary Limited (RVR) for a 69% equity stake. RVR owns and rents out vehicles to commercial fleet operators. During the current year a fair value gain was recognised on the value of the investment of R495 642.

4. Share capital

Refer to note 5 of the annual financial statements for the movement in authorised and issued share capital.

5. Dividends

Dividends of R620 916 were declared during the year to ordinary shareholders. No dividends were declared to UB Ordinary and B Ordinary shareholders.

6. Fund management agreement

The company has entered into an agreement with Sunstone Capital Managers Proprietary Limited to act as the sole and exclusive manager of the business.

In terms of the agreement, the manager will manage and supervise the day to day operations of the Company, subject to the relevant provisions of the Memorandum of Incorporation of the Company, the Companies Act, the Income Tax Act, the requirements of any relevant and applicable regulatory or statutory authority and all reasonable restraints and directives imposed by the Board.

The manager reduced the asset management fee to 1.5% (previous years 3%) on all new funds raised by the manager on behalf of the company, during the current reporting period.

The term of the agreement is 10 years, which commenced on 1 November 2017.

7. Directorate

The directors in office at the date of this report are as follows:

Directors		Changes
Amareesh Chetty	Non-executive Chairman	
Stanley Medallie	Non-executive	
Jeffrey Wayne Miller	Non-executive	
Avraham Gordon	Non-executive	Appointed 28 August 2020
Bruce King	Non-executive	Resigned 01 July 2019

8. Special resolutions

No special resolutions were made by the company during the period covered by this report.

9. Events after the reporting period

On 30 January 2020 the pandemic known as COVID-19 was declared a global emergency by the World Health Organisation (WHO) and has had a significant economic impact on the global economy. Many countries, including South Africa have responded by implementing a phased nationwide lockdown to respond to the pandemic. The effects of this phased approach have caused a sharp decline in economic activity, and in some cases temporary closure of operations. The directors have taken proactive steps in the light of the containment measures to mitigate the adverse effects caused by the pandemic.

Directors responses include:

- Maintaining regular lines of communication with all stakeholders, through positive engagement and transparency with shareholders, customers, employees, capital providers and other stakeholders;
- Ensuring its ability to provide services remotely by ensuring staff have connectivity as they work from home.

The directors believe that the impact of the pandemic on the Company's operations are manageable through the implementation of business interruption and continuity management strategies.

The full impact of the pandemic is uncertain as it is based on the expectations of future events.

At year end the directors are satisfied that there are no adjustments required due to this pandemic.

10. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Auditors

PKF Octagon Inc. were appointed as auditors for the company for 2020, with Raymond Bloch being the designated lead audit partner.

12. Secretary

The company secretary is ER Goodman Secretarial Services.



Independent Auditor's Report

To the Directors of Sunstone Capital Limited

Opinion

We have audited the financial statements of Sunstone Capital Limited set out on pages 12 to 25, which comprise the statement of financial position as at 29 February 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position Sunstone Capital Limited as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards) (Parts 1, 3, 4A and 4B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter: Subsequent Event: The impact of the uncertainty of COVID-19

We draw attention to note 9 of the directors' report, which deals with subsequent event and specifically the possible effects of the future implications of COVID-19 on Sunstone Capital Limited's, future prospects, performance and cashflows. Management have also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa as well as the detailed income statement, presented on pages 26. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

right people, right size, right solutions.

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www.pkfoctagon.com

Directors: Matthew Berger - Raymond Bloch - Melani Broodryk - Clifford Livingstone - Chelsea Muthiru - Syed Meera - Bianca Rose - Antonette Schalkamp
Fiona Scheekamp - Hendrik Scheekamp - Nicole Thompson (Jewels) - Stephen Tucker - Monty van Wyk - Waldemar Wasowicz Associate Director: Matthew Visser
Registration No. 2018/615505/21 Practice No. 1944 361

PKF Octagon is a member firm of the PKF South Africa Inc. and PKF International Limited family of legally independent firms. Neither PKF Octagon nor PKF South Africa Inc. accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PKF Octagon Inc
Raymond Bloch
Director
Registered Auditor

22 October 2020
Johannesburg

Practitioner's Compilation Report

To the management of Sunstone Capital Limited

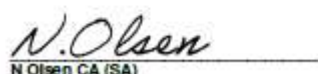
I have compiled the financial statements of Sunstone Capital Limited, as set out on pages 12 - 25, based on the information you have provided. These financial statements comprise the Statement of Financial Position of Sunstone Capital Limited as at 29 February 2020, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements International Financial Reporting Standards. I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to me to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared International Financial Reporting Standards.


N Olsen CA (SA)

22 October 2020
Johannesburg

Sunstone Capital Limited

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Financial Statements for the year ended 29 February 2020

Statement of Financial Position as at 29 February 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Investments in qualifying companies	2	11 682 642	2 632 000
Deferred tax	3	-	35 783
		11 682 642	2 667 783
Current Assets			
Trade and other receivables	4	110 000	-
Cash and cash equivalents	5	13 414 722	8 062 901
		13 524 722	8 062 901
Total Assets		25 207 364	10 730 684
Equity and Liabilities			
Equity			
Share capital	6	24 365 203	10 441 609
Retained income		391 725	4 489
		24 756 928	10 446 098
Liabilities			
Non-Current Liabilities			
Loans from qualifying companies	7	-	105 000
Deferred tax	3	82 448	-
		82 448	105 000
Current Liabilities			
Trade and other payables	8	146 025	179 586
Dividend payable		221 963	-
		367 988	179 586
Total Liabilities		450 436	284 586
Total Equity and Liabilities		25 207 364	10 730 684

Sunstone Capital Limited

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Financial Statements for the year ended 29 February 2020

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue	9	606 000	125 000
Fair value adjustment	10	496 642	-
Other operating expenses		(114 209)	(115 541)
Operating profit (loss)		986 433	9 459
Investment income	11	139 951	33 853
Profit (loss) before taxation		1 126 384	43 312
Taxation	12	(118 231)	22 873
Profit (loss) for the year		1 008 153	66 185
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		1 008 153	66 185

Sunstone Capital Limited

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Financial Statements for the year ended 29 February 2020

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 March 2018	2 880 691	(61 696)	2 818 995
Profit for the year	-	66 185	66 185
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	66 185	66 185
Issue of shares	8 112 000	-	8 112 000
Share issue costs	(551 086)	-	(551 086)
Total contributions by and distributions to owners of company recognised directly in equity	7 560 914	-	7 560 914
Balance at 01 March 2019	10 441 605	4 488	10 446 093
Profit for the year	-	1 008 153	1 008 153
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1 008 153	1 008 153
Issue of 8 ordinary shares	11 562 600	-	11 562 600
Issue of UB ordinary shares	2 818 600	-	2 818 600
Share issue costs	(457 602)	-	(457 602)
Dividends to Ordinary Shareholders	-	(620 916)	(620 916)
Total contributions by and distributions to owners of company recognised directly in equity	13 923 598	(620 916)	13 302 682
Balance at 29 February 2020	24 365 203	391 725	24 756 928
Note(s)	6		

Sunstone Capital Limited

(Registration number 2017/418473/06)

Financial Statements for the year ended 29 February 2020

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash used in operations	13	(257 775)	(175 040)
Interest income		139 951	33 853
Dividends received		605 000	125 000
Net cash from operating activities		487 176	(16 187)
Cash flows from investing activities			
Net movement in qualifying company loan		(105 000)	105 000
Purchase of investments		(8 555 000)	(2 632 000)
Net cash from investing activities		(8 660 000)	(2 527 000)
Cash flows from financing activities			
Proceeds on share issue	6	14 381 200	8 112 000
Share issue costs	6	(457 606)	(551 086)
Dividends paid	14	(398 953)	-
Net cash from financing activities		13 524 641	7 560 914
Total cash movement for the year		5 351 817	5 017 727
Cash at the beginning of the year		8 062 901	3 045 174
Total cash at end of the year	6	13 414 718	8 062 901

Sunstone Capital Limited

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Financial Statements for the year ended 29 February 2020

Accounting Policies

Corporate Information

Sunstone Capital Limited is a public company incorporated and domiciled in South Africa.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, the directors are required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosure. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

In the process of applying the accounting policies, the directors have made the following estimates and judgements that have the most significant effects on the amounts recognised and disclosed in the annual financial statements.

Key sources of estimation uncertainty

Impairment testing

The directors review and evaluate the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely dependent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Sunstone Capital Limited

(Registration number 2017/418473/06)

Financial Statements for the year ended 29 February 2020

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Investments

Investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines (Edition December 2012) using the "Discounted Cash Flow and Net Present Value" valuation method.

In determining the fair value of an investment, the directors use their judgement. This includes consideration of those specific terms of the investment which may impact its fair value. In this regard, the directors consider the economic substance of the investment, which may take precedence over the strict legal form.

During the limited period following the date of the relevant transaction, the directors assess at each measurement date whether changes or events subsequent to the relevant transaction would imply a change in investment's fair value.

1.3 Financial Instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial instruments are initially measured at the transaction cost when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Transaction costs on financial instruments are capitalised to the cost of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Sunstone Capital Limited

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Financial Statements for the year ended 29 February 2020

Accounting Policies

1.3 Financial Instruments (continued)

Impairment of financial assets

For amounts due to the company, significant difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Fair value determination

Fair value is determined by the board of directors in accordance with the "International Private Equity and Venture Capital Valuation Guidelines" which have been endorsed by the Southern African Venture Capital and Private Equity Association. In accordance therewith, investments are carried at cost in the first twelve months post investment and thereafter at fair value.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices (included within Level 1) that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category included instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category included instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option-pricing models and other valuation models. Assumptions inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity index prices and expected volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the assets or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are not quoted in active markets is determined by using valuation techniques. Where valuation techniques or models are used to determine fair values, they are validated and periodically independently reviewed by qualified senior personnel. All models are authorised before they are used, and models are calibrated and back tested to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management estimates.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market price or dealer price quotations. For all other financial instruments, the company determines fair values using other valuation techniques.

1.3 Financial Instruments (continued)

For financial instruments that trade infrequently, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Loans to (from) related parties

Loans to related parties are classified as loans receivables.

Loans from related parties are classified as financial liabilities at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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Financial Statements for the year ended 29 February 2020

Accounting Policies

1.4 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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Financial Statements for the year ended 29 February 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
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2. Interests in qualifying companies

Name of company	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
Automobus Proprietary Limited	69.00 %	- %	2 090 000	-
Growth Motors Proprietary Limited	69.03 %	- %	905 500	-
Randburg Van Rentals Proprietary Limited	69.00 %	69.00 %	3 127 642	2 632 000
Sunboard Rentals Proprietary Limited	69.00 %	- %	2 909 500	-
Truckspot Proprietary Limited	69.00 %	- %	2 650 000	-
			11 682 642	2 632 000
Automobus Proprietary Limited				
Opening Balance			-	-
Investment			2 090 000	-
Fair Value Adjustment			-	-
			2 090 000	-
Growth Motors Proprietary Limited				
Opening Balance			-	-
Investment			905 500	-
Fair Value Adjustment			-	-
			905 500	-
Randburg Van Rentals Proprietary Limited				
Opening Balance			2 632 000	-
Investment			-	2 632 000
Fair Value Adjustment			495 642	-
			3 127 642	2 632 000
Sunboard Rentals Proprietary Limited				
Opening Balance			-	-
Investment			2 909 500	-
Fair Value Adjustment			-	-
			2 909 500	-
Truckspot Proprietary Limited				
Opening Balance			-	-
Investment			2 650 000	-
Fair Value Adjustment			-	-
			2 650 000	-

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Financial Statements for the year ended 29 February 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
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3. Deferred tax

Deferred tax asset / (liability)

Arising as a result of temporary differences on:

Tax losses available for offset against future taxable income	26 576	35 783
Fair Value Adjustments	(111 024)	-
Total net deferred tax asset (liability)	(82 448)	35 783

Reconciliation of deferred tax asset / (liability)

At beginning of year	35 783	12 910
Increase / (Decrease) in tax loss available for set off against future taxable income	(7 207)	22 873
Deferred tax effect of fair value adjustments	(111 024)	-
	(82 448)	35 783

4. Trade and other receivables

Dividends receivable	110 000	-
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5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	13 414 722	7 532 901
Cash in transit	-	530 000
	13 414 722	8 062 901

Notes to the Financial Statements

Figures in Rand	2020	2019
6. Share capital		
Authorised		
100,000 "B" ORDINARY shares	-	-
100,000 "M" ORDINARY shares	-	-
100,000 "S" ORDINARY shares	-	-
100,000 "UB" ORDINARY shares	-	-
100,000 "V" ORDINARY shares	-	-
1,000,000 ORDINARY shares	-	-
500,000 UNCLASSIFIED shares	-	-
	-	-
During the current financial year 11 012 'B' Ordinary shares (2019: Nil) were issued for a consideration of R 11 562 600 (2019: Nil) and 2 732 UB ordinary shares (2019: Nil) were issued for a consideration of R 2 818 600 (2019: Nil)		
Reconciliation of number of shares issued:		
Reported as at 01 March - Ordinary shares	11 158	3 046
Issue of shares - Ordinary shares	-	8 112
Issue of shares - B Ordinary shares	11 012	-
Issue of shares - UB Ordinary shares	2 732	-
	24 902	11 158
Issued		
Balance at 1 March ordinary no par value shares	10 441 609	2 880 691
Ordinary shares	-	8 112 000
B Ordinary Shares	11 562 600	-
UB Ordinary shares	2 818 600	-
Share Issue Costs	(457 606)	(551 082)
	24 365 203	10 441 609
7. Loans from qualifying companies		
Entitles under common directorship		
Randburg Van Rentals (Pty) Ltd	-	105 000
The loan is unsecured, bears no interest and is repayable on demand.		
Split between non-current and current portions		
Non-current liabilities	-	105 000
8. Trade and other payables		
Trade payables	36 826	163 836
Accrued expenses	60 246	15 750
Dividends withholding tax payable	48 953	-
	146 025	179 586
9. Revenue		
Dividends received from Qualifying Companies	605 000	125 000

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Financial Statements for the year ended 29 February 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
10. Other operating gains (losses)		
Fair value gains (losses)		
Investment in Randburg van Rentals	2 495 642	-
11. Investment income		
Interest income		
Bank and other cash	139 951	33 853
12. Taxation		
Major components of the tax (income) expense		
Deferred		
Deferred tax	118 231	(22 873)
No provision has been made for 2020 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R102 502 (2019: R 127 795).		
13. Cash used in operations		
(Loss) profit before taxation	1 126 384	43 312
Adjustments for:		
Dividends received	(605 000)	(125 000)
Interest income	(139 951)	(33 853)
Fair value gains	(495 642)	-
Changes in working capital:		
Trade and other receivables	(110 000)	-
Trade and other payables	(33 566)	(59 499)
	(257 775)	(175 040)
14. Dividends paid		
Dividends	(620 916)	-
Balance owing at end of the year	221 963	-
	(398 953)	-

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Financial Statements for the year ended 29 February 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
15. Related parties		
Relationships		
Directors	A Chetty (Chairman of Board of Directors) JW Miller S Medaille A Gordon	
Companies in which directors have interests	Metta Capital Managers Proprietary Limited Sunstone Management Company Proprietary Limited Grovest Corporate Advisory Proprietary Limited Growth Motors Proprietary Limited Sunboard Rentals Proprietary Limited Automobus Proprietary Limited Randburg Van Rentals Proprietary Limited	
Entities with common directorship		
Related party balances		
Loan accounts - Owning (to) by related parties		
Randburg Van Rentals Proprietary Limited	-	105 000
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Sunstone Management Company Proprietary Limited	-	104 841
Related party transactions		
Share issue expenses fees paid to (received from) related parties		
Grovest Corporate Advisory Proprietary Limited	115 000	209 530
Sunstone Management Company Proprietary Limited	-	243 250
Dividends paid to (received from) related parties		
Randburg Van Rentals Proprietary Limited	(605 000)	(125 000)
Compensation to directors and other key management		
Directors fees	20 000	-
16. Directors' emoluments		
Executive		
2020		
Amaresh Chetty	Emoluments 20 000	Total 20 000

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Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Revenue			
Dividends received from Qualifying Companies		605 000	125 000
Other operating gains (losses)			
Fair value gains		495 642	-
Other operating expenses			
Auditors remuneration		(18 113)	(27 250)
Bank charges		(4 632)	(6 573)
Compilation fees		(20 700)	(21 500)
Directors fees		(20 000)	-
Compliance fees		(8 734)	(20 685)
Financial Sector Conduct Authority (FSCA) fees		(6 662)	(6 298)
Insurance		(30 730)	-
Secretarial fees		(4 638)	(33 235)
		(114 209)	(115 541)
Operating profit (loss)		986 433	9 459
Interest income	11	139 951	33 853
Profit (loss) before taxation		1 126 384	43 312
Taxation	12	(118 231)	22 873
Profit (loss) for the year		1 008 153	66 185

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Financial Statements for the year ended 29 February 2020

Supplementary Information

Net Asset Value Per Share

	Ordinary Shares	B Ordinary Shares	UB Ordinary Shares	Total
Subscription for shares	11 158 000	11 562 600	2 818 600	25 539 200
Share issue costs - prior years	(716 391)	-	-	(716 391)
	10 441 609	11 562 600	2 818 600	24 822 809
Retained earnings - prior years	4 489	-	-	4 489
Share issue costs - current year	-	(367 919)	(89 687)	(457 606)
Dividends received	605 000	-	-	605 000
Dividends paid	(620 916)	-	-	(620 916)
Net income for the year	25 741	-	-	25 741
Fair value adjustment	495 642	-	-	495 642
Tax payable	(118 231)	-	-	(118 231)
	10 833 334	11 194 681	2 728 913	24 756 928
Number of shares in issue	11 158	11 012	2 732	-
Net asset value per share	970.90	1 016.59	998.87	-