



Key Solar Exchange Fund 2

Invitation to Invest and Private Placement Memorandum

Section 12J Investment Opportunity closing 30 June 2021

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THE KSE PRIVATE PLACEMENT

An investment in Futureneers® Capital's KSE Fund 2 is by invitation only and not an offer to the public to subscribe for shares. A minimum investment of R1,000,000 is required, provided that the directors shall have the option to consider and approve alternative investment offers on a case-by-case basis.

Qualifying Investors are hereby invited to subscribe for the **Class 90 Investor Shares** in Futureneers® Capital (the "**KSE Investor Shares**"). By subscribing for such shares, investors will benefit from the tax incentives offered by Section 12J of the Income Tax act and link their KSE Investor Shares to the future economic returns to be generated by Futureneers® Capital from its KSE investment portfolio (the solar and alternative energy assets).

This private placement is detailed by this PPM and should at all times be read in conjunction with the presentation material issued by Futureneers® Capital from time to time, the company's Memorandum of Incorporation ("MOI") and the KSE Investor Shares Subscription Agreement.



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IMPORTANT INFORMATION FOR INVESTORS

Investors should take careful note of the following information together with the investment risks described in Section C, before subscribing for the KSE Investor Shares in Futureneers® Capital:

- Not a public offer: Investing in Futureneers® Capital is by invitation only and not an offer to the public to subscribe for shares
- Linked investment structure: Any future returns are linked and limited to the specific Investment Portfolio assigned to each class of Investor Share. Class Investor Shareholders will not share in the Economic Benefits of any other investments made or to be made by the Company if such investments do not form part of their allocated Investment Portfolio;
- Shares are illiquid: Shares in Futureneers® Capital are not listed and are therefore not easily tradable. Short-term liquidity will therefore be limited;
- Long-term investment: Investing in a Venture Capital Company should be seen as a long-term investment requiring a minimum of 5 years to realise returns. Investors seeking substantial short-term cash-flow returns are advised not to invest.
- Returns cannot be guaranteed: All returns presented in this document, or otherwise, are targets only and may not be achieved. Since returns cannot be guaranteed investors should accept the inherent risk of any investment being the risk to potentially return negative to even zero returns.
- Obtain external advice: This document does not contain all of the information necessary to fully evaluate any transaction and, as such, should not be solely relied upon. Any investment decision should thus be made after appropriate due diligence. In this respect, Investors should not view this document as comprehensive advice relating to legal, taxation or investment matters and are hereby advised to consult their own professional advisers.

CORPORATE ADVISORS

Legal and Tax Advisors:



Banking & Treasury:



Independent Review & Annual FSCA Audit:



FSCA and VCC SARS Registration numbers:

FSP-46996 | VCC-0043

SECTION A

EXECUTIVE SUMMARY



1. THE TAX BENEFITS OF A SECTION 12J INVESTMENT

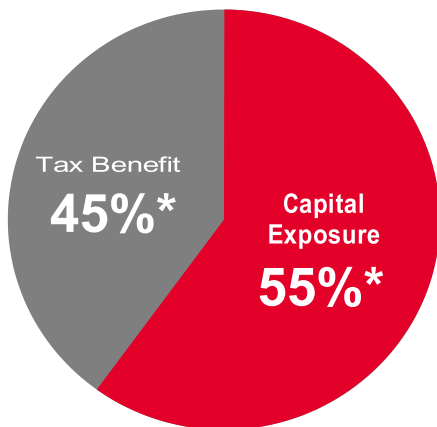
Background to Section 12J

Section 12J of the Income Tax Act was created specifically to encourage taxpayers to invest in small and medium sized enterprises and other qualifying entities and incentivise investment in South Africa.

Taxpayers who therefore invest in a Venture Capital Company ("VCC"), registered with the South African Revenue Services ("SARS") in accordance with Section 12J of the Income Tax Act, are entitled to a full tax deduction on monies invested, thereby achieving an immediate return of up to 45% for individuals and trusts, and 28% for companies (being the reduction in taxes payable or recoupment of tax already paid in the year of their investments).

The Section 12J Tax Advantage of investing with Futureneers Capital

Futureneers® Capital is a registered VCC (VCC Registration number VCC-0043) and registered Class 1 Financial Service Provider in terms of the FAIS Act (FCSA registration number: 46996). **An investment in Futureneers® Capital therefore enables Investors to get a full income Tax deduction on their investments.**



**Investors in Futureneers® Capital receive 100% of the upside, with only 55%* capital risk exposure (different tax rates may apply for different Investor).*

Investors should note that:

- The original Income Tax deduction will be recouped should they sell their shares in Futureneers® Capital within 5 years. Futureneers® Capital may however sell its investments in Investee Companies and after being taxed, distribute dividends from the proceeds or re-invest surplus cash on behalf of Investors without the Investors attracting income tax recoupments.
- Should Investors sell their shares in Futureneers® Capital after 5 years, Capital Gains Tax will apply.

For an individual Investor, an investment in Futureneers® Capital simply means that 45c* of every R1 invested is immediately returned (reducing tax for the next tax payment, or claiming back tax already paid), with a remaining capital exposure of only 55%* - significantly mitigating investment risk, as illustrated by the example below:

	Individuals	Trusts	Companies
Total investment made (Subscription Price):	R1,000,000	R1,000,000	R1,000,000
Maximum SARS Tax Relief	-R450,000	-R450,000	-R280,000
Net Cash impact (Effective Capital Exposure)	R550,000 (-55%)	R550,000 (-55%)	R720,000 (-72%)
Effective Tax Rate Relief*	+45%	+45%	+28%

2. 30 JUNE 2021 SUNSET CLAUSE

Investors are advised that the Section 12J Sunset clause of 30 June 2021 has not been extended. This simply means that an investment in Futureneers Capital up to 30 June 2021 will still qualify for a Section 12 Income Tax deduction, but that any subscription for shares thereafter will not qualify for any further tax deductions. Investors subscribing for shares before such date will however not be impacted.

3. THE INVESTMENT OPPORTUNITY

The need in the market

Electricity in South Africa is becoming more expensive every year. Eskom (and municipal) electricity tariffs have been escalating at alarming rates over the past few years with double digit tariff increases expected to continue in the foreseeable future.



Many medium sized Commercial and Industrial (“C&I”) companies in South Africa are high electricity users (for example: manufacturers, abattoirs and businesses operating in an environment requiring regular heating or cooling). Not only are these businesses faced with the challenge of continuous load shedding, but are now also finding it difficult to maintain their profit margins while energy costs are increasing at alarming rates every year.

It is clear that they need to address these rising costs, but even many longstanding businesses lack the available and free cash, or balance sheet, to make a significant investment in the development of an alternative energy asset, which requires a significant upfront capital outlay. Quite frankly, these Commercial and Industrial companies want to focus on their core business and have their balance sheets unencumbered and available to the funding of future growth and operations rather than building a solar plant.

The KSE solution and opportunity

KSE offers C&I customers a fully funded, designed, constructed and maintained grid-tied solar PV energy solution (with optional energy storage capabilities) by entering into a long term (normally 20-25 years) power supply and purchase agreement (“PPA”).

This simply means, KSE will provide alternative solar energy (and optional energy storage where required) to the C&I customers at a contractually agreed fixed tariff on a **pay-per-use** basis, escalating annually at an agreed escalation rate.

The benefits to the C&I customers are:

- No upfront costs.
- No funding required – off balance sheet transaction (“opex” only).
- Immediate saving in costs / additional revenue opportunities partnering with KSE.
- Significant long-term cost savings / additional recurring revenue.
- Continue to focus on core business, while Solar PV plant are maintained by KSE on their behalf.
- Predictable annual alternative energy escalations for the next 20-25 years.
- Option to acquire the Solar PV plant from KSE at any time during the PPA Agreement.

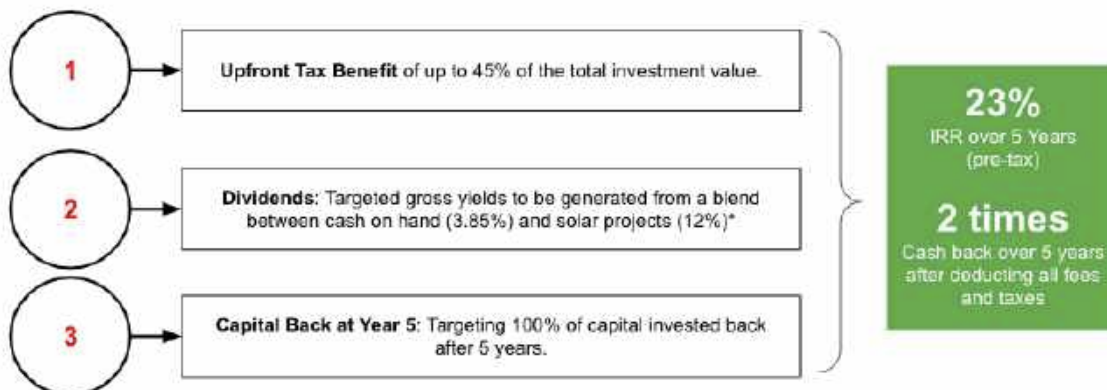
The benefits to KSE (and ultimately its Investors) are:

- Asset backed investment. The equipment is capitalised against the KSE Balance Sheet (on Balance Sheet model).
- Contractual income for the next 20-25 years for every PPA concluded. This equates to predictable cash flows.
- Attractive asset to finance through debt in partnership with the banks.
- Attractive asset to build into a substantial consolidated asset portfolio and in the medium to long term sell to pension funds and other interested local or overseas buyers – with the ultimate objective to create cash liquidity to exit investors at the end of 5 years.

4. TARGETERED RETURNS TO THE INVESTOR

The KSE Section 12J investment opportunity has been structured to offer Investors as a tax friendly, fixed annual income fund and 100% of capital invested back at the end of 5 years - **equating into an attractive Pre-tax IRR (internal rate of return) exceeding 20% while doubling net cash invested over 5 years even after deducting all fees and taxes.**

Our targeted returns to the investor are as follows:



** Please note our targeted returns for investors making use of our Smart Loan funding options are reduced incorporating their cost of debt funding. Unless recorded differently, the above returns are gross returns before deducting fees and taxes (if applicable) and relate to cash investments.*

*Please note all returns are targets only and cannot be guaranteed.

5. INVESTOR CASH FLOWS

Indicative Investor Cash flows are illustrated below:

		Now	Year 1	Year 2	Year 3	Year 4	Year 5
Upfront							
12J Upfront Investn		-R1,000,000					
Once-off Upfront 12J Fee		-R50,000					
SARS Section 12J Tax Benefit		R472,500					
Ongoing							
Dividends received (before tax)			R40,000	R100,000	R100,000	R100,000	R80,000
Exit after 5 Years							
ZAR Asset Exit							R1,000,000
Cash Flow before Tax		-R577,500	R40,000	R100,000	R100,000	R100,000	R1,080,000
Tax							
Dividends Tax	-20.00%	R0	-R8,000	-R20,000	-R20,000	-R20,000	-R16,000
Capital Gains Tax	-18.00%						-R180,000
CASH FLOW		-R577,500	R32,000	R80,000	R80,000	R80,000	R884,000
BOTTOM LINE			Cash in	-R577,500			
			Cash out	R1,156,000			
						2.00	times your money back

(Net Cash impact after deducting all taxes and all fees)

Critical assumptions:

- Gross yields of 3.85% on cash not yet deployed and 12% on capital deployed into solar projects.
- Annual Management Fees payable: 2% per annum.
- Dividends paid at the end of every year, provided surplus profits will be distributed every 6 months.
- Annual targeted Dividend Yield (before withholding tax) of 4% in year 1 as cash is deployed into renewable energy projects.
- Annual Dividend Yield of 10% (gross yield of 12% less 2% fees) years 2-4 assuming full deployment of capital into projects and 8% (10% less 2% fees) in year 5 as cash is made available again for exits.
- 100% Cash back after the end of the 5-year investment cycle. It is the objective of the fund to buy-back investors at the end of term.
- Capital gains tax on exit deducted from returns in compliance to section 12J of the Income Tax Act.

6. INVESTOR EXIT

5 Year Investment Horizon

Investors are advised that the investment horizon of all section 12J projects is at least 5 years. When investing in a section 12J VCC, the Investor receives an upfront return of up to 45%, being their Section 12J Tax benefit (as explained above). Should the shares be sold within 5 years, this advantage will however be recouped by SARS. Although Investors are allowed to sell their shares within 5 years, we strongly

recommend a minimum investment horizon of 5 years. Investors should further note that if they sell their shares after 5 years, additional Capital Tax applies, since the base cost of the shares are deemed to be zero as a result of the upfront deduction already allowed by SARS. However, irrespective of the potential Capital Gains Tax payable after 5 years, Section 12J provides a substantial financial benefit and enhanced investment returns to Investors.

Exit options at the end of 5 Years

It is the intention of Futureneers Capital and KSE to manage the KSE Fund 2 to provide adequate liquidity to exit investors at the end of the 5 years by buying back their shares, or otherwise, as described herein.

The Management team therefore has a clear objective to exit investors at the end of 5 years at the targeted returns described above.

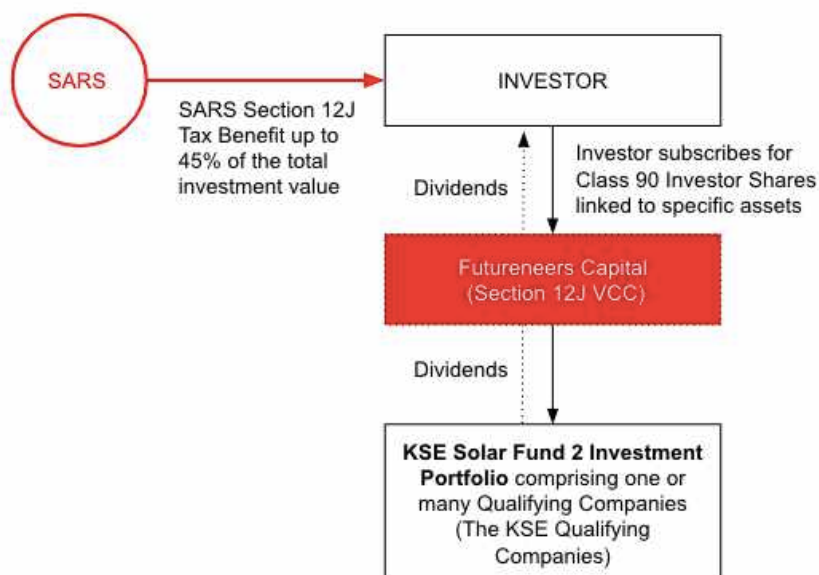
The following options to create liquidity are available to the fund managers and KSE management team:

- Raising of debt finance in the Qualifying Companies; and/or
- Selling solar assets or contracts in the Qualifying Companies to external parties, which may include pension funds, local or international private equity players investing in renewables; and/or;
- Selling shares in the Qualifying Companies to the parties identified above.

7. THE 12J INVESTMENT STRUCTURE

Investors should note that they invest in and subscribe for shares in Futureneers Capital and do not directly hold shares in the KSE Qualifying Companies. Any future returns to be generated by the KSE Qualifying Companies will be distributed firstly to Futureneers Capital by way of dividends or otherwise and then by Futureneers Capital to the Class 90 Shareholders (the Investors).

The company’s high-level investment structure is illustrated below.



8. COSTS AND FEES

All fees and costs will be disclosed in detailed in the Class 90 Investor Shares Subscription Agreement.

Fixed Fees

Management will play an active and operational role in KSE, including acting as directors and actively participating in the day to day running and finances of the KSE Qualifying Companies.

Management Fees (or dividends as the case may be) will be as follows:

- 5% Upfront
- 2% per annum (increased at CPI every 12 months).

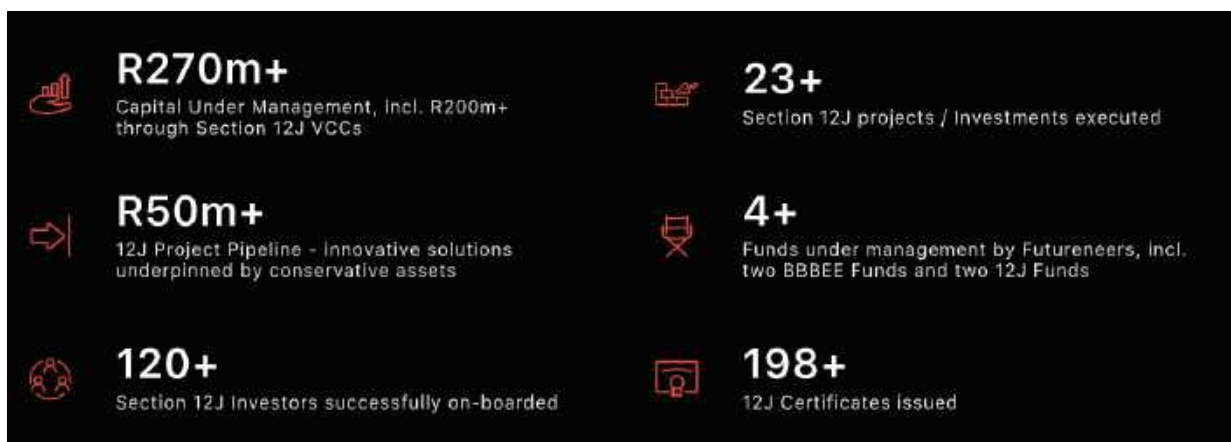
For the Investor's benefit, fees will be structured in the most tax efficient manner as either a management fee or a management dividend.

Performance Fees

KSE incorporates an investment model enabling KSE and or its management team to buy-back Investors shares (held indirectly via Futureneers Capital) on an ongoing basis to provide liquidity in the fund to exit investors at the end of 5 years. KSE and or its management team will therefore be granted an option to acquire the Investor's indirect interest in the project companies provided that such option shall only be exercisable at a price not less than capital invested plus 10% annual returns (12% gross yield less 2% management fees) on capital invested calculated on a cumulative and compounded basis.

All fees are fully disclosed in investment presentations and Subscription Agreements.

9. WHY FUTURENEERS CAPITAL?



Our innovative approach to investing always starts with understanding the product, underpinning it to a secure asset generating predictable returns, and then adding a significant tax benefit of up to 45% for individuals and trusts and up to 28% for companies.

- Futureneers® Capital offers its investors a **bespoke**, cost-effective, plug-and-play Section-12J investment opportunity. Apart from receiving an upfront income tax benefit of up to 45%, groups of Investors can link their investments to one or multiple specific pre-identified and Qualifying Opportunities (various Investment Portfolios to choose from).

- Futureneers® has a track record of raising capital and executing linked qualifying investment projects. We currently have in excess of a R200m 12J capital under management and have executed more than 23 investment projects over the past few years.
- Although we aim to significantly grow our capital under management, Futureneers® Capital is committed to remain a bespoke Venture Capital Company offering tailor-made investment solutions that meet the specific requirements of specific groups of investors rather than offering a template based mass-market investment product.
- Experienced Management Team and Advisory Board with an exceptional entrepreneurial track record. In addition, the Management Team is substantially invested by already having invested a significant amount of their own funds in the Futureneers® Capital projects - “putting their money next to those of their Investors”.
- Highest levels of ongoing governance and compliance oversight.

10. THE MANAGEMENT TEAM

Our strong entrepreneurial and financial team is one of our key strengths. The roles of the team is described below

	Position/(s)	Board of Directors	Investment Committee member	Advisory Board	FSCA Key Individual
Deon Lewis	Director	X	X		
Jaco Gerber	Director	X	X		X
Dirk van Loggerenberg	Director	X	X		X
Renier Swart	Advisory Board			X	
Neil Hobbs	Advisory Board			X	
Stefan van Niekerk	Advisory Board			X	
Johannes Booysen	Advisory Board			X	

A short curriculum vitae snapshot of the Executive Team is presented below:

Deon Lewis - Director



Previously: Managing Director and Co-Founder at Cipla Nutrition, X/procure® Software, CIO at Finstruct Group, and Head of Department at PWC

With a number of successful start-ups and exits in his business career, a keen eye for detail and an undeniable instinct for spotting out-of-the-box solutions, Deon’s entrepreneurial journey began in 1999, when he co-founded Finstruct Investment Group. Since then, he has founded, co-founded and successfully exited a number of high-profile companies - from Cipla Nutrition to X/Procure® Software with a focus on business development.

Jaco Gerber – Director (Chartered Accountant SA)



Previously: Partner at PWC, CEO of Marketel Money and Dinner in the Sky. Executive Director - The Giving Organisation.

As a former partner at PWC, who headed up Consulting within the Entrepreneurial Advice Division before turning entrepreneur himself, this qualified CA believes in looking to possibilities and potential, which often lie beyond the balance sheet. Jaco has been involved in setting up and growing various startup companies before co-founding Futureneers and Futureneers Capital and as group CFO plays a key role in identifying and structuring investment products.

Dirk van Loggerenberg – Director (Chartered Accountant SA)



Previously: CEO: Ambitio Consulting, Executive Director: I to I Technology Services, Non-executive Director: Dölberg Asset Finance and MD: Scifin.

Dirk is a Chartered Accountant and also member of the Institute of Bankers and an expert fund-raiser with a record of securing asset finance deals in excess of R250m in one position. His extensive Business, Banking, Finance and specifically Asset Finance experience, stretching over more than 15 years, make Dirk a valuable member of the team.

The Executive Team is supported by an experienced Advisory Board as follows:



Renier Swart
CA (SA), BProc,
PPRE, MPRE

Sales Director at Val de Vie Group of Companies & MD at Val de Vie Construction, Chairman at the Star Motor Group.



Neil Hobbs
CA (SA)

Partner at Hobbs Sinclair, Director of 1st approved S12J VCC - Iridium Investments, Director at Anuva Investments VCC & Latus Health VCC



Stefan van Niekerk
BA (Law), LLB

Partner at Minitzers Attorneys specializing in property transfers and property development

11. SPECIFIC CLASSES OF SHARES INVESTMENT STRUCTURE

The Company has two types of Shares:

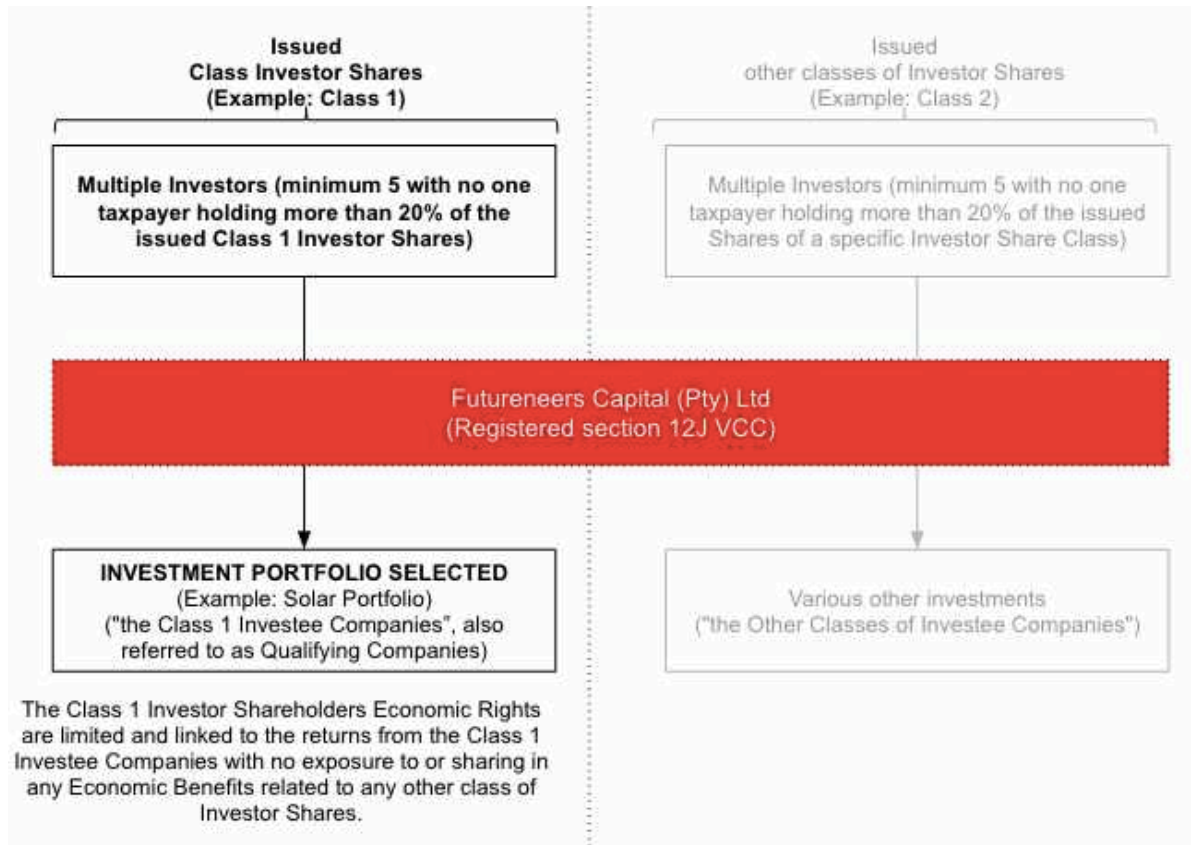
- The Investor Shares (available classes 1-100); and
- The Management Shares (Management A and Management B Shares)

The Investor Shares will have the full Economic Rights to the investments linked to their issued capital and shares (the Class of Investor Shares subscribed for), while the Management Shares will only have a right to earn the Management Dividends. The Management Dividends are negotiated with each class of Investor Shareholders and recorded in the Class Subscription Agreement. All Shares have one vote per share, but the Management Shares will not have any right to vote on specific matters impacting the rights attached to

the Investor Shares. Please review the MOI and Class Subscription Agreement for a detailed description of the Economic and Voting Rights attached to the above type of shares.

The Investor Shares

The Futureneers® Capital investment structure enables Investors to directly link their KSE Investor Shares to the Economic Rights of a specific Investment Portfolio (which may include one or multiple Qualifying Companies). It should be noted that a minimum of 5 investors are required per class of Investor Shares with no one taxpayer being allowed to hold more than 20% of the issued shares of such class of Investor Shares as illustrated below.



Our legal structure therefore enables a group comprising a minimum of 5 investors, to:

- (1) Pre-select a specific project or investment portfolio they have an investment appetite for.
- (2) Appoint a specific Class Investment Committee to oversee the investment project/portfolio on their behalf; and
- (3) Raise capital for the investment project/portfolio by way of a share subscription for a specific class of Investor Share in Futureneers® Capital; and
- (4) Link their class of Investor Shares to the Economic Rights of that specific investment project/portfolio; while
- (5) The investment process, initial treasury and ongoing compliance for a minimum of 5 years are overseen by Futureneers® Capital and its Board of Directors.

In this manner, investors aggregate investment capital in support of specific nominated and qualifying projects which is invested in a well governed and regulated investment and tax incentive structure in accordance with Section 12J of the Income Tax Act.

Important Notice:

Please note that Futureneers® Capital reserves the right to change its structure at any time to ensure that it remains compliant to the requirements of Section 12J of the Income Tax Act, or any compliance notices from SARS. Futureneers® Capital, its Directors and the Management Company will not be liable for any damages incurred by investors as a result of such changes required by law or imposed by SARS or other regulatory bodies.

The Management Shares

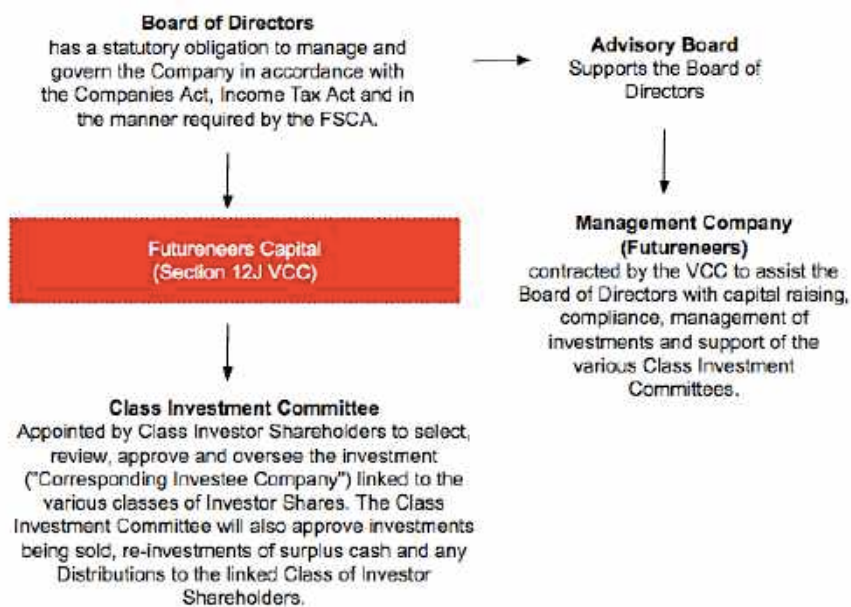
The Management Company is issued 1 Class A Management Share and 1 Class B Management Shares for every one Class Investor Share subscribed for. The Class A Management Shares normally have the right to earn the Management Dividends negotiated with the Class Investor Shareholders, while the Class B Management Shares normally have 10 votes per share, but no economic rights, unless recorded differently in the Class Subscription Agreement.

Full details of the Economic and Voting Rights of the Management Shares is disclosed and recorded in the Class Subscription Agreement entered into by every investor.

12. THE MANAGEMENT STRUCTURE

Management Structure

Futureneers® Capital’s management and governance structures are illustrated below:



The Board of Directors

The Board of Directors will comprise minimum of 1 and maximum of 5 members with one of the Directors always to comprise the Company’s Key Individual. Board decisions are determined by a majority vote and in case with of a deadlock of votes, the Chairman shall have a casting vote. The Chairman will be the Key Individual, or such other director elected from time to time by way of majority Board vote. The role of the Board will be the statutory management of the Company.

The Management Company

To assist the Board in fulfilling its roles and responsibilities, the Company has appointed Futureneers (Pty) Ltd (or its nominees) as its management company. The Management Company will be responsible to assist

the Board with the management of the company, overseeing compliance, identifying investments and general administration of the Company and its investment activities. For more information relating to the Management Company's shareholding and fees refer paragraph 13 below.

The Class Investment Committee

To provide further governance and enable individual groups of investors to oversee specific investments linked to their capital contributions, each class of Investor Shareholders elect their own Class Investment Committee to oversee its investments.

Each Class Investment Committee will have the power in accordance with the Company's MOI, (unless otherwise agreed and recorded differently in the Class Subscription Agreement), to:

- Consider any proposed investment in its Corresponding Investee Company/(ies);
- Approve or reject proposed investments;
- Post-investment, approve any Distributions to the holders of the Investor Shares;
- Post-investment, approve any sale, disposal or transfer of shares relating to Futureneers® Capital's investment in the Corresponding Investee Company/(ies);
- Post-investment, approve any re-investment of surplus cash relating to the specific class of Investor Shares.
- **It should further be noted**, that should any amendment to the investment structures be made to ensure the continued compliance to Section 12J of the Income Tax Act, including potential Distributions, sale of shares, sale of assets, providing securities, or other regulatory requirements, such decisions will not require the approval of the Class Investment Committee, but will require approval by the Board and managed in the manners as described by the Class Subscription Agreement.

Decisions approved by the Class Investment Committee will require final Board Approval, which approvals may only be withheld, if in the opinion of the Board, the proposed decision is prejudicial or reasonably likely to be prejudicial to the Company or the status or compliance of the Company as a Section 12J registered Venture Capital Company.

13. THE OPERATIONAL MODEL AND MANAGEMENT FEES OR DIVIDENDS

Futureneers® Capital has contracted the Management Company to setup, run and administer the Company and its investments and to ensure Futureneers® Capital complies, on an ongoing basis, to the stringent requirements of the Companies Act, SARS and the FSCA.

The salient terms of the agreement are as follows:

- The Management Company will be issued the Management Shares as previously described herein. Details of the Economic Rights and Voting Rights of the Management Shares will be recorded in each Class Subscription Agreement signed by every Investor.
- The Management Contract is for a minimum period of 5 years for each and every investment made;
- Unless where agreed differently, the Management Company will incur and pay all admin and operating costs related to Futureneers® Capital, including remunerating the Directors, but excluding compliance costs such as audit fees, FSCA registration and annual fees and FSCA compliance officers. Apart from these aforementioned compliance expenses and audit fees, Futureneers® Capital will therefore have no substantial costs for a minimum period of 5 years, while all capital raised after deducting the negotiated Management Dividends will be available for investment;
- Compliance costs incurred will be allocated on a pro-rata and annual basis to the various classes of Investor Shares calculated on the subscription value of each class of share in relation to the total capital raised by the Company. Such costs may only be recovered from income earned by the

Company and Investors will not be required to advance further capital to fund such expenses, unless agreed in writing.

- **The above operational model is beneficial to the Investor and Futureneers® Capital as follows:**
 - The Investors are issued their Section 12J VCC Income Tax Certificates on the total Subscription Price (including any upfront and potential ongoing management dividends payable). This simply means the Investor get a 12J benefit of up to 45% on the investment amount as well as any management dividends negotiated;
 - All significant expenses are removed from Futureneers® Capital's income statement and carried exclusively by the Management Company.
 - The Management Company compensation model is built around performance and incentivising the Management Company to maximise Investor returns. Performance Fees may be negotiated with every Class of Investor Shareholders (if required and applicable).

Management Fees / Dividends are disclosed and recorded in the Class Subscription Agreement.

14. NO DEBT FUNDING OR LIABILITIES

No Debt Funding in the Company (the Section 12J Venture Capital Company)

As an additional safeguard for Investors, Futureneers® Capital's MOI provide that the Board of Directors are:

- Not permitted to incur any debt, of whatsoever nature;
- Not permitted to cross securitise any investments between classes of Investor Shares;
- Only make investments in Investee Companies (pending Investment Committee approval) from capital raised and surplus cash.

15. CORPORATE GOVERNANCE AND FINANCIAL REPORTING

Audit and Independent Review Requirements

- Futureneers® Capital will is subject to an annual independent review as required by the Companies Act and requirements of the FSCA.

Accounting Policies

- Annual Financial Statements is prepared in accordance with International Financial Reporting Standard ("IFRS"), or such other appropriate accounting standard applicable to its operations and adopted by the Board from time to time.

Additional Corporate Governance procedures

- In addition, the Board of Directors has will have implemented the following stringent governance and compliance practices, including:
 - Introducing a number of regulatory procedures, disclosures and controls to ensure that related-party transactions are fully disclosed and governed to avoid potential conflicts of interest, and are always in the best interests of Futureneers® Capital and its Investors;
 - Continued reviews and reporting in terms of the requirements of the FSCA, including appointing external FSCA Compliance Officers;
 - All investments are to be approved by each relevant Class Investment Committee.

16. BENEFITS TO THE INVESTOR

As described in this PPM, Investors benefit from investing in Futureneers® Capital as follows:

- Income Tax Benefit of up to 45% as described in paragraph 1 above;
- Choice of investing in a specific investment project/portfolio – with risks and exposures limited to that specific share class and investment project/portfolio;
- Rights to nominate the members of the Class Investment Committee which committee approves investments, future dividend distributions and re-investment of surplus cash related to their specific class of Investor Shares;
- Investing alongside other investors with the potential to share investment risk;
- A fully transparent investment model with all fees and costs disclosed herein;
- High levels of Corporate Governance and ongoing compliance filings with the stringent requirements of the FSCA and SARS;

SECTION B

**INVITATION TO INVEST
(THE PRIVATE PLACEMENT)**



17. INVITATION TO INVEST (“THE OFFER TO INVESTORS”)

You are hereby invited to subscribe for the Class 90 Investor Shares (“the KSE Investor Shares”) in Futureneers Capital (Pty) Ltd (“the Invitation to Invest”). The class of Investor Share will be identified by each Class Subscription agreement to be concluded between the Company and the Investor.

This Invitation to Invest should always be read together with the attached Private Placement Memorandum (“PPM”), the Company’s Memorandum of Incorporation (MOI”), any shareholders agreements concluded and the Class Subscription Agreement to be signed as part of a successful subscription process.

18. OBJECTIVE OF THE PRIVATE PLACEMENT MEMORANDUM

This Invitation to Invest relates to a Private Placement, in the form of an offer to an Investor to subscribe for the KSE Investor Shares in Futureneers Capital (Pty) Ltd, subject to certain conditions, to selected persons who fall within one of the specified categories listed in Section 96(1) (a) and (b) of the Companies Act, to whom the offer will be specifically addressed, and by whom the offer will be capable of acceptance.

Consequently, this PPM and Invitation to Invest is not an offer, or an invitation or solicitation of an offer, to the general public to subscribe for or otherwise acquire shares in Futureneers Capital (Pty) Ltd in any jurisdiction.

This PPM does not, nor does it intend to, constitute a “registered prospectus” as contemplated by the Companies Act. No prospectus has been filed with the South African Companies and Intellectual Property Commission.

The purpose of the Private Placement is therefore to:

- Raise capital for Futureneers® Capital by inviting selected individuals and companies to invest directly in Futureneers® Capital by subscribing to the KSE Investor Shares; and
- Enable the investors to nominate and appoint the members of the various Class Investment Committees; and
- Use the capital raised to invest by way of subscribing for shares in accordance with Section 12J of the Income Tax Act in the Investment Portfolio selected by each investor which investment opportunity is to be reviewed and approved by each Class Investment Committee – in this case the KSE Fund 2 as described by the attached PPM; and
- Enhance Investor awareness of Futureneers® Capital, its management team, investment risks, criteria, structure and its investment risk mitigation processes;
- Grant Investors the opportunity to invest in a Venture Capital Company that is compliant with stringent legislative regulation and to make use of the immediate tax deduction allowed in terms of Section 12J of the Income Tax Act.

19. COMPANY INCORPORATION AND OBJECTIVE

Futureneers® Capital has been incorporated specifically for the above-mentioned purposes, potential future Private Placements, and has acquired a FSCA Category 1 Financial Services Provider License, in terms of Section 8 of the FAIS Act, Act No. 37 of 2002 - with the sole objective of making investments in qualifying Investee Companies (as defined by the MOI and the Income Tax Act) and in the process maximising returns for its Investors.

20. AUTHORISED SHARE CAPITAL

At the time of this Invitation to Invest, Futureneers® Capital’s authorised Share Capital is as follows:

- Investor Shares (available classes 1-100): 100,000,000 shares per class;
- Management A Shares: 100,000,000 shares;
- Management B Shares: 100,000,000 shares.

The Board of Directors have authorised and approved the issue of the KSE Investor Shares as described in this Private Placement.

21. RIGHTS ATTACHED TO THE KSE INVESTOR SHARES

The KSE Investor Shares will have the rights attached to Investor Shares as described in the MOI and further described in each Class Subscription Agreement to be signed by each investor.

In summary, the holders of the KSE Investor Shares will have the following Participation Rights:

Voting Rights:	One Vote per Share.
Economic Rights:	The right to the Economic Benefits to be derived from returns to be generated from the Investment Portfolio to be identified by each Class Subscription Agreement – in this case the KSE Fund 2.

22. SHARES TO BE ISSUED TO THE MANAGEMENT COMPANY

In accordance with the MOI, Futureneers (Pty) Ltd (“the Management Company”), or its nominees, will be issued, at nominal consideration of one cent per share, 1 (one) Management A Share and 1 (one) Management B Shares, for every 1 (one) Class Investor Share subscribed for, which management shares will have the rights attached to such shares as described in the MOI and further described in the each Class’ Subscription Agreement.

In summary, the holders of the Management A and B Shares will have the following Participation Rights:

Voting Rights:	The Management A Shares shall not have any voting rights, while the Management B Shares have 10 votes per share, provided it shall not be able to vote in respect of a matter requiring a Class Special Resolution.
Economic Rights:	The right to the Management Dividends to be agreed upon in each Class Subscription Agreement

23. OFFER TO INVEST

The prospective Investor is hereby invited to subscribe for KSE Investor Shares in Futureneers Capital (Pty) Ltd at the following terms and conditions:

Opening Date of Private Placement:	1 March 2021
Closing Date of Private Placement:	30 June 2021
Number of shares made available for subscription:	The Directors have authorised the issue of the KSE Investor Shares, with no minimum specified, and the maximum limited to the number of shares authorised by the Company's MOI.
Subscription Price per Class Investor Share:	To be determined by the Investors and disclosed per the Class Subscription Agreement.
Minimum investment amount per shareholder:	R1,000,000 (one million Rand), provided that the directors shall have the option to consider and approve or decline alternative investment offers on a case-by-case basis
Maximum investment amount per shareholder:	No one taxpayer may subscribe for more than 20% (twenty percent) of the total issued KSE Investor Shares. Investments per tax year are limited to R2,500,000 per tax year for an individual or trust and R5,000,000 for companies.
Minimum and maximum amounts to be raised:	No minimum or maximum raise amount has been specified.

24. FUTURE INVITATIONS TO INVEST

Notwithstanding anything herein contained, Futureneers® Capital shall be entitled (should the need arise), to issue the remaining authorised classes of Investor Shares (classes of Investor Shares previously authorised but not yet issued) and to raise such further capital as it may deem necessary, provided that should additional KSE Investor Shares be issued such shares may only be authorised and issued with the approval of each Class' Investment Committee.

Such raising of further capital by issuing new shares related to classes of Investor Shares not yet issued, shall be made in accordance with the provisions of the Companies Act and MOI. The Investor is advised that:

- The Directors of Futureneers® Capital shall have the power to issue further authorised Investor Shares in classes of Investor Shares not previously issued, without shareholder approval;
- Futureneers® Capital will **not** be obliged to offer such further issuing of new shares related to classes of Investor Shares not previously issued, to the current Shareholders as pre-emptive rights, as provided for in Section 39(3) of the Companies Act.

25. CLASS INVESTMENT COMMITTEE AND UTILISATION OF FUNDING RAISED

The Class Investment Committee will approve the manner in which Futureneers® Capital invests funds raised by way of the issue of each Class' Investor Shares.

26. ADVICE AND LIMITATIONS

The contents of this Invitation to Invest, together with the PPM do not constitute, and should not be construed as, investment, tax, legal, accounting and/or other advice. If you are in any doubt about the contents of this document, or how it relates to your personal financial situation, you should consult with your own independent legal, tax, accounting, investment or other relevant advisor when contemplating any investment decisions described herein.

The Invitation to Invest and PPM has been compiled from information supplied by Futureneers® Capital and is only furnished to a limited number of parties. These documents do not claim 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. Thus, the content hereof may not be utilised and/or relied upon for any purpose other than to evaluate whether you wish to participate in this Private Place.

While every effort has been made to ensure the accuracy of the information provided herein, this document and the information contained herein have not been independently verified, nor do Futureneers® Capital, its directors or the Management give any representation, warranty or guarantee, whether express or implied, in relation to the completeness or accuracy of the information. Accordingly, no Investor shall have any claim of any nature whatsoever against Futureneers® Capital, its directors or the Management Companies arising from the information herein contained.

27. CONDITIONS PRECEDENT

Should any Conditions Precedent apply to this Private Placement it will be recorded in each Class' Subscription Agreement.

SECTION C

INVESTMENT RISK



28. “CLASS OF SHARES” INVESTMENT STRUCTURE – LACK OF DIVERSIFIED ASSET EXPOSURE

The Futureneers® Capital investment structure has been established to link and limit the Economic Rights of each class of Investor Shares to the specific Corresponding Investee Companies with no investment or asset diversification. Should the asset fail, the Investor will be subject to financial loss with no compensating Economic Benefits to be derived from other assets or a diversified investment portfolio.

29. OVERVIEW OF INVESTMENT RISKS ASSOCIATED WITH SECTION 12J VCC’S

Legislative Risks

- SARS can withdraw the approved VCC status of Futureneers® Capital, for non-compliance, if, during any year of assessment, after the approval of the VCC status, the company fails to comply with the preliminary requirements as listed in Section 12J of the Income Tax Act. Futureneers® Capital must therefore satisfy the following additional requirements at the end of each year after the expiry of 48 months from the first date of the issue of VCC shares to Investors by Futureneers® Capital:
 - A minimum of 80% of the expenditure incurred by Futureneers® Capital to acquire investments must be for qualifying shares (Qualifying Investee Companies), and each investee company must, immediately after the issuing of the qualifying shares, hold assets with a book value not exceeding R50 million;
 - The expenditure incurred by the VCC to acquire qualifying shares in any one qualifying company must not exceed 20% of any amounts received by the VCC in respect of the issue of VCC shares;
- Should Futureneers® Capital not comply with the requirements above, SARS will issue a written notification to Futureneers® Capital stating the requirements that have not been met and provide a grace period for the Company to meet the requirements. If Futureneers® Capital does not take the acceptable corrective steps within the period provided for in written notice, the approved VCC status will be withdrawn from the commencement of that year of assessment, or the date of approval of the VCC status where the VCC does not meet the additional requirements after the expiry of 36 months from the date of the first issue of VCC shares.
- If the approval is withdrawn the VCC must include in its income an amount equivalent to 125 percent of the expenditure incurred by investors to acquire VCC shares.
- **Please note** that Futureneers® Capital reserves the right to change its structure at any time to ensure that it remains compliant to the requirements of Section 12J of the Income Tax Act, or any compliance notices from SARS. Futureneers® Capital, its Directors and the Management Company will not be liable for any damages incurred by investors as a result of such changes required by law or imposed by SARS or other regulatory bodies.

Limited tradability of shares

- Shares in Futureneers® Capital are not listed and will therefore not be readily marketable.

Long-term nature of investments

- Investments in VCC’s are long-term with an investment horizon of 5 years plus. Investors seeking significant short-term returns in the form of dividends or otherwise are advised to see alternative investment products.

Early stage nature of investments

- Section 12J investments are of an early stage (startup) nature. Projects and returns may not materialise as estimated or projected by fundraisers.

Inability to exit investments

- Realising returns to Investors is dependent on the ability of Futureneers® Capital (or its appointed Class Investment Committees) to successfully exit its investments and liquidate the portfolio in order to distribute cash, capital and / or shares to the Investors, or should the investors (and its appointed Class Investment Committee) prefer holding onto the investment, the ability of the investment to generate returns to investors in the form of dividends or otherwise. Should Futureneers® Capital (or its appointed Class Investment Committee), for whatsoever reason, not be able to exit investments, Investors will bear the risk of delayed payment of their capital and returns.

No guarantee of return of Capital Invested

- Futureneers® Capital cannot guarantee any investment returns, including capital invested. The Investor can therefore lose their entire capital investment should the project their class of Investor Shares are linked to (their Corresponding Investee Companies) not realise returns or not be successful.

Small size of investments (below R50 million)

- Investments in qualifying Investee Companies are limited to companies with a book value of assets below R50 million after the VCC has made its investment. Smaller investments of this size are inherently more risky than larger projects undertaken by Corporate and / or listed entities.

Prospective Investors should carefully consider their financial position and make every effort to familiarise themselves with the consequences of non-attainment of the objectives outlined in this PPM. As previously mentioned, it may be prudent to seek independent financial, legal and tax advice regarding this investment.

Annexure A

DEFINITIONS AND INTERPRETATIONS



Definition used:

**INVESTMENT PORTFOLIO
(with reference to linked
Qualifying Companies and
linked Investee Companies)**

Board of Directors

*Company, or Futureneers®
Capital*

Class Investor Share

Class Investment Committee

Class Subscription Agreement

Companies Act

*Corresponding Investee
Companies*

Distributions

Meaning / Interpretation:

The capital to be raised by way of the issue of each Class of Investor Shares will, in accordance with each Class Subscription Agreement, shall be used to fund the subscription for shares in specific Qualifying Companies (also referred to as Investee Companies), which qualifying companies will comprise the Investment Portfolio linked to each class of Investor Shares.

The Board of Directors of Futureneers® Capital. Directors are defined as the individuals appointed as the Board of Directors in accordance with the MOI.

Futureneers® Capital (Pty) Ltd - a private company registered under registration number 2016/123152/07. The Company is a registered Venture Capital Company in accordance with Section 12J of the Income Tax Act (SARS registration number VCC-0043) and registered Financial Services Provider (FSP registration number 46996).

The Investor Shares related to a specific class of Ordinary no par value shares (available classes 1-100), which shares have the rights attached to them per the MOI and each Class Subscription Agreement.

A separate investment committee to be appointed, in accordance with the MOI, for every Class of Investor Share to be issued. The Class Investor Shareholders will nominate the Class Investment Committee. The Class Investment Committee will approve all investments to be made using the capital raised from such KSE Investor Shares and furthermore approve any future Distributions to its class shareholders, or any re-investment of surplus cash from its Corresponding Investee Companies.

In accordance with the MOI, a separate subscription agreement will be recorded for every class of Investor Shares subscribed for and issued. A separate Class Subscription Agreement will therefore be completed for each Class of Investor Shareholders.

The South African Companies Act, No. 71 of 2008, as amended

The Investee Companies directly linked to a specific class of Investor Share in accordance with the MOI.

Any form of distribution, whether by way of dividends or otherwise, from Futureneers® Capital to its shareholders, or from the Investee Companies to Futureneers® Capital (as the case may be). Distributions shall further include "Distributions" as defined by the Companies Act.

Definition used:

Economic Benefits

Meaning / Interpretation:

In respect of the Company - any Distributions, returns, repayment of capital invested, or any other financial benefit received or receivable by Futureneers® Capital from its investments in Investee Companies, whether by dividends, or otherwise.

In respect of Investors – any Distributions, or any financial benefits received or receivable by Investors as a result of selling or transferring their Investor Shares in Futureneers® Capital.

In respect of the Investee Company, any Distributions or any other form of financial benefits received or receivable by the Investee Company from its operations, or otherwise.

Economic Rights

The right attached to a share to receive the Economic Benefits as defined above. The Economic Rights attached to the various classes of shares are described by the MOI and the Class Subscription Agreement. For example, the Economic Rights of each Class of Investor Shareholder are linked to the Economic Benefits to be derived from the specific Investment Portfolio linked to such shares.

Exit

The method by which an Investor, and by implication and in this case Futureneers® Capital, “cashes out” of an investment. Examples include an initial public offering (IPO), listing on a Securities Exchange, or being bought out by a larger player, institution or another investment fund, or by selling an investment or asset in the open market, or by way of a Distribution is specie or buy back of shares.

FAIS

Financial Advisory and Intermediary Services Act No. 37 of 2002.

FSCA

The Financial Services Conduct Authority, previously known as the Financial Services Board (“FSB”).

Futureneers®

Reference to Futureneers® refer to the group companies in the Futureneers® group and the “Futureneers®” brand under which they trade, including the Company and the Management Company.

Income Tax Act

Income Tax Act No. 58 of 1962

Investor or Subscriber or Shareholder

An individual, trust, company, pension fund, institution, or other legal entity subscribing to a specific class or multiple classes of Investor Shares.

Investment Committee

A committee/(s) appointed by the Board of Directors in accordance with Section 72(1) of the Companies Act, which committee will evaluate and approve all investments to be made by Futureneers® Capital. Each Class of Investor Shares will nominate and elect its own Class Investment Committee.

Investor Shares

A class of equity share (available classes 1-100) issued to Investors in accordance with the MOI for subscribing and paying the Subscription Price, with the rights attached to such shares described in the MOI and Class Subscription Agreement.

Definition used:

Meaning / Interpretation:

Invitation to Invest

An exclusive offer, issued on invitation only and not available to the general public, to subscribe for a specific class of Investor Share in Futureneers® Capital, similar to Section B herein.

Initial Dividends

The preferential dividends payable to the Management Company by Futureneers® Capital on receipt of the Subscription Price, as recorded by the MOI and further described by the Class Subscription Agreement. For the sake of clarity, it is recorded that the Initial Dividends will be deducted from the Subscription Price and not be available for investment.

*Investee Companies or
Investee Opportunities or
Investee investments*

Companies qualifying for investment by Futureneers® Capital in accordance with the MOI and definitions published by SARS from time to time. While being pursued for investment by Futureneers® Capital, these companies are referred to as “Investee opportunities”, and once an investment has been made as “Investee companies” or “Investee investments”.

Management Company

Futureneers (Pty) Ltd - a private company registered under registration number 2016/136388/07, or its nominees.

Management A Shares

A class of equity share issued to the Management Company, or its nominees, at nominal consideration, with the rights attached to such shares described in the MOI and Class Subscription Agreement issued for each class of Investor Share issued – normally having no voting rights and economic rights limited to only receiving the Management Dividends. For the sake of clarity, it is recorded that 1 (one) Management A Share is issued to the Management Company for every 1 (one) Class Investor Share subscribed for and issued.

Management B Shares

A class of equity share issued to the Management Company, or its nominees, at nominal consideration, with the rights attached to such shares described in the MOI and Class Subscription Agreement issued for each class of Investor Share issued – normally only limited to having Voting Rights. For the sake of clarity, it is recorded that 1 (one) Management B Shares are issued to the Management Company for every 1 (one) Class Investor Share subscribed for and issued.

Management Dividends

The Management Dividends means collectively the Initial Dividends, the Recurring (Annual) Dividends and the Performance Dividends (if applicable). Details of the dividends payable to the Management Company are included in the Class Subscription Agreement.

Management Fees

Fees payable by the VCC or Class Investee Company to the Management Company as agreed to and recorded in the Class Subscription Agreement.

MOI

The Memorandum of Incorporation of Futureneers® Capital.

Performance Dividends

The preferential dividends payable to the Management Company once the Performance Targets are achieved, before making any Distributions to the Class Investor Shareholders as recorded by the MOI and further

Definition used:

Meaning / Interpretation:

Private Placement

described by the Class Subscription Agreement. The manner in which the Performance Dividends will be paid or become payable is described in each Class Subscription Agreement.

PPM

The process and offer to subscribe to the shares of Futureneers® Capital as described by the PPM. This is not a public offering but is made only to selected persons who fall within one of the specified categories listed in Section 96(1)(a) of the Companies Act.

Subscription Price

Private Placement Memorandum – being a memorandum detailing the process whereby prospective investors are invited to subscribe for Investor Shares in Futureneers® Capital.

Subscription Investment Price

The price to be paid by the Class Investor to subscribe for KSE Investor Shares. The Subscription price will be recorded in the Invitation to Invest and Class Subscription Agreement.

VCC or Venture Capital Company

The price to be paid by the Company for subscribing for shares in its Corresponding Investee Companies comprising the specific Investment Portfolio.

Venture Capital Company as defined in Section 12J of the Income Tax Act.