



## **Invitation to Invest and Private Placement Memorandum**

Section 12J Investments in any of the following hospitality property projects managed by Mantis  
(assisted by way of a Structured Loan):

Pearl Valley Hotel | Simbithi Hotel & Suites | St Francis Links Hotel

## PRIVATE PLACEMENT MEMORANDUM (“PPM”)

An investment in Futureneers® Capital is by invitation only.

From time-to-time, prospective Investors will receive an Invitation to Invest offering them the opportunity to subscribe for a specific class of Investor Shares (available classes 1-100) in Futureneers® Capital (“the Class Investor Shares”).

This Invitation to Invest as described in Section B herein, is an offer to a selected number of individuals and/or entities to subscribe, assisted by way of a Structured Loan, for either the Class 27 Investor Shares (Pearl Valley Hotel), or Class 31 Investor Shares (Simbithi Hotel & Suites), or Class 32 Investor Shares (St Francis Links Hotel) in Futureneers® Capital. These shares will each be linked to the future Economic Benefits attached to either the Pearl Valley HotelCo or Simbithi HotelCo or St Francis Links HotelCo (“the Class 27 or Class 31 or Class 32 Corresponding Investee Companies”).

This private placement is detailed by this PPM and should at all times be read in conjunction with the Memorandum of Incorporation (“MOI”) and the Class 27 or Class 31 or Class 32 Subscription Agreement to be signed by each investor.



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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 Class 27 or Class 31 or Class 32 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 Pearl Valley HotelCo (Class 27 Investor Shares), or the Simbithi HotelCo (Class 31 Investor Shares) or St Francis Links HotelCo (Class 32 Investor Shares), as the case may be. The Class 27 or Class 31 or Class 32 Investor Shareholders will not share in the Economic Benefits of any other investments made or to be made by the Company;
- **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.
- **Geared investment structure:** Investors should note that that the Pearl Valley HotelCo, Simbithi HotelCo or St Francis Links HotelCo (as the case may be) will provide surety and security on their behalf to the NCR Registered Finance Provider to enable them to invest. The VCC and/or the Pearl Valley HotelCo, Simbithi HotelCo or St Francis Links HotelCo (as the case may be) may also from time to time provide loan funding to the NCR Registered Finance Provider;
- **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 Advisors & Attorneys:



Tax Advisors:



Banking & Treasury:



Independent Review & Annual FSCA Audit:

MIDDEL PARTNERS

FSCA and VCC SARS Registration numbers:

FSP-46996 | VCC-0043

## DEFINITIONS & INTERPRETATIONS

### *Definition used:*

*Board of Directors*

*Company, or Futureneers® Capital*

*Class Investor Share*

*Class Investment Committee*

*Class Subscription Agreement*

*Class 27 Corresponding Investee Company (or the Pearl Valley HotelCo)*

*Class 31 Corresponding Investee Company (or the Simbithi HotelCo)*

### *Meaning / Interpretation:*

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. For the purpose of this PPM, the Class Investor Shares will be the:

- Class 27 Investor Shares in respect of the Pearl Valley HotelCo; or
- Class 31 Investor Shares in respect of the Simbithi HotelCo; or
- Class 32 Investor Shares in respect of the St Francis Links HotelCo.

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 Class 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 the Class 27, Class 31 and Class 32 Investor Shareholders.

The Pearl Valley HotelCo, being the specific Investee Company to which the Class 27 Investor Shares are linked. The Economic Rights of the Class 27 Shareholders are therefore linked to the Economic Benefits to be derived from the Class 27 Corresponding Investee Company. The Class 27 Corresponding Investee Company will acquire and own the Pearl Valley Hotel Sectional Title Rooms and be operated as a Hotel Keeper.

The Simbithi HotelCo, being the specific Investee Company to which the Class 31 Investor Shares are linked. The Economic Rights of the Class 31 Shareholders are therefore linked to the Economic Benefits to be derived from the Class 31 Corresponding Investee Company. The Class

*Definition used:*

*Class 32 Corresponding Investee Company (or the St Francis Links HotelCo)*

*Companies Act*

*Corresponding Investee Companies*

*St Francis Links Hotel Sectional Title Rooms*

*Distributions*

*Economic Benefits*

*Economic Rights*

*Exit*

*FAIS*

*Meaning / Interpretation:*

31 Corresponding Investee Company will acquire and own the Simbithi Hotel Sectional Title Rooms and be operated as a Hotel Keeper.

The St Francis Links HotelCo, being the specific Investee Company to which the Class 32 Investor Shares are linked. The Economic Rights of the Class 32 Shareholders are therefore linked to the Economic Benefits to be derived from the Class 32 Corresponding Investee Company. The Class 32 Corresponding Investee Company will acquire and own the St Francis Links Hotel Sectional Title Rooms and be operated as a Hotel Keeper.

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.

The hospitality property to be acquired by the St Francis Links HotelCo, which property may comprise sectional title hotel rooms or such other property to be acquired and registered in the name of the St Francis Links HotelCo to enable it to be operated as a Hotel Keeper.

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.

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.

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.

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.

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

*Definition used:*

*Meaning / Interpretation:*

*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.

*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

*Definition used:*

*Meaning / Interpretation:*

*Management B Shares*

is issued to the Management Company for every 1 (one) Class Investor Share subscribed for and issued.

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 50 (fifty) 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 Dividends and the Performance Dividends (if applicable).

*Management Fees*

Fees payable to the Management Company as agreed to and recorded in the Class Subscription Agreement.

*MOI*

The Memorandum of Incorporation of Futureneers® Capital.

*Money Market Related Investments*

Loans and investments made into bank accounts, bonds, financial instruments or loans providing similar returns than a low risk money market investment instrument.

*NCR Registered Finance Provider*

Any company registered in accordance with the National Credit Act, which the Company may be approve from time to time by the Company or the Corresponding Class Investee Company to assist its potential investors secure finance to assist them invest and subscribe for shares in the Company.

*Pearl Valley Hotel Sectional Title Rooms*

The hospitality property to be acquired by the Pearl Valley HotelCo, which property may comprise sectional title hotel rooms or such other property to be acquired and registered in the name of the Pearl Valley HotelCo to enable it to be operated as a Hotel Keeper.

*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 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.

*Performance Shares*

Means the shares in the Class 27 Corresponding Investee Company to be issued to the Management Company as agreed in the Class Subscription Agreement. The Performance Shares normally only share in the Super Profits.

*Performance Targets*

Targets and key performance indicators to be achieved by Futureneers® Capital before the Performance Dividends become payable as recorded by the MOI and further described by the Class Subscription Agreement.

*Private Placement*

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



*Definition used:*

*Meaning / Interpretation:*

*PPM*

to selected persons who fall within one of the specified categories listed in Section 96(1)(a) of the Companies Act.

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

*Recurring Dividends*

The preferential dividends payable by Futureneers® Capital to the Management Company on an upfront or ongoing basis as agreed and recorded in each Class Subscription Agreement.

*Simbithi Hotel Sectional Title Rooms*

The hospitality property to be acquired by the Simbithi HotelCo, which property may comprise sectional title hotel rooms or such other property to be acquired and registered in the name of the Simbithi HotelCo to enable it to be operated as a Hotel Keeper.

*Structured Loan*

A loan to be entered into between the Investor and the NCR Registered Finance Provider whereby the Investor borrows money at risk to invest in the Company.

*Subscription Price*

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

*Subscription Investment Price*

The price to be paid by the Company for subscribing for shares in the Corresponding Class 27, or Class 31 or Class 32 Corresponding Investee Companies.

*Super Profits*

The Economic Benefits accruing to the Class 27, or Class 31, or Class 32 Corresponding Investee Company, calculated as the amount exceeding the Subscription Investment Price paid by the Company for subscribing for shares in the Class 27 or Class 31 or Class 32 Corresponding Investee Companies (as the case may be).

*VCC or Venture Capital Company*

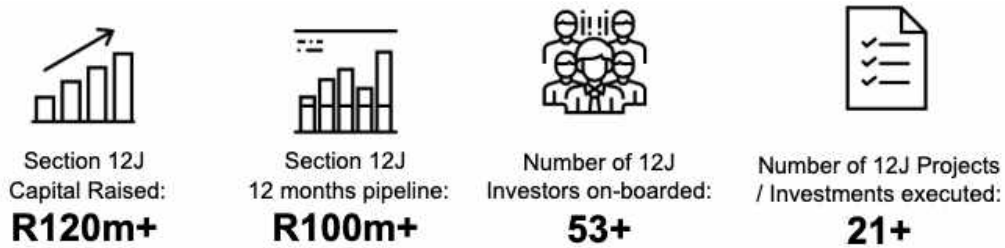
Venture Capital Company as defined in Section 12J of the Income Tax Act.

# SECTION A

## EXECUTIVE SUMMARY



## 1. 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-as-a-service offering. 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 (in this case the Pearl Valley HotelCo, Simbithi HotelCo and St Francis Links HotelCo).
- Futureneers® has a track record of raising capital and executing linked qualifying investment projects. We currently have in excess of a R120m capital under management and have executed more than 21 investment projects over the past 24 months.
- **An option is also made available to qualifying investors to fund up to 80% of their Subscription Price by way of an innovative loan offering to be made available to them by the NCR Registered Finance Provider - with the various HotelCo investments providing security on behalf of the Investors.**
- 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 (refer Section E for details relating to the team). 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.



## 2. THE MANAGEMNT 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
Alwyn Rossouw	Advisory Board			X	
Renier Swart	Advisory Board			X	
Neil Hobbs	Advisory Board			X	
Stefan van Niekerk	Advisory Board			X	
Johannes Booysen	Advisory Board		X	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:

A circular portrait of Alwyn Rossouw, a man with glasses and a dark suit, smiling.	<b>Alwyn Rossouw</b> CA (SA)	CEO & Founder - Marathon Consulting Previously: CFO and COO at BoE Bank, Nedbank Executive Team
A circular portrait of Renier Swart, a man with glasses and a dark suit, smiling.	<b>Renier Swart</b> 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.
A circular portrait of Neil Hobbs, a man with glasses and a dark suit, smiling.	<b>Neil Hobbs</b> CA (SA)	Partner at Hobbs Sinclair, Director of 1st approved S12J VCC - Iridium Investments, Director at Anuva Investments VCC & Latus Health VCC
A circular portrait of Stefan van Niekerk, a man with glasses and a dark suit, smiling.	<b>Stefan van Niekerk</b> BA (Law), LLB	Partner at Minitzers Attorneys specializing in property transfers and property development

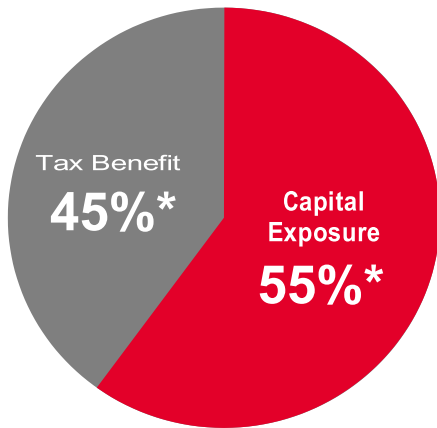
### 3. SECTION 12J BACKGROUND

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 as defined from time to time by the Income Tax Act, including qualifying hospitality properties (which may include boutique hotels, bed and breakfast establishments and serviced apartments).

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).

#### 4. TAX BENEFITS

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
<b>Net Cash impact (Effective Capital Exposure)</b>	<b>R550,000 (-55%)</b>	<b>R550,000 (-55%)</b>	<b>R720,000 (-72%)</b>
<b>Effective Tax Rate Relief*</b>	<b>+45%</b>	<b>+45%</b>	<b>+28%</b>

#### 5. SPECIFIC CLASSES OF SHARES INVESTMENT STRUCTURE

The Company has two types of Shares:

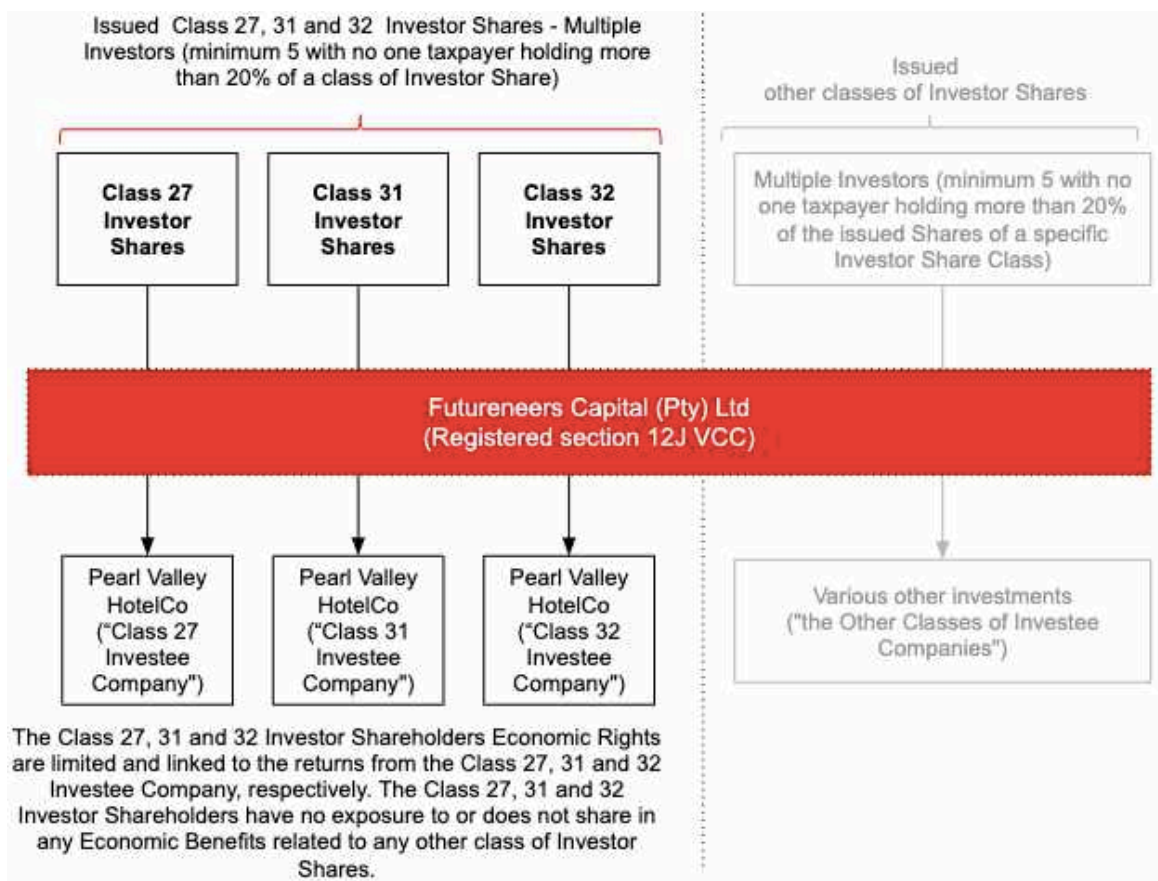
- The Investor Shares (available classes 1-100); and
- The Management Shares (Management A and Management B Shares)

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 Futureeners® Capital investment structure enables Investors to directly link their Class Investor Shares (in this case their Class 27 or Class 31 or Class 32 Investor Shares) to the Economic Rights of a specific investment (in their case the Pearl Valley HotelCo or the Simbithi HotelCo or the St Francis Links HotelCo). 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 they have an investment appetite for – in this case either the Pearl Valley HotelCo or the Simbithi HotelCo or the St Francis Links HotelCo; and
- (2) Appoint a specific Class Investment Committee to oversee the investment project on their behalf; and
- (3) Raise capital for the investment project by way of a share subscription for a specific class of Investor Share in Futureeners® Capital; and
- (4) Link their class of Investor Shares to the Economic Rights of that specific investment project; while
- (5) The investment process, initial treasury and ongoing compliance for a minimum of 5 years are overseen by Futureeners® 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 NOTE:**

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 50 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 only have voting 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.

**6. THE CLASS 27 INVESTMENT OPPORTUNITY (THE PEARL VALLEY HOTELCO)**

To understand the investment opportunity, we advise Investors to seek independent external legal, financial and tax advice, reviewing this PPM together with the MOI, Class 27 Subscription Agreement and Marketing and Sales Documents made available from time to time. These documents are available online on our website or by request.



The Class 27 investment opportunity is summarized by way of the Fund Fact Sheet below:

Fund Name:	Pearl Valley Hotel by Mantis (Funded by way of Structured Loan)
Fund Mandate:	Acquire (via qualifying companies) the Pearl Valley Hotel Sectional Title Rooms and earn annual hotel income from operations plus invest in Money Market Related Investments. The Qualifying Companies shall adhere to the definition of "Hotelkeeper" as required by Section 12J of the Income Tax Act.
Asset underpinning the investment:	Pearl Valley Hotel by Mantis, Val de Vie Estate, Paarl
Asset website:	<a href="http://www.valdevie.co.za">www.valdevie.co.za</a> , <a href="http://www.pearlvalley.com">www.pearlvalley.com</a> , <a href="http://www.pearlvalleyhotel.com">www.pearlvalleyhotel.com</a>
Hotel Management Company:	Mantis. It should also be noted that Mantis and Accor is in strategic global partnership in respect of sales & distribution channels aiming to increase long-term occupancy rates related to their respective hotel world-wide hotel properties, including Pearl Valley Hotel.



Hotel Management  
Company website:

[www.mantiscollection.com](http://www.mantiscollection.com)

Minimum Investment  
Amount:

R1 million. Smaller investments may be considered and approved by the Board, provided that investment is by invitation only, only available to qualifying investors and not an offer to the Public to subscribe for shares.

Investment horizon:

Minimum 5 years | Investors may sell shares within 5 years, but such a sale will result in a recoupment of the Section 12J Tax benefit previously claimed. In addition, all sales will be regulated in terms of the waterfall approach prescribed by the Class 27 Subscription Agreement.

**Structured Loan:**

**A Structured Loan is available to qualifying investors to fund up to 80% of their Subscription Prices for the Class 27 Investor Shares. The main objective of the Structured Loan is to enable Investors to settle their Structured Loans as quickly as possible and within 5 years from the initial investment date, even while paying a monthly instalment similar to a traditional 20 year mortgage bond. Investors participating by way of the Structured Loan should therefore take note that they will contribute an additional balloon payment (which may be funded by way of the SARS Section 12J Benefit or otherwise) within 6 months and that all dividends and distributions from the investment will be used to pay off any outstanding debt (after Withholding taxes have been paid to SARS). A final balloon payment is only due should a shortfall and outstanding balance on the loan still be due before the end of the 5 year investment period. Details of the Structured Loan is presented in a separate Loan Agreement entered into between each Investor and the NCR Registered Finance Provider.**

Estimated annual yields\*:

The Hotel Operator predicts annual hotel yields of 5%, 7% and 9% for the next three years of operations. However, Futureneers Capital has applied an average hotel yield of 5% in the calculation of the IRR presented herein.

Estimated annual share  
(asset) appreciation\*:

Annual asset appreciation estimated at between 5%-7% per annum.

Additional benefits  
available to Investors:

- 5 room nights flexible free usage per year according to your holiday needs for every R1m invested.
- Advanced bookings allowed.
- Hotel switch and swop-out usage per year.
- 50% discount for nights over and above the free room nights allowance.
- Gift allowance for unused room nights per year.
- Optional discounted golf membership and green fees during your stay, including associated recreational center access and clubhouse discounts.
- Discount on all spa treatments.
- 20% discount on published rates for all Mantis managed hotels in Sub-Saharan Africa.

Management Fees or Management Dividends:

The Management Company will be remunerated by way of either a Management Fee or Management Dividends, details of which is recorded in the Class Subscription Agreement. The total cost to the investor is summarised below:

- Upfront: 5% of Subscription Price (already included in Subscription Price).
- Annual: 1.5% of Subscription Price (adjusted every year for inflation using CPIX).
- Performance: 20% of Super Profits realised for Investors as defined herein.

Exit options available after 5 years:

At the end of 5 years, shareholders will have the following 3 exit options:

- Options 1: Exit for cash (final cash dividend or buy-back of shares).
- Option 2: Exit by way of a distribution in specie. This simply means that investors with a share value greater than the value of an individual Pearl Valley Hotel Sectional Title Room, may elect to be distributed ownership of the hospitality property rather than receiving a cash dividend. The exiting Investors should however take note that they must remain part of the hotel rental pool after exit.
- Option 3: Remain invested and retain shareholding similar to that of a “fractional ownership” structure, with the continued benefits of owning a share in a hotel, earning ongoing dividend income and having the additional other benefits previously described.

Investors should also note that the Directors endeavour to take all the necessary steps to enable investors to exercise any of the three options above, but that such exit options are not guaranteed. Investors should further take note that on exiting a 12J Structure, Capital Gains Tax or Dividends Tax may apply (as the case may be), while the base cost of their investment will be deemed to be zero for Capital Gains Tax purposes. The Directors endeavour to consult with Investor Shareholders closer to the time, and present the most appropriate and cost and tax efficient Exit options and to work close with the Investor Shareholders to execute such options.

Estimated Return to Investors (IRR)\*

**IRR's are not specifically presented in respect of this product. The objective of the investment is to generate adequate returns by way of dividends and otherwise, plus to use the SARS Section 12J Benefit to be received by the Investor to fund an additional balloon payment on the Structured Loan with the exclusive objectives to settle all debt within 5 years. The Objective is therefore that the Investors will own a debt free investment at the end of 5 years earning annuity based income streams, and attracting above market capital appreciation.**

***\*Please note that estimates and returns cannot be guaranteed and are indicative only. All returns are calculated inclusive of the Section 12J benefit (assuming a 45% tax break) accruing to the investor as a result of the investment. All Management fees, apart from Performance fees have been deducted in calculating the estimated IRR's presented above.***

## 7. THE CLASS 31 INVESTMENT OPPORTUNITY (THE SIMBITHI HOTELCO)

To understand the investment opportunity, we advise Investors to seek independent external legal, financial and tax advice, reviewing this PPM together with the MOI, Class 31 Subscription Agreement and Marketing and Sales Documents made available from time to time. These documents are available online on our website or by request.



The Class 31 investment opportunity is summarized by way of the Fund Fact Sheet below:

Fund Name:	Simbithi Hotel & Suites by Mantis (Funded by way of Structured Loan)
Fund Mandate:	Acquire (via qualifying companies) the Simbithi Hotel Sectional Title Rooms and earn annual hotel income from operations plus invest in Money Market Related Investments. The Qualifying Companies shall adhere to the definition of "Hotelkeeper" as required by Section 12J of the Income Tax Act.
Asset underpinning the investment:	Simbithi Hotel & Suites by Mantis, Simbithi Eco Estate
Asset website:	<a href="https://simbithi.com">https://simbithi.com</a> and <a href="https://www.simbithihotel.com">https://www.simbithihotel.com</a>
Hotel Management Company:	Mantis. It should also be noted that Mantis and Accor is in strategic global partnership in respect of sales & distribution channels aiming to increase long-term occupancy rates related to their respective hotel world-wide hotel properties, including Pearl Valley Hotel.
Hotel Management Company website:	<a href="http://www.mantiscollection.com">www.mantiscollection.com</a>
Minimum Investment Amount:	R1 million. Smaller investments may be considered and approved by the Board, provided that investment is by invitation only, only available to qualifying investors and not an offer to the Public to subscribe for shares.
Investment horizon:	Minimum 5 years   Investors may sell shares within 5 years, but such a sale will result in a recoupment of the Section 12J Tax benefit previously claimed. In addition, all sales will be regulated in terms of the waterfall approach prescribed by the Class 31 Subscription Agreement.
<b>Structured Loan:</b>	<b>A Structured Loan is available to qualifying investors to fund up to 80% of their Subscription Prices for the Class 27 Investor Shares. The main objective of the Structured Loan is to enable Investors to settle their Structured Loans as quickly as possible and within 5 years from</b>

**the initial investment date, even while paying a monthly instalment similar to a traditional 20 year mortgage bond. Investors participating by way of the Structured Loan should therefore take note that they will contribute an additional balloon payment (which may be funded by way of the SARS Section 12J Benefit or otherwise) within 6 months and that all dividends and distributions from the investment will be used to pay off any outstanding debt (after Withholding taxes have been paid to SARS). A final balloon payment is only due should a shortfall and outstanding balance on the loan still be due before the end of the 5 year investment period. Details of the Structured Loan is presented in a separate Loan Agreement entered into between each Investor and the NCR Registered Finance Provider.**

Estimated annual yields*:	The Hotel Operator predicts annual hotel yields of 5%, 6% and 8% for the first 3 years. However, Futureneers Capital has applied an average hotel yield of 5% in the calculation of the IRR presented herein.
Estimated annual share (asset) appreciation*:	Annual asset appreciation estimated at between 5%-7% per annum.
Additional benefits available to Investors:	<ul style="list-style-type: none"> <li>• 5 room nights flexible free usage per year according to your holiday needs for every R1m invested.</li> <li>• Advanced bookings allowed.</li> <li>• Hotel switch and swop-out usage per year.</li> <li>• 50% discount for nights over and above the free room nights allowance.</li> <li>• Gift allowance for unused room nights per year.</li> <li>• Optional discounted golf membership and green fees during your stay, including associated recreational center access and clubhouse discounts.</li> <li>• Discount on all spa treatments.</li> <li>• 20% discount on published rates for all Mantis managed hotels in Sub-Saharan Africa.</li> <li>• Mantis and Accor strategic global partnership, sales &amp; distribution channels.</li> </ul>
Management Fees or Management Dividends:	<p>The Management Company will be remunerated by way of either a Management Fee or Management Dividends, details of which is recorded in the Class Subscription Agreement. The total cost to the investor is summarised below:</p> <ul style="list-style-type: none"> <li>• Upfront: 5% of Subscription Price (already included in Subscription Price).</li> <li>• Annual: 1.5% of Subscription Price (adjusted every year for inflation using CPIX).</li> <li>• Performance: 20% of Super Profits realised for Investors as defined herein.</li> </ul>
Exit options available after 5 years:	<p>At the end of 5 years, shareholders will have the following 3 exit options:</p> <ul style="list-style-type: none"> <li>• Options 1: Exit for cash (final cash dividend or buy-back of shares).</li> </ul>

- Option 2: Exit by way of a distribution in specie. This simply means that investors with a share value greater than the value of an individual Pearl Valley Hotel Sectional Title Room , may elect to be distributed ownership of the hospitality property rather than receiving a cash dividend. The exiting Investors should however take note that they must remain part of the hotel rental pool after exit.
- Option 3: Remain invested and retain shareholding similar to that of a “fractional ownership” structure, with the continued benefits of owning a share in a hotel, earning ongoing dividend income and having the additional other benefits previously described.

Investors should also note that the Directors endeavour to take all the necessary steps to enable investors to exercise any of the three options above, but that such exit options are not guaranteed. Investors should further take note than on exiting a 12J Structure, Capital Gains Tax or Dividends Tax may apply (as the case may be), while the base cost of their investment will be deemed to be zero for Capital Gains Tax purposes. The Directors endeavour to consult with Investor Shareholders closer to the time, and present the most appropriate and cost and tax efficient Exit options and to work close with the Investor Shareholders to execute such options.

Estimated Return to  
Investors (IRR)\*

**IRR's are not specifically presented in respect of this product. The objective of the investment is to generate adequate returns by way of dividends and otherwise, plus to use the SARS Section 12J Benefit to be received by the Investor to fund an additional balloon payment on the Structured Loan with the exclusive objectives to settle all debt within 5 years. The Objective is therefore that the Investors will own a debt free investment at the end of 5 years earning annuity based income streams, and attracting above market capital appreciation.**

*\*Please note that estimates and returns cannot be guaranteed and are indicative only. All returns are calculated inclusive of the Section 12J benefit (assuming a 45% tax break) accruing to the investor as a result of the investment. All Management fees, apart from Performance fees have been deducted in calculating the estimated IRR's presented above.*

**8. THE CLASS 32 INVESTMENT OPPORTUNITY (THE ST FRANCIS LINKS HOTELCO)**

To understand the investment opportunity, we advise Investors to seek independent external legal, financial and tax advice, reviewing this PPM together with the MOI, Class 32 Subscription Agreement and Marketing and Sales Documents made available from time to time. These documents are available online on our website or by request.



The Class 32 investment opportunity is summarized by way of the Fund Fact Sheet below:

Fund Name:	St Francis Links Hotel by Mantis (Cash Investment Only)
Fund Mandate:	Acquire (via qualifying companies) the St Francis Links Hotel Sectional Title Rooms and earn annual hotel income from operations. Surplus cash will be managed and invested in money market or similar interest earning products. The Qualifying Companies shall adhere to the definition of “Hotelkeeper” as required by Section 12J of the Income Tax Act.
Asset underpinning the investment:	St Francis Links Links Hotel by Mantis, just outside St Francis Bay.
Asset website:	<a href="http://stfrancislinkshotel.com">http://stfrancislinkshotel.com</a> and <a href="https://www.stfrancislinks.com/">https://www.stfrancislinks.com/</a>
Hotel Management Company:	Mantis. It should also be noted that Mantis and Accor is in strategic global partnership in respect of sales & distribution channels aiming to increase long-term occupancy rates related to their respective hotel world-wide hotel properties, including Pearl Valley Hotel.
Hotel Management Company website:	<a href="http://www.mantiscollection.com">www.mantiscollection.com</a>
Minimum Investment Amount:	R1 million. Smaller investments may be considered and approved by the Board, provided that investment is by invitation only, only available to qualifying investors and not an offer to the Public to subscribe for shares.
Investment horizon:	Minimum 5 years   Investors may sell shares within 5 years, but such a sale will result in a recoupment of the Section 12J Tax benefit previously claimed. In addition, all sales will be regulated in terms of the waterfall approach prescribed by the Class 32 Subscription Agreement.

**Structured Loan:**

**A Structured Loan is available to qualifying investors to fund up to 80% of their Subscription Prices for the Class 27 Investor Shares. The main objective of the Structured Loan is to enable Investors to settle their Structured Loans as quickly as possible and within 5 years from the initial investment date, even while paying a monthly instalment similar to a traditional 20 year mortgage bond. Investors participating by way of the Structured Loan should therefore take note that they will contribute an additional balloon payment (which may be funded by way of the SARS Section 12J Benefit or otherwise) within 6 months and that all dividends and distributions from the investment will be used to pay off any outstanding debt (after Withholding taxes have been paid to SARS). A final balloon payment is only due should a shortfall and outstanding balance on the loan still be due before the end of the 5 year investment period. Details of the Structured Loan is presented in a separate Loan Agreement entered into between each Investor and the NCR Registered Finance Provider.**

**Estimated annual yields\*:**

The Hotel Operator predicts annual hotel yields of 5%, 6% and 8% for the first 3 years. However, Futureneers Capital has applied an average hotel yield of 5% in the calculation of the IRR presented herein.

**Estimated annual share (asset) appreciation\*:**

Annual asset appreciation estimated at between 5%-7% per annum.

**Additional benefits available to Investors:**

- 5 room nights flexible free usage per year according to your holiday needs for every R1m invested.
- Advanced bookings allowed.
- Hotel switch and swop-out usage per year.
- 50% discount for nights over and above the free room nights allowance.
- Gift allowance for unused room nights per year.
- Optional discounted golf membership and green fees during your stay, including associated recreational center access and clubhouse discounts.
- Discount on all spa treatments.
- 20% discount on published rates for all Mantis managed hotels in Sub-Saharan Africa.
- Mantis and Accor strategic global partnership, sales & distribution channels.

**Management Fees or Management Dividends:**

The Management Company will be remunerated by way of either a Management Fee or Management Dividends, details of which is recorded in the Class Subscription Agreement. The total cost to the investor is summarised below:

- Upfront: 5% of Subscription Price (already included).
- Annual: 1.5% of Subscription Price (adjusted every year for inflation using CPIX). First 5 years fees already included in Subscription Price.
- Performance: 20% of Super Profits realised for Investors as defined herein.

Exit options available after 5 years:

At the end of 5 years, shareholders will have the following 3 exit options:

- Options 1: Exit for cash (final cash dividend or buy-back of shares).
- Option 2: Exit by way of a distribution in specie. This simply means that investors with a share value greater than the value of an individual Pearl Valley Hotel Sectional Title Room, may elect to be distributed ownership of the hospitality property rather than receiving a cash dividend. The exiting Investors should however take note that they must remain part of the hotel rental pool after exit.
- Option 3: Remain invested and retain shareholding similar to that of a “fractional ownership” structure, with the continued benefits of owning a share in a hotel, earning ongoing dividend income and having the additional other benefits previously described.

Investors should also note that the Directors endeavour to take all the necessary steps to enable investors to exercise any of the three options above, but that such exit options are not guaranteed. Investors should further take note that on exiting a 12J Structure, Capital Gains Tax or Dividends Tax may apply (as the case may be), while the base cost of their investment will be deemed to be zero for Capital Gains Tax purposes. The Directors endeavour to consult with Investor Shareholders closer to the time, and present the most appropriate and cost and tax efficient Exit options and to work close with the Investor Shareholders to execute such options.

Estimated Return to Investors (IRR)\*

**IRR's are not specifically presented in respect of this product. The objective of the investment is to generate adequate returns by way of dividends and otherwise, plus to use the SARS Section 12J Benefit to be received by the Investor to fund an additional balloon payment on the Structured Loan with the exclusive objectives to settle all debt within 5 years. The Objective is therefore that the Investors will own a debt free investment at the end of 5 years earning annuity based income streams, and attracting above market capital appreciation.**

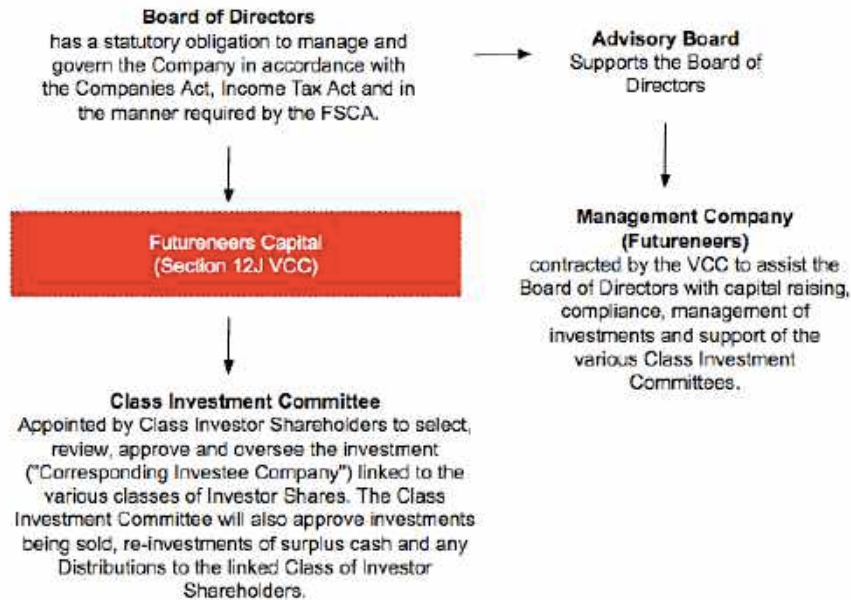
*\*Please note that estimates and returns cannot be guaranteed and are indicative only. All returns are calculated inclusive of the Section 12J benefit (assuming a 45% tax break) accruing to the investor as a result of the investment. All Management fees, apart from Performance fees have been deducted in calculating the estimated IRR's presented above.*



## 9. 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 10 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 (in this case the Class 27 Investee Company, being the Pear Valley Hotel investment).

Unless agreed and recorded otherwise in the Class Subscription Agreement, each Class Investment Committee will comprise of 4 members, as follows:

- **Two members to be nominated by the Directors of Futureneers® Capital** (one such member will also be the chair and lead and chair all meetings);

- **The Investor Member:** The investor, or their nominee may be appointed to the committee, or Investors may elect that one of the Futureneers® Capital Directors assume this position;
- **The Independent Member:** Investors can nominate an independent (not connected to the Investor or Futureneers® Capital) member to each committee, or elect that one of the Futureneers® Capital Directors assume the position of the Independent Member;

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 Hospitality Property, 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.

## 10. 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. Apart from certain 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).

## 11. DEBT FUNDING

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

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

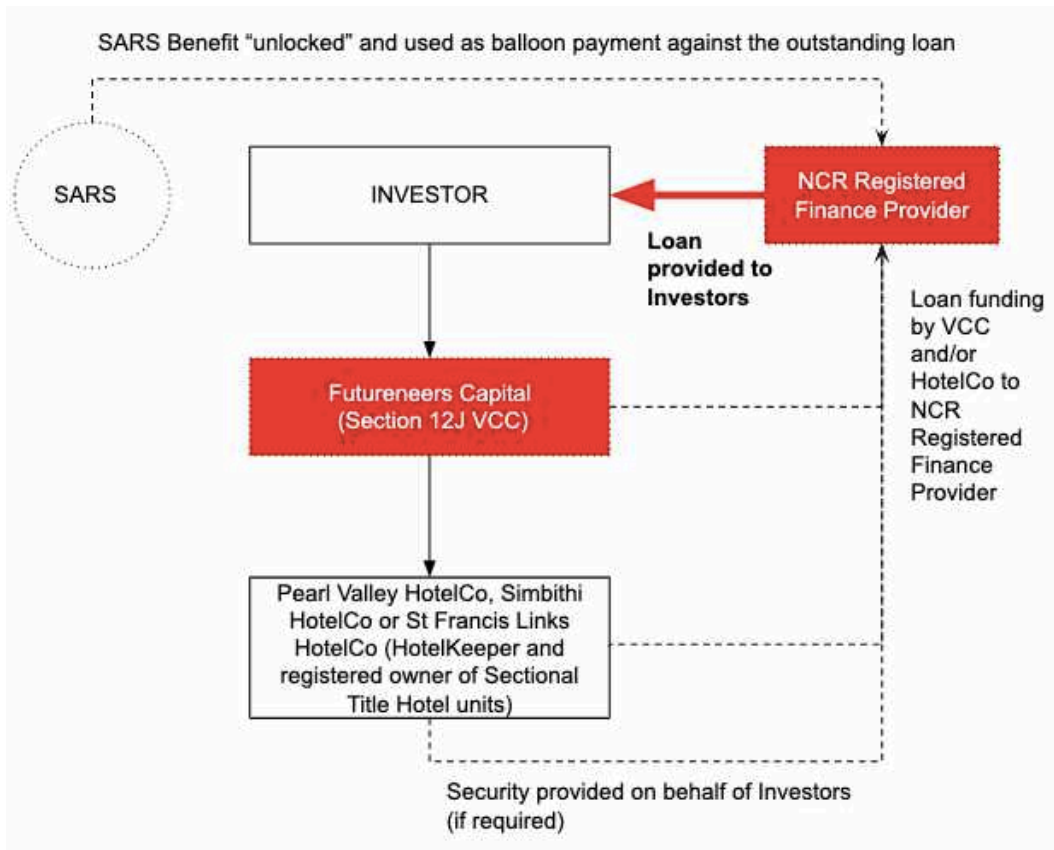
- Not permitted to incur any debt, of whatsoever nature;
- Not permitted to cross securitise any investments between classes of Investor Shares;
- Only make investments in Investee Companies (pending Investment Committee approval) from capital raised and surplus cash.

### **Assisting Investors to fund their investment in the Company by way of Loan Capital**

Investors are advised that in accordance with Section 12J of the Income Tax Act, they are allowed to fund their investment in a Section 12J Venture Capital Company by way of loan finance, provided that:

- The loan is fully at risk. This means that should the investment fail, that the loan will remain repayable to the Lender and that the Borrower will incur financial loss; and
- If the loan is made (directly or indirectly) by a Section 12J Venture Capital Company, the terms of repayment should be less than 5 years.

**It is important to understand** that the Pearl Valley HotelCo, Simbithi HotelCo and St Francis HotelCo investments have been structured specifically to enable qualifying Investors to fund a substantial portion of their investment in the Company by way of a Structured Loan in accordance with the requirements of Section 12J of the Income Tax Act. The investors will as part of their investment agree to the Pearl Valley HotelCo, Simbithi HotelCo or ST Francis Links HotelCo (as the case may be) making its assets (being the future Pearl Valley, Simbithi or St Francis Links Sectional Title Units to be acquired) available as security by way of mortgage bond, or otherwise, to the NCR Registered Finance provider on behalf of the Investors. In addition, the VCC and/or the Class 27 Investee Company may from time to time provide loan funding to the NCR Registered Finance Provider. The security structure is demonstrated by the illustration on the next page:



**IMPORTANT NOTES:**

- Although no debt funding or securities may and will be provided by the Company (The VCC), the Pearl Valley HotelCo, Simbithi HotelCo or St Francis Links HotelCo (as the case may be) may and will therefore be used to provide security for loans to be provided to the Investors, and/or to provide loan funding to the NCR Registered Finance Provider from time to time to enable Investors to secure the Structured Loan.
- **The above structure will be detailed in the Loan Agreements to be entered into between the Investors and the NCR Registered Finance Provider. Investors are advised to carefully review the Loan Agreement to be presented to them.**
- Investors should further take note that all debt finance to be provided will be provided and regulated in accordance with the terms of the National Credit Act.

**12. CORPORATE GOVERNANCE AND FINANCIAL REPORTING**

**Audit requirements**

- Futureneers® Capital will be subject to an annual audit to be performed in terms of Section 19(3) of the FAIS Act. The Company will also undergo an Annual Review to be performed by a registered and independent Auditing Firm.

**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.

### **13. 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 4 above;
- Ability to finance a portion of the Subscription Price by way of the Structured Loan.
- Choice of investing in a specific investment project – with risks and exposures limited to that specific share class and investment project;
- 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)



## **14. INVITATION TO INVEST (“THE OFFER TO INVESTORS”)**

You are hereby invited to subscribe for Class 27 Investor Shares (Pearl Valley HotelCo) or the Class 31 Investor Shares (Simbithi HotelCo) or Class 32 Investor Shares (St Francis Links HotelCo) in Futureneers Capital (Pty) Ltd (“the Invitation to Invest”).

This Invitation to Invest should always be read together with the attached Private Placement Memorandum (“PPM”), the Company’s Memorandum of Incorporation (MOI”) and the Class 27 Subscription Agreement to be signed as part of a successful subscription process.

## **15. 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 Class 27, or Class 31, or Class 32 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, financial institutions, pension funds, business associates and companies to invest directly in Futureneers® Capital by subscribing to the Class 27 or Class 31 or Class 32 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 in the proposed Pearl Valley HotelCo (Class 27 Investor Shares) or the Simbithi HotelCo (Class 31 Investor Shares), or the St Francis Links HotelCo (Class 32 Investor Shares), which investment opportunity is to be reviewed and approved by each Class’ Investment Committee; 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.

## **16. 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.

## 17. 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 shares per class;
- Management A Shares: 1,000,000 shares;
- Management B Shares: 50,000,000 shares.

The Board of Directors have authorised and approved the issue of the Class 27, Class 31 and Class 32 Investor Shares as described in this Private Placement.

## 18. RIGHTS ATTACHED TO THE CLASS 27 INVESTOR SHARES

The Class 27, Class 31 and Class 32 Investor Shares will have the rights attached to Investor Shares as described in the MOI and further described in the Class 27, Class 31 and Class 32 Subscription Agreements to be signed by each investor.

In summary, the holders of the Class 27, Class 31 and Class 32 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 Investee Company linked to each class of share ("the Corresponding Investee Company" identified in the PPM, subject to the payment of the Management Dividends described in paragraph 19 below.
Additional rights:	Right to nominate and appoint each Class' Investment Committee.

## 19. FEES AND 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 50 (fifty) Management B Shares, for every 1 (one) Class 27 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:	One Vote per Share.
Economic Rights:	The right to the following Management Fees or Management Dividends (as the case may be): <ul style="list-style-type: none"><li>• 5% (one percent) Initial Dividends (calculated on the total Subscription Price; and</li><li>• 1.5% (one point percent) per annum Recurring Dividends (calculated on the total Subscription Price of the Investor</li></ul>



	Shares and increased every 12 months for inflation as described by the each Class' Subscription Agreement.
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The Management Dividends will be detailed in the each Class' Subscription Agreement. The Management Company will have the right to waive its Management Dividends, in which case a Management Fee, calculated on the same basis, will be payable by the Company or its Corresponding Class Investee Companies, as to be elected by the Management Company when waiving its rights to receive the Management Dividends.

## 20. OFFER TO INVEST

The prospective Investor is hereby invited to subscribe for Class 27 Investor Shares in Futureneers Capital (Pty) Ltd at the following terms and conditions:

Opening Date of Private Placement:	1 November 2019
Closing Date of Private Placement:	29 April 2020, unless elected to close earlier as approved by a majority Board Resolution.
Number of shares made available for subscription:	<p>The Directors have authorised the following Class Investor Shares to be made available for the Private Placement.</p> <ul style="list-style-type: none"> <li>• 50,000 Class 27 Investor Shares (Pearl Valley HotelCo); and</li> <li>• 50,000 Class 31 Investor Shares (Simbithi HotelCo); and</li> <li>• 50,000 Class 32 Investor Shares (St Francis Links HotelCo)</li> </ul> <p>Additional shares may be approved if authorised by the Board of Directors.</p>
Subscription Price per Class 27 Investor Share:	R1,000 (one thousand Rand) per share.
Minimum investment amount per shareholder:	R1,000,000 (one million Rand). Smaller investments may be considered and approved by the Board, provided that no offers will be made to the Public and any subscription may only take place by invitation only.
Maximum investment amount per shareholder:	No one taxpayer may subscribe for more than 20% (twenty percent) of the total issued Class 27 Investor Shares.
Minimum amount to be raised:	Amount to be determined by each Class' Investment Committee.

## 21. 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 Class 27 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.

## **22. CLASS 27 INVESTMENT COMMITTEE AND UTILISATION OF FUNDING RAISED**

In accordance with the MOI, the subscribers for each Class' Investor Shares, may nominate and appoint the members to such Class' Investment Committee.

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.

## **23. 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.

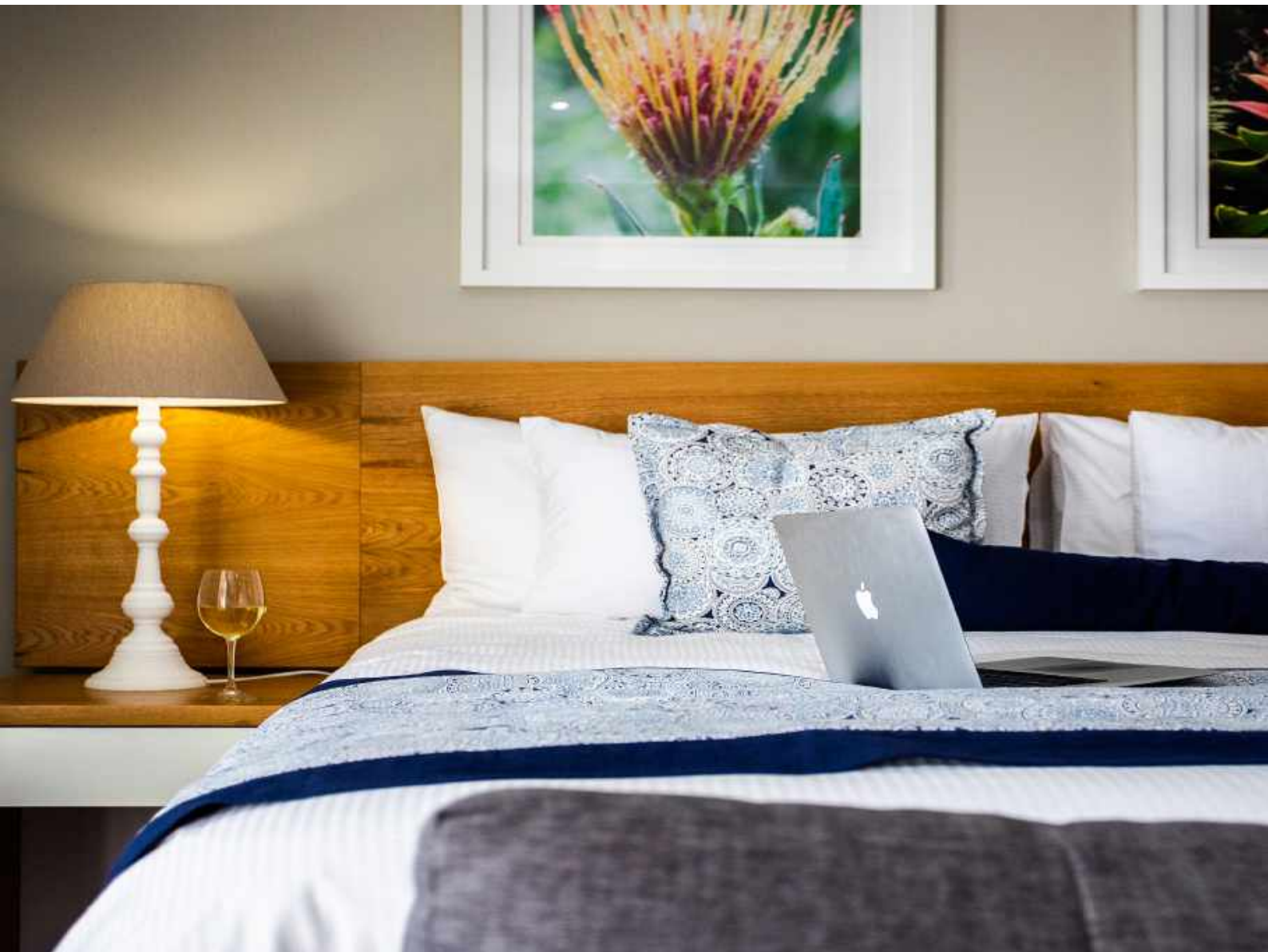
While every effort has been made to ensure the accuracy of the information provided herein, this document and the information contained herein have not been independently verified, nor do Futureneers® Capital, its directors or the Management give any representation, warranty or guarantee, whether express 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.

## **24. CONDITIONS PRECEDENT**

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

# SECTION C

## INVESTMENT RISKS



Futureneers® Capital and its directors will take all the necessary steps to manage investment risk. However, any investment has inherent and other risks and Investors are advised to take note of the risks detailed herein. Investors are further advised to consult with their own external financial, tax and or legal advisors before making an investment in the Company.

## 25. “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.

## 26. SURETIES AND SECURITY TO BE PROVIDED BY CLASS INVESTEE COMPANY TO ASSIST INVESTORS ACQUIRE LOAN FUNDING

Futureneers® Capital is managed as an investment holding company only, with no operational exposure apart from its investment activities. In addition, the Company does not incur any debt, or provide any security for debt.

However, the Investors should take note that as indicated in the Executive Summary, the Class 27, 31 and 32 Investee Companies will provide its assets (being the future Pearl Valley, Simbithi or St Francis Links Hotel Sectional Title units to be acquired) as security to the NCR Registered Finance Provider to assist investors fund up to 80% of their Subscription Price. **Should a large number of Investors default in loan payments, and their shares cannot be sold in time to cover outstanding debt, the Corresponding Class Investee Company may be required to sell its assets (being the previously mentioned Sectional Title Units) from time to time, with the only offset being available the shares of the defaulting Investors.** This may result in financial loss to Investors if the assets have to be sold on a “fire sale” at values substantially lower than its original purchase prices.

In addition, the VCC and / or Class 27, 31 or 32 Investee Company may from time to time make unsecured loans to the NCR Registered Finance Provider to assist the Investors finance their share subscriptions .

## 27. RELATED PARTY TRANSACTIONS

A related-party transaction is a business deal or arrangement between two parties who are joined by a special relationship prior to the deal - for example, a business transaction between a major shareholder and Futureneers® Capital.

Related-party transactions are a common occurrence in the business marketplace, especially for private companies. Companies often seek business deals with entities they are familiar with, or have been referred to through past relationships. While these types of transactions are legal and ethical, the special relationship inherent between the involved parties creates potential conflicts of interest, which must be regulated and disclosed since they can result in actions that benefit the people involved, as opposed to the shareholders.

Investors should take note of the following common related party relationships:

- The Directors of the Management Company are also the Directors of Futureneers® Capital;
- The Directors are also Investors in Futureneers® Capital;
- The Directors may also from time to time be shareholders in the Corresponding Investee Companies;

Due to the nature of the investment structure and close involvement of the Management Company, the following related party transactions will occur on a regular basis:

- Common Directorships and Shareholding as mentioned above;
- Directors of the Management Company may from time-to-time invest in Futureneers® Capital and subscribe for Investor Shares. Their subscription for Investor Shares will be at the same terms available to holders of a similar class of Investor Share;
- The Management Company, or its Directors or shareholders may from time-to-time, acquire or negotiate a direct equity stake in an Investee Company prior or after Futureneers® Capital invested in such Investee opportunity. Such equity ownership will be disclosed to potential investors before investment;
- Members of the Investment Committee or Directors may from time-to-time acquire direct equity stakes in an Investee Company or invest in an Investee Company through the Futureneers® Capital structure.
- The Management Company will perform post-investment support services to Investee Companies and enter into a Service Level Agreement with each Investee Company.

All Related Party transactions will be approved by way of Special Resolution.

## 28. 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 36 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.

#### **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.

# SECTION D

## OTHER MATTERS

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## **29. INVESTORS NOT RESIDENT IN SOUTH AFRICA**

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. The Section 12J deduction is also only relevant in respect of South African Taxpayers.

## **30. LITIGATION STATEMENT**

There are no legal or arbitration proceedings pending or threatened, which may have a material effect on Futureneers® Capital's financial position.

## **31. CONFLICTS**

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

## **32. COMPLAINTS PROCESS**

Futureneers® Capital is committed to service excellence and values the relationship with its Investors. In terms of the FAIS Act, Investors may lodge a complaint with Futureneers® Capital. We are committed to an effective and fair resolution of any complaints lodged and our complaints resolution procedures are available on request.