

**Persimmon Energy VCC Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2017/455481/06)  
(FSP number 49030)  
(VCC number 0103)  
("Persimmon Energy" or "the Company")



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

## **PROSPECTUS**

A general public offer to subscribe for 100 000 Ordinary Shares of no par value at an issue price of R1 000 per share

Opening date of the Offer	09 November 2018
Closing date of the Offer	28 February 2019

Managed by



Administered by



An English copy of this Prospectus was registered by the Commissioner of CIPC on 09 November 2018.

**Persimmon Energy VCC Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2017/455481/06)  
(FSP number 49030)  
(VCC number 0103)

**PROSPECTUS**

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

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

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

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

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

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

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

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

<p><b><u>Auditors and Reporting Accountants</u></b></p>  <p><b>Grant Thornton</b></p>	<p><b><u>Manager and Promoter</u></b></p> 
<p><b><u>Company Secretary</u></b></p> <p><b>E R Goodman Secretarial Services (Pty) Ltd</b></p>	<p><b><u>Administrative Manager &amp; Corporate Advisors on Prospectus</u></b></p> 
<p><b><u>Company Attorney</u></b></p> 	<p><b><u>Compliance Officer</u></b></p> 

*This Prospectus is only available in English. Copies of this Prospectus may be obtained during normal business hours from the registered office of Persimmon Energy VCC Limited at their respective address set out in the “Corporate Information and Advisors” section of this Prospectus from the date of issue hereof, being 09 November 2018.*

## Corporate Information and Advisors

Business and Registered Office Address	Administrative Manager & Corporate Advisors on this Prospectus
<p><b>Persimmon Energy VCC Limited</b> Registration number: 2017/455481/06</p> <p>164 Katherine Street Building 2, Pinmill Office Park Strathavon, 2196</p> <p>P.O. Box 1277 Gallo Manor 2052</p> <p>Tel: 011 262 6433</p>	<p><b>Grovest Corporate Advisory Proprietary Limited</b> Registration number: 2012/223909/07</p> <p>164 Katherine Street Building 2, Pinmill Office Park Strathavon, 2196</p> <p>P.O. Box 1277 Gallo Manor 2052</p> <p>Tel: 011 262 6433</p>
Company Secretary	Compliance Officer
<p><b>E R Goodman Secretarial Services (Pty) Ltd</b> Registration number: 2017/091079/07</p> <p>1<sup>st</sup> Floor Voltex House 3 River Rd, cnr Boeing West Bedfordview 2008</p> <p>P.O. Box 94200 Verwoerd Park 1453</p> <p>Tel: 082 308 2896</p>	<p><b>Moonstone Compliance Proprietary Limited</b> Registration number: 2002/020736/07</p> <p>25 Quantum Street Technopark Stellenbosch 7613</p> <p>P.O. Box 12662 Die Boord, Stellenbosch 7613</p> <p>Tel: 021 883 8000</p>
Company Attorney	Fund Manager
<p><b>Fluxmans Inc.</b> Registration number: 2000/024775/21</p> <p>2nd Floor Mazars Moores Rowland House 5 St Davids Place Parktown 2193</p> <p>Private Bag X41 Saxonwold 2132</p> <p>Tel: 011 328 1723</p>	<p><b>Persimmon Energy Management Company</b> Registration number: 2017/484512/07</p> <p>164 Katherine Street Building 2, Pinmill Office Park Strathavon 2196</p> <p>P.O. Box 1277 Gallo Manor 2052</p> <p>Tel: 011 262 6433</p>
Auditors & Reporting Accountants	
<p><b>Grant Thornton Johannesburg Partnership</b> Practice Number 903485E</p> <p>Registered Auditors 52 Corlett Drive Johannesburg 2196</p> <p>Private Bag X10046 Sandton 2146</p> <p>Tel: 010 590 7200</p>	

## General Statements

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

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

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

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

### Disclaimer

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

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

### Warning

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

### Date of issue: 09 November 2018

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

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## **Definitions and Interpretations**

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

<b>“Act” or “Companies Act”</b>	Companies Act, No. 71 of 2008, as amended, including the regulations issued thereunder;
<b>“Administrative Manager”</b>	Grovest Corporate Advisory Proprietary Limited (Formerly Venture Capital Management Services Proprietary Limited) (registration number 2012/223909/07), a Private Company incorporated under the laws of South Africa, full details of which are contained in the Corporate Information and Advisors section of this Prospectus.
<b>“Advisors”</b>	E R Goodman, Fluxmans, Grant Thornton, Grovest Corporate Advisory, Manager, and Moonstone, and/or any one of them as the context may require;
<b>“Application Form(s)”</b>	the application form in respect of the Offer which is attached to, and forms part of this Prospectus and which must be completed by all prospective Investors;
<b>“Board”</b>	the directors of the Company from time to time, which, as at the Last Practicable Date, comprises the persons identified in section 1, in paragraph 2 of this Prospectus;
<b>“Blocked Rands”</b>	Refers to funds that are legally prohibited to leave the country when an investor emigrates but are still under the ownership of the Investor;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or statutory holiday in South Africa;
<b>“Business”</b>	investing in Qualifying Companies that are involved in the development, owning and managing of renewable energy generation assets that demonstrate high yield annuity cash flows;
<b>“Closing Date”</b>	the closing time and date of the Offer, expected to be 17h00 on 28 February 2019 but which may be amended by the Company by way of an announcement released on its website;
<b>“Company” or “Persimmon Energy”</b>	Persimmon Energy VCC Limited, registration number: 2017/455481/06, a public company incorporated under the laws of South Africa, full details of which are contained in the “ <i>Corporate Information and Advisors</i> ” section of this Prospectus;
<b>“Company Secretary”</b>	E R Goodman Secretarial Services (Pty) Ltd , a private company incorporated under the laws of South Africa, full details of which are contained in the “ <i>Corporate Information and Advisors</i> ” section of this Prospectus;
<b>“Connected Person(s)”</b>	connected person as defined in section 1(1) of the Income Tax Act;
<b>“Directors”</b>	the directors of the Company from time to time, which, as at the Last Practicable Date, comprises the persons identified in section 1, in paragraph 2 of this Prospectus;
<b>“EPC”</b>	Engineering, Procurement, and Construction a term used to refer to a company that provides engineering and design, equipment procurement and delivers the functioning asset to the client;



<b>“FAIS”</b>	Financial Advisory and Intermediaries Services Act, 37 of 2002;
<b>“FSCA”</b>	Financial Sector Conduct Authority, established by the Financial Sector Regulation Act No. 9 of 2017 and came into operation on the 1st of April 2018;
<b>“Grant Thornton”</b>	Grant Thornton, a partnership incorporated under the laws of South Africa, full details of which are contained in the <i>“Corporate Information and Advisors”</i> section of this Prospectus;
<b>“Grovest”</b>	Grovest Corporate Advisory Proprietary Limited (registration number 2012/223909/07), a private company incorporated under the laws of South Africa, full details of which are set out in the <i>“Corporate Information and Advisors”</i> section of this Prospectus;
<b>“Income Tax Act”</b>	the Income Tax Act, 58 of 1962, as amended, consolidated or re-enacted from time to time and including all schedules thereto;
<b>“Investment Portfolio”</b>	the portfolio of investments created by investing the proceeds raised from the issue of Venture Capital Shares pursuant to the Offer;
<b>“Investor(s)”</b>	an individual, trust, company, or other legal entity who subscribes for Venture Capital Shares;
<b>“Last Practicable Date”</b>	15 October 2018, being the last practicable date prior to the finalisation of this document;
<b>“Management Agreement”</b>	the agreement concluded between the Manager and Persimmon Energy in terms of which the Manager will conduct the administration and management of Persimmon Energy, details of which are set out in Annexure 4;
<b>“Manager” or “Promoter”</b>	Persimmon Energy VCC Management Company (Pty) Ltd (registration number: 2017/484512/07), a private company incorporated under the laws of South Africa, full details of which are contained in the <i>“Corporate Information and Advisors”</i> section of this Prospectus;
<b>“MOI”</b>	the Memorandum of Incorporation of the Company, as amended from time to time;
<b>“Moonstone”</b>	Moonstone Compliance Proprietary Limited (registration number: 2002/020736/07), a private Company incorporated under the laws of South Africa, full details of which are contained in the <i>“Corporate Information and Advisors”</i> section of this Prospectus;
<b>“Ordinary Shares”</b>	Ordinary Shares of no par value in the capital of Persimmon Energy;
<b>“Offer”</b>	offer to subscribe for 100 000 Ordinary Shares of no par value at an issue price of R1 000 per share with a minimum of 50 Ordinary Shares per Investor, the terms of which are set out in this Prospectus;
<b>“Offer Period”</b>	the period from 09 November 2018 to 28 February 2019;
<b>“Offer Price”</b>	R1 000 per Ordinary Share;

<b>“Off Taker”</b>	the counter party to the Power Purchase Agreement, that guarantees a market for the future production of a facility;
<b>“PPA”</b>	Power Purchase Agreement setting out the parameters that facilitate the sale of electricity by Persimmon Energy to the Off Taker;
<b>“Prospectus”</b>	this Prospectus and its Annexures, issued on 09 November 2018;
<b>“Qualifying Company”</b>	a company satisfying the conditions of a Qualifying Company as defined in Section 12J of the Income Tax Act;
<b>“Qualifying Investment(s)”</b>	an investment in the shares of an unlisted company which satisfies the conditions of a Qualifying Company as defined in Section 12J of the Income Tax Act;
<b>“Qualifying Share(s)”</b>	an equity share issued to Persimmon Energy by a Qualifying Company;
<b>“Risk Capital”</b>	in respect of each of the ordinary shareholders, one hundred percent of the subscription price paid for the acquisition of the shares, minus the highest marginal rate of income tax for investors when such ordinary shares are issued (being 45% as at the Last Practical Date)
<b>“SARS”</b>	South African Revenue Service;
<b>“Shareholder”</b>	holders of Shares from time to time;
<b>“Shares”</b>	collectively Ordinary Shares or any one of them as the context may require;
<b>“Venture Capital Company” or “VCC”</b>	a venture capital company as defined in Section 12J of the Income Tax Act; and
<b>“Venture Capital Shares”</b>	shares in Persimmon Energy as defined in Section 12J of the Income Tax Act, being Ordinary Shares.

**Persimmon Energy VCC Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2017/455481/06)  
(FSP number 49030)  
(VCC number 0103)  
("Persimmon Energy" or "the Company")

Eric Peter Hogan (Non-Executive Chairman)  
Daniel Mark Garside (Non-Executive Director)  
Justin Raynier Stokes (Non-Executive Director)  
Craig William Swart (Non-Executive Director)

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**PROSPECTUS**

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**SECTION 1 – INFORMATION ABOUT PERSIMMON ENERGY VCC LIMITED**

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

- 1.1. Persimmon Energy VCC Limited (Registration number 2017/455481/06) was incorporated as a private company on 20 October 2017. (reg 57 (1) (a) and (c)).
- 1.2. The Company converted from a private company to a public company on 12 January 2018. (reg 57 (1) (a) and (c)).
- 1.3. The Company's registered office and primary place of business is set out in the "*Corporate Information and Advisors*" section of this Prospectus. (reg 57 (1)(b)).
- 1.4. The Company had no holding company or subsidiaries as at the Last Practicable Date (reg 57 (3)).
- 1.5. The purpose of the Offer is to raise capital and expand the Company's investment activities and take advantage of its strong pipeline of opportunities. The purpose of the Prospectus is to provide information to Investors in relation to the Offer.

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

- 2.1. The Board currently comprises four Non-Executive Directors. The Chairman is a Non-Executive Director. Details relating to the management of the Company are set out in paragraph 2.7 below.
- 2.2. The full names, business addresses, qualifications, positions and experience of the Directors and prescribed officers, all of whom are South African citizens, are set out below: (reg 58 (2)(a))

<b>Name</b>	Eric Peter Hogan (reg 58 (2)(a))
<b>Business Address</b>	2 Trichardt Street Suideroord, Johannesburg, 2091 (reg 58 (2)(a))
<b>Position</b>	Non-Executive Chairman (reg 58 (2)(a))
<b>Occupation</b>	Board member of Tampa Springs Body Corporate (reg 58(2)(a))
<b>Qualifications and Expertise</b>	BSC, Honors, MBA  Eric was in Management for 20 years at Schindler Lifts, worked in Accounts Department, Field Operations, and as Regional Manager and had a staff of 130 reporting to him. He was also in charge of a R60 million rand portfolio on the business management side. He was on the pension Fund Board of Trustees for 15 years. His hobbies are boating and fishing. He is Currently still on the board of Directors on Tampa Springs Body Corporate, La Collina Body Corporate, Banbeary Place Body Corporate, all In Johannesburg and then also with Cormarant Bay Body corporate at the Vaal Dam.

<b>Name</b>	Daniel Mark Garside (reg 58 (2)(a))
<b>Business Address</b>	29 Glenian Road, Magaliessig, Fourways, 2067 (reg 58 (2)(a))
<b>Position</b>	Non-Executive Director (reg 58 (2)(a))
<b>Occupation</b>	Managing Director of Labhouse (reg 58 (2)(a))
<b>Qualifications and Expertise</b>	<p>MSc</p> <p>Daniel is the Managing Director and owner of LabHouse (Pty) Ltd. LabHouse was established over 19 years ago. The company specializes in supply of high-tech laboratory equipment and run laboratory-related training courses. He has been involved in the lab and related business for over 30 years. LabHouse clients are blue-chip companies like Sasol, Aspen Pharmacare, UNISA, Rand Water, Tongaat Hullet Starch, SAP Forensics to name a few. Involvement with these companies has expanded his knowledge of the technical business environment while dealing with senior management of these organisations. He has been involved with venture capital companies as LabHouse was once part owned by an incubator company with which he was familiar. He has a Masters Degree in Analytical Chemistry from UCT.</p>
<b>Name</b>	Justin Raynier Stokes (reg 58 (2)(a))
<b>Business address</b>	164 Katherine Street, Pinmill Office Park, Building 2, Strathavon, 2196 (reg 58 (2)(a))
<b>Position</b>	Non-Executive Director (reg 58 (2)(a))
<b>Occupation</b>	Rand Merchant Bank Corporate Banker (reg 58 (2)(a))
<b>Qualifications and Expertise</b>	<p>B. Com. CA (SA)</p> <p>Justin is a member of The South African Institute of Chartered Accountants after having qualified as a Chartered Accountant at the beginning of 2010. Whilst completing his external audit articles in the Consumer and Industrial Markets sector at KPMG Cape Town, Mr Stokes gained experience across the manufacturing, retail, petrochemical and energy sectors.</p> <p>Since qualifying, Mr Stokes worked in the Corporate and Investment Banking industry where he held the positions of Executive Assistant to the CIB CEO at Barclays Africa, Credit Restructuring Analyst and Coverage Banker. His experience spans across strategy development, financial analysis, deal structuring, credit vetting and relationship management. Mr Stokes holds a BAcc and BCompt Hons Acc from Stellenbosch University and UNISA respectively.</p>
<b>Name</b>	Craig William Swart (reg 58 (2)(a))
<b>Business address</b>	164 Katherine Street, Pinmill Office Park, Building 2, Strathavon, 2196 (reg 58 (2)(a))
<b>Position</b>	Non-Executive Director (reg 58 (2)(a))
<b>Occupation</b>	Director of Ocean and Inland Developments (reg 58 (2)(a))
<b>Qualifications and Expertise</b>	<p>Craig studied architecture and qualified in 1995, and then immediately entered the financial services industry. He was a Business Development Manager for various LISP companies. In 1999 he established a managed forex fund through various counterparties in the UK. In 2001 the book was sold and Craig returned to property as a project manager for. In 2012 he went into property development and has successfully completed several projects in the property and solar industries. He currently is still involved in property development and project management of PV solar systems.</p>

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

- 2.3.1. The Company Secretary is E R Goodman Secretarial Services (Pty) Ltd, whose name and address is set out in the “*Corporate Information and Advisors*” section of this Prospectus. E R Goodman Secretarial Services (Pty) Ltd is represented by Marilis Janse van Rensburg. (reg 58(2) (b) (iii)).
- 2.3.2. The names and business addresses of the Advisors are set out in the “*Corporate Information and Advisors*” section of this Prospectus. (reg 58(2) (b) (i) and (ii))
- 2.3.3. The Company banker is Nedbank Limited, a Member of Old Mutual Group, registration number: 1951/000009/06.
- Physical Address: on 135L Cnr Maude and Rivonia Road, Sandown, Sandton, 2196.
  - Postal address is the same as above
  - Tel: 011 294 7800

### 2.4. Terms of office and manner of appointment of the Directors (reg 58(3)(a))

- 2.4.1. No Director shall serve for an indefinite period and shall retire in accordance with the provisions of the MOI. The relevant provision of the MOI in this regard are set out in **Annexure 2**.
- 2.4.2. Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting. The relevant provision of the MOI in this regard are set out in **Annexure 2**.
- 2.4.3. Save as set out in the MOI, no person has any right in relation to the appointment of any Director.

### 2.5. Directors’ Remuneration (reg 58(3)(b))

- 2.5.1. The remuneration of the Directors is set out below:

Name of Director/Officer	Position	fees
Eric Hogan	Non-Executive Chairman, and member of the Investment Committee	Nil
Daniel Garside	Non-Executive Director, Chairman of the Audit Committee and member of the Investment Committee	Nil
Justin Stokes	Non-Executive Director, member of the Audit Committee and Chairman of the Investment Committee	Nil
Craig Swart	Non-Executive Director, member of the Audit Committee and member of the Investment Committee	Nil

- 2.5.2. The Board will meet approximately four times per annum.

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

- 2.6.1. Directors shall be elected by an ordinary resolution of the shareholders at a general or annual general meeting. (reg 58 (3) (a))
- 2.6.2. **Annexure 2** contains the following additional information in respect of the Directors: (reg 58 (3) (b))
- 2.6.2.1. borrowing powers of the company exercisable by Directors, which have not been exceeded or varied since the Company’s incorporation, and how such borrowing powers can be varied; (reg 58 (3)(c))
  - 2.6.2.2. directors and prescribed officers’ remuneration policy; and
  - 2.6.2.3. retirement and appointment of directors. (reg 58 (3) (a))

## **2.7. Management of the Company (reg 58 (3)(d))**

- 2.7.1. Persimmon Energy is managed by the Manager, whose business address is listed in *the “Corporate Information and Advisors”* section of this Prospectus. The Directors of the Manager are Eric Hogan, Daniel Garside, Justin Stokes and Craig Swart.
- 2.7.2. The Manager encompasses an experienced management team with private equity and commercial experience, including:
  - 2.7.2.1. originating, evaluating and selecting suitable investment opportunities;
  - 2.7.2.2. providing post investment management services; and
  - 2.7.2.3. identifying and implementing exit opportunities.
- 2.7.3. The Company has entered into a Management Agreement with the Manager which will endure for an initial period of 10 years. The Manager is incentivised to deliver investment returns for Persimmon Energy. The terms of the Management Agreement are summarised in **Annexure 4**.
- 2.7.4. Save as the Management Agreement, the Manager will perform the functions as set out in **Annexure 4**. (reg 58 (3) (d) (ii))
- 2.7.5. The Manager has entered into an agreement with Grovest to carry out certain of the administrative functions of the Company. In this regard, please refer to section 1 paragraph 3.2.4 below which provides more details.
- 2.7.6. The Manager will be paid a once-off capital raising fee of 3% excluding VAT, on total capital raised from the Ordinary Shares. (reg 58 (3) (d) (iii))
- 2.7.7. The Manager will be paid an annual management fee of 2% excluding VAT, payable quarterly in arrears, on total capital raised from the Ordinary Shares. (reg 58 (3) (d) (iii))
- 2.7.8. The Manager will carry the costs incurred in evaluating investment opportunities not implemented. (reg 58 (3) (d) (iii))

## **2.8. Directors’ Declarations**

- 2.8.1. None of the Directors of the Company have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements, or has been publicly criticised by any statutory or regulatory authorities, including recognised professional bodies, or being disqualified by court from acting as a director of a company or for acting in the management or conduct of the affairs of the Company, or has been convicted of any offence involving dishonesty.
- 2.8.2. No payment has been made to any Director at the Last Practicable Date, to induce him to become a director or in connection with the promotion or formation of the Company.
- 2.8.3. Formal letters of appointment have been entered into with all Directors of the Company and are available for inspection at the registered offices of the Company.

## **2.9. Transactions with related parties**

Craig Swart, Eric Hogan and Justin Stokes are Directors of the Manager. Craig Swart, Eric Hogan and Justin Stokes are indirect shareholders in the Manager.

## **3. HISTORY, STATE OF AFFAIRS AND PROSPECTS OF PERSIMMON ENERGY**

### **3.1 History of the Company (reg 59)**

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

- 3.1.1.1. Persimmon Energy was incorporated as a private company on 20 October 2017. (reg 59(3) (a) (i) and (ii))

3.1.1.2. The primary investment objective of the Company is to invest in Qualifying Companies that are involved in the development, owning and managing of renewable energy generation assets that demonstrate high yield annuity cashflows.

3.1.2. **Material changes (reg 59(3) (b))**

There have been no material changes in the Business of the Company during the past 3 (three) years.

**3.2 Nature of Business**

3.2.1. Persimmon Energy is a Venture Capital Company licensed as a Financial Services Provider in terms of Section 8 of FAIS under license number 49030. A copy of the FSCA license is contained in **Annexure 5** of this Prospectus.

3.2.2. Persimmon Energy is also registered with SARS as a Venture Capital Company in terms of Section 12J of the Income Tax Act under reference number VCC-0103. A copy of VCC license is contained in **Annexure 11** of this Prospectus

3.2.3. Persimmon Energy does not fall within the ambit of the Collective Investment Schemes Control Act, 45 of 2002.

3.2.4. **Grovest Corporate Advisory**

3.2.4.1. Grovest is the administrative manager of the Manager.

3.2.4.2. Grovest is responsible for, *inter alia*:

- setting up and maintaining the Section 12J VCC structure;
- compliance monitoring;
- key individual functions;
- monthly accounting and Audit preparation;
- FSCA and SARS reporting;

3.2.5. **Investment Objective**

Persimmon Energy seeks to develop, own and manage a portfolio of investments in Qualifying Companies that are involved in the development, owning and managing of renewable energy generation assets that demonstrate high yield annuity cashflows.

3.2.6. **Investment Strategy**

The acquisition strategy is to approach existing EPC's through its existing network offering to fund future projects or buy existing projects from the EPC's where the returns to the funds will meet the fund mandate.

This Strategy will allow Persimmon Energy the luxury of being selective in its acquisitions of solar PV installations without having to delay the deployment of capital. The installations that may be considered by the Investment Committee are those that meet the return relative to duration of the Off-Taker Agreement.

3.2.7. **Investment Process**

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

3.2.7.2. The Persimmon Energy due diligence ("DD") process will comprise an in-depth DD which will include a comprehensive assessment of the Off-Takers needs, capex requirements, cash flows, profitability, legislative requirements, credit worthiness of the Off-Taker and sustainability of the Off-Taker.

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

### 3.2.8. Post investment management

- 3.2.8.1. The Board's post investment plan is to mitigate risk, and as such will on a regular basis conduct audits on the performance and output of each solar installation. These audits will be conducted to ensure that all solar installations are performing optimally and remain optimised for maximum electrical output.

- 3.2.8.2. Persimmon Energy will oversee:

- Negotiating and finalising PPA's;
- the adherence of Off-Takers to the PPA;
- the maintenance of the solar installations or the appointment of a service provider to do so; and
- the solar installations will adhere to all legislation and bylaws to which they have to comply.

### 3.2.9. Investment Mandate

- 3.2.9.1. All capital raised will be invested according to the investment mandate as adopted by the Board from time to time.

- 3.2.9.2. The Company mandate includes investment into any 'bankable' clean energy technology with credit worthy or credit enhanced Off-Takers.

- 3.2.9.3. The investment mandate is outlined below:

Investment Type	Percentage of Fund (%)	Targeted IRR (%) *	Average Time Frame of Investment (Years)
Cash on hand, call and fixed deposits	0 – 100	7	3
10 - 20 Year PPA's	0 – 100	20	10
Non-Qualifying Companies	0 - 20	20	5

- \* Targeted IRR is net of all fees and taxes on Risk Capital

### 3.2.10. Exit strategies

- 3.2.10.1. Persimmon Energy will evaluate different exit strategies for the Company over the course of the 10-year investment timeframe. It will endeavour to introduce liquidity options for Investors wanting to exit the Company in year 5. Options include the following:

- Listing of the Company;
- Private sale of the Company;
- Sale of an underlying project;
- Management buy-out.

### 3.2.11. Persimmon Energy's Investment Committee

- 3.2.11.1. The investment committee will consist of a minimum of 4 members. A majority vote is required for investment decisions. The investment committee has the right to co-opt appropriately skilled parties as and when required.

- 3.2.11.2. The Investment Committee comprises the following members:

- Mike Swart (by invitation)
- Daniel Garside
- Eric Hogan
- Justin Stokes (Chairman)
- Craig Swart



### 3.2.12. Persimmon Energy's Deal Flow

3.2.13. Persimmon Energy is currently in negotiations to acquire the following solar PV installations.

Customer Tariff	Existing Tariff	Persimmon Offer	System Size Kw	System Value
Tswane	1,36	1,10	115,70	1249000
Ekurhuleni Tariff C	1,32	1,15	310,00	3348000
Emfuleni	1,48	1,19	1102,20	12566220
Mpumulanga	1,20	1,05	653,00	7085000
City Power	2,22	1,70	288,20	3895000
Tswane	1,39	1,12	100,00	1080000
Tswane	1,39	1,12	131,00	1414000
Bela Bela	1,23	1,10	80,00	872000
City Power	1,40	1,18	250,00	3312000
City Power	2,22	1,70	58,00	783000
Ekurhuleni	1,32	1,15	1120,00	12152000
Ekurhuleni	1,32	1,10	887,60	9630460
Ekurhuleni	1,32	1,12	107,25	1163663
Limpopo	1,31	1,15	500,00	5425000
OFS	1,25	1,05	2469,00	26788650
OFS	1,25	1,10	802,00	8701700
Northern Cape	1,75	1,30	110,00	1193500
Northwest	1,41	1,10	475,00	5153750
City Power	1,39	1,10	1986,00	21548100
<b>Total Megawatts</b>			<b>11 545</b>	<b>127 361 043</b>

### 3.3 Directors' opinion regarding prospects (reg 59 (3) (c))

The Directors are of the opinion that Persimmon Energy has good prospects of achieving its investment mandate based on the following:

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

### 3.4 State of affairs of the Company (reg 59(3) (d))

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

A loss of R343 786 before tax was reported in the Audited Financial Statements for the year ending 28 February 2018. The loss is a result of start-up costs incurred from setting up the Company.

#### Capital Raise 2019

The Director's forecasts are based on a targeted Capital of R100 000 000 being raised by 28 February 2018.

#### Statement of Comprehensive Income

	R	R	R
	Audited 28-Feb-18	Public Placement	Post Public Placement 28 Feb-18
<b>Revenue</b>			
Sales	-	-	-
Cost of sales	-	-	-
Gross Profit	-	-	-
<b>Expenses</b>	343,799	38,000	381,799
Auditors remuneration	-	25,000	25,000
Bank Charges	1,796	3,000	4,796
Corporate Finance	342,000	-	342,000
Finance Costs	3	-	3
Secretarial Fees	-	10,000	10,000
Interest Income - Note	13	6,790,000	6,790,013
<b>Total Interest</b>	13	6,790,000	6,790,013
<b>Profit Before Tax</b>	(343,786)	6,752,000	6,408,214
Taxation	-	1,890,560	1,890,560
<b>Profit/(Loss) for the financial period</b>	(343,786)	4,861,440	4,517,654
<b>Share Capital of The Compnay</b>	2	100,000	100,000
<b>Total Ordinary Shares</b>	2	100,000	100,000
<b>Earnings per Share</b>	(171,893)	49	45

#### Note:

Included in the public placement adjustment column is financial income of 7% p.a. for 12 months and a pro forma adjustment for the operating expenditure of Persimmon Energy on the assumption that the Company has been in operation for 12 months.

### 3.4.2. Pro forma statement of financial position before and after the Offer

The Audited Statement of Financial Position of Persimmon Energy at 28 February 2018 and pro forma Statement of Financial Position of Persimmon Energy at 28 February 2018, assuming the Offer is fully subscribed are set out below.

#### Statement of Financial Position

	R	R	R
	Audited 28-Feb-18	Public Placement	Post Public Placement 28 Feb-18
<b>Asset</b>			
<b>Current Assets</b>	1,013	97,000,000	97,001,013
Cash and Cash Equivalents	1,013	97,000,000	97,001,013
<b>Total Assets</b>	1,013	97,000,000	97,001,013
<b>Equity And Liabilities</b>			
<b>Equity</b>	(343,784)	97,000,000	96,656,216
Ordinary Shares	2	97,000,000	97,000,002
Accumulated Loss	(343,786)	-	(343,786)
<b>Liabilities</b>			
<b>Non Current Liabilities</b>	2,398	-	2,398
Loan from Shareholder	2,398	-	2,398
<b>Current Liabilities</b>	342,399	-	342,399
Trade Payables	342,000	-	342,000
Bank Overdraft	399	-	399
<b>Total Equity and Liabilities</b>	1,013	97,000,000	97,001,013
<b>Share Capital of the Company</b>			
Number of Shares Authorised - Ordinary	1,000,000	1,000,000	1,000,000
Number of Shares Authorised - Unclassified	1,000,000	1,000,000	1,000,000
<b>Total Ordinary Shares Issued</b>	2	100,000	100,000
NAV Per Share	(171,892)	970	967

#### **Notes:**

Stated Capital – Ordinary Shares

Assuming 100 000 Ordinary Shares have been issued at R1 000 per share.

R 100 000 000

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

R 3 000 000

R 97 000 000

### **3.5 Principal immovable property owned and lease payments (reg 59(3) (e))**

3.5.1. As at the Last Practicable Date, the Company does not own any immovable property.

3.5.2. The Company entered into a lease agreement for the rental of its premises situated at 164 Katherine Street, Building 2, Pinmill Office Park, Strathavon, 2196.

3.5.3. The lease is for a period of 1 year at a rental of R1 000 per month and expires on 28 February 2020.

### 3.6 Capital commitments and contingent liabilities (reg 59(3) (f))

#### 3.6.1. Capital commitments

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

#### 3.6.2. Contingent liabilities

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

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

- 3.7.1. While the Company was incorporated in 2017, the Company did not carry on Business, trade or undertake any material activities.
- 3.7.2. Refer to paragraph 3.4.1 of this Section 1 for the revenue, profits and losses before and after tax of the Company from the date of incorporation. (reg 59(3) (g) (i) and (ii))
- 3.7.3. The report by the Auditor in terms of Regulation 79 of the Companies Act is set out in **Annexure 8**.
- 3.7.4. Persimmon Energy has not paid any dividends at any time prior to the Last Practicable Date. (reg 59(3) (g) (iii))
- 3.7.5. Surpluses on realisation of investments will ordinarily be distributed to shareholders by way of dividends as determined by the Board from time to time. Dividends paid will be subject to Dividends Tax as applicable.

## 4. SHARE CAPITAL OF THE COMPANY (reg 60)

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

	28-Feb-18	Notes	28-Feb-19
<b>Number of Authorised Shares</b>			
Ordinary Shares	1 000 000	0	1 000 000
Unclassified Ordinary Shares	1 000 000	0	1 000 000

<b>Number of issued shares</b>			
Ordinary Shares	2	100 000	100 000
<b>Stated capital (Rand)</b>	<b>2</b>	<b>100 000 000</b>	<b>100 000 000</b>

#### Notes

Assuming 100 000 Ordinary Shares have been issued at R1 000 per share and share issued costs of 3% of capital raised have been set off against the capital raised.

- 4.2 The authorised and unissued shares, as depicted in **Annexure 7**, are under the control of the Directors, subject to the provisions of Section 38 of the Act.
- 4.3 There are no Shares held directly or indirectly by the Directors of the Company. (reg 60(a) (iii))
- 4.4 In the preceding three years the Company has offered 100 000 Ordinary Shares of no par value at a price of R1 000 per Share, no Shares were subscribed for by the public in the previous Offer. Ordinary Shares are not issued in proportion to Shareholding, as this issue was made pursuant to a general Offer made to the public. (reg 60(c))

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

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

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

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

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

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

7.1 Material contracts entered into include:

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

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

## **8. INTEREST OF DIRECTORS AND PROMOTERS (reg 64)**

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

- 8.1.1. any Director or related party;
- 8.1.2. another company in which a Director has a beneficial interest or of which such Director is also a director; or
- 8.1.3. any partnership, syndicate or other association of which the Director is a member, to induce the Director to become a Director, to qualify as a director or for services rendered by the director or by a company, partnership, syndicate or other association, in connection with the promotion or formation of the Company. (reg 64(2) (a))

8.2. At the last practical date, the Directors held no shares in the company.

- 8.2.1. No properties have been acquired or disposed of by the Company since its incorporation and therefore the Directors had no interests in properties acquired or disposed of by the Company since its incorporation. (reg 64 (2) (b) (iii))
- 8.2.2. The Directors have no interests in material contracts or transactions other than that disclosed in this Prospectus.
- 8.2.3. Craig Swart is the Non-Executive Chairman of the Manager, Eric Hogan, Daniel Garside and Justin Stokes are Non-Executive Directors of the Manager. The Directors of the Manager collectively directly or indirectly own 80% of the equity in the Manager.

## **9. LOANS (reg 65)**

As at the date of this Prospectus, Persimmon Energy has no material loans payable and had no material loans advanced to any party.

## **10. SHARES ISSUED OTHERWISE THAN FOR CASH (reg 66(a), 66(b))**

There have been no Shares issued other than for cash since the Company's incorporation.

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

- 11.1. Since incorporation of the Company and up to the date of this Prospectus, the Company did not acquire any immoveable property or fixed assets and the Company does not plan to acquire any immoveable property.

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

A capital raising fee of 3% excluding VAT on capital raised is payable to the Manager, whose name and address is set out in the “*Corporate Information and Advisors*” section of this Prospectus, on all Ordinary Shares subscribed for in terms of this Offer. In the last 3 (three) years, no fees have been paid to the Manager as a capital raising fee in terms of the Management Agreement.

An annual Management fee of 2% excluding VAT, payable quarterly in arrears, is payable to the Manager on all Ordinary Shares subscribed for in terms of this Offer. In the last 3 (three) years, no fees have been paid to the manager as a management fee in terms of the Management Agreement.

## **13. PRELIMINARY EXPENSES AND ISSUE EXPENSES (reg 69)**

- 13.1 An amount of R61 000 has been budgeted for the expenses of this offer on full subscription, excluding capital raising fees.

- 13.2 These expenses (VAT exclusive) are estimated and comprise the following:

<b>Service</b>	<b>Service Provider</b>	<b>R</b>
Preparation of Prospectus	Grovest	R 30 000
Registration of Prospectus	CIPC	R 7 000
Reporting Accountants Report	Grant Thornton	R 10 000
Auditors Report	Grant Thornton	R 4 000
Secretarial	E.R. Goodman	R 10 000
<b>Total</b>		<b>R61 000</b>

- 13.3 In the last three years, there have been a total of R88 000 preliminary and issue expenses incurred by the Company.

## SECTION 2 – DETAILS OF THE OFFER

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

1.1. The purpose of the Offer is:

- 1.1.1. to expand the capital base of the Company;
  - 1.1.2. to increase the issued capital of the Company to enable it to invest in Qualifying Companies as defined in Section 12J of the Income Tax Act;
  - 1.1.3. to invite members of the public, financial institutions, pension funds, and business associates of Persimmon Energy to invest directly in the Company;
  - 1.1.4. to broaden the Shareholder base of the Company;
  - 1.1.5. to enhance its profile as a Venture Capital Company; and
  - 1.1.6. to fund the growth aspirations of the Company; and
  - 1.1.7. to acquire shares in Qualifying Companies which own renewable energy generation assets that demonstrate high yield annuity cash flows.
- 1.2. Any amounts raised in excess of the projected issuing expenses, will still be used to achieve the Company's goal to increase its capital base. (reg70 (b))
- 1.3. The Company intends to raise R 100 000 000 pursuant to the Offer.

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

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

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

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

- 3.1. The Offer comprises an offer to the public to subscribe for 100 000 Ordinary Shares at the Offer Price, each having 1 vote per share; and
- 3.2. Application may be made by completing Application Form in this Prospectus. Completed Applications must be submitted to the Company by no later than 17h00 28 February 2019.
- 3.3. Prior to the date of this Prospectus and as at the Last Practicable Date, the Company has issued the following Shares since its incorporation (reg 72(2)):

Date of Issue	Number of Ordinary Shares issued	Price at which the Ordinary Shares were issued
20 October 2017	2	R 2

- 3.4. As at the Last Practicable Date, the Company has not issued any securities for a premium. (reg 72(3))
- 3.5. The Directors have resolved, via the required resolutions, authorisations and approvals, to issue 100 000 Ordinary Shares of no par value at R1 000 per share in terms of the Offer. The Directors consider this price to be justified by the prospects of the Company, and therefore adequate consideration in terms of Section 40 of the Companies Act.
- 3.6. All Ordinary Shares to be issued in terms of the Offer will be issued at the expense of Persimmon Energy.

- 3.7. Applications for the subscription may only be made on the forms which are enclosed with this Prospectus. Applications are irrevocable and may not be withdrawn once received by Persimmon Energy.
- 3.8. Application Forms must be completed in accordance with the provisions of this Prospectus and the instructions as set out in the Application Form.
- 3.9. Applications must be for a minimum of 50 (fifty) Ordinary Shares.
- 3.10. All application forms completed in accordance with the provisions of this Prospectus and the instructions set out on the Application Form, should be delivered to:

**Email address:** cindyh@grovest.co.za

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

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

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

**Account Name:** Persimmon Energy VCC Limited

**Bank Name:** Nedbank

**Branch Name:** Sandown

**Branch Code:** 198765

**Account Number:** 1153878577

- 3.13. Applications will be irrevocable once received by Persimmon Energy. No receipts will be issued for applications and/or payments received.

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

- 4.1. The Company intends to raise an amount R100 000 000 in terms of the Offer, however a minimum amount of R500 000 is to be raised in terms of this Offer, in order to discharge the projected issuing expenses exclusive of VAT.
- 4.2. Any amounts raised in excess of the projected issuing expenses, will achieve the Company's goal to increase its capital base. (reg 70 (b))
- 4.3. Should the minimum amount of R500 000 not be raised in terms of the Offer, the Offer in terms of this Prospectus will become null and void, all moneys received will be returned to Investors and no Ordinary Shares will be issued pursuant to this Offer.
- 4.4. Should the Offer fail, an announcement to this effect will be made on the Company's website within 7 (seven) Business Days of the Closing Date, with moneys returned to Investors within 10 (ten) Business Days thereafter.

#### **5. RESERVATION OF RIGHTS**

- 5.1. The Directors of Persimmon Energy reserve the right to accept or refuse any application(s), either in whole or in part, or to abate any or all application(s) in such manner as they may, in their sole and absolute discretion, determine.
- 5.2. The Directors of Persimmon Energy reserve the right to accept applications for less than 200 shares per application at their absolute and sole discretion.
- 5.3. If an application is refused by the Directors, the money that has been received by the Company will be refunded applicant within ten Business Days of the relevant Closing Date.



## **6. RESULTS OF ALLOCATIONS**

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

### **6.1. Over Subscriptions**

In the event of any Offer application being rejected or accepted for a lesser number of Shares than applied for, any surplus application monies received will be refunded by Persimmon Energy within 7 (seven) Business Days of the Closing Date.

### **6.2. Issue of Shares**

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

## SECTION 3 - STATEMENTS AND REPORTS RELATING TO THE OFFER

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### 1. **STATEMENT OF ADEQUACY OF CAPITAL (reg 74)**

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

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

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

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

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

### 4. **REPORT BY THE AUDITOR OF THE COMPANY (reg 79)**

In terms of Regulation 79 of the Companies Act, the auditor is required to prepare a report on the profits and losses, dividends and assets and liabilities of the Company. In this regard paragraph 3.4 of Section 1 and **Annexure 8** of this Prospectus sets out the financial information and the auditor's report in respect of the financial information required.

## SECTION 4 - ADDITIONAL MATERIAL INFORMATION

### 1. TAX DEDUCTIBILITY OF INVESTMENT IN PERSIMMON ENERGY

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

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

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

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

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

### 2. PROCEDURE TO CLAIM TAX DEDUCTION OF INVESTMENT

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

### 3. LITIGATION STATEMENT

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

### 4. CORPORATE GOVERNANCE

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

## **5. EXPERTS' CONSENTS**

- 5.1. Each of the parties listed under "Corporate Information and Advisors" section has consented in writing to act in the capacities stated and to their names appearing in this Prospectus and have not withdrawn their consent prior to the publication of this Prospectus.
- 5.2. The Independent Reporting Accountants have consented in writing to have their reports appear in the Prospectus in the form and context as they appear and have not withdrawn their approval prior to the publication of this Prospectus.

## **6. DIRECTORS' RESPONSIBILITY STATEMENT**

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

## **7. FINANCIAL ADVICE**

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

## **8. RISK FACTORS OF VENTURE CAPITAL INVESTMENTS**

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

## **9. COMPLAINTS PROCESS & TCF OUTCOMES**

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

## **10. CONFIDENTIALITY**

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

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

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

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

### **11.3. Emigrants from the Common Monetary Area**

- 11.3.1. A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rands to purchase Shares in terms of the Offer.
- 11.3.2. All payments in respect of subscriptions for Shares by emigrants using blocked Rands must be made through an authorised dealer in foreign exchange.
- 11.3.3. Share certificates will be restrictively endorsed as "NON-RESIDENT".
- 11.3.4. If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant's blocked Rand account.

### **11.4. Applicants resident outside the Common Monetary Area**

- 11.4.1. A person who is not resident in the Common Monetary Area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Offer.
- 11.4.2. This Prospectus is accordingly not an Offer in any area or jurisdiction in which it is illegal to make such an Offer. In such circumstances this Prospectus is provided for information purposes only. Share certificates will be restrictively endorsed as "NON-RESIDENT".

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

Copies of the following documents will be available for inspection at the registered offices of Persimmon Energy at any time during business hours on weekdays until and including 10 (ten) Business Days after the Closing Date:

- 12.1.1. the MOI;
- 12.1.2. the material agreements disclosed in this Prospectus, including, the Management Agreement and the Director services agreements;
- 12.1.3. the written consents of the Advisors and the company secretary, reporting accountant's report named in this Prospectus to act in those capacities;
- 12.1.4. the reporting accountant's report; and

12.1.5. Persimmon Energy's FSCA license.

**13. PROFESSIONAL INDEMNITY AND FIDELITY INSURANCE COVER**

13.1. As required in terms of FAIS, professional indemnity and fidelity insurance cover of R 10 000 000 has been procured by Persimmon Energy.

**14. Share buy backs**

14.1.1. An investment in Persimmon Energy should be considered as a medium to long term investment. In the event of a Shareholder requiring to cash out his investment prematurely, the Board will endeavour to place the shares with an alternate Investor on his behalf.

14.1.2. In exceptional circumstances, and at the discretion of the Board, Persimmon Energy may repurchase such shares at an appropriately discounted value.

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

## SECTION 5 - INAPPLICABLE SECTIONS

### SECTION 5 – INAPPLICABLE SECTIONS

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

Signed in Sandton on or about 5 November 2018.



By: Eric Peter Hogan, Non-Executive Chairman



By: Daniel Mark Garside, Non-Executive Director



By: Craig William Swart, Non-Executive Director



By: Justin Raynier Stokes, Non-Executive Director

## ANNEXURE 1 – Risk Factors

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

<b>Risk</b>	<b>Explanation of impact of risk on performance/ reputation of Persimmon Energy</b>	<b>Level</b>	<b>Mitigating factor</b>
<b>Economic conditions</b>	The state of the economy will change over time in line with the economic and business cycles	Low	Energy projects will be linked to Power Purchase Agreements (PPAs) that will have a fixed escalation index agreed to. This would at a minimum be CPI inflation.
<b>Uncertainty</b>	Having limited knowledge of current conditions or future outcomes	Low	The Investment Committee will only consider investments of which it has a good understanding and can add value and influence to the underlying investments.
<b>Foreign Currency</b>	Solar PV panel are imported from foreign countries	Medium	-
<b>Changes in legislation</b>	Legislative risk includes changes to Section 12J legislation	High	The Section 12J VCC regime is subject to a sunset clause terminating on 30 June 2021. It is reasonable to assume that National Treasury and SARS will review the efficiency of the regime and a decision will be then made as to whether it should be extended.
<b>Illiquid shares</b>	The issued Ordinary Shares to Investors are Illiquid	High	Full disclosure is made to Investors that shares subscribed for are illiquid.  At the discretion of the Board, the company may repurchase Investor shares at an appropriately discounted value.
<b>Fraud risk / internal control risk</b>	The Company does not have an internal audit function	Low	Management accounts are produced monthly and reviewed by the Board.  It is not deemed necessary by the Audit and Risk Committee to implement an internal audit function due to the size of the company.  External auditors annually provide a management report on internal controls to the Audit and Risk Committee.



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

## **ANNEXURE 2 - Appointment, Qualification, Remuneration and Borrowing Powers Of Directors (MOI Extract)**

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

### **32. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

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

- 32.13.2. he is found to be or becomes of unsound mind; or
- 32.13.3. a majority of his co-directors sign and deposit at the office a written notice wherein he is requested to vacate his office, which shall become operative on deposit at the office (but without prejudice to any claim for damages); or
- 32.13.4. he is removed by a resolution of the company of which proper notice has been given in terms of the Act (but without prejudice to any claim for damages); or
- 32.13.5. he is, pursuant to the provisions of the Act or any order made thereunder, prohibited from acting as a director; or
- 32.13.6. he gives one months (or with the consent of the board, a lesser period) notice in writing of his intention to resign; or
- 32.13.7. he dies or resigns his office by notice in writing to the company; or
- 32.13.8. he is absent from meetings of the directors for six consecutive months without leave of the directors while not engaged in the business of the company and -
- 32.13.8.1. he is not represented at any such meetings during such six consecutive months by an alternate director; and
- 32.13.8.2. the directors resolve that his office be, by reason of such absence, vacated,  
provided that the directors shall have power to grant to any director leave of absence for a definite or indefinite period.
- 32.14. A director may hold any other office or place of profit under the company (except that of auditor) or any subsidiary of the company in conjunction with his office of director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a director) and otherwise as a disinterested quorum of the directors or a remuneration committee appointed by the board may determine.
- 32.15. A director of the company may be or become a director or other officer of, or otherwise interested in, any company promoted by the company or in which the company may be interested as shareholder or otherwise.
- 32.16. Any director may act personally or through his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services rendered as if he were not a director.
- 32.17. A director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the company or any person in which the company has an interest, shall declare the nature of his interest in accordance with the Act.
- 32.18. No director shall be disqualified by his office from contracting with the company with regard to -
- 32.18.1. his tenure of any other office or place of profit under the company or in any company promoted by the company or in which the company is interested;
- 32.18.2. professional services rendered or to be rendered by such director;
- 32.18.3. any sale or other transaction.
- No such contract or arrangement entered into by or on behalf of the company in which any director is in any way interested is voidable solely by reason of such interest.
- 32.19. No director so contracting or being so interested shall be liable to account to the company for any profit realised by any such appointment, contract or arrangement by reason of his office as director or of the fiduciary relationship created thereby.
- 32.20. A director may not vote nor be counted in the quorum (and if he shall do so his vote shall not be counted) on any resolution for his own appointment to any other office or place of profit under the company or in respect of any contract or arrangement in which he is interested, provided that this prohibition shall not apply to -

- 32.20.1. any arrangement for giving to any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the company; or
  - 32.20.2. any arrangement for the giving by the company of any security to a third party in respect of a debt or obligation of the company which the director has himself guaranteed or secured; or
  - 32.20.3. any contract by a director to subscribe for or underwrite shares or debentures of the company; or
  - 32.20.4. any contract or arrangement with a public company in which he is interested by reason only of being a director, officer, creditor or shareholder of such legal person,
- and these provisos may at any time be suspended or relaxed either generally, or in respect of any particular contract or arrangement, by the company in general meeting.
- 32.21. A contract which violates the terms of clause 32.200 can be ratified by the company in general meeting.
  - 32.22. The terms of clause 32.200 shall not prevent a director from voting as a shareholder at a general meeting at which a resolution in which he has a personal interest is tabled.
  - 32.23. The directors may exercise the voting powers conferred by the shares held or owned by the company in any other company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them to be directors or officers of such other company or for determining any payment of or remuneration to the directors or officers of such other company.
  - 32.24. A director may vote in favour of a resolution referred to in clause 32.23 for the exercise of the voting rights in the manner described in clause 32.23 notwithstanding that he may be, or is about to become, a director or other officer of such other company and for that or any other reason may be interested in the exercise of such voting rights in the manner aforesaid.

### **33. RETIREMENT OF DIRECTORS**

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

33.7.2. a resolution for the re-election of such director was put to the meeting and rejected.

33.8. The company in general meeting or the directors may appoint any person as director either to fill a casual vacancy or as an additional director, but the total number of directors shall not at any time exceed the maximum number fixed by or in accordance with this MOI.

33.9. Should the company in general meeting increase or reduce the number of directors, it may also determine in what rotation such increased or reduced number is to retire.

#### **34. PROCEEDINGS OF DIRECTORS AND COMMITTEES**

34.1. Save as may be provided otherwise in this MOI, the directors may meet for the despatch of business, adjourn, and otherwise regulate their meetings as they think fit.

34.2. Until otherwise determined by the directors, two directors shall constitute a quorum.

34.3. A director authorised by the board of directors of the company-

34.3.1. may call a meeting of the directors at any time; and

34.3.2. must call such a meeting if required to do so by at least -

34.3.2.1. 25% of the directors, in the case of a board that has at least twelve members; or

34.3.2.2. two directors, in any other case.

34.4. The directors shall determine the number of days' notice to be given for directors' meetings, and the form of that notice.

34.5. A meeting of the directors may be conducted by electronic communication and/or one or more directors may participate in a meeting by electronic communication, so long as the electronic communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

34.6. The remaining directors must as soon as possible, and in any event, not later than three months from the date that the number of directors became less than the permissible minimum, fill the vacancies or call a general meeting for the purpose of filling the vacancies. Failure by the company to have the minimum number of directors during the aforesaid three-month period does not limit or negate the authority of the board or the company. The directors in office may act notwithstanding any vacancy in their body, but after the expiry of the aforementioned three-month period, if and for so long as their number is below the minimum number fixed in accordance with the MOI, they may act only for the purpose of filling up vacancies in their body or of summoning general meetings of the company, but not for any other purpose.

34.7. The directors may –

34.7.1. elect a chairperson and a deputy chairperson (to act in the absence of the chairperson) of their meetings;

34.7.2. determine the period for which they are to hold office, which period shall not exceed five years.

34.8. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of directors. Should no chairperson or deputy chairperson be elected, or if at any meeting the chairperson or deputy chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present shall choose one of their number to be chairperson at such meeting.

34.9. All issues arising at any meeting shall be decided by a majority of votes and each director shall have one vote on any issue to be decided at any meeting.

34.10. The chairperson shall not have a second or casting vote.

34.11. A meeting of the directors at which a quorum is present shall be entitled to exercise all or any of the powers, authorities and discretions conferred by or in terms of the MOI or which are vested in or are exercisable by the directors generally.

34.12. A resolution in writing signed, given in person, or by electronic communication by a majority of directors which resolution is then inserted into the minute book and provided that each director has received

notice of the matter to be decided, shall be as valid and effectual as a resolution passed at a meeting of the directors duly called and constituted.

34.13. Any resolutions contemplated in clause 34.12 –

- 34.13.1. may consist of one or more documents so signed;
- 34.13.2. shall have regard to the provisions of section 75 of the Act;
- 34.13.3. shall be delivered to the secretary without delay, and shall be recorded by him in the company's minute book.

Such resolution shall be deemed to have been passed on the day it was signed by the last director or alternate director who is entitled to sign it, unless a statement to the contrary is made in that resolution.

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

34.15. Resolutions adopted by the board –

- 34.15.1. must be dated and sequentially numbered; and
- 34.15.2. are effective as of the date of the resolution, unless any resolution states otherwise.

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

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

## **35. DIRECTORS' REMUNERATION**

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

35.2. Any director who –

- 35.2.1. serves on any executive or other committee; or
  - 35.2.2. devotes special attention to the business of the company; or
  - 35.2.3. goes or resides outside the RSA for the purpose of the company; or
  - 35.2.4. otherwise performs or binds himself to perform services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director,
- 35.3. may be paid such extra remuneration or allowance in addition to or in substitution of the remuneration to which he may be entitled as a director, as a disinterested quorum of the directors or a remuneration committee appointed by the board may from time to time determine.

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

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

- 35.5.1. the business of the company; and
- 35.5.2. attending meetings of the directors or of committees of the directors or of the company.

**37. BORROWING POWERS**

- 37.1. Subject to all other provisions of this MOI, the directors may from time to time –
  - 37.1.1. borrow for the purpose of the company such sums as they think fit;
  - 37.1.2. secure the payment or repayment of any such sums or any other sum, as they think fit, whether by the creation and issue of debentures, mortgage or charge upon all or any of the property or assets of the company;
  - 37.1.3. make such regulations regarding the transfer of debentures, the issue of certificates therefor and all such other matters incidental to debentures as the directors think fit.
- 37.2. The borrowing powers of the company as contemplated in clause 36 are not limited.

### ANNEXURE 3 – DIRECTORS SERVICE CONTRACTS

Name of Director	Commencement Date	Termination Date	Period	Notice Period	Remuneration
Eric Peter Hogan	12/01/2018	12/01/2023	five consecutive one year terms of office	1 calendar month	Nil
Daniel Mark Garside	13/02/2018	12/01/2023	five consecutive one year terms of office	1 calendar month	Nil
Justin Raynier Stokes	12/10/2017	12/10/2022	five consecutive one year terms of office	1 calendar month	Nil
Craig William Swart	12/10/2017	12/10/2022	five consecutive one year terms of office	1 calendar month	Nil



## **ANNEXURE 4 – Management Agreement (Extract)**

### **1. Salient Points of the Management Agreement**

Parties : Persimmon Energy Management Company and Persimmon Energy VCC Limited  
Term : 10-Years and thereafter for an indefinite period  
Notice Period : 3 Months' notice from either Party after the 10-year period  
Services :

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

### **Remuneration: Ordinary Shares**

- a once-off capital raising fee of 3% excluding VAT on new Share Capital subscribed for by Investors; and
- an annual management fee of 2% excluding VAT, payable quarterly in arrears, on total capital raised from the Ordinary Shares

**ANNEXURE 5 – FSCA License**

2017/00722/FSP

07/02/2018



**FINANCIAL SERVICES BOARD**

**LICENCE No. 49030**

**FINANCIAL SERVICES PROVIDER**  
**Financial Advisory and Intermediary Services Act, 2002**

**It is hereby certified that with effect from 6 February 2018**

**PERSIMMON ENERGY VCC (PTY) LTD**

**IS LICENSED AS A FINANCIAL SERVICES PROVIDER IN TERMS OF SECTION 8 OF THE  
FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT NO. 37 OF 2002)**  
subject to the conditions and restrictions set out in the Annexure



  
.....  
**REGISTRAR OF FINANCIAL SERVICES PROVIDERS**

This document to be displayed in terms of section 8(8)(a) of the Act. The Annexure to be available for the information of clients.

## ANNEXURE 6 – Independent Auditors Report



The Board of Directors  
Persimmon Energy VCC Limited  
P.O Box 652075  
Benmore  
Johannesburg

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Private Bag X5  
Northlands  
2116

6 November 2018

Dear Sirs

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

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

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

#### Directors' responsibility for the *pro forma* financial information

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

#### Our independence and quality control

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

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

Partners  
E.F.G. Dreyer (Head - Audit)\*  
G.M. Chaitowitz (Head - Private  
Sector)\*  
N.Z. Sadik (Head - Public Sector)\*

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

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Thornton International Ltd

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**Reporting accountants' responsibility**

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

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria acceptable in terms of the Companies Act No71, 2008.

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

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

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

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

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

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

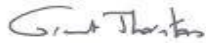
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

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

**Consent**

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



Grant Thornton  
Registered Auditors  
Practice Number: 903485E

**Paul Badrick**  
Partner  
Registered Auditor  
Chartered Accountant (SA)

## ANNEXURE 7 – Alterations to Share Capital

### Authorised Share Capital

	28-Feb-18	Notes	28-Feb-19
<b>Number of Authorised Shares</b>			
Ordinary Shares	1 000 000	0	1 000 000
Unclassified Ordinary Shares	1 000 000	0	1 000 000

<b>Number of issued shares</b>			
Ordinary Shares	2	100 000	100 000
<b>Stated capital (Rand)</b>	<b>2</b>	<b>100 000 000</b>	<b>100 000 000</b>

Note 1: Additional Unclassified Ordinary Shares were created in terms of a special resolution dated 12 January 2018



## ANNEXURE 8 – Auditors Report, Regulation 79



The Directors  
Persimmon Energy VCC Limited  
Building 2 Pinmill Office Park  
164 Katherine Street  
Sandton  
2196

05 November 2018

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Northlands  
2116

Dear Sir/Madam

### AUDITORS REPORT ON THE FINANCIAL INFORMATION OF PERSIMMON ENERGY VCC LIMITED ("PERSIMMON ENERGY" OR "THE COMPANY") IN TERMS OF REGULATION 79 OF THE COMPANIES ACT

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

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

(collectively "the Regulation 79 financial information").

Grant Thornton Johannesburg is the appointed auditor of Persimmon Energy.

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

	28 February 2018	28 February 2017	29 February 2016
Total profit (loss)	(343 786)	-	-
Total Assets	1 013	-	-
Total Liabilities	344 797	-	-
Total dividends paid	-	-	-

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

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

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

Grant Thornton Johannesburg Partnership Practice number: 904656E Audit - Tax - Advisory South Africa is a member firm of Grant  
Thornton International Ltd

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

*Material changes in the assets and liabilities*

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

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

The following procedures were performed:

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

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

These material changes are incorporated into the *pro forma* financial information of Persimmon Energy set out in sections 3.4 and 3.5 of the prospectus. An independent auditor's report set out in **Annexure 6** of the prospectus has been issued on the *pro forma* financial information of Persimmon Energy. Other than the above, nothing has come to our attention that would indicate that there has been a material change in the assets and liabilities of Persimmon Energy since its last financial year end.

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

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

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

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

Yours faithfully

  
GRANT THORNTON  
Registered Auditors  
Practice Number: 903485E

GM Chaitowitz, Partner  
Registered Auditor, Chartered Accountant (SA)



## **ANNEXURE 9 - King Code on Corporate Governance**

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

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

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

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

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

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

#### **Audit and Risk Committee**

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

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

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

#### **Remuneration Committee**

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

The Company's remuneration policies are reviewed annually.

#### **Investment Committee**

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

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

The independent consultant has voting power at the investment committee.

## **2. DIRECTORS' DEALINGS AND PROFESSIONAL ADVICE**

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

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

## **3. RISK MANAGEMENT**

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

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

Each risk is viewed from three distinct perspectives:

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

## **4. COMMUNICATION**

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

## **5. STAKEHOLDER RELATIONSHIPS**

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

## **6. ETHICS**

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

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

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

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

Reporting		Compliant	Remarks
<b>Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informal assessments of the organisation's performance, and its short, medium and long-term prospects.</b>			
11.	The governing body should oversee that reports such as the annual financial statements, sustainability reports, social and ethics committee reports, or other online or printed information or reports are issued, as is necessary, to comply with legal requirements, and/or to meet the legitimate and reasonable information needs of material stakeholders.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
12.	The governing body should oversee that the organisation issues an integrated report at least annually, which is either:	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	a. a standalone report which connects the more detailed information in other reports and addresses, at a high level and in a complete, concise way, the matters that could significantly affect the organisation's ability to create value; or		
	b. a distinguishable, prominent and accessible part of another report which also includes the annual financial statements and other reports that must be issued in compliance with legal provisions.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
15.	The governing body should oversee that the following information is published on the organisation's website, or on other platforms or through other media as is appropriate for access by stakeholders:	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	a. Corporate governance disclosures required in terms of this Code (refer to Part 3: <i>King IV Application and Disclosure</i> for more detail).		
	b. Integrated reports.	Non-compliant	
	c. Annual financial statements and other external reports.	Partially Compliant	Audited Annual Financial Statements are sent to shareholders annually.

Primary role and responsibilities of the governing body		Compliant	Remarks
<b>Principle 6: The Governing Body should serve as the focal point and custodian of corporate governance in the organisation.</b>			
5.	The following should be disclosed in relation to the primary role and responsibilities of the governing body:	Partially Compliant	Attendance Registers maintained for all relevant meetings
	a. The number of meetings held during the reporting period, and attendance at those meetings		
	b. Whether the governing body is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations

Composition of the governing body		Compliant	Remarks
<b>Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</b>			
<b>Composition</b>			
7.	When determining the requisite number of members of the governing body, the following factors should be considered:		
	b. The appropriate mix of executive, non-executive and independent non-executive members	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	f. Diversity targets relating to the composition of the governing body.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
8.	The governing body should comprise a majority of non-executive members, most of whom should be independent.	Non-Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
9.	As a minimum, the Chief Executive Officer (CEO) and at least one other executive should be appointed to the governing body to ensure that it has more than one point of direct interaction with management. The executive other than the CEO appointed to the governing body may be the Chief Finance Officer (CFO) or another designated	N/A	The Company is managed by the Manager and

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

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

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

38.	The following should be disclosed in relation to the chair:		
	b. Whether or not an independent non-executive member of the governing body has been appointed as the lead independent, and the role and responsibilities assigned to the position.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations

Committees of the governing body		Compliant	Remarks
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.			
General			
43.	The terms of reference should, at a minimum, deal with the following: h. The arrangements for evaluating the committee's performance.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
47.	Members of the executive and senior management should be invited to attend committee meetings either by standing invitation or on an ad hoc-basis to provide pertinent information and insights in their areas of responsibility.	N/A	The Company is managed by the Manager and has no employees
50.	The following should be disclosed in relation to each committee of the governing body: a. Its overall role and associated responsibilities and functions. b. Its composition, including each member's qualifications and experience. c. Any external advisers or invitees who regularly attend committee meetings. d. Key areas of focus during the reporting period. e. The number of meetings held during the reporting period and attendance at those meetings. f. Whether the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Audit committee			
56.	All members of the audit committee should be independent, non-executive members of the governing body.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
59.	In addition to required statutory disclosure and the disclosures recommended in paragraph 50, the following should also be disclosed in relation to the audit committee: a. A statement as to whether the audit committee is satisfied that the external auditor is independent of the organisation. The statement should specifically address: i. the policy and controls that address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year, ii. the tenure of the external audit firm and, in the event of the firm having been involved in a merger or acquisition, including the tenure of the predecessor firm; iii. the rotation of the designated external audit partner, and d. The audit committee's views on the effectiveness of the chief audit executive and the arrangements for internal audit. e. The audit committee's views on the effectiveness of the design and implementation of internal financial controls, and on the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error f. The audit committee's views on the effectiveness of the CEO and the finance function.	Partially Compliant Partially Compliant Non-compliant N/A Partially Compliant N/A	Governance processes in place as are appropriate to the size and scope of the Company's operations
Committee responsible for nominations of members of the governing body			
61.	All members of the committee for nominations should be non-executive members of the governing body, and the majority should be independent.	Non-Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
Refer to paragraph 50 for the recommended disclosures in relation to the committee responsible for nominations.			
Committee responsible for risk governance			
63.	If the committees for audit and risk are separate, the governing body should consider for one or more members to have joint membership of both committees for more effective functioning.	N/A	
Committee responsible for remuneration			
65.	The governing body should consider allocating oversight of remuneration to a dedicated committee or adding it to the responsibilities of another committee as is appropriate for the organisation.	N/A	The Company is managed by the Manager and has no employees
66.	All members of the committee for remuneration should be non-executive members of the governing body, with the majority being independent non-executive members of the governing body.	N/A	
67.	The committee for remuneration should be chaired by an independent non-executive member.	N/A	
Social and ethics committee			

68.	For some companies, the establishment of a social and ethics committee is a statutory requirement. The governing body of any organisation not so obliged should consider allocating oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to a dedicated committee, or adding it to the responsibilities of another committee as is appropriate for the organisation.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
69.	The responsibilities of the social and ethics committee should include its statutory duties (if applicable) and any other responsibilities delegated to it by the governing body.	Non-compliant	
70.	The social and ethics committee should, subject to legal provisions, have executive and non-executive members, with a majority being non-executive members of the governing body.	Non-compliant	

Evaluations of the performance of the governing body		Compliant	Remarks
<b>Principle 9: The governing body should ensure that the evaluation of its own performances and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</b>			
71.	The governing body should assume responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members by determining how it should be approached and conducted.	Partially Compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
72.	The governing body should appoint an independent non-executive member to lead the evaluation of the chair's performance if a lead independent is not in place.		
73.	A formal process, either externally facilitated or not in accordance with methodology approved by the governing body, should be followed for evaluating the performance of the governing body, its committees, its chair and its individual members at least every two years.		
74.	Every alternate year, the governing body should schedule in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its chair and its members as a whole.		
75.	The following should be disclosed in relation to the evaluation of the performance of the governing body: a. A description of the performance evaluations undertaken during the reporting period, including their scope, whether they were formal or informal, and whether they were externally facilitated or not. b. An overview of the evaluation results and remedial actions taken. c. Whether the governing body is satisfied that the evaluation process is improving its performance and effectiveness.		

Appointment and delegation to management		Compliant	Remarks
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.			
CEO appointment and role			
76.	The governing body should appoint the CEO.	N/A	The Company is managed by the Manager and has no CEO
77.	The CEO should be responsible for leading the implementation and execution of approved strategy, policy and operational planning, and should serve as the chief link between management and the governing body.		
78.	The CEO should be accountable, and report to, the governing body.		
79.	The CEO should not be a member of the remuneration, audit or nomination committees, but should attend by invitation any meeting, or part thereof, if needed to contribute pertinent insights and information.		
80.	The CEO and the governing body should agree on whether the CEO takes up additional professional positions, including membership of other governing bodies outside the organisation. Time constraints and potential conflicts of interest should be considered and balanced against the opportunity for professional development		
81.	The governing body should satisfy itself that there is succession planning for the CEO position in place to provide continuity of executive leadership. Succession planning should be reviewed periodically and should provide for both succession in emergency situations and succession over the longer term.		
82.	The governing body should formally evaluate the performance of the CEO against agreed performance measures and targets at least annually.		
83.	The following should be disclosed in relation to the CEO: a. The notice period stipulated in the CEO's employment contract and the contractual conditions related to termination b. Other professional commitments of the CEO, including membership of governing bodies outside the organisation; c. Whether succession planning is in place for the CEO.		
Delegation			
84.	The governing body should set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the CEO.	Partially comply	Governance processes in place as are appropriate to the size and scope of the Company's operations  The Company is managed by the Manager
85.	The governing body should approve a delegation of authority framework that articulates its set direction on reservation and delegation of power.		
86.	The governing body should ensure that the delegation of authority framework addresses the authority to appoint executives who will serve as <i>ex officio</i> -executive members of the governing body and to make other executive appointments.		
87.	The governing body should oversee that key management functions are: a. headed by an individual with the necessary competence and authority, and b. adequately resourced.		
88.	The governing body should satisfy itself that there is succession planning in place for executive management and other key positions to provide continuity of leadership.		

	Succession planning should be reviewed periodically and provide for both succession in emergency situations and succession over the longer term.		
89.	A statement by the governing body on whether it is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities should be disclosed.		
<b>Professional and corporate governance services to the governing body</b>			

Risk governance		Compliant	Remarks
<b>Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</b>			
7.	The governing body should consider the need to receive periodic independent assurance on the effectiveness of risk management.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
8.	The nature and extent of the risks and opportunities the organisation is willing to take should be disclosed without compromising sensitive information.	Partially comply	
9.	In addition, the following should be disclosed in relation to risk: a. An overview of the arrangements for governing and managing risk. b. Key areas of focus during the reporting period, including objectives, the key risks that the organisation faces, as well as undue, unexpected or unusual risks and risks taken outside of risk tolerance levels. c. Actions taken to monitor the effectiveness of risk management and how the outcomes were addressed. d. Planned areas of future focus.	Partially comply	Governance processes in place as are appropriate to the size and scope of the Company's operations

Technology and information governance		Compliant	Remarks
<b>Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</b>			
17.	The following should be disclosed in relation to technology and information: a. An overview of the arrangements for governing and managing technology and information. b. Key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions and remedial actions taken as a result of major incidents. c. Actions taken to monitor the effectiveness of technology and information management and how the outcomes were addressed. d. Planned areas of future focus.	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations

Compliance governance		Compliant	Remarks
<b>Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</b>			
23.	The following should be disclosed in relation to compliance: a. An overview of the arrangements for governing and managing compliance. b. Key areas of focus during the reporting period. c. Actions taken to monitor the effectiveness of compliance management and how the outcomes were addressed. d. Planned areas of future focus.	Partially comply	Governance processes in place as are appropriate to the size and scope of the Company's operations
25.	Details of monitoring and compliance inspections by environmental regulators, findings of non-compliance with environmental laws, or criminal sanctions and prosecutions for such non-compliance should be disclosed.	N/A	

Remuneration governance		Compliant	Remarks
<b>Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</b>			
<b>Remuneration policy</b>			
26.	The governing body should assume responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis.	N/A	The Company is managed by the Manager and has no employees
27.	The governing body should approve policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration.	N/A	
28.	The remuneration policy should be designed to achieve the following objectives: a. To attract, motivate, reward and retain human capital. b. To promote the achievement of strategic objectives within the organisation's risk appetite. c. To promote positive outcomes. d. To promote an ethical culture and responsible corporate citizenship.	N/A	
29.	The remuneration policy should address organisation-wide remuneration and include provision for the following specifically a. Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation. b. The use of performance measures that support positive outcomes across the economic, social and environmental context in which the organisation operates; and/or all the capitals that the organisation uses or affects. c. If the organisation is a company, the voting by shareholders on the remuneration policy and implementation report, and for the implementation	N/A	



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

Assurance		Compliant	Remarks
<b>Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</b>			
<b>Combined assurance</b>			
42.	The governing body should oversee that the combined assurance model is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of the following assurance service providers and functions as is appropriate for the organisation: .		
	c. Internal auditors, internal forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries	Non-compliant	Governance processes in place as are appropriate to the size and scope of the Company's operations
	e. Other external assurance providers such as sustainability and environmental auditors, external actuaries, and external forensic fraud examiners and auditors.	N/A	
<b>Internal audit</b>			
48.	The governing body should assume responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. The governing body should delegate oversight of internal audit to the audit committee, if in place.	Non-compliant	Due to the size and scope of the Company's operations, the Company does not have an internal audit function
49.	The governing body should approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.		
50.	The governing body should ensure that the arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and that internal audit is supplemented as required by specialist services such as those provided by forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries.		
51.	If a chief audit executive (CAE) position is provided for in the arrangements for internal audit, the governing body should ensure that the position is set up to function independently from management who designs and implements the controls that are in place, and that the position carries the necessary authority.		
52.	The governing body should approve the appointment of the CAE, including the employment contract and remuneration of the CAE, and ensure that the person who fills the position has the necessary competence, gravitas and objectivity.		
53.	For reasons of independence, the CAE should have access to the chair of the audit committee.		
54.	For reasons of independence, the CAE should not be a member of executive management, but should be invited to attend executive meetings, as necessary, to be informed about strategy and policy decisions and their implementation.		
55.	Where internal audit services are co-sourced or outsourced, the governing body should ensure that there is clarity on who fulfils the role of CAE.		
56.	The CAE should report to the chair of the audit committee on the performance of duties and functions that relate to internal audit. On other duties and administrative matters, the CAE should report to the member of executive management designated for this purpose as appropriate for the organisation.		
58.	The governing body should monitor on an ongoing basis that internal audit: a. follows an approved risk-based internal audit plan; and b. reviews the organisational risk profile regularly, and proposes adaptations to the internal audit plan accordingly		
59.	The governing body should ensure that internal audit provides an overall statement annually as to the effectiveness of the organisation's governance, risk management and control processes.		
60.	The governing body should ensure that an external, independent quality review of the internal audit function is conducted at least once every five years.		
61.	The governing body should obtain confirmation annually from the CAE that internal audit conforms to a recognised industry code of ethics.		

Stakeholder Relationships		Compliant	Remarks
<b>Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</b>			
<b>Stakeholder relationships</b>			
4.	The governing body should exercise ongoing oversight of stakeholder relationship management and, in particular, oversee that it results in the following: a. Measurement of the quality of material stakeholder relationships, and appropriate responses to the outcomes.	Non-compliant	

5.	The following should be disclosed in relation to stakeholder relationships:	Non-compliant	
	a. An overview of the arrangements for governing and managing stakeholder relationships.		
	b. Key areas of focus during the reporting period.		
	c. Actions taken to monitor the effectiveness of stakeholder management and how the outcomes were addressed.		
	d. Future areas of focus.		
<b>Shareholder relationships</b>			
10.	The minutes of the AGMs of listed companies should be made publicly available.	N/A	
<b>Relationships within a group of companies</b>			
18.	The holding company should disclose an overview of the group governance framework that is implemented across the group.	Non-compliant	
19.	The subsidiary company should disclose what responsibilities it has delegated to board committees of the holding company and the extent to which it has adopted the policies and procedures of the holding company.	Non-compliant	

Responsibilities of institutional investors		Compliant	Remarks
<b>Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value to the companies in which it invests.</b>			
20.	The governing body of an institutional investor should assume responsibility for governing responsible investing by setting the direction for how it should be approached and conducted by the organisation.	N/A	
21.	The governing body should approve policy that articulates its direction on responsible investment. This policy should provide for the adoption of a recognised responsible investment code, principles and practices.		
22.	The governing body should delegate to management, if in place, or alternatively, to the outsourced service provider if investment decisions and investment activities are outsourced, the responsibility to implement and execute its policy on responsible investment.		
23.	Where the institutional investor outsources investment decisions or investment activities to custodians, nominees, consultants or other service providers, the governing body should oversee that the outsourcing is regulated by formal mandate which reflects and gives effect to its responsible investment policy.		
24.	The governing body should ensure that service providers are held accountable for complying with the formal mandate.		
25.	The responsible investment code adopted by the institutional investor and the application of its principles and practices should be disclosed.		

## **ANNEXURE 10 – Terms of Shares (MOI Extract)**

### **10 RIGHTS ATTACHING TO ORDINARY SHARES**

10.1 The holders of each ordinary share shall have the rights and privileges associated therewith in terms of the Act and this MOI including –

- 10.1.1 the right to be entered in the securities register as the registered holder of such ordinary share;
- 10.1.2 the right to receive notice of, attend, participate in, speak at and vote, in person or by proxy, on any matter to be considered at any meeting of the ordinary shareholders, on the basis that (i) each ordinary share shall confer one vote on the holder thereof at any meeting of the ordinary shareholders in the case of a vote by means of a poll; and (ii) all the ordinary shares held by an ordinary shareholder shall entitle such ordinary shareholder to one vote in aggregate in respect of a vote taken on a show of hands at any meeting of the ordinary shareholders;
- 10.1.3 the right to receive notice of, attend, participate in, speak at and vote, in person or by proxy, on any matter to be considered at any meeting of all the shareholders, on the basis that (i) each ordinary share shall confer one vote on the holder thereof at any meeting of the shareholders in the case of a vote by means of a poll; and (ii) all the ordinary shares held by an ordinary shareholder shall entitle such ordinary shareholder to one vote in aggregate in respect of a vote taken on a show of hands at any meeting of all the shareholders;
- 10.1.4 the right to receive a Distributions as set-out in clauses 14 and 15, as the case may be; and
- 10.1.5 any other rights attaching to the ordinary shares in terms of the Act or any other law.

## ANNEXURE 11- SARS License

### Legal Counsel

### Legal Advisory

### Venture Capital Company Office

**Enquiries**  
Mxolisi Radebe

**Switchboard**  
(011) 602 2000

**Direct Line**  
011 602 3839

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011 602 3525

**E-mail**  
MRadebe4@sars.gov.za

**Sector**  
VCC Office

**Reference**  
VCC-0103

**Date**  
22 February 2018

The Public Officer  
Persimmon Energy VCC Limited  
PO Box 1408  
Cresta  
2118

**per email:** craig@persimmon.co.za

**Attention: Craig Swart**

Dear Public Officer

### APPROVAL OF APPLICATION FOR VENTURE CAPITAL COMPANY STATUS

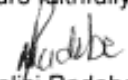
We refer to your application to register as a Venture Capital Company (VCC) in terms of section 12J of the Income Tax Act No. 58 of 1962 ("the Act").

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

Your reference number is VCC-0103. Please quote this reference number when communicating with SARS.

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

Yours faithfully

  
Mxolisi Radebe

  
Thabile Matolo

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



*South African Revenue Service*

### South African Revenue Service

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

Private Bag X170, Rivonia, 2128

SARS online: [www.sars.gov.za](http://www.sars.gov.za)

## **ANNEXURE 12 – What is Section 12J?**

One of the main challenges to the economic growth of small and medium-sized businesses and junior mining exploration is access to equity finance. To assist these sectors in terms of equity finance, government has implemented a tax incentive for Investors in such enterprises through the Venture Capital Company regime.

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

With effect from 1 July 2009, Investors (any taxpayers) can claim an income tax deduction in respect of the expenditure incurred in the subscription for equity in a Venture Capital Company's shares.

The section 12J deduction is subject to a 12-year sunset clause i.e. it ends on 30 June 2021. Consequently, no deduction shall be allowed under section 12J in respect of shares acquired after 30 June 2021. This will allow for review of the efficiency of regime and a decision will then be made as to whether it should be continued.

### **What does this mean for the Investor in Persimmon Energy?**

The full amount invested in Persimmon Energy, to the extent it is approved by SARS as a Venture Capital Company, is 100% deductible from your income in the year in which the investment is made. This applies to individuals, companies and trusts. An Investor in Persimmon Energy should therefore obtain a 45 % tax incentive (for an individual tax payer at maximum marginal rate) at the time of investment.

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

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

### **Governing Regulation**

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

### **An overview of how it works**

Qualifying Investors will invest in approved Venture Capital Companies in exchange for the issue of Venture Capital Shares and Investor certificates. Investors can claim tax deductions in respect of their investments in an approved Venture Capital Company. The approved Venture Capital Company will, in turn, invest in qualifying investee companies in exchange for Qualifying Shares.

### **Who qualifies to be an Investor?**

Any taxpayer qualifies to invest in an approved Venture Capital Company.

Qualifying Investors can claim income tax deductions in respect of the expenditure actually incurred to acquire shares in approved Venture Capital Companies.

Where any loan or credit is used to finance the expenditure in acquiring a Venture Capital Share and remains owing at the end of the year of assessment, the deduction is limited to the amount for which the taxpayer is deemed to be at risk on the last day of the year of assessment. No deduction will be allowed where the taxpayer is a Connected Person to the Venture Capital Company.

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

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

Standard income tax and Capital Gains Tax rules apply in respect of Venture Capital Shares.

### **What supporting documents will the Investor receive from the Venture Capital Company?**

The approved Venture Capital Company must issue Investor certificates to its Investors. This will provide SARS with the proof it needs to allow the Investor the relevant tax deduction.

### **Who qualifies to be an Investee?**

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

### **Requirements to be met by Section 12J companies**

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

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

### **Responsibilities of an approved Venture Capital Company**

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

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

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

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

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

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

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

### **In Summary**

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

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