

AUGUST 7, 2018



DESTINATA

CAPITAL LIMITED

An Authorised Financial Service Provider FSP: 48729

PRIVATE PLACEMENT MEMORANDUM

INVITATION TO SUBSCRIBE

DESTINATA CAPITAL LIMITED

Unit B1, Block 7, Fairways Office Par, Niblick Way, Somerset West, 7130

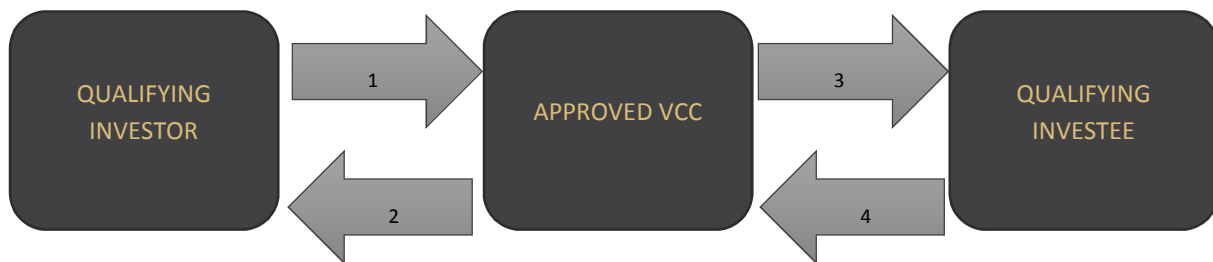
EXECUTIVE SUMMARY

This Private Placement Memorandum is an invitation to subscribe for shares in Destinata Capital Limited (hereafter Destinata Capital) – a registered Venture Capital Company (VCC), registered with the FSB and SARS in terms of Section 12J of the Income Tax Act.

An investment into a VCC is 100% tax deductible, thereby achieving an immediate return (in reduced taxes) of up to 45% for individuals and trusts, and 28% for companies.

Minimum investment is R1 000 000, as stipulated in the Companies Act Regulations.

OVERVIEW OF HOW IT WORKS



1. Qualifying investors (any taxpayer) will invest in approved VCC's.
2. In exchange, the VCC will issue Venture Capital Shares and Investor Certificates. The investor can claim tax deductions in respect of their investments in approved VCC's.
3. The VCC invests in qualifying investee companies.
4. In exchange, the investee companies will issue Qualifying Shares to the VCC.

HOW DO I INVEST & CLAIM MY SECTION 12J DEDUCTION

1. Complete the application form included in this document and email it to:

info@destinata-holdings.com using subject line "DCL PPM Subscription".

2. Deposit the subscription amount into the following account:

Bank: ABSA
 Account: 40 9324 5875
 Reference: "DCL – "and your name"

3. Receive the share and 12J certificates from us
4. Complete your tax return.

On your SARS tax return the following field appears:

Have you invested in a 12J VCC?

Simply click on "YES" and fill in the amount invested during the tax year in order to get the deduction. Keep the Section 12J Certificate issued on hand as supporting document and submit if requested.



SHARES ON OFFER

The shares on offer in this Private Placement Memorandum (PPM) are **Class A Ordinary shares of Destinata Capital**, with the following salient rights:

- 80% of dividends and retained earnings (i.e. 80% of value created on top of share capital contributed)
- Pro-rata share of the share capital contributed by the Class A shareholders
- 49% voting rights, one vote per share

In terms of this PPM 19 933 913 Ordinary Class A shares are on offer at R95 per share, with the minimum investment per investor being R1 000 000. Being a public company, we intend issuing a public prospectus shortly, which will give the greater public access to this investment opportunity. The issue price per the prospectus will be R100 per Ordinary Class A share, therefore the share can be purchased at a lesser price by doing a private placement.

Class B Ordinary shares are held by the founders of the company, with the following salient rights:

- 20% of dividends and retained earnings (i.e. 20% of value created on top of share capital contributed)
- Pro-rata share of the share capital contributed by the Class B shareholders
- 51% voting rights, one vote per share

COST STRUCTURE

ON CAPITAL RAISED

- Brokers: 2% Upfront, once-off
- Broker Consultants: 0.5%

MANAGEMENT & SUCCESS FEES

- 2% of Issued Share Capital per annum
- 20% of Dividends (therefore only on value added over and above to capital contributed by investors – via the Class B shares)

INVESTMENT STRATEGY & OBJECTIVES

The potential investments are to be sourced through relationships with developers, auditors, bankers, business associates' networks, private equity firms, other VCC's and other existing relationships in our network.

While we do not exclude any sectors from potential investments we would target, we have identified the following sectors as priority:

- Primary: Permissible trades backed by property – hotel keep, hospitality, student accommodation, health care and elderly care
- Secondary: Permissible trades with synergies to the residential property sector – private security, renewable energy, maintenance, connectivity, etc.



An 8% dividend return to investors per annum is targeted, together with maximum capital growth for exit purposes.

EXIT STRATEGY

Investments in VCC's should be seen as medium to long term. Should the taxpayer dispose of VCC shares within 5 years of making the investment, a recoupment will be included in his or her taxable income.

Options available when wishing to exit will be:

- Selling the VCC shares to a new investor.
- Selling the VCC shares back to the company – this will be at the discretion of the board of directors, as they will consider the impact on Destinata Capital, and Companies Act requirements, i.e. the option is not necessarily enforceable by the seller.

HISTORY AND STATUS UPDATE

- Destinata Capital received its VCC approval in October 2017.
- Up to February 2018 a total of R6.5m in capital was raised.
- A solid deal flow has been established through its network. The 5 priority deals currently being considered are all property-backed businesses and require circa R50m per deal.
- In the short-term, with the current capital raised, 2 investments into asset-leasing entities returning a projected 15% ROI, have been identified and entered into advanced negotiations on.

MANAGEMENT



JOHANNES MAREE CA (SA)
CEO

Johannes is currently the CEO of the Destinata Group, a public unlisted group with circa 300 shareholders operating in the property, financial and fiduciary services sectors.

He is also a member of the Institute of Directors in Southern Africa

He is supported by full board, consisting of 4 members, Parveen Sunday as Key Individual and Salomy Schoeman as Compliance Officer (representing Moonstone Compliance).



FREQUENTLY ASKED QUESTIONS

Q: How does a section 12J tax deduction work?

A: An investor qualifies for a deduction equal to the amount invested in a 12J VCC, duly registered with the FSB and SARS, in the tax period the investment is made. The effective saving for the taxpayer is therefore the amount of the investment multiplied by his or her marginal tax rate.

Q: When do I need to make the investment?

A: In the tax period you wish to claim the deduction in, e.g. if your financial year end is 28 February 2018, you need to make the investment, and have the cash paid over, on or before 28 February 2018.

Q: Can I reinvest dividends, and will such an additional investment also qualify for the deduction?

A: Yes.

Q: What differentiates Destinata Capital from other VCC's?

A: Destinata Capital is a public company and intends to issue a public prospectus in line with the Companies Act 71 of 2008, which allows the investor to make a minimum investment below the R1m threshold that is applicable to VCC's that have not issued a prospectus, opening the investment opportunity up to a much larger investor base.

Q: Can I view my tax savings as part of my return on investment?

A: Yes, you can. See the following example:

Mr A falls within the 45% tax bracket. In year 1 he invests R1 000 000 in a VCC. In that same year he receives a dividend of R200 000, which he reinvests. The total effect for Mr A is as follows:

Own cash invested:	R1 000 000	
Tax saving:	R540 000	$[(1\,000\,000 + 200\,000) * 45\%]$
Actual cost, after tax deduction effect:	R460 000	$[1\,000\,000 - 540\,000]$
Value received (investment + dividend):	R1 200 000	$[1\,000\,000 + 200\,000]$
Return on Investment [ROI] (Year 1):	161%	$[(1\,200\,000 - 460\,000) / 460\,000]$

Therefore, the effective ROI achieved is substantially better than the 20% dividend received.

In subsequent years, should a 20% dividend still apply, assuming no growth in the value of the investment, the effective ROI will be: 43% $[200\,000 / 460\,000]$

Q: Are recoupments applicable?

A: By claiming the 12J 100% tax deduction upon making the investment, the tax value or base cost of the investment becomes R0. If the investment is sold within 5 years then a recoupment will be applicable. If held on to for more than 5 years, when sold, only capital gains tax will be applicable.



Q: Is there risk involved?

A: Yes. The performance of the fund will be directly linked to the performance of the investee companies. Risk will be mitigated through careful selection of investee companies, performance of due diligence investigations and the fact that that a VCC may only invest up to 20% of capital raised in a single investee company, in essence forcing diversification.

Q: I've heard that Section 12J is very effective when I have taxable capital gains, show me an example.

A: Mr X, an individual taxpayer, has made a capital gain in the current tax year of R1m. He wishes to take advantage of the benefits offered by a Section 12J deduction. He invests R400 000 (40% of the gain) in a Section 12J VCC and keeps the other R600 000 in cash. His tax calculation would look like this:

Capital Gains realised	1 000 000
Included in taxable income at 40% (the inclusion rate for individuals)	400 000
Section 12J Deduction	<u>(400 000)</u>
Taxable Income	0
Tax Payable	0

By investing 40% of his gain he has eradicated his capital gain for tax purposes in the current financial year.

IMPORTANT NOTICE

The contents of this PPM do not constitute and should not be construed as financial, tax, legal, investment, accounting or any other form of advice. For advice on these matters you should consult your own advisers.

CONTACT

Johannes Maree CA (SA)

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Phone: 021 851 3590

Email: info@destinata-holdings.com



APPLICATION FORMS – PRIVATE PLACEMENT**DESTINATA CAPITAL LIMITED**

Registration number: 2017/340362/06
VCC number: VCC-0073
FSP Number: 48729

APPLICATION FORM

In respect of offer of 19 933 913 Ordinary Class A shares for an amount equal to R95 per share.

This application form is for the use of invited applicants only.

Please refer to the instructions set out below prior to the completion of this form. If the instructions set out below and in the prospectus are not fully complied with, the Company reserves the right to accept or decline such applications in whole or in part at its discretion.

INSTRUCTIONS:

1. Applications may be made on this application form only. Copies or reproductions of the application form will be accepted.
2. Applications are irrevocable and may not be withdrawn once submitted.
3. All applications must be accompanied by proof of EFT, or by cheque. No post-dated cheques will be accepted. Applications and proof of payments can be submitted by the following methods:
By email: info@destinta-holdings.com
OR
Physically at the registered office.
4. The minimum investment per investor in terms of this private placement memorandum is R1 000 000.
5. No receipts will be issued for application forms and monies received. Applications will only be regarded as complete once the relevant EFT or cheque payment has been effected.
6. The directors accept no responsibility, nor will they be held liable, for any damages or loss suffered by any applicant as a result of an illegible irrevocable undertaking to subscribe or otherwise, pursuant to payment being made or purporting to be made, nor will such parties be liable for any damages or loss suffered by any applicant should Destinata or the directors be unable, for any reason whatsoever, to reconcile a payment or purported payment with a particular application. In the case of any dispute regarding alleged payment, Destinata and the directors, reserve the right to determine in their sole discretion what evidence constitutes satisfactory proof of payment.
7. Alterations to this application to be authenticated by full signature.



Details of subscriber:

Name of applicant	
ID / Registration number	
Names of Director/s or Trustees	
ID Number of all Related Directors/Trustees	
Number of offer shares applied for	
Price per offer share	R95
Total value of offer shares applied for	
Full names of authorized signatory	
Capacity of signatory	
Address	
Postal code	
Telephone	
Email	
Deposit reference number*	

*Please ensure that the deposit reference number entered above is quoted when making payment. The reference should read "DCL – "and your name.

Destinata Banking Details:

Account name	Destinata Capital Limited
Account number	40 9324 5875
Bank	ABSA Bank Limited
Branch	632 005
Account type	Current

Subscriber Banking Details:

Account name	
Account number	
Bank	
Branch	
Account type	



FIC DECLARATION

- In terms of section 42 of the Financial Intelligence Centre Act 38 of 2001 (“FICA”), an accountable institution must develop, document, maintain and implement a programme for anti-money laundering and counter-terrorist financing risk management and compliance. For this reason all Investors has to declare FULL source of funds: _____

ACKNOWLEDGEMENTS BY APPLICANT:

- I / We undertake to pay the subscription amount to Destinata Capital Limited on date of or before delivering the application.
- I / We undertake, in compliance with the Financial Intelligence Centre ACT (THE FICA ACT), to deliver, together with my application, the following documents:

Individual/s	Legal entity
Certified ID copy	Entity registration documents
Proof of address	MOI / Trust deed
Proof of Source of Funds	Resolution
Proof of Banking Detail	Letter of Authorization
	Proof of address

- I / We warrant that the subscription price will be payable from a reputable source and shall not be in contravention of the Financial Intelligence Centre Act
- I / We acknowledge and accept that the directors of Destinata reserve the right to accept or refuse any application for subscription, either in whole or in part, or to abate any or all application(s) (whether or not received timeously) in such manner as they may in their sole and absolute discretion determine, and further may accept or reject, in whole or in part, any application should the terms and conditions set out in this document not be fully complied with.
- I warrant that the information set out below is true and correct.
- I have been duly and properly informed / advised of the full implications of my actions and, having considered same, hereby declare that I must obtain my own professional or investment advice, since the documents provided do not constitute investment advice, and that I should carefully consider whether the information / advice on its own is appropriate considering my objectives, financial situation and needs, to prevent the risk of concluding a transaction that is not appropriate to my needs, objectives and circumstances.

Sneed at _____ on _____.

Signature

Date

Name

