WE ARE A

a Section 12J fund that
owns and grows a portfolio
of prime hospitality assets
in Cape Town

OBJECTIVE
to deliver attractive risk-adjusted
returns for the long term

OUR STRATEGY
is simple to understand
and clearly defined
Become a shareholder in 12CAPE, an approved section 12J fund with a portfolio of prime hospitality assets in Cape Town.

Prime hospitality property in Cape Town has retained and grown its value historically.

Investors can deduct their investment in 12CAPE from their taxable income in terms of Section 12J of the Income Tax act. The benefit becomes permanent if the investment is held for at least 5 years, after which CGT on a zero base cost is applied.

Net accommodation income is distributed as dividends.

Investor gets a Tax Benefit, Owns a store of value, Receives a regular dividend which will grow as tourism grows, Generate foreign income and jobs for South Africa, Get priority treatment when you use your aparthotel.

*At the maximum tax rate – actual percentage depends on the average individual tax rate of the investor. At exit, the base cost of the investment for CGT purposes is zero.
“Proudly local” and "world-class" can live in the same sentence.

Our apartments are furnished using locally made furniture and art from upcoming South African artists.

Latitude Aparthotel Sea Point is operational and receiving great reviews. Occupancy levels are already exceeding expectations - January 88%, MTD February 85%, with 65% of our guests from international destinations, generating foreign revenue and employment.

12Cape investors receive priority treatment when staying in their hotels.

We have a growing portfolio of prime hospitality assets in tourist hotspots in Cape Town. We buy prime assets at attractive bulk pricing to amplify capital growth.

We appoint great service providers to ensure impeccable customer service. Our operating brand is Latitude Aparthotels.

Net accommodation income is distributed to our investors as dividends.
What drives our positive long-term outlook?

A resilient dividend profile
Structural global growth coupled with local scarcity

Global travel and tourism is one of the largest and fastest growing sectors in the world. It is expected to grow by 50% over the next ten years (WTTC). South Africa will be part of this. As in the past, Cape Town remains positioned to participate in global growth and increase its market share. A global favourite with limited space. A supply-demand analysis confirms a structural deficit of tourist accommodation. Aparthotels is the fastest growing hospitality sector in the UK & Ireland. This is why we believe in our Latitude Aparthotel model. Tourism is an employment hungry sector and a priority for government. This is why we focus on proudly local content and create jobs. Further tax and forex from tourism spend. Current high occupancies and positive ratings confirm our confidence. We believe this income stream to be sustainable and resilient in times of a weaker Rand.

A store of value with capital growth

Globally, prime property has proven to be a highly defensive asset class in good times and in bad. This is expected to continue. The Atlantic seaboard is no exception. It has grown by 10%+ p.a. over the past 15 years (FNB) despite domestic volatility in the economy, the JSE and the currency. We negotiate bulk discounts and focus on prime tourist hotspots in Cape Town with natural boundaries like the sea and Table Mountain. 12Cape enables retail investors to participate in this market. We control our assets and follow a modular approach in building our portfolio to secure long-term optionality for our investors. Our properties operate under the Latitude Aparthotels brand which we believe will appreciate in value over time.

Swap income for capital with Section 12J

Investments in 12CAPE are deductible from taxable income in the year invested. This deduction becomes permanent if the investor remains invested for 5 years. This equates to an upfront cash benefit of up to 45%*. Capital gains tax on a zero base cost is only triggered when the investment is sold. 12Cape complies with S12J rules. Independent opinion from top law firm available on request.

*At the maximum marginal tax rate - the actual percentage is dependent on the effective tax rate of the investor.
## Meet our team

The team has extensive institutional fund investment experience in relevant asset classes. We are licensed directly. Collectively we have lived in the targeted investment area for over 80 years. We also work here. The team & family are large direct investors in 12Cape VCC. We are fiercely independent.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience/Background</th>
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<tbody>
<tr>
<td>Chris Derksen</td>
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<td>Executive Director, 12Cape</td>
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<tr>
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</tr>
<tr>
<td>Dr. Albertus Marais</td>
<td>Non Executive Director, 12Cape</td>
<td>B.Accounting(Stell),MComm.(Tax)(UCT), CA(SA), LLD (Stellenbosch), Advocate of the High Court of South Africa, SARS Tax Practitioner Alternate director of Trans Hex Group Ltd. Director at AJM Tax where he consults on tax-related matters. Also completed an Advanced Certificate in Taxation (cum laude) at UP. Goldman Sachs &amp; Investec Asset Management. Public Property Funds, Private Property Funds, Private Equity, Public Equity, South Africa and beyond. Chairman, University of Cape Town Private Equity Advisory Committee &amp; Badawi Scholarship Fund.</td>
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<td>B.Comm (Economics &amp; Finance) (University of Witwatersrand) Merrill Lynch (Investment Banking, London and Johannesburg), Investec (Investment Banking), IDG (Private Investment Firm). Martin has over 15 years experience in finance, covering mergers and acquisitions, private investments, debt capital markets, Proprietary equity deals across Africa in resources, real estate and financial services. Goldman Sachs &amp; Investec Asset Management. Public Property Funds, Private Property Funds, Private Equity, Public Equity, South Africa and beyond. Chairman, University of Cape Town Private Equity Advisory Committee &amp; Badawi Scholarship Fund.</td>
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<tr>
<td>Lesego Majatladi</td>
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Why invest with 12CAPE?

We are a team with clear strategic direction - we created a vehicle for ourselves and our investors to gain exposure to an asset class that was previously inaccessible due to the quantum of investment required, while making a tangible difference in the local economy.

Clear focus
- Strategy is clear and easy to understand, and proven
- Clearly defined investment target area with control of assets.
- Quantified opportunity: demand and supply
- Focus on favourable risk vs. return and the creation of intergenerational wealth
- Pipeline mapped or contracted already
- Compliance with S12J rules independently verified by leading law firm.

Dividends & Tourism
- Tourism Focus: top-down and bottom-up basis as a preferred sector
- Long-term potential, SA has permanent competitive advantages
- Rand hedge qualities
- Dividends: We distribute net accommodation income as dividends
- First dividend payable

Store of value
- Unique in targeting prime property in areas with natural borders as a resilient store of value
- These areas have higher liquidity to enhance options in the future
- We invest to control assets with multiple zoning to create optionality for our fund in the long-term
- We are conservative in our gearing and fund strategy to optimise risk / return

Team
- We have extensive institutional fund management experience
- We are directly licenced and regulated
- We work and live in the area in which we invest
- Together with our families, we have significant portions of wealth invested alongside our investors

Alignment
- We are significant investors in 12Cape alongside investors
- We are investing a significant proportion of our fee back into the fund on the same terms as current investors in this round
- All our service providers are independent from us
- 12Cape investors own the Latitude brand and relevant IP

Fees
- Our fees are transparent, simple and fair
- No upfront fees, no hidden fees, no directors fees for executives
- We do not share in the tax benefit created for the investor
- More detail available for prospective investors.
Structure matches Strategy

**STRUCTURE:** Notwithstanding its approved 12J status, 12CAPE is structured as a permanent capital vehicle for long-term value creation in line with the strategy described. Our structure holds advantages like simplicity and transparency, scale and liquidity; and conforms to the spirit of Section 12J legislation. The founders of 12CAPE and their families have invested a significant amount of their own capital in 12CAPE alongside other investors.

**EXIT AND LIQUIDITY:** Our strategy is to create intergenerational wealth. It is for this reason that the company has an indefinite life and is designed for investors to benefit from the duration value of global tourism trends in combination with the scarcity of bulk prime real estate assets in the targeted investment area. Notwithstanding this, 12CAPE has adopted a liquidity policy for investors who wish to exit their investment.

**CASH AND LEVERAGE:** 12CAPE has a **conservative investment approach** and borrowings will not exceed 15% of the Net Asset Value of the company.

**VALUATION:** 12CAPE's portfolio is valued at least annually by an independent, suitably qualified valuer. The company also gets audited annually by PWC. New shares are issued to investors and the prevailing net asset value (“NAV”) per share as determined in conjunction with the valuer and independently verified by our external fund administrator. Share price pgro

**FEES:** The Manager is incentivised to deliver investment returns for 12CAPE through a base fee and a share in value created for investors (investors keep all of the initial tax benefit of up to 45%). Fees are fair, transparent, and in-line or below comparable s12J fees or institutional private markets fees, on an absolute basis as well as other terms. There are no once-off, upfront, or hidden fees. Details in the information memorandum and prospectus.
How to become a shareholder in 12CAPE

Fill in an application form, work with our administrator to complete the investment process

You are a 12CAPE investor

Read this document.

Consult your advisors for any investment or tax advice.

We'll send you more information. Ask us anything.

Reach out to us.

You own a share of the best assets in town

(And your investment in 12Cape is deductible from your taxable income for the year ended Feb 2020)

Note: Investments made before the 28th of February are deductible from taxable income for the year ended February 2020 in terms of Section 12J of the Income Tax Act. Please ensure that your investment reflects in your tax return.
Final Facts and Figures

Global Themes

More people will travel & spend: 50%
Forecast growth in 10 years (in hard currency) in global travel and tourism spend (WTTC)

Driven by structural global forces - Growing Middle class in EM, Ageing in DM, Technology, and consumer preferences - “The experience economy”

Using Aparthotels: 3% to 13%
3% of UK & Ireland Accommodation Stock and 13% of active pipeline (Lambert Smith Hampton)

The best properties
Clear target area - Prime Areas in Cape Town
Why?
No urban sprawl
The marginal tourist or buyer wants to be there
Prime Property is a resilient store of value

More than monetary profit
Tourism is labour-intensive
100+ jobs created, expect to create more
We support local manufacturers

When the Rand is weak, tourism benefits
A weakening Rand has a positive effect on tourism
When the local economy is under pressure tourism can provide much needed growth and forex.
Investors not reliant on SA consumer spend.
Tourist currency spent does not leave SA - empowers locals

Cape Town's tourism potential is quantifiable
30%+, or 300,000+
International passenger arrivals at Cape Town International, 2019 vs. 2016 (ACSA)

More to come - new runway, new routes to Europe and USA, better visa regime including Middle East

#1 A favourite global city to visit. Most recently voted #1 for the 7th year running by the Daily Telegraph. 20+ Other such accolades (NYT, Lonely Planet etc). Despite this, Cape Town is still not ranked in top 100 arrival destinations, room to grow market share.

Limited space - natural boundaries and permanent natural competitive advantages
Technology provides opportunities, not threats (e.g. Uber, Bookings.com etc)

For a full list of computations and data sources, please reach out to the 12Cape team.
“Proudly local” and “World Class” can live in the same sentence.