



(Formerly Sains Trading (Proprietary) Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2011/008103/06)

Share code: BK1P ISIN: ZAE 000161352 ("BK" or "the Company")

PROSPECTUS

THIS PROSPECTUS IS A COPY OF A REGISTERED PROSPECTUS (AS DEFINED IN SECTION 95(1)(k) OF THE COMPANIES ACT 71 OF 2008).

The definitions and interpretations commencing on page 4 of this prospectus apply, *mutatis mutandis*, to this front cover.

This prospectus is prepared and issued in terms of the Companies Act, the JSE Debt Listings Requirements and additional requirements as prescribed by the JSE relating to:

- an offer for subscription for all the authorised preference shares each with no nominal or par value in the share capital of BK at an issue price of R10 (ten Rand) per preference share; and
- subject to a minimum amount of R200 000 000 (two hundred million Rand) being raised, the subsequent listing of the entire preference share capital of the Company on the JSE.

The date of issue of this prospectus is Wednesday, 30 November 2011.

This prospectus is an offer to selected private individuals, corporations and institutions to subscribe for preference shares in the share capital of BK. Accordingly, this prospectus is not an offer to the general public to subscribe for shares.

Application has been made to the JSE for the listing of the preference shares, and the JSE has granted approval, subject to the required spread of preference shareholders being obtained, for a listing of a maximum of 100 000 000 and a minimum of 20 000 000 preference shares in the "Debt – Preference Shares" sector of the JSE under the abbreviated name "BK Prefs", JSE preference share code BK1P and ISIN ZAE 000161352, with effect from the commencement of business on Thursday, 8 December 2011. At the date of listing, the authorised share capital of BK will comprise 1 000 ordinary shares and 100 000 000 preference shares. The issued share capital of BK will comprise 200 ordinary shares and such number of preference shares as are issued by the Company pursuant to the listing (subject to the minimum subscription value of R200 000 000 (two hundred million Rand) being achieved).

The directors of BK, collectively and individually, accept full responsibility for the accuracy of the information given in this prospectus, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement herein false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the prospectus contains all information required by law.

The investment bank and debt sponsor, corporate advisor, investment advisor, legal advisor, independent reporting accountants and auditors, broker, transfer secretaries and company secretary whose names are included on the inside front cover of this prospectus, have consented in writing to act in the capacities stated, and to their names being included in this prospectus, and have not withdrawn such consent prior to the publication of this prospectus.

The JSE takes no responsibility for the contents of this prospectus, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the prospectus. The Company shall accept full responsibility for the accuracy of the information contained in this prospectus, except as otherwise stated therein.

Copies of this prospectus (in English only) may be obtained during normal business hours from the date of issue of this prospectus to Thursday, 22 December 2011 from the Company's registered office or from Nedbank Capital, the details of which are set out in the "Corporate information and advisors" section on the inside front cover of this prospectus.

This prospectus can also be obtained from Kwanda Capital's website at www.kwandacapital.com and on the JSE's website www.jse.co.za.

An abridged version of this prospectus will be released on SENS on

Thursday, 1 December 2011

An abridged version of this prospectus will be published in the press on

Friday, 2 December 2011

Offer opens at 09:00 on

Friday, 2 December 2011

Offer closes at 12:00 on

Monday, 5 December 2011

Applicants are advised of their allocations of preference shares on

Wednesday, 7 December 2011

Listing of the preference shares commences at 09:00 on

Thursday, 8 December 2011

Investment bank and debt sponsor



Corporate advisor



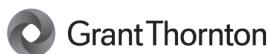
Investment advisor



Legal advisor



Independent reporting accountants and auditors



Company secretary



Broker



Private Investments

CORPORATE INFORMATION AND ADVISORS

Registered office

8 Briffant Street, Chantecler
Durbanville, 7550
(Postnet Suite 113, Private Bag X7, Tyger Valley, 7536)

Investment bank and debt sponsor

Nedbank Capital, a division of Nedbank Limited
(Registration number 1951/000009/06)
135 Rivonia Road
Sandown
Johannesburg, 2196
(PO Box 1144, Johannesburg, 2000)

Corporate advisor

Basileus Capital Proprietary Limited
(Registration number 2008/005957/07)
3rd Floor, Icon Building
Corner of Hans Strijdom and Long Streets
Cape Town, 8001
(PO Box 6223, Roggebaai, 8012)

Investment advisor

Kwanda Capital Investments Proprietary Limited
(Registration number 2003/000016/07)
Unit 2, 35 On Rose
35 Rose Street
Cape Town, 8001
(Postal address same as physical address)

Legal advisor

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8001)

Independent reporting accountant and auditor

Grant Thornton Advisory Services Cape Proprietary Limited
(Registration number 2010/016246/07)
6th Floor, 119 Hertzog Boulevard
Foreshore
Cape Town, 8001
(PO Box 2275, Cape Town, 8001)

Company secretary

SecCorp Secretarial Services Proprietary Limited
(Registration number 2001/007821/07)
Jennifer van der Merwe
[extensive experience in company secretarial]
8 Briffant Street, Chantecler
Durbanville, 7550
(Postnet Suite 113, Private Bag X7, Tyger Valley, 7536)

Broker

Sanlam Private Investments Proprietary Limited
(Registration number 2000/023234/07)
3A Summit Road
Dunkeld West
Johannesburg, 2196
(PO Box 414085, Craighall, 2024)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Date of incorporation: 12 April 2011

Place of incorporation: Pretoria

FORWARD-LOOKING STATEMENTS

This prospectus contains statements about BK that are or may be 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, expansion prospects for 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. BK cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which BK operates may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus.

All these forward-looking statements are based on estimates and assumptions as regards BK and although BK believes them to be reasonable, they are inherently uncertain. Such estimates, assumptions, or statements may not eventuate. Factors which may cause the actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied in those statements or assumptions include other matters not yet known to BK or not currently considered material by BK.

Applicants should keep in mind that any forward-looking statement made in this prospectus or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of BK not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. BK has no duty to do so and do not intend to update or revise the forward-looking statements contained in this prospectus after the last practicable date, except as may be required by law.

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DEFINITIONS AND INTERPRETATIONS

In this prospectus, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

"applicants"	selected private individuals, corporations and institutions that have been invited to subscribe for preference shares in terms of the offer;
"ARM"	African Rainbow Minerals Limited (Registration number 1933/004580/06) (formerly Anglovaal Minerals Limited), a public company registered and incorporated in South Africa;
"Avalloy"	Avalloy Proprietary Limited (Registration number 2004/028936/07), a private company registered and incorporated in South Africa;
"Basileus Capital" or "corporate advisor"	Basileus Capital Proprietary Limited (Registration number 2008/005957/07), a private company registered and incorporated in South Africa and the corporate advisor to BK;
"BK" or the "Company"	BK One Limited (Registration number 2011/008103/06), a limited liability private company incorporated in South Africa;
"bn"	billion;
"Board" or "BK board" or "directors"	the board of directors of BK from time to time;
"broker" or "SPI"	Sanlam Private Investments Proprietary Limited (Registration number 2000/023234/07), a private company registered and incorporated in South Africa and the preferred broker to BK;
"CC"	close corporation;
"CDH" or "legal advisor"	Cliffe Dekker Hofmeyr Incorporated (Registration number 2008/018923/07), a company incorporated in South Africa and legal advisors to BK;
"certificated preference shares"	preference shares which have not been dematerialised, title to which is represented by paper share certificates or other document(s) of title;
"CEO"	Chief Executive Officer;
"CFO"	Chief Financial Officer;
"CIPC"	the Companies and Intellectual Property Commission;
"Companies Act"	the South African Companies Act 71 of 2008, as amended;
"Common Monetary Area"	the common monetary area established by the Governments of South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland;
"Competition Act"	the Competition Act 89 of 1998;
"Competition Authorities"	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be;
"Computershare" or "transfer secretaries"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company registered and incorporated in South Africa and the transfer secretaries to BK;
"CSDP"	a central securities depository participant appointed by individual shareholders for purposes of and in regard to dematerialisation in terms of the Security Services Act;

"Debt Listings Requirements"	the JSE Debt Listings Requirements, as issued by the JSE from time to time;
"dematerialise" or "dematerialisation"	the process by which certificated preference shares are replaced with dematerialised preference shares;
"dematerialised preference shares"	preference shares in respect of which certificated shares have been replaced with electronic records of ownership under Strate, with a duly appointed CSDP or broker, as the case may be;
"DMR"	Department of Mineral Resources;
"Grant Thornton" or "independent reporting accountants and auditors"	Grant Thornton Advisory Services Cape Proprietary Limited (Registration number 2010/016246/07), member of Grant Thornton International (South African Institute of Chartered Accountants practice number 903426E);
"GBP"	the British pound, the lawful currency of the United Kingdom;
"Highlands Trout"	Highlands Trout (Proprietary) Limited (Registration number 2009/1252), a company registered and incorporated in Lesotho;
"IAS"	International Accounting Standards;
"IFRS"	International Financial Reporting Standards;
"IMA"	the investment management agreement entered into between the Company and Kwanda Capital on 22 September 2011, regulating the appointment of Kwanda Capital to manage the portfolio;
"investment mandate"	the investment mandate comprised in the IMA, setting out, <i>inter alia</i> , the investment strategy and guidelines, subject whereto that Kwanda Capital is required to manage the portfolio, details of which are set out in Annexure 5;
"ISP"	internet service provider;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company registered and incorporated in South Africa, licensed as an exchange under the Securities Services Act;
"K2011102660"	K2011102660 Proprietary Limited (Registration number 2011/102660/07), a private company registered and incorporated in South Africa;
"Kawuleza"	Semo Trading Proprietary Limited (in the process of changing its name to Kawuleza Wireless Proprietary Limited) (Registration number 2011/009289/07), a private company registered and incorporated in South Africa;
"Kawuleza Connect"	Kawuleza Connect Proprietary Limited (Registration number 2010/013075/07), a private company registered and incorporated in South Africa;
"King III"	the King III Report on Corporate Governance 2010;
"Kleinzee"	Kleinzee Heavy Minerals Proprietary Limited (Registration number 2004/036110/07), a private company registered and incorporated in South Africa;
"Kwanda Capital" or "investment advisor"	Kwanda Capital Investments Proprietary Limited (Registration number 2003/000016/07), a private company incorporated in South Africa and the investment advisors to BK;
"last practicable date"	the last practicable date prior to the finalisation of this prospectus, being Monday, 28 November 2011;
"Lefatse"	Tunica Trading 186 Proprietary Limited (in the process of changing its name to Lefatse Minerals Proprietary Limited) (Registration number 2011/003170/07), a private company registered and incorporated in South Africa;
"listing date"	the date of listing of BK on the JSE, expected to be on Thursday, 8 December 2011;

"listing" or "listing on the JSE"	the listing of the entire issued preference share capital of BK on the JSE under the abbreviated name "BK1P", with effect from the commencement of business on the listing date;
"Listings Requirements"	the JSE Listings Requirements, as issued by the JSE from time to time;
"m ² "	"square metre";
"Mb/s"	"megabytes per second";
"management fee"	the amount to be paid to the Kwanda Capital in terms of the IMA as remuneration for its services, as set out in section 1, paragraph 7.3 of this prospectus;
"mm"	millimetre;
"MOI"	memorandum of incorporation of BK;
"MPRDA"	Mineral and Petroleum Resources Development Act 28 of 2002, as amended;
"Nedbank Capital" or "investment bank and debt sponsor"	Nedbank Capital, a division of Nedbank Limited (Registration number 1951/000009/06), a public company registered and incorporated in South Africa and a wholly-owned subsidiary of JSE-listed Nedbank Group Limited;
"NAV"	net asset value;
"Oceans Edge Retail"	Oceans Edge Retail Stores Proprietary Limited (Registration number 2009/008873/07), a private company registered and incorporated in South Africa;
"Oceans Edge Trading"	Oceans Edge Trading Proprietary Limited (Registration number 2008/023277/07), a private company registered and incorporated in South Africa;
"offer"	the offer to applicants to subscribe for the offer shares at the offer price, thereby raising up to R1 000 000 000 (one billion Rand) (assuming that all the authorised offer shares are taken up);
"offer price"	means R10 (ten Rand) per preference share;
"offer shares"	100 000 000 preference shares available to be issued in terms of the offer;
"ordinary shareholder"	a holder of ordinary shares in the share capital of BK;
"ordinary shares"	ordinary shares with no par value in the capital of BK;
"portfolio"	the Company's portfolio of investments from time to time;
"preference shares"	non-cumulative, redeemable, participating no par value preference shares in the share capital of the Company having the rights and privileges set out in Annexure 7;
"preference shareholder" or "shareholder"	a holder of preference shares in the capital of BK;
"prospectus"	this prospectus and its annexures dated Wednesday, 30 November 2011, which have been prepared in compliance with the Debt Listings Requirements;
"PtMP"	Point to Multi-Point;
"PtP"	Point to Point;
"Pure Ocean Aquaculture"	Pure Ocean Aquaculture Proprietary Limited (Registration number 2008/007933/07), a private company registered and incorporated in South Africa;
"Pure Ocean East London"	Pure Ocean East London Proprietary Limited (Registration number 2008/024537/07), a private company registered and incorporated in South Africa;
"R" or "Rand"	the South African rand, the lawful currency of South Africa;
"SA" or "South Africa" or "RSA"	the Republic of South Africa;
"SARB"	South African Reserve Bank;

"Securities Services Act"	the Securities Services Act 36 of 2004, as amended;
"SENS"	the Securities Exchange News Service of the JSE;
"Strate"	Strate Limited (Registration number 1998/022242/06), a public company registered and incorporated in South Africa and the electronic clearing and settlement system used by the JSE to settle trades;
"TNAV"	tangible net asset value;
"TOR"	TOR Construction Proprietary Limited (Registration number 2009/008510/07), a private company registered and incorporated in South Africa;
"UK"	United Kingdom;
"USD"	US dollars; the lawful currency of the United States of America;
"VAT"	value-added tax payable in terms of the South African Value-added Tax Act 89 of 1991, as amended;
"VIM"	Vacuum Induction Melting;
"VAR"	Vacuum Arc Re-Melting; and
"WISPs"	wireless internet service providers.

In this prospectus, unless inconsistent with or otherwise indicated by the context:

- a term defined in the Companies Act and which is not defined to the contrary herein, shall be given its meaning as defined in the Companies Act; and
- an expression which denotes a derivative of a term defined herein or in the Companies Act bears a cognate and/or corresponding meaning.



(Formerly Sains Trading Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2011/008103/06)

Share code: BK1P ISIN: ZAE 000161352

PROSPECTUS

Section 1: Information about the company whose securities are being offered

1. NAME, ADDRESS AND INCORPORATION

BK was incorporated in South Africa on 12 April 2011 as a private company (Registration number 2011/008103/07) under the name Sains Trading Proprietary Limited. The Company changed its name to BK One Limited on 19 September 2011 and was converted into a public company with effect 12 September 2011. The registered address of the Company is set out on the inside front cover.

2. DIRECTORS, OTHER OFFICE HOLDERS, OR MATERIAL THIRD PARTIES

2.1 The details and profiles of the directors, all of whom:

2.1.1 are South African;

2.1.2 have been appointed in terms of the MOI (refer Annexure 8 to this prospectus);
are set out below:

Pinkie Kedibone Veronica Ncetezo

Age:	55
Occupation:	Business woman
Qualification:	BA Social Work (UniZul), MEd (Ohio University, USA), MAP (Wits Business School), MBA (Open University, UK), Diploma in Management (Open University, UK)
Business Address:	Plot 113, Misgund, Eikenhof, 1872
Position:	Independent non-executive chairperson
Term of office:	No fixed term, but subject to MOI

Dean Paul Richards

Age:	50
Occupation:	Businessman
Qualification:	BCom
Business Address:	No 2, 35 On Rose, Rose Street, Cape Town, 8001
Position:	Executive director
Term of office:	5 years

Peter Gordon Gaylard

Age:	69
Occupation:	Chemical Engineer
Qualification:	Pr Eng, B Sc Chem Eng
Business Address:	15 Church Street, Plettenberg Bay, 6600
Position:	Independent non-executive director
Term of office:	No fixed term, but subject to MOI

Henricus Petrus van Noort

Age:	51
Occupation:	Businessman
Qualification:	CA (SA)
Business Address:	64 St Leger Road, Claremont, 7700
Position:	Independent non-executive director
Term of office:	No fixed term, but subject to MOI

Jonathan Saul Sieff

Age:	45
Occupation:	Economist
Qualification:	BEcon
Business Address:	No 2, 35 On Rose, Rose Street, Cape Town, 8001
Position:	Financial director
Term of office:	5 years

2.2 Directors' abridged *curriculum vitae***2.2.1 Pinkie Kedibone Veronica Ncetezo**

Pinkie has substantial experience in various business sectors. From 1983 to 1985 and 1988 to 2003, she held a number of positions at International Business Machines Corporation, including Client Relationship Manager, Team Leader – Customer Service Operations and Business Administrator. She was the CEO of South African Women in Mining Investment Holdings from November 2003 until October 2007. Pinkie currently serves on many boards and has been a non-executive director of Exxaro Resources Limited. She is currently the CEO of Lefika Concrete Products Proprietary Limited.

2.2.2 Dean Paul Richards

Dean is an established executive in the South African financial services industry with 27 years of experience in the financial services industry both locally and internationally. He joined Old Mutual plc in 1984 and held a number of key senior management roles within the group which included – General Manager (National Broker Distribution), General Manager (Investment Frontiers), Managing Director Fairbairn Capital and most recently (2007 – 2009) he was the CEO of Skandia-BSAM/Old Mutual in China. In addition to the above, Dean has also been a director of several unlisted companies in the financial services industry.

2.2.3 Peter Gordon Gaylard

Peter has 34 years experience in extractive metallurgy, mostly in the platinum industry. He has been the Senior Consulting Metallurgist for Impala Platinum Holdings Limited amongst other senior managerial and consultancy positions covering all stages of the platinum extraction and refining process. For the past 11 years he has been an Honorary Research Associate and Adjunct Professor in the Department of Chemical Engineering at the University of Cape Town and also worked as a research director of AMIRA International Limited for 10 years. Peter has also served as a director of Wesizwe Platinum Limited.

2.2.4 Henricus Petrus van Noort

Henry is a chartered accountant with 28 years experience in the accounting and auditing professions. Early in his career he started and managed a management consulting division of an accounting firm. He started his own audit practice in 1990 and eventually merged with Moore Stephens in 2008. Throughout his career he has had exposure to numerous businesses and various business models. He is currently a partner and CFO of Organimark Proprietary Limited which focuses on organically produced produce with its associated principles of fair trade, traceability, poverty alleviation and social responsibility.

2.2.5 Jonathan Saul Sieff

Jonathan has extensive experience in the financial services and asset management sectors. His early career included joining Liberty Life Association in South Africa before moving on to join Accenture as a strategic consultant. From Accenture, Jonathan joined HSBC Investment Bank in their privatisation team mandated to advise the South African Government on the restructuring of state assets. During November 1997, Jonathan relocated to London to HSBC's Corporate Finance and Advisory division – where he was involved in a range of mergers and acquisitions, capital raisings and corporate restructurings. Jonathan left HSBC to join Old Mutual plc in London where he held a number of positions including

joint CEO of Gerrard Private Bank and Strategic Director for Gerrard Limited. In 2003 Jonathan took up the role of Chief Executive at Close Brothers Asset Management where the assets under management grew from USD 13bn to some USD 45bn in 2008 when he left to take up the role of Chief Executive and shareholder at Principle Capital – a proprietary investment house based in London with a strong African focus. Jonathan headed an entrepreneurial team with over GBP 1.1bn of alternative assets invested in emerging markets (with a particular focus on Africa) and over USD 2bn of high net worth fiduciary assets via Silex, a Geneva-based wealth management business.

- 2.3 Dean Paul Richards and Jonathan Saul Sieff have been appointed as representatives of Kwanda Capital and hold their offices as executives of Kwanda Capital. Save for its rights as shareholder, Basileus Capital has no right to appoint any directors to the Board.
- 2.4 There is currently no right held by any person or entity relating to the appointment of any particular director or number of directors in BK.
- 2.5 The details of the Company's investment bank and debt sponsor, corporate advisor, investment advisor, legal advisor, independent reporting accountants and auditors, broker, transfer secretaries and company secretary are set out on the inside front cover.
- 2.6 There are no directors' service contracts in place. The relevant provisions of the MOI of BK relating to the appointment, term of office, qualification and remuneration of the directors are set out in Annexure 8 to this prospectus. Non-executive directors will receive R180 000 (one hundred and eighty thousand) per annum each for services as director. The Kwanda Capital affiliated executive directors will receive no remuneration.
- 2.7 The borrowing powers of BK, exercisable by the directors and the manner in which such borrowing powers may be varied, are set out in Annexure 8 to this prospectus. These borrowing powers have not been exceeded since the Company was incorporated on 12 April 2011.
- 2.8 Since BK was incorporated, no payment (in cash, shares or otherwise) has been made to any director in order to induce him or her to become or qualify as a director or otherwise for services rendered by him or her.
- 2.9 BK has not made any loans or furnished any security for the benefit of any director.
- 2.10 The business of the Company, or any part thereof, will not be managed by a third party under a contract.

3. HISTORY, STATE OF AFFAIRS AND PROSPECTS OF THE COMPANY

- 3.1 As at the last practicable date, BK has no subsidiaries and holds no assets, but has been incorporated to make and hold investments in companies. The Company does not carry on more than one business.
- 3.2 The Company does not have any investments as at the last practicable date.
- 3.3 BK will engage in private equity investments as a principal and will operate primarily in South Africa and the Common Monetary Area. BK has appointed Kwanda Capital as its investment advisor in terms of the IMA to assist the Company in compiling a portfolio of such investments as well as the on-going review, management and ultimate exit thereof.
- 3.4 The Company is South African focused with no sector bias and will typically look for investments with a five-year investment horizon, but will also enter into investments with a shorter timeline. In the case of each investment made, the Company will seek to exit its investment through either:
 - 3.4.1 a listing on a stock exchange listed as a member of the World Federation of Stock Exchanges; or
 - 3.4.2 through an outright trade sale.
- 3.5 The investment review risk management structures put in place within BK and its corporate and investment advisors ensure that there are three independent levels of decision making prior to the allocation of funds by BK to an investment, aimed at increasing the quality of the investment portfolio.
- 3.6 Basileus Capital, as the first principal investor, applies its own robust investment processes to ensure that the best opportunities it reviews are included in its own investment portfolio. This process is founded upon thorough research, a substantial team (currently 48 investment and professional people) and supported by the fact that Basileus Capital invests its own capital into its portfolio of investments.
- 3.7 Kwanda Capital is able to propose to BK a portfolio of investments based on a unique co-investment relationship with Basileus Capital which allows it to have unrestricted access to review all deals in the Basileus Capital portfolio. Kwanda Capital undertakes its own independent research of each of the underlying companies

identified as potential investments to develop an understanding of the unique business opportunities of each company, the sector and business risk profiles of each opportunity as well as the pricing structure of each deal and proposed exit strategies.

- 3.8 Kwanda Capital has been mandated to provide directors to the underlying portfolio companies to represent the interests of the Company. Kwanda Capital provides advice to BK in terms of the IMA. The Board will review the advice provided by Kwanda Capital and apply a third level of independent decision making and governance to ensure that the correct processes have been followed.
- 3.9 The Company was incorporated on 12 April 2011 as a private company with its main object as an investment holding company and converted into a public company on 12 September 2011.
- 3.10 Since incorporation, the Company has not undergone any material changes in its business.
- 3.11 The directors hold the view that, having regard to the purpose for which the Company was incorporated as set out in paragraph 3.3 above, BK will continue to conduct its business in the foreseeable future.
- 3.12 The Company is a dormant company with no assets, liabilities or operating history. The Company does not have any subsidiaries at the last practicable date.
- 3.13 The Company does not own any immovable property or leasehold property. The Company does not have any commitments for the purchase, construction or installation of buildings, plant or machinery.
- 3.14 BK has no operating, profit or dividend history.
- 3.15 The audited *pro forma* financial information has been prepared for illustrative purposes only and because of its nature may not fairly present BK's financial position and results of operations, nor the effect and impact of the offer going forward and is the responsibility of the directors. The *pro forma* financial information as well as the independent reporting accountants' report thereon, are contained Annexure 3 and 4 of this prospectus, respectively.
- 3.16 BK's historical financial information prepared in terms of IFRS for the five months ended 31 August 2011, as well as the independent reporting accountants' report thereon, are contained in Annexures 1 and 2 of this prospectus.

4. SHARE CAPITAL OF THE COMPANY

- 4.1 The authorised and issued share capital and the stated capital account of BK, before and after the offer, are set out below. The figures have been prepared on the assumption that all the offer shares have been taken up pursuant to the offer and have been fully subscribed for.

Share and stated capital before the offer	Rand
<i>Authorised:</i>	
1 000 ordinary shares	—
100 000 000 preference shares	—
	—

<i>Issued:</i>	
200 ordinary shares (at R1 each)	200
	200

Share and stated capital after the offer	
<i>Authorised:</i>	
1 000 ordinary shares	—
100 000 000 preference shares	—
	—
<i>Issued:</i>	
200 ordinary shares (at R1 each)	200
100 000 000 preference shares (at R10 each)	1 000 000 000
	1 000 000 200

- 4.2 The estimated expenses of the offer (as set out in paragraph 13 below) have not, at this stage, been set off against the stated capital account.
- 4.3 In terms of the MOI all preference shares rank equally but in priority to ordinary shares for dividends. The preference shares are non-cumulative, redeemable, participating preference shares with no nominal or par value and rank *pari passu* with each other in all respects. The preference shares have been created and issued with the rights and privileges contained in the MOI of BK, extracts of which are set out in Annexure 7 of this prospectus and are governed by South African law. BK does not have any authorised founders or management or deferred shares.
- 4.4 Since the Company was incorporated on 12 April 2011, its authorised share capital R1 000 (one thousand Rand) consisting of 1 000 ordinary shares has been converted into 1 000 ordinary shares having no nominal or par value and was increased by the creation of 100 000 000 preference shares.
- 4.5 Since incorporation the Company has not made any offer for shares to the public.

5. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

Since incorporation no option or preferential right of any kind was or has been proposed to be given to any person to subscribe for any shares of the Company.

6. COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

Since incorporation on 12 April 2011 no person was paid and no commission was payable to any person for subscribing or agreeing to subscribe for, or procuring or agreeing to procure subscription for, any securities of the Company. BK is however paying commission to certain persons procuring subscriptions for securities of BK in terms of the offer. Such capital raising fees are referred to in paragraph 13 below.

7. MATERIAL CONTRACTS

- 7.1 BK has in terms of the IMA appointed Kwanda Capital to act as its sole provider of management and investment advisory services, with effect from 22 September 2011.
- 7.2 In terms of the IMA, Kwanda Capital will in such role perform the following tasks:
 - 7.2.1 investigate, research and identify potential investment;
 - 7.2.2 evaluate and negotiate investment opportunities including conducting a due diligence;
 - 7.2.3 advise BK on whether or not it should commit further resources to existing investments;
 - 7.2.4 advise BK on whether or not to dispose of any investments so as to achieve the most efficient returns;
 - 7.2.5 evaluate all relevant investor and shareholder agreements;
 - 7.2.6 engage with suitable professional advisors as may be required from time to time;
 - 7.2.7 monitor compliance with transaction agreements; and
 - 7.2.8 provide ongoing monitoring and management support to portfolio companies.
- 7.3 As remuneration for its services, BK will be liable to pay Kwanda Capital a monthly fee, net of VAT of 1,0% (one percent) per annum, calculated on the NAV of the underlying investments of the portfolio of BK.
- 7.4 The portfolio must be managed with the objective of meeting the performance targets and risk constraints outlined in the IMA. Financial products are required to be invested in a manner which complies with the applicable laws and regulations, including:
 - 7.4.1 the Financial Advisory and Intermediary Services Act 37 of 2002, as amended
 - 7.4.2 the Securities Services Act; and
 - 7.4.3 the Financial Institutions (Protection of Funds) Act 28 of 2001, as amended.
- 7.5 Investments may be made in any combination of domestic or global, listed or unlisted financial products. Details of the investment mandate are set out in Annexure 5 of this prospectus.
- 7.6 Save for the IMA, BK has not entered into any material contract since incorporation of the Company up to the last practicable date which contains an obligation or settlement that is material to BK.
- 7.7 Save for the expense as disclosed in paragraph 7.3 above, the Company will not incur any material expenses, other than in the ordinary course of business.

8. INTERESTS OF DIRECTORS AND PROMOTERS

8.1 Since incorporation on 12 April 2011 no consideration has been paid or agreed to be paid to any person to induce such person to become a director, or to qualify as a director, or for services rendered by any person in connection with the promotion or formation of the Company.

8.2 No director or promoter has any direct or indirect material interest in the promotion of the company or any property proposed to be acquired by the Company out of the proceeds of the offer. The Company has not since incorporation in 2011, acquired any property.

8.3 Other than as disclosed in paragraph 8.4 below, as at the last practicable date no director has any interest in any transaction of the Company.

8.4 The directors will have the following interests in ordinary shares immediately prior to the listing date:

Director	Beneficially held			%
	Directly	Indirectly	Total	
Dean Paul Richards	–	21	21	10,5
Total	–	21	21	10,5

* The directors' interests included in the table will result from the following:
 • Dean Paul Richards' 10,5% shareholding in BK through his shareholding in Kwanda Capital.

8.5 Annexure 6 to this prospectus sets out the names of the companies and partnerships of which the directors of BK have been involved in the past five years.

9. LOANS

At the date of this prospectus the Company has not incurred any loans and has not advanced any material loans, other than in the ordinary course of business.

10. SHARES ISSUED OR TO BE ISSUED OTHERWISE THAN FOR CASH

Since incorporation, the Company has not issued or agreed to issue any securities to any person other than for cash.

11. PROPERTY ACQUIRED OR TO BE ACQUIRED

The Company has not purchased or acquired any immovable property or other fixed assets since its incorporation.

12. AMOUNTS PAID OR PAYABLE TO PROMOTERS

Since incorporation, the Company has not paid or proposed to pay any amounts to any promoter, or any partnership, syndicate, or other association to a promoter.

13. PRELIMINARY EXPENSES AND ISSUE EXPENSES

The professional fees and costs of this prospectus and the offer, which assumes the offer is fully taken up, are expected to total approximately R28 605 000 (twenty eight million six hundred and five thousand Rand) (excluding VAT) and will be settled by BK as follows:

Expense	Rand (excl VAT)
Capital raising fees (calculated at 2,5% of capital raised)	25 000 000 ¹
Investment bank and debt sponsor fee paid to Nedbank Capital	2 500 000
Independent reporting accountants and auditors fee paid to Grant Thornton	150 000
Legal advisory fee paid to CDH	600 000
JSE listing fee	150 000
JSE inspection fee	55 000
Strate	15 000
Transfer secretaries fee paid to Computershare	5 000
Printing, publication, distribution and advertising expenses	130 000
	28 605 000

Note 1: This amount represents the maximum capital raising fee payable by the Company.
 Parties likely to receive a portion of this fee include Basileus Capital and SPI.

Section 2: Information about the offered securities

1. PURPOSE OF THE OFFER

- 1.1 Basileus Capital is a proprietary investment house focused on investing their own capital. Kwanda Capital, through the co-investment model, will provide investment advice on the portfolio construction, pricing and exit strategies in respect of BK.
- 1.2 Basileus Capital, in partnership with Kwanda Capital have created BK, a public company offering a long-term investment vehicle that will invest in a portfolio of underlying opportunities selected from Basileus Capital's pipeline.
- 1.3 BK has been established to meet the demand created by the increasingly compelling investment case for private equity which is being experienced locally and globally. This is being driven by a growing appetite for private equity as part of a diversified investment portfolio. It is believed that the demand for private equity is found in a broad spectrum of investors from private individuals to institutional investors.
- 1.4 BK has been set up as a closed-ended investment vehicle. The listing will provide BK with the long-term capital required to generate superior returns. This process affords investors the opportunity of participating in the investments to be made by BK and any proceeds thereof by subscribing for preference shares. This capital raising process provides BK with long-term capital which is not subject to short-term changes in investor demand, and which is positioned to cater for investors' potential liquidity requirements.
- 1.5 As and when new investments are included, or existing investments are excluded from the final portfolio of the Company, a SENS announcement will be published. The portfolio will also be disclosed to investors on the Kwanda Capital website at www.kwandacapital.com.
- 1.6 The following projects have been identified by Kwanda Capital in its role as investment advisor to BK and are currently being considered for inclusion in its recommendation pertaining to the portfolio of private equity investments to be held by the Company. Investment into any particular project is subject to the completion and outcome of the investment process and, as a result, the Company, its directors and Kwanda Capital cannot confirm or ensure the inclusion of any particular investment in the final portfolio.

Avalloy

- 1.6.1 Avalloy is a South African company involved in the production of high performance alloys that are produced to order and are used in a variety of different applications. Avalloy is currently Africa's only supplier of vacuum melted alloys, producing cast and wrought materials for strategic use in high quality and technology industries.
- 1.6.2 Avalloy is incorporated in South Africa with its head office situated at the plant at the Nuclear Energy Corporation of South Africa's industrial site at Pelindaba in the North West Province.
- 1.6.3 The plant and equipment was originally acquired by ARM in the 2000 and a site and facilities for melting was acquired at Pelindaba. ARM completed a feasibility study in 2001 and the detailed design was completed in 2002. The ARM board gave approval to the project in 2003, with construction starting in 2004. Avmin, in a restructuring process, was acquired by ARM in 2003. In 2005, ARM resolved to sell the plant as it was identified as a non-core business. In 2006, Itemba Trading 8 Proprietary Limited (trading as Avalloy) acquired the assets from ARM and commissioned the VIM and VAR processes. Avalloy commenced accreditation processes with Rolls-Royce and Europea Microfusioni Aerospaziali (EMA).
- 1.6.4 Avalloy is a producer of superalloys, which operates two types of furnaces, a VIM furnace and a VAR furnace. The production process consists of the following two main processes:
 - 1.6.4.1 Cast Alloys: This is a VIM process, whereby a recipe of metals is melted in a vacuum to ensure the removal of deleterious gases and metals, to produce cast stick in various sizes ranging from 50 mm to 175 mm and 450 mm ingots. The main furnace is a 4-ton Leybold furnace and it is supported by three smaller VIM furnaces that are suitable for special melts, process research and development programmes.
 - 1.6.4.2 Wrought Alloys: This is a process whereby an ingot is processed through a VAR. This process ensures the further refinement and homogenisation of the ingot. The VAR is a twin-station, one megawatt furnace, capable of producing 450 mm diameter ingots up to 2,0 tons each. This VAR is supported by a 50-kilogram VAR which will be used for research and development.

1.6.5 Depending on the product mix the annual capacity of the plant is approximately 4 000 tons, when operated on a three-shift basis. Avalloy has managed to significantly increase its order book and it is currently pursuing further long-term agreements. Over the past few years, Avalloy has built up its approvals and accreditations and is now in the position to capitalise on this. Currently Avalloy is serving the aerospace, automotive, industrial gas turbine and medical industries with product and is in the process of targeting further industries to distribute its products to.

1.6.6 Avalloy is in a growth phase and is seeking additional capital to increase its working capital.

Pure Ocean Aquaculture

1.6.7 Pure Ocean Aquaculture was formed in March 2008. It is the holding company of a group of companies designed to develop aquaculture opportunities in South Africa. The business units controlled by Pure Ocean Aquaculture are multifaceted and involve the establishment of multiple businesses/operations throughout the aquaculture value chain.

1.6.8 Pure Ocean Aquaculture is currently developing four distinct opportunities, via its four subsidiary companies: Pure Ocean East London, Highlands Trout, Oceans Edge Trading and Oceans Edge Retail.

1.6.9 Pure Ocean East London is in the development phase of setting up a land based recirculating aquaculture plant on the east coast of South Africa. The project involves a two phase development approach. The first phase involves the building and commissioning of a pilot plant, which will include a hatchery, nursery and grow out components aimed at facilitating the production of approximately 330 tons of product. The hatchery component, which includes a brood stock holding facility, is due to be completed in December 2011. The pilot project is expected to cost a total of R55 000 000 (fifty five million Rand). The project has five full time employees and has successfully applied for a record of decision which allows it to produce 4 000 tons of product. The project will begin with the farming of cob, but is gearing itself towards the production of a number of species. The construction of the pilot facility is almost complete and initial grow out trials have confirmed the business plan to date.

1.6.10 Highlands Trout is in the development phase of setting up a cage based production facility on the Katse Dam in Lesotho. The land based facilities include a fingerling nursery, feed storage area, processing facility and administration office area. The project will allow for the production of rainbow trout, currently has four full time employees and is headed up by a Norwegian national with more than 15 years of aquaculture experience. The business has obtained all the relevant licenses required by the Lesotho government and has received a positive record of decision which allows it to commence with 500 tons of production which can be increased on an annual basis by a maximum of 750 tons, subject to environmental constraints.

1.6.11 Oceans Edge Trading is part of the sales, trading and marketing strategy for the Pure Ocean Aquaculture group. The business is in a pilot phase and operates as a distribution and sales business geared towards the exploitation of opportunities in the fresh fish market. The business operates out of a 3 000 m² facility in Montague Gardens in Cape Town. The facility includes a 400-ton cold storage area, a 15-ton blast freezer and 700 m² of processing space.

1.6.12 Oceans Edge Retail Stores is an operational entity operating out of a Sea Point premises in Cape Town. The store is run on a concept base and borrows from the European model of high end, quality and variety driven fresh fish retail outlets. The store opened to the retail public in July 2010.

Lefatse Minerals

1.6.13 Lefatse was incorporated in 2011 to focus on developing a heavy minerals portfolio.

1.6.14 Lefatse is to explore for and develop economic deposits of heavy minerals, initially in South Africa; however it is looking to consolidate with additional potential prospects in Africa. Lefatse, through its subsidiary company, Kleinzee, has been awarded by the DMR, in terms of the MPRDA, the heavy mineral prospecting rights over an area on the west coast of South Africa from Hondeklip Bay to Port Nolloth.

1.6.15 Factors contributing to the decision to apply for such prospects include, but are not limited to, the following:

1.6.15.1 initial internal research suggests significant potential for heavy minerals on the South African west coast, similar to and in addition to, existing and large heavy mineral producing operations; and

- 1.6.15.2 previously the heavy minerals potential of this area has not been developed. MPRDA now gives the DMR the authority to award prospecting rights for different minerals, on the same land, to separate entities.
- 1.6.16 Coupled with this, the existing infrastructure could, should economic deposits of heavy minerals be located, potentially greatly reduce any of the necessary capital expenditure associated with the development of identified economic deposits.
- 1.6.17 Lefatse, through its subsidiary Kleinzee, has embarked on a process of designing an appropriate programme for the identification of possible areas of heavy mineral occurrences which will ultimately facilitate the design of a more focussed prospect drilling programme.
- 1.6.18 Current published market fundamentals forecast an undersupply of valuable heavy minerals for the foreseeable future underpinning the positive pricing outlook for heavy minerals such as zircon, rutile and ilmenite. This serves to reinforce the view that market participants would potentially attribute significant value to a project able to locate economic deposits of heavy minerals on the west coast of South Africa.
- 1.6.19 Lefatse, on completion of the initial reconnaissance exploration work, will be seeking capital to complete its exploration and feasibility work in support of a new mine.

TOR

- 1.6.20 TOR was established as a close corporation in 2002 and commenced operations in 2003. In 2009 TOR converted from a close corporation to a private company.
- 1.6.21 TOR is based in Mossel Bay and is the largest road building company head-quartered in Southern Cape. The company has built a strong reputation for service, quality of work and on-time delivery. It is highly respected in the local community and by a diverse range of clients around the region. It is primarily in the business of road surfacing and maintenance (80%) and is the market leader in its local area from Cape Town to Port Elizabeth and inland. It has an Eastern Cape office and is tendering on projects in neighbouring provinces.
- 1.6.22 TOR was awarded its 8CE accreditation with the Construction Industry Development Board in March 2011. As a result of this new accreditation, TOR is now permitted to tender for jobs less than R130 000 000 (one hundred and thirty million Rand) (previously TOR was permitted to tender for jobs less than R40 000 000 (forty million Rand)). A result of the above is that TOR has dramatically increased its order book to R330 000 000 (three hundred and thirty million Rand) for the year 2011/2012 – turnover for the year 2010/2011 was R116 000 000 (one hundred and sixteen million Rand). A further benefit to promotion to the 8CE class is that there is an improvement in the quality of its customers, e.g. national agencies and provincial authorities (versus provincial authorities and municipalities). TOR is now in a position to dramatically increase earnings, reduce overhead costs and secure operational efficiencies.
- 1.6.23 Given TOR's considerable growth in turnover, the company's working capital requirements have increased considerably due to an increase in retentions, a requirement to fund a larger portion of materials and supplies and to continually invest in capital equipment, all of which have placed a strain on the company's cash resources.
- 1.6.24 Given the above, TOR now requires a capital investment to achieve the following:
 - 1.6.24.1 normalise its working capital levels;
 - 1.6.24.2 acquire additional capital equipment to reduce operational costs (e.g. tippers to reduce logistics expenses and larger rollers to improve sealing efficiencies);
 - 1.6.24.3 fund the growth in operations (working capital increases); and
 - 1.6.24.4 acquire additional road construction companies to grow earnings or secure supplies (note many construction companies are struggling and therefore can be acquired at considerable discounts).

Kawuleza

- 1.6.25 Kawuleza is a wholly-owned subsidiary of Kawuleza Connect and is a fully licensed ISP operating on Kawuleza Connect's national iECNS ("electronic communication networks") and iECS ("electronic communication services") licences to provide nationwide electronic network services.

- 1.6.26 Kawuleza is fully operational and currently offers internet access services such as wireless PtP and PtMP broadband and asymmetric digital subscriber line ("ADSL") as well as VoIP and web-hosting services to customers throughout South Africa.
- 1.6.27 What distinguishes Kawuleza from other WISPs is Kawuleza's full carrier grade wireless backhaul network which provides high speed dedicated PtP and PtMP services to its customers. This wireless backhaul network provides speeds comparable to fibre access, but is considerably cheaper to deploy. This makes Kawuleza the service provider with arguably one of the highest throughput-to-capital-expenditure-ratio operators, which is its key competitive advantage.
- 1.6.28 This competitive advantage allows Kawuleza to provide high speed data access with high quality and competitive pricing to both business customers at multiples of 50Mb/s and home users at 8Mb/s. This advantage is further evidenced in Kawuleza supplying smaller WISPs with bulk bandwidth. The only alternative to Kawuleza for such high speeds is fibre connections which are still expensive. Whilst fibre connectivity in South Africa is increasing, fibre to business is expensive and will first be concentrated into areas which are easy to reach. This means provision of large scale fibre to home users is unlikely in the medium term. This is the market gap which Kawuleza fills – providing a fibre replacement Kawuleza should continue to fill this gap for many years to come providing service where fibre is too expensive or does not exist.
- 1.6.29 Kawuleza's turnover is currently increasing at greater than 20% per month. This has been driven by growth in both the home user and business markets, indicating the level of demand for high speed broadband internet at an affordable price. This has led to Kawuleza's business breaking even and being able to grow its infrastructure organically to provide coverage in an increasing number of areas.
- 1.6.30 To accelerate this growth, Kawuleza is looking to raise expansion capital to achieve its goal of becoming a profitable mid size internet service provider. Given Kawuleza's competitive advantage, already proven business model and current high growth it is felt this aspiration is achievable with greatly reduced levels of risk on the capital employed in its expansion.
- 1.6.31 Kawuleza is also committed to not only being a bulk provider of broadband wireless internet, but also to providing services on top of this network such as web hosting. A good example of this is Kawuleza's VoIP services where Kawuleza provides greatly reduced telephone calling rates over its network for both home users and corporates. This market segment is also expanding rapidly. Kawuleza is also looking to build out a network of wireless hotspots which will appeal to lower income groups in rural areas as it does not require a wireless dish for receipt of broadband internet and also does not require a personal computer for access as most cellular phones now have wifi access built in.

2. DATES AND TIMES OF THE OPENING AND CLOSING OF THE OFFER TO PREFERENCE SHAREHOLDERS

Offer opens at 09:00 on	Friday, 2 December 2011
Offer closes at 12:00 on	Monday, 5 December 2011
Applicants are advised of their allocations of preference shares on	Wednesday, 7 December 2011
Listing of preference shares commences at 09:00	Thursday, 8 December 2011

3. PARTICULARS OF THE OFFER

- 3.1 The offer to the applicants relates to an offer for subscription by way of an offer of all the preference shares at an offer price of R10 (ten Rand) per preference share, subject to a minimum subscription of 20 000 000 preference shares. None of the shares being offered are secured. The proceeds from the offer will be utilised as more fully set out in section 2, paragraph 1.5 above.
- 3.2 The amount payable for the offer shares is payable in full on acceptance of the offer in the currency of South Africa, on the terms and conditions set out in this prospectus.
- 3.3 No preference shares will be issued at a discount to the aforementioned issue price.
- 3.4 On incorporation, 120 ordinary shares were issued at par value, to Dominique Celeste McClachlan, the founding shareholder. Subsequently, these 120 ordinary shares were transferred to Kwanda Capital (79 shares) and Basileus Capital (41 shares). These shares were issued and transferred at a nominal value because the Company had no assets and had not traded. Subsequently, on 31 August 2011, the Company issued the following shares:

3.4.1 to Kwanda Capital: 23 ordinary shares;
3.4.2 to Basileus Capital: 9 ordinary shares; and
3.4.3 to K2011102660: 48 ordinary shares,
each at a nominal value because at this date the Company had no assets and had not traded.

3.5 No shares were issued at a premium. No other shares have previously been issued by the Company. Refer to section 1, paragraph 4 for details of the Company's capital structure.

3.6 Preference shares subscribed for in terms of the offer will be issued on the listing date upon receipt of the subscription amounts payable on that day. The preference shares to be issued in terms of the offer will rank *pari passu* with each other.

3.7 The potential application of the proceeds from the offer is set out in section 2, paragraph 1.5 and has merely been provided as an indication of the Company's investment prospects.

3.8 There are no specific legal restrictions under which the preference shares will be offered, sold, transferred or delivered. Further material details pertaining to the offer are set out in section 4 of this prospectus.

4. MINIMUM SUBSCRIPTION

4.1 The offer is subject to an aggregate minimum subscription amount of R200 000 000 (two hundred million Rand). Such amount is the minimum amount which in the opinion of the directors must be raised by the issue of shares in order to provide for the matters prescribed to be covered by minimum subscription.

4.2 As BK has determined a minimum subscription value, it is recorded that the preliminary expenses referred to in section 1, paragraph 13 are payable by BK. No commission is payable to any person as consideration for agreeing to subscribe for any securities of BK. However, BK is paying commission to certain persons procuring subscriptions for any securities of BK. Such capital raising fees are referred to in section 1, paragraph 13.

4.3 The Company has not borrowed any money in respect of any such commission.

4.4 No forecast working capital or the use thereof is available at this stage.

4.5 The Company has not incurred any additional expenditure (in addition to the fees referred to in section 1, paragraph 13).

4.6 No amounts in respect of any of the matters referred to in paragraph 4.5 above will be paid otherwise than out of the proceeds of the issue of the preference shares pursuant to the offer.

Section 3: Statements and reports relating to the offer

1. STATEMENT AS TO ADEQUACY OF CAPITAL

The directors are of the opinion that for the twelve months pursuant to the offer and subject to the Company raising the minimum subscription:

- the Company will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company will be in excess of the liabilities of the Company;
- the share capital and reserves of the Company will be adequate for its ordinary business requirements; and
- the Company will have sufficient working capital that is adequate for its future requirements.

2. REPORT BY DIRECTORS AS TO MATERIAL CHANGES

The directors report that, there have been no material changes in the assets and liabilities of the Company since incorporation to the last practicable date.

3. STATEMENT AS TO LISTING ON STOCK EXCHANGE

BK's ordinary shares will not be listed on any stock exchange nor is it BK's intention to list such ordinary shares on any stock exchange in the foreseeable future. However, BK has made an application to the JSE for the listing of the preference shares and the JSE has granted approval for a listing of all preference shares on the JSE under the abbreviated name BK1P with effect from the commencement of business on Thursday, 8 December 2011.

4. REPORT BY AUDITOR WHERE BUSINESS UNDERTAKING TO BE ACQUIRED

None of the proceeds of the issue of the offer shares will be used, directly or indirectly, to acquire a business undertaking.

5. REPORT BY AUDITOR WHERE THE COMPANY WILL ACQUIRE A SUBSIDIARY

None of the proceeds of the issue of the offer shares will be used, directly or indirectly, to acquire securities of any other juristic person with the direct or indirect result of another juristic person becoming a subsidiary of the Company.

6. REPORT BY AUDITOR OF THE COMPANY

No report by the auditor of the Company has been prepared as the Company is a newly incorporated and previously dormant company and has not completed its first full financial year. However, the independent reporting accountant's report on the financial statements of the Company for the five month period ending 31 August 2011 is contained in Annexure 2.

Section 4: Additional material information

1. RISK FACTORS

The potential investor should carefully consider these risks, together with all other information in this prospectus. Any of these risks described below could have a material adverse impact on BK's business, financial condition and/or results of operations and could therefore have a negative effect on the trading price of the preference shares and preference shareholders could lose all or part of their investment. The factors described below does not purport to be exhaustive list of risk factors relating to an investment in preference shares.

1.1 Operating history

The Company has no operating history and as such does not have any profitable operations. Applicants should take note that the future prospects contained in this prospectus is a forward- looking statement and does not represent guaranteed returns.

1.2 General market risk

General movements in local and international markets, factors that affect the investment climate and investor sentiment could all affect the level of trading and therefore the market price of the preference shares.

1.3 Investment risk

There is no guarantee on the price of the preference shares or any returns thereon.

1.4 Liquidity risk

There can be no certainty that a liquid market in the preference shares will develop on the JSE. The shares may trade at a discount or premium to their share of the NAV of BK.

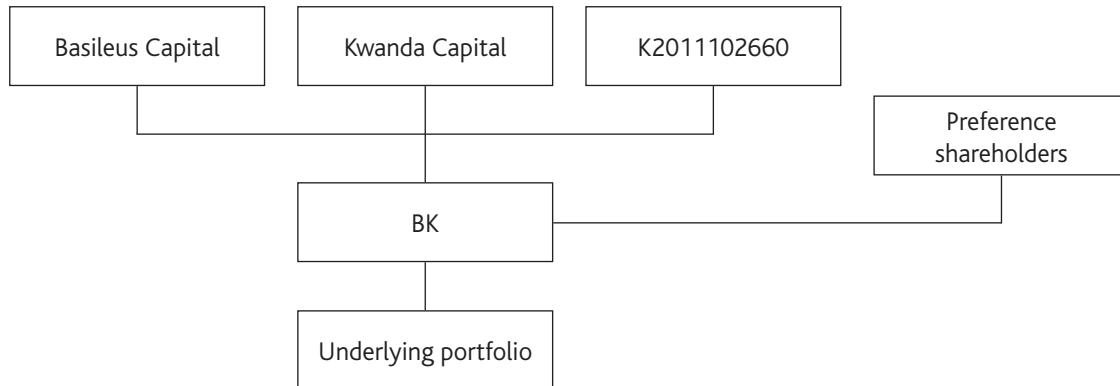
The Company will predominantly invest in unlisted securities, which are inherently illiquid in nature and carry a larger amount of liquidity risk. This may increase the overall risk of the portfolio.

2. THE ORDINARY SHAREHOLDERS OF THE COMPANY AND THEIR HISTORIES

2.1 The ordinary shareholding of the Company is as follows:

- 2.1.1 Kwanda Capital: 102 ordinary shares;
- 2.1.2 Basileus Capital: 50 ordinary shares; and
- 2.1.3 K2011102660: 48 ordinary shares.

2.2 See below for ownership structure:



2.3 Basileus Capital

2.3.1 The founders of Basileus Capital have been involved in private equity since 2002. They broke away from their previous employer and formed Basileus Capital in March 2008. Since inception, the team has grown to in excess of 45 people. Basileus Capital focuses on the developmental sub-sector of the private equity sector. This encompasses growth and development finance, turnarounds, special opportunities and venture capital.

- 2.3.2 The principals behind Basileus Capital are James Ngculu and Julian Williams. Prior to forming Basileus Capital and during his tenure as CEO of Basileus Capital, Julian Williams has gained close on ten years experience in development capital opportunities within the private equity sector. James Ngculu has held various non-executive positions in the private equity industry since 2005. During their association Julian Williams and James Ngculu founded numerous companies that were to grow substantially while under their charge, the most notable of which was Wesizwe Platinum Limited.
- 2.3.3 There have been numerous other projects such as the successful trade sale of a Uranium business (Great Karoo Metals) which was established in 2005. This was then sold to Uramin-Lukisa Joint Venture Proprietary Limited, a subsidiary of Uramin Inc. (who was recently acquired by Areva, the French Nuclear Energy specialist) yielding an internal rate of return in excess of 50% on invested capital.
- 2.3.4 As the pair established a track record of successful projects and companies, they became aware of the need to develop an independent investment house that was solely focused on developing and financing high risk investment opportunities. For this reason they formed Basileus Capital.
- 2.3.5 Through their initiatives Julian Williams and James Ngculu have managed to generate significant economic value for previously disadvantaged communities. As such the duo has a strong ability to interact with communities and the government. Their successes have also managed to further government policies of broad based black economic empowerment and local beneficiation.
- 2.3.6 To date, Basileus Capital has operated in a range of sectors in South Africa and have recently extended their operations outside of South Africa. Currently, Basileus Capital is working on more than 50 projects.
- 2.3.7 Julian Williams and James Ngculu have been able to capitalise on and develop, the experience of their team. The consistent growth, increased experience, capacity and capability of Basileus Capital coupled with a strong balance sheet means that Basileus Capital is well-poised to make meaningful and immediate investments.

2.4 Kwanda Capital

- 2.4.1 Kwanda Capital was founded by Welile Hlope and Terry Brunton in early 2010. The team has been expanded to include Dean Paul Richards, Dawn Mokhobo and Jonathan Saul Sieff which provides the investment advisor with substantial experience in all business spheres.
- 2.4.2 Kwanda Capital is focused on providing investment advice to private equity funds, permanent capital vehicles and other investors in the specialised niche of private equity using the knowledge and experience of its team.
- 2.4.3 The idea for Kwanda Capital arose because Basileus Capital, as a proprietary investment house is reluctant to raise its own private equity fund of third party money to fund their pipeline of potential transactions due to the conflicts of interest that would arise. This conflict of interest presented a unique opportunity to create a private equity vehicle for third party money that would be able to participate in these opportunities without a conflict of interest. Terry Brunton and Welile Hlope entered into discussions with Basileus Capital around raising a private equity fund that would be managed and controlled independently of Basileus Capital but would be able to participate in the exciting pipeline of opportunities being produced by Basileus Capital and their thorough approach to private equity.
- 2.4.4 The result of this was the establishment of BK, which will provide investors with the opportunity to invest in a stream-lined listed vehicle.

2.5 K2011102660

K2011102660 was established on 13 August 2011 for the specific purpose of holding shares in BK and has no trading history. The beneficial shareholder of K2011102660 is Kwanda Capital.

3. DETAILS OF THE PREFERENCE SHARES

- 3.1 The rights and privileges attaching the preference shares are set out in Annexure 7. For purposes of the Debt Listings Requirements, the following features of the preferences shares are summarised:
 - 3.1.1 The preference share dividends are not linked to a fixed or variable rate and depend on the profitability and the working capital requirements of the Company from time to time. The directors are obliged annually to determine whether to declare preference dividends and the quantum of the preference dividends to be declared. Preference dividends are payable 60 days after declaration, or on an earlier date, if so determined by the Board and in compliance with the Listings Requirements.

- 3.1.2 The scheduled redemption date of the preference shares is the 3rd business day succeeding the 10th anniversary of the issue date of the last preference shares to be issued.
- 3.1.3 There are no specific legal restrictions under which the preference shares will be offered, sold, transferred or delivered.
- 3.1.4 There are no covenants such as senior, subordinated, negative pledge, cross default or any other covenants.
- 3.1.5 The preference shares are governed by South African law. The preference shares have no relation to other debt, either listed or unlisted, of BK, including details of seniority, security, warranties or pledges.
- 3.1.6 There are no arrangements for the amortisation of the preference shares.
- 3.1.7 The rights conferred upon the holder of the preference shares include redemption of the preference shares at the offer price and dividends based on the utilisation of the proceeds of the offer from the issue date to the redemption date. The particularity of such rights, including voting rights, are set out in Annexure 7.
- 3.1.8 Any changes to the terms and conditions of the preference shares require at least 66,67% of holders of the preference shares approving such changes. Any meeting of holders of the preference shares will be published on SENS.
- 3.1.9 The NAV will be calculated and updated on the Kwanda Capital's website at www.kwandacapital.com

4. DETAILS OF THE SUBSCRIPTION PROCESS

- 4.1 An application form in respect of the offer is included with this prospectus and must be completed by applicants who wish to accept the offer and submitted by hand or postal delivery as set out below. Once submitted, applications are irrevocable and may not be withdrawn or reduced.
- 4.2 Applicants must apply for offer shares in their own name, a company or a close corporation, or in the name of their family trust. No applications by partnerships will be accepted.
- 4.3 Completed application forms must be clearly marked "BK Offer" and must be hand delivered or sent by courier to:

Computershare Investor Services Proprietary Limited
70 Marshall Street

Johannesburg
2001

or posted, at the risk of the applicant, to:

Computershare Investor Services Proprietary Limited
PO Box 61051
Marshalltown
2107

so as to be received by no later than 12:00 on Monday, 5 December 2011. Applicants are advised to take postal delivery times into consideration when posting their application form as no late postal deliveries will be accepted. Each envelope should contain one application form and must be clearly marked "BK Offer".

- 4.4 The offer will be subject to no applicant (whether acting alone or acting with two or more related or inter-related persons, or with two or more persons acting in concert) being entitled to acquire 35% or more of the shares in BK to the extent that it would result in the obligation to make a mandatory offer as contemplated in section 123 of the Companies Act. In addition, the offer is not made to any applicant if and to the extent that the offer to such applicant and/or the acceptance of the offer by that applicant will result in the offer or the acceptance or implementation of the offer, being subject to the approval of the Competition Authorities.
- 4.5 The amount due on application is payable in full in the currency of South Africa. Payment may only be made by cheque or an electronic funds transfer. The use of postal orders, cash or telegraphic transfers will not be accepted. If a cheque is used as the form of payment, it must be attached to and submitted with the relevant application form. Cheques must be crossed and marked "non-transferable" and made payable in favour of "BK One Limited". An electronic funds transfer must be evidenced by a proof of payment with the applicant's full name as reference.
- 4.6 All money received in respect of applications will be paid into a separate account with a banking institution registered under the Banks Act 94 of 1990 and not be used or made available for purposes of the Company or for the satisfaction of its debts until the closing date of the offer. Any interest accruing on such funds will be for the benefit of the Company.

- 4.7 No receipts will be issued for application forms, application monies or any supporting documents.
- 4.8 Remittances and applications will only be accepted as complete when the relevant cheque/electronic funds transfer has been paid/made. Should any cheque or electronic funds transfer be dishonoured/fail, the directors may in their absolute discretion regard the relevant application as revoked or take such other steps in regard thereto as they deem fit.
- 4.9 The preference shares shall be issued in the currency of South Africa. Preference shares may only be traded on the JSE in electronic form (dematerialised preference shares) and will be trading for electronic settlement in terms of Strate immediately following the listing. Accordingly all holders of preference shares who elect to receive certificated shares will first have to dematerialise their preference share certificates should they wish to trade therein. Applicants are advised that it takes between twenty-four hours and ten days to dematerialise certificated shares depending on the volumes being processed by Strate at the time of dematerialisation.
- 4.10 Strate is a system of paperless transfer of securities. If you have any doubt as to the mechanics of Strate, please consult your CSDP, broker or other appropriate advisor. You are also referred to the Strate website at www.strate.co.za for more information. Some of the principal features of Strate are as follows:
 - 4.10.1 electronic records of ownership have replaced share certificates and physical delivery of certificates;
 - 4.10.2 trades executed on the JSE must be settled within five business days;
 - 4.10.3 all investors who own dematerialised preference shares or wish to trade their securities on the JSE are required to appoint either a CSDP or a broker to act on their behalf and to handle their settlement requirements; and
 - 4.10.4 unless investors owning dematerialised preference shares specifically request their CSDP to register them as an "own name" dematerialised preference shareholder (which entails a fee), the nominee company of their CSDP or broker holding BK preference shares on their behalf, will be the preference shareholder (member) of the Company and not the investor. Subject to the agreement between the investors and the CSDP or broker (or the CSDP's or broker's nominee company), in terms of the rules of Strate, the investors are entitled to instruct the CSDP or broker (or the nominee company of their CSDP or broker), as to how they wish to exercise the rights attaching to the preference shares and/or to attend and vote at shareholders' meetings.
- 4.11 Preference shares issued will adhere to the recognised and standardised electronic clearing and settlement procedures operated within the JSE.
- 4.12 At the election of the applicant, offer shares may be issued to applicants in certificated format. In such event share certificates will be posted by registered mail at the risk of the applicant to the address shown on the application form. No contrary instructions will be accepted. BK accepts no liability for preference share certificates which may be lost in the post. Requests for the issue of replacement preference share certificates must be made in writing and be accompanied by an acceptable indemnity.

5. TAXATION

- 5.1 BK is not required to gross up income payments where there is a withholding of tax at source.
- 5.2 No taxation will be imposed or levied on BK as a result of the issue of the preference shares.

6. SARB EXCHANGE CONTROL REGULATIONS

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt regarding SARB Exchange Control Regulations, please consult your professional advisor. Exchange control approval has been received for the offer.

- 6.1 Emigrants from the common monetary area
 - 6.1.1 A former resident of the common monetary area, who has emigrated from South Africa, may use blocked Rands to purchase preference shares.
 - 6.1.2 All payments in respect of preference shares by former residents using blocked Rands must be made through an authorised dealer in foreign exchange.
 - 6.1.3 Holders of dematerialised preference shares will have their statements endorsed "non-resident" and their accounts at their CSDP or broker annotated accordingly.

- 6.1.4 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.
- 6.1.5 No residents of the common monetary area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore subsidiaries.

6.2 Resident outside the common monetary area

- 6.2.1 A person who is not resident in the common monetary area should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable a purchase of preference shares.
- 6.2.2 This prospectus is not an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this prospectus has been sent for information purposes only.
- 6.2.3 Holders of dematerialised preference shares will have their statements endorsed "non-resident" and their accounts at their CSDP or broker annotated accordingly.

7. RESPONSIBILITY STATEMENT

The Company certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the prospectus contains all information required by law and the Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the prospectus, pricing supplements and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

8. JSE RESPONSIBILITY AND LIABILITY

The JSE takes no responsibility for the contents of this prospectus, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the prospectus. The Company shall accept full responsibility for the accuracy of the information contained in this prospectus, except as otherwise stated therein.

9. DIVIDEND POLICY

- 9.1 No dividends have been declared or paid by the Company since incorporation.
- 9.2 No dividends will be declared or paid in relation to the ordinary shares of BK until the preference shares have been redeemed.
- 9.3 Extracts from the MOI of the provisions relating to dividends on preference shares and the ordinary shares are set out in, respectively, Annexures 7 and 8 to this prospectus.

10. CONSENTS

Each of the investment bank and debt sponsor, corporate advisor, investment advisor, legal advisor, independent reporting accountants and auditors, broker, transfer secretaries and company secretary have given and have not, prior to the last practicable date, withdrawn their written consent to the inclusion in this prospectus of their names and, where applicable, their reports, in the form and context in which they appear.

11. REGISTRATION OF THIS PROSPECTUS

An English copy of this prospectus was registered in terms of section 99(8) of the Companies Act by CIPC on Monday, 4 October 2011, together with the written consents of the investment bank, corporate advisor and debt sponsor, financial advisor, attorneys, independent reporting accountants and auditors, transfer secretaries and company secretary of BK to act in the capacities stated and to their names being stated in this prospectus, which consents had not been withdrawn prior to registration. This prospectus incorporates certain additional matters which were reported to the CIPC on Wednesday, 12 October 2011 and Wednesday, 30 November 2011 by way of a supplemental prospectus in accordance with section 100(12) of the Companies Act.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered office of BK from 09:00, Thursday, 1 December 2011 up to and including Thursday, 22 December 2011:

- the MOI;
- any supplementary documents published since this prospectus;
- the IMA;
- the historic financial information for the five months ended 31 August 2011;
- the signed independent reporting accountants' report on the unaudited *pro forma* financial effects;
- the advisors' consent letters;
- the power of attorney; and
- a signed copy of this prospectus.

Copies of the following documents will be available on Kwanda Capital's website at www.kwandacapital.com from 09:00, Thursday, 1 December 2011:

- a copy of the prospectus;
- the MOI; and
- any supplementary documents published since this prospectus was registered.

Section 5: Inapplicable or immaterial matters

The following paragraphs of Part C of Chapter 4 of the Regulations to the Companies Act are not applicable:

12.1 57(2), 57(3), 61, 62, [63], 64, 65, 66, 67, 68, 72(1)(d), 72(3), 75, 77, 78, 79(2) and (3).

Signed at Cape Town by Dean Paul Richards on behalf of all the directors of BK on Tuesday, 29 November 2011 in terms of powers of attorney granted by them dated Monday, 19 September 2011.

Dean Paul Richards

Executive Director

29 November 2011

HISTORIC FINANCIAL INFORMATION FOR THE FIVE MONTHS ENDED 31 AUGUST 2011

The interim financial information presented in this annexure has been extracted from the unaudited financial statements of BK for the five months ended 31 August 2011. The historical financial information is the responsibility of the directors of BK.

BK One Limited

Registration number 2011/008103/06

Financial statements for the five months ended 31 August 2011.

1. DIRECTORS' RESPONSIBILITY

The directors are required in terms of the Companies Act of South Africa as amended to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial five-month period and the results of its operations and cash flows for the period then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the 12 months to 31 March 2012 and, in the light of this review and the current financial position, they are satisfied that the company will on successful listing have access to adequate resources to continue in operational existence for the foreseeable future.

The board of directors is responsible for the financial affairs of the company.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements.

2. REVIEW OF ACTIVITIES

The company is engaged in various trading in all aspects and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

3. EVENTS AFTER THE REPORTING PERIOD

The directors are in the process of issuing and listing 100 000 000 non-cumulative, redeemable participating preference shares at a value of R10 (ten Rand) each.

Statement of Financial Position as at 31 August 2011

Figures in Rand	2011
ASSETS	
Current assets	
Cash and cash equivalents	200
EQUITY AND LIABILITIES	
Equity	
Share capital	200

Statement of Changes in Equity for the five months ended 31 August 2011

Figures in Rand	Share capital	Total equity
Balance at 12 April 2011	—	—
Changes in equity		
Issue of shares	200	200
Total changes	200	200
Balance at 31 August 2011	200	200

Statement of Cash flows for the five months ended 31 August 2011

Figures in Rand	Notes	2011
Cash flows from financing activities		
Proceeds on share issue	3	200
Total cash movement for the year		
Cash at the beginning of the year		—
Total cash at end of the year	4	200

Financial Statements for the five months ended 31 August 2011

Accounting Policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with IFRS and the Companies Act of South Africa as amended. The financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Management did not make any significant judgements in the period under review.

1.2 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2. NEW STANDARDS AND INTERPRETATIONS

At the date of approval of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published, but are not yet effective and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other standards and interpretations have been issued, but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 31 August or later periods:

IFRS 7 Financial Instruments: Disclosures

Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.

IFRS 9 Financial Instruments

New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IAS 1 Presentation of Financial Statements

Clarification of statement of changes in equity.

IAS 24 Related Party Disclosures

Clarification of the definition of a related party.

3. SHARE CAPITAL

Authorised

1 000 ordinary shares

Issued

200 ordinary shares of R1 each	200
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4. SHARE CAPITAL

Cash and cash equivalents consist of:

Bank balances	200
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5. RELATED PARTIES

Relationships

Shareholder with control	Kwanda Capital
Shareholder with significant influence	Basileus Capital
Members of key management	H P Van Noort
	D P Richards
	S J Sieff
	P K Ncetezo
	P G Gaylard

6. COMPARATIVE FIGURES

No comparative figures have been presented as the company was incorporated during April 2011. The year-end of the company is 28 February each year.

7. RISK MANAGEMENT

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

There are no externally imposed capital requirements.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the Company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

8. EVENTS AFTER THE REPORTING PERIOD

After the date of the financial statements the directors resolved the issue of 100 000 000 non-cumulative, redeemable participating preference shares at a value of R10 (ten Rand) each. The preference shares will be listed on the JSE.

9. STATEMENT OF COMPREHENSIVE INCOME

No statement of comprehensive income has been prepared as the company has not traded during the five-month period under review.

10. ADDITIONAL INFORMATION REQUIRED BY SECTION 8.11 OF THE JSE LISTING REQUIREMENTS

8.11(a) No major changes occurred in the nature of property, plant and equipment and therefore in the accounting policies regarding thereof.

8.11(b) There were no material loans receivable.

8.11(c) Not applicable as there were no material loans receivable.

8.11(d) There were no material borrowings, including debentures and similar securities/instruments.

8.11(e) The aggregate amounts and particulars of the ordinary shares are as per note 4 of the financial statements.

8.11(f) The Company did not have any schemes involving the staff.

8.11(g) The Company does not have any subsidiaries.

8.11(h) The Company did not have any share of net profits and/or losses from subsidiaries as the company does not have any subsidiaries.

8.11(i) No directors' emoluments were paid or accrued by the Company.

8.11(j) The NAV and TNAV per share were as follows:

• Issued ordinary shares (number of shares)	200
• NAV (cents)	100
• TNAV (cents)	100

8.11(k) The Company has no earnings for the period under review.

8.11(l) No material changes occurred in the nature of the business

8.11(m) The directors are in the process of listing 100 000 000 non-cumulative, redeemable participating preference shares at a value of R10 (ten Rand) each.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT FOR THE FIVE MONTHS ENDED 31 AUGUST 2011

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION REPORTED IN ACCORDANCE WITH IFRS

INTRODUCTION

At your request and for the purposes of the prospectus to BK shareholders, to be dated on or about Wednesday, 30 November 2011, we present our report on the historical financial information in respect of listing of preference shares, as set out in Annexure 1 of this prospectus, in compliance with the Listings Requirements of the JSE.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the historical financial information included as Annexure 1 of this prospectus.

SCOPE

We have audited the financial information of BK for the five months ended 31 August 2011.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the historical financial information of BK for the five months ended 31 August 2011 fairly presents, in all material respects, the financial position at that date and the results of the operations and cash flows for the period then ended in accordance with IFRS, IAS 34 and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the prospectus to shareholders of BK, to be issued on or about Thursday, 1 December 2011, in the form and context in which it appears.

Yours faithfully

Grant Thornton Advisory Services Cape Proprietary Limited
Chartered Accountants (SA)
Registered Auditors

Per K M Bowman
Chartered Accountant (SA)
Registered Auditor

29 November 2011

PRO FORMA FINANCIAL INFORMATION

Unaudited *pro forma* financial information

at 31 August 2011

The *pro forma* financial information of BK is included below.

The unaudited *pro forma* financial statements, which is the responsibility of BK's directors, has been prepared for illustrative purposes only to provide information on the effect of the offer. Because of its nature, the unaudited *pro forma* financial information may not give a fair reflection of BK's financial position after the offer.

The *pro forma* financial information is based on the assumption that the offer is fully subscribed.

The actual column is an extract from the financial statements of the company as at 31 August 2011. The adjustments column reflects the impact of the offer.

The unaudited *pro forma* column reflects the *pro forma* financial position of BK One Limited as 31 August 2011.

PRO FORMA BALANCE SHEET OF BK ONE LIMITED AFTER LISTING OF PREFERENCE SHARES

	Notes	Actual 31/08/2011 R	Adjustments for listing R	<i>Pro forma</i> 31/08/2011 R
Assets				
Current assets		200	971 395 000	971 395 200
Cash and cash equivalents		200	971 395 000	971 395 200
Total assets		200	971 395 000	971 395 200
Equity and liabilities				
Equity		200	(3 605 000)	(3 605 800)
Share capital	4	200	–	200
Accumulated loss	5	–	3 605 000)	(3 605 000)
Non-current liabilities		–	975 000 000	975 000 000
Preference shares	4	–	975 000 000	975 000 000
Total equity and liabilities		200	971 395 000	97 395 200
Number of shares		200		200
NAV per share (cents)		100		100
TNAV per share (cents)		100		100

PRO FORMA INCOME STATEMENT OF BK ONE LIMITED AFTER LISTING OF PREFERENCE SHARES

	Notes	Actual 31/08/2011 R	Adjustments for listing R	<i>Pro forma</i> 31/08/2011 R
Income	4	–	–	–
Operating expenses		–	(3 605 000)	(3 605 000)
Profit/(loss) for the period		–	(3 605 000)	(3 605 200)

PRO FORMA NOTES TO FINANCIAL INFORMATION OF BK ONE LIMITED AFTER LISTING OF NON-CUMULATIVE, REDEEMABLE, PARTICIPATING PREFERENCE SHARES

Notes:

1. The actual column is based on BK's audited results for the period ended 31 August 2011.
2. Based on the assumption that the offer took place on 31 October 2011, for balance sheet purposes.
3. Transaction costs of R28 605 000 (twenty eight million six hundred and five thousand) applied will be accounted for against capital raised.

	Actual 31/08/2011 R	Adjustments for listing R	Pro forma 31/08/2011 R
4. SHARE CAPITAL			
4.1 Ordinary share capital			
<i>Authorised</i>			
1 000 ordinary shares			
<i>Issued</i>			
200 ordinary share of R1 each	200	–	200
4.2 Preference shares			
<i>Authorised and issued</i>			
100 000 000 non-cumulative, redeemable, participating preference shares of R10 each	–	1 000 000 000	1 000 000 000
5. TRANSACTIONS COSTS APPLIED AGAINST CAPITAL RAISED WILL BE ACCOUNTED FOR IN OPERATING EXPENSES			
Investment bank and debt sponsor fee	2 500 000	2 500 000	
paid to Nedbank Capital	600 000	600 000	
Legal advisory fee paid to CDH	150 000	150 000	
JSE listing fee (assuming all shares are subscribed)	55 000	55 000	
JSE inspection fees	15 000	15 000	
Strate	5 000	5 000	
Transfer secretaries fee paid to Computershare	130 000	130 000	
Printing and publishing	150 000	150 000	
Professional fees/Independent reporting accountants and auditors fee paid to Grant Thornton			
	3 605 000	3 605 000	

6. CAPITAL RAISED

The capital raised will be used to invest in long-term investments and will be maximised with due regard to the relevant risks and the constraints imposed by the IMA as per the entity's return objective stated in Annexure 5 of this prospectus.

7. INCOME

No interest income has been brought to account as the assumption is that all funds received at the listing will be invested soon after receipt. Dividend income is too uncertain to provide for.

8. CASH AND CASH EQUIVALENTS

Of the R1 000 000 000 (one billion Rand) of finance expected to be raised, R28 605 000 (twenty eight million six hundred and five thousand Rand) will be transaction costs, leaving R971 395 000 (nine hundred and seventy one million three hundred and ninety five thousand Rand) available for investments as imposed by the IMA.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

We have performed our limited assurance engagement in respect of the unaudited *pro forma* financial information set out in Annexure 3 of the prospectus to be dated Wednesday, 30 November 2011 and issued in connection with the proposed issue of non-cumulative, redeemable participating preference shares by BK. Terms defined in the prospectus have, unless the context requires otherwise, the same meanings in this report as given to them in this prospectus.

The unaudited *pro forma* financial information has been prepared in accordance with the requirements of the JSE Listings Requirements, for illustrative purposes only, to provide information about how the transaction might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* statement of financial position being reported on.

DIRECTORS' RESPONSIBILITY

The directors are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the prospectus and for the financial information from which it has been prepared. Their responsibility includes determining that:

- the unaudited *pro forma* financial information has been properly compiled on the basis stated;
- the basis is consistent with the accounting policies of BK; and
- the *pro forma* adjustments are appropriate for the purpose of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in this prospectus to the shareholders of BK. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at their dates of issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information of BK with the source documents, considering the *pro forma* adjustments in light of the accounting policies of BK, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the unaudited adjusted *pro forma* financial information with the directors of the company in respect of the corporate actions that are the subject of this prospectus.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of BK and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our limited assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with ISAs or International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of sections 8.17 and 8.30 of the JSE Listings Requirements: the unaudited *pro forma* financial information has not been properly compiled on the basis stated;

- such basis is inconsistent with the accounting policies of the issuer; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information, as disclosed.

Consent

We have consented to the inclusion of this report, which will form part of the prospectus, to be issued on or about Thursday, 1 December 2011 in the form and context in which it will appear.

Yours faithfully

GRANT THORNTON ADVISORY SERVICES CAPE PROPRIETARY LIMITED

Chartered Accountants (SA)

Registered Auditors

Per K M Bowman

Chartered Accountant (SA)

Registered Auditor

6th Floor, 119 Hertzog Boulevard

Foreshore

Cape Town

8001

EXTRACTS FROM THE IMA

The terms and expressions used throughout the Investment Mandate shall, unless otherwise stated or inconsistent with the context in which they appear, bear the meanings and cognate expressions as the corresponding meanings contained in the Investment Management Agreement to which this Investment Mandate is annexed.

1. RETURN OBJECTIVES

- 1.1 The long-term performance objective of the Portfolio is to earn a return of 20% over a 10-year period.
- 1.2 The Investment Manager will pursue this objective by undertaking an appropriate, but not excessive, level of risk, which is controlled by the Investment Manager's overall risk management framework.
- 1.3 The Portfolio returns will be measured in Rands net of Management Fees.
- 1.4 Investment performance will be calculated on a monthly basis by the Investment Manager and the relevant months' performance compounded in order to consider performance over longer periods. Although performance will be calculated monthly, the evaluation of performance will be made over a 10-year period commencing on the Commencement Date.

2. INVESTMENT GUIDELINES

- 2.1 Investment decisions should reflect the Investment Manager's best investment view for a local balanced mandate, within the restrictions laid down by the Investment Mandate and should attempt to maximise after tax returns.
- 2.2 All accruals due to the Investor will be re-invested therein upon receipt thereof.

3. ELIGIBLE ASSETS

- 3.1 The Investor is an investment vehicle for private equity nature investments. As such it may only make privately negotiated investments of a private equity nature in companies established in or with primary business activities located in South Africa or other jurisdictions such that 100% of its capital may be invested in companies with primary business activities located in South Africa or other jurisdictions (subject to any regulatory requirements).
- 3.2 The Investor is permitted to invest in shares, debentures, warrants, options, joint venture interests, other securities of or in or relating to and loans (whether secured or unsecured) made to any company.
- 3.3 The financial service provider may not invest in any Investments not permitted in this Investment Mandate, except by express written permission from the Investor. Should the Investment Manager at any time believe that investment in any asset class, not specified in this Investment Mandate, would significantly enhance their ability to meet the Investment Mandate's objectives, they should approach the Investor for such permission.
- 3.4 The Investor may not invest or commit to invest more than R75 000 000 (seventy five million Rand) as an investment in any single company.
- 3.5 The minimum percentage of Investments in equity and equity related instruments shall be 70%. For the avoidance of doubt, equity and equity-related instruments may include private equity, mezzanine loans, shareholder loans, convertible loans, profit sharing loans, redeemable shares or equity warrants.
- 3.6 Accordingly the maximum percentage of Investments allocated to debt instruments shall be 30%. Any allocation to debt instruments will only be done to accommodate optimisation of financial structures by the Investment.
- 3.7 The Investor may invest or commit to invest by way of subsequent or follow-on investments in an existing Investment.
- 3.8 The Investment Manager may invest in money market instruments within South Africa, including, banker's acceptances, bonds, call accounts, commercial paper, corporate bonds, gilts, negotiable certificates of deposit, parastatal paper, promissory notes, term deposits (including fixed deposits and Treasury Bills), or any other debt instruments, provided that such money market instruments are approved in terms of the Investment Manager's risk management processes.
- 3.9 The Investment Manager may not invest offshore.
- 3.10 The Investment Manager must correct a breach of the permitted ranges as a result of market movements within 5 (five) business days of the breach occurring and advise the Investor on the breach in the next written report.

OTHER DIRECTORSHIPS HELD BY BK'S DIRECTORS

Names and age: **Ms Pinkie Kedibone Veronica Ncetezo (55)**

Directorships held in previous 5 years: Mobi Minerals Limited, Kleinzee Heavy Minerals Proprietary Limited, Lefika Concrete Products Proprietary Limited, Mebila Civils Proprietary Limited, Mebila Property and Investments Proprietary Limited, Basadi Ba Kopane Investments Proprietary Limited, Exxaro Resources Limited, Eyabantu Capital Consortium Proprietary Limited, South African Women in Mining Investment Holdings Proprietary Limited, Tepidi Investments Proprietary Limited, Kamoso Diamonds Mining Proprietary Limited, Loago Business Enterprise Proprietary Limited, Sisekelo Printing Publishing and Stationery CC, Tepidi Investments Proprietary Limited, Thobo Holdings Proprietary Limited, Tisang Investments Proprietary Limited, Bakgotsi Oils Proprietary Limited, Yellowwisp 121 CC and Nomthi Consulting CC

Names and age: **Mr Dean Paul Richards (50)**

Directorships held in previous 5 years: Black Broker Holdings Proprietary Limited, Celestis Broker Services Proprietary Limited, Masthead Distribution Services Proprietary Limited, Navigator Broker Services Proprietary Limited, Selekane Financial Planning Partners Proprietary Limited and Siamisa Financial Services Proprietary Limited

Names and age: **Mr Peter Gordon Gaylard (69)**

Directorships held in previous 5 years: Africa Wide Mineral Prospecting and Exploration Proprietary Limited, Bakubung Minerals Proprietary Limited, Wesizwe Platinum Limited and Tugpower Proprietary Limited

Names and age: **Mr Henricus Petrus van Noort (51)**

Directorships held in previous 5 years: Atrous Trading 39 CC, Berston Properties Proprietary Limited, Musitek Proprietary Limited, Caprino Properties 16 CC, Sindlers Inc., Matrix Accounting and Consulting Services Proprietary Limited, Orelebe Investment Valves Proprietary Limited, Moore Stephens BKV Inc., Coueran Trading Proprietary Limited, Dexcom Trading, Fibron Trading Proprietary Limited, Gamago Trading Proprietary Limited, Ivren Trading Proprietary Limited, Nouton Trading Proprietary Limited, Omes Trading Proprietary Limited, Sindlers Secretarial Services Proprietary Limited, Passeren Trading Proprietary Limited, Pochen Trading Proprietary Limited, Qutton Trading Proprietary Limited, Rosset Trading Proprietary Limited, Transon Trading Proprietary Limited, Volleran Trading Proprietary Limited, Alaziac Trading CC, Battue Trading CC, Diluvias Trading CC, Laratim Trading CC, Mazurka Trading CC, Niobera Trading CC, Opanax Trading CC, Raxacun Trading CC, Retary Trading CC and Rillen Trading CC

Names and age: **Mr Jonathan Saul Sieff (45)**

Directorships held in previous 5 years: Robins Nest Investments Proprietary Limited and Earthchild Clothing (Waterfront) Proprietary Limited

TERMS OF THE PREFERENCE SHARES

"6 PREFERENCE SHARES

6.1 Class "A" Preference Shares

6.1.1 The Company is authorised to issue 100 000 000 (one hundred million) non-cumulative, redeemable, participating preference shares (each an "**A** Preference Share") of the same class, with no nominal or par value, each of which entitles the Securities Holder (an "**A** Preference Holder") to the rights and privileges set out in this clause 6.1.

6.1.2 In this clause 6.1, unless the context clearly indicates a contrary intention, the following words and expressions bear the meanings assigned to them:

- 6.1.2.1 "**A** Issue Date" means the date on which the Company issues the first tranche of "A" Preference Shares;
- 6.1.2.2 "**A** Preference Holder" has the meaning described in clause 6.1.1;
- 6.1.2.3 "**A** Preference Share" has the meaning described in clause 6.1.1;
- 6.1.2.4 "**Additional Preference Dividends**" has the meaning described in clause 6.1.7;
- 6.1.2.5 "**Arrears Period**" means, in respect of any Unpaid Preference Dividends, the period from the day following the date on which such Unpaid Preference Dividends were due to be paid up to and including the day on which they are actually paid in full;
- 6.1.2.6 "**Available Amount**" means, as on a Preference Dividend Calculation Date, the aggregate amount, if any, determined by the Board, as being available for distribution by the Company to the "A" Preference Holders on the Preference Dividend Payment Date immediately succeeding such Preference Dividend Calculation Date;
- 6.1.2.7 "**Final Amount**" means, as anticipated to be on the Redemption Date, the maximum aggregate amount, if any, with due cognisance of the net asset value of the Company and including assets of the Company not in cash or near cash form, determined by the Board, as being available for distribution by the Company to the Shareholders on the Redemption Date;
- 6.1.2.8 "**Final Preference Dividend**" has the meaning described in clause 6.1.10;
- 6.1.2.9 "**Investment Management Agreement**" means the written investment management agreement entered into between the Company and Kwanda Capital Investments (Proprietary) Limited prior to the "A" Issue Date and containing reference to the "A" Preference Shares, or any replacing or substituting written investment management agreement;
- 6.1.2.10 "**Record Date**" means, in relation to a Preference Dividend Payment Date, the 1st (first) business day preceding the Preference Dividend Payment Date;
- 6.1.2.11 "**Ordinary Holder**" means, in relation to an Ordinary Share, the Securities Holder thereof;
- 6.1.2.12 "**Ordinary Share Out-performance Dividend**" has the meaning described in clause 6.1.11;
- 6.1.2.13 "**Ordinary Share Out-performance Dividend Provision**" means an ongoing provision in a quantum as determined by the Board, from time to time, in anticipation of procuring that the Company will be able duly to declare the Ordinary Share Out-performance Dividend to Ordinary Holders on the Redemption Date;
- 6.1.2.14 "**Preference Dividend**" has the meaning described in clause 6.1.4;
- 6.1.2.15 "**Preference Dividend Calculation Date**" means the last day of each financial year of the Company, up to and including the date on which the Redemption Event occurs and the Redemption Date;
- 6.1.2.16 "**Preference Dividend Payment Date**" means, in relation to a Preference Dividend Calculation Date, the date which succeeds it by 60 (sixty) days, or, in an instance, an earlier date, if so determined by the Board;

6.1.2.17 **"Prime Rate"** means the publicly quoted basic rate of interest (as stated or relayed to be nominal, annual, and calculated annually), and calculated on a 365-day year factor (irrespective of whether or not any relevant calendar year is a leap year), from time to time quoted by Nedbank Limited (or its successor in title) as being its prime overdraft rate; as certified by any manager of Nedbank Limited, whose appointment, authority, and designation need not be proved; which certificate shall be *prima facie* proof of the contents thereof;

6.1.2.18 **"Redemption Amount"** means, in relation to an "A" Preference Share, an amount equal to the Subscription Price;

6.1.2.19 **"Redemption Date"** has the meaning described in clause 6.1.9;

6.1.2.20 **"Redemption Event"** has the meaning described in clause 6.1.9;

6.1.2.21 **"Redemption Total"** has the meaning described in clause 6.1.12;

6.1.2.22 **"Retention Amount"** means, as on an "A" Preference Dividend Calculation Date, as a positive amount, an amount determined by the Board as an appropriate addition to the Ordinary Share Out-performance Dividend Provision, or, as a negative amount, an amount determined by the Board as an appropriate reduction of the Ordinary Share Out-performance Dividend Provision;

6.1.2.23 **"Scheduled Redemption Date"** means the 3rd (third) business day succeeding the 10th (tenth) anniversary of the date on which the Company issues the last tranche of "A" Preference Shares to be issued;

6.1.2.24 **"Subscription Price"** means, in relation to an "A" Preference Share, the amount paid by the subscriber to the Company for the "A" Preference Share;

6.1.2.25 **"Taxes"** means all present and future taxes (including, for the avoidance of doubt, income tax and corporation tax), levies, imposts, deductions, charges, duties, withholdings, and any charges of a similar nature imposed by any fiscal authority and any payments made in respect thereof; and

6.1.2.26 **"Unpaid Preference Dividends"** means, in respect of any "A" Preference Share, all the Preference Dividends which have been declared in respect of such "A" Preference Share and are due and payable, but which are unpaid.

6.1.3 The Board shall procure the application of proceeds from the issue of the "A" Preference Shares as contemplated in the Investment Management Agreement.

6.1.4 The Board shall prior to each Preference Dividend Calculation Date consider the declaration of a dividend (each a **"Preference Dividend"**) and, subject to:

- 6.1.4.1 provisions to the contrary in section 46 or any other provision of the Act;
- 6.1.4.2 provisions to the contrary in this Memorandum; and
- 6.1.4.3 the cash flow requirements of the Company,

the Board shall by resolution authorise a Preference Dividend for the maximum quantum, if any, that it considers to be feasible in the circumstances.

6.1.5 An "A" Preference Holder, registered as such on a Record Date, shall, in relation to the "A" Preference Share, have the right to receive and be paid the Preference Dividend on the concomitant Preference Dividend Payment Date, in priority to the Ordinary Holders, in accordance with this clause 6.1.

6.1.6 A Preference Dividend shall be determined in accordance with the following formula:

$$Z = (A - B)/C + D$$

in which formula:

Z represents the Preference Dividend per "A" Preference Share to be calculated;

A represents the Available Amount;

B represents the Retention Amount;

C represents the number of issued "A" Preference Shares; and

D represents the Additional Preference Dividends.

6.1.7 For purposes of clause 6.1.6, the value "D" (the "**Additional Preference Dividends**") shall be determined in accordance with the following formula:

$$Y = E * F * G/H$$

in which formula:

Y represents the Additional Preference Dividends per "A" Preference Share to be calculated;

E represents the Unpaid Preference Dividends in respect of such "A" Preference Share as at the applicable Preference Dividend Calculation Date;

F represents the Prime Rate;

G represents the number of days in the Arrears Period; and

H represents 365.

6.1.8 A Preference Dividend, if declared, shall be payable on the concomitant Preference Dividend Payment Date; and failing due payment shall be an Unpaid Preference Dividend.

6.1.9 The redemption event (the "**Redemption Event**") in relation to the "A" Preference Shares shall be the first to occur of the following events; and the concomitant redemption date (the "**Redemption Date**") shall be the date as stated in brackets in each instance:

6.1.9.1 the occurrence of the Scheduled Redemption Date (on the Scheduled Redemption Date);

6.1.9.2 an order by a court of competent jurisdiction for the provisional or final winding-up of the Company (the business day next succeeding such order);

6.1.9.3 the Shareholders passing a special resolution for the Company to be voluntarily wound up (the date as specified in or for purposes of such resolution);

6.1.9.4 the commencement of business rescue proceedings in relation to the Company (the business day next succeeding such commencement); or

6.1.9.5 the Board passing a resolution for the Company to cease the conduct of its business (the date as specified in or for purposes of such resolution).

6.1.10 Once the Redemption Event occurs, the Board (or, if applicable, the person acting in the stead of the Board) shall prior to the Redemption Date determine the final dividend (the "**Final Preference Dividend**") in accordance with the following formula:

$$X = (J - K)/C$$

in which formula:

X represents the Final Preference Dividend per "A" Preference Share to be calculated;

J represents the Final Amount;

K represents an amount equal to the Ordinary Share Out-performance Dividend; and

C represents the number of issued "A" Preference Shares.

6.1.11 For purposes of clause 6.1.10, the value of "K" (the "**Ordinary Share Out-performance Dividend**") shall be determined in accordance with the following formula –

$$W = 10\% * [L - (M - N)]$$

in which formula:

W represents the Ordinary Share Out-performance Dividend, provided that if W is less than R0 (nil Rand), W shall be deemed to be R0 (nil Rand);

L represents the aggregate of all Preference Dividends (gross of Taxes), in each instance, compounded at 20% nominal annual compounded annually, from but excluding the relevant date of payment or anticipated date of payment, as the case may be, to and including the Redemption Date, paid and anticipated to be paid on or prior to the Redemption Date and the anticipated Final Preference Dividend;

M represents the aggregate of the Subscription Prices for all the "A" Preference Shares compounded at 20% nominal annual compounded annually, from but excluding the relevant date of issue to and including the Redemption Date; and

N represents the aggregate of the Subscription Prices.

6.1.12 Once the Redemption Event occurs, an "A" Preference Holder, recorded in the register as such on the 1st (first) business day preceding the Redemption Date shall, in relation to the A" Preference Share, have the right to receive and be paid on the Redemption Date, in priority to the Ordinary Holders;:

- 6.1.12.1 all Unpaid Preference Dividends that have become payable on or before the Redemption Date but which have not been paid;
- 6.1.12.2 the Final Preference Dividend; and
- 6.1.12.3 the Redemption Amount

(collectively, the "**Redemption Total**"), in accordance with this clause 6.1.

6.1.13 Interest shall accrue on the Redemption Total at the Prime Rate, from the Redemption Date to the date of payment of the Redemption Total.

6.1.14 An "A" Preference Share shall be redeemed once the Company duly pays to the "A" Preference Holder the Redemption Total plus interest as contemplated in clause 6.1.13, if any.

6.1.15 Save as set out above in this clause 6.1, an "A" Preference Holder shall, in relation to the "A" Preference Share, not be entitled to any participation in the profits or assets of the Company or, on a winding up, in any of the surplus assets of the Company.

6.1.16 No further Shares of any class ranking in priority to, or pari passu with, the "A" Preference Shares shall be created or issued without the approval of a special resolution of the "A" Preference Holders.

6.1.17 An "A" Preference Holder, in relation to the A" Preference Share;:

- 6.1.17.1 shall only be entitled to receive notice of a meeting of Shareholders (or any of them) and to be present and to vote at such meeting, if:
 - 6.1.17.1.1 at the time of the due dispatch of the notice of the meeting there are Unpaid Preference Dividends, which Unpaid Preference Dividends remain unpaid after a period of 6 (six) months from the due date thereof; or
 - 6.1.17.1.2 it is a meeting at which a resolution mentioned in this clause 6.1.17.2 is to be proposed;
- 6.1.17.2 shall be entitled to vote on any resolution of the Company:
 - 6.1.17.2.1 for the Company to be voluntarily wound up;
 - 6.1.17.2.2 for the commencement of business rescue proceedings in relation to the Company;
 - 6.1.17.2.3 for the Company to amalgamate or merge with another company;
 - 6.1.17.2.4 for the Company to implement a scheme of arrangement;
 - 6.1.17.2.5 for the creation by the Company of any further Shares;
 - 6.1.17.2.6 for the subdivision or consolidation of any Shares;
 - 6.1.17.2.7 to increase or decrease the number of authorised Shares of any class of Shares;
 - 6.1.17.2.8 to increase or decrease the number of issued Shares of any class of Shares;
 - 6.1.17.2.9 to reclassify any classified Shares that have been authorised but not issued;
 - 6.1.17.2.10 to classify any unclassified Shares that have been authorised but not issued; or
 - 6.1.17.2.11 to determine the preferences, rights, limitations, or other terms of any Shares;
 - 6.1.17.2.12 to agree to any material addition to or variation, cancellation, or novation of the preferences, rights, limitations, or other terms of any Shares;
 - 6.1.17.2.13 to effect a material addition to or variation of this Memorandum;
 - 6.1.17.2.14 in addition to and without prejudice to the foregoing, which would materially affect the rights attached to the "A" Preference Share; and
 - 6.1.17.2.15 for the Company:
 - 6.1.17.2.15.1 to agree to any material addition to or variation, consensual cancellation, or novation of the Investment Management Agreement; or
 - 6.1.17.2.15.2 to waive any material right under the Investment Management Agreement; and

- 6.1.17.3 shall be entitled to vote on any resolution of the "A" Preference Holders for the redemption of the "A" Preference Shares, or on any resolution of the "A" Preference Holders specifically in respect of the "A" Preference Shares.
- 6.1.18 In each instance that an "A" Preference Holder is entitled to vote on a resolution of the Company or of the "A" Preference Holders in respect of the "A" Preference Shares, each "A" Preference Share shall entitle the "A" Preference Holder in relation thereto to 1 (one) vote.
- 6.1.19 All of the "A" Preference Shares shall in all circumstances all rank equally and rateably without priority over one another, regardless of the order of time in which any of them have been issued.
- 6.1.20 The rights and privileges set out in this clause 6.1 may be added to or varied, cancelled, or novated by, collectively:
 - 6.1.20.1 a special resolution of the Company (on which the "A" Preference Holders shall not be entitled to vote); and
 - 6.1.20.2 a resolution of the "A" Preference Holders, adopted, with the necessary changes, by the "A" Preference Holders, as if it was a special resolution of the Company.
- 6.1.21 The Board shall make each determination of an amount, provision, or other matter contemplated in this clause 6.1 with the judgment of a fair-minded person. If, due to unanticipated factual circumstances, it is manifestly obvious that in a particular instance a modification of a formula in this clause 6.1 is necessary to give effect to the import of the formula, the Board shall make such modification.

6.2 Other shares

If the Company becomes authorised to issue preference shares other than as described in clause 6.1, the description of such Shares may occur as amendments to this clause 6.2."

EXTRACTS FROM MOI

Extracts from the MOI of the Company providing for the issue of shares, appointment, qualification, remuneration and borrowing powers, interests of directors and dividends are set out below:

"6. ISSUE OF SHARES AND VARIATION OF RIGHTS

- 6.1 The Company is authorised to issue Shares as set out in clauses 7 and 8.
- 6.2 The Board shall not have the power to:
 - 6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or
 - 6.2.2 consolidate and reduce the number of the Company's issued and authorised Shares of any class;
 - 6.2.3 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;
 - 6.2.4 reclassify any classified Shares that have been authorised but not issued;
 - 6.2.5 classify any unclassified Shares that have been authorised but not issued; or
 - 6.2.6 determine the preferences, rights, limitations or other terms of any Shares,
 and such powers shall only be capable of being exercised by the Entitled Shareholders by way of a special resolution of the Entitled Shareholders.
- 6.3 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share.
- 6.4 The authorisation and classification of Shares, the subdivision or consolidation of Shares, the numbers of authorised Shares of each class and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum may be changed only by an amendment of this Memorandum by special resolution of the Entitled Shareholders and in accordance with the JSE Listings Requirements and such amendments shall not be implemented without a special resolution adopted by the Shareholders in that class at a separate meeting.
- 6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) and the powers of the Board are limited accordingly.
- 6.6 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum.
- 6.7 The Board may, subject to clause 6.11 and the further provisions of this clause 6.7, resolve to issue Shares of the Company at any time, but only:
 - 6.7.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum; and
 - 6.7.2 only to the extent that such issue has been approved by the Entitled Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Entitled Shareholders prior to such annual general meeting.
- 6.8 All issues of Shares for cash and all issues of options and convertible Securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.
- 6.9 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5) but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

- 6.10 Subject to what may be authorized by the Act, the JSE Listings Requirements and at meetings of Entitled Shareholders in accordance with clause 6.12 and subject to clause 6.11, the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company.
- 6.11 Notwithstanding the provisions of clauses 6.2, 6.10 and 6.12, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Entitled Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Entitled Shareholders immediately before the implementation of that transaction or series of integrated transactions.
- 6.12 Notwithstanding the provisions of clause 6.10, the Entitled Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.
- 6.13 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or otherwise provided in this Memorandum, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company."

"24 COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

- 24.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.
- 24.2 All Directors shall be elected by an ordinary resolution of the Entitled Shareholders at a general or annual general meeting of the Company, provided that a resolution for the appointment of a Director/s may not be made in terms of clause 24.
- 24.3 Every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 of the Companies Act 71 of 2008, continue to hold that office.
- 24.4 In any election of Directors:
 - 24.4.1 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 have been filled; and
 - 24.4.2 in each vote to fill a vacancy:
 - 24.4.2.1 each vote entitled to be exercised may be exercised once; and
 - 24.4.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate, provided only that, in the event that the Company only has 1 (one) Shareholder, the provisions of this clause 24.4 will not apply and the election of Directors shall take place in such manner as the Shareholder shall determine.
- 24.5 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.
- 24.6 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 24.6:
 - 24.6.1 at each annual general meeting referred to in clause 19.4, $\frac{1}{3}$ (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to $\frac{1}{3}$ (one third), but not less than $\frac{1}{3}$ (one third), shall retire from office, provided that if a Director is appointed as managing Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

- 24.6.2 the 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 Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;
- 24.6.3 a retiring Director shall be eligible for re-election;
- 24.6.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 24; and
- 24.6.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum, including clauses 19.13 to 19.17 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

24.7 The Board shall, through its nomination committee constituted in terms of clause 31, provide the Entitled Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in South Africa.

24.8 The Board has the power to:

- 24.8.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Entitled Shareholders, in accordance with clause 24.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and
- 24.8.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 24.

24.9 Save as otherwise expressly provided herein, 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.

24.10 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 appointment 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 appointed and was qualified and had continued to be a Director or member of such committee.

24.11 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 24.8.1 or convene a general meeting for the purpose of filling the vacancies and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the Board or invalidate anything done by the Board while their number is below the minimum number fixed in accordance with this Memorandum.

24.12 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 24.11, their number remains below the minimum number fixed in accordance with this Memorandum, they may, for as long as their number is below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

24.13 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 the 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 may determine.

- 24.14 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 provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.
- 24.15 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.
- 24.16 The Directors shall not have the power to propose any resolution to Shareholders to ratify an act of the Directors that is inconsistent with any limit imposed by this Memorandum on the authority of the Directors to perform such an act on behalf of the Company."

"26. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

- 26.1 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 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum.
- 26.2 Any Director who:
 - 26.2.1 serves on any executive or other committee; or
 - 26.2.2 devotes special attention to the business of the Company; or
 - 26.2.3 goes or resides outside South Africa for the purpose of the Company; or
 - 26.2.4 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,
- may be paid such extra remuneration or allowances 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 may from time to time determine.
- 26.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with:
 - 26.3.1 the business of the Company; and
 - 26.3.2 attending meetings of the Directors or of committees of the Directors of the Company.
- 26.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2) and the power of the Board in this regard is not limited or restricted by this Memorandum."

27. MANAGING DIRECTOR

- 27.1 The Directors may from time to time appoint 1 (one) or more of their body to the office of managing Director for such term and at such remuneration as they may think fit (subject only to the requirements of sections 66(8) and (9) and may revoke such appointment subject to the terms of any agreement entered into in any particular case, provided that the period of office of a managing Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. A Director so appointed shall be subject to retirement in the same manner as the other Directors except during the period of his agreement and his appointment shall terminate if he ceases for any reason to be a Director.
- 27.2 Subject to the provisions of any contract between himself and the Company, a managing Director shall be subject to the same provisions as to disqualification and removal as the other Directors of the Company.
- 27.3 The Directors may from time to time entrust to and confer upon a managing Director for the time being such of the powers exercisable in terms of this Memorandum by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers."

"29. BORROWING POWERS

29.1 Subject to the provisions of clause 29.2 and the other provisions of this Memorandum, the Directors may from time to time:

- 29.1.1 borrow for the purposes of the Company such sums as they think fit; and
- 29.1.2 secure the payment or repayment of any such sums or any other sum, as they think fit, whether by the creation and issue of securities, mortgage or charge upon all or any of the property or assets of the Company.

29.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by:

- 29.2.1 the Company; and
- 29.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),

shall not exceed the aggregate amount at that time authorised to be borrowed or secured by the Company or the subsidiaries for the time being of the Company (as the case may be)."

"33. RETURNS

33.1 Subject to the provisions of the Act and particularly section 46, the Company may make a proposed distribution if such distribution:

- 33.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
- 33.1.2 is authorised by resolution of the Board in compliance with the JSE Listings Requirements.

33.2 Returns may be declared and/or transferred either free of or subject to the deduction of any tax or duty in respect of which the Company may be chargeable or which the Company may be required to withhold.

33.3 No larger Return shall be declared by the Company in general meeting than is recommended by the Directors, but the Company in general meeting may declare a smaller Return.

33.4 Dividends shall be payable to Shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend whichever is the later.

33.5 No Returns sounding in money shall bear interest against the Company, except as otherwise provided under the terms of issue of the Security in respect of which such Returns are payable.

33.6 The Company may pay any Returns sounding in money by cheque, electronic transfer of funds, or otherwise as set out in the Rules and if not so set out, as determined by the Board.

33.7 The Company may transfer any Returns not sounding in money as determined by the Board.

33.8 In the instance of Joint Holders, the transfer of Returns to any one of them shall discharge the Company from its obligation to all of them.

33.9 The Company shall not be liable for any loss or damage which a Securities Holder may suffer as a result of a transferral as contemplated in clauses 33.6 to 33.8.

33.10 The Company must:

- 33.10.1 hold all unclaimed dividends in trust until claimed, provided that dividends that remain unclaimed for a period of 3 (three) years from the date on which they were declared may be declared by the Directors to be forfeited for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit; and
- 33.10.2 hold all unclaimed unclaimed monies, other than dividends, that are due to Shareholders in trust indefinitely until lawfully claimed by the Shareholders.

33.11 All Returns must be made payable to Shareholders registered as at a date subsequent to the date of declaration of the Return or the date of confirmation of the Return, whichever is the later date."

KING III REPORT AND CODE STATEMENT

KING REPORT AND CODE STATEMENT

The Board is fully committed to the principles of the Code of Corporate Practices and Conduct set out in King III and shall endeavour to be compliant with, where practical for an organisation of this size and nature, such principles.

It is of the view that the key to any successful compliance programme lies in ranking governance obligations and approaching them with the desire of achieving substantive integrity as opposed to paying lip service and checking boxes. Underpinning the Board's approach to corporate governance are the substantive principals of integrity, transparency and accountability which are foundational to the nurturing and development of a culture of compliance.

The Board will establish mechanisms and policies appropriate to the Company's business in keeping with its commitment to best practices in corporate governance in order to ensure compliance with King III. The Board will review these from time to time.

The Board is based on a unitary structure and is responsible for guiding and monitoring the business affairs of the Company.

The Board comprises of a majority of non-executive directors, of whom a majority are independent non-executive directors, as advocated by King III and in line with the Board's policy of maintaining independence.

The directors have been chosen for their proven ability to formulate independent judgment, their range of skills and their commercial experience.

There are two executive directors one of which is the financial director as required by the JSE Listings Requirements. There is a policy evidencing a clear balance of power and authority at Board level to ensure that no one director has unfettered powers of decision-making.

All directors are subject to retirement and re-election by rotation and new directors will undergo an induction programme to familiarise them with the affairs of the Company.

The position of chairperson is filled by an independent non-executive director.

The audit committee comprise Henry van Noort, Pinkie Ncetezo and Peter Gaylard.

The Board is in the process of establishing the following additional Board committees:

- social and ethics committee;
- nomination and remuneration committee.

All Board committees will operate under formally documented terms of reference and comprise a majority of independent non-executive directors.

The Board is assisted by Kwanda Capital, which acts as an investment advisor pursuant to a written agreement as detailed in Annexure 5. The Board will however retain full and effective control of the business BK and will diligently review and monitor the effectiveness of Kwanda Capital at regular intervals. The Board remains solely responsible for investment decisions.

The Board will meet at least quarterly as well as ad hoc as may be required. Directors have unrestricted right of access to company information and personnel and Board packs are prepared and distributed well in advance of meetings to ensure that directors are afforded the best opportunity of making informed decisions.

Independent advisors will be made available to directors to assist them in performing their duties, as may be required, at the Company's expense.

The directors are all of unquestionable integrity and competence and the composition of the Board ensures objective and rational decision making. No director has:

- ever been convicted of any offence resulting from dishonesty, fraud or embezzlement;
- ever been declared bankrupt or sequestrated in any jurisdiction;
- at any time been party to a scheme of arrangement or made any form of general compromise with their creditors;
- ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;

- ever been involved in any receiverships, compulsory liquidations or creditors' voluntary liquidations;
- ever had any public criticism by statutory or regulatory authorities expressed against them or ever been barred from into any profession or occupation;
- ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; or
- ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act.

The company secretary acts as advisor to the Board and will play a pivotal role in ensuring compliance with statutory regulations and King III. The company secretary also facilitates the induction of new directors, tabling information on relevant regulatory and legislative changes and giving guidance to the directors regarding their duties and responsibilities. The directors have unlimited access to the advice and services of the company secretary.

The Company complies in all respect with King III, except for the following:

- given the size and nature of BK, BK will not have a risk-based internal audit function. This function will be performed by the Board;
- given the size and nature of BK, BK will not have a risk committee. This function will be performed by the Board; and
- BK will not have an IT charter or chief information officer as it is not relevant to BK.



(Formerly Sains Trading (Proprietary) Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2011/008103/06)

Share code: BK1P ISIN: ZAE 000161352 ("BK" or "the Company")

APPLICATION FORM

Offer by way of a subscription of all the authorised preference shares ("preference shares") with no nominal or par value at R10 (ten Rand) each in the preferences shares capital of BK registered in terms of the prospectus dated Wednesday, 30 November 2011, subject to a minimum subscription of 20 000 000 preference shares and provided that the Board may, in the event of an oversubscription, increase the number of preference shares to be issued to applicants in terms of the offer.

Please refer to the instructions overleaf before completing this application form.

Words and phrases defined in this prospectus to which this application form is attached shall, unless the context indicates otherwise, bear the same meanings.

Dematerialised offer shares

Applicants who commit to accept the offer in dematerialised form and who have a CSDP or broker should complete this application form in respect of the offer and deliver it to their duly appointed CSDP or broker, as the case may be, for completion by the time and date stipulated in the agreement governing their relationship with their CSDP or broker.

Certificated offer shares

Applicants who commit to accept the offer in a physical share certificate form must complete this application form and send to Computershare in an envelope marked "Computershare – BK One Offer" together with a cheque (crossed "not transferable") or banker's draft in South African currency and drawn in favour of "BK One Limited" either by post (at their own risk) (PO Box 61051, Marshalltown, 2107) or by hand (70 Marshall Street, Johannesburg, 2001), to be received by no later than 12:00 on Monday, 5 December 2011.

Each application submitted must be in one name only and show only one address. The directors of BK reserve the right to accept or reject any application, whether it is for certificated or uncertificated shares, in whole or in part, particularly if the instructions overleaf and as set out in this prospectus are not properly complied with.

Applications must be in multiples of 1 000 preference shares.

If the preference shares applied for in the offer exceeds 100% of the preference shares available, the directors will apportion the available preference shares in an equitable manner and with due regard to the Debt Listings Requirements. Non-equitable allocations of excess preference shares will only be allowed in instances where they are used to round holdings up.

To the directors

BK One Limited

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the prospectus, hereby irrevocably apply for and request you to accept my/our application for the under-mentioned number of preference shares in BK at R10 (ten Rand) per preference share or any lesser number that may, in your absolute discretion, be allotted to me/us, subject to the memorandum of incorporation of BK.
2. I/We understand that the subscription for preference shares in terms of the prospectus is conditional on the spread of public shareholders, as required by the JSE, being achieved and to a minimum subscription amount of R200 000 000 (two hundred million Rand) being achieved pursuant to the offer made in terms of this prospectus.
3. Those applicants who wish to receive their allocated preference shares in dematerialised form and who do have a CSDP or broker must hand this application form to their appointed CSDP or broker. Payment in respect of these applications will be, in terms of the custody agreement entered into between the applicant and their respective CSDP or broker, on a delivery versus payment basis.
4. Those applicants who wish to receive their allocated preference shares in certificated form commit to accept the physical preference share certificate and hereby enclose a crossed cheque/banker's draft in favour of "BK One Limited" for the appropriate amount due in terms of this application.

Dated

2011

Telephone number

Cellphone number

Signature

Assisted by (where applicable)

Surname of individual	Mr Mrs Miss Other title
First names (in full)	
TO BE COMPLETED BY ALL APPLICANTS:	
Postal address (Preferably PO Box address)	
Telephone number	
Refund cheques and preference share certificates, if applicable, will be sent to this address	
Total number of preference shares applied for Note: Applications must be in multiples of 1 000 preference shares	(Enter figures only – not words)
Total amount of cheque or banker's draft to cover preference shares applied for herein at R10 per preference share	R (Enter figures only – not words)
Please provide blocks for CSDP details as well as space for stamp and signature of CSDP or broker	

This section must be completed and stamped by your CSDP or broker if preference shares are required in dematerialised form.

CSDP/Broker name

CSDP/Broker contact person

CSDP/Broker contact telephone number

CSDP/Broker SCA number

Scrip account number of applicant at CSDP/Broker

Stamp of CSDP or broker

This application will constitute a legal contract between the company and the applicant. Application forms for certificated or uncertificated preference shares where this portion has not been completed will not be accepted.

Instructions:

1. Applications may be made on this application form only. Copies or reproductions of the application form may be accepted in the discretion of the Company.
2. Applications are irrevocable and may not be withdrawn once submitted to the Company, transfer secretaries, CSDPs or brokers.
3. All CSDPs and brokers will be required to retain this application form for presentation to the directors if required.
4. Please refer to the terms and conditions of the offer set out in the prospectus. Applicants should consult their brokers, bankers or other professional advisers in case of doubt as to the correct completion of this application form.
5. Applications must be in whole multiples of 1 000 preference shares.
6. Applicants who wish to receive their preference shares in dematerialised form and who do have a CSDP or broker, must do so in terms of the custody agreement entered into between them and their CSDP or broker. Accordingly, payment will be made in terms of their agreement entered into between them and their CSDP or broker on a delivery versus payment basis.
7. Applicants who wish to receive their preference shares in certificated form must submit only one application form and one cheque or banker's draft in respect of each application. To the extent that more than one application is submitted, the first application form received will be the one in respect of which preference shares will be allocated in terms of the prospectus and further application form(s) will be ignored. The application monies applicable thereto will be held by the transfer secretaries and returned without interest to the applicants concerned with all other returned cheques in terms of the prospectus at the applicant's risk. Postal orders, cash or telegraphic transfers will not be accepted.
8. No receipts will be issued for application forms, application monies or any supporting documentation unless specifically requested and applications will only be regarded as complete when the relevant cheque/banker's draft has been paid. All monies will be deposited immediately for payment. If a receipt is required, holders of preference shares or lodging agents are required to prepare special transaction receipts for application forms lodged.
9. If any cheques or banker's draft is dishonoured, the Company may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
10. All alterations on the application form must be authenticated by full signature.
11. The Company will use the "certified transfer deeds and other temporary "documents of title" procedure approved by the JSE and therefore will issue only a "block" certificate for the preference shares allotted in terms of this application.
12. Blocked Rand may be used by emigrants and non-residents of the common monetary area (comprising the Republics of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho) for payment and reference should be made to section 4, paragraph 6 of the prospectus that deals with Exchange Control Regulations.
13. Should the offer not be successful, all monies will be appropriately refunded within seven days of the closing of the offer.