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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY SEEK ADVICE FROM YOUR LEGAL ADVISOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

INALA CAPITAL

Inala Capital Limited

(Incorporated in the Kingdom of Eswatini)
(Registration number 2364 of 2017)
("Inala Capital" or "the Company")

Pre-listing Statement

The definitions and interpretations contained this Prelisting Statement which includes a Prospectus "altogether the Prospectus" apply to this entire document, including this cover page, unless otherwise stated or the context clearly indicates otherwise.

This Prospectus is not and shall not constitute an offer, or an invitation or solicitation, to the public, to acquire the shares in any jurisdiction (other than Eswatini), and is issued in compliance with the Companies Act, 2009 ("the Companies Act"), the Listings Requirements ("Listings Requirements") of the Eswatini Stock Exchange (the "ESE") and the Securities Act, 2010 ("the Securities Act") for the purpose of providing information to selected persons in Eswatini with regard to Inala Capital.

Inala Capital will be listed on the ESE under the code "INALA" with the ISIN code SZE000331049.

This pre-listing statement relates to:

- **A listing of 18 350 000 privately placed ordinary shares of 1 cent each of the share capital of Inala Capital at an issue price of 100 cents per share;**
- **A listing of 45 000 000 privately placed ordinary shares of 1 cent each in the share capital of Inala Capital at an issue price of 105 cents per share. Of the 45 000 000 ordinary shares, 30 000 000 have been converted from promissory notes and 15,000,000 shares privately committed for subscription upon Inala Capital being approved for listing.; and**
- **An Offer for Subscription of 36 650 000 ordinary shares of 1 cent each in the share capital of Inala Capital at an issue price of 105 cents per share.**

REGISTRAR OF COMPANIES
P.O. BOX 451
MBABANE H100
2019 -05- 07

Corporate advisor

AFRICAN ALLIANCE

African Alliance Eswatini Limited
(Registration number 415 of 1997)

Sponsoring broker

AFRICAN ALLIANCE

African Alliance Eswatini Securities Limited
(Registration number 549 of 1998)

Reporting accountants and auditor

PRICEWATERHOUSECOOPERS

Chartered Accountants (Eswatini)

Attorneys

Howe
Masuku
Nsibande
Attorneys

Transfer Secretary

KPMG

Date of prospectus: 18 March 2019

The shares subscribed for pursuant and through the offer for subscription will rank *pari passu* with all of the other ordinary shares in issue in all respects.

Important Dates and Times for the offer for subscription

Offer for subscription opens at 09:00	Monday, 01 April 2019
Abridged prospectus published in the press	Monday, 01 April 2019
Closing of offer for subscription at 17:00	Monday, 22 April 2019*
Results of allotments to successful applicants	Wednesday, 24 April 2019
Results of offer submitted to the ESE Listings Committee	Monday, 29 April 2019
Documents of title posted or collected	Monday, 29 April 2019

*All references to dates and times are to local dates and times in Eswatini. These dates and times are subject to amendment.

This Pre-listing statement is issued in compliance with the Listings Requirements of the Eswatini Stock Exchange, for the purpose of giving information to investors with regard to the company. The Private Placing was made to invited institutional and private investors only and does not constitute an offer to the public. The offer for subscription constitutes an invitation to the public.

An abridged version of the prospectus contained in this prelisting statement will be published on 1 April 2019, and a copy of this prospectus shall be registered with the Registrar of Companies and the Financial Services Regulatory Authority (FSRA).

The directors, whose names are given in section 8 of this prospectus, collectively and individually accept full responsibility for the information given in the prospectus and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that the prospectus contains all information required by law.

The Corporate Advisor, Sponsoring Broker, attorneys, independent reporting accountants and auditors, transfer secretaries and company secretary whose names are included in this Prospectus, and who form part of the advisory team in different respects and are mentioned in this prospectus as relevant, have given and have not withdrawn their consent to act in the capacities stated, to their names being included in this Prospectus and to the inclusion of their reports in the form and context in which they appear, where relevant.

The share capital of Inala Capital consist of 250 000 000 authorised ordinary shares of 1 cent each.

At the date of this prospectus, 18 350 000 ordinary shares in Inala Capital have been issued as part of the Private Placing. 45 000 000 ordinary shares will be placed upon listing, resulting in 63 350 000 issued ordinary shares once Inala Capital is listed. A further 36 650 000 ordinary shares which will be listed will be offered to the public for subscription in the share capital of Inala Capital at an issue price of 105 cents per share.

Shares pursuant offer for subscription that may not be subscribed for, together with authorised but unissued shares will remain in the control of the directors of Inala Capital, and will provide Inala Capital with the capacity to issue additional shares on the listed market for further acquisitions, should the need arise.

Neither the admission of the shares to the ESE nor the approval of the listing particulars pursuant to the listings requirements of the ESE shall constitute a warranty or representation by the ESE as to the competence of service providers to or any other party connected with the Company, the adequacy of information contained in the listing particulars or the suitability of the Company for investment purposes. The investment activities of the Company will not be regulated or otherwise overseen by the ESE.

Any information or representations not contained within this prospectus (including, without limitation, any indications regarding target returns for the Company) may not be relied upon as having been authorised by the Company or the directors and should be disregarded. This prospectus contains information in relation to the Company and the offering of shares at the date hereof. It is subject to subsequent changes in applicable law and neither the delivery of this prospectus nor the allotment or issue of shares shall create any implication whatsoever that there has been no change in such law or the affairs of the Company since the date hereof.

This document comprises listing particulars for the purpose of the listing of the Shares on the ESE. Prospective investors should carefully read this prospectus. However, the contents of this prospectus should not be considered to be legal or tax advice and each prospective investor should consult with its own counsel and advisors as to all matters concerning an investment in the Company.

Restrictions on Distribution

This prospectus has been issued in Eswatini only. The distribution of this prospectus may be restricted by law. Persons into whose possession this prospectus comes, must inform themselves about and observe any and all such restrictions. This prospectus does not constitute an offer of or invitation to subscribe for and/or purchase any shares of the Company in any jurisdiction.

The release, publication or distribution of this prospectus in certain jurisdictions other than Eswatini may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than Eswatini should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of the non-resident prospective investor to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this prospectus. Any prospective investor who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

Notwithstanding anything to the contrary herein, each shareholder or prospective investor (and each employee, representative, or other agent of such shareholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) ~~the Company and (ii) any~~ of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the shareholder or prospective investor relating to such tax treatment and tax structure.

2019 -05- 07

MBABANE

Advisors

African Alliance Eswatini Limited and African Alliance Eswatini Securities Limited are acting as Corporate Advisor and Sponsoring Broker, respectively, for the Private Placing, ~~the Offer for~~ Subscription and Listing. The Corporate Advisor and Sponsoring Broker have relied on information provided by the Company. As at date of signing of this Prospectus, the Corporate Advisors and Sponsoring Broker have, to the best of their abilities, confirmed that information contained in the Prospectus is true and accurate. The Corporate Advisor accepts responsibility or liability for any inaccuracy of the information contained and will be jointly liable to pay compensation to all persons who have acquired any shares on the faith of the Prospectus for the loss or damage they may have sustained by reason of any untrue statement therein, or in any report or memorandum appearing on the face thereof or issued therewith, or by reference incorporated therein.

The Corporate Advisor and Sponsoring Broker do also confirm that to the best of their knowledge, this Prospectus constitutes a full and fair disclosure of all material facts as required by the ESE Rules about the Company.

Howe Masuku Nsibande Attorneys is acting as legal advisors to the Company on this Private Placing and Listing. Any opinion expressed is limited to matters of the laws of the Kingdom of Eswatini as in force and applied at the date of this prospectus. Howe Masuku Nsibande Attorneys has relied on information provided by the Company. Accordingly, Howe Masuku Nsibande Attorneys does not provide any assurance of the accuracy of the information contained in this prospectus and does not accept any responsibility or liability for the inaccuracy of the information contained in the prospectus. Howe Masuku Nsibande Attorneys does however confirm that to the best of its knowledge, this prospectus constitutes a full and fair disclosure of all material facts as required by the ESE Rules about the Company.

OTHER THAN REGISTRATION WITH THE REGISTRAR OF COMPANIES, THE FINANCIAL SERVICES REGULATORY AUTHORITY AND THE APPLICATION FOR ADMISSION OF THE SHARES TO THE MAIN BOARD OF THE ESWATINI STOCK EXCHANGE, THE OFFERING OF SECURITIES HEREBY HAS NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE SECURITIES ARE SUITABLE FOR SOPHISTICATED INVESTORS WHO DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS, FOR WHOM AN INVESTMENT IN THE COMPANY DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM, AND WHO FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE COMPANY'S INVESTMENT PROGRAM. SUBSCRIBERS FOR SHARES MUST REPRESENT THAT THEY ARE ACQUIRING THE SHARES FOR INVESTMENT. NO OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY IS BEING MADE.

Date of prospectus: 18 March 2019

Corporate information

Corporate Advisor
African Alliance Eswatini Limited
2nd Floor, Nedbank Centre
Cnr Sishayi and Sozisa Roads
P.O. Box 5727
Mbabane
H100
Kingdom of Eswatini

Sponsoring Broker
African Alliance Eswatini Securities Limited
2nd Floor, Nedbank Centre
Cnr Sishayi and Sozisa Roads
P.O. Box 5727
Mbabane
H100
Kingdom of Eswatini

Transfer Secretaries
KPMG Chartered Accountants
Umkhiwa House
Lot 195, Kal Grant Street
P.O. Box 331
Mbabane
H100
Kingdom of Eswatini

Commercial Banker
Nedbank Swaziland Limited
Swazi Plaza
P.O. Box 70
Mbabane
H100
Kingdom of Eswatini

Registered Office/ Postal Address
African Alliance Eswatini Securities Limited
2nd Floor, Nedbank Centre
Cnr Sishayi and Sozisa Roads
P.O. Box 5727
Mbabane
H100
Kingdom of Eswatini

Company Secretary
Bongiwe Dlamini
African Alliance Eswatini
2nd Floor Nedbank Building
Cnr Dr. Sishayi & Sozisa Roads
Mbabane
H100
Kingdom of Eswatini

Legal Advisors
Howe Masuku Nsibande Attorneys
Lot No. 429 Mbabane Township
Cnr Ben Dunn & Lomadvokola St
P.O. Box 1298
Mbabane
H100
Kingdom of Eswatini

Reporting Accountants and Auditors
PricewaterhouseCoopers
MTN Office Park
Karl Grant Street
P.O. Box 569
Mbabane
H100
Kingdom of Eswatini

Directors' statement

We hereby declare that all information stated in this prospectus and the statements contained therein are correct, neither the Board of Directors' minutes, audit reports nor any other internal documents contain information, which could distort the interpretation of the report.

We, the Directors of Inala Capital whose names appear below, accept responsibility for the information contained in this document. To the best of our knowledge and belief (and we have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the importance of such information.

All the information required to be included in this prospectus by the Companies Act, 2009, Securities Act, 2010 and ESE listing requirements has been included, and there are no known facts bearing on the application for approval, which in our knowledge and belief should be disclosed to the Authority and have not been disclosed.

Signed on 18 March 2019 by the Directors of Inala Capital

Nelisiwe Khuphukile Mabuza

Antonio Manuel Baptista de Castro

Tony Mduduzi Dlamini

Mkhululi Sibusiso Dlamini

Contents

Definitions and interpretations

In this prospectus and the annexures hereto, unless the context indicates otherwise, the terms in the first column have the meanings assigned to them in the second column, words in the singular include the plural and vice versa, words importing natural persons include corporations and associations of persons and reference to any gender includes the other genders:

"African Alliance" or "the "Manager"	refers to African Alliance Eswatini Limited, a company incorporated in the Kingdom of Eswatini with Registration Number 415 of 1997;
"CMA"	The Common Monetary Area, comprising the Kingdom of Eswatini, the Republic of South Africa, the Kingdom of Lesotho and the Republic of Namibia;
"the Companies Act"	The Companies Act of the Kingdom of Eswatini, Act no 8 of 2009;
"the directors"	the directors of Inala Capital;
"the Securities Act"	The Securities Act of the Kingdom of Eswatini of 2010;
"E", "Emalangeni" or "SZL	The lawful currency of the Kingdom of Eswatini (singular Lilangeni), one Lilangeni comprising 100 cents. Emalangeni are presently linked to the South African Rand on a one-for-one basis;
"Eswatini"	The kingdom of Eswatini;
"FSRA"	The Financial Services Regulatory Authority;
"GDP"	Gross Domestic Product;
"Inala Capital" or "the Company"	Inala Capital Limited, incorporated in the Kingdom of Eswatini with Registration Number 2364 of 2017;
"IRR"	means the internal rate of return, a common method of comparing returns. The internal rate of return is in effect the "annualized effective compounded return rate", or the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment.
"Listings Requirements"	Eswatini Stock Exchange Listings Requirements;
"the Manager"	African Alliance Eswatini Limited, incorporated in the Kingdom of Eswatini with Registration Number 415 of 1997;
"LUSIP"	Lower Usuthu Smallholder Irrigation Project
"NAV"	means net asset value;

"placing" or "private placing"	the private placing of up to 63 350 000 ordinary shares with selected individuals and institutions at a price of 100 cents per ordinary share. Note that 18 350 000 of these shares have been issued as at the date of this Prospectus while the balance of 45 000 000 ordinary shares will be placed upon listing;
"Prospectus"	The prelisting statement and prospectus dated 18 March 2019 and the annexures hereto;
"SA"	South Africa
"SACU"	Southern African Customs Union;
"Schedule 2"	Schedule 2 of the Companies Act;
"shares"	ordinary shares of one cent nominal value each in the share capital of Inala Capital;
"SNL"	Swazi Nation Land
"SSA"	Sub-Saharan Africa
"the ESE"	the Eswatini Stock Exchange;
"USD"	United States Dollar;

Salient features

This summary contains the salient features of the private placing and the offer for subscription listing detailed in this prospectus, which should be read in its entirety for a full appreciation thereof. The definitions given on page 6 of this prospectus apply to the salient features.

1. BACKGROUND AND NATURE OF BUSINESS

1.1 Background

Inala Capital Limited, an investment holding company, was incorporated as a public company on 1 November 2017.

The main purpose of Inala Capital is to create a formal investment vehicle, which is listed on the ESE that will provide investors with attractive long term returns. Inala Capital will invest primarily in a diversified portfolio of unlisted privately owned businesses (as opposed to being listed or traded on a stock exchange, i.e. the private equity asset class) in the agriculture, food production and food retailing sectors.

Inala Capital's investments will be sourced by African Alliance, as investment manager, which has a proven track record of delivering investment returns - evidenced by the IRR achieved by investors in Greystone Partners Limited, a private equity company listed on the ESE, since inception of 19.3%. The return on investment jumps to 29.1% over the three-year period August 2015 - August 2018 (based on the increase in share price as well as dividends received).

Inala Capital's investment proposition to investors is based on:

- **Unique access point**: the opportunity to invest into unlisted opportunities through a liquid and efficient vehicle listed on the ESE and governed by a Board, consisting of independent non-executive directors and executive directors with private equity experience.
- **Demonstrated performance**: African Alliance, the largest non-governmental private equity fund manager in Eswatini, has an established private equity investment track record. Inala Capital will have the ability to leverage off African Alliance's investment platform and share in its success.
- **Diversification**: Inala Capital provides public-market investors with a liquid vehicle to indirectly access a diversified pool of unlisted small- to mid-sized companies through equity or equity-like instruments, which will be actively sourced by African Alliance to optimise investor returns.
- **Alignment of interests**: strong economic alignment with the investment manager, through an aligned performance incentivising mechanism more fully described in 8.2.2.
- **Experienced private equity Directors**: the Board has an extensive understanding of, and a long track record in, the private equity industry and will leverage this experience in order to make optimal investment decisions for Inala Capital.

1.2 Nature of business

Inala Capital will invest primarily in unlisted businesses with sustainable growth potential, i.e. the private asset class, in the food and agricultural sectors. Due to its nature, the private equity asset class typically requires a unique set of skills. The Company has therefore appointed African Alliance as its manager and will thus seek to leverage off the Managers' experience and understanding of the Eswatini and Southern African Development Community ("SADC") markets to target small to mid-sized companies best positioned to benefit from the region's unique growth dynamics. African Alliance advises several clients on private equity investments and can capitalise on its experience of client investments in businesses across a variety of investment, economic and political cycles to maximise value post-investment value and generate attractive returns.

Inala Capital will focus on investing in companies which demonstrate strong fundamentals and good growth prospects, where Inala Capital believes it can add value. The Company seeks to acquire both minority and majority positions, governed by comprehensive shareholder agreements, along with board representation. To achieve its primary objective of maximising investment returns with respect to Inala Capital's portfolio companies, an active post-acquisition investment approach is utilised. The Company implements a process of interaction with the portfolio companies whereby it examines the businesses from top to bottom, explores ways of improving efficiencies, introduces potential partners or synergies and makes strategic acquisitions to facilitate growth.

The Company will primarily acquire equity stakes (both minority and majority stakes) in well-established food and agricultural businesses. Depending on the particular opportunity and operator, greenfield investments will be considered however, this will not be the Manager's preference. The following sub-sectors relate to our investment focus:

- Primary agriculture encompasses arable land development, cereals and staples, dairy and livestock farming, aquaculture, fruit and vegetables, ranching, plantations and edible oils; especially produced for local consumption.
- Secondary agriculture includes maize and wheat milling, soya processing, sugar milling and refining, production of animal feeds, beverages and branded foods as well as packaging.
- Tertiary agriculture extends to services and infrastructure including logistics, storage, seeds, subcontracting, physical inputs, crop protection, input financing and fertiliser.
- Food and Food processing which includes the transformation of agricultural products into food, or of one form of food into other forms as well as food retailing.

Due to the fact that Inala Capital will be investing in unlisted business, it is important to understand the private equity asset class. Private equity investments are a highly specialised investment area, which the Manager has extensive experience and strong track record.

Investments are aimed at wealth creation, service provision and economic enablement by backing successful entrepreneurs who otherwise would not have access to capital and financial partners. Traditionally, equity stakes bought by private equity are usually those of dynamic and fast-growing companies with a high level of equity ownership by their managers. Generally they are able to make a much bigger economic and social impact than larger listed companies. The greatest potential for wealth creation and distribution lies in the small to medium size enterprise sector. A partnership with Inala Capital assists companies in this sector (particularly those in the farming space which may have not previously had access to financial skills) to gain access to capital. Equity investments are often accompanied by loans.

Inala Capital's strategy is to grow its portfolio companies to maturity and ultimately sell these investments in order to re-invest the proceeds in new emergent, unlisted businesses. Exit strategies include a sale to an industry partner, a listing, or a sale back to management. The exit period is generally seven to ten years, but exits from profitable portfolio companies that make sense to shareholders for the long-term are not a pre-requisite. The vehicle will also allow for the efficient use of capital through on-balance sheet and portfolio gearing where necessary.

Inala will target growth in Net Asset Value ("NAV") per share in excess of 10% per annum (CAGR) over any three-year period.

2. PROSPECTS

Inala Capital will to strive to acquire quality assets in the agricultural and related sectors at, in what the Board views, a discount to such assets' intrinsic values. Inala Capital's portfolio of assets will aim to ensure diversified returns in the current uncertain economic environment. With the capital anticipated to be raised by virtue of the this listing, Inala Capital will find itself in an enviable position where it can aggressively pursue certain strategic opportunities.

Once listed, Inala Capital will offer investors an opportunity to make a direct and proactive contribution to growth and development as well as food security in Eswatini and the rest of the SADC region. The funds raised as a result of the private placing will enable Inala Capital to compile an investment portfolio focused on wealth creation, food production and economic enablement. The ability of the Company to acquire additional growth investments will be enhanced by the potential to issue shares for acquisitions once Inala Capital is listed and by the fact that there is a committed and experienced manager. Shareholder value is expected to be enhanced as a result of both organic growth and through acquisitions. Please see section 4.3.2 for investments made to date by Inala Capital.

Investment opportunities

Sub-Sector	Country	Impact	Investment Size E million	Overview
Maize farming and processing	Eswatini	• Improved food security • Improvement in country net exports as maize currently imported • Increased employment • Decreased prices for consumers • Formalisation of market	E 10 - 40 million	• Opportunities exist to develop maize farms, both on a larger commercial basis and via smaller farms • While Eswatini is a net importer of maize (which is a staple food), further opportunities for offtake exist within the Manager's current network, which would minimise risk.
Sugar processing and packing	Eswatini	• Established market and product • Increased competition • Decreased prices for consumers	E 5 - 15 million	• A potential opportunity exists to obtain a sugar allocation and develop a packaging and/ or processing plant with modest capital expenditure • Offtake for this product could be guaranteed, thereby minimising risk
Total			**E 55 - 100 million**	

3. PURPOSE OF THE PRIVATE PLACING, THE OFFER FOR SUBSCRIPTION AND LISTING

Inala was established to create a formal investment vehicle, to be listed on the ESE. Investors will be able to share in Inala's ability to source, research and secure investments in the unlisted space whilst being invested in a listed company. The main purpose of the private placing, offer for subscription and listing is to:

- create a liquid instrument that allows investors to participate in emergent, unlisted businesses with superior growth potential;
- provide a single entry point and investment vehicle for emaSwati to obtain privileged access

to private equity transactions;

- provide suppliers of capital with a mechanism to value and trade their investment in Inala Capital;
- provide access to the equity capital market of the ESE as a source of capital to facilitate future growth;
- provide long-term capital appreciation through majority or minority equity stakes across a portfolio of investments.
- provide investors with the benefits of transparency and governance that come with being a listed entity (all assets in the portfolio are held at fair value and the valuation of the unlisted investments will be audited by an independent big four auditor and reviewed by the Company's own auditors); and
- enhance investor and public awareness of the Company.

4. SHARE CAPITAL

4.1 Authorised and issued share capital

	Emalangeni
Authorised	
250 000 000 ordinary shares of 1 cent each	2 500 000
Issued prior to listing	
18 350 000 ordinary shares of 1 cent each	183 500
To be issued on listing	
45 000 000 ordinary shares of 1 cent each	450 000
Share premium *	63 641 500

* net of the estimated expenses of formation, private placing and listing of approximately E1 325 000 referred to in paragraph 13 of this Prospectus.

4.2 Details of the private placing

	Emalangeni
Ordinary shares privately placed prior to listing	18 350 000
Ordinary shares to be placed upon listing	45 000 000
Total ordinary shares to be placed post listing	63 350 000
Offer price per ordinary share prior to listing (cents)	100
Offer price per ordinary share upon listing (cents)	105*
Amount to be raised before expenses (Emalangeni)	64 275 000

The private placement and issuing of share capital will be undertaken in tranches, with 18 350 000 ordinary shares already placed as at the date of this Prospectus, and 45 000 000 ordinary shares to be placed upon listing at the issue price of 105 cents per share.

4.3 Details of the offer for subscription

	Emalangeni
Ordinary shares to be made available under the offer for subscription	36 650 000
Offer price per ordinary share (cents)	105*

** At the time of privately placing 18 350 000 of its ordinary shares with investors at an issue price of 100 cents per share, the Company had not acquired any assets. Subsequent to this placement, Inala Capital has invested in Alliance Foods. Inala Capital also bore costs related to bringing its shares to listing. Therefore, Inala Capital share upon listing is offered at E105c per/share, which depicts a 5% premium to the listing price. The offer for subscription will be opened up to the public.*

5. FINANCIAL INFORMATION

5.1 The proposed pro forma balance sheet presented below reflects Inala Capital's proposed position after placement of all shares and should be read in conjunction with paragraph 11:

PRO FORMA BALANCE SHEET (post listing)

	Emalangeni
Assets	
Investments/cash resources	102 757 500
Total assets	**102 757 500**
Equity	
Ordinary share capital	1 000 000
Share premium *	100 757 500
Ordinary shareholders' interest	**102 757 500**
Number of ordinary shares in issue	100 000 000
Net asset value per ordinary share (cents)	102.76

* net of estimated formation, private placing and listing costs of approximately E1 325 000

5.2 At the time of this Prospectus, Inala Capital has not traded and consequently no profit history information is available for the Company.

RISK FACTORS

Operational risks

- The Company is a new corporate entity with no previous track record of reporting and early stage reporting systems;
- Share price volatility may result from the interplay of a number of factors;
- The relationship with key service providers, for example the Manager of the investment portfolio;
- The Company is dependent on recruiting and retaining key personnel;
- Risks that arise from failed internal controls, people and systems:

- Failure to meet ethical and governance principles;
- Information technology failures; and
- Fraud and security breaches.

Investment risks

- Specific asset investment decisions;
- The performance of the investments in the underlying companies;
- Investment concentration; and
- Valuations of underlying investments and exits from investments.

Liquidity/Funding risks

- Risk that the Company will miss attractive investment opportunities due to lack of available funding.

External risks

- Changes in economic and political environment;
- Changes in legislation, taxation and regulation;
- Changes in policies, trade sanctions, social impacts, repatriation of funds, etc; and
- Competitive rivalry.

6. LITIGATION

Inala Capital is not involved in any legal or arbitration proceedings, nor are the directors of Inala Capital aware of any such proceedings which may be pending or threatened.

7. BORROWINGS

Inala Capital does not currently have any long term borrowings.

8. DIVIDEND POLICY

Depending on available cash and subject to financial prudence, the intention is for Inala Capital to pay dividends when possible. Ultimately, it will however be at the discretion of the Board of Inala Capital to pay out dividends from profits under and in terms of the Companies Act.

Investors can elect, at their own discretion, to acquire more shares on the open market from any dividends they receive.

9. COPIES OF THE PROSPECTUS

Further copies of the Prospectus may be obtained during business hours from the following addresses:

- Inala Capital, 2nd Floor, Nedbank Centre, Cnr Sishayi and Sozisa Roads, Mbabane;
- African Alliance Eswatini Securities Limited, 2nd Floor, Nedbank Centre, Cnr Sishayi and Sozisa Roads, Mbabane;
- African Alliance Eswatini Limited, 2nd Floor, Nedbank Centre, Cnr Sishayi and Sozisa Roads, Mbabane; and
- Transfer Secretaries: KPMG KPMG Chartered Accountants, Umkhiwa House, Lot 195, Kal Grant Street, Mbabane.

10. SALIENT DATES

Abridged Inala Capital Prospectus published in the press on	1 April 2019
Anticipated listing date under the name "Inala Capital" on the ESE on	18 March 2019
Proof of Ownership to be communicated by Transfer Secretary on or about	15 May 2019

INALA CAPITAL

Inala Capital Limited

(Incorporated in the Kingdom of Eswatini)
(Registration number 2364 of 2017)
("Inala Capital" or "the Company")

Prospectus

This prospectus is prepared and issued in terms of the Companies Act, No 8 of 2009 (the "Companies Act"), the Securities Act of 2010 (the Securities Act) and Listings Requirements ("Listings Requirements") of the Eswatini Stock Exchange (the "ESE") relating to:

- **a private placing of up to 18 350 000 ordinary shares of 1 cent each in the share capital of Inala Capital at an issue price of 100 cents per share**
- **a private subscription of 45,000,000 ordinary shares of 1 cent each in the share capital of Inala Capital upon listing at an issue price of 105 cents per share;**

Important Dates and Times for the private placing and subscritpion

Private placement opens	Tuesday, 01 November 2018
Closing of offer for subscription at 17:00	Friday, 22 March 2019
Results of allotment to private investors	Monday, 01 April 2019
Documents of title posted or collected	Monday, 29 April 2019

- **an offer for susbcription of 36 650 000 ordinary shares of 1 cent each in the share capital of Inala Capital at an issue price of 105 cents per share;**

Important Dates and Times for the offer for subscription

Offer for sale opens at 09:00	Monday, 01 April 2019
Abridged prospectus published in the press	Monday, 01 April 2019
Closing of offer for subscription at 17:00	Monday, 22 April 2019
Results of allotments to successful applicants	Wednesday, 24 April 2019
Results of offer submitted to the ESE Listings Committee	Monday, 29 April 2019
Documents of title posted or collected	Monday, 29 April 2019
Listing of additional shares on these on the ESE (09:00)	Tuesday, 30 April 2019

Investors should keep in mind that forward-looking statements may be made in this Prospectus. These statements are applicable only at the date on which such forward-looking statement are made. New factors that could cause the business of Inala Capital not to develop as expected or other matters to which such forward-looking statements relate, 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 or matters to differ materially from those contained in any forward-looking statement are not known. Inala Capital has no duty, and does 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.

This prospectus shall be registered with the Registrar of Companies and the Financial Services Regulatory Authority (FSRA).

1. INTRODUCTION AND BACKGROUND

Inala Capital Limited was incorporated as a public company on 1 November 2017. The principal object of the Company is to carry on business as an investment holding company with a focus on primary agriculture, food processing and any other sectors involved in the supply of food to consumers. The main purpose of Inala Capital is to create a formal investment vehicle which is listed on the ESE and which invests primarily in unlisted businesses with sustainable growth potential. Investors are able to share in Inala Capital's ability to source, research and secure investments.

Inala Capital is a listed investment holding company that focuses primarily on unlisted investment opportunities, i.e. the private equity asset class. The Company's aim and objective is to achieve attractive long-term capital appreciation through majority or minority equity stakes across a portfolio of investments. Inala Capital, through its network of business associates, has the ability to leverage off its strong relationships within the agricultural space and general business community to identify and execute on the most attractive of investment opportunities. Although the Company's main focus is unlisted investments, the Company's investment mandate allows it to invest in a variety of instruments from pure debt, structured products, quasi equity funding, unlisted equity and listed equity investments. This flexibility provides Inala Capital with the ability to structure investments that limit downside risk whilst enabling the opportunity to achieve attractive returns.

Inala Capital's investment strategy is opportunistic in nature and its assessment processes vary, depending on the particular investment opportunity presented, between fundamental bottom-up and macro top-down processes, but are all underpinned by a rigid and defined approach.

Through the directors, the Manager and the members of Inala Capital's investment committee, the Company has extensive and complimentary backgrounds in public and private investing, principal investing, corporate finance, financial modelling, structured finance and financial engineering with well over 50 years combined investment and business management experience in Africa.

The key characteristics of Inala Capital that should be appealing to investors are:

- That its shares are listed therefore providing liquidity optionality;
- It provides a single entry point and investment vehicle for Swazis to obtain privileged access to agriculture-focused private equity transactions;
- All assets in the portfolio are held at fair value and the valuation of unlisted investments are audited by an independent big four auditor and reviewed by the Company's own auditors; and
- A vehicle that allows for the efficient use of capital through on-balance sheet and portfolio gearing where necessary.

The directors have set the following objectives for the Company:

Objective	Rationale
Invest in market leading, growth orientated, privately owned agri and food business	• Provide superior NAV growth which will in turn result in maximum capital appreciation to shareholders • Support economic growth in Eswatini
Diversified investment portfolio	• Invest in 4-10 "platform assets" between E5 million and 50 million each. • Platform assets will be companies that seek to expand via acquisitions and value chain integration • Diversified investment portfolio leads to reduced overall investment risk • Work closely with investee company's management teams to drive growth
Consistent Dividend policy	• Provide certainty of dividend returns to shareholders • Provides shareholders with not only capital appreciation but dividend returns
Alignment of interests among shareholders and investment team	• All focused on the same goal • Team orientated approach • Incentivise and reward performance
Efficient structure	• Minimise cost Leakages • Raise efficient capital to enhance shareholder returns • Ability to hold investments for long time frames (open ended)

2. NATURE OF BUSINESS AND OBJECTIVES

The Company's investment objective is to seek above average long-term risk-adjusted returns that are attractive as compared to those of traditional public equity and fixed income markets. It aims at achieving this by acquiring interests in strong, well-defined businesses, the prime objective being the maximisation of long-term investment returns for shareholders.

Equity

The Company will primarily acquire equity stakes (both minority and majority stakes) in well-established food and agricultural businesses. Depending on the particular opportunity and operator, greenfield investments will be considered however, this will not be the Manager's preference. The following sub-sectors relate to our investment focus:

- Protein products including poultry, aquaculture, beef, pork, goat etc.
- Fruits and vegetables
- Food and beverage FMCG
- Convenience foods, including fresh-packed and prepared foods
- Value-added dairy products, including yoghurts, desserts, cultured milk
- Forestry and timber products
- Agricultural inputs including seeds, bio-friendly fertilisers and crop-protection
- Food logistics - cold chain, warehousing, distribution

Fixed income

In order to limit drag on returns from holding excess capital in cash, Inala will seek to invest its treasury capital in short term debt instruments. At all times, treasury capital management needs to balance two main requirements:

1. **Capital available for investing:** Uncommitted cash is essential in order to ensure Inala can achieve its objectives of investing in companies. This uncommitted capital needs to be available on a relatively short-term notice in order to ensure that this objective is not compromised.

2. **Returns maximisation:** Uncommitted capital often causes a drag on overall returns to shareholders as it achieves returns significantly below those that are expected. In order to minimise this drag, investing in instruments that can maximise returns whilst still provide liquidity is essential.

As Inala Capital' primary focus is on the private equity asset class, an overview of the asset class is provided in section 3 below.

3. THE PRIVATE EQUITY ASSET CLASS

Investors experience challenges in accessing Africa's growth as most African stock markets are small, fragile, and have yet to become central financial institutions in national economies. The private equity asset class is therefore is a key conduit for investors who are seeking to benefit from Africa's growth potential and access capital growth and returns.

This ability of the private equity asset class to provide access to investments as well as its outperformance of the market has led to substantial increases in the amount of capital allocated and number of firms focusing on African private equity.

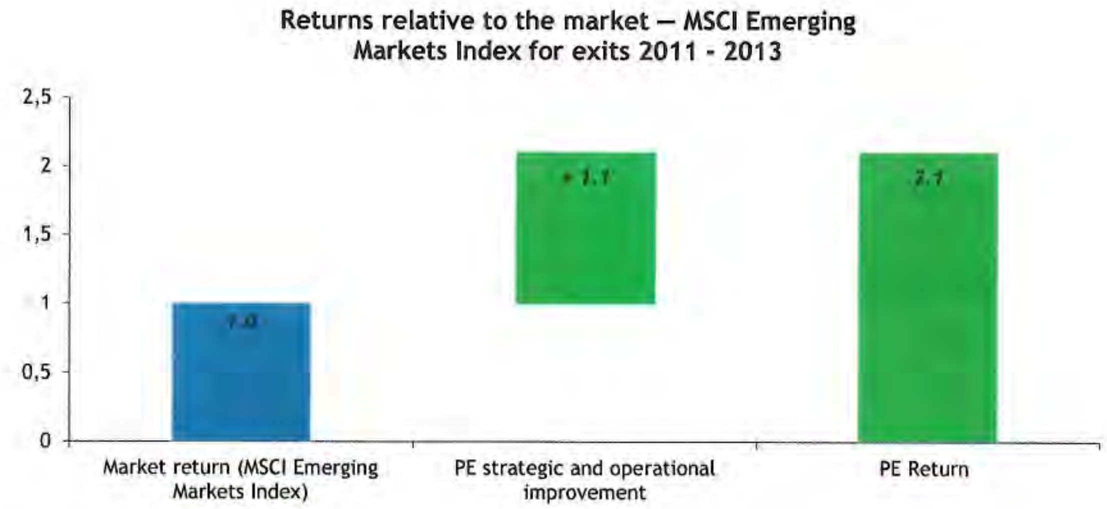
Private equity has seen strong inflows due to it being an efficient avenue for both public and private sector investors to enter African markets. The arrival of big international funds has also signalled a "coming of age" for private equity within Africa. However, with increasing capital chasing limited opportunities, in particular larger investments, favoured sectors (particularly the consumer and financial sectors) has resulted in entry pricing being driven upwards, with significant premiums being paid for larger deals.

As an investment asset class, private equity ("PE") predominantly provides investors with exposure to strategic investment in the private sector, or in companies not listed on a securities exchange (private companies or unlisted companies). Often unlisted companies can offer significant growth prospects but need capital to be able to achieve their growth ambitions. As these companies are not listed on a securities exchange, they do not have access to public equity capital markets and need to obtain capital from other sources.

Sources of capital for private companies can include banks or financial institutions for debt financing, or PE firms, who provide equity or equity-like capital. For PE firms, their interest in unlisted companies is one of a strategic nature, with typically a medium-term investment time horizon. To manage their investment, the PE firm will adopt a formal strategic relationship with the company they are investing in, which may include, for example, having representation on the company's board, and involvement in the company's major strategic decision-making.

Typically, the mandate of a PE firm is based on the ability to add value to a company in which they invest, over-and-above what could have been achieved without this investment and strategic management support. This is achieved through working with management to identify growth opportunities; implementing productivity enhancements to improve profit margins; implementing best practice environmental, social and governance policies to increase the company's sustainability and optimising the company's use of its capital. Private equity investment helps companies to grow, and in turn benefits the economies and communities in which they operate, while providing returns for investors.

Furthermore, PE as an asset class has proven its ability to outperform the 'market' as illustrated in the chart below which compares PE returns in Africa to the MSCI Emerging markets Index over the period 2011 - 2013 (Source: MSCI Emerging Markets Index via Datastream; EY and AVCA research 2014). Put differently, PE investments have essentially doubled the return to investors when compared to what they would have earned by investing in the MSCI Frontier Markets Index companies.



Source: MSCI Emerging Markets Index via Datastream; EY and AVCA research

The PE industry continues to evolve with PE firms continually looking at different ways to do business. PE firms are seeking ways to add new product lines across the alternatives space, altering the ways they interact with investors, and developing best practices focused on helping firms become increasingly sophisticated in how they source and manage their investments. However, despite the whirlwind of change sweeping the industry, the core precept of PE has remained unchanged: to take a company and make it better.

In emerging markets, private equity is becoming a more well-known source of value-add financing for growing companies. Recent figures from Emerging Markets Private Equity Association (EMPEA) note that the percentage of capital available for investment that is focused on emerging markets has grown from about 7% of aggregate committed capital eight years ago to approximately 14% at present. (Source: Private Equity Roundup Africa 2015, Ernst and Young).

The evolution of the industry has also increased the awareness of entrepreneurs, business owners and governments to the benefits of PE investment on businesses, economies and communities. In turn, these parties have become more receptive to working with those in the industry. The most complete review of the benefits of the PE industry has come in the form of a series of working papers sponsored by the World Economic Forum. These papers reviewed scholarly articles as well as examined the impact of PE investments across 20 industries in 26 major nations between 1991 and 2007. These research papers indicate that the impact of PE can be categorised and summarized as follows:

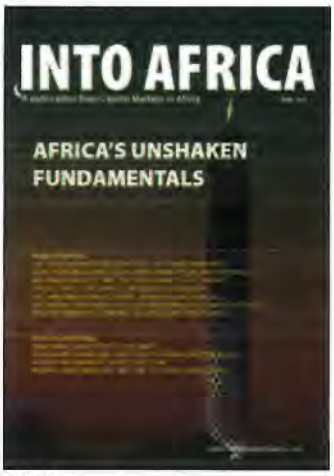
Category	Impact
Economic	Industries with PE influence have higher growth rates of production and value add, with an average annual growth rate that is 0.906% higher than non-PE industries (Source: Meyer 2010).
Social impact	Globally, PE industries appear to grow significantly faster in terms of labour costs and the number of employees. As an example, companies that have received PE funding account for the employment of around 3 million people in the UK, equivalent to 21% of UK private sector employees Source: British Venture Capital Association
Management skills	With long term value creation being a function of operational excellence, private equity investors place great emphasis on employee training and personal development.

3.1 Private Equity in Africa

There has been increasing interest in Africa over recent years. As the global developed markets have experienced lackluster growth post the global financial crisis, investors looked to the developing world for growth and returns. As part of this trend, Africa increasingly became an attractive investment destination and the global African narrative shifted from one of pessimism to optimism.

2001

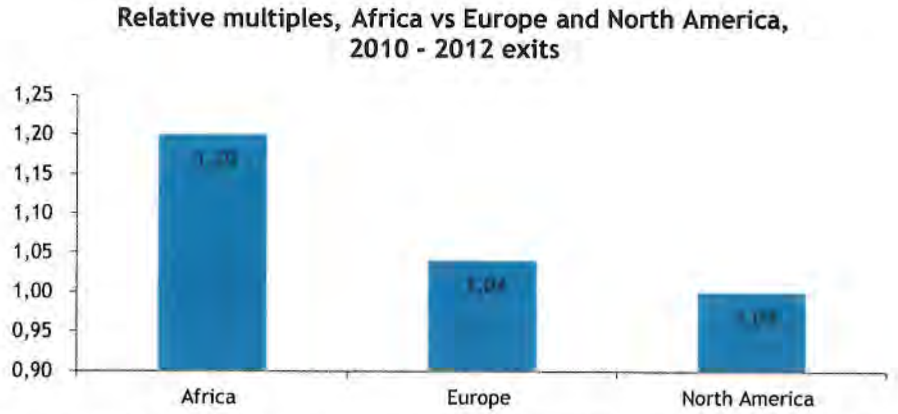
2011



2016

Africa has seen its share of global GDP grow from 4.2% in 2008 to 4.5% in 2013. This may not seem material, but increasing the global share of GDP requires countries to outperform global growth levels consistently over time. In Africa this has been achieved through sustained growth rates across the continent of more than 6% per annum for ten years (source: Riscura Bright Africa, 2014). This growth has led to the "Africa Rising" narrative, which in turn has led to an increase in flows of capital to Africa. The continent has benefitted from these flows as improved capital availability has helped to fund high levels of growth through FDI and portfolio flows into listed and private equity.

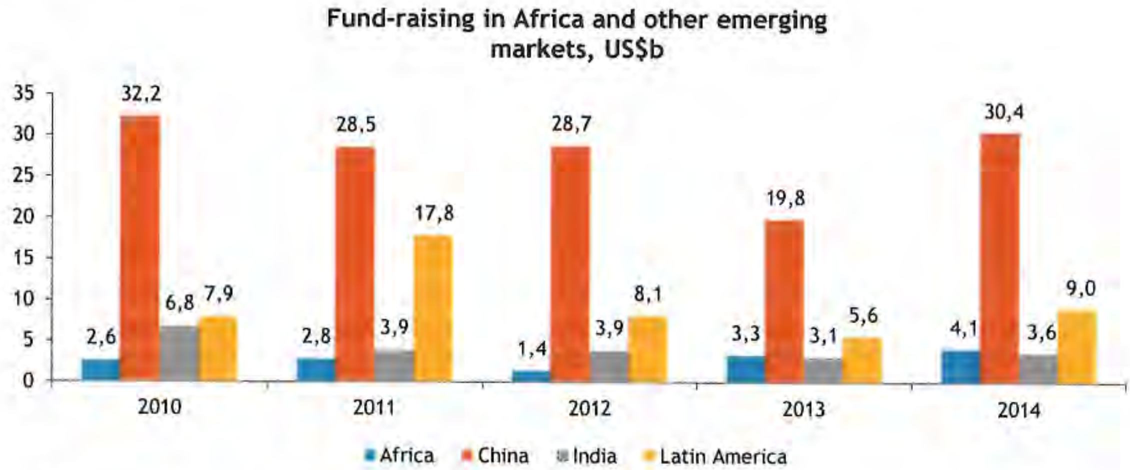
Private equity in particular has seen strong inflows due to it being an efficient avenue for both public and private sector investors to enter African markets. From a returns perspective, Africa has outperformed more established PE markets such as North America and Europe. This is evidenced by the fact the African exits between 2010 and 2012 outperformed both America and Europe as indicated below.



Source: Broadening Horizons 2014. Ernst and Young and African Private Equity and Venture Capital Association

This ability of PE to provide access to investments as well as its outperformance of the market has led to substantial increases in the amount of capital and PE firms focusing on Africa.

Investors into the private equity asset class, remain committed to Africa and the opportunity therein. Fundraising for the region remained strong in 2014, increasing 24% to US$4.1b, from US$3.3b a year earlier. Perhaps most significantly, the rise came amid an environment in which many investors shifted their focus back to developed markets, such as the US and Europe. Despite the more bullish sentiment toward developed markets of late, the continent's robust fundraising showed that investors continue to believe in Africa's potential.

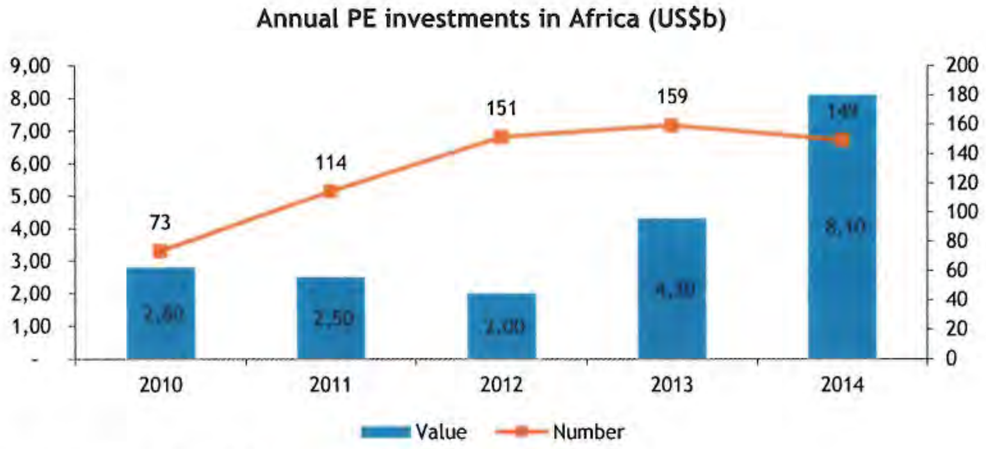


Source: Private Equity roundup Africa, India, China and Latin America 2015. Ernst and Young

Fundraising for investments in Africa increased significantly in both 2013 and 2014, and interest in the region continues to rise, driven by a number of key trends, including a rising middle class, demographic growth and low PE penetration.

3.1.1 Transactions in Africa

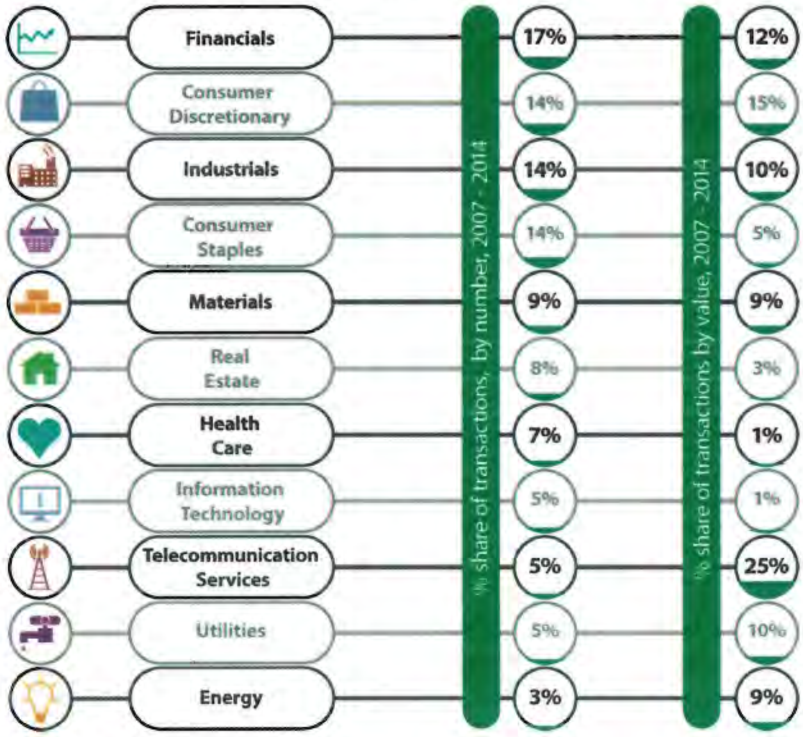
According to data from the African Private Equity and Venture Capital Association ("AVCA"), which includes follow-on investments, the aggregate deal value of African deals done in 2014 was US$8.1 billion, a 90% increase from 2013 (source: Private Equity roundup Africa, 2015, Ernst and Young).



Source: Private Equity roundup Africa 2015. Ernst and Young

From a sector perspective, whilst financial services has experienced the largest number of transactions from 2007 - 2014, telecommunications is by far the largest in terms of value invested. In 2014, telecommunications infrastructure saw the largest two investments of US$3.2 billion and US$630 million. The transactions were investments in IHS Nigeria Ltd, to acquire additional telecommunications infrastructure and Helios Tower Africa respectively.

Number and value of PE transactions in Africa, by sector, 2007 - 2014



Source: Africa Private Equity Data Tracker, AVCA

Africa's recent growth has been marked by development and growth across a range of consumer-related sectors, including RCP (retail and consumer products), financial services and TMT (technology, media and telecoms). The pace of diversification of economic activity in Africa is helping increase employment levels in the region and leading to the creation of a new consumer class. Sectors benefiting directly and indirectly from the growth of the African consumer should continue to attract much of the investment targeted at the region, in particular attractive investment opportunities in the following sectors (Source: Private Equity roundup Africa 2015. Ernst and Young):

- **Agribusiness:**

Africa's agricultural industry has tremendous potential as the region has a significant amount of arable land. However, growth can only be achieved with continued investment in infrastructure as well as more training/ educating of farmers to secure factors such as irrigation and transport, and improve farm productivity and crop performance (yields etc.). The use of better products, such as seeds and fertilizer, will help the region's agricultural industry improve its output. Both governments and corporations across Africa are looking to facilitate and increase opportunities in agriculture from a regional perspective. This will help the continent fight poverty, as the region is expected to have a major population growth spurt. Renewed commitments from these two groups, plus nongovernmental organizations, will help to prevent Africa's agricultural industry falling into neglect. This is good for the region because it should yield higher production of cash crops, which will improve GDPs, but also improve food security through the increased production of staple foods such as maize, wheat and rice.

- **Financial services:**

This sector remains an attractive sector as the ease of doing business improves, market size increases and economic growth picks up. Banking penetration and financial inclusion remain low, with significant headroom for growth.

- **Retail and consumer products:**

The anticipated increase in consumer spending in Africa is a result of the rising middle class on the continent. The poverty rate in Africa has been falling by approximately 1 percentage point a year since 1995, according to The World Bank, which estimates that the proportion of Africans living beneath the poverty line will have reduced to 38% in 2015 (from 60% in 1995), despite having the highest population growth rate in the world. Education is also helping to redefine the continent. The average adult literacy rates in Africa improved to almost 65% today, from 52% in the 1990s, according to UNESCO data. These figures are evidence of the rise in Africa's middle class. Both retailers and consumer goods companies are viewing this as an opportunity to expand their presence throughout the region through both brick-and-mortar locations and the e-commerce option of selling goods and services

- **Technology, media and telecom**

Mobile technology has been an important catalyst for economic growth in Africa. The next wave of change is being driven by growing levels of internet access, although penetration levels remain relatively low when compared to other continents. About 25% of Africans expected to be online by the end of 2016, up from only 10% in 2010 (International Telecommunications Union). With basic smartphones becoming more affordable and growth in mobile broadband among the highest in the world, access to internet-based services and technology via mobile phones is likely to explode in the coming years.

3.2 Exits in Africa

There has been a perception that exits of private equity investments in Africa are hard to achieve. This belief has been driven by the fact that private equity is in its infancy on the continent and that generally speaking the continents capital markets are small and illiquid with the intermediary networks remaining far from developed across the continent.

However, an industry study by Ernst and Young and AVCA in 2013 and 2014; 'Harvesting growth - How do private equity investors create value?', found this not to be entirely true and that a vibrant exit environment existed in Africa.

The research indicated that between 2007 and 2014, a total of 249 exits were recorded by PE firms. This figure is very encouraging and likely to be higher than many prospective investors and other market participants may have expected. And we know there are many more than these because many sales are completed privately, making it difficult to collate complete data.

Source: PE exits in Africa 2015, Erstn and Young and AVCA

Research found that the most significant form of exit is via strategic sale, with 45% of exits between 2007 and 2014 being sales to strategic buyers. Secondary buyouts were the second most important exit route in 2014, accounting for 23% of sales by PE, up from the average of 15% between 2007 and 2014. The increase is suggestive of a maturing market, as more PE funds become active in Africa and larger funds are raised. This suggests that there will be more PE-to-PE sales over the coming years. Exits via the stock markets remain small with only 10% of exits between 2007 and 2014 being via an initial public offering or stock sale on the public market.

The research highlighted that finding the right opportunities to back is one of the key issues facing PE in Africa. There are few market studies or maps of local companies and opportunities, and the intermediary infrastructure is not yet well developed. As a result, Africa's PE firms must build and sustain healthy local networks to ensure successful deal origination. This is similarly true in identifying potential buyers when looking to exit an investment.

3.3 The Private Equity Asset Class in Eswatini

The growth story of Eswatini is hard to access without looking to the private sector, and to private equity. Eswatini has a relatively small and illiquid stock exchange with a total of 7 listed stocks and a combined market capitalisation of c. E 3.6 billion as at 26 November 2018. The table below indicates the 7 listed stocks and their performance for the 2017 calendar year and 2018 year-to-date.

As illustrated below, Greystone Partners (also managed by African Alliance) was the best performing stock in both the 2017 calendar year, and was 2nd highest in the 2018 year-to-date period.

Entity	Share Price (cents)				
	1-Jan-17	29-Dec-17	% Increase (2017)	26-Nov-18	% Increase (2018 YTD)
Nedbank	920	1,080	17.4%	1,100	1.9%
Royal Swazi Sugar (RSSC)	1,355	1,400	3.3%	1,400	0%
Swd Empowerment (SEL)	3,050	3,100	1.6%	3,418	10.3%
Swaprop	545	600	10.1%	605	0.8%
Swazispa Holdings	600	600	0%	600	0%
Greystone Partners	220	275	25%	300	9.1%
SBC Limited	735	780	6.1%	810	3.8%

By comparison, the London Stock Exchange alone has 2,173 listed companies. An example that further illustrates the depth of the private sector relative to public markets is South Africa, where there are an estimated 400,000 private companies compared to fewer than 400 publicly listed firms. Additionally, public markets don't often reflect the real national economies, and often don't provide access to the key growth sectors.

This has resulted in some investors encountering difficulties in finding ways to gain access to and assist in driving growth in Eswatini. With the relatively small and illiquid stock exchange, PE becomes an important sector to bolster economic activity. PE is able to invest in transformative sectors that drive accelerated economic expansion and sustainable job creation.

While there are no definite numbers, Inala Capital estimates that Eswatini pension funds invest about 1% of their funds into private equity, while, internationally, this number is 4% on average. Further, average global private equity investment as a percentage of gross domestic product was around 1% in the US and UK, while in Eswatini, this ratio is estimated to be lower than this, again presenting significant potential for growth in private equity investments in Eswatini.

While the PE sector in Eswatini remains in its infancy, it is considered important for more private equity capital to be unlocked if the many financing gaps in Eswatini are to be filled, and to assist with the development and growth of the Eswatini economy. It is believed that as the PE sector develops, this will lead to the attraction of greater international interest and lead to increases in Foreign Direct Investment ("FDI") and the focus of large PE players on Eswatini which should lead to economic growth.

3.4 Investment Philosophy

Through the Manager's on-the-ground presence, track record and history in the markets in which it operates, it has an established network in the business community which provides a significant source of up to date local insight into opportunities, risks and vital information on potential investment opportunities.

It is noted that the Manager, or its affiliates in the African Alliance group, may from time to time invest alongside Inala Capital in its investments, either simultaneously, before, or after Inala Capital has invested. As a potential co-investor with Inala Capital in certain underlying investments, the Manager will disclose this fact to Inala Capital. The Manager believes that this further align interests with the shareholders of Inala Capital. The Mangers typically is a co-investor where strategies and synergies are aligned between Inala Capital and the Manager. This is assessed on a case by case basis and should such investment prospect subsist, the Board of Inala Capital will make its decision independent of the Manager, with the commitment that directors who may be conflicted will recuse themselves from such deliberations and resolutions.

Investments will primarily be focused on established agri and food businesses with strong cash flows and a high degree of operational leverage. Depending on the particular opportunity and operator, greenfield investments will be considered however, this will not be the Manager's preference. Inala Capital seeks to partner with proven management teams, existing or new, in driving value. The Manager will identify and invest in businesses that demonstrate, inter alia, some of the following key criteria:

- A proven track record, either by the management team or company itself;
- Businesses requiring expansion capital to boost production and grow operations to become both local and regional agri and food players;
- The company must have core competence and competitive advantages in its industry;
- Underrated businesses that have significant up-side potential (greenfield and start-ups ventures will be considered); and
- Businesses that support the creation of social and economic upliftment via employment creation and improved food security.

Over and above these key criteria, the following additional principles are applied when assessing a transaction:

1. ***Maintenance of capital:*** Inala Capital's main principal is to ensure that no investment made results in loss of capital. Inala Capital is thus very conservative in determining the fair value of its potential investments.
2. ***Margin of Safety:*** Inala Capital is aware that the future is something that can never be predicted. Therefore, in all investments a significant margin of safety for the entry valuation is included to compensate for the unpredictability of the future.

3. ***Reward the entrepreneur:*** If the entrepreneur is not properly incentivised, the investment will not achieve its full potential. African Alliance focuses on ensuring that the entrepreneur knows that he will benefit as much, if not more, from achieving growth than the financial/strategic investor.

4. ***Identify a clear exit:*** No investment will be completed unless potential exit options are thoroughly reviewed. Exit strategies pursued will include amongst others leveraged recapitalisations, structured put options to third parties, sales to corporate buyers and public offerings.

Exit and the timing thereof are important issues governing the success or failure of any private equity investment. A clearly defined exit plan will be compiled before making investments. The exit plan shall include:

1. Possible exit routes and the most likely route;
2. Prominent trade participants in the industry which could purchase the portfolio company;
3. Forecast exit multiples and resulting IRR on investments; and
4. Procedures that need to be followed in order to prepare the portfolio company for the proposed exit routes.

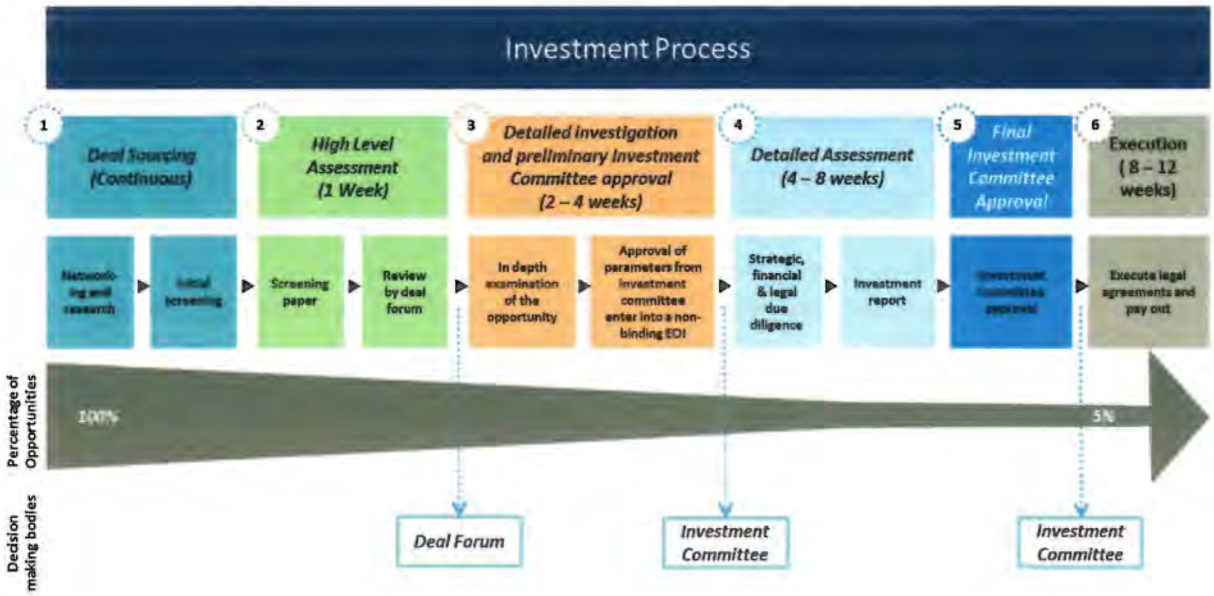
Although considered a long-term investor, the Manager will consistently monitor its portfolio investments and is always considering the most opportune time to exit, as well as the best exit route. Throughout the duration of the investment, the portfolio company will be groomed to suit an exit tailored to maximise its IRR - including short-term profitable exit opportunites which will be considered individually, based on merit. African Alliance has a passion for developing local markets and therefore its preferred exit will be via a listing if this does not impact on the potential returns that can be achieved.

The following guidelines regarding the size of investments by Inala Capital will apply:

- It is envisaged that the average size of a specific equity investment would be in the order of E5 million and above; and
- Both majority and minority interests in listed (if applicable) and unlisted companies will be considered.

3.5 Investment Process

The investment process is summarized in the diagram below.



i. **Deal Sourcing:**

The first step in any investment process consists of identifying potential opportunities and completing a basic initial screening. Preliminary discussions are held with potential investee company shareholders/management. The Manager follows a rigorous approach to identifying attractive opportunities and sources transactions from a range of sources, which include:

- **Proprietary Networks** - Inala Capital has a strong network of stakeholders, including its shareholders, that provide deal flow to Inala Capital;
- **The Manager** - Through the Manager's on-the-ground presence, track record and history in Eswatini, there is an established network in the business community which provides a significant source of deal flow;
- **Passive Deal Flow** - Equity seekers approaching Inala Capital or the Manager; and
- **Active Deal Search** - The Manager identifying opportunities in the open market.

ii. **High level assessment:**

Opportunities deemed worthy of further consideration on the basis of an initial screening process are put forward to the Deal Forum. A Screening Investment Paper is prepared by the private equity executives and presented to the Deal Forum for consideration.

This document contains (among other information) the following: key background information on the company and the sector, historical financial information and high level financial projections, the potential terms of the transaction being discussed and projected returns, key attractions and key risks.

The deal forum comprises the private equity team of African Alliance, which meets on a weekly basis to discuss and decide on which opportunities should be pursued further.

iii. **Detailed investigation and preliminary internal Investment Committee approval:**

Should the Deal Forum provide its approval to proceed, a more in depth examination of the opportunity is undertaken. This examination concludes in the preparation of an Initial Investment Paper. The Initial Investment Paper will provide:

a. Key background information on the company and the sector,

b. Historical financial information,

c. Key attractions and key risks

d. Indicative valuations and pricing for the transaction

e. Expected returns

f. Expected exit route

The initial investment paper is presented to a formal meeting of the internal Investment Committee, particulars of which are set out in section 9. The internal Investment Committee will review this information and provide the investment team with its approval and parameters to enter into a non-binding expression of interest with the investee company. The non-binding expression of interest will set out the valuation methodology and expected pricing as well as exclusivity on the transaction for a period. Only once the non-binding expression of interest has been executed will the detailed assessment begin.

iv. **Detailed Assessment:**

Upon the execution of a non-binding expression of interest, the detailed assessment of the opportunity commences. This includes an in-depth commercial, financial, legal and strategic due diligence being conducted on the potential investee company. External experts in the particular sector being assessed are often engaged to assist with this process and assist in providing in-depth knowledge on the opportunities.

Once the due diligence is complete, a comprehensive Investment Paper is compiled. The aim of the Investment Paper is to detail how the Fund will achieve the required returns from the proposed investment.

This document includes the following subject matters:

a. The quality of the business case, business model and strategy as supported by a detailed implementation plan and other supporting documentation

b. The nature/extent of competition and/or barriers to entry and its potential influence on the business case

c. The extent to which the project risks are adequately identified and whether suitable and realistic risk management strategies have been proposed

d. The experience and skill of the management team - their background, skills, motivation and leadership capability (including reference checks) and the extent to which this experience and skills as well as the experience and skill of other personnel in the project is compatible with the project objectives and likely to result in a successful project

e. Detailed historical financial analysis

f. Detailed financial projections

g. Opportunity analysis

h. Valuation

i. Detailed transaction structure and potential returns

j. The proposed terms of the transaction

k. Environmental, Social and Governance ("ESG") review

l. Post deal investment management strategy and exit strategy

Investment portfolio administration system

The Manager uses "e-Front" for investment accounting and general portfolio management functions. e-Front is a third party software company that is one of the leading software providers of solutions dedicated to the financial industry with recognized expertise in Alternative Investments and Risk Management.

e-Front is a software vendor that uses a web-based solution customized for African Alliance's specific needs to optimize front office operations including fund raising and deal flow management while ensuring the highest standards of investor reporting and back office fiduciary obligations. African Alliance utilises the FrontInvest module of e-Front. FriontInvest is a web-based solution offering an integrated platform covering front, middle and back office solutions across the private equity industry. FrontInvest has the following benefits:

FrontInvest is organised into three main groups of capabilities:

FrontInvest Platform

- Investor Modules empower the Manager to have tighter relationships with its investors. FrontInvest's CRM capabilities allow for the managing of prospective and active investors through the investment lifecycle.

- Deal Team Modules automate the work of managing investment opportunities, to help the team operate more efficiently, make better investment decisions, and stay on top of investment performance more easily. FrontInvest Deal Team capabilities include deal flow management with integrated workflow, portfolio valuation and portfolio management.
- Fund Management Modules automate the back office, with powerful and flexible fund holdings, transactions, accounting and allocation management features. FrontInvest reduces administrative burdens by automating repetitive and error-prone tasks such as the workflows around capital call and distribution notices. Fund management capabilities include fund structure modelling, investor allocation, management of fees, and subscriber management. FrontInvest includes an integrated accounting system, which can automatically create accounting entries based on fund operations, such as calls, distributions and fund expenses, as well as direct transactions entered in the system. FrontInvest is a globally-capable solution that supports multiple currencies and the ability to manage multiple charts of accounts, to comply with various international standards (such as country-specific GAAP and IFRS).

The particular features that are of benefit to African Alliance's investment processes are:

- Deal Flow Management: eFront tracks any number of offerings while allowing customization of the deal pipeline and related dashboards. Firms can leverage workflow to guide users through the process endorsed by top management. Deal professionals can streamline their process by managing the stages of investment review, tracking comparables and performance over time, managing contact and account information, and generating informative pipeline reports and dashboards.
- Portfolio valuation and Investment Monitoring: eFront portfolio management and investment monitoring systems, including dashboards with graphical representations, dynamic look up and drill down capabilities, allow the Manager to define the most appropriate views and to receive timely performance insights where and when it matters most.

Regulatory licenses and indemnity

African Alliance is regulated by the Financial Services Regulatory Authority (FSRA) as an investment Advisor (Licence No. IA/002/13).

Valuation

In determining the valuation at entry of an investment, the Manager is aware that the future is something that can never be predicted. Therefore, in all investments a significant margin of safety for the entry valuation is included to compensate for future unpredictability. Furthermore, the increasing importance placed by international accounting authorities on fair value reinforces the need for the consistent use of valuation practices worldwide. Therefore, The Manager's valuation policy is in accordance with the principles of the International Private Equity and Venture Capital ("IPEVC") guidelines and International Financial Reporting Standards ("IFRS").

The ultimate aim of a valuation is to determine the fair value of an investment. IFRS 13 and IPEVC most appropriately define the fair value as "price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions".

A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market. IPEVC defines the principal market as "The market with the greatest volume and level of activity for the potential sale of an asset." For unquoted investments, the measurement of fair value requires the valuer to assume the underlying business or instrument is realised or sold at the measurement date, regardless of whether the underlying business is prepared for sale or whether its shareholders intend to sell in the near future.

In the absence of a market in which transactions for an asset take place with sufficient frequency and volume to provide pricing information on an on-going basis, the Manager estimates fair value utilising one or more of the valuation techniques.

Valuation Technique	Approach
Price of Recent Investment	Market Approach
Multiples	Market Approach
Net Assets	Cost Approach
Discounted cash flows of earnings	Income Approach
Discounted cash flow from investment	Income Approach
Industry valuation benchmarks	Market Approach

A brief description of the approaches is provided below:

Valuation Technique	Description
Price of Recent Investment	The price of recent investment valuation technique is commonly used in a seed, startup or an early-stage situation, where there are no current and no short-term future earnings or positive cash flows. For these enterprises, typically, it is difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to measure fair value is a valuation technique that is based on market data, that being the price of a recent investment that is similar in nature. If African Alliance concludes that the price of recent investment, unadjusted, is no longer relevant, and there are no comparable companies or transactions from which to infer value, African Alliance will complete an enhanced assessment based on an industry analysis, sector analysis and/or milestone analysis.
Multiples	This valuation technique involves the application of an earnings multiple to the earnings of the business being valued in order to derive a value for the business. This valuation technique is most appropriate for an investment in an established business with an identifiable stream of continuing earnings that are considered to be maintainable. A number of earnings multiples are used, including price/earnings (P/E), Enterprise Value/ earnings before interest and tax (EV/EBIT) and depreciation and amortisation (EV/EBITDA). African Alliance will pick the most appropriate multiple for the business being valued. African Alliance uses multiples to derive an Enterprise Value for the underlying business. The selected multiple of the peer quoted companies, derived as at date of valuation, is adjusted for points of difference to the portfolio company being valued.
Net Assets	This valuation technique involves deriving the value of a business by reference to the value of its net assets. African Alliance primarily uses this technique when valuing a business whose value derives mainly from the underlying fair value of its assets rather than its earnings, such as property holding companies and investment businesses.
Discounted cash flows of earnings	This valuation technique involves deriving the value of a business by calculating the present value of expected future cash flows (or the present value of expected future earnings, as a surrogate for expected future cash flows). The cash flows and 'terminal value' are those of the underlying business, not those from the Investment itself. The disadvantages of the DCF valuation technique centres on its requirement for detailed cash flow forecasts and the need to estimate the 'terminal value' and an appropriate risk-adjusted discount rate.
Discounted cash flow from investment	This valuation technique applies the discounted cash flow concept and technique to the expected cash flows from the investment itself. Where Realisation of an investment or a

Valuation Technique	Description
	flotation of the underlying business is imminent and the pricing of the relevant transaction has been substantially agreed, the Discounted Cash Flows (from the Investment) valuation technique (or, as a surrogate, the use of a simple discount to the expected Realisation proceeds or flotation value) is likely to be the most appropriate valuation technique. Risk and the rates of return necessary to compensate for different risk levels are central commercial variables in the making of all private equity investments. Accordingly, African Alliance utilises a frame of reference against which to make discount rate assumptions.
Industry valuation benchmarks	A number of industries have industry-specific valuation benchmarks, such as 'price per bed' (for nursing-home operators) and 'price per subscriber' (for cable television companies). Other industries, including certain financial services and information technology sectors and some services sectors where long-term contracts are a key feature, use multiples of revenues as a valuation benchmark. These industry norms are often based on the assumption that investors are willing to pay for turnover (revenue) or market share, and that the normal profitability of businesses in the industry does not vary much.

As illustrated, the Manager applies a number of valuation techniques to determine the fair value of a potential investment. When more than one method has been used, judgement is applied in arriving at a conclusion. The Manager further incorporates case-specific factors affecting the potential valuation. For example, if the investment is holding surplus cash or other assets, the value of the business should reflect that fact to the extent an investor would attribute value to such items.

The Manager generally uses more than one of the above valuation techniques in order to determine the final value of an existing or potential investment. Consideration and judgement is always applied to the macroeconomic environment, industry-specific factors and political landscape in which an entity operates when determining a valuation.

v. Formal Approval

The Investment Committee will be requested to approve the investment as presented in the Investment Paper. If the Investment Committee approve the transaction, the Company's Board ratifies the decision before the investment team can execute the transaction.

vi. Execution

After final Investment Committee approval has been granted, the acquisition of the investment is finally agreed with the selling shareholders and/or the management team of the investee company. Should the final terms of the transaction differ from those approved by the Investment Committee and Board, then the private equity executive team will have to return to the Investment Committee and Board for approval of the revised terms. Following this approval and final agreement amongst all parties, the acquisition of the investment is executed. Final execution typically requires entering into all requisite legal agreements, obtaining all necessary regulatory and statutory approvals that may be required. Upon the satisfactory completion of all legal and other statutory agreements, capital will flow to the investee company and/or shareholders.

vii. Post deal value creation

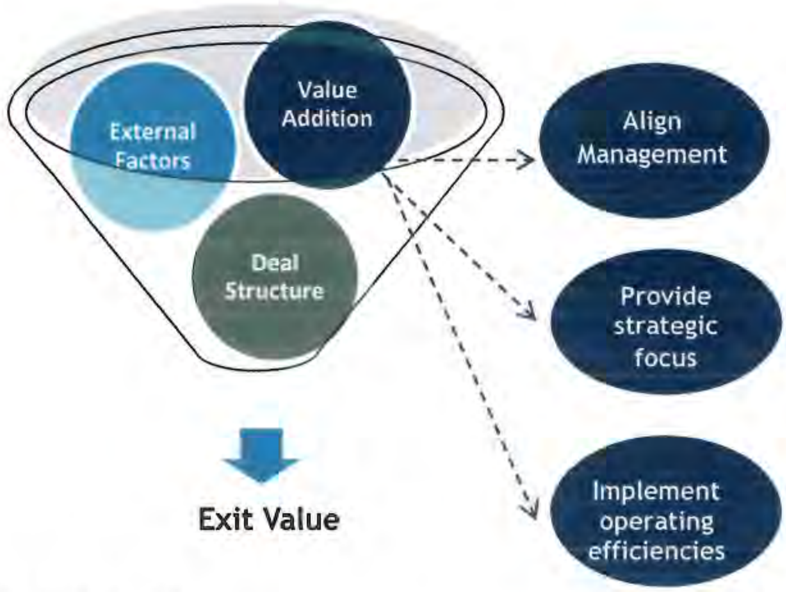
The Manager has a strong value-add focus as it is of the opinion that a big part of private equity value creation comes from driving business improvements in portfolio companies. Value addition starts as early as the deal sourcing phase when engaging with management in order to ensure that management teams are open to partnering with the Manager and actively driving and generating value.

Some examples of value addition initiatives are provided below:

- Constituting the board and its sub-committees according to international best practices of corporate governance.

- Active involvement on the board and sub-committees.
- Frequently interacting with management, providing input on how to improve effectiveness of interventions.
- Assisting with strategic growth and innovation initiatives.
- Identifying technical partners for growth initiatives.
- Ensuring adequate staffing and personnel management.
- Assisting in negotiating agreements with customers.
- Optimising the capital structure and fundraising initiatives.
- Developing environmental, social and corporate governance, also known as ESG, to measure the sustainability and ethical impact of companies.

Value Creation



Board representation and oversight

As part of its risk mitigation and value addition strategy, the Manager makes it a condition that each portfolio company must have at least one seat for representatives of the fund on the board of directors of a portfolio company.

When the Fund makes investments which do not afford it control over the portfolio company, it will negotiate minority protection provisions such as pre-emptive rights, tag along rights, sale restrictions and provisions requiring approval of the fund for key decisions relating to such matters as the constitution of the board of directors and management, business objectives, strategy and tactics, asset protection, liability limitation, liquidity, capital, material investments and disposals, employee contracts, budgeting and reporting as well as audit rights. This will allow the fund's position to be protected by effective control over critical issues.

4. ANALYSIS OF PROSPECTS AND OPPORTUNITIES

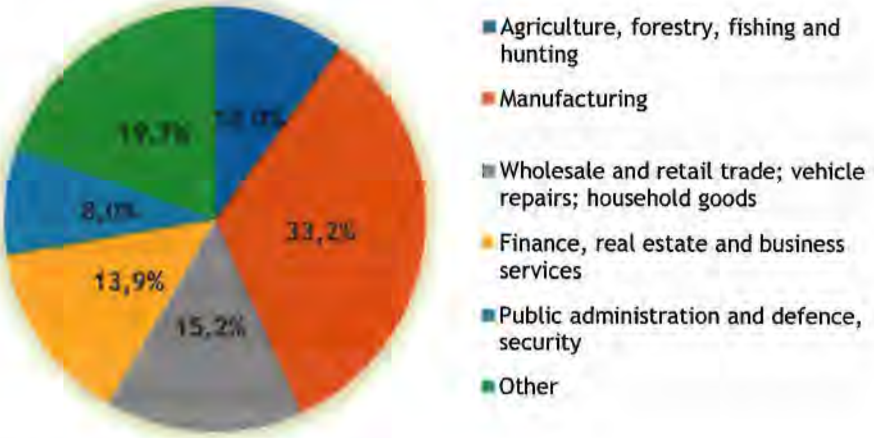
Inala Capital offers its shareholders an opportunity to make a direct and proactive contribution to Eswatini's economic growth and development, and to participate in the process of creating wealth. The funds raised will enable Inala Capital to build its investment portfolio focused on wealth creation, service provision and economic enablement.

4.1 Eswatini Economic Overview

Eswatini is a small, open economy bordering Mozambique and South Africa with a population of c. 1.3 million people (of which, approximately 80% are below the age of 35). It is heavily dependent on international trade, with an average ratio of trade in goods and services to gross domestic product ("GDP") of 86.7% in the period 2014 - 2016 (source: African Economic Outlook). Membership to the Southern African Customs Union ("SACU") is a key determinant of the Swazi economy, with SACU revenues representing a very large proportion of total government revenues. Eswatini continues to maintain close economic ties with South Africa as it accounts for a majority of its trading activity.

Eswatini's GDP currently stands at c. USD 4.6 billion. The Eswatini economy is a diversified one spanning a range of sectors from agriculture to manufacturing. Overall, manufacturing is the largest contributor to GDP, with a large proportion of this based on sugar derivatives and concentrates, especially Coca-Cola concentrate.

Eswatini GDP by Sector



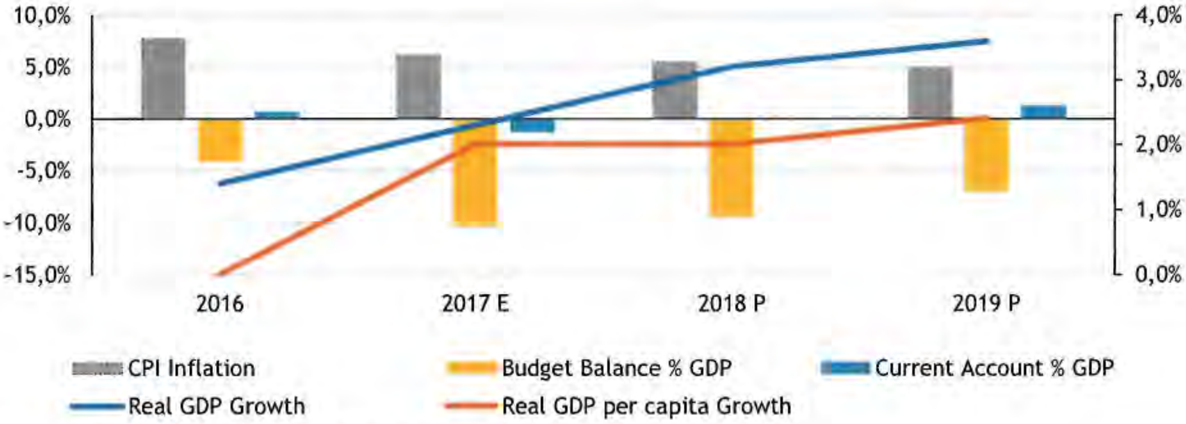
Source: African Economic Outlook 2018

Economic performance in Eswatini, as indicated by real gross domestic product ("GDP") growth increased from 1.4% in 2016 to an estimated 2.3% in 2017 (source: African Economic Outlook). Even though there was an improvement, the sluggish growth over the last two decades (at an average of 2% per annum) is attributable to lack of competitiveness, fiscal challenges, low investment, and the high cost of doing business. The improvement in GDP growth in 2017 is due to the recovery of the services sector on the back of increased aggregate demand. The primary sector was also buoyed by improved weather conditions following the drought in 2016, which improved agro-processing. While crops such as maize, cotton and sugar cane all increased output, the primary agri sector as a whole was however dragged down by livestock production due to depleted herds from the drought.

The secondary sector rebounded in 2017, with manufacturing expanding by about 1.0% (having experienced a decline of c. 1.2% in 2016). Even though manufacturing was adversely affected by water and electricity shortages, the return of the rains and resultant uplift in crop production meant an increase in agro-processing, which offset poor performance in other manufacturing sectors such as rubber, plastic and glass production. Textiles (accounting for about 8% of manufacturing input) remained subdued in spite of Eswatini's re-admission into the AGOA market. This subdued growth was however largely stifled due to the closure of a major producer. In the construction industry, although private sector construction projects continued to expand, this did not offset the slowdown in public/ government spend on infrastructure, which has been curtailed as part of efforts to narrow the fiscal deficit.

The tertiary sector grew by 2.7% in 2017 (1.7% in 2016), with most sub-sectors growing by more than had been anticipated. Wholesale and retail specifically benefitted from the completion of building projects that needed furniture and other semi-durable products. Public admin & defence and financial services (as well as the services sector in general) all benefited from increased aggregate demand boosted by the civil service salary review - but further government salary increases will likely be prudent. The tourism sector benefited in 2016/ 2017 from the easing of visa restrictions by South Africa.

Macroeconomic Indicators



Source: African Economic Outlook 2018

Eswatini inflation averaged 7.8% in 2016, 3% higher than the 4.8% observed in 2015. However, this is estimated to have reduced to 6.2% in 2017 and is projected to level off at 5.0% in 2019 (source: African Economic Outlook). Inflation in Eswatini tends to generally track South Africa, as it is the main source of key imports which include food and electricity. The 6.2% inflation in 2017 is just outside the Southern African Development Community's ("SADC") convergence target of 3% to 6%, and is therefore improving and approaching the targeted levels. The decline in inflation is largely due to lower food prices following the rainfall, and tighter monetary policy from the Central Bank of Eswatini.

Going forward, economic growth is expected to improve slightly, increasing to a projection of 3.2% in 2018, and then further to 3.6% in 2019. Short-term growth prospects are largely dependent on agriculture and construction as explained below.

Real GDP Growth

Looking forward, growth is not expected to improve dramatically, with real GDP growth per capita of just over 2% expected in 2018 and 2019. The main determinants of growth in the short-term will be a continued rebound in agricultural output following the improvement in weather conditions, and increased construction activity. The Lower Usuthu Smallholder Irrigation Project ("LUSIP") will help boost sugarcane production and should also underpin agricultural activity in general. Construction is likely to remain constrained in the short-term, but major planned construction projects such as the Lothair Railway Link would boost the sub-sector and also help to create jobs. Manufacturing as a whole could continue to grow off the back of increased food and sugarcane processing, however textile production is likely to remain subdued following the closure of a key operation. The positive effects from the re-admission into AGOA are also likely to occur over time in the medium-term.

Macroeconomic Indicators	2018(p)	2019(p)

Real GDP growth	3.2%	3.6%
Real GDP per capita growth	2.0%	2.4%
CPI inflation	5.5%	5.0%
Budget balance % GDP	-9.5%	-7.1%
Current account balance % GDP	0.1%	1.3%
(p) = Projected **Source:** African Economic Outlook 2018 Swaziland Country report		

The Eswatini Government has recognised the need to enhance and sustain economic growth. In the 2017/2018 Budget speech, the Honourable Minister of Finance, Martin G. Dlamini indicated the following priorities:

i. Tightening up of the fiscal deficit (government expenditure exceeding tax collections), by specifically looking to:

    a. Partner with the private sector to promote business activity and reduce the dependence on government;

    b. Reduce the size of government and the related wage bill, including a freeze on government hiring;

    c. Reduce capital investment in the short-term; and

    d. Streamline public enterprises to enhance the performance and self-sustenance of these entities;

ii. Increasing access to financial services and financial inclusion, primarily by utilising mobile technology in collaboration with policy-makers, regulators and financial institutions;

iii. Ensuring the development of the tourism industry;

iv. Investing in Information & Communication Technology ("ICT") via physical incubators and Science Parks, and the automation of certain government services;

v. Investing in road, rail and air transport infrastructure; and

vi. Promoting Small & Medium Enterprises to facilitate economic growth.

In the 2016/2017 Budget speech, the following priorities were noted:

vii. A focus on drought mitigation;

viii. Enhancing human capital, with increased focus around access and quality of healthcare and education, and enhancing the welfare of the vulnerable;

ix. Enhancing service delivery through strategic infrastructure expansion and synergising with the Private Sector;

x. Strengthening all key sectors for economic growth;

xi. Increasing the efficiency and optimization of resource utilization; and

xii. Increased focus on combatting corruption.

4.2 Eswatini Investment Themes

In considering potential agricultural and food investments in Eswatini, it is critical to understand the economic landscape, in particular the challenges and growth drivers of the country. Eswatini is facing significant challenges, in particular the uncertain global and regional economic outlook that could lower SACU revenues.

Eswatini has made significant strides in recent years including the revision of the Eswatini Investor Roadmap and re-launch in 2012. Eswatini's ranking for the World Bank Ease of Doing Business improved from 134 in

2012 to 112 in 2018. Interventions by the Eswatini government in achieving this include shortening of the company registration process, introduction of VAT, and quicker services at Swazi borders.

Despite its challenges, Eswatini boasts some key features which make it suitable to private sector investment. These include:

- **Geographical location**

  Eswatini is ideally positioned from a geographic perspective with rail access to three major ports, being the Port of Durban, Port of Richards Bay as well as the Port of Maputo. This allows for the ease of importing raw materials and basic inputs for production as well as exporting of finished goods.

- **Investor incentives**

  Incentives to invest in Eswatini are comprehensive, in that they address almost every aspect of the investment process. Most importantly, issues of taxation are given due consideration. The corporate tax rate is 27.5% for all companies. There is also a provision for loss cover. In that regard, the unlimited loss-carry forward allows a company to carry forward its loss (given that it incurs a loss in the year of assessment), and set it off against future assessable income.

  Various tax incentives in Eswatini exist with regard to additional productive capacity, and are given by way of special deductions allowed for new industrial buildings and new plant and machinery brought into use in a process of manufacture (or any other similar process). The special deductions also apply in respect of second-hand machinery - which was not previously the case in Eswatini, and to leased plant and machinery. On capital investments, the following are allowed by the Swaziland Revenue Authority:

Incentive Description	Incentive
Initial allowance on new plant and machinery brought into use.	50% of cost
Initial allowance on used machinery housed in a building that qualifies for initial allowance, used in Eswatini for the first time and not replacing other machinery.	50% of depreciated value
Initial allowance on new industrial buildings placed in service that house machinery qualifying for the initial allowance.	50% of cost
Annual Wear & Tear on cost of industrial buildings.	4% deduction per annum
Annual Wear & Tear on improvements to industrial buildings	4% deduction per annum

A summary of further investment incentives in Eswatini are as follows:

- ***Human resources training rebate***

  Through approval by the Commissioner of Taxes, a rebate of 150% of the cost is written against tax for training schemes.

- ***Development Approval Order***

  The Government of Eswatini has identified specific areas to bolster investment (either local or foreign direct investment), and for such areas there exist a special corporate tax incentive. In investments such as; manufacturing, mining, **agribusiness**, tourism and international financial services; the Minister of Finance has the prerogative to nominate a certain investing company as crucial for the development of Eswatini, and thus with Cabinet approval afford it a minimum tax rate of 10% for a period of ten (10) years on withholding taxes.

- ***Duty Free Access on Capital Goods***

  Capital goods imported into the country for productive investments are exempt from import duties.

- ***Duty Free Access on Raw Materials***

  Raw materials imported into the country to manufacture products to be exported outside the SACU area are exempt from import duties.|

- ***Export Credit Guarantee Scheme***

  Investors who manufacture/process for the export markets can obtain funds from local banks to process their orders. The Government of Eswatini, through the Central Bank of Eswatini, guarantees loans raised for this purpose.

- ***Five Year Work and Residence Permits***

  Permits are available for expatriate Directors, Senior Management and key technical personnel of new enterprises.

- ***Repatriation of Profits***

  The liberalized foreign exchange mechanisms also allow full repatriation of profits and dividends of enterprises operating in the country. Repatriation is also allowed for salaries of expatriate and capital repayments.

- ***Legal Protection of Investments***

  Investment in Eswatini is protected from undue expropriation under the Swaziland Investment Promotion Act of 1998. In addition, Eswatini is a Member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank which provides for added legal protection of investments.

- **Labour relations**

  Eswatini has a very stable labour relations market. This, together with the fact that labour costs are relativity low on a global scale, makes it an ideal destination for labour intensive manufacturing.

- **Preferential agreements**

  Eswatini is a party to various international trade agreements and double tax treaties that offer great potential for the country.

- **New legislative investment requirements**

  In 2016, the Insurance and Retirement Funds Act of 2005 was reviewed and amended, requiring local Swazi pension funds to invest at least 50% of their funds in local assets. This requirement was previously 30%. This therefore potentially increases capital available for local private sector investment.

4.3 Inala Capital Focus Areas

Inala Capital broadly sees the following sectors as providing investment themes that will be focused on identifying potential investments. These do not preclude investments from other sectors that would make sense as part of Inala Capital's portfolio.

- **Agriculture**

  Eswatini's agro-ecological conditions allow for greater diversification of agricultural production if the requisite infrastructure is provided. With almost 70% of the population dependent on agriculture for its livelihood there is great potential for the sector's growth through the development of related infrastructure and the adoption of new technologies to improve productivity. While sugar cane production remains a major activity for the medium term, other crops and livestock present significant opportunity and agriculture also presents opportunities for renewable energy generation from biomass.

- **Food processing**

  In addition to primary agricultural activity (mainly farming), the secondary processing of primary agri goods is vital to local food security and creates employment from a macro perspective providing a strong fundamental case for investment and government support. From an investor perspective, total margins made by the business improve as investments "from farm to fork" capture the entire food supply chain (eliminating value extraction by 3rd parties), and 3rd parties outside of the country are also less relied upon. Building on an already strong manufacturing sector in Eswatini, food processing, both with crops (eg: milling, canning etc.) and livestock (eg: abattoirs, tanning etc.) would help provide a somewhat missing step in the process in Eswatini, and generate strong and predictable financial returns.

- **Retail and fast moving consumer goods Infrastructure**

  Eswatini is following in the footsteps of many other emerging markets by developing an increasingly large band of middle-class consumers. These consumers are highly aspirational and deploy their disposable incomes in daily shopping for consumables. This is further fuelled by the development of local towns and the mushrooming of modern malls especially within the Mbabane - Manzini corridor. Demand for food prices also proves to be resilient in tough economic times as it is the mainstay for human survival. Opportunities are abound in franchised stores and retail infrastructure.

Please refer to section 5.2 for further insight into all three of the above sectors.

4.3.1 Future prospects

Inala Capital offers retirement funds, institutional investors and the public an opportunity to make a direct and proactive contribution to Eswatini's agricultural sector and food security, the general economic growth and development of the country, and to participate in the process of creating wealth. The funds raised as a result of the private placing will enable Inala Capital to compile an investment portfolio focused on wealth creation, service provision and economic enablement. The ability of the Company to acquire additional growth investments will be enhanced by the potential to issue shares for acquisitions once Inala Capital is listed and by the fact that there is a committed and experienced manager with a strong track-record in Eswatini. Shareholder value is expected to be enhanced through both organic growth and acquisitions.

While Inala Capital Partners is evaluating potential investments, the Company will have a high cash component. The Manager will utilise this level of liquidity to take advantage of special opportunities where value is perceived and the returns on the cash component can be enhanced.

Significant investment opportunities have been identified in Eswatini, both in the private sector and the public sector through partnerships with Government. Government has made many developmental strides in the last fifteen years, which indicates a trend that they may continue, and government has specifically ear-marked agriculture as an area of focus. Recent developments include

a) the construction of a superior road infrastructure, which is important for a growing economy that seeks to attract investors;

b) the development of a mobile telephony that has seen developments in the fixed mobile space and Information and Communication Technologies sector at large;

c) the establishment of new legislation and upgrade of some that had become archaic, which will ultimately establish a highly regulated operating environment;

d) the establishment of an anti-corruption unit that is dedicated to weaning out corruption; and

e) construction of an international airport that will see Eswatini acquire direct access to the international gateway.

Going forward, there may be investment opportunities (agriculture-specific or complimentary) that Inala Capital can partake in that will take Eswatini through its current phase of rapid development.

The Manager's experience to date is that investment opportunities of below E 5 million are generally in early stage and start-up companies with little or no proven track record. From an investment perspective, there remain some risks to investing in a business that is at this stage in its life cycle ('start up risks'), as described further below.

Start-up risks include imperfect information when assessing the opportunity and uncertain cash flows. This is illustrated by the graph below which overlays a company's cash flows with the stage of its development.

As can be seen in the early periods of a company's life cycle there are generally net cash outflows and it is due to this that many early-stage companies tend to fail. Those companies that survive and mature generally experience significant growth before reaching maturity and stabilisation. Whilst it is recognised that small and medium enterprises ("SMEs") are pivotal in economic development, it is recommended Inala Capital's investment focus should be on companies that have a proven track record and are seeking funding to grow further in order to minimise risks to investors. Using the chart below as a guide, this would mean focusing on companies from stage 4 to stage 7 of their life cycles.

Companies in this stage of development provide the following benefits:

- Established cash flows and a clearer view on growth backed by historic performance; and
- Proven management with the necessary skills and expertise to drive growth.

With the above in mind, Inala Capital's strategy is generally to focus on larger transactions (which achieve a greater nominal return on capital) whilst mitigating as much risk as possible. That said, if the investment case is compelling (eg: extremely attractive returns with strong risk mitigations in place, or bolt-on start-ups that would fit into the supply chain of other Inala Capital portfolio companies - thereby providing a more secure customer or supplier base), early-stage investments will be considered. Inala Capital' target return for investments is a minimum of 10% per annum and it is the Manager's view that investing in selected later stage companies with a proven track record will both enable Inala Capital to achieve this return while mitigating risk.

4.3.2 Investments Made

- **Alliance Foods (Pty) Limited Investment**

Inala Capital Limited invested E22.5 million for 27.3% of Alliance Foods (Pty) Limited. Alliance Foods (Pty) Limited ("Alliance Foods" or the "Purchaser") acquired 100% of specified assets of Pimenta's KFC (Pty) Ltd ("Pimenta's KFC") (the "Transaction") on the 1 March 2019.

The investment by Inala Capital Limited was part of an overall investment to capitalise the Purchaser, a newly formed entity established specifically for the purposes of executing on the Transaction, by various investors in order to on the Transaction as well as bolster Alliance Foods balance sheet for future growth and working capital.

As of 1 March, Alliance Foods owns and operates seven Kentucky Fried Chicken ("KFC") Quick Service Restaurants ("QSR") in Eswatini. The KFC QSR's are operated under various International Franchise Agreements ("IFA") with KFC (Pty) Limited, a private company incorporated in South Africa, registration number 1994/003839/07. KFC (Pty) Limited is ultimately a subsidiary of Yum! Brands, Inc., a company listed on the Nasdaq Stock Market in the USA that through its subsidiaries and associates operates in the QSR sector worldwide.

- **General Africa Foods (Pty) Limited**

Inala Capital Limited has approved and is yet to finalise an investment of E20 million for 11% of General Africa Foods Eswatini (Pty) Ltd ("General Africa Foods"). General Africa Foods owns and operates OBC Chicken and Meat ("OBC") franchise stores in Eswatini and South Africa under a franchise agreement with OBC Group (Pty) Limited, registration number 2000/022255/07.

General Africa Foods aims to roll out a number of OBC stores in Eswatini and South Africa and in time through the rest of Sub-Saharan Africa. General Africa Foods is thus seeking to raise E 120 million in total in order to fund the roll out of these OBC stores. OBC's proposition is to offer customers a good value for money source of protein. In other words OBC aims to give its customers the best value for their money and consistently offer the best quality, in particular for protein products such as poultry and red meat products.

OBC is best known for its range of fresh and frozen chicken and related products, however the offering includes a wide range of quality essential proteins and basic food stuffs that serve the needs of their primary target market, being low to mid-income households.

4.3.3 Investments Under Review

Below are the areas that have been reviewed for Inala Capital's investment purposes. Extensive ground work has been made and we expect that these projects will be ready for investment within the next few months of Inala Capital becoming operational:

Live Projects

Sub-Sector	Country	Impact	Investment Size E million	Overview
Retail Sector - Specific focus on lower income segment	Eswatini	• Increased supply of affordable protein and basic grocery items to lower income segment • Improved quality food for this segment • Increased competition • Decreased prices for consumers • Increased Employment	E 20 million	Inala is finalising as investment of E 20 million for 11% of General Africa Foods Eswatini (Pty) Ltd. General Africa Foods owns and operates OBC Chicken and Meat ("OBC") franchise stores in Eswatini and South Africa under a franchise agreement with OBC Group (Pty) Limited. General Africa Foods aims to roll out a number of OBC stores in Eswatini and South Africa and in time through the rest of Sub-Saharan Africa. The first OBC store was opened in Nhlangano , OBC is best known for its range of fresh and frozen chicken and related products, however the offering includes a wide range of quality essential proteins and basic food stuffs that serve the needs of their primary target market, being low to mid-income households.
Quick Service Restaurant	Eswatini	• Increased competition • Improve local source of supply	E 22.5 million	Inala invested E 22.5 million for 27.3% of Alliance Foods (Pty) Limited. Alliance Foods acquired 100% of specified assets of Pimenta's KFC

		• Expansion into other regions • Increased employment		(Pty) Ltd on the 1 March 2019. As of 1 March, Alliance Foods owns and operates seven Kentucky Fried Chicken ("KFC") Quick Service Restaurants ("QSR") in Eswatini.
Total			E42.5 million	

Future projects

Sub-Sector	Country	Impact	Investment Size E million	Overview
Maize farming and processing	Eswatini	• Improved food security • Improvement in country net exports as maize currently imported • Increased employment • Decreased prices for consumers • Formalisation of market	E 10 - 40 million	• Opportunities exist to develop maize farms, both on a larger commercial basis and via smaller farms • While Eswatini is a net importer of maize (which is a staple food), further opportunities for offtake exist within the Manager's current network, which would minimise risk.
Sugar processing and packing	Eswatini	• Established market and product • Increased competition • Decreased prices for consumers	E 5 - 15 million	• A potential opportunity exists to obtain a sugar allocation and develop a packaging and/ or processing plant with modest capital expenditure • Offtake for this product could be guaranteed, thereby minimising risk
Total			E 25 - 55 million	

5. AGRICULTURAL SECTOR OVERVIEW

Agriculture is considered by many to be the backbone and lifeline of the continent with much more than half of SSA's population living in rural areas. Agriculture contributes 25% of GDP to the region (*Deutsche Bank -Agricultural value chains in Sub-Saharan Africa - 2014*), but due to its strong subsistence roots, many of Africa's people understand crops and livestock and have developed farming skills - although formal training can be improved.

Africa as a whole is one of the largest continents on earth with a total land mass of 30.37 million km^2, and has around 600m Ha of uncultivated arable land, roughly 60% of the global total. Therefore, as world population increases and more land is needed to produce food, Africa provides a solid base from which to secure the global food supply in addition to feeding her own people.

The continent has fundamentals that are very well suited to agriculture and livestock. These include:

- A warm and favourable climate;
- Minimal natural disasters;
- Areas (predominantly in Sub-Saharan Africa) with large rivers and abundant water supplies; and
- A large population providing an extensive market for produce as well as a labour force.

Job creation is also one of Sub Saharan Africa's top challenges and agriculture accounts for over half of total employment. Half of employment growth between 1999 and 2009 in SSA is due to growth in agriculture, according to the FAO. Countries such as Ghana, Ethiopia and Burkina Faso in Africa have experienced rapid agricultural growth, in some cases outpacing growth in other sectors. In Ethiopia poverty has declined by 33%, according to the World Bank, and agricultural growth has been cited as a main driver.

5.1 Agriculture Investment Themes

Amid rapid advances in technology, financial services and other such sectors, the global case for investment into agriculture remains very strong. This is primarily due to the basic human need to consume food, coupled with global population growth. Over the next 40 years alone, humans will need to produce more food than has been produced in the last 10,000 years *(The Economist, Barbarians at the farm gate).* Supply however is struggling to keep up with demand as sprawling cities gobble up arable land, agricultural productivity gains decrease and demand for biofuels increase.

Agricultural assets provide investors with an investment which acts as a hedge against inflation (as food prices are closely linked to inflationary trends), has low correlations to traditional asset classes and is less impacted by economic slowdowns. It is estimated that net investments of USD 83 billion a year must be made in the agriculture sector in developing countries if there is to be enough food to feed the world population of 9 billion in 2050 *(Food and Agriculture Organization of the United Nations ("FAO") - Agriculture Investment Funds for Developing Countries 2010).* Focusing on sub-Saharan Africa ("SSA"), the figure is estimated at approximately USD 11 billion per year (*FAO, 2009*) Given that agriculture creates jobs, generates income, produces food and contributes to social stability, the sector is essential to Eswatini's and Africa's development.

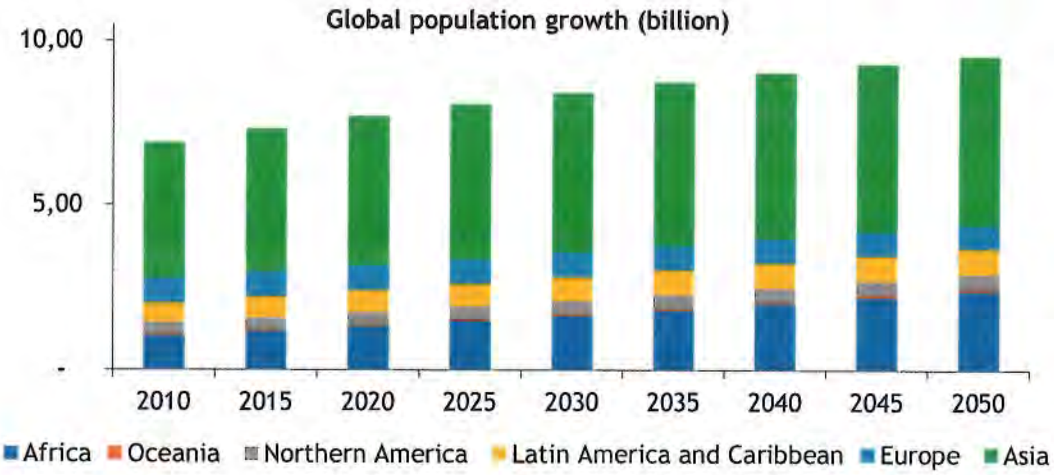
5.1.1 Global drivers of demand and supply of food

Population Growth

While the world's population is growing, developing economies (Africa in particular) are growing at a faster rate than developed economies. Countries such as Japan, Germany and Spain are actually experiencing population decreases while the growth rate in other developed economies has slowed. Africa is however now home to c. 1.2 billion people (up from 477 million in 1980) - more than 150% growth in c. 35 years.

According to the UN, Africa's total population will have doubled to 2.4 billion by the year 2050. (*theguardian.com - Population growth in Africa: grasping the scale of the challenge*).

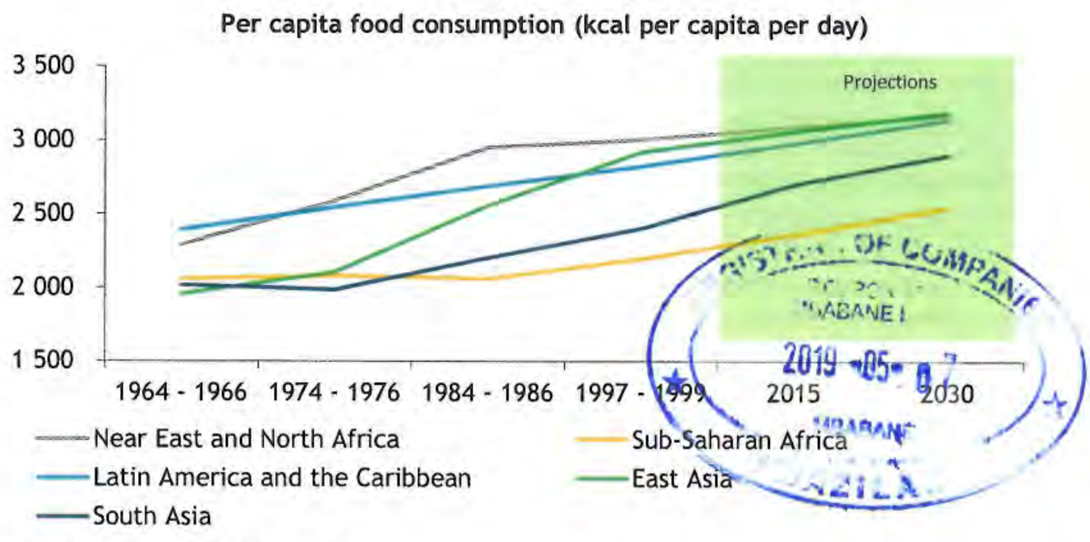
The graph below depicts the relative contribution by Africa to the world's population from 2010 to the numbers projected in 2050.



Dietary Evolution

As Africa's emerging middle class continues to grow, so does its per capita consumption of food. The graph below indicates that in the 1970's and 1980's, SSA's food consumption per day was decreasing while the rest of the developing world's consumption increased - particularly East Asia and North Africa. While food security remains an issue throughout a lot of SSA, consumption is steadily increasing.

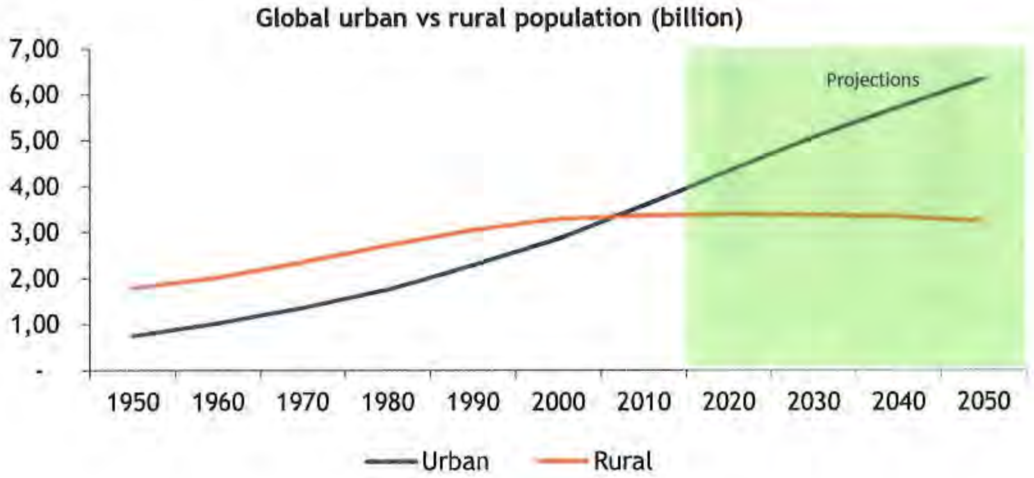
Dietary preferences in developing nations is evolving, with people eating less carbohydrates (including cereals which include grains such as wheat maize or rye) and more meat and dairy. This trend is also occurring in more affluent pockets of Africa, but the continent as a whole still tends to rely on staple goods. Regardless of the types of food that are eaten, agricultural produce will remain in demand and trends and projections need to be considered to ensure that crops with future demand are invested into. These types of crops include *inter alia* livestock, dairy, nuts and fatty or low-carb fruits and vegetables such as avocados and sweet potatoes



Urbanisation and GDP Growth

Africa is one of the fastest urbanising continents with the UN estimating that in 2015, 49.3% of SSA's population would be urbanised. This is up from c. 11% in the year 1900, c. 14.7% in 1957 and 37.2% in 2000. While the rate of urbanisation is now slowing, the general trend is expected to continue as people move into the cities to seek work.

These people then no longer have the land or other resources to grow their own food and therefore rely on commercial farming for their daily food intake. Global trends are no different with the world's urban population having overtaken the rural population in the early 2000's (see below). The UN showed a global urban population of 54% in 2014, expected to rise to 66% by 2050. This ever-increasing trend will mean more reliance on commercial farmers for food, both on the continent and in the export market.



Climate Change

While demand for food remains fairly constant relative to the population, supply of food is heavily dependent on weather conditions. In years of bad drought or following freak occurrences of heavy hail, crops and livestock can be damaged or killed and push food prices up. The opposite is true when weather conditions are favourable.

"Climate change and global warming are considered major threats to agriculture and food production. Catastrophic floods and severe droughts are inflicting heavy damage to sub-Saharan Africa's ecosystems and agroecosystems, threatening the lives of tens of millions of people". (*Food security for Africa: an urgent global challenge*).

5.1.2 Economic growth and employment

Agriculture is widely considered a fundamental key to unlocking Africa's economic growth potential and provides up to 60% of all jobs on the continent. In Eswatini, c. 70% of the population are smallholder farmers and while they may not necessarily all draw income from farming activities, small-scale farming is their primary source of their food. It should however be noted that smallholder farming only accounts for c. 11% of total agricultural output in the country. (*New Agriculturalist*) The stimulation of commercial farming ventures and cash crop production offers an opportunity for agriculture to potentially become one of the largest contributors to the economy. It is however an investment area that requires longer-term investment horizons of 7 - 10 years in order to realise returns.

Job creation is also one of SSA's top challenges and agriculture accounts for over half of total employment in the region. Half of the employment growth between 1999 and 2009 in SSA was due to growth in agriculture, according to the FAO. Unemployment rates in Eswatini are high, although not as high as in other SSA counties. The youth between the ages of 15 and 24 make up the largest portion of the unemployed poulation, estimated at 52% in 2014 (AfDB - African Economic Outlook 2017). While the tertiary sector contributes largely to GDP, it accounts for a relatively small proportion of total employment in the economy. Agriculture and food processing related jobs would contribute significantly to improving employment in Eswatini, especially among youth without formal education. Employment within the Agriculture & Forestry sector in Eswatini grew by 34% in 2016 mainly due to forestry, citrus and banana related job creation.

5.1.3 Poverty reduction

Evidence suggests that gross domestic product ("GDP") growth originating from agriculture is twice as effective in reducing poverty as GDP growth linked to the non-agricultural sectors. This has been proven not only in African countries such as Ghana, Ethiopia and Burkina Faso as mentioned earlier, but also on other continents such as Asia which are considered more developed than Africa, partly for this reason. In Eastern counties such as Thailand, successful agribusiness and agro-industry helped reduce rural poverty sharply from 60 percent in the 1960s to 10 percent in recent years. This has also been the case in Malaysia and Indonesia.

The transformation and growth of farming and agro-industries (including food production) in Africa would offer employment for not only the unemployed in urban areas (by working in factories), but also the large number of officially unemployed smallholder farmers in the rural areas. Although Africa's population grows their own food as far as possible, they are unlikely to farm their way out of poverty. When problems such as drought or pests arise, these rural farmers are often less prepared than commercial farms (via dams, irrigation and pesticides). They therefore end up not being able to provide food for themselves or their families and then also don't have any money to buy alternative sources of food. Increasing agricultural productivity and competitiveness is therefore also key to addressing the root causes of poverty and food insecurity in Eswatini, and was recognized as a national priority by the National Agricultural Summit (NAS) in 2007.

Rates of poverty in Eswatini remain high, with an estimated 63 percent (2010/11) of the population living below the poverty line. The bulk of the poor (73%) reside in rural areas. High unemployment levels and a low Human Development Index (HDI) ranking, largely attributed to the high HIV/AIDS prevalence have contributed to maintaining the elevated levels of poverty. Therefore investment into labour intensive industries such as primary agriculture and any related agro-processing will create employment and help to address this challenge.

5.1.4 Food Security

Food security is the state of having reliable access to a sufficient quantity of affordable nutritious food. However, malnutrition in Eswatini is a concern, as 25% of children under the age of five are affected. The concern over and importance of food security has led the government of Eswatini to make substantial efforts to increase investments in the agricultural sector. "Food security remains a top priority of the Eswatini Government". (*Budget speech: 2013/2014*).

The Swaziland Agricultural Development Project ("SADP"), a government-led initiative, with assistance from the EU and FAO, aims to stimulate commercial agriculture by helping smallholder farmers move from subsistence to commercial farming. Other initiatives such as government-subsidised tractors have also been introduced to improve productivity and efficiencies when harvesting. The Lower Usuthu Smallholder Irrigation Project ("LUSIP") another initiative aimed to develop smallholder and outgower schemes in the country. However, these investments and projects have sometimes produced limited results. Swazi agriculture continues to face significant challenges as productivity remains low, and food production has failed to keep pace with population growth. Food insecurity is rising, especially in rural areas.

Factors driving food insecurity in Eswatini include:

- high dependence on rainfed crops in marginal areas;
- the very low income levels of rural small holders;
- poorly integrated food markets and high import prices of food (Eswatini is dependent on SA for food supply);
- agricultural inputs are expensive and not easily accessible (higher input costs partly caused by the weakening of the SA Rand to which the Swazi Emalangeni is pegged); and
- the pervasive effects of high rates of HIV-AIDS among the working age group.

Weather (such as the El Niño induced drought in 2015) can have a profound impact on food security. The

FAO WFP commissioned study found that food insecurity in Eswatini increased from c. 3% in 2014 to 23.5% in 2015, a dramatic year-on-year increase. Improved irrigation and storage could potentially help combat food insecurity.

Therefore the private sector has an opportunity to address this in a sustainable way by providing the necessary investment in agricultural infrastructure, and thereafter providing sufficient quantities of the foods demanded by the citizens of Eswatini at a fair price.

5.2 Agriculture in Eswatini

Eswatini's agricultural sector is the second largest contributor to the economy after the manufacturing sector. Sugar, canned fruit and beef production for export dominate the commercial agriculture sector. Although agriculture's contribution to GDP has decreased from about 16 percent (1992) to 7.2 percent (2014), the sector is still the largest employer (providing work for roughly 70 percent of the population), and it accounts for a significant share of exports.

Value-added activities in the sector include the processing and preserving of fruit and vegetables, the processing of vegetable and animal oils and fats, dairy products, grain mill products especially wheat which is wholly imported, prepared animal feeds, sugar refining, cocoa, chocolate, and sugar confectionery amongst other food products.

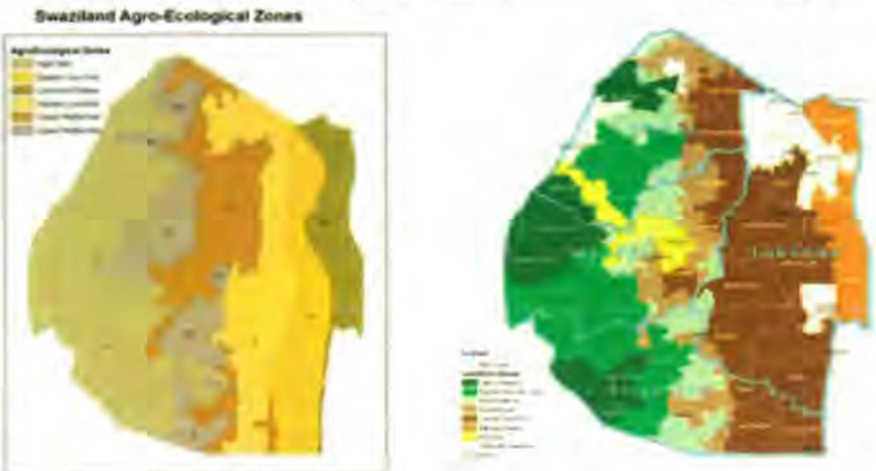
Some characteristics of Eswatini that lend itself to being a particularly attractive investment destination in the Food and Agri space include:

- Eswatini has a very temperate climate and fairly predictable rainfall.
- It is well located in terms of access to main roads and two major ports on the Continent (Durban / Richards Bay and Maputo).
- The King Mswati III International Airport provides additional opportunity to export product from Eswatini to international markets.

5.2.1 Regions

Eswatini features four main agro-ecological zones: the Highveld (high rainfall), the Middleveld (medium rainfall), the Lowveld (low rainfall), and the Lubombo plateau. These zones run approximately parallel to one another from west to east.

Map 1: Swaziland - Agro-ecological zones (left) and rural livelihood zones (right)



Source: GIS data from AFROGEO.

Most farmers live in the Middleveld region as favourable conditions in the wetter western-highlands and upper-Middleveld tend to produce abundant harvests and higher yields. Suitability for crops can be gauged by the "Harvest/ Planted Area" ratio (which is essentially a comparable "yield" figure) as per the table below:

Eswatini - harvested/planted area ratio by AEZ

AE2	Estimated area planted	Estimated area harvested	Harvest/planted area ratio
Highveld	23 266	21 925	0.94
Middleveld	32 408	30 421	0.94
Lowveld	22 852	13 291	0.58
Lubombo Plateau	8 638	4 236	0.49
Eswatini	87 164	69 874	0.80

Source: CFSAM 2015

5.2.2 Nature of farming

Eswatini's agriculture sector is highly dualistic. It encompasses a traditional subsector and a commercial subsector. This dualism reflects fundamental disparities in land ownership arrangements.

The traditional subsector is based on communal land tenure on Swazi Nation Land ("SNL"), and the commercial subsector is based on privately owned, or Title Deed Land ("TDL"). SNL, which occupies 60% of the country's land area, is largely used for subsistence farming. TDL, which occupies the remaining 40 percent, is used mainly for commercial agriculture, characterized by relatively high capital intensive cash-crop production (mostly sugar cane and citrus), irrigation, and corporate ownership.

The impact of the different tenure arrangements can be evidenced by comparing crop contributions between SNL and TDL. While SNL cropping area is about 214,000 ha, compared to 104,000 ha on TDL, output from TDL farms is twelve times greater than from SNL farms, highlighting the potential for improved agriculture productivity on SNL farms.

From a livestock perspective, the majority of livestock is held on SNL Land.

	Cattle	Sheep and Goats	Pigs	Poultry
SNL	86.6%	95.6%	78.0%	90.6%
TDL	11.8%	3.8%	22.0%	9.0%
Government Ranch	1.6%	0.6%	0.0%	0.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

5.2.3 Livestock in Eswatini

Livestock forms an integral component of the agriculture sector and livelihood systems in Eswatini, with households deriving both income and food from their animals. Eswatini is essentially a net importer of animal products and besides for chickens, does not produce enough livestock to meet local demand. The vast majority of imports are from South Africa ("SA"). For example, c. 3.2 million kg of beef and c. 19 million kg of dairy products are imported from SA. The next biggest imports in those categories are Australia for beef (c. 50,000kg) and France for milk (c. 302,000kg).

The composition of livestock in Eswatini is as follows:

The graph below shows the main categories of meat products imported and exported in Eswatini in the year 2014. As can be seen, total exports of animal product are almost entirely made up of beef exports. Chicken production and consumption, along with that of goats and sheep are commonly for home consumption or for the informal market, and are therefore harder to quantify. Note that this type of informal unrecorded slaughter also includes traditional ceremonies, parties and funerals. And it should also be noted that most of the animals slaughtered (particularly cattle) are from smallholder farmers on SNL. That informal sector slaughtered more than 26,000 cattle in 2014 for these ceremonies etc., and therefore plays a significant role in feeding the nation.

Most exports are to Norway and Mozambique. But even with its relatively high exports of beef, Eswatini remains a net importer of the product to meet local demand. Per the Department of Veterinary and Livestock Services, E112 million of beef was imported into Eswatini in 2014 while only E69 million was exported. The meat industry (beef, pigs and goats) therefore provides a significant opportunity in Eswatini for formalisation and growth as most product is imported.

However, commonly perceived problems faced by Swazi farmers looking to grow locally include high production costs (both input costs and production inefficiencies), lack of economies of scale and the inability to meet the demands of the formal market. The formal market demands high quality animal products at affordable costs as well as consistency in the farmer's ability to deliver the said produce on the agreed time and quantities. Scale/ size of operations and production planning is therefore key in managing these customers.

Animal Product	Imports Values (E)	Exports Values (E)	Net (Imports)/ Exports
Beef & Bovine	(112,344,138.21)	69,304,330.90	(43,039,807.31)
Chicken & Turkey (Poultry)	(26,699,947.67)	2,596,999.22	(24,102,948.45)
Pork	(21,784,591.76)	1,876,894.59	(19,907,697.17)
Mutton & Lamb (Sheep) + Other Offal	(6,725,509.73)	55,449.51	(6,670,060.22)
TOTAL	**(167,554,187.37)**	**73,833,674.22**	**(93,720,513.15)**

(Department of Veterinary & Livestock Services - Annual Report 2014)

An overview of the main types of livestock in Eswatini is as follows:

Beef (cattle)

Traditionally cattle have signified wealth in Eswatini. Therefore, many believe that the slaughter of cattle for meat has been lower than it may have otherwise been. Contrary opinions believe this not to be true as slaughtering statistics show that older cows and bulls are slaughtered much more readily with Heifers (younger cows that have had one or less calves) being slaughtered the least. This points towards local farmers wanting to maximise breeding and therefore taking a more commercial approach then some believe.

However, regardless of the traditional or more commercial views on cows, beef consumption is increasing in line with global trends of more meat in people's diets.

The amount of beef produced from cattle slaughtered in municipal abattoirs and butcheries in the country has decreased from approximately 3,698 tonnes in 2013 to approximately 3,140 tonnes in 2014. A further 4,725 tonnes of beef was produced from cattle slaughtered at home for home consumption and approximately 1,142 tonnes of beef produced from cattle slaughtered at Swaziland Meat Industries. In 2014 the amount of unprocessed beef imported solely for domestic consumption was 3,281.36 tonnes; a marked increase from the 3,001.75 and 2,354.98 tonnes imported in 2012 and 2013; respectively.

The amount of locally produced primal beef cuts exported to European countries has steadily declined from 692.22 tonnes in 2012 to 629.30 tonnes in 2013 and finally 434.04 tonnes in 2014. In total, the domestic consumption or demand for beef (unprocessed) for Eswatini in the year 2014 was approximately 12,488.31 tonnes a marked increase from the 12,407 .24 tonnes in 2013.

Year	Chilled Beef (E)	Frozen Beef (E)	Bovine Liver (E)	Bovine Tongue (E)	Bovine Offal (E)	Processed Beef (E)
2012	98,395,370.81	8,368,097.13	2,287,305.17	386,963.97	4,078,620.98	1,088,469.12
2013	83,688,924.90	7,601,370.47	4,033,713.00	413,272.00	5,370,556.00	11,582.70
2014	89,081,592.20	11,499,125.36	5,366,360.04	2,328.41	5,637,460.97	757,271.23

Classes of Beef Imported into Eswatini between 2012 and 2014: (Department of Vetinary & Livestock Services - Annual Report 2014)

Animal Hides and Skins

In the year 2013 there were a total number of about 25,137 wet salted cattle hides were exported from Eswatini. In 2014, a total number of about 23,404 wet salted hides were exported, mainly to South Africa and the United Kingdom. The total monetary value of the export was reported by the Swaziland Revenue Authority to be at E 3,632,332.00, a slight increase from the E 3,321,584.77 and E 3, 623,839.90 reported in the preceding years 2013 and 2012, respectively.

Outside of the formal market of trading and tanning of leather, animal hides and skins are a significant source of income for a number of local craftspeople.

Poultry - Broilers (chickens for meat)

This is one of the fastest growing sub-sectors of livestock production. However, consumption remains well below that of South Africa and the majority of poultry consumption is driven by Individually Quick Frozen ("IQF") meat which is aimed at the lower end of the market.

The poultry industry in Eswatini is predominantly chicken based, while other species of birds such as ducks, geese, swans, turkeys, turtledoves, guinea fowls and peafowls do make up some of the market. The industry in Eswatini has undergone some changes from its inception when it was made up primarily of large numbers of smallholder farmers engaged in both broiler and egg production. This growth led to farmers increasing their operating capacities to take advantage of the economies of scale and profits increased. The establishment of smallholder abattoirs (by farmer co-operatives) and an industrial abattoir resulted in the growth of the industry and value addition to the product. As time went on, increasing feed costs and other inputs gradually pressured the farmers to be more efficient in their production operations just to break even. A major contributing factor to industry costs in Eswatini is that almost all the inputs (stock, feed, feed ingredients and equipment) are imported and hence are controlled by international market forces beyond the control of farmers.

The increasing drive for the country to become less dependent on imported poultry products by structuring a system that ensured that local businesses support local farmers, only allowing imports to meet the local production shortfalls created a good business opportunity. This led to big business investing in large-scale poultry production farms, producing large amounts of eggs and broilers. They were then able to sell their produce at even cheaper prices.

The flooding of the market in this manner has led to a decline in the smallholder operations, especially in egg production since consumers were then able to get a good quality product at affordable prices. In broiler farming, some farmers opted to take the deal of contract growing with the industrial abattoir, while some capitalised on the informal market, in which they sell live chickens or deliver slaughtered and packaged chicken to their clients directly.

The Ministry of Agriculture then started promoting the production of village chickens under improved management but less capital investment. This idea took off well as the demand for these chickens by restaurants and individual buyers increased rapidly. Farmers selling breeding stock are also making a lot of money from these chickens and the production system is highly profitable for the farmers.

The tables below show the extent to which live broilers (alive chickens for consumption as opposed to chickens to lay eggs) production in Eswatini is driven by small-scale farmers while the formal market (in which the birds are slaughtered, processed and packaged) is serviced by large-scale farms.

	Years	Large Scale Farms	Smallholders	Totals
Day Old Chicks Placements	2013	13,375,400	3,144,600	16,520,000
	2014	14,278,700	3,317,800	17,596,500

	Years	Large Scale Farms	Smallholders	Totals
Slaughters	2013	11,312,320	602,865	11,915,185
	2014	12,058,400	639,200	12,697,600

	Years	Large Scale Farms	Smallholders	Totals
Meat Output (kg)	2013	9,086,430.00	627,700.00	9,714,130.00
	2014	15,080,600.00	660,000.00	15,740,600.00

	Years	Large Scale Farms	Smallholders	Totals
Live Sales	2013	2,063,100	2,541,715	4,604,815
	2014	2,198,900	2,492,800	4,691,700

(Department of Veterinary & Livestock Services - Annual Report 2014)

The poultry import and export market is illustrated below. (Note - some are exports from SA to Mozambique via Eswatini). Even though imports far outweigh exports, one must bear in mind the locally produced birds (especially those from village chickens) that are also consumed locally on informal markets. However, as significant as the number of those chickens is (with around 2.5 million chickens in 2014 - The Department of Veterinary and Livestock Services: livestock census), chickens wouldn't be imported were there not a market for them. Therefore there is potential space for increased local production.

Poultry Meat	Imports (E)	Exports (E)
Chicken	11,392,050.64	1,911,183.00
Chicken offal	1,450,973.09	487,410.21
Turkey	13,856,923.94	198,406.01
Duck	209,339.06	263,938.97
Geese	127,812.32	0.00
Ostrich	291,352.25	524.96
Totals	**27,328,451.30**	**2,861,463.15**

(Department of Veterinary & Livestock Services - Annual Report 2014)

Poultry - Layers (chickens for eggs)

Eswatini imports a lot of eggs and chicken stock in the form of day old chicks (broilers) as well as point of lay (POL) birds (layers). In 2014, the total number of day old chicks (DOC's) imported into the country increased from 1,577,701 in 2012; 2,124,200 in 2013 to 6,329,538 in 2014.

Point of lay chicken imports declined from 120,188 (in 2012) to 89,034 in 2013 and increased to 111,516 in 2014. Fertilised/hatching eggs for incubation (broilers) increased form 18,380,292 (in 2012) to 42,166,512 in 2013 but declined to 9,231,362 in 2014.

The observed decline in the import volumes of DOC's could be due to the fact that the local poultry industry has grown to have a local company that actually keeps broiler breeders and hence produces the day old chicks in an effort to meet domestic demand. Day old chicks are often imported either by farms directly or by retailers who in turn sell directly to smallholder farmers. The fertilised eggs are imported for incubation by hatcheries and then the day old chicks are sold on to farms.

Product	Imports (E)	Exports (E)
Bird Eggs, in shell, fresh, preserved or cooked	61.44	16,340,467 .35
Fertilised Chicken Eggs	367,500.00	0.00
Other Fertilised Eggs for Incubation	38,548,211.42	0.00
Other	0.00	248,606.70
Other	878.17	0.00
Egg Yolks (excl. dried)	789.11	0.00
Birds' Eggs, not in shell (excl. dried)	600.00	0.00
Total	**38,918,040.14**	**16,589,074.05**

(Department of Vetinary & Livestock Services - Annual Report 2014)

Mutton (sheep and goats)

These animals are largely unregulated and most prevalent in the rural areas. Goats are used for their milk, but are also believed to be eaten more willingly in rural areas than cows as they are seen as less of a status symbol. Little data exists however to monitor this consumption. Part of the reason for this is that unlike with cattle, there is no legislation requiring owners to notify Swazi veterinary authorities about the slaughter of goats and sheep. There is, however a thriving community of livestock farmers that farm and slaughter goats, supplying both supermarkets and consumers directly.

Demand for lamb and mutton appears to be on the increase. The table below indicates a trend of lamb and mutton imports into Eswatini since the year 2010. Generally, lamb imports increased drastically from 2010 to 2012 and then initially declined slightly from 136.36 tonnes in 2012 to 108.62 tonnes in 2013. This was followed by a drastic decline to 18.6 tonnes in 2014. On the other hand, the importation of mutton has been increasing since 2010, dipping from 10.01 tonnes in 2012 to 3.76 tonnes in 2013 and subsequently increasing exponentially to 2,403.72 tonnes in 2014.

Meat Class	Years					
	2010	2011	2012	2013	2014	2010
Lamb (Chilled carcasses) (Kg)	42,619.70	113,998.61	120,730.28	89,258.43	4,447 .00	42,619.70
Lamb (Kg)	13,920.43	0.00	15,634.22	19,361.37	14,148.21	13,920.43
Mutton (Kg)	251.92	0.00	10,014.35	3,763.10	2,403,724.12	251.92
Totals	**58,802.05**	**116,009.61**	**148,390.85**	**114,395.90**	**2,424,333.33**	**58,802.05**

(Department of Veterinary & Livestock Services - Annual Report 2014)

Pork (pigs)

As can be seen in the table below, the number of pigs slaughtered for pork in municipal abattoirs and butcheries increased from 14,838 in the year 2011 to 16,366 in 2012, decreasing to 15,579 in 2013 and further decreasing to 13,176 in 2014. Similarly the estimated pork production from these slaughters increased from 816.09 tonnes (valued at E 18,770,070.00) to 900.13 tonnes valued at (E 20,702,990.00) in 2012; decreased to 856.85 tonnes (valued at E 19,707,435.00) in 2013 and further declined to 724.68 tonnes (valued at E 16,667,640.00) in 2014.

Year	Total Slaughters	Estimated Pork carcass yield (kg)	Estimated Pork Value (E)
2011	14,838	816,090.00	18,770,070.00
2012	16,366	900,130.00	20,702,990.00
2013	15,579	856,845.00	19,707,435.00
2014	13,176	724,680.00	16,667,640.00

(Department of Veterinary & Livestock Services - Annual Report 2014)

Interestingly, this decline in imports is in contrast to the recorded number of pigs slaughtered and estimated pork produced from the municipal abattoirs and butcheries in the country. This could be a market share that has been exploited by the informal market through private slaughters and direct sale of pork to consumers by farmers. Pork exported to Mozambique (inferred by the monetary va lues) has been declining from 2012 was valued at E 4,089,909 .49; E 2,660,343.04 and E 1,637, 755.27 in the years 2012, 2013 and 2014 respectively (Source: SRA).

Dairy (milk)

As an affordable source of protein for the Swazi nation, milk remains a popular import, although most milk and traditional dairy products are still sold in the informal market. While the climate is largely suitable for dairy farming, a large gap still exists in local production and manufacturing.

However, the stringent hygiene requirements and maintenance of the cold-chain to the market act as a deterrent to most smallholder farmers, who as it happens have the largest dairy cow population in the country.

Another incentive for selling on the informal market is that farmers can get significantly higher prices of up to E8.00 per litre; yet the formal market offers less than E5.00/litre. Some smallholder farmers allow their milk to naturally ferment into eMasi (sour milk), which they can sell from about E12/litre. Given the population of cattle on SNL, it follows that one can assume that there are significant amounts of milk produced there but not accurately quantified. However, studies have shown that these small-scale farmers may not always manage the output from their cows in the best way and therefore milking can be erratic. Factors that may contribute to this include the amount of grass available for grazing, as well as the fact that the calving interval (i.e. conception within cows) is not as steady or as frequent as it should be to yield the best results.

The table below shows that imports far exceed exports, however as mentioned above the table below ignores dairy products in the informal sector which is significant.

Dairy Products	Imports (E)	Exports (E)
Liquid Milk and Milk Creams	113,244,925.76	892,243.26
Milk Powders and Cream	63,284,019.65	18,243,929.25
Concentrated Milk & Creams	36,116,802.75	222,161.89
Yoghurts	36,710,551.44	654,850.10
Whey Powders	4,213,231.40	246,818.00
Milk Containing Products	164,019.80	1,459.90
Butter & Spreads	2,429,085.72	44,773 .60
Cheeses	29,350,241.03	164,649.97
Totals	**285,512,877.55**	**20,470,885.97**

(*Department of Veterinary & Livestock Services - Annual Report 2014*)

5.2.4 Crops in Eswatini

In terms of commercial farming, sugar has long been the biggest contributor to the Swazi cash crop economy with most produce exported to the SACU and the European Union ("EU"). Traditionally the three major staple food crops in Eswatini are maize, wheat and rice. Maize is grown locally while the other two staples are essentially not, but have a much lower demand as well.

The table below shows an overview of the supply and demand balance for three of the major staple food crops in Eswatini in the 2015/2016 season. This indicates that all three crops require import and therefore an opportunity for local cultivation exists.

	Maize	Wheat	Rice	Total Cereals
Total domestic supply	**84 623**	**1 000**	**1 000**	**86 623**
Opening stocks	3 000	1 000	1 000	5 000
Total production	81 623	-	-	81 623
Total domestic utilization	**172 170**	**26 720**	**25 434**	**224 324**
Food use	109 310	25 720	24 434	159 464
Feed use	45 000	-	-	45 000
Seed use	1 800	-	-	1 800
Losses and other uses	13 060	-	-	13 060
Exports	-	-	-	-
Closing stocks	3 000	1 000	1 000	5 000
Estimated import requirements	87 547	25 720	24 434	137 701

Source: CFSAM 2015.

Maize is the main staple diet in Eswatini with consumption of 85kg per person per annum. However it remains a net imported crop. Wheat and rice account for c. 20kg and 19kg per person per annum respectively. However, the supply of these crops is almost all imported.

Therefore of the staple foods, production of maize locally may represent the best immediate opportunity due to both demand and the suitability of the climate. There is a higher demand for white maize for human consumption than yellow maize, which is used for animal feed.

An overview of the main crops is as follows:

Sugar

Sugar Cane is historically the most widely grown commercial cash crop in Eswatini and accounts for a significant portion of exports. Smallholder farms also grow sugar cane extensively and government projects (such as LUSIP) are aimed at developing smallholder and outgower schemes in the country. The sugar cane is used in the production of both sugar and molasses. Sugar is also used largely in Eswatini's Coca Cola concentrate factory that supplies the whole of East and Southern Africa. Sugar sales (excluding molasses) in 2016 amounted to c. 660,000 tons, with the EU purchasing about 10% more than the SACU countries. This is unlike previous years in which SACU countries accounted for the most exports. Sugar sales (excluding molasses) in 2015 amounted to 693,000 tons. The local Swazi and regional market (excluding SACU countries) normally purchase less than 5% of sugar produced in Eswatini each year. (*ssa.co.sz*)

Maize

Maize is the country's most consumed staple good and is grown locally (primarily via smallholder farmers in the Middleveld and Highveld regions). Eswatini is still however a net importer of the crop, with the National Maize Corporation (NMC) being the only body allowed to import. Imports in 2014 amounted to USD 116 million which was much higher than usual due to the El Niño induced drought (2013 - USD 25 million).

Wheat

Culturally wheat is not a staple food in Eswatini. However, factors such as poor or volatile maize yields as well as government price controls on bread means that people are consuming more wheat. Wheat is not however grown locally. Some argue that the conditions are suitable and that a gap in the market does exist (*swazilandsolidaritynetworkcanada.wikispaces.com*), but wheat continues to be imported. Companies such as Premier produce flour, maize meal, some rice and breakfast cereals locally. Wheat imports in 2014 amounted to USD 10 million (2013 - USD 8 million). (export.gov/article Swaziland-Agri)

Rice

Similarly to wheat, rice is not traditionally a staple food. Consumption of rice is similar to that of wheat (in weight consumed per person). An estimated 24,434 tonnes of rice was imported in the 2015/2016 season (25,720 tonnes of wheat) (FAO).

Bananas

Bananas are still fairly new to Eswatini but it is a crop that is growing in popularity. There has been continuous investment via the citrus estates and LUSIP. 2016 production of bananas was up 45% at 8,500 tonnes and sales revenues from bananas was up 25% from the previous year at c. E 56 million.

Citrus

Citrus remains a solid contributor to the agri industry with net exports of USD51 million in 2014. Citrus also supports the manufacturing sector as raw materials are provided to the local canned fruit industry.

Cotton

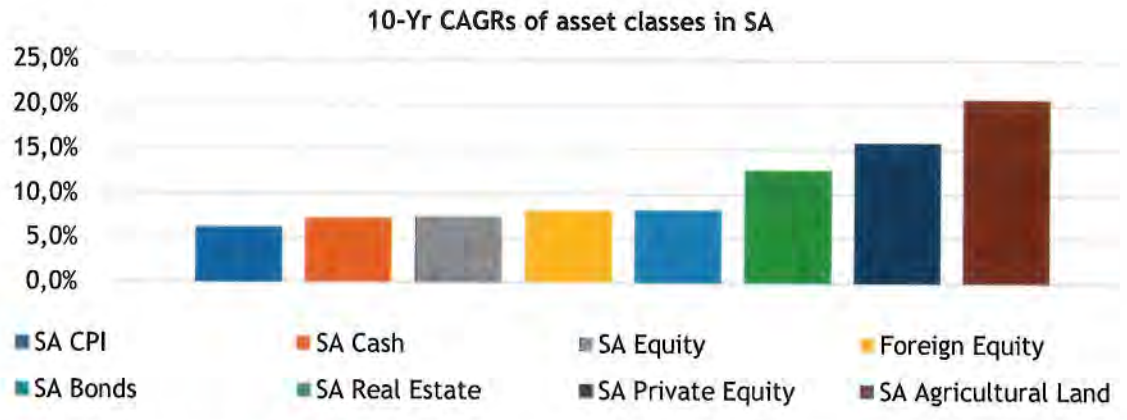
Eswatini's dry-land crop with extensive smallholder farming. Eswatini authorities are beginning to embrace genetically modified cottonseed, which may assist with erratic rainfall. However in the recent droughts, cotton was hit very hard and in the 2015/2016 dry season, only 90 tonnes of seed cotton was harvested, down from 800 tonnes the year before. Harvested cotton was in fact so low that the ginnery was not put into production that year as the cost of running it would have exceeded any processed cotton sales. The 2016/2017 production is estimated at previous levels of 800 - 1000 tonnes.

5.2.5 Returns in Agriculture

Research has illustrated that returns in the agriculture sector are relatively more stable and attractive than most other asset classes.

- Research from the Bureau for Food and Agricultural Policy ("BFAP") showed that the SA Agricultural sector performed well over the 10 years to 2016 with gross value added by the sector expanding by more than 21.3% before inflation.
- Data from Bloomberg indicates that from 2003 - 2013, returns on farmland in SA exceeded equities and general real estate, and were also more stable with a standard deviation of c. 13% versus c. 22% on equities.

The graph below illustrates the return profiles of various asset classes over a 10 year period to 2016 (Compound Annual Growth Rates) in South Africa before inflation (Nedbank, SAVCA).



It must be noted that that the return information in graph is for Agricultural land, however this should provide a good proxy for returns in the general agricultural sector and serves to illustrate the attractiveness of the sector from a returns perspective - particularly from capital gains on the land. However, returns in the Agricultural sector should be viewed with a longer investment horizon in mind as costs for initial land acquisition (depending on the structure in which the agri investment is housed) and set-up costs on farms can mean a front-heavy, capital intensive spend profile.

6. PURPOSE OF THE PRIVATE PLACING, OFFER FOR SUSCRIPTION AND LISTING

The main purpose of the private placing and listing is to:

- create a liquid instrument that allows investors to participate in emergent, unlisted businesses with superior growth potential;
- provide a single entry point and investment vehicle for Swati's to obtain privileged access to private equity transactions;
- provide suppliers of capital with a mechanism to value and trade their investment in Inala Capital;
- provide access to the equity capital market of the ESE as a source of capital to facilitate future growth;
- provide long-term capital appreciation through majority or minority equity stakes across a portfolio of investments.
- provide investors with the benefits of transparency and governance that come with being a listed entity (all assets in the portfolio are held at fair value and the valuation of the unlisted investments will be independently carried out annually, audited by an independent big four auditor and reviewed by the Company's own auditors); and
- enhance investor and public awareness of the Company.

7. MAJOR SHAREHOLDERS

Subsequent to the private placing, Inala Capital will have no controlling shareholder.

8. DIRECTORS AND MANAGER

8.1 Directors

As at the date of the prospectus, Inala Board was constituted as outlined below.

Inala is yet to constitute its board in line with King 1V recommendations to have a majority of the directors independent. Additional members will be qualified by suitable educational qualification and experience that the Board and shareholders will set to be relevant and requisite for the Company's successes

The full names, qualifications, business addresses and occupations of current directors of Inala Capital are set out below:

Name	Address	Occupation
Nelisiwe Khuphukile Mabuza MSc (Mathematical Modelling)	2nd Floor, Nedbank Centre, Cnr Sishayi and Sozisa Roads, Mbabane, Eswatini	Director, Partner and African Alliance Eswatini CEO
Antonio Baptista Manuel de Castro MSc (Economics)	Illovo Edge Office Block, Building 4, Cnr Harries and Fricker roads, Illovo, 2196 South Africa	Partner, African Alliance Group CEO
Tony Mduduzi Dlamini Masters Veterinary Science, MBA	Thembelihle, Lukhasi Street Number 1552, Mbabane, Eswatini	CEO, Eswatini Dairy Board

Name	Address	Occupation
Mkhululi Sibusiso Dlamini Bachelor Agricultural Economics & Rural Development, MBA	Hhukwini, Hhohho region, Eswatini	Chairman, Eswatini Water & Agricultural Development Enterprise ("ESWADE")

A full list of all directorships held by each director outside of Inala Capital is available at the Company's registered office.

Nelsiwe Mabuza (43)

Ms Mabuza was voted Business Woman of the Year Award (BWYA) in 2013. Her time at African Alliance Eswatini started in 2001. She is a group Partner and serves as Chief Executive Officer of African Alliance Eswatini, and through that, she has gained diverse corporate finance experience ranging from sourcing finance through bond and equity issuances, listings, hedging currency portfolios and investment to advisory services. Ms Mabuza holds an MSC in Mathematical Modelling with an emphasis in Finance, as well as a certificate in Financial Management.

Antonio Baptista Manuel de Castro (55)

Mr de Castro is the Chief Executive Officer of the African Alliance Limited Group. He has extensive experience in the banking sector having worked as a senior financial economist with Stanbic South Africa, group economist with Sechold (acquired by Investec) and was involved in the expansion of the Sechold group's interest in Africa. He was also a director of Capital Alliance Asset Management before establishing the African Alliance Group in partnership with Brait. Brait, no longer a shareholder of the African Alliance Group, is a company listed on the Luxembourg, Johannesburg and London stock exchanges.

Tony Mduduzi Dlamini (46)

Mr Dlamini is the CEO of the Eswatini Dairy Board. After obtaining qualifications locally, Tony studied in the UK where he was awarded a Masters in Vetinary Science from Reading University and an MBA at Leeds University. His MBA project was entitled "An investigation of the dairy industry in Eswatini: Moving towards self-sufficiency", while his MSc project focused on animal health services in Eswatini. In addition to his extensive studies, Tony has assisted in drafting public policy statements in the agri space in Eswatini such as the Foot & Mouth Disease Emergency Preparedness Plan and the Poultry and Pig Industry Development Sub-sector Policy. He was also the president of the Swaziland Veterinary Association from 2008 to 2009. Before starting at the Eswatini Dairy Board, he held multiple positions at Eswatini's Ministry of Agriculture. Tony therefore has invaluable experience in agriculture and more specifically, livestock farming.

Mkhululi Sibusiso Dlamini (37)

Mr Dlamini is a Swazi business person with a diverse range of interests from grocery stores and bottle stores to restaurants and petrol stations. He has also been small scale (10 Ha) farming both crops and livestock since 2003. Mkhululi currently serves as the Chairman of ESWADE and has also held leadership positions on multiple governmental bodies including Promoter of the Private Members Bill on Food Security. Among other environmental focused short courses, Mkhululi obtained his degree in Agricultural Economics and Rural Development in Venezuela, followed by his MBA from the Management College of Southern Africa. He therefore brings insight from both the agricultural perspective as well as in food and hospitalities.

8.1 Profile of directors

The board of directors is currently composed of representatives of the Manager and independent persons. The board will be responsible for establishing the investment criteria and for appointing, supervising and evaluating the Manager.

The Chairman is yet to be appointed but will be a suitably qualified, non-executive independent director.

8.2 The Manager

The Manager of Inala Capital's portfolio investment is African Alliance Eswatini Limited, a licenced investment advisor with the Financial Services Regulatory Authority.

8.2.1 The Manager is remunerated annually with an annual management fee of 2% of market capitalisation as calculated and paid quarterly in arrears.

8.2.2 The Manager is also remunerated on a performance basis. The Participation Mechanism allows the Manager to participate in gains achieved by ordinary shareholders in excess of the hurdle rate of 10% per annum, thereby effectively linking the Manager's performance to the market capitalisation.

Highlights of the performance fee are as follows:

- The performance fee will equal 20% of the gain in the Adjusted Net Asset Value of the Company, subject to a 10.0 % hurdle rate.
- The Adjusted Net Asset Value ("ANAV") will be calculated by adjusting the NAV for the period by adding back dividends paid to shareholders in the period and deducting any increase in the NAV for the period resulting from an equity capital raise.
- The high water mark principle will be applied to the ANAV in any particular period. The High Water Mark shall be the highest ANAV achieved from the implementation of the new Participation Mechanism. This principle ensures the Manager shall only charge performance fees on increases in ANAV in excess of the previously achieved high water mark.
- The performance fee will be paid out in cash in full each year and not as shares, therefore avoiding any potential dilution of the existing shareholders.
- The performance fee calculation will be performed at the end of each financial year, once the valuation of all the investments is completed. Adequate provision for the performance fee will be made in Inala financial statements for the relevant year, as applicable, and the actual cash payment to the Manager will be made after audit and confirmation of the performance fee calculation by the external auditors.

Details regarding the management agreement between Inala Capital and the Manager can be found in Annexure 3 to this document.

The Manager is well established in the investment market in Eswatini and has a strong and has a solid track-record in the private equity space.

African Alliance currently manages the following two funds:

i. Greystone Partners Limited ("Greystone"): Greystone is a listed investment holding company with a market capitalisation of E425.5 million; and

ii. Public Service Pensions Fund ("PSPF"): African Alliance has been mandated by PSPF to invest in a broad range of financial products which includes fixed income securities and unlisted equity instruments. The investment mandate amounts to E 800 million

Greystone Partners has consistently achieved share price growth in excess of other companies listed on the ESE and was the top performing share on the ESE in 2016 and 2017 and the 2nd best performer in the 2018 year-to-date period. The share price has increased 103.4% in the three years from August 2015 to August 2018, representing a compound annual growth rate of 26.7% in the share price alone. When dividends are considered, the return for an investor increases to 29.1% over the same three year period.

The Manager is part of the African Alliance Group which is a niche investment and financial services group operating in, *inter alia*, Botswana, Ghana, Kenya, Lesotho, , Mauritius, , Rwanda, South Africa, Eswatini, Uganda and Zambia, conducting the business of investment banking, encompassing unit trust and asset management, stockbroking, corporate advisory services, private equity and financial services.

The African Alliance Group has a highly accomplished team of investment professionals skilled in sourcing, analysing, executing, value enhancing and realising investments that each group company may draw on.

The African Alliance Group is uniquely pan-African, combining the resources of prior experience in other countries with the best of local talent. The African Alliance group culture and philosophy is based on employing brilliant, young, dynamic and ambitious individuals, who have been empowered to achieve their full potential and by extension that of their clients.

In many instances, African Alliance's role in Africa has been ground-breaking. As a result, the firm has gained a reputation for very high levels of skills, innovation, delivery, consistency and integrity. African Alliance has built financial markets where none previously existed, in particular the areas of primary bond issues, private equity and venture capital funds, unit trusts, asset management, corporate finance and treasury, inter alia. African Alliance has always sought to build the market, create new products and wealth for clients and investors in the process.

Some of the areas in which African Alliance has already played a significant role in building new financial markets are:

- Engineered and listed the first private equity investment holding company in Eswatini;
- Developed and launched the first unit trusts in Kenya, Lesotho, Eswatini and Uganda;
- Structured and arranged the purchase of equity stakes in corporations in several countries across the African continent;
- Advised, structured and issued debt on behalf of institutions and governments and traded in the secondary markets;
- Established large money funds impacting positively on yield curves
- Was issued with the first stockbroker licence in Rwanda, Eswatini and Uganda;
- Within the Common Monetary Area was the first company transacting asset swaps outside South Africa;
- Established retail consumer finance products for low-income borrowers in Eswatini;
- Developed, introduced and managed sophisticated and complex financial lending systems and reported accurately and timeously on the status of the management of the funds;
- Structured and placed the first corporate medium term note programme in Malawi.

As a pan-African investment-banking group with a vision to create and develop new products and markets, African Alliance requires the adoption of a very strong entrepreneurial investment banking culture. African Alliance is able to aggressively seek and find innovative solutions where other more traditional service providers may encounter obstacles, or adopt only a limited methodology to addressing client needs.

With this in mind, African Alliance has created relevant areas of excellence to cater to the needs of all its clients, including, sovereign governments, parastatals, municipalities, pension funds, large and medium corporates, listed and unlisted companies.

It is with multitude of strong local experience and presence, coupled with the Group's wide resource base, which the firm is confident of its ability to address Inala's requirements, which will lead to a successful outcome for the company and its investors.

The African Alliance private equity team will benefit from the group's established infrastructure, processes and experience. The core technical private equity team and support staff has in excess of 50 years of combined experience in African private equity. The team focuses only on Africa and has developed the necessary skills and expertise to successfully operate across the continent.

Support functions, such as admin and finance, are supported from Johannesburg and Mauritius to allow the private equity team to focus on sourcing and executing transactions. In addition, the private equity team leverages off other divisions within the group such as the research team and advisory team.

Please note that Inala Capital will also have its own Investment Committee and board of directors with a majority of independent non-executive representatives thereon.

8.3 Appointment, qualification, remuneration and borrowing powers of directors

The relevant provisions of the Articles of Association of Inala Capital concerning the appointment, qualification, remuneration and borrowing powers of the directors are set out in ANNEXURE 1 to this Prospectus.

Non-executive directors provide their services to the Company in terms of written letters of appointment.

The forecast aggregate remuneration and benefits to be paid to the directors of Inala Capital on an annualised basis are as follows:

	Salaries	Fees	Other
Executive	-	-	-
Non-executive	-	E4,500 per sitting	Certain travel and accommodation disbursements
Retainer		E20,000 per annum	

8.4 Directors' interests (Schedule 2 Para 17)

At the date of this Prospectus, none of the directors of Inala Capital held any direct or indirect beneficial or non-beneficial interest in the Company's ordinary share capital.

Ms Mabuza as a director of Inala, also serves as a directors in African Alliance Eswatini Limited and African Alliance Securities Limited.

Mr deCastro director of Inala is also the Senior Partner of African Alliance.

8.5 Directors' interests in transactions (Schedule 2 Para 17)

No director is, or has been, interested in any transaction which is, or was, unusual in its nature or conditions, or significant to the business of Inala and which was effected by Inala and which remains in any respect outstanding or unperformed.

8.6 Other disclosures

None of the directors of the Company have:

i. had any convictions relating to fraudulent offences within the last five years;

ii. been declared bankrupt or have entered into any individual voluntary arrangements, or been associated with any bankruptcy, receivership or liquidation in their capacity as a director within the last five years;

iii. been a director or a member of the administrative, management or supervisory body, or a manager of any company within a 12 month period preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or any class of creditors of such company;

iv. been a partner of any partnership within a 12 month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

v. held assets which have been the subject of a receivership;

vi. been a partner of any partnership within a 12 month period preceding any receivership of the assets of such partnership; or

vii. within the previous five years received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) and have not 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 a company.

9. INVESTMENT COMMITTEE

The Manager will recommend to the Board members of an Investment Committee, which will assist the Manager to discharge its duties in respect of Inala Capital in terms of the Manager's mandate. The Board will appoint these members to the Investment Committee post the listing of Inala Capital. All members of the Investment Committee must be suitably skilled and knowledgeable with, collectively, sufficient qualifications and experience to fulfil their duties. This is subjective however, Investment Committee members need to be individuals who have a suitable understanding of business in general as well as the investment industry with suitable years of experience in both.

The Investment Committee will not relieve the Board, the Manager or the directors of the Manager of any of their responsibilities, but rather assist them to fulfil those responsibilities.

The Investment Committee is an advisory committee and not an executive committee. As such it does not perform any management functions or assume any management responsibilities and primarily makes investment recommendations to the Board for its approval and final decision, unless mandated otherwise.

The Investment Committee's primary role is to investigate and research, consider, analyse and provide their recommendation on potential investment decisions recommended by the Manager for investment to be made by Inala Capital. The Investment Committee will meet when the Manager is proposing an investment be made by Inala Capital and thus there are no set meeting dates or frequency of meetings per year. The Investment Committee reports to the Board and thus does not have the authority to bind the Company into any investment decisions unless specifically authorised to do so by the Board.

The Investment Committee considers Inala Capital's portfolio weightings and proposed investments monthly, and takes into consideration, amongst other factors, the liquidity of investments, the length of time that they are expected to be held, the potential return, political factors, the currency and economic factors when considering portfolio weightings and their potential risk to the Company's assets.

The length of time Inala Capital will hold an investment will generally be determined by the Manager's view of the investment's changing risk/reward profile relative to other investment opportunities. The weighting of each investment in the Company's portfolio will typically reflect its relative risk/reward at current valuations, and this relationship will be continually monitored.

9.1 Remuneration of the Investment Committee

The forecast aggregate remuneration and benefits to be paid to the investment committee of Inala Capital on an annualised basis are as follows:

	Salaries	Fees	Other
Executive	-	-	-
Non-executive	-	E4,500 per sitting	Certain travel and accommodation disbursements
Retainer		E20,000 per annum	

10. MANAGING CONFLICT

The Manager and some of its directors consequently, managers a number of funds as well as direct investments and in doing so, potential conflicts of interests may arise between the Manager and Inala Capital. The Manager aims to adhere to the highest global standards of governance. To deal with potential conflicts of interests, the Manager discloses its interests in any investment or any potential investment to the Board prior to any investment being made by Inala Capital.

In addition, Directors Interests are declared at the beginning of Board Meeting. The objective of these disclosures are to be able to be transparent and manage the outcome that most fairly treats the affected parties taking into account the facts of the relevant conflict.

11. FINANCIAL INFORMATION

11.1 Profit history

At the time of this prospectus, Inala Capital has not traded and consequently no profit history information is available for the Company.

11.2 Pro forma balance sheet

Set out below is the proposed pro forma balance sheet of Inala Capital. The balance sheet reflects Inala Capital's proposed pro-forma position after placement of part of its shares. The investments are stated at cost price which is their fair value.

PRO FORMA BALANCE SHEET (post listing)

	Emalangeni
Assets	
Investments/cash resources	102 757 500
Total assets	102 757 500
Equity	
Ordinary share capital	1 000 000
Share premium *	101 757 500
Ordinary shareholders' interest	102 757 500
Number of ordinary shares in issue	100 000 000
Net asset value per ordinary share (cents)	102.76

** net of estimated formation, private placing and listing costs of approximately E1 325 000*

At the date of this prospectus, Inala Capital has placed approximately E18.35 million privately with a further E45.00 million to be placed upon listing, amounting to a total of 63.35 million ordinary shares in issue once listed. Up to 36.65 million shares will be made available to the public via an offer for subscription.

The private placing of 18 350 000 of Inala's ordinary shares with investors was done at an issue price of 100 cents per share. This was before the Company acquired investment assets. Subsequent to the placing, Inala invested in Alliance Foods, the holding company of Pimenta's KFC (Pty) Ltd. Further to this, Inala bore advisory related costs related to bringing its shares to listing. Therefore, Inala's share price upon listing is offered at 105c per/share, which depicts a 5% premium to the placing price.

11.3 Dividend policy

Depending on available cash and subject to financial prudence, the intention is for Inala Capital to pay dividends when possible. Ultimately, it will however be at the discretion of the Board of Inala Capital to pay out dividends from profits under and in terms of the Companies Act. Investors can elect, at their own discretion, to acquire more shares on the open market from any dividends they receive.

11.4 Adequacy of capital

The directors are of the opinion that the Company's issued share capital and working capital resources are adequate for the current and foreseeable future requirements of its business.

11.5 Advances, loan capital and borrowings

At the date of this Prospectus the Company had E30 million in short term debt in the form of Promissory Notes. Inala Capital however had negotiated that these Promissory Notes plus interest thereon would convert into equity in Inala Capital upon the listing of Inala Capital on the Eswatini Stock Exchange, date which falls on same day as date of this Prospectus.

11.6 Lease commitments

Inala Capital has no lease commitments as at the date of this Prospectus.

11.7 Information on immovable property

Inala Capital has not acquired any immovable property.

12. SHARE CAPITAL

12.1 Authorised and issued share capital of Inala Capital

The authorised and issued share capital of Inala Capital is:

	Emalangeni
Authorised	
250 000 000 ordinary shares of 1 cent each	2 500 000
Issued prior to listing	
18 350 000 ordinary shares of 1 cent each	183 500
To be issued on listing	
81 650 000 ordinary shares of 1 cent each	816,500
Share premium *	84 916 000

* *net of the estimated expenses of formation, private placing and listing of approximately E1 325 000 referred to in paragraph 13 of this Prospectus.*

The share premium has been computed at a price of E1,05 per share, which depicts a 5% premium to the placing price. This is due to the fact that subsequent to the placing, Inala invested in Alliance Foods, the holding company of Pimenta's KFC (Pty) Ltd. Further to this, Inala bore advisory related costs related to bringing its shares to listing.

The authorised but unissued ordinary shares in existence after the Private Placing will be under the control of the directors until the next annual general meeting. In addition, the listed but unissued shares will also be under the control of the directors, and will provide Inala Capital with the capacity to issue additional shares on the listed market for further acquisitions in the short-term, should the need arise.

All of the authorised and issued ordinary shares (including those to be issued in terms of this Prospectus) will be allocated and issued subject to the provisions of Inala Capital's Articles of Association and rank *pari passu* in every respect.

The private placement and issuing of share capital will be undertaken in tranches, with 18 350 000 ordinary shares already placed as at the date of this Prospectus, and 45 000 000 ordinary shares to be placed upon listing. A further 36.65 million shares will be made available to the public via an offer for subscription.

12.2 Incorporation of Inala Capital and alterations to its share capital

Inala Capital was incorporated in November 2017. Once listed, Inala Capital will have an authorised share capital of 250 000 000 ordinary shares of 1 cent each and an issued share capital of 100 000 000 ordinary shares of 1 cent each if the entire offer for subscription is subscribed for.

Any variation of rights attaching to ordinary shares will require the consent of shareholders in general meeting in accordance with the Articles of Association of Inala Capital, the listing requirements of the ESE and the Companies Act, 2009.

12.3 Voting rights

In accordance with the Articles of Association of Inala Capital, at any general meeting, every shareholder present in person or represented by proxy shall have one vote on a show of hands, and on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder.

12.4 Options or preferential rights in respect of ordinary shares

There are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has or will be given to any person to subscribe for any ordinary shares in Inala Capital.

12.5 Private placing and offer for subscription

Prior to the issue of this Prospectus, 18 350 000 ordinary shares have been issued to selected individuals and institutions at 100 cents per share.

In order to execute on its investment pipeline prior to the equity capital raise being executed in the form of a private placement and offer to the public, Inala Capital raised E30 million in short term debt in the form of a Promissory Notes. Inala Capital negotiated that these Promissory Notes plus interest thereon would convert into equity in Inala Capital upon the listing of Inala Capital on the Eswatini Stock Exchange. A further E15 million was negotiated to be purchased upon listing. This amounts to a total subscription upon listing of 63 650 000 ordinary shares.

36,650,000 million ordinary shares of these will be offered to the public for subscription at an issue price of 105 cents per share following the listing.

The ordinary shares to be issued in terms of the private placing and the offer for subscription will be issued on the same terms and conditions as the ordinary shares already in issue.

12.6 Minimum subscription

The minimum subscription for Inala is set at 63,350,000 million ordinary shares.

Any future investments into Inala Capital is subject to a minimum subscription of 1 000 ordinary shares.

12.7 Stock Exchange listing of Inala Capital

The Company has applied for listing for 100 000 000 ordinary shares with the ESE. The targeted minimum subscription through a placing will be 18 350 000 ordinary shares with a nominal value of 1 cent at an issue price of 100c per share, and 45 000 000 ordinary shares with a nominal value of 1 cent at an issue price of 105 cents per share. This totals a targeted minimum subscription of 63 350 500 ordinary shares listed on the ESE under the abbreviated name "INALA".

36 650 000 ordinary shares will be issued by offer for subscription at an issue price of 105c per share.

13. EXPENSES

The total expenses of, and incidental to, the listing are estimated at E1.325 million, and include expected ESE listing fees of E50, 000. The expenses will be paid by Inala Capital.

14. MATERIAL CONTRACTS

Inala Capital's only material contract is the management agreement between the Company and the Manager which is referred to in paragraph 8.2 of this Prospectus. The salient features of the management agreement are contained in

ANNEXURE 3 to this Prospectus. The entire document is available for inspection in terms of paragraph 18 of this Prospectus.

15. RISK FACTORS

Operational risks

- Share price volatility may result from the interplay of a number of factors;
- The relationship with key service providers, for example the Manager of the investment portfolio;

- The Company is dependent on retaining and recruiting key personnel;
- Risks that arise from failed internal controls, people and systems:
- Failure to meet ethical and governance principles;
- Information technology failures;
- The Company is a new corporate entity with no previous track record of reporting and early stage reporting systems;
- The performance of the underlying investment portfolio may not correlate to the performance of Inala Capital' share price.
- Inala Capital is dependent on the Manager which is in turn dependent on key personnel within the Manager. The loss of one or more of these individuals may have a material adverse effect on Inala Capital's ability to invest capital or to monitor the existing investment portfolio.
- The success of the Company depends on the ability of the Manager to identify, recommend and consummate investments in companies that they believe offer the potential for attractive returns and subsequently to realise them. The activities of identifying, completing and realising an attractive investment opportunity is highly competitive and involves a high risk of uncertainty. The availability of such opportunities will depend, in part, upon the general market conditions. There can be no assurance that the Manager will be able to identify, recommend and consummate a sufficient number of opportunities to permit Inala Capital to invest all its capital.
- Inala Capital will be investing primarily in unlisted companies. Prior to making any investments, a thorough due diligence of compliance with statutory and corporate requirements by the portfolio company will be performed. However, Inala Capital cannot certify that the portfolio company, is, and will continue to be, fully compliant with all the necessary regulations. This risk is more significant in the case of unlisted companies. Additionally, unlisted companies are not regulated by the same disclosure and investment protection norms that apply to listed companies.

Investment risks

- There can be no assurance that the Company's investments will not be sold at prices below their acquisition costs. Future performance, market conditions, political environment and macro and micro economic conditions are uncertain and may require disposal of an investment at a price below the acquisition cost.
- Although certain investments made by the Company may generate current income, the return of capital and the realisation of gains, if any, from an investment by the Company will generally occur only upon the partial or complete disposal of such investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made.
- Inala Capital may have difficulty exiting its investments by way of disposal or public market exit. The Company may not be able to find a buyer to conclude a disposal of shares. Market conditions, other shareholder interests, or the nature and performance of the investment may preclude a public market exit by way of an initial public offering ("IPO"). Furthermore, regulatory requirements may prohibit exits by way of public markets.
- Inala Capital may invest in less established or start-up companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. The securities of such companies may be subject to more abrupt and erratic market price movements than larger, more established companies, since trading volumes for their securities are generally quite low. Less established companies tend to have smaller capitalisations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies also have shorter operating histories on which to judge future performance and may experience start-up related difficulties that

are not faced by established companies.

- Past investment performance is not necessarily an indication of future performance and there can be no assurance that Inala Capital will achieve comparable results or that the Company will be able to implement its investment strategy, achieve its investment objectives or otherwise achieve the same or similar performance to any other private equity vehicle.

Liquidity/Funding risks

- There is a significant risk that the Company will miss out on attractive investment opportunities due to a lack of funding.

External Risks

- Inala Capital operates substantially in Eswatini and therefore is subject to any developments and/or changes in the political, economic, governmental and social environment in Eswatini.
- Some of the investments made could be in sectors that are subject to regulations and any changes in these regulations will impact on these investments.

Risk management and related internal controls - The Manager

Risk Management vests first and foremost with the executive and management of the company and hence ultimate responsibility and accountability.

Inala Capital may draw on the African Alliance Group's Audit and Risk Committee who apart from monitoring the above, also has responsibilities which include:

- The facilitation and development of policies, procedures and risk management controls within African Alliance, to ensure that all business activities are properly managed, and to promote effective and efficient risk management and internal controls at reasonable cost.
- Assisting the Group boards of directors in the discharge of their duties relating to corporate accountability and the associated risk in terms of management, assurance and reporting. To this end a combined effort between Company management and the Committee, groups business units by Function, as well as Volume and applies a standardised Risk Framework where possible. Key risk factors are listed within each Framework in order to consolidate action items with potential structural reviews. CFO's of each respective silo are responsible to draft and maintain a comprehensive list.
- Providing independent and objective oversight and review of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management, Internal Audit, Compliance and the combined Internal Audit and Risk Committee to the board on financial, business and strategic risk. In addition to this, twice annually, the Group's companies are requested to complete a Risk Management questionnaire highlighting current risks and progress against agreed action plans and strategies. This information is collated by Group Internal Audit for submission to the partners.

Potential conflicts of interest and mitigating controls

The table below details some potential conflicts of interest for the Manager, as well as the controls in pace to address or mitigate these risks:

Potential conflict of interest	Control in place
Fund size There remains a potential conflict of interest between the private equity firm's desire to maintain its market position and maximise fees by raising funds of an increasingly larger size, set against the investors' need to ensure that whatever capital is raised can be effectively	Inala is a relatively small fund. The main rationale for this is that from experience transactions in Eswatini are in the region of E 10 - E 50 million. The Manager is incentivised to deploy capital as quickly as possible so that capital does not sit in cash and drag down returns and therefore the Manager's ability to achieve the hurdle rate for the

deployed towards suitably attractive investment opportunities within the fund's proposed investment period.	performance fee. Thus raising a large fund will make it difficult to deploy the funds quickly and thus for the manager to achieve the hurdle rate and resultant performance fee.
Competing funds African Alliance manages two other private equity funds in Eswatini	Inala has a specific focus to invest in Food and Agri. The Manager will ensure that all opportunities identified in this sector will be presented to Inala to invest in, subject to normal investment approval processes.
Valuation The methodology used for valuing portfolio companies can affect the amount of performance fees the fund manager receives as well as affect fund performance numbers, so the fund manager can face significant conflicts of interest when making decisions regarding the selection of such methodologies.	All of Inala's unlisted investments will be independently valued by one of the "Big Four" auditing firms and in addition the Company itself will be audited by a "Big Four" auditing firm.
Interest in transactions African Alliance and/or a member of the African Alliance team may potentiality have financial interest in a target company of Inala	African Alliance and all employees of the Manager will be required to disclose any potential interest in potential transactions, and background checks on directorships, trustee relationships etc. are carried out periodically.

16. LITIGATION STATEMENT

Inala Capital is not involved in any legal or arbitration proceedings, nor are the directors of Inala Capital aware of any such proceedings which may be pending or threatened.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Inala Capital, whose names are given in paragraph 8 of this prospectus, 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 other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by existing and prospective shareholders at the registered office of Inala Capital, during normal business hours by appointment only:

18.1 the Memorandum and Articles of Association of Inala Capital and the Certificate of Incorporation;

18.2 the resolution authorising the Private Placing, the Offer for Subscription and Listing on the ESE;

18.3 approval from the ESE for the Listing of the shares;

18.4 the written consents of the attorneys, corporate advisor, reporting accountants and auditors and sponsoring broker named in this Prospectus to act in those capacities; and

18.5 the management agreement between Inala Capital and the Manager referred to under "Material Contracts" in paragraph 14 of this Prospectus.

19. THE PROSPECTUS

The Prospectus signed by or on behalf of the directors of Inala Capital, has been lodged for registration with the Registrar of Companies in terms of the Companies Act.

18.4 the written consents of the attorneys, corporate advisor, reporting accountants and auditors and sponsoring broker named in this Prospectus to act in those capacities; and

18.5 the management agreement between Inala Capital and the Manager referred to under "Material Contracts" in paragraph 14 of this Prospectus.

19. THE PROSPECTUS

The Prospectus signed by or on behalf of the directors of Inala Capital, has been lodged for registration with the Registrar of Companies in terms of the Companies Act.

SIGNED AT BY OR ON BEHALF OF ALL THE DIRECTORS OF INALA CAPITAL:

Mkhululi Sibusiso Dlamini: ____________________

At: Ezulwini ____________________ Date: 18 March 2019

Tony Mduduzi Dlamini: ____________________

At: Manzini ____________________ Date: 18 March 2019

Nelisiwe Khuphukile Mabuza: ____________________

At: Mbabane ____________________ Date: 18 March 2019

Antonio Manuel Baptista de Castro: ____________________

At: JOHANNESBURG ____________________ Date: 18 March 2019

EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF INALA CAPITAL

1. **EXTRACT FROM THE MEMORANDUM OF ASSOCIATION:**

2. The objects for which the Company is established are -

a) (i) To carry on the business of an investment holding company and to acquire by purchase, lease, exchange or in any other manner howsoever immovable and movable property, shares, stocks and debentures;

(ii) To transact all and any business or activities associated with investments that can be conveniently carried on in connection with the objects of the Company, or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights;

(iii) To invest in, acquire, hold, underwrite, sell or otherwise deal in shares, stocks, debenture stocks, bonds, negotiable instruments, securities instruments, securities of any company, whether in Eswatini or abroad;

(iv) To carry on the business of an investment Company and to invest, buy, sell, transfer deal in and dispose of any shares, stocks, debentures, whether perpetual or redeemable debenture, debentures stocks, securities of any Government, Local, Authority, Bonds and Certificates;

(v) To carry on the business as an investment company and for that purpose to acquire and hold either in the name of the company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes and to invest or to deposit or to hold funds in such articles and acquire purchase, sell or let on hire the same and materials, articles or things, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debentures stock bonds, notes, obligations and securities issued or guaranteed by any government sovereign ruler, commissioner, public body or authority, supreme independent, municipal local or otherwise in any part of the world either at the company's office of any other places of safe custody;

b) To purchase, lease, acquire, manage, develop, alienate, mortgage or in any other way deal with all kinds of movable and immovable property or any rights attaching or relating to such property; any other corporeal or incorporeal right;

c) To purchase for investments or resale land and houses and other property, movable or immovable of any tenure and any interest therein and to create, sell and deal in freehold and leasehold ground rents and to make advances upon the security of land and house or other property and any interest therein and generally to deal in, lease, exchange or otherwise with land and house property and any other property whether real or personal.

d) To construct, maintain, alter or demolish any buildings, structure or works necessary or convenient to attain the object of the company;

e) To acquire and carry on all or any part of the business of any person or company carrying on a business which this Company may carry on or having property or rights suitable or convenient for the purposes of this Company, and in this connection;

f) To acquire, sell, control and in any .other way deal with the shares, property and rights of such other person or Company, to assume or in any other way deal with the liabilities of such other person or company.

g) To apply for, lease, acquire, use, develop, sell, alienate, pledge, grant licenses or franchises in respect of or in any other way deal with any patents, trade marks, licences, leases, concessions, franchises or the like conferring any exclusive or limited rights to use any intention, information or know-how that may benefit the Company;

h) To enter into partnership or association, amalgamate, share profits, cooperate or in any other way contract with any person or company carrying on any business or about to engage in any business capable of being conducted so as to benefit this Company or with whom an association is necessary or convenient and in this connection;

i) To guarantee as surety and co-principal debtor, mortgage, pledge or otherwise the obligations of any person or company. To lend money to or otherwise assist any person or company on such terms as the Company may deem fit;

j) To sell or dispose of the undertaking of the Company, in whole or in part, for such consideration as the Company may deem fit, and in particular in exchange for shares, debentures or securities of any other company having objects in whole or in part similar to the objects of this Company;

k) To promote any other company for the purpose of acquiring any of the property and liabilities of this Company, or for any other purpose directly or indirectly calculated to benefit this Company, and to subsidise and assist any such other company;

l) To subscribe for, purchase, acquire, alienate, hold or otherwise deal with shares, bonds debentures and securities of any other company;

m) To distribute to the members of the Company by way of bonus or dividend such of the assets of the Company as it may determine provided that the capital of the Company shall not be reduced except with such sanction as may be required by the law;

n) To invest such monies of the Company as are not immediately required in its business in any institution, business, security (excluding shares of the Company) or undertaking as the Company may deem fit with or without security or interest and on such terms and conditions as the Company may determine in its discretion;

o) To establish, promote, form, support, terminate or otherwise deal with any pension fund, trust, medical aid scheme, group insurance scheme, works committee, share incentive scheme or other fund, scheme, association, institution, charity or devise for the benefit of employees or ex-employees of the Company or its predecessors in business ("the employees"), or for the benefit of the families and dependants of the employees or any other person in this connection;

p) To grant and pay pensions, gratuities, annuities, allowances, dues and contribution to any person, fund, company or union, to pay premiums on any insurance policies, to donate funds to any charity, society, person, trust or company as the Company may determine;

q) To lend money with or without interest, on the security of land, buildings and other movable and immovable properties, or without security, and generally on such terms and subject to such conditions as may seem expedient;

r) To borrow money from any bank, financial institution, company or person by way of loan, overdraft, debentures or otherwise and in this connection hypothecate, cede, factor, pledge, mortgage or otherwise encumber of alienate any of the property and assets of the Company as the Company may decide;

s) To issue debentures charged upon or secured by a conveyance to trustees or otherwise of all or any part of the undertaking, property, or assets of the Company;

t) To open and operate banking accounts and to make, draw, accept, endorse, discount, execute and issue cheques, promissory notes, bills of exchange, bills of lading, debentures and other negotiable and transferable instruments;

u) To contract or deal with any Government, Local Authority, Municipality, Board or other Government or quasi-governmental authority and in this connection to obtain such permits, licences, concessions, registration or other rights and privileges as may be necessary or convenient for the business of the Company;

v) To pay the expenses of and incidental to the registration and promotion of the Company and in this connection, pay the costs and disbursements of any attorney attending to the registration of the company, remunerate any person for services rendered in placing or assisting to place any shares, debentures or other securities of the Company or otherwise promoting the Company or its business;

w) To adopt and rectify any contract entered into for the benefit of the Company prior to its incorporation, to all or any of the above things anywhere in the world, as principals, agents, contractors, trustees, or in any other capacity and by or through trustees, agents or any other person or company and either alone or in conjunction with others;

x) To enter to any arrangement with any Government or Authority, supreme, municipal, local or otherwise and to obtain from any such government or authority any rights, concessions and privileges that may seem conductive to the Company's objects or any of them;

y) To undertake and execute any trusts, the undertaking whereof may seem desirable either gratuitously or otherwise to guarantee the performance of any contract or obligation of any person, or persons, company or corporation;

z) To do all or any of the above things in any part of the world, and as principals, agents, contractors, trustee, or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others;

aa) To do all such other things as may be conducive or incidental to the attainment of the above objects, and so that the word Company in this clause shall, except when used with reference to this Company be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in Eswatini or elsewhere and so that the objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph be in no way limited or restricted by reference to or interference from the terms of any paragraph or the name of the Company.

2. EXTRACT FROM THE ARTICLES OF ASSOCIATION:

REMUNERATION, APPOINTMENT, POWERS AND DUTIES, AND BORROWING POWERS OF DIRECTORS, AND POWERS OF MANAGING DIRECTOR

DIRECTORS

53. The number of directors shall be not less than TWO and the names of the first directors may be determined in writing by a majority of the subscribers of the memorandum. Until directors are appointed, whether or not the directors have been named by a majority of the subscribers of the memorandum, every subscriber of the memorandum shall be deemed for all purposes to be a director of the company.

54. The remuneration of the directors shall from time to time be determined by the company in a general meeting.

55. If any directors be called upon to perform extra services or to make any special exertions in going or residing abroad, or otherwise, for any of the purposes of the company, the company may remunerate that director either by a fixed sum or by a percentage of profits or otherwise as may be determined and such remuneration may be either in addition to, or in substitution for, the remuneration determined under article 54.

ALTERNATE DIRECTORS

56. Each director shall have the power to nominate any person possessing the necessary qualifications of a director, to act as alternate director in his place during his absence or inability to act as such director, provided that the appointment of an alternate director shall be approved by the board, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms, qualifications, and conditions existing with reference to the other directors of the company.

57. The alternate director, whilst acting in the stead of the director who appointed him, shall exercise and discharge all the powers, duties and functions of the director he represents and shall cease to hold office, whenever the director who appointed him ceases to be a director or gives notice to the secretary of the company that the alternate director representing him has ceased to do so, and in the event of the disqualification or resignation of any alternate director during the absence or inability to act of the director whom he represents, the vacancy so arising may be filled by the chairman of the directors who may nominate a person who is a shareholder of the company (except where the company is a wholly owned subsidiary, when such person need not be a shareholder of the company) to fill such vacancy, subject to the approval of the board.

POWERS AND DUTIES OF DIRECTORS

58. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

59. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

BORROWING POWERS

60. The directors may exercise all the powers of the company to borrow money and to mortgage or bind its undertaking and property or any part thereof, and to issue debentures, denture stock and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party:

Provided that the amount for the time being remaining undischarged in respect of moneys borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time, without the prior sanction of the company in general meeting, exceed one-half of the amount of the share premium account (if any) or of the stated capital.

MANAGING DIRECTOR

61. The directors may from time to time appoint one or more of their body to the office of managing director or manager for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another) as they may think fit and may revoke such appointment subject to the terms of any agreement entered into in any particular case. A director so appointed shall not, while holding such office, be subject to retirement by rotation, or taken into account in determining the rotation of retirement of directors; but the appointment shall terminate if he ceases for any reason to be a director.

62. The directors may from time to time entrust to or confer upon a managing director or manager, for the time being, such of the powers and authorities vested in them as they may think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient, and they may confer such powers and authorities either collaterally or to the exclusion of, or in substitution for, all or any of the powers and authorities of the directors and may from time to time revoke or vary or any of such powers and authorities.

LEGAL ADVISOR'S OPINION

Howe
Masuku
Nsibande
Attorneys

Personal Injuries, Administrators Of Estates, Insolvency, Industrial Relations, Corporate Law & Building Construction Conveyancers

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LLB (Uniswa)

Sibonelo Dlamini
DIP in Law, LLB (Uniswa)

Our Ref: SMM/cvl/A225
Your Ref: Not on file

21st December, 2018

The Directors
Inala Capital Limited
2nd Floor, Nedbank Centre
Cnr. Sishayi & Sozisa Roads
P. O. Box 5727
MBABANE
H100

<u>Attn: Ms. Nelisiwe Mabuza</u>
and <u>Mr. Peace Mabuza</u>

Dear Madam

RE: INALA CAPITAL LIMITED – A PUBLIC COMPANY

<u>A company having a share capital</u>

1. There are two (2) types of companies that may be formed under the Companies Act of 2009. A company having a share capital and a company limited by guarantee.

2. A company having a share capital may take two forms:-

   2.1 A public company; or

2.2 A private company.

3. In both instances the company's share capital may consist of shares having a par value or of shares having no par value. The name of public company ends with the word *'Limited'*.

4. A private company is subject to certain restrictions. It must restrict the rights to transfer its shares, it must limit its membership to 50 and it must prohibit any offer of its shares or debentures to the public.

5. A public company's membership is unlimited, provided there are at least seven (7) members. Any invitation to the public to subscribe for any shares or debentures of the company is not restricted.

<u>Application of the Companies Act and the Common Law</u>

6. Notably the Companies Act of 2009 does not deal specifically with the requirement that a minimum of seven (7) members is needed as Table A of the 1912 Act did, first:-

   6.1 Section 386(1) repeals the 1912 Act but says notwithstanding the repeal, rules and regulations issued under the repealed Act, shall to the extent that they are not inconsistent with the 2009 Act, continue to be valid unless otherwise specifically revoked by the latter Act;

6.2 The Common Law also applies unless the Companies Act or some other relevant legislation provide otherwise.

7. This would then mean that in developing the memo and articles of a public company limited by shares (Inala Capital Limited), we follow schedule 1, Table A of the 2009 Act. This was done per as reflected in the company's articles of association.

8. Schedule 1, Table A, of the 2009 Act, does not specifically state that the number of members of the company is unlimited provided there are at least seven (7) members. This as shown above does not mean that this has been done away as the Act does not specifically prohibit it.

9. Thus Inala Capital requires at least seven (7) members to be constituted and to be recognised as an entity that can be listed in the Eswatini Stock Exchange.

Yours faithfully

HOWE MASUKU NSIBANDE ATTORNEYS

ANNEXURE 3

SALIENT FEATURES OF THE MANAGEMENT AGREEMENT BETWEEN INALA CAPITAL AND THE MANAGER

3. **APPOINTMENT OF MANAGER**

3.1. The Company appoints the Manager exclusively to provide the services set out in clause 5 below in connection with investments which will be made by the Company in accordance with its objects, and the Manager accepts that appointment.

3.2. The Manager undertakes to perform its duties under this Agreement with diligence, and to endeavour to develop and promote the investments of the Company to the best advantage of the Company for as long as this Agreement continues in force.

4. **DURATION OF AGREEMENT**

4.1. The Manager's appointment under this Agreement shall, notwithstanding Signature Date, commence upon listing on the ESE and shall, subject to clause 13, continue for an initial period of 10 (ten) years. Thereafter this Agreement will be automatically renewed for further periods of 10 (ten) years unless at the time of such renewals, or any time after the initial period, 75% (seventy five percent) of the shareholders of the Company vote in favour of terminating the Agreement, or the Manager gives written notice of its intention to decline such renewed appointment.

5. **PROVISION OF SERVICES BY THE MANAGER**

5.4. The Manager shall be entitled to appoint and to use professional and other service providers, including affiliate companies of the Manager, in respect of or to handle or deal with any matter falling under its management and control in terms of this Agreement. The cost to the Manager of such services performed and supplied by third parties appointed by the Manager will be charged to and recovered from the Company as disbursements necessarily incurred by the Manager in carrying out its duties and obligations hereunder in terms of clause 11.1.8. The appointment and the terms of such appointment of professionals and service providers by the Manager shall be approved by the Company prior to such appointment.

5.5. The Company acknowledges that the Manager, or its affiliates, may co-invest alongside the Company in investments made by the Company provided that priority to investments made on behalf of the Company is always given over those of the Manager.

7. **REMUNERATION OF THE MANAGER**

7.1. **Management Fee**

7.1.1. The Manager shall be entitled to a monthly management fee equal to 2% (two percent) per annum of the market capitalisation of the Company on the ESE, calculated daily, and paid quarterly in arrears.

7.2. **Participation Mechanism**

7.2.1. The Manager shall also be entitled to a performance fee in respect of each period of twelve months ending on the last day of the Company's financial year ("the Calculation Period"), payable in cash, subject to the adjustments described below.

7.2.2. The performance fee will be equal to 20% of the appreciation in the Net Asset Value ("NAV") of the Company during the Calculation Period (in each case after deducting the effect of any new share issues, and adding back dividends and other distributions made during the Calculation Period (the "Adjusted NAV")); provided however, that the performance fee will only be paid with respect to the appreciation in the Adjusted NAV of the Company in excess of the Prior High NAV of the Company.

7.2.3. The "Prior High NAV" of the Company shall be the NAV of the Company immediately following the date as of which a performance fee was last determined, as increased by the Hurdle Rate since such date. The Hurdle Rate is 10% (ten percent) per annum (pro-rated for part periods).

7.2.4. The Prior High NAV will be adjusted during the Calculation Period after deducting the effect of any new share issues, and adding back dividends and other distributions.

13. BREACH

13.1. If a party commits a breach of any material provision of this Agreement and fails to remedy that breach within 14 (fourteen) days after receiving written notice requiring it to do so, the aggrieved party shall be entitled, without prejudice to its other rights in law, to cancel this Agreement or to claim immediate specific performance of all the defaulting party's obligations whether or not due for performance, in either event without prejudice to the aggrieved party's right to claim damages. A breach will be material where that breach is substantial and prevents the Agreement from being completed or defeats the purpose of the Agreement.

15. TERMINATION

15.1. In the event that the Manager's appointment is terminated under clauses 4 or 13 above, the Manager shall cease to initiate any market transaction in any investment on behalf of the Company. Any transaction initiated on behalf of the Company prior to termination will be completed. On termination, any power of attorney granted by the Company to the Manager and/or its agents shall be returned to the Company for cancellation and the Manager shall follow the Company's written instruction regarding the transfer and handling of the investments managed by the Manager. Upon termination the Manager shall advise the Company of all third parties to whom the power of attorney has been disclosed.

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