



COASTALEQUITIES LIMITED

12J VENTURE CAPITAL COMPANY - STUDENT ACCOMMODATION FUND



**FACT SHEET
COASTAL EQUITIES LTD
STUDENT ACCOMMODATION FUND**

DESCRIPTION

Coastal Equities Ltd is a section 12J Venture Capital Company (VCC) that offers investors the opportunity to invest in an investment product, underpinned by quality underlying capital growth and income producing assets. The Company offers above market income (dividends), capital growth opportunities and predictable cash flows whilst the investor receive the upfront SARS registered S12J VCC tax benefit of up to 45%** on their total investment amount.

The Company invests in student accommodation fully managed and overseen by its management company.

Investment opportunities are screened by our Board and approved for compliance.

OBJECTIVES

The Company aims to create long-term wealth for investors through a store of value backed by capital growth assets in the form of student accommodation properties. The Company aims to perform in line with medium to high risk investment funds and instruments.

After 5 years, the fund will target the best opportunities to either liquidate or continue with the investments in the best interest of its investors.

TARGETED RETURNS

- ▶ **Up to 45%**** tax benefit on invested capital (upfront).
- ▶ **8% - 10% p.a. target dividend* yield** on capital invested.

The targeted annual dividend* will be subject to investment performance and the need to retain cash for investment purposes and annual running costs. The Board will review the dividend policy annually to take into account performance of its investments.

INVESTORS

- ▶ Seek steady long-term capital growth underpinned by stable assets.
- ▶ Want to invest in a Section 12J Fund consisting of student accommodation properties.
- ▶ Typically have an investment horizon of more than 5 years.
- ▶ Wish to take advantage of the Section 12J tax benefit.
- ▶ Seek an investment offering substantial tax breaks.

MINIMUM INVESTMENT AMOUNT

Minimum lump sum per investor is R100,000.

OUR STRATEGY

The investment strategy is to find student accommodation assets that fit the Company's investment mandate. The Company's strategies are achieved through the following key drivers:

1) SARS SECTION 12J INVESTOR TAX BENEFITS:

South African Taxpayers who invest in a VCC, in this case Coastal Equities Ltd, are entitled to a 100% tax deduction on monies invested, subject to the provisions of Section 12J, thereby achieving an upfront return of up to 45%** on their investment.

For an individual investor, an investment in the Section 12J Fund simply means that up to 45c** out of every R1 invested is immediately returned (reducing tax for the next tax payment, or claiming back tax already paid), with a remaining capital exposure of only 55c - significantly mitigating investment risk, as illustrated by the example below:

DESCRIPTION	INDIVIDUALS/TRUSTS	CORPORATES
Gross Investment	R1 000 000	R1 000 000
Tax Relief	(R450 000)	(R280 000)
Net Investment (Risk Capital)	(R550 000)	(R720 000)
Effective % Tax Relief	45%	28%
Targeted Annual Dividends	8% - 10%	8% - 10%

* Dividends received by South African resident corporates are not subject to dividends tax to the extent that they have complied with the relevant formalities.

** The above is based on an individual earning in excess of R1,500,000 in the tax year in which the investment is made.



2) SOUTH AFRICAN STUDENT ACCOMODATION PROPERTY SECTOR

According to the Department of Higher Education, there is currently a shortfall of approximately 250,000 student beds in South Africa.

The South African Government has prioritised the alleviation of student accommodation shortfall by allowing these student hospitality properties to qualify as a Section 12J investment. The top saving opportunity created by the Section 12J fund makes it lucrative for investors to invest in these student accommodation funds.

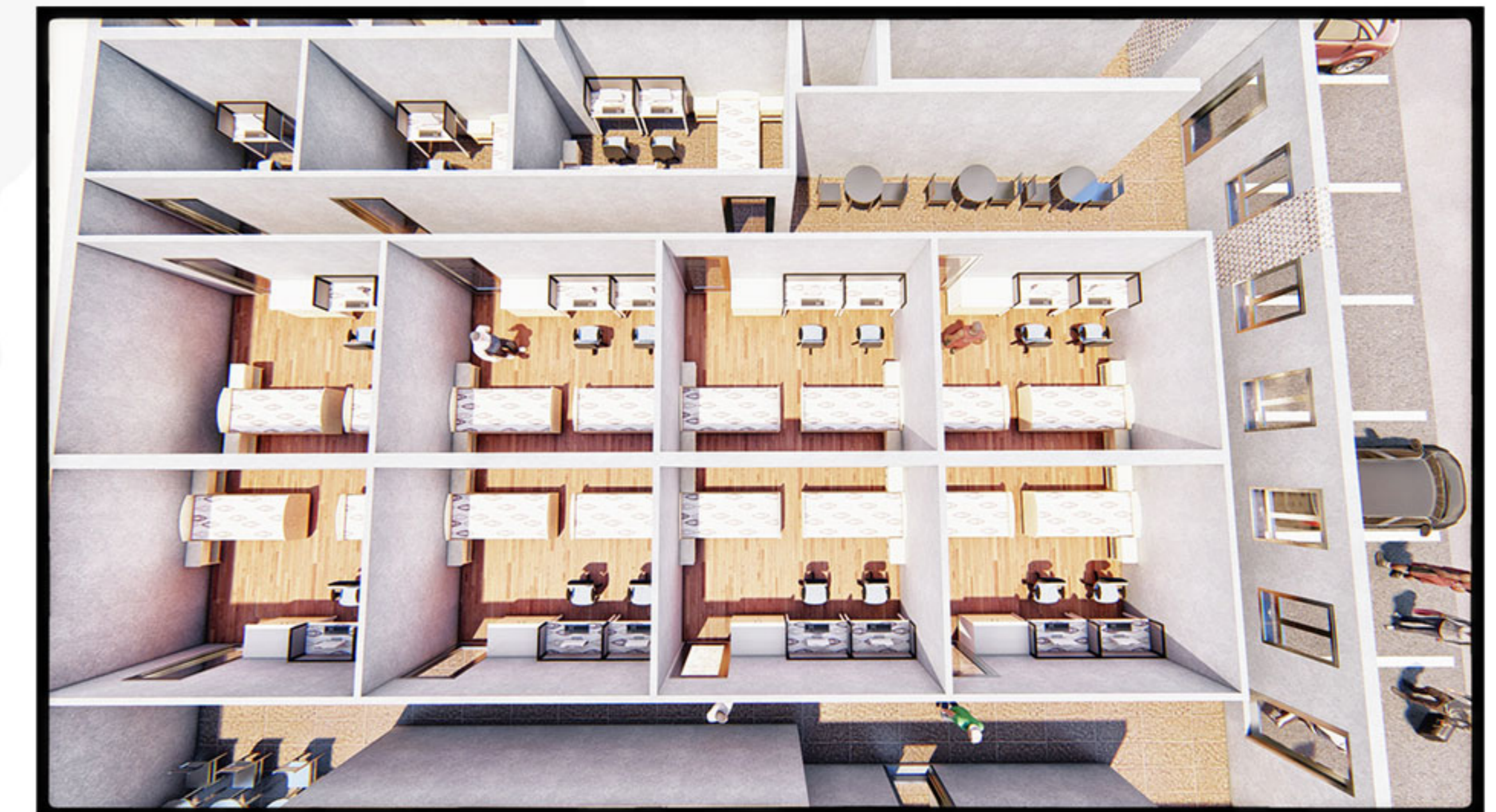
OUR PIPELINE

The Fund aims to invest in qualifying student accommodation, properties with the allocation of asset classes to be determined by the Investment Committee from time to time. The management company has secured the following potential assets:

RITSON – DEVELOPMENT OPPORTUNITY



ELY ROAD – ACQUISITION





INVESTMENT MANDATE

The fund will target a combination of income and capital growth assets. Typical assets should produce a targeted yield of between 8% to 10% and a 5% p.a. capital value appreciation.

The following (but not limited to) investment criteria are carefully considered when evaluating potential fund assets:

- ▶ Discounted or under market related prices.
- ▶ Geographically focused in areas that deliver above average capital growth.
- ▶ Assets that deliver above average yields.
- ▶ Areas located close to selected key Universities
- ▶ Areas with good public transport.
- ▶ Specific characteristics e.g. orientation, amenities etc.
- ▶ Property assets with high occupancy levels.
- ▶ Student accommodation properties with University recognition and accreditation
- ▶ Properties that have growth potential

More detailed information could be obtained in the investment mandate section of the prospectus. Please refer to the prospectus (www.coastalequities.co.za).

FEES

Initial capital raise fee: 0%

Annual Management Fee: 2% p.a. of the net asset value of each Qualifying Company in each financial year.

Performance fee: Prior to the time at which an Investor into the Company has received (before the payment of any taxes) an amount equal to his Risk Capital, the Manager is entitled to receive a fee equal to an amount of 20% of any distribution (as this term is defined in the Companies Act No 71 of 2008) payable by the Company to that investor that exceeds a return of 10%, In the year in question; and

Once an investor into the Company has received (before the payment of any taxes) an amount equal to his Risk Capital, the Manager is entitled to receive a Fee equal to an amount of 20% of any amount payable by the Company to that Investor in respect of his shares in the Company (whether as a distribution (as this term is defined in the Companies Act No 71 of 2008) from the Company or as proceeds on the disposal of his shares in the Company).

INVESTMENT RISKS

Please refer to the prospectus (www.coastalequities.co.za) for risk which may apply to an investment in Coastal Equities Ltd Student Accommodation Fund.

DISCLAIMER

1) Coastal Equities Ltd is a licensed Financial Services Provider (FSP Number 48979) and a Registered Venture Capital Company (VCC 0123).

2) This document is not a prospectus. To view our prospectus, please visit our website - www.coastalequities.co.za.





FOR MORE INFORMATION PLEASE VISIT OUR WEBSITE ON
WWW.COASTALEQUITIES.CO.ZA OR EMAIL. INFO@COASTALEQUITIES.CO.ZA