

Orange River Capital

Everything an advisor needs to know before accepting to distribute this offer

How much time does it take to learn the essentials of this offer?

30 minutes

What are the documents you should know and review first?

- The video presentation
- The fact sheet
- The legal information (Investment Memorandum)
- The educational white paper

Key points

- The issuance is \$24 000 000.
- The company was created in 2020.
- The preferred dividend pays 15% annually.
- The IPO-est. valuation is 300%.
- The dividend is paid biannually.
- The term is 5 years.

How you should present?

Short pitch

- Increased legalization of marijuana for medical and adult-use and the growing adoption of these products for the treatment of chronic diseases are the key factors driving the market for legal marijuana.
- Pharmaceutical industries, as well as research and development centers, believe that medical cannabis could lead to a new medical revolution, but they need the cannabinoids to conduct their research.
- ORC executes the activity through equity ownership of Greengrow Capital, which is located in South Africa (El Passo farm). It owns one of the 5 local licenses. The company produces and sells wholesale cannabis extracts (CBD) to service the rising industry demand.
- Over the next decade, Greengrow intends to become one of the leading producers of the highest quality medicinal cannabis in the market.
- ORC participates in Greengrow so that investors can invest \$25 000 or more for 5 years and get a 15% preferred dividend yield with IPO-est. valuation 300%.
- What do you want to know next?

Long pitch

- There is a global trend around the world for the understanding of the benefits of medical cannabis. This leads to an increasing awareness among patients as well as healthcare professionals, which has compelled the regulatory authorities to consider and legalize medical cannabis.
- Do you know how many countries officially regulate medicinal cannabis? Medicinal cannabis is now officially regulated in more than 60 countries toward the treatment of over 50 conditions. 10 years ago, it was legal only in 10 countries.
- The medical marijuana market was valued at \$15.7 billion in 2020 and it is expected to reach \$42 billion by 2026, registering a compounded annual growth return of 17.79% during the period.
- The growing spread of chronic diseases, along with the increasing utilization of medical cannabis for treating different conditions, represents some of the key factors impelling the market growth.
- The medical cannabis market is not well served, there is a growing demand for medical cannabis.
- The pharmaceutical industry, as well as research and development centers, believe that medical cannabis could lead to a new medical revolution, but they need the cannabinoids (CBD) to conduct their research.
- In order to get these cannabinoids, they need to acquire it from cannabis growers: these companies are licensed in order to cultivate, harvest and sell cannabis.
- ORC executes its activities through equity ownership of Greengrow Capital, a company located in South Africa (El Passo farm). Greengrow produces and sells wholesale cannabis extracts to service the rising industry demand.

- Greengrow is owned and operated by Dr. Brylyne Chitsunge, a former United Nations (UN) Pan-African Ambassador for Food Security and an expert in molecular medicine. Dr. Chitsunge is also an internationally acclaimed expert in agribusiness.
- The Greengrow Capital facility is fully licensed for the production of legal cannabis. It is one of only 5 companies in South Africa that have the right to legally produce cannabis.
- Off-take agreements are in place for current capacity production (3000 kg of GAP-certified cannabis flower).
- Orange River Capital intends to become one of the leading producers of the highest-quality medical cannabis in the market, offering diverse strain selection through genetic research.
- To be able to expand their medical cannabis business and to grow more cannabis to more research companies in order to meet the demand, they are offering 5-year preferred shares to investors that pay a 15% yield in preferred dividends.
- In 2026, the company plans an exit for all investors with a listing on the London Stock Exchange on a projected valuation of 300%. That is, for every dollar invested, investors would receive 4 dollars.

In summary

- An attractive annual dividend and the possibility to benefit from a very attractive exit valuation.
- An opportunity to diversify into a new asset class not correlated to financial markets: Private Equity.
- An opportunity to diversify in one of the promising investment trends of the coming decade according to Forbes Finance Council.
- Investors can participate from as low as \$25,000.
- Solid guarantees:
 - Off-take agreements
 - Preferential shares
 - Greengrow has exclusive rights (a cultivation license)

What are the criteria to evaluate the quality of the offer?

1. The offer is attractive enough to raise the full amount needed

Preferential shares shall provide a fixed return of 15% and an additional profit-related bonus of up to a further 10% return per annum. The projected capital growth of ORC is 300%; therefore, shareholders will be quadrupling the value of their investment within 5 years.

2. Perfect climate conditions and low-cost workforce.

- The African region has marvelous climate conditions for growing cannabis, which enables the company to increase the number of crop cycles to four per year and increase production to 10,000 kg/year.
- The company also intends to upgrade facilities to "best in class" increasing production and product quality.

3. The Greengrow Capital facility is fully licensed

The facility is 1 of only 5 in South Africa for the production of legal cannabis and is currently producing 3 tons per annum.

4. Off-take agreements

Off-take agreements are in place for current capacity production and letters of intent to take at least 10 tons in line with planned expansion. Among key clients are the South African government, pharma companies in Australia, Israel and Macedonia.

Why is the management qualified to deliver strong performance?

- The management team of Greengrow has significant experience in agriculture and farming, as well as profound entrepreneurial and managerial skills.
- Dr. Brylyne Chitsunge (CEO) is the Pan-African Parliament's Ambassador for Food Security in Africa.

She is one of South Africa's most successful commercial farmers and an internationally acclaimed expert in agribusiness.

- With a potent combination of medical and agricultural experience, Dr. Chitsunge is well placed to guide and assist in the development and progression of the medical cannabis industry across the globe.
- Paul Duncan (Head of Operations & Chief Cultivation Officer) has more than 25 years of experience in organic farming and agriculture, with a passion for the natural ecology and properties of medicinal plants and herbs. With his extensive experience in organic farming, he is well placed to lead a team in cultivating the highest-quality medical cannabis.
- Yvonne Messenger (CFO) is a Chartered Accountant (SA) with more than 15 years of experience in financial management, business leadership and corporate strategy. She currently retains a number of local and international clients and is committed to maximizing long-term shareholder value, ensuring strict financial control, and maintaining a high level of integrity and transparency.

What kind of investors are investing in this opportunity?

High-net-worth companies, high-net-worth individuals, family offices, sophisticated investors, other institutional investors looking for:

- forward-looking ideas
- diversification instruments
- a regular stream of income
- reducing the market volatility of their portfolio
- an attractive return

What are the top 3 arguments?

Arguments related to the company

- The facility is fully licensed, already producing and fully secured within the farm itself
- Exponential growth curve of the medical cannabis market
- Attractive projected valuation

Arguments related to the investors' portfolios

- The preferred shares give investors the possibility of diversifying into a new asset class with no correlation to the financial markets
- A very attractive yield and valuation
- Trendy investment market: Medical Cannabis

What questions might prospects ask and how can you answer them?

Why aren't they raising capital through bank loans?

The company wants to raise equity capital. For this reason, ORC opts for equity financing. Thereby, the company can achieve a higher return on investment and at the same time increase their shareholder base.

Why is the dividend so high?

Greengrow Capital is an already operational and revenue-producing facility and the dividends are calculated against its current revenue model of 3,000kg produced per annum with a very conservative sales price of \$2/gram. It is possible to actually sell cannabis at a price of \$4.50 per gram. In fact, as part of their corporate responsibility, the ORC financial model is based on the facility only producing 75% of its capacity, 2,250kg per annum, with a discount on sales price, \$1.80/gram, which will still meet the fixed 15% dividend to the shareholders.

What if I need my funds before the end of the term?

The offer has zero liquidity. You should invest a part of your financial assets that you will not need until the listing (expected in 5 years). In line with the long-term strategy, the company will seek listing on a recognized exchange within 5 years; this will allow any shareholder to liquidate their position at the overriding listed market price.