

1. Equity Stake and Convertible Note Structure

Equity Stake

- **Initial Equity Stake:** Offer the investor an initial equity stake in BGCA. Given the company's projected valuation and the funding amount, a reasonable equity percentage would be 2-5%.
 - **Rationale:** This percentage provides a meaningful return potential for the investor while ensuring BGCA retains significant control over its operations and growth.

Convertible Note

- **Convertible Note Terms:** The investment can be structured as a convertible note, which converts into equity at a later date, typically during the next funding round.
 - **Interest Rate:** Set a competitive interest rate, such as 8-10% per annum, which accrues until conversion.
 - **Conversion Discount:** Offer a discount rate of 20% on the next round's valuation, providing an incentive for early investment.
 - **Maturity Period:** Define a maturity period, such as 18-24 months, after which the note converts to equity if no further funding rounds occur.

2. Dividend Payments and Profit Sharing

- **Dividend Payments:** If BGCA generates significant profits before the conversion of the note or during the holding period, consider offering annual or semi-annual dividend payments.
 - **Dividend Rate:** A rate of 5-7% of net profits can be allocated to dividend payments, ensuring the investor receives some returns while the company continues to grow.

3. Performance-Based Incentives

- **Milestone Bonuses:** Tie part of the equity stake or additional bonuses to specific performance milestones.
 - **Examples:** Reaching certain revenue targets, expanding into new markets, or achieving specific strategic goals.
 - **Incentive Structure:** Provide additional equity or cash bonuses upon meeting these milestones, aligning the investor's interests with BGCA's growth objectives.

4. Board Seat and Advisory Role

- **Board Seat:** Offer the investor a seat on the board of directors, providing them with oversight and influence over the company's strategic decisions.

- **Advisory Role:** Alternatively, or in addition, the investor could take on an advisory role, contributing their expertise to BGCA's growth and strategic initiatives.

5. Exit Strategy

- **Defined Exit Strategy:** Clearly outline the potential exit strategies for the investor.
 - **Options:** Initial Public Offering (IPO), acquisition by a larger company, or a buyback clause where BGCA can repurchase the investor's shares after a certain period at a predefined valuation.
 - **Buyback Clause:** Include a buyback option where BGCA can repurchase the investor's shares at a premium (e.g., 20-30% above the initial investment) after 3-5 years if other exit options have not materialized.

Example Structure Summary

1. **Initial Investment:** 2 million ZAR (~130,000 USD) structured as a convertible note.
2. **Equity Stake:** 2-5% upon conversion at the next funding round with a 20% discount.
3. **Interest Rate:** 8-10% per annum on the convertible note.
4. **Dividends:** 5-7% of net profits paid annually or semi-annually.
5. **Performance-Based Bonuses:** Additional equity or cash bonuses tied to specific milestones.
6. **Board Seat/Advisory Role:** Offer a seat on the board or an advisory position.
7. **Exit Strategy:** IPO, acquisition, or buyback option with a 20-30% premium after 3-5 years.

This structure aims to optimize the investor's return by providing a mix of equity, interest, dividends, and performance incentives while ensuring BGCA retains control and aligns the investor's interests with its long-term growth and success.