



AltCap Venture Capital (PTY) LTD

Section 12J

Section 12J is subject to the provisions of the Income Tax Act No. 58 of 1962 (the Act)

The aim of the section 12J was to promote funding for SME's

Created by the SA government with effect from the 1st of July 2009

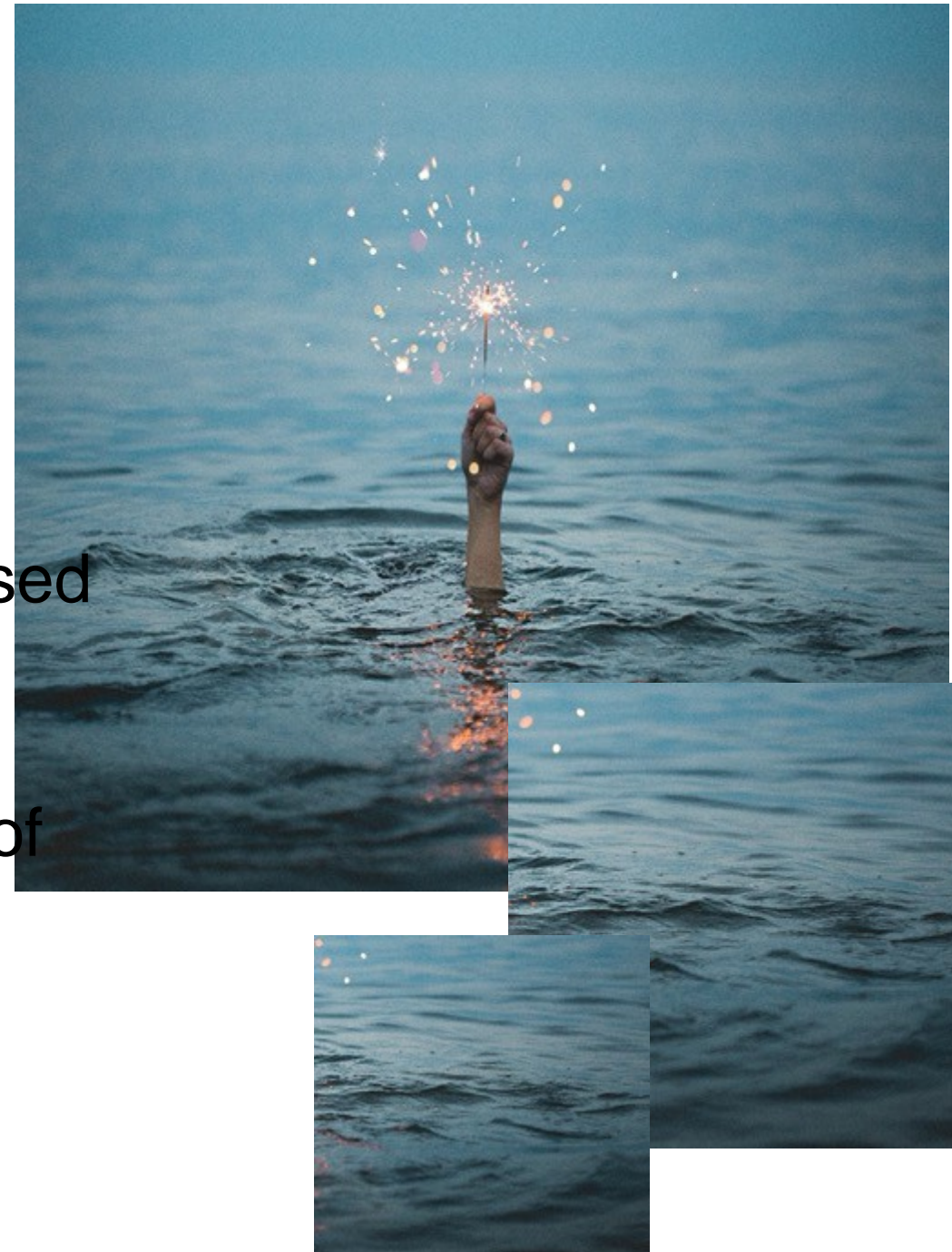
Revisions to section 12J were made in April 2015 allowing any investment to be tax deductible

Section 12J will be reviewed on the 30 June 2021 as per the 'sunset clause'



Investor

- Tax Incentive
- Up to a 45% Income tax refund
- Attractive returns - IRR of 9,92% based solely on capital reinvested over a 5-year period
- Reduced risk through diversification of different sectors
- Exposure to high growth companies
- High dividend paying companies
- Providing an alternative investment



Section 12J fund specifics

- Investor / Investees no more than 20% of the fund
- Maximum tax deduction of R2,5mil per year
- 80% of fund must be deployed within 36 months
- No tax deduction for a taxpayer if they become a connected person directly after an investment
- A maximum of 69% of the equity can be held in a qualifying company
- A company can own up to 50%, in limited circumstances, indirectly/directly in the 12J VCC but no more
- Investment by credit/loan deduction is limited to the amount for which the tax payer is deemed to be at risk.
- Investees company book value of assets has to be less than; 500 mil > Junior Mining Company , 50 mil > Any other qualifying company

Ordinary shares

'A' Shares

20%

80%

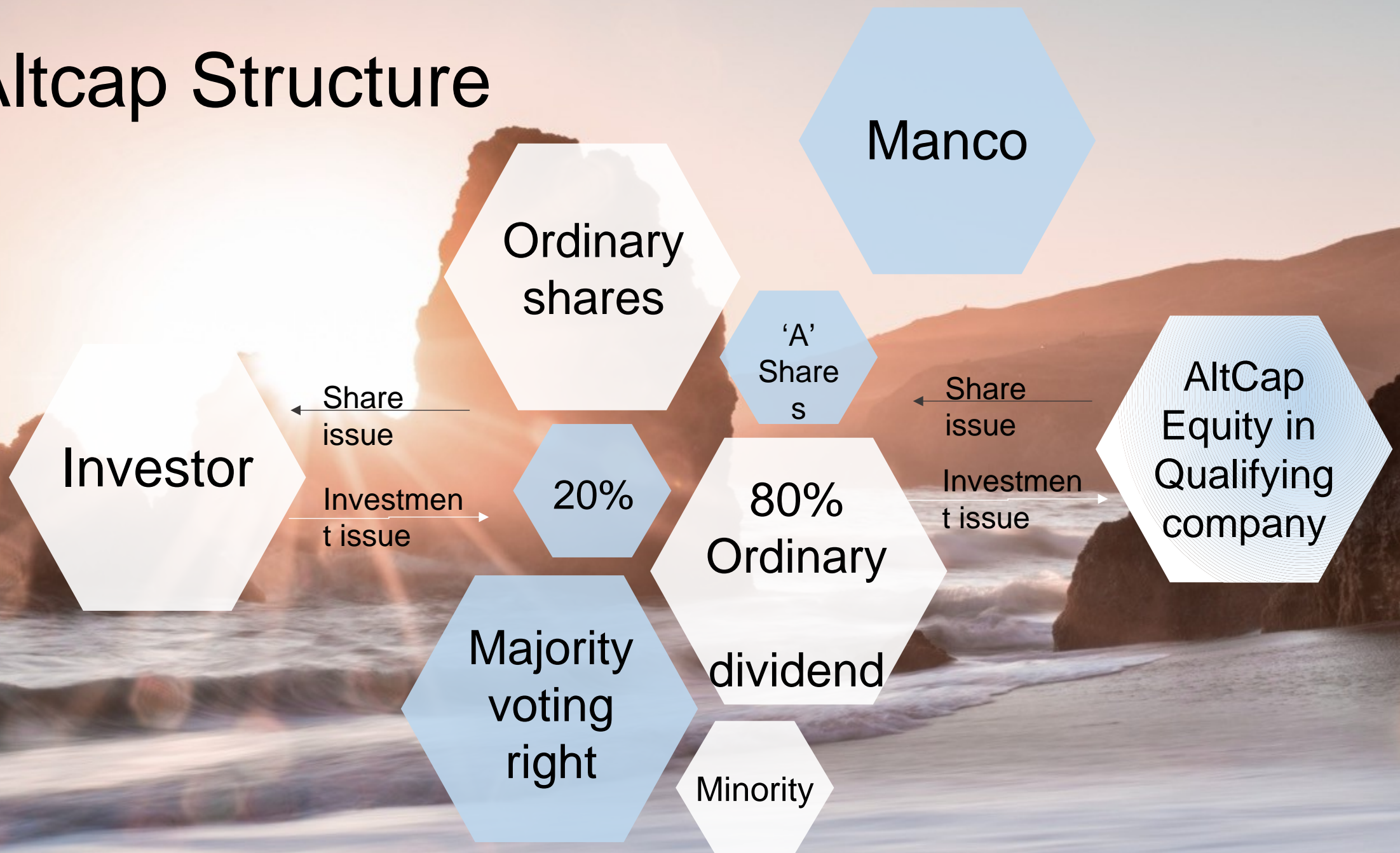
Ordinary

dividend

Majority voting right

Minority

Altcap Structure



Investee

Look at
concept and
business
model

Review
Financials

Meet the
team

Look into
team
strength
and
business
strength

Determine
dividend
grow and
investor
returns

Do a cash
f bw/busines
s model to
determine
exit strategy

Time
horizon
holding
period

Scalability

AltCap Equity in qualifying company

- Company with market cap less than R50mil
- High dividend paying
- High cash f bw
- Scalable
- High capital growth
- Good team and management
- Strong product
- Good exit strategy





Thank you