



Section 12J Medicinal Cannabis Investment

S12J Investment Description Aim

The Ngoye View Agriculture medicinal cannabis project is at its core an agricultural project with value chain enhancements located on a working farm in KZN. The project entails the establishment of a world-class facility for the research and development of strains; the set-up of a nursery creating a Seed Bank; cultivation of organic medicinal cannabis; extraction, processing and manufacture of dry bud, oils, isolates and a range of products for the health and beauty industry both locally and internationally.

The offtakes currently include both local companies currently sourcing CBD from overseas and the international market looking for export of CBD and THC for pharmaceutical purposes out of Africa. All activities will be fully compliant with both local and international regulations governing the industry and Ngoye View Agriculture will be working towards EU-GMP compliance.

Medicinal cannabis is a relatively new industry in South Africa and has been rapidly growing following its legalisation with substantial growth ahead. A key barrier to entry is the high capital cost of establishment of a growing facility but the margins and rewards are high. According to the African Cannabis Report, the industry is set to become the continent's highest value market by 2023 with an estimated value of over R107 billion.

IEV is an impact investor and seeks to generate investment that creates jobs, food security, housing and education. IEV also seeks to promote business ownership where entrepreneurs are financed into their business rather than out of their business. The IEV investment philosophy is that commercial merit is the departure point for all investment decisions, so while IEV aims to generate investments with a strong positive social impact, the departure point is to generate a good return for investors where risks are managed down to a minimum.

Suitable investors

We have designed the investment to deliver returns with downside risk managed down to a minimum. Suitable investors are:

- **Taxpayers** that have high incomes and face a high tax burden as a consequence
- **Companies** that are liable for profits tax with a minimum of R1 million in taxable profits
- **Trusts** that face a high tax burden

Section 12J Tax Incentive

Section 12J of the income tax act allows the investor to deduct the full capital amount of their investment from their income for income tax assessment purposes in the tax year the investment is made. To qualify for the incentive, the investment must be made through a SARS approved and registered Venture Capital Company (VCC). The investor must be invested for a minimum period of 5 years. The investor is liable for Capital Gains Tax on their net realization on exit of the investment. The tax act specifically allows investors to gear their S12J investment. The IIM Section 12-J offering is structured in a way that gears the investment in a way where downside risk is managed to a minimum.

Section 12J: Structured Investing with Minimized Risk

- The investment is geared
- The Venture Capital Company share certificate, dividends, securing deposit and tax refund pays down and collateralizes the loan
- The loan is only applicable to the S12J investment and collateral is limited to that defined in loan agreement
- Any Interest is payable by the qualifying company
- The securing deposit is R25 000,00

Disclaimer: Please note that past performance may not be indicative of future results. Due to various factors such as changing market conditions, the possibility of a reduced return if a shorter time-period to exit fund can occur.

Qualifying Company Benchmark	15% per annum
Performance benchmark	2 x initial investment
Projected return per annum (net of fees)	15% compounded annual
Investment terms and conditions	
Minimum initial investment	R1 000 000
Investment Cap (Individuals and Trusts)	R2 500 000
Investment Cap (Companies)	R5 000 000
Minimum Investment Period	5 Years
Investment Deadline	29 June 2021
Investment Exit	After the 5 th Year Investment Anniversary
Investment Maturity Mechanism	Cash Pay-Out through share buy back
Tax Liability on Exit	Capital Gains Tax
FEES	
2% Annual	Annual Management Fee
3% upfront	Capital Raising / compliance fee
25% (Performance Fee)	Only on any value achieved above project benchmark of 15%
To invest	
Please speak to one of our Relationship Managers and Authorised Investment Advisors who will guide you through this process.	
Contact details	
Email: cate@impactinafrica.com	
Telephone: 011 480 8634 or 0762215783	

Our investment philosophy is captured in our EnRRICH formula; Enhanced, Risk-controlled Returns; Investment for Change and Hope