JALTECH
Fund Management

Section 12J Exit Income Opportunity

Introduction

This opportunity is tailored for exiting Section 12J investors as it provides access to a dual-mandate investment that offers both a tax shield and an annual income yield.

Investors will benefit from a **tax deduction of up to 166%** in the current financial year, which offers a strategy to mitigate the **18% Section 12J exit tax** - completely or in part - while targeting an average annual income of **8.5% (post-tax and net of fees)**. A key feature is that investors gain exposure to two mandates, both offering meaningful diversification and annual income.

Dual Mandate Investment Strategy

To maximise tax efficiency, Jaltech's Section 12J Income Opportunity will split investors' capital into two mandates:

- **76%** will be allocated to the Jaltech Income Opportunities Fund ("Jaltech IOF"), which provides investors with access to the South African private debt market and targets returns of approximately **12% to 14% per year (post-tax and net of fees)** over the term of the investment.

- **24%** will be allocated to Jaltech's Section 12B Investment VII, which offers investors exposure to returns generated from the commercial and residential solar market, with the added benefit of a tax deduction of up to 166%.

Investment Highlights

- Limited capital raise: **R100 million**
- **Diversified income**, risk and exposure
- Up to **166%** tax deduction
- **High deployment** capabilities
- Annual Average Yield (post-tax & net of fees): **8.5%**

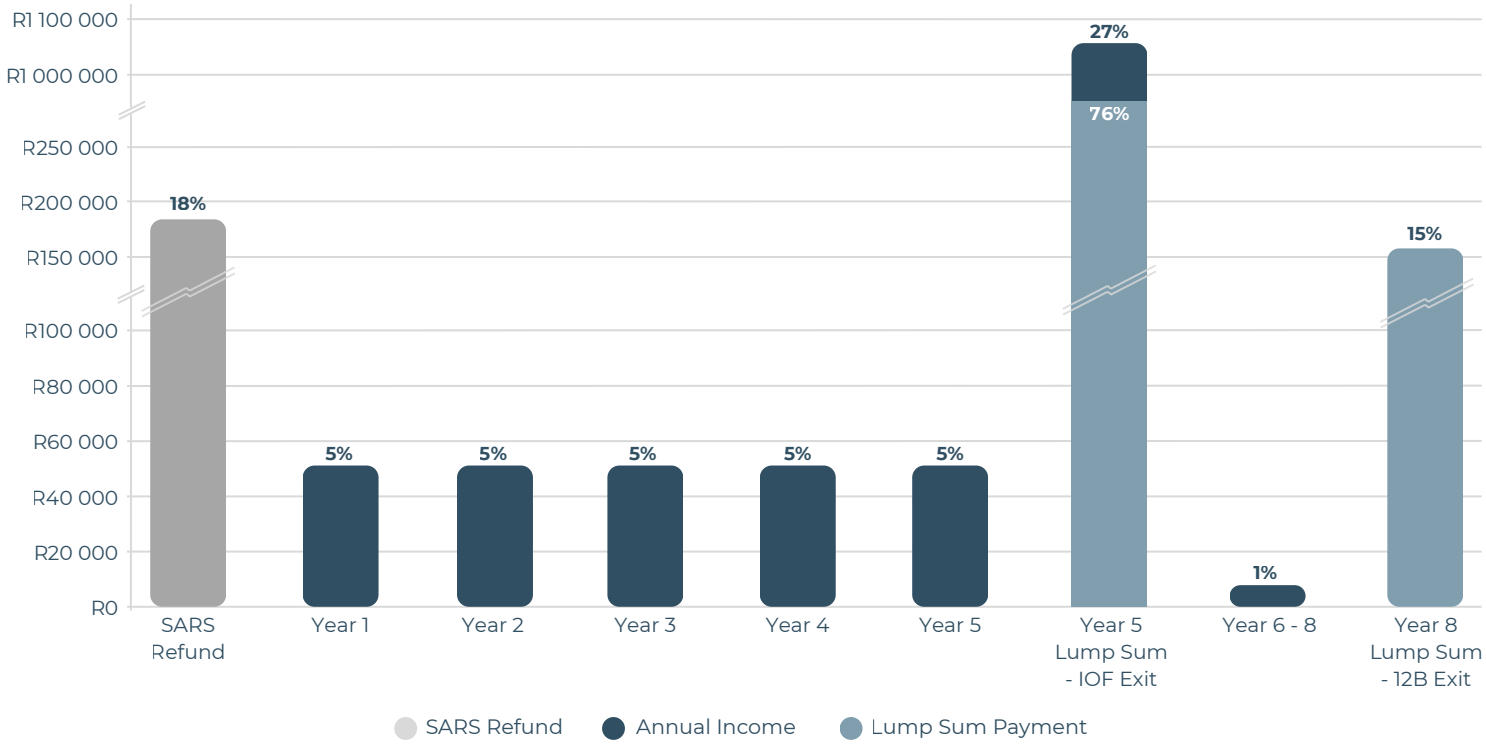
Jaltech's Track Record

R2.5 BILLION+ AUM	2000+ INVESTORS	300+ INVESTMENTS	12+ years experience

Dual Mandate Post Tax Cash Flows

This strategy is designed to deliver an upfront tax benefit, followed by consistent annual income over the investment term.

Below are the projected cumulative returns (post-tax & net of fees) demonstrated as a percentage of an investment of R1 million.



Assumptions

- The investor is in the highest tax bracket
- The Prime Rate as of April remains unchanged
- Jaltech IOF's portfolio is sold at year 5 and the solar assets are sold at year 8
- 166% tax deduction

Investment Forecast Summary

Pre-tax return (incl. tax benefit & net of fees)	**R1 932 594**
Post-tax return (incl. tax benefit & net of fees)	**R1 643 571**
Pre-tax IRR (incl. tax benefit & net of fees)	**17%**
Post-tax IRR (incl. tax benefit & net of fees)	**12%**
Average annual post-tax yield (excl. tax benefit & net of fees)	**8.5%**

Next Steps

Should you wish to discuss this opportunity in more detail or proceed with an investment, **please contact Chris McCormick or Jonty Sacks using the details provided**. Further information on each of the underlying mandates — the Jaltech Income Opportunities Fund and Jaltech's Section 12B Solar Investment VII — is available on our website at **www.jaltech.co.za.** A recording of our webinar unpacking this investment opportunity, including the dual mandate structure, tax treatment, and projected returns, can be viewed by **clicking here**.

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