



GPP

GAIA Professional Plan 2021

The **GAIA Professional Plan** (“GPP”) is the ideal investment product for professionals, high-net worth individuals, trusts and companies looking to invest surplus income for a period of five years or longer. The GPP targets **attractive but stable investment returns** through private equity investments that are cherry-picked by its fund manager, GAIA Private Equity. What makes this a unique investment, is that **you may deduct the full investment made into the GPP from your taxable income** during the year of investment. This concession has been made by SARS under Section 12J of the Income Tax Act.

Ability to outperform the after tax return achieved under listed benchmarks

Higher but stable returns, whilst improving portfolio diversification

Attractive tax rebates for individuals, trusts and companies

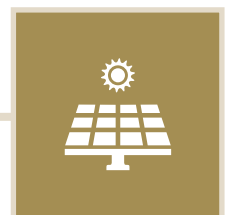
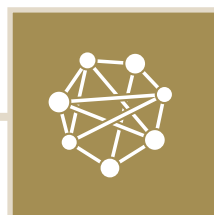
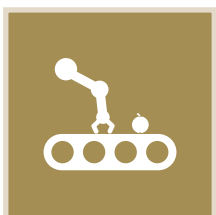
Our investment themes

Agriprocessing –
Processing factories
and Packhouses

**Commercial-scale
Agriculture** – Tree nuts,
Citrus, Berries, etc.

**Fiber optic network
infrastructure**

Renewable energy
– Solar, Wind, Storage
and Niche technologies



What are Section 12J funds about?

One of the main challenges to the economic growth of small and medium-sized businesses is access to equity funding.

In 2009, SARS created a tax incentive through Section 12J of the Income Tax Act, 1962 to stimulate growth in the small business sector. Section 12J offers individuals, trusts and companies that are resident in South Africa, an attractive tax rebate on investments made through an approved Venture Capital Company ("VCC") approved under Section 12J. The tax rebate is up to 45% for individuals and trusts and 28% for companies. Your GPP investment will give you full exposure to these tax benefits.

By way of illustration:

As an individual investor, you invest R1 million. This reduces your taxable income and you therefore receive a tax rebate from SARS of up to R450 000, depending on your own tax position. This means you receive the full R1 million investment exposure at a net cost of just R550 000. Seen differently, Section 12J can boost an individual's after tax investment return by up to 7.8% per year over a five-year period, or by 45% over five years.

As a company, you invest R1 million. This reduces the company's taxable income, which effectively reduces your income tax bill by R280 000. This means you receive the full R1 million investment exposure at a net cost of just R720 000. Seen differently, Section 12J can boost a company's after tax investment return by 6.8% per year over a five-year period, or by 39% over five years.

The tax impact can be demonstrated by the following example, which is for illustration purposes only:

Investor type	Individual/Trust (R)			Company (R)		
	0%	10%	15%	0%	10%	15%
Gross investment	1 000 000			1 000 000		
Tax rebate	(450 000)			(280 000)		
Net investment	550 000			720 000		
Effective tax relief	45%			28%		
Assumed investment return (net of fees and taxes) (per annum)	0%	10%	15%	0%	10%	15%
Investment value (before tax) after five years	1 000 000	1 610 510	2 011 357	1 000 000	1 610 510	2 011 357
Less: Assumed dividend withholding tax	(200 000)	(322 102)	(402 271)	-	-	-
Investment value after tax	800 000	1 288 408	1 609 086	1 000 000	1 610 510	2 011 357
Effective investment return (per annum)	7.8%	18.6%	23.9%	6.8%	17.5%	22.8%



The minimum investment is R250 000, but there is no upper limit. SARS limits the annual deduction to R5 million for companies and R2.5 million for other investors. The only proviso is that in order for the tax rebate to apply, the investor must hold the investment for at least five years from the date of investment.

Section 12J places a number of obligations on the fund manager, both in terms of record-keeping and in terms of how it may invest. These include *inter alia* that the investments made must be unlisted equity investments in South African resident companies, trading mainly inside South Africa and with gross assets not exceeding R50 million. The investee company's core business may not include trading in immovable property, banking, insurance, professional services (e.g. financial and advisory services), gambling, liquor, tobacco, arms and ammunition.

Your investment opportunity

Typically, Private Equity Funds have high minimum investment requirements (R100+ million). The GAIA Professional Plan now offers individuals, trusts and companies the opportunity to gain access to this asset class through a minimum investment of R250 000.

Your investment will be applied to obtain shares in GAIA Venture Capital Limited, an investment holding company and an approved FSP (licence no. 48515) and registered VCC (no. 0065). You will receive a share certificate, an investor certificate (for tax purposes) and GAIA Private Equity will in turn invest the funds in companies that meet the requirements as set by the Income Tax Act.

You receive the tax rebate immediately, but must hold the investment for at least five years from the date of your investment, in order for the tax rebate not to be cancelled.

The investment criteria we have set when evaluating the investment opportunities are:

We target attractive, but stable and (as) predictable (as possible) gross investment returns in excess of 12% per annum;

We invest in businesses that have a positive environmental, social and governance impact and our initial focus will fall on the infrastructure and agricultural sectors.

We seek an influential equity stake – a majority or significant minority shareholding;

We invest in South African businesses with experienced management and a strong partnership mentality, where a proof of concept has been demonstrated and where capital for further growth is required;

We target an investment size of between R10 million and R40 million; and

Our investments have an investment time horizon of five to seven years, with a focused exit strategy.

To date, **300+ investors** have invested **over R300 million** with us and in turn we have already made investments across **13 investee companies**. We are paying **regular dividends**.

Our story

We established GAIA in 2012 as a specialist infrastructure asset manager, for the purpose of facilitating the investment of long-term investor capital in infrastructure projects in Southern Africa. To date, GAIA has invested nearly R4 billion through more than 20 transactions which are spread across nine utility-scale renewable energy projects, a toll-road, fibre optic network infrastructure and various farming and agriprocessing initiatives.

GAIA's clients include retail and institutional investors through listed and unlisted segregated mandates, including the newly listed GAIA Fund 1 initiative on the 4AX, which facilitates the investment by collective investment schemes and retail investors in infrastructure projects.

GAIA has been a pioneer in convincing South African institutional investors to support infrastructure as an asset class. GAIA is considered a leading specialist secondary market infrastructure transaction team in the Southern African region, having concluded:

- the first significant secondary market transaction in the South African renewable energy programme;
- the largest renewable energy secondary market transaction in South Africa to date in collaboration with a consortium of investors and regional banks; and
- listing GAIA Infrastructure Capital in 2015 as the first infrastructure investment company on the main board of the JSE.

Our partners

GAIA chose to partner with industry leaders in the fields where we invest. Some of our partners include:

Agristar Holdings

Agristar is a fourth-generation farming business, founded in 1948, starting with Sugarcane and Subtropical fruit in the eastern regions of Mpumalanga. Today the Agristar team specialize in growing, processing and marketing tree nuts of the highest quality on a global scale.

Average Technologies

Average Technologies is a leading turnkey solutions provider in the Network Optimisation, DC Power Systems, Energy and Telecommunications fields. Average and Fibonacci Fund Managers are GAIA's partners in our dedicated fibre infrastructure fund.

The team

Renier de Wit

BCom (Actuarial Science), Fellow of Institute of Actuaries (London UK), Senior Executive Program for Africa (Harvard Boston USA)

Renier is an actuary by training and spent 12 years with the Sanlam Group where he held various roles in mergers and acquisitions, product development, valuations, and financial reporting. He spent the bulk of his time in Sanlam Emerging Markets where he conducted mergers

and acquisitions across the African continent and in India. Early in 2017, he established GAIA Private Equity as an offshoot of the GAIA Group to focus on venture capital and private equity opportunities. Renier currently serves as the Managing Director of GAIA.

Mich Nieuwoudt

Pr Eng, B Eng (Electronic), MBA

Mich started his career in the petrochemical industry with Polifin and the defence industry with Thales, before joining PSG Investment Bank in 1999. In 2003, he joined Siemens Business Services, where he gained international experience across Europe, particularly in the renewable energy sector. Thereafter Mich moved the Square One Group where he was

responsible for group operations. In 2008, he joined the SAGIT group where he worked on the Eden Island Project in the Seychelles and mining operations in West Africa before focusing on SAGIT's renewable energy developments. Mich has taken on many roles in GAIA since 2012 and currently serves as the Executive Chairman of GAIA.

Hendrik Snyman

PhD (Eng), MCom, (Fin. Man), MEng (Eng. Man), BEng (Industrial Mechanical)

Hendrik is a qualified Industrial Engineer with Masters degrees in both Engineering and Corporate Finance. Hendrik started his career in the private equity industry in 2010, developing various mining and farming ventures before embarking on a PhD in Strategy focusing on the use of Venture Capital to

accelerate SME growth and development. As part of his studies, he taught finance and economics and published a number of papers. Hendrik joined GAIA in 2016, contributing his skills related to finance, management, and engineering and currently serves as Director and Chief Investment Officer.

Kasper van Rooyen

BEng (Ind), BCom Hons, MBA

Kasper is an industrial engineer by training and joined SAGIT Energy Ventures and GAIA Fund Managers during the early part of his career. Kasper returned to his roots to continue farming on a commercial scale for Agristar Holdings, where he serves as an Executive

Director and heads-up the Agrigro initiative with a focus on turnkey farm development and farm management services. He is passionate about sustainability and leads Agristar Holdings' numerous sustainability initiatives.

Leon de Wit

BCom (Maths), Fellow of Institute of Actuaries (London UK), Owner President Management Program (Harvard Boston USA)

Leon started at Sanlam Limited, and then spent most of his career offering consulting services to many of the largest retirement funds in South Africa. He joined PSG Group Limited in its early years and was responsible for Channel Life Limited. In 2002, he left formal employment and moved to Stellenbosch where

he engages in special projects and community development programmes. Leon and Botha Schabort have worked on funding of renewable energy projects by South African institutions since 2011, culminating in the establishment of GAIA 2012. He serves as a Director on the shareholders' and advisory board.

Botha Schabort

Pr Eng, Hons B Eng, MBA

Botha started as a civil engineer specialising in project management and construction. After obtaining an MBA he joined JSE-listed stockbroker Senekal Mouton and Kitshoff where he later served as Director. Botha was a founding shareholder and Director of the JSE-listed PSG Group Limited and PSG Investment Bank Holdings Limited, where he was Managing Director until 2000.

Botha has extensive investment experience in the areas of international property development, renewable energy projects, mining exploration, private equity and technology. Along with Leon de Wit, he founded GAIA in 2012 and serves as a Director on the shareholders' and advisory board.

You have the comfort that your investment is managed by a highly experienced and professional investment team. As an approved representative of a discretionary financial services provider, GAIA Private Equity operates in a tightly regulated environment. We have a pipe-line of transaction opportunities ready that will gain you speedy access to infrastructure, agriculture and other sectors.

Contact us

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GAIA Venture Capital Limited

Reg. number: 2017/186790/06

FSP number: 48515

SARS VCC number: 0065

Your Investment Partner

GAIA Venture Capital Limited is managed by GAIA Private Equity (Pty) Ltd, a representative of GAIA Fund Managers (Pty) Ltd, an authorised FSP (no 46028)