

info Pack



**INVEST IN RENEWABLES AND BENEFIT FROM
THE SARS APPROVED 100% SECTION 12B
TAX ALLOWANCE**



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YOUR TAX BENEFITS

Individuals or trusts who invest are entitled to claim the 100% Section 12B tax deduction on the full amount invested. The tax deduction is applicable to each taxpayer, and is to be claimed in his/her personal respective tax return.



**R1 000 000
minimum
investment**



Moderate risk



**Distributions:
Year 1-5 = 6% p.a.
Year 6-10 = 8.25% p.a.**



**100% tax
deduction on
your investment**



10-year term



ESG impact

Yield Capital can assist investors to significantly reduce their taxable income and receive an annual income at the same time.

HOW DOES IT WORK?



Investors are able to utilise National Treasury's approved renewable energy incentive which is referred to as Section 12 B tax allowance.



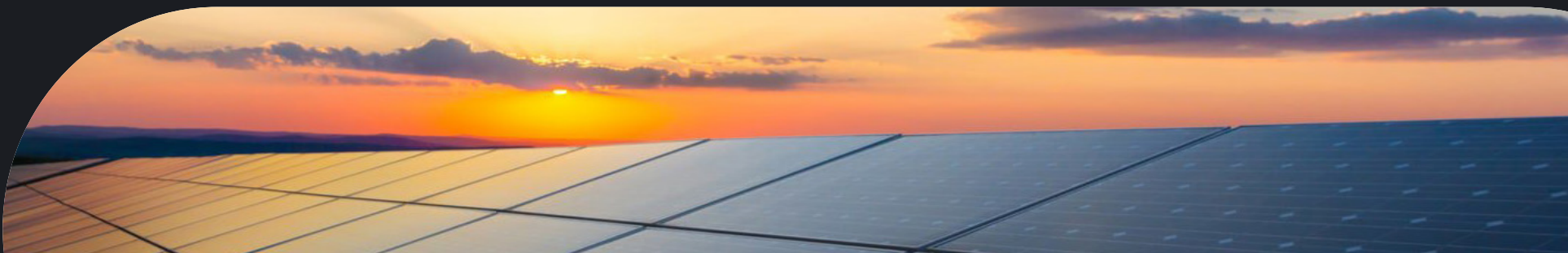
The allowance permits investors who invest in a Section 12 B fund to claim 100% and 125% tax deduction on the full amount invested.



The tax deduction can be applied by Individuals and Trusts, and may be carried over to the following financial year.



Yield Capital has previously considered and taken advantage of the more meaningful incentives from National Treasury such as the Urban Development Zone (known as UDZ allowance), Section 12 B and Section 12 (J) tax allowance, both of which have expired.



YIELD CAPITAL SECTION 12 EXPERIENCE

We invested, with our clients, in renewable solar energy since Feb 2018 utilising the SARS approved Section 12 (J) and 12 (BA) deduction. Our initial approach was to find a sustainable Section 12 (J) investment by applying due diligence to the various Section 12 (J) opportunities. We believed the tax deduction was a big enough contributor to returns to only allocate capital to the most conservative

Section 12 (J) offering. Nesa Investment Holdings (NIH) passed our sustainable investment criteria by deploying solar plants with long-term power purchase agreements to credible electricity consumers.

We remain invested with NIH and our experience can be summarised as follows: Initial share price of R100, received annual dividends of approx 6% per annum and a current net asset value of R183 resulting in 21% per annum with Section 12 (J). (Our Investor report is available on request).

Solar plants generating electricity is the core theme of the revised Section 12 (BA) and therefore we are confident in our allocation of capital.

NESA RE FUND 2026 INVESTMENT PIPELINE

The Fund invests exclusively in new-build solar PV plants, all commissioned before 28 February 2027. Sub-1MWp sites: 100% S12B deduction in Year 1. Dunlop Phase 2 (over 1MWac): 50% / 30% / 20% over three years. Capex reflects a 9% uplift on base costs.

R193.5m

Total Portfolio Capex

222%

S12B Deduction - Year 1

27%

S12B Deduction - Year 2

18%

S12B Deduction - Year 3

INVESTMENT MANAGEMENT TRACK RECORD

PREVIOUS FUNDS	Nesa Investment Holdings	Nesa RE Fund 2023	Nesa RE Fund 2024	Nesa RE Fund 2025
	2017 - 2022 S12J VCC	S12B Fund	S12B Fund	S12B Fund
Investor Tax Benefit	Section 12J	Section 12B & 12BA	Section 12B & 12BA	Section 12B
Equity Raised	R265 000 000	R58 800 000	R52 648 867	R78 239 661
Debt Raised	R40 000 000	R75 000 000	R50 000 000	R100 000 000
Total Assets Invested In	R315 000 000	R133 800 000	R102 648 657	R178 239 661
Status	Realisation period	Fully Invested	Fully Invested	Fully Invested
Investments	70 new sites commissioned over 6 years	31 operational sites acquired, 2 new sites commissioned	17 operational sites acquired, 6 new sites commissioned	13 investments made
Investment Horizon	5 years	10 years	10 years	10 years

CASH-FLOW PROJECTION OF R1 000 000 (EXAMPLE FROM ONE PROVIDER)

Assumptions								
S12B Deduction (sub-1MW)	100% Year 0							
S12B Deduction (over-1MW)	50% / 30% / 20% over Yrs 1-3							
Individual Tax Rate	45%							
Investment Amount	R1 000 000							
Year	Tax Year	Cal. Year	LP Investment	S12B Tax Saving*	Fixed Yield	Income Tax (45%)	Net Cashflow	Yield %
0	FY27	2026	(1 000 000)	1 000 000			-	
1	FY28	2027		120 562	60 000	(27 000)	153 562	6.00%
2	FY29	2028		80 374	60 000	(27 000)	113 374	6.00%
3	FY30	2029			60 000	(27 000)	33 000	6.00%
4	FY31	2030			60 000	(27 000)	33 000	6.00%
5	FY32	2031			60 000	(27 000)	33 000	6.00%
6	FY33	2032			82 500	(37 125)	45 375	8.25%
7	FY34	2033			82 500	(37 125)	45 375	8.25%
8	FY35	2034			82 500	(37 125)	45 375	8.25%
9	FY36	2035			82 500	(37 125)	45 375	8.25%
10	FY37	2036			82 500	(37 125)	45 375	8.25%
Total Net Cashflows								592 811
NPV (fund model rate)								370 841

FREQUENTLY ASKED QUESTIONS

- **How do I treat the Section 12 B deduction and income distributions received from the fund in my income tax return?**

Once the fund has been audited, a detailed tax summary will be sent to each investor.

- **Can an investor carry forward the Section 12 B allowance to successive tax years?**

Yes, and it can be used to set off future taxable income.

- **Is the fund regulated?**

Yes, by the Financial Sector Conduct Authority (FSCA).

- **Can I redeem my investment before the fund term?**

In circumstances where investors need liquidity, the investor will need to request this from the fund manager. Subject to working capital requirements, the fund manager or a third party may repurchase your investment at an appropriate rate.



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