

SA's largest
S12J
fund manager

get the **advantage** of S12J



westbrooke

Alternative
Asset
Management

westbrooke.co.za/S12J

why westbrooke

Founded in 2004, and with offices in Johannesburg and London, Westbrooke invests and manages capital in multiple geographies on behalf of its shareholders and investors in Private Equity, Venture Capital, Private Debt, Hybrid Capital and Real Estate. We manage approximately R6bn of shareholder and investor capital invested predominantly in SA, the UK and the USA.

Westbrooke Alternative Asset Management was established as a multi-asset, multi-strategy manager of alternative investment funds and products structured to preserve and compound our clients' wealth to cement their future prosperity.

Our team is comprised of experienced entrepreneurs and investment professionals who apply a broad range of skills and experience to deliver investment opportunities which offer a simple investable outcome – predictable, sustainable, risk managed long-term returns for investors in an increasingly complex environment.

We have a heritage as a shareholder and operator of assets, investing our own capital to develop and grow our businesses and assets. We believe our operational experience and expertise gives us, as well as our investors, a competitive advantage.

We are wholly committed to financial alignment. We invest materially alongside our clients and partners in all our funds and investments.

the westbrooke advantage



SA's largest S12J fund manager with over R2.7bn in S12J AUM across more than 1,000 investors and 4 investment strategies



Successful investor exits at double digit returns, with our Aria 2016 vintage having recently successfully achieved liquidity whilst outperforming local and international benchmarks



Demonstrated ability to invest S12J capital at scale by leveraging off the wider Westbrooke deal team, with more than R1.4bn successfully invested across 60 SMMEs



Significant shareholder and management capital invested alongside clients, promoting alignment within the S12J investment strategies



Track record of performance, with investor dividends having been paid throughout the Covid-19 pandemic



Co-founder and Chair of the I2J Association of South Africa, leading the direct engagement effort with National Treasury and Parliament

about S12J

Designed to boost the local economy, Section 12J of the Income Tax Act stipulates that taxpayers who invest in qualifying S12J companies can write off 100% of their investment against their taxable income in the year they invest¹. Investors benefit from up to 45%² immediate tax relief, reducing the cost of the investment, providing downside protection and enhancing overall returns.

¹ Limited to R2.5m per individual/trust and R5m per company per annum

² At the maximum marginal South African income tax rate

the S12J advantage



100% tax deductible



Attractive, risk-adjusted returns



Supporting SMMEs and creating jobs



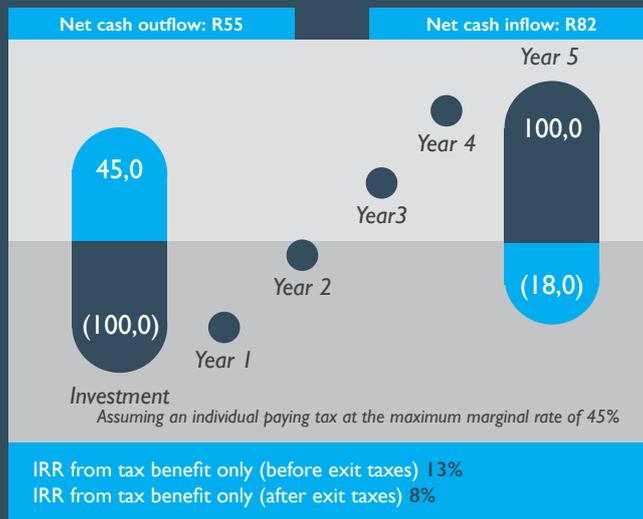
Downside capital protection

summary of the S12J tax implications

The Section 12J tax benefit allows investors to deduct 100% of their initial investment against taxable income in the year they invest, but the exit of a Section 12J share triggers a capital gains tax consequence from a zero-base cost.

This generates an 8.3% annual (after tax) investor return as a result of the tax benefit.

Westbrooke's investment strategies are designed to leverage off this tax benefit in order to generate attractive, risk-adjusted returns for investors.



february 2021 S12J investment strategies



westbrooke / aria
Alternative Rental Income Assets

Westbrooke Aria is a fully tax-deductible investment which provides growth capital to a portfolio of low-risk, asset-backed rental businesses with contractual revenue streams. Today, Westbrooke Aria is the largest S12J strategy in South Africa, with over R1.3 billion under management across over 50 underlying businesses. Westbrooke Aria aims to provide investors with a return of c.12% - 15% per annum (after fees and investor exit taxes).



westbrooke / stac preferred
Student Accommodation

Westbrooke Stac Preferred is the next phase in the evolution of Westbrooke's successful, c.R800 million Westbrooke Stac investment strategy. In the context of a challenging economic climate, Westbrooke Stac Preferred is a fully tax-deductible investment which seeks to reduce risk and enhance alignment by investing in a preferred position in the student accommodation equity capital stack. This is achieved by co-investing alongside experienced, reputable student accommodation operators into a portfolio of geared property-backed student accommodation operations situated in strategically located student nodes across South Africa, in transactions whereby investor capital ranks ahead of that of our partners. Westbrooke Stac Preferred aims to provide investors with a return of c.15% per annum (after fees and investor exit taxes).

timeline

20 january 2021
product launch

25 january 2021
online application process opens

26 february 2021
last day to invest

successful aria 2016 S12J investor exit
outperforming local and international
benchmarks (1 March 2016 – 14 January 2021)



Upfront
tax relief
obtained



Compliant
S12J structure
maintained



Cash yield
achieved in line
with targets



Diversified
portfolio
achieved across
10 investments



Liquidity
successfully
achieved for
clients on exit



Returns
uncorrelated
to traditional
markets



1. Annual growth calculated as compound annual growth rate ("CAGR"). Money multiple calculated as cumulative investment returns divided by net investment.
3. S12J fund returns are actual returns for the period 1 March 2016 to 14 January 2021, shown net of fees and investor exit taxes and before dividend withholding tax (calculated assuming an individual investor is taxed at the maximum marginal tax rate of 45%).
4. JSE Top 40 Index and MSCI World Index returns shown net of investor taxes for the period 1 March 2016 to 14 January 2021 (calculated assuming an individual investor is taxed at the maximum marginal tax rate of 45%).
5. Historic returns are for a previous Westbrooke Section 12J fund which is no longer available for investment. These returns are not an indication of future performance.
6. The benchmarks presented are for information purposes only and do not represent Westbrooke's targeted returns or future performance benchmarks. Returns and future performance are not guaranteed.

robust performance through Covid-19

Key highlights – Aria strategy

- ▶ Investor dividends paid throughout the Covid-19 pandemic
- ▶ No loss of investor capital
- ▶ Capital successfully invested in attractive opportunities as a result of lack of liquidity

Key highlights – Stac strategy

- ▶ Student investments continued to generate and receive income
- ▶ Investor dividends paid throughout the pandemic
- ▶ Deal structures designed to protect investor capital

social impact

Partnering with government in promoting and developing the South African economy



R1.4bn capital invested by subsidiaries of Westbrooke's S12J investment strategies and another **R500m** allocated to pipeline investments



60+ investments made across South Africa
40 operating partners



>3,000 direct and indirect jobs created by Westbrooke's S12J investment strategies across South Africa



To explore our investor toolbox, please scan this QR Code

for more information, or to find out how to invest, please contact us.



Kate Langlois
E kate@westbrooke.co.za
C +27 (0)79 291 2851



Dino Zuccollo
E dino@westbrooke.co.za
C +27 (0)82 632 4145



Jonti Osher
E jonti@westbrooke.co.za
C +27 (0)83 372 2901