

Parliamentary Presentation

Draft TLAB, 2019

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Proposed amendment

Investment cap of R2,500,000 per investor

Why is this cap a problem?

Limits local investment - no anchor investors

Effect

1. No further anchor investors
2. No new funds
3. Existing funds will battle to raise further capital (economically unviable)
4. Will limit foreign direct investment



Why any cap is a bad idea?

Investment

Investment

Investment



Aligning policy with President Ramaphosa's call for action



President Ramaphosa

“The digital revolution is an opportunity to build an entrepreneurial state, where government’s own appetite for risk and innovation inspires large-scale entrepreneurship and unlocks economic potential. An entrepreneurial state should have strong venture capital as one of its elements.

South African Digital Economy Summit, July 5, 2019



President Ramaphosa

“An entrepreneurial state should have strong venture capital as one of its elements”



12J has the potential to catalyze foreign direct investment

1. International investors want to see local investors investing.
2. 12J helps facilitate an otherwise risk averse locally based investor pool
3. 12J + FDI = part of the “new momentum” our President is asking us to respond to



Kingson contributing to FDI

1. 2 multi-million dollar commitments by investors
2. Kingson subsequently increasing Fund Two to \$100M for SA Startups
3. Local investors critical to further fund raising

Government's investment

S12J allowance = investment by Government

Use case:

1. R3,500,000 investment by Kingson
2. Cost the fiscus a max of R1,575,000 in lost revenue
3. Within 2 years, the fiscus has collected R7,100,000
4. Net return = R5,525,000; 351% return



Proposed solution

Accelerated allowance over 3 years

Proposal

Year 1: 60%

Year 2: 20%

Year 3: 20%



KINGSON

INVEST. ACCELERATE.

JOHANNESBURG | DURBAN | SAN FRANCISCO