

# Enabling Equal Participation to Un-lock Your Business' Growth Opportunities



**ie** ingenious  
equity

## Why our Section 3.10 “Private Equity Fund” investment is likely the solution for your business:

- It is by far the most logical and practical solution to obtain fair recognition for Black Ownership, based on sound business principles and a real contribution to SA Transformation
- It allows you to treat Ownership arising from the Private Equity Fund investment as if that Ownership were held by Black people
- It is recognized by all relevant stakeholders as a compliant Black ownership solution with full points recognition of Ownership element on the B-BBEE Scorecard
- It has been vetted by, and allows us to work with, reputable B-BBEE consultants, ratings agencies and/or law firms

## Our team has proven experience & track-record

**+30**

Structured fund  
solutions

**> R1bn**



**R4,5bn**

AUM



**+30**

Acquisition  
Events



**+20**

Liquidity/Exit  
Events

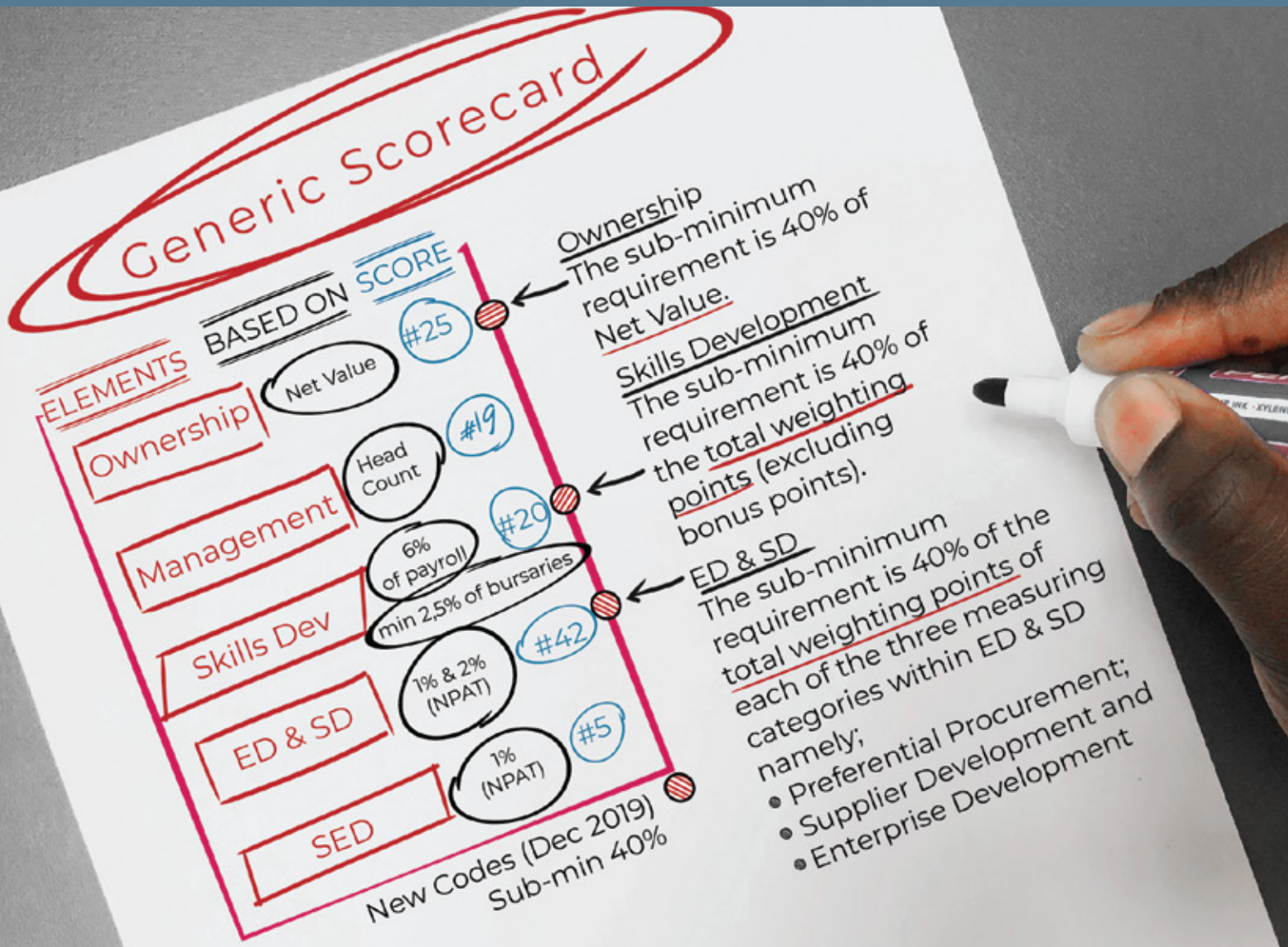


# Future business growth opportunities "begins & ends" with a Scorecard....

The New B-BBEE Codes (Dec 2019), requires a Sub-minimum 40% score on 3 elements:



- Ownership
- Skills Development
- Enterprise & Supplier Development



- **OWNERSHIP**: "A Measured Entity may treat any of its Ownership arising from a Private Equity Fund as if that Ownership were held by Black people, where the Private Equity Fund meets specific criteria" (nReach/Capitis/Laysan)
- **ESD SPEND**: 5 points ED & 10 points SD of which 3 points "perpetuate"
- **SED**: 1 possible "Bonus point" for job creation

# INGENIOUS METHODOLOGY

## WE HAVE A TEAM OF PROFESSIONALS

### OPERATIONAL AND FUND MANAGEMENT

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#### EXECUTIVE

Rirhandzu Munisi  
MA in Finance  
and Investment



#### EXECUTIVE

Benedict Houlie  
BA (Political Science)  
Financial Analyst Certification



#### INVESTMENT STRATEGIST

Frans Nortje  
M.Sc. (Industrial Eng.)

**Ingenious Equity often works with Ingenious Capital, a niche strategy implementation and ongoing execution house for a variety of funding and legal structures to implement structures they have.**

- Designed and implemented over 30 fund structures, examples:
  - 2x Automotive Sector OEM Social Venture Capital Funds
  - Advanced Production Technology Fund Eco System (For the DTI)
  - 5 Other Multinational Private Equity Funds
- Execution partner for 2 Leveraged Business Build Initiatives funded by an Automotive OEM
- Administrative execution partner for two OEM ESD Trusts
- A key design partner on a detailed black business growth fund design for a large multinational investment / insurance bank
- Execution partner for feasibility studies for South Africa's largest Fast-Moving Consumer Goods agriculture transformation / SVC fund
- We've successfully assisted with the globalization of a local supplier into East Africa and Europe

### ADVISORY PARTNERS

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- Lawyers
- Chartered Accountants
- MBAs
- Engineers
- General Financial Professionals
- Specialist Private Equity asset managers (incl. S12J)

# Black Ownership options in *numbers*

“Private Equity” via bespoke “PE funding Structure” is the logical option for ownership compliance

13

The number of ways in which **black ownership** can be structured:

- Direct Ownership
- 3 types of broad-based schemes
- Simple trusts
- Cooperatives
- Sale of Assets
- Private Equity
- “EE” (Equity Equivalence)

3

The number of ways in which black ownership can be structured that does **not necessarily result in a loss of economic interest:**

- Private Equity
- Sale of Assets
- “EE” (Equity Equivalence)

2

The number of ways in which most RSA structures can achieve **equivalent black ownership:**

- Private Equity
- Sale of Assets

1

The number of **simple to install and proven** with risk-mitigated investment opportunities resulting in a credible outcome:

- “Private Equity” with a reputable black Fund Manager

Alternative ways of Black Ownership recognition other than traditional sale of shares to Black South Africans is allowed for by the Codes

## Why your approach to the Ownership element of the B-BBEE codes has to be *“water-tight”*, proven & tested:

- It is a criminal offence to engage in practices or utilise structures that potentially constitute “Fronting”
- There are many role-players scrutinising B-BBEE compliance approaches and Black Ownership sits at the top of the list
- Navigating the Codes of Good Practice require an entire “Eco-system” of role-players, all of whom have to be satisfied with the solution you opt for
- Long-term sustainability is only achieved in a “substance over form” scenario



### The “Eco-System” scrutinising Black Ownership Options

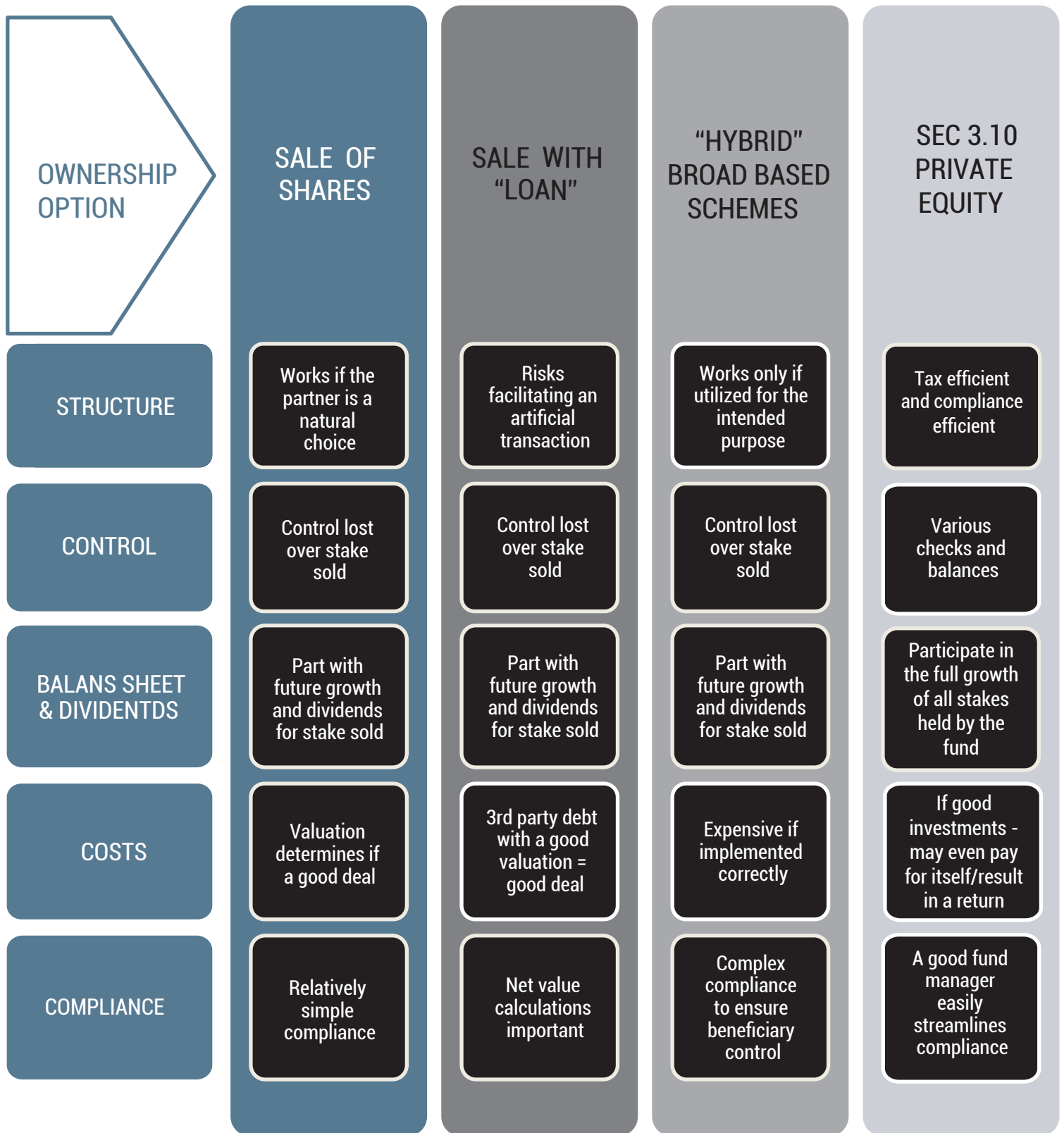
- B-BBEE Consultants
- Legal Professionals
- Accountants & Auditors
- Black Beneficiaries/Recipients
- AUTHORITIES:
  - SANAS
  - +50 Verification agencies
  - B-BBEE Commission
  - Dti

## REFERRALS & TESTIMONIALS

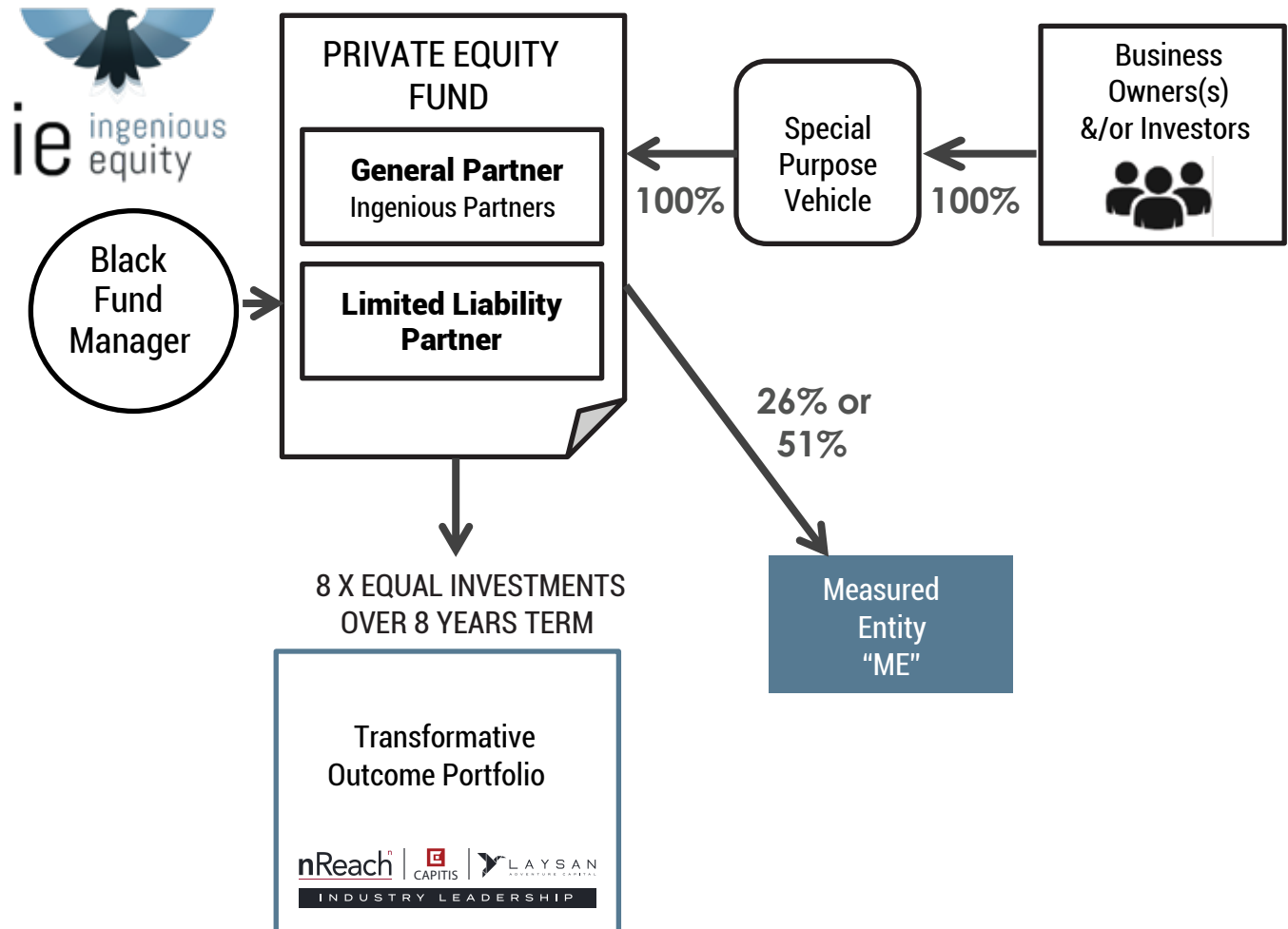
“We encourage requests for referrals, as client experience is always the best way of making sure of facts. We, however, respect the identity of existing clients and will provide such on request only”.



# Un-packing the ownership options



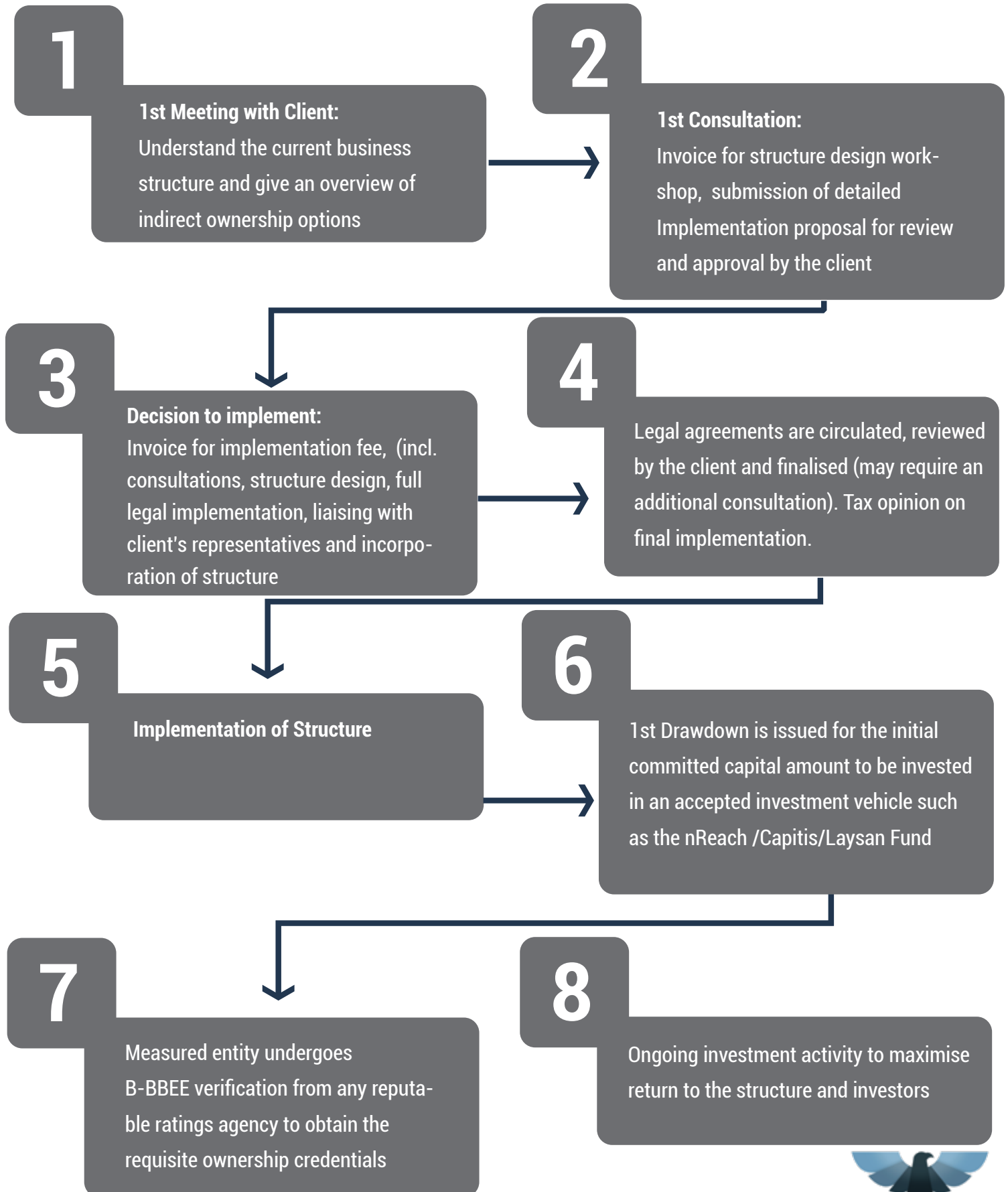
# “Private Equity” Fund Structure



## Key Features of Model and Investments:

- Business Owner(s) decide on % “Black Ownership” required (i.e. 10%; 26% or 51%).
- “ME” valuation by 3rd party (i.e. “ME” auditors) using acceptable valuation methodology.
- Execute share option (i.e. 10%, 26% or 51%) in favour of the “Private Equity Fund”.
- “PE Fund” obtains shares in “ME”.
- “ME” immediately gets full recognition for Black Ownership where fund is compliant.
- Investment happens over a 8 year period in equal payments every year - can be done sooner than 8 years.

# Process – “Step Plan”







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