

# IFA Hotels & Resorts, Jaltech launch R2bn property fund

Kuwait's IFA Hotels & Resorts and financial consulting firm Jaltech have entered into a joint venture to create the R2bn Zimbali Capital property fund.



Zimbali Lakes Resort Gatehouse

The fund is a Section 12J Venture Capital Company which will allow IFA and its associate partners to raise capital under the Section 12J scheme for both their hospitality and student housing products. Section 12J is a relatively new income tax dispensation which may assist small and medium enterprises (SMEs) to raise capital from South African taxpayers. South African taxpayers are incentivised to invest into Zimbali Capital by receiving a return on their full investment and a tax deduction on their taxable income before the end of the 2018 tax year. This deduction results in a tax credit between 28% and 45% dependent on whether the investor(s) are individuals, companies and/or trusts.

Werner Burger, CEO of IFA Hotels & Resorts, South Africa explains, "The attraction of investing into Zimbali Capital means that, under Section 12J, the cost of your investment is effectively reduced. For example, if during the financial year ending 28 February 2019, a taxpayer (in the highest tax bracket) has had PAYE of R450,000, and the taxpayer invests R1m into Zimbali Capital, the taxpayer may be entitled to receive a refund from SARS of the full R450,000. This means that you have effectively only invested R550,000 into the fund. The benefit here is that you can still earn a return on the full value of your investment."

The Zimbali brand is looking to raise capital for the first of Zimbali Lakes Resort's hospitality projects called Boulevard PAD. The fund for Boulevard PAD will close at R100m. In addition to hospitality projects in Zimbali, Zimbali Capital will invest in Legend Hotel in Limpopo and De Zalze Lodge in Stellenbosch.

Investors in Zimbali Capital will receive an equity share and thus become shareholders in the property. Individual and company shareholding is capped at 20%.

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