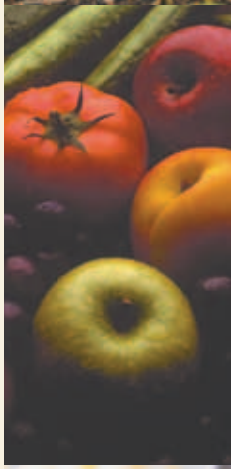
NATIONAL EMPOWERMENT FUND

Growing Black Economic Participation



NEF FUNDING PRODUCTS AND SERVICES

MANDATE

Established by the National Empowerment Fund Act No 105 of 1998, the NEF is a driver and a thought-leader in promoting and facilitating black economic participation through the provision of financial and non-financial support to black-empowered businesses, as well as by promoting a culture of savings and investment among black people.

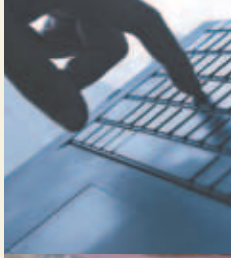
FUNDING FROM R250 000 TO R75 MILLION

The NEF is an agency of ***the dti*** mandated to grow black economic participation. Accordingly, its funding mandate is directed by the Codes of Good Practice on Broad-Based Black Economic Empowerment, as well as by the Industrial Policy Action Plan. The NEF provides business loans from R250 000 to R75 million across a range of sectors, for start-up, expansion and equity acquisition purposes. A key requirement for NEF funding is for the investees to be directly involved in the operations of their businesses.

On average, the NEF's business loans are repayable over 4 to 7 years, and up to 10 years where marked with an asterisk (*) below:

	Product/Fund	Description	Funding amounts
1	Entrepreneurship Finance	For starting a new business	R250 000 - R10 million
2	Procurement Finance	For tenders and contracts	R250 000 - R10 million
3	Franchise Finance	For pre-approved franchise licenses	R250 000 - R10 million
4	Acquisition Finance	For black investors to acquire a stake in medium to large companies	R2 million - R75 million
5	Expansion Capital	For growing an existing business	R250 000 - R75 million
6	* Project Finance	Participation in green-field projects	R5 million - R75 million
7	Capital Markets	Listing on the JSE or its junior Altx markets	R2 million - R75 million
8	Liquidity and Warehousing	The NEF has BEE Facilitator status**, which can help black shareholders and companies wishing to sell a stake while keeping the shareholding black	R2 million - R75 million
9	*Rural and Community Development Fund	For agri-processing, tourism, mining and beneficiation, manufacturing etc.	R1 million – R50 million
10	*Strategic Projects Fund	Venture-capital fund investing in early-stage projects for the purpose of developing strategic industrial capacity in poverty nodes, in renewable energy, business process outsourcing, tourism, manufacturing, mining and mineral beneficiation, etc.	R1 million – R75 million

** *In 2008 the NEF was awarded the BEE Facilitator status by **the dti** in terms of the provisions of Statement 100 of the Codes of Good Practice on BEE. The NEF's BEE Facilitator status means that equity investments held by the NEF in any company are automatically regarded as 100% black-owned, including 40% owned by women and 10% by black designated groups. The equity stakes would also be regarded as unencumbered, resulting in the company receiving a perfect ownership score in respect of the stakes held by the NEF.*



FUNDING CRITERIA

Each application for funding is assessed in terms of the following criteria:

- minimum percentage of black ownership or interest,
- black women empowerment,
- black managerial and operational involvement,
- commercial viability of the business,
- specific product criteria,
- job creation,
- geographic location of the business (rural/urban/disadvantaged areas)
- community involvement,
- compliance with all the relevant laws and regulations,
- return on investment, and,
- the possibility of co-funding with another public or private sector institution.

And so can you with the NEF

As an agency of ***the dti*** mandated to grow black economic participation, the NEF provides funding ranging from **R250 000 to R75million** to black-empowered enterprises for start-up, expansion and equity acquisition purposes. The NEF is unique and believes in the right of black business to exist, and to succeed. That is why we offer free mentorship and we are not afraid to invest where commercial banks would shy away from. The NEF will make your dreams come true, like we have done for the hundreds of black entrepreneurs who have benefited from the R3,6 billion that we have approved for BB-BEE businesses to date. Over 27 000 decent jobs have been supported as a result. The NEF, making the dreams of black business a reality.

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If you are a black South African and have a business idea that needs funding, please call 0861 843 633 (THE NEF) or go to www.nefcorp.co.za, www.nefbusinessplanner.co.za

NON-FINANCIAL BUSINESS SUPPORT (BUSINESS PLANNING AND MENTORSHIP)

In response to the constraints facing some black entrepreneurs, such as the challenge in producing top-quality business plans and the lack of accurate and reliable financial information from applicants, the NEF has since launched a comprehensive online Business Plan tool which is available for free to the public on the NEF's website, **www.nefbusinessplanner.co.za. or www.nefcorp.co.za**

The tool is designed to assist applicants in initiating, improving and refining the quality of their business plans, including completion of financial projections through a step-by-step question and answer process. Clients may reach the NEF contact centre on 0861 843 633, for advice about products, services and processes, as well as for guidance on usage of the online business planner tool.

Through the Post-Investment function the NEF also monitors the performance of its growing number of investees for business risk, and provides ongoing business support when required, which includes free mentorship and business coaching to existing clients. The business mentors are deployed across the country and possess a wide spectrum of business skills were helpful to the NEF investees at the height of the global economic downturn.

HOW TO APPLY FOR FUNDING

Once the business plan has been finalised, applicants must then complete an application form, which is obtainable from the NEF website. The application form also has a business plan guideline which provides the full scope of the topics that the business plan must cover. The application is now ready to be submitted, either in person, by email, fax or post.

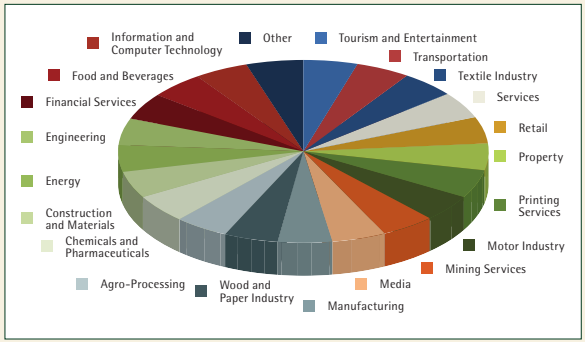
The submission comprises the application form, the business plan with 5 years financial projections, certified identity copy(ies) and company registration documents. Where relevant, the following documents must also be provided: supplier agreements, lease agreements, contracts, franchise agreements, sale-of-business agreement etc. While the NEF endeavours to complete the entire application assessment process over a three-month period, ultimately, the turnaround time is dependant upon the state of readiness of the applicant, including the submission of all the relevant documents. While the NEF, like all financial institutions, places great importance on the quality of the business plan, the assessment of the abilities of the entrepreneur is also essential.

CHALLENGES OR MARKET FAILURES

Facing black business in South Africa

- Limited own capital,
- Access to affordable capital,
- Limited management skills, including financial, marketing and technical expertise,
- Lack of accurate and reliable financial information,
- Poor quality of business plans,
- Lower bargaining power and strong competition from established businesses with entrenched market dominance, and,
- Lack of access to local and international markets.

What Sectors does the NEF Fund?

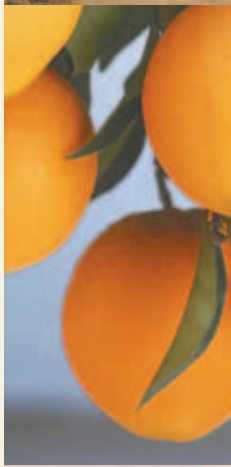


Much as the NEF will continue to fund small and medium enterprises, for which we have approved over R3,6 billion to date, what our country needs today is for black entrepreneurs to start dreaming big. We are looking for entrepreneurs who want to be at the top, where they belong. These are business people who want to create jobs by participating in opportunities at the outset of projects, as opposed to doing so during equity closure. These are industrialists who see the potential for the export market in a variety of sectors, including agriculture; business process outsourcing (call centres, data storage centres, termination centres etc); textiles, mining, mineral processing and beneficiation; automobiles; renewable energy and biofuels (solar, biomass, hydro, co-gen and wind); plastics; pharmaceuticals and chemicals; forestry, pulp and paper; infrastructure (telcoms, healthcare, roads, rail airports, dams and water); manufacturing and tourism (hotels, resorts, tourism attractions and leisure). These are industrialists who want to be operationally involved in the higher end of the economy, in partnership with a funder with a soul. When these black industrialists stand up to be counted, in the NEF they will find financial support ranging between R250 000 and R75 million, as well as mentorship and skills-transfer from industry experts. So too will they find enterprise development support and a peerless commitment to their success, and the success of our beloved country.

DETAILS OF A BUSINESS PLAN

Number	Heading	Description
1	Executive Summary	Brief description of the business?
2	Purpose of funding	What do you need the money for?
3	Valuation of business	If buying an existing business, how was its value calculated?
4	Products and Services	What is the business going to sell?
5	Industry Analysis	Trends, developments, opportunities, laws, outlook etc.
6	Target Market	Who are your customers?
7	Competitor Analysis	How are you going to do better than your competitors?
8	Supplier Analysis	Do you have the best suppliers, eg. cost, delivery, quality etc.
9	Operational Analysis	Technology, quality-control, safety, costs and processes etc.
10	Management and Human Resources	Experience, qualifications, number and race of employees etc.
11	Internal and External Risks	Do you have plans to address possible risks and problem areas?
12	Socio-Economic Benefits	What does your business offer to society, eg. jobs, skills etc.
13	Financial Analysis	History and projections: Income and expenditure, balance sheet, and cash-flow.

For a step-by-step question/answer solution in putting together a business plan, please visit www.nefcorp.co.za or www.nefbusinessplanner.co.za. This service is available for free to the public.



DOCUMENT AND INFORMATION CHECKLIST

Please provide us with the applicable documents as outlined below;

		Existing Business	Start-up Business
1	Application form and Business plan	•	•
2	Affidavit from members or directors that they are aware of the contents of the application form	•	
3	Three (3) year audited financials (Income Statement, Balance Sheet, Cash Flow Statement)	•	
4	Five (5) year financial projections (Income Statement, Balance Sheet and monthly Cash Flow Statement) with first year prepared on a monthly basis	•	•
5	Recent management accounts (Income Statement and Balance Sheet)	•	
6	Personal Statements of Assets and Liabilities of all the members or directors including those of spouses if person is married in Community of Property	•	•
7	Business bank statements for the past twelve (12) months	•	
8	Certified ID copies of all members or directors	•	•
9	Registration Documents and all the relevant legal documents relevant to the entity	•	•
10	Detailed profile of the Franchisor	•	•
11	Details of why the business is for sale	•	
12	Sale Agreement	•	
13	Franchise Agreement	•	•
14	Indication from the Franchisor of how much a new Franchise in a similar location would cost	•	•
15	Franchise Agreement, where applicable	•	•
16	Indication of whether the lease agreement will be ceded to the new company after the sale or a new lease agreement will be signed If lease is ceded, how long will it still run for before renewal? New lease if it is a new franchise.	•	•
17	The prospective buyer must have been approved by the franchisor	•	
18	Fica compliance - Proof of residenceis ceded, and how long it will still run for before renewal?	•	•
19	Detailed CV of principle Applicant	•	•

NB:
- Regrettably, if you do not submit all of these documents together there will be a delay in processing your application form.
- From receipt of the application to approval stage the process can take 6 to 8 weeks.
- Our process period is 3 to 4 months on receipt of the application up to disbursement stage.

HOW TO REACH THE NATIONAL EMPOWERMENT FUND

Head Office

Gauteng Province

West Block, 187 Rivonia Road, Morningside 2057, PO Box 31, Melrose Arch, Melrose North 2076.
Tel: +27 (11) 305 8000 | Fax: +27 (11) 305 8001 | Call Centre: 0861 843 633 | 0861 (THE NEF)
applications@nefcorp.co.za (Funding) | info@nefcorp.co.za (General Enquiries)

Eastern Cape Province

7b Derby Road, Berea, East London 5241.
Tel: 0861 NEF ECP (0861 633 327) | Fax: 0861 ECP NEF (0861 327 633)
easterncape@nefcorp.co.za

Free State Province

33 Kelner Street, Westdene, Bloemfontein 9300.
Tel: 0861 NEF FSP (0861 633 377) | Fax: 0861 FSP NEF (0861 377 633)
freestate@nefcorp.co.za

KwaZulu-Natal Province

Smart X - Change Building, 5 Walnut Road, Durban 4001.
Tel: 0861 NEF KZN (0861 633 596) | Fax: 0861 KZN NEF (0861 596 633)
kzn@nefcorp.co.za

Limpopo Province

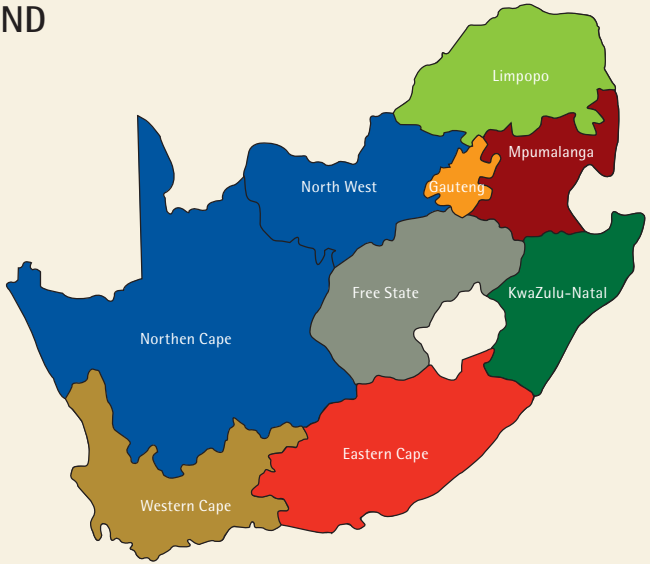
Suite 8, Biccard Park, 43 Biccard Street, Polokwane 0699.
Tel: 0861 NEF LIM (0861 633 546) | Fax: 0861 LIM NEF (0861 546 633)
limpopo@nefcorp.co.za

Mpumalanga Province

Trust Building, 16 Brander Street, Nelspruit 1200.
Tel: 0861 NEF MPU (0861 633 678) | 013 754 9860 | Fax: 0861 MPU NEF (0861 678 633)
mpumalanga@nefcorp.co.za

Western Cape Province

Suite 2818, 28th Floor, ABSA Centre, 2 Riebeek Street, Cape Town 8001.
Tel: 0861 NEF WCP (0861 633 927) | Fax: 0861 WCP NEF (0861 927 633)
westerncape@nefcorp.co.za



North West and Northern Cape Provincial offices to open soon.

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National Empowerment Fund Trust (established by Act 105 of 1998) IT: 10145/00.
www.nefcorp.co.za | www.nefbusinessplanner.co.za

STOP Fraud, Corruption and Theft

Contact Tip-Offs Anonymous on 0800 212 705 or email nef@tip-offs.com