

Supporting Black Industrialists for Inclusive Growth









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"As part of our drive to create a new generation of black industrialists, create jobs and transform the economy, last year government approved R2.5 billion in new support to about 180 black industrialists in the form of loans and grants.

Over the next three years a further R21 billion has been committed to support black industrialists and an additional R25 billion to support black, women, youth and worker-owned companies."

His Excellency President Cyril Ramaphosa,
*State of the Nation Address, Cape Town City
Hall, 10 February 2022*

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chains to underpin our response to COVID19 and create an African medical productive hub, or our work on the Africa Continental Free Trade Area, have all sought to provide local industry with the space and opportunity to acquire the know-how and capabilities to develop dynamic firms.

Our work on spearheading transformation seeks to create opportunities for all South Africans. This involves 'de-concentrating' our economy, opening up exclusive product and service markets to participation by all. It is also about our enduring commitment to support the black industrialists and workers who were previously denied access to the opportunities for economic ownership and participation. Furthermore, it is also about ensuring that the spatial strategy that informs how we build and support a new model of special economic zones (SEZs) and industrial parks in secondary towns and core hubs, is informed by the principle of trying to expand industrial activity beyond its concentration in the urban metropolitan areas.

Transformation is about building an economy that works where our people are, bringing development to rural provinces and districts. Our revised approach to spatial industrial policy, informed by the District Development Model, will see the dtic supporting projects that create jobs, infrastructure and innovation in Districts across the country."

Mr Ebrahim Patel, Minister of Trade, Industry and Competition, Budget Vote speech, 20 May 2022 in the National Assembly

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"Our pursuit of industrialisation seeks to expand the level of local output, both to secure part of the local market lost to imports and to boost value-added exports. Our efforts in this regard, have focused on strategic industries, as defined by their capacity to be labour absorbing or providers of critical public goods or significant earners of foreign exchange. The initiatives, be it in the area of encouraging localisation of production, social compacts in the form of Masterplans, strong industrial supply

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Maximising the national quest for inclusive economic growth

By Philisiwe Mthethwa, CEO of the National Empowerment Fund



The inauguration of the Black Industrialist and Exporters' Conference (BIEC) in the week marking the 104th anniversary of Nelson Mandela's birth, heralds an important and historic turning point in respect of South Africa's quest for reindustrialisation and the commitment to inclusive growth.

As an agency of the Department of Trade, Industry and Competition (the dtic), the National Empowerment Fund (NEF) is mandated by legislation to grow black economic participation by driving the implementation of Broad-Based Black Economic Empowerment through the provision of financial and non-financial support to black entrepreneurs, and in this way, to help heal the injustices perpetrated under Apartheid.

Since operational inception in 2005 the NEF has approved 1 291 transactions worth more than R12.35 billion across the country with a total project value of R21.44 billion. Over R8.267 billion has been disbursed to these companies, supporting in excess of 112 905 of which 71 874 were new. As a testament to the NEF's financial management integrity, the development financier has secured clean external audit opinions for 19 years running.

Economic context

The BIEC takes place in the context of a national economy that has been characterised by stagnation for a decade as a result of sustained low levels of investment and growth, as well as a series of downgrades that have impacted adversely on the cost of borrowing. As outlined in the Economic Reconstruction and Recovery Plan "low levels of growth and challenges related to revenue leakages have also impacted negatively on resource mobilisation. These challenges, coupled with an increasing budget deficit and a rising stock of debt have constrained the fiscal space".

In addition, when the Covid-19 pandemic began in South Africa in March 2020, it found an economy that had experienced two consecutive quarters of a recession. Consequently, the pandemic exacerbated the country's economic woes.

The BIEC, therefore, could not have come about at a more opportune time when Government, its development finance agencies and social partners are determined more than ever before to pursue substantial structural change in the economy to unlock growth and allow for sustained development by breaking the stranglehold of inequality, unemployment and poverty.



increasing South Africa's export-earning potential and reducing import dependency through co-investment and linkages with local and foreign investors.

In this area of operation the NEF and its partners have developed a significant project investment portfolio with the potential impact of adding approximately R13 billion to economic activity within the South African economy. These greenfield projects hold out meaningful opportunity and potential for co-investment across various sectors of the economy including tourism, mineral beneficiation, agro-processing, renewable energy, business process outsourcing and infrastructure development. Collectively, these projects have the potential to create circa 52 000 jobs post commercialisation.

Strategic Projects Fund (SPF)

In a proactive approach to the country's re-industrialisation agenda, as early as 2008 the NEF established the Strategic Project's Fund (SPF) as a specialist venture capital arm to support the rise of black industrialists by co-investing in industrial-scale projects aimed at increasing the number of black people participating in early-stage projects.

The NEF has used a sector-targeted approach in developing these projects as defined in the Industrial Policy Action Plan (and all its subsequent iterations) and eventually the National Development Plan.

Through the SPF, the NEF provides investment and technical support for black entrepreneurs to conduct feasibility studies in order to commercialise business concepts for the purpose of generating new manufacturing and industrial capacity while creating jobs by investing new fixed capital into economically depressed areas or poverty nodes.

Accordingly, the NEF seeks to create an inclusive economy by increasing black participation in industrial development,



Export-earning potential for SA economy

As can be seen in the current portfolio of active projects, the NEF has approved over R925 million towards projects within the manufacturing and infrastructure development sectors. These projects have already had an estimated impact of approximately 3 600 jobs since inception with the potential to create up to

52 000 sustainable job opportunities at implementation. The impact of the portfolio is particularly unique as these projects are ear-marked to add new industrial capacity within the economy. Further to this the sectors targeted play a key and critical role in the development of localisation and export-earning potential for the country's economy.

The table below reflects the different projects currently under development.

Sector	Women Shareholding	Black Ownership	Total Approved	Total Project Size
Healthcare	14%	100.00%	383,742,903	3,500,000,000
Media, Arts and Culture	42%	100.00%	15,000,000	107,000,000
Chemical, Fuel, Rubber and Plastics	85%	85.00%	50,000,000	135,000,000
Tourism	26%	51.20%	38,400,000	38,400,000
Mineral Beneficiation	40%	100.00%	40,481,000	38,000,000
Healthcare	100%	100.00%	50,000,000	240,000,000
Education	100%	100.00%	15,000,000	25,000,000
Healthcare	49%	100.00%	77,956,600	210,000,000
Agro-processing	0%	100.00%	1,000,000	
Renewable Energy	22%	55.00%	72,357,000	2,155,000,000
Retail	57%	100.00%	3,000,000	250,000,000
Renewable Energy	49%	100.00%	10,000,000	800,000,000
Agro-processing	81%	100.00%	50,000,000	300,000,000
Agro-processing	49%	100.00%	7,300,000	250,000,000
Renewable Energy	40%	100.00%	10,235,179	2,200,000,000
Mineral Beneficiation	50%	100.00%	9,100,000	1,500,000,000
Textiles	100%	100.00%	1,500,000	
Textiles	30%	100.00%	3,000,000	
Transport	90%	100.00%	16,500,000	300,000,000
Metal Fabrication	49%	97.45%	1,742,336	184,200,000
Media, Arts and Culture	100%	87.30%	1,400,000	
Agro-processing	30%	100.00%	15,000,000	85,000,000
Metal Fabrication	49%	100.00%	15,000,000	150,000,000
Chemical, Fuel, Rubber and Plastics	30%	81.00%	38,100,000	68,100,000
	38.03%		925,815,018	12,535,700,000

Capital injection for financial close

Industrial projects typically undergo an extensive and rigorous development cycle prior to reaching a bankable stage, at which point they can be evaluated for commercial viability and partnerships with investors.

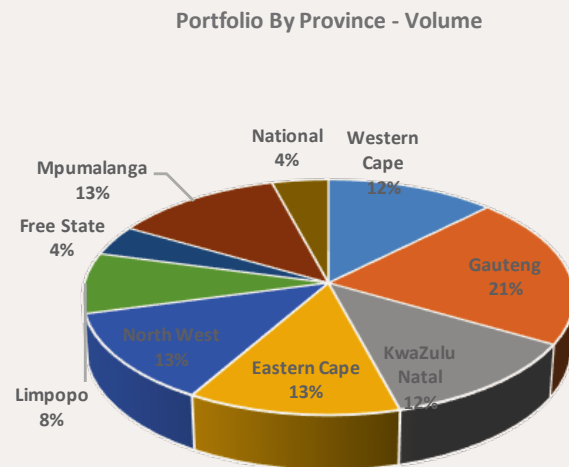
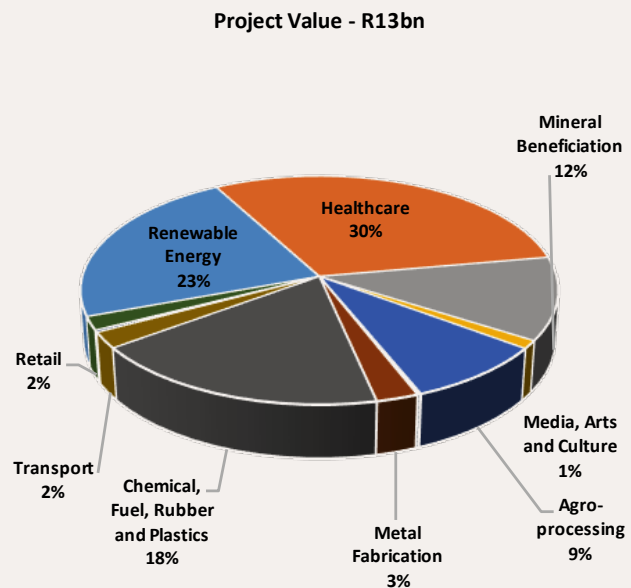
Through the BIEC the NEF invites investor participation in a selection of industrial projects to reach financial close and implementation. Together, these investments require capital injection of approximately R1.5 billion to advance the critical mandate of developing black industrialists, to the next trajectory. The projects have average black women shareholding of 54%.

- In the Chemical, Fuel, Rubber and Plastics sector, Gemilatex plans to manufacture condoms locally;
- In healthcare, Thring Kunene is involved in the local manufacture of dialysers for the treatment of kidney disease;

- The Nkomazi Cotton Development in Mpumalanga will support over 16 000 jobs through the processing of cotton across the cotton value chain;
- Nyamane Foods manufactures tomato paste for the retail sector and the export market;
- In the green economy, Tyre Energy Extraction collects and recycles used tyres to produce oil, steel and carbon;
- In agro-processing, Okubabayo is a youth-owned and managed business that produces atchaar, a spicy vegetable sauce, and supplies over 400 retail outlets to the Spar Group, Shoprite and Pic n Pay, among others, and
- In mining services, Mohlalefi Engineering is a youth-owned and managed manufacturer of roof support structures that improve safety in the mining sector. The company now exports to 4 SADC countries, namely Zambia, DRC, Zimbabwe and Mozambique.

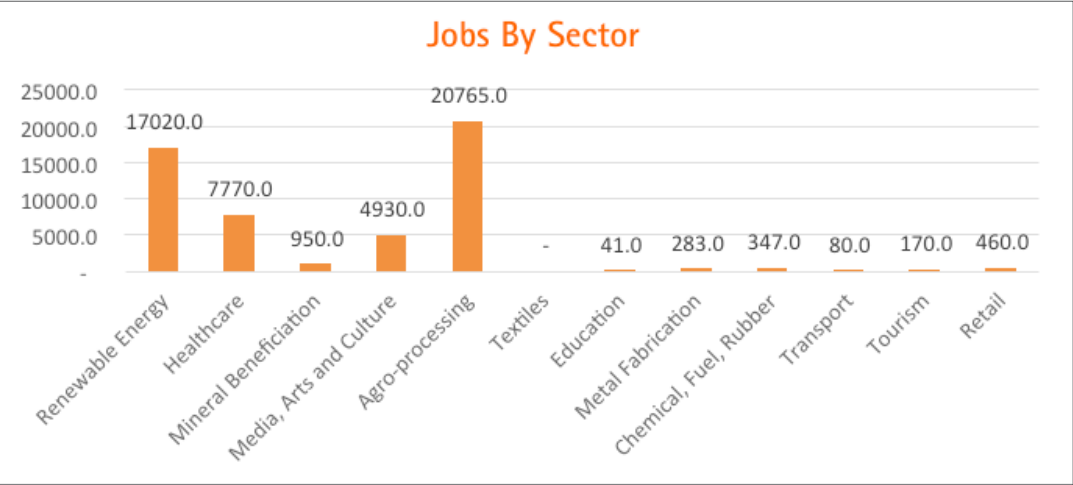
Geographic spread of the portfolio

The graphs below show the sectoral impact and the spread of projects across the different provinces in South Africa. The focus of the approach is to ensure that in the re-industrialisation of South Africa's economy there can be equitable participation throughout the country.



Job-creation impact

The stated industrial projects have a 3 to 5-year projection of creating over 52 000 sustainable employment opportunities in the following industries:



Future opportunities for supporting Black Industrialists

South Africa's ambitious industrialisation and infrastructure development strategy as outlined in the National Infrastructure Plan 2050 (March 2022), is estimated at R6,224 trillion between 2016 and 2040. We believe this provides a meaningful and historic opportunity to propel the quest for a growing, employment-generating and inclusive economy, in particular the direct and operational participation of black people, and specifically women.

It is the view of the empowerment fraternity that one way Government could maximise transformation and growth would be by setting aside a minimum allocation exclusively for black entrepreneurs

in future infrastructure development projects to drive meaningful localisation, industrialisation, employment-creation and export-earning potential.

Among these opportunities are large-scale investments in energy, road, rail, and port infrastructure that are urgently needed to replace rapidly ageing existing infrastructure and to expand infrastructure capacity to stimulate growth.

Partnership for growth with commercial funders

While development finance institutions typically have a higher risk appetite, commercial banks, in particular, could alleviate the challenge of access to capital by demonstrating patriotic flexibility through providing support to black

entrepreneurs by funding early-stage projects.

The reindustrialization of South Africa's economy, and the effective participation of black entrepreneurs as integral to this process, depends on both the public and private sectors collectively exhibiting the courage and resolve to get in early at the outset of projects, as opposed to doing so during equity closure, inevitably at higher premiums.

The rise of Black Industrialists

The challenge for black entrepreneurs is to be innovative, to conceive of business beyond the conventional choices by pursuing opportunities of the new economy and venturing into industrial-type avenues, across the value chain.

Whether it is the manufacture of components for a homegrown locomotive, 4IR or the beneficiation of the rare earth metals that have continued to leave our shores in raw form, black people must assert an emphatic presence across the economic spectrum and related value chains.



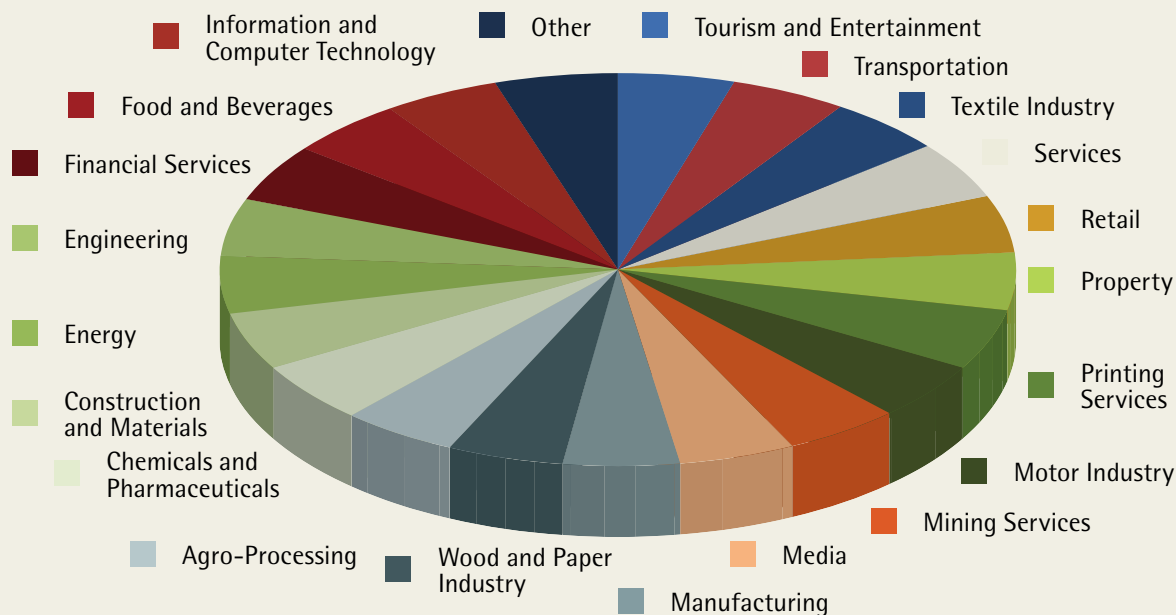
NEF Mandate

Established by the NEF Act No. 105 of 1998, the NEF is the only development finance institution in South Africa that is exclusively mandated to grow Broad-Based Black Economic Empowerment through the provision of financial and non-financial support to black-owned and managed businesses, as well as by promoting a culture of savings and investment among black people.

The NEF funds across all sectors of the economy from R250 000 up to R75 million. Where the financial requirements of applicants exceed the NEF's maximum threshold, NEF funding always unlocks additional capital from commercial and developmental financiers.

Once the NEF has de-risked transactions, including the provision of business incubation support and training where applicable especially in SMEs and rural transactions, as well as feasibility and related funding, third-party funders are often more confident to come forward with additional investment, confident to follow where the funder with a soul has pointed the path.

Sectors funded by the NEF



Non-financial support

In order to mitigate the ever-present risks that threaten the sustainability and success of business enterprises, the NEF provides an array of non-financial support interventions,

The first of these is the **Pre-Investment** function, which is the first point of contact through which the NEF provides product advisory services, manages the online business plan solution and facilitates entrepreneurial training and incubation support.

The NEF **Socio Economic Development** Unit was established to empower black people in existing transactions and other broad-based groups through various social development interventions such as social facilitation, entrepreneurial training and investor education, corporate governance training and market access to facilitate meaningful participation.

Through the Post Investment unit, the NEF provides ongoing monitoring, portfolio management and **mentorship support**, and is responsible for collections as well as legal compliance.

Lastly, through its **Turnarounds, Workouts and Restructuring** unit, which focuses mainly on rehabilitating distressed transactions and reducing impairments, the NEF provides a combination of measures including balance sheet restructuring, equity or working capital injection, operational restructuring and in certain instances, introduction of a strategic equity partner or a turnaround specialist to help bring about operational and business recovery.



Funding across the economic spectrum

The NEF funds across the economic spectrum because of its commitment to upholding the right of black people to participate in every sphere of the economy.

It is for this reason that the NEF has investment funds dedicated to supporting SMEs, women-owned businesses, rural and community-owned businesses, medium-sized corporates as well as potential industrial players, which are financed through the Strategic Projects Fund (SPF). The work of SPF is the primary focus of this information portal.



NEF's Strategic Projects Fund

The Strategic Projects Fund was established to focus on the following 3 key tenets:

- to increase the participation of black people in early-stage projects;
- align its investment thesis to and in support of national government's socio-economic development policies; and
- to seek competitive investment opportunities in the South African economy for the inclusion of black people through participation in investment opportunities at the outset of project development in contrast to the equity or financial close stage(s).

SPF Industrialisation & Economic Impact

The NEF's primary objectives in respect of achieving a socio-economic development impact with black people at the forefront, specifically include:

- The creation of new manufacturing and industrial capacity;
- The creation of new jobs as opposed to replacement capital finance;
- Facilitating the investment of new fixed capital into economically-depressed areas or poverty nodes;
- The creation of an inclusive economy by increasing industrial investment participation of black businesses;
- Achieving an increase in South Africa's export earning potential and a reduction on import dependency; and
- Attaining an increase in co-investment and linkages through Foreign Direct Investment (FDI).

SPF Sector Focus

The NEF implements the Codes of Good Practice of Broad-Based Black Economic Empowerment, as outlined in the Act. In this regard the NEF uses a sector-targeted approach in developing its investment portfolio and these sectors include Renewable Energy, Mineral Beneficiation, Agro-processing, Information and Communication Technology, Infrastructure and Tourism.

In doing so, the NEF specifically seeks to support the initiatives of the dtic, including the Industrial Policy Action Plan (IPAP), and more broadly the National Development Plan, by championing and funding the advancement of emerging entrepreneurs, with the view to ultimately helping them grow into black industrialists.

The Government Priorities that the NEF seeks to support include:

- 1) Acceleration of economic growth and transformation,
- 2) Creating decent jobs,
- 3) Infrastructure and rural development,
- 4) Skills transfer and human resource development, as well as
- 5) Building a developmental state and improving the public service in line with national industrial objectives.



How SPF facilitates value for black industrialists

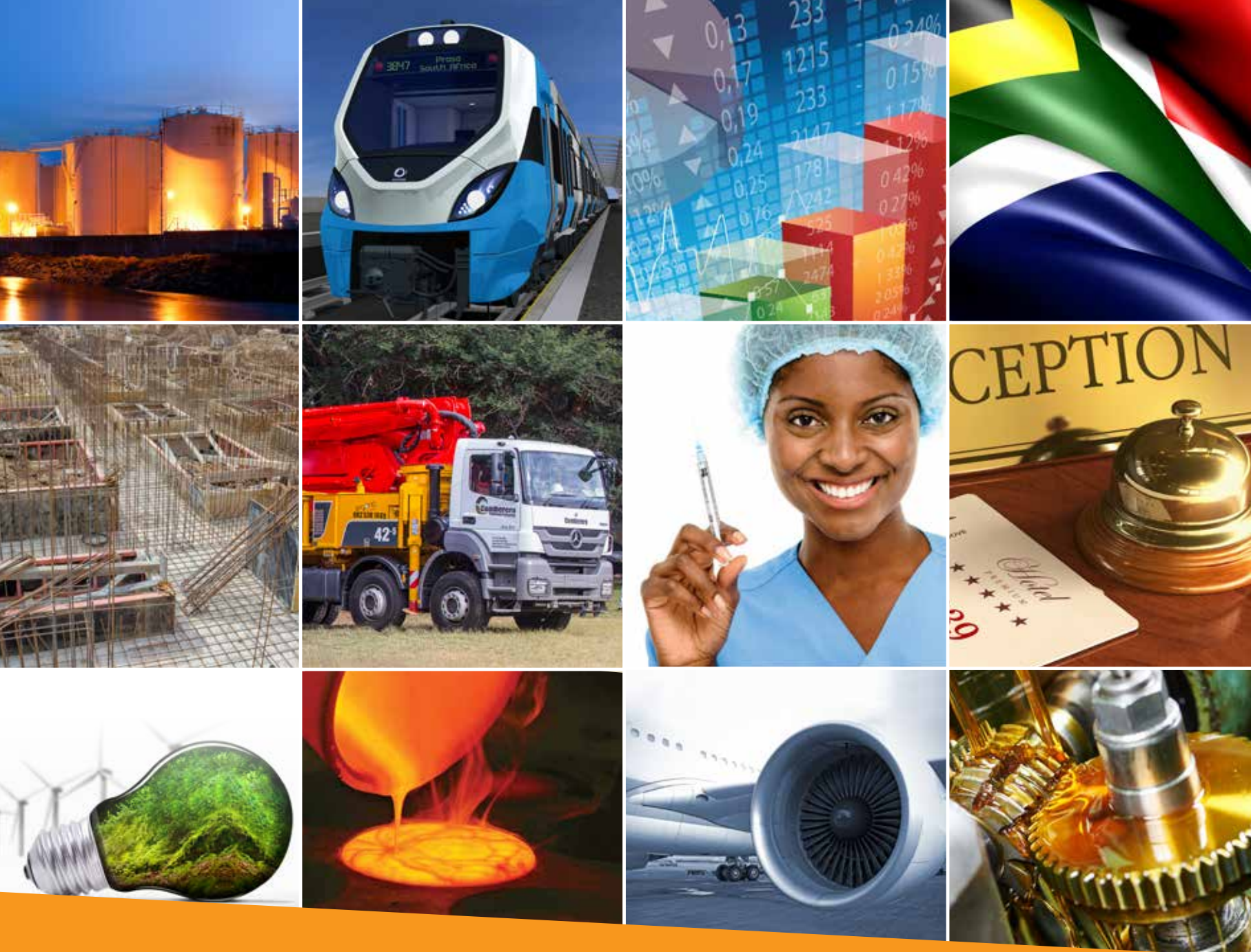
Through the SPF, the NEF facilitates value for black industrialists as follows:

- Warehouse equity for B-BBEE in early stage projects at valuations with little or no premium paid to access the projects. This enables NEF to distribute its warehoused equity to B-BBEE at lower valuations once the project is operational;
- Take early stage risk on behalf of black people as early stage projects have higher execution risks compared to operational companies. The NEF assumes most of the financing risk and devise instruments to carry or transfer equity to B-BBEE once project fatal flaws have been mitigated;
- Manage the project and venture capital finance structuring complexities as it is more complex and difficult to raise capital for new ventures as compared to transactions where valuations can be ascertained based on historical performance and risks are clearly understood;
- Enable project promoters to focus on making projects bankable and operational by giving the project B-BBEE status as NEF is the only DFI gazetted as a B-BBEE facilitator; and
- Once the initial project risks have been reduced, the NEF will transfer its shareholding to selected B-BBEE groups through a transparent process.



NEF Equity Rights from the SPF Portfolio

- The portfolio pipeline of the NEF's strategic industrial projects amounts to 23 investments at present.
- Approximately R600 million has been disbursed in the past 7 years, averaging at R85 million per annum, which has leveraged around R3.6 billion of external funding to date, and is expected to leverage a total of R13.2 billion when the portfolio of 23 projects reaches financial close.
- The NEF's future equity rights total R4.2 billion



"Our Mandate is not only to facilitate Broad Based-Black Economic Empowerment (B-BBEE), but also to grow South Africa's economy. To achieve this, SPF's focus is to invest in early stage projects and in so doing the fund aims to increase South Africa's industrial capacity".

Mr Andile Stemela, Strategic Projects Fund Manager

A sample of the NEF's industrial projects

Overleaf is a list of the projects for which the NEF has approved industrial finance under its Strategic Projects Fund, selected from a pipeline of 23 projects. The total fund portfolio stands at over ZAR13.2 billion at financial close. Some of these projects have already partnered with international investors. We urge more international investors to come forward as partners and beneficiaries in South Africa's resolve to become an investment destination of choice, and a gateway into the lucrative African markets.

Project 1: Graskop Gorge Lift Company

Sector: Tourism Infrastructure

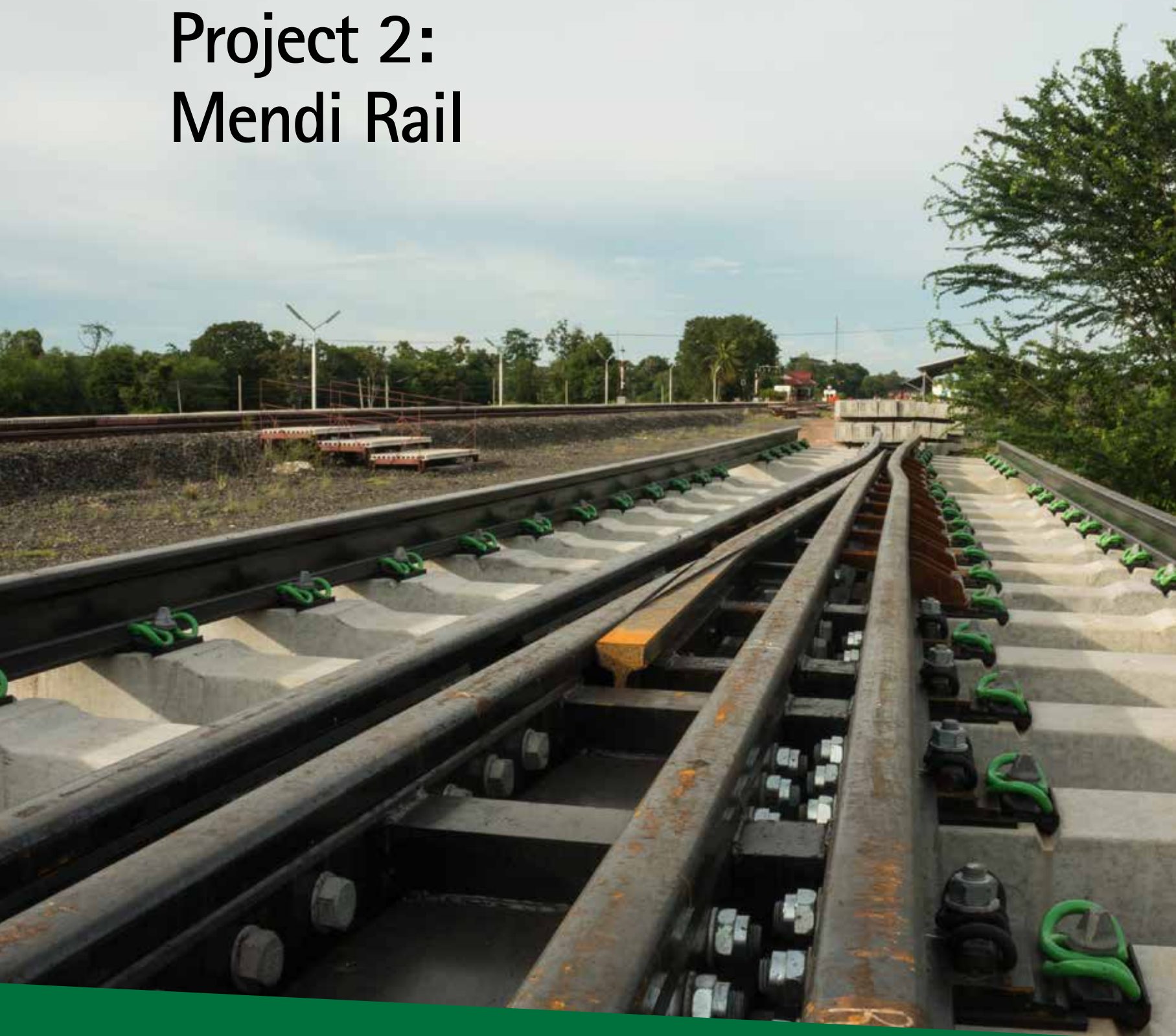
ZAR43 million

Project Summary

The objective of the project is to develop the Graskop Gorge area into a major tourism node on the Panorama Tourist Route in Mpumalanga through the new Adventure Centre. The proposed development is setup in two major phases with developmental goals in each phase to ensure adequate growth and continued sustainability over time. The main feature of the project is the construction of an outdoor lift system that will be able to ferry people up and down off the cliff face into the forest environment below, where various elevated and ground walkways will allow visitors to explore the unique environment. This experience will be enhanced with various information boards and other value added activities such as guided tours. Supporting this outdoor lift system will be a newly constructed tourism centre that will provide a multitude of tourism products and services including a restaurant, bar, retail outlets, kids play area and centre management offices that will support the entire development. In the medium-term the project will construct a 36-bed hotel in the Gorge that will support Phase I through the provision of additional support infrastructure such as the hotel guest parking, laundry, offices etc.

Location	Graskop, Mpumalanga
Project Development Stage	Construction
NEF Investment to Date	ZAR33.4 million (USD2.3 million or €2.1 million)
NEF Equity	26.10%
Project Promoter	Graskop Gorge Lift Company (Pty) Ltd
Projected Financial Close Requirement	ZAR101.81 million (USD7.6 million or €6.4 million)
Jobs	145

Project 2: Mendi Rail



Sector: Manufacturing

ZAR300 million

Project Summary

Mendi Rail's vision is to be a world leading manufacturer and supplier of high quality rail infrastructure components such as concrete sleepers and fasteners. The company wishes to take advantage of the growing rail infrastructure demand in Southern Africa. In particular, the Passenger Rail Agency of South Africa (PRASA) and Transnet Freight Rail (TFR) have concluded a plan to expand their respective rail network by 2025 via a capex program of ca. €20.32 billion. The project is at a feasibility stage that will involve constructing a manufacturing plant for testing and certifying the rail components. The second phase includes the establishment of a manufacturing plant with an annual output of 400 000 units.

Location	Johannesburg
Project Development Stage	Bankable Feasibility Study
NEF Investment to Date	ZAR15 million (USD1.1 million or €946 000)
Project Promoter	Mendi Rail
Projected Financial Close Requirement	ZAR150 million (USD10 million or €10.1 million)

Project 3: Gemilatex

Sector: Manufacturing

ZAR150 million (USD10 million €10.1 million)

Project Summary

Gemilatex aims to investigate the viability of localising a male condom manufacturing plant with an annual production capacity of 70 million condoms. The project is currently at the Bankable Feasibility Study phase and the planned completion date is quarter 1 2018. South Africa consumes around 100 million condoms per month, with the government procuring about 83 million condoms monthly. However, despite government continually awarding tenders for the supply of condoms, the country persistently experiences a supply shortage of condoms. Unfortunately, this shortage has consistently prevailed for several years to date and it is mainly caused by the fact that close to 90% of the government condoms are imported. These shortages are a serious threat to the progress the country has made in the fight against HIV/AIDS because the majority of South Africans get their condoms predominantly from the free government-branded 'Choice' supplies accessible within their communities. Support for local manufacturing of male latex condoms is encapsulated in the objectives of the National Condom Policy and Strategy, which states the need to "support the local manufacture of quality male condoms for local consumption; and for export to reduce unit costs to South African consumers and to improve security of supply."

Location	Johannesburg
Project Development Stage	Bankable Feasibility Study
NEF Investment to Date	ZAR13 million (USD871 19 or €730 000)
NEF Equity	20%
Project Promoter	Gemilatex
Projected Financial Close Requirement	ZAR115 million (USD7.7 million €6.5 million)
Jobs	289

Project 4: NYAMANE AGRO FOODS HOLDINGS



Sector: Agriculture

ZAR750 million

Project Summary

The NEF has entered into a 49/51% joint venture with Nyamane Agro Foods to undertake a BFS into the establishment of a tomato paste manufacturing facility in KwaZulu-Natal province. The factory shall have total annual throughput of 72 000 tons of fresh tomatoes and nameplate capacity of \pm 7 500 ton tomato paste. The BFS is to be completed in early 2018 and the projected financial close funding is R250 million (€15.82 million or USD18.97 million).

Location	KwaZulu-Natal
Project Development Stage	Bankable Feasibility Study
NEF Investment to Date	ZAR9 million (USD679 000 or €570 000)
NEF Equity	49%
Project Promoter	Nyamane Agrofoods
Projected Financial Close Requirement	ZAR250 million (USD18.9 million or €15.8 million)
Jobs	659 (133 construction, 526 Direct)

Project 5: Jalo Renal



Sector: Medical Devices Manufacturing

ZAR250 million

Project Summary

The NEF has entered into a joint venture with JaLo Enterprise (Pty) Ltd to conduct a BFS into the establishment of a dialyser manufacturing factory as well as dialysis treatment centres in South Africa. A dialyser is a medical device that performs the function of a human kidney. It is the core of the haemodialysis treatment, being the device through which blood is filtered, cleaned and returned back to the patient's body. The factory shall have name plate capacity of 2 million dialysers per annum and the dialysers will be traded under a newly establishment brand called ThringKunene. The manufacturing facility is to be located at the Dube Trade Port SEZ in KwaZulu-Natal and has been designed according to ISO standards. The products will be sold to local dialysis centres as well as through the 28 (10-bed station) treatment centres that the company wishes to establish over a 5 year period. The products will also bear the FDA as well as the CE mark and will be exported globally. The BFS is to be concluded at the end of September 2017 and the Financial Close funding is ZAR220 million (USD14.7 million or €12.4 million).

Location	Dube Trade Port SEZ ,KwaZulu-Natal
Project Development Stage	Bankable Feasibility Study
NEF Investment to Date	ZAR9 million (USD603 134 or €505 392)
NEF Equity	49%
Project Promoter	Jalo
Projected Financial Close Requirement	ZAR220 million (USD14.7 million or €12.4 million).
Jobs	200 construction 94 direct (308 indirect)

Project 6: Busamed (Pty) Ltd



Sector: Infrastructure (Healthcare)

ZAR3.7 billion (USD279 million or €230 million)

Project Summary

Three main hospital groups dominate the private hospital sector in South Africa. These three groups hold more than 79% of the market share and the remaining 21% is fragmented and held by independents. This presents a unique and strategic opportunity to bridge the divide and to raise the levels of black participation in the industry. For the financial year 2013/2014, total healthcare sector expenditure was in the region of R286 billion (USD21 billion €18 million), or approximately 8.3% of GDP. Of this total amount, approximately ZAR140 billion (USD10.5 billion €8.8 million), was spent in the public sector, and ZAR146 billion (USD11 billion €9.2 million) in the private sector. Busamed currently has seven hospital licenses namely, Bram Fischer International Airport, Gateway Private Clinic, Harrismith, Hillcrest Private Health and Oncology Centre, Lowveld, Modderfontein and Paardevlei Private Hospital. The group's vision is to be the fourth largest private healthcare group in South Africa, black owned and controlled and with aspirations to be listed on the JSE. In line with this vision, the group currently boasts 910 beds. As of 2019 the Busamed group had five of the group's hospitals in the top 20 Hospitals in South Africa.

Location	National
Project Development Stage	Operational
NEF Investment to Date	ZAR384 million (USD25.7 million €21.6 million)
Project Promoter	Goldenwood Pty Ltd
Projected Financial Close Requirement	ZAR3.7 billion (USD279 million or €230 million)
Jobs	3 000



Project 7: Salamax 1660 (Pty) Ltd

Sector: Renewable Energy – Biofuels

ZAR4.1 billion

Project Summary

Salamax 1660 (Pty) Ltd (Salamax) has developed a second generation biofuel process that uses grass and/or leaves to produce ethanol and own electricity, through a locally-developed technology invented by the project sponsor. The process offers significant advantages over conventional methods that are currently in use, by being cost effective. This cost effectiveness may make the project viable without requiring government subsidies. The project also has great job creation potential.

Location	NWU, North West
Project Development Stage	Bankable Feasibility Study (Pilot Plant Construction)
NEF Investment to Date	ZAR10 million (USD670 149 or €561 546)
NEF Equity	40%
Project Promoter	Salamax 1660 (Pty) Ltd
Projected Financial Close Requirement	ZAR1.3 billion (USD98 million or €80 million)
Jobs	2 700 (direct 650, indirect 450, construction 1 600)

Project 8: Nkomazi Cotton Development Project



Sector: Textile Manufacturing

ZAR300 million

Project Summary

The NEF has entered into a 49/51% joint venture with Lebombo Agricultural Secondary Co-op to undertake a BFS into the establishment of cotton gin (to manufacture cotton lint) in Mpumalanga province. The cotton gin shall have a total annual throughput of 5 000 ton seed cotton and nameplate capacity of 4 500 tons of cotton lint. The seed cotton is to be sourced from the farms owned by the 18 primary co-ops. The BFS is to be completed in January 2018 and the projected financial close funding is R160 million (USD12.14 million @USD1/13.08 or €10.13 million @ €1/15.80).

Location	Mpumalanga
Project Development Stage	Bankable Feasibility Study
NEF Investment to Date	ZAR7.4 million (USD495 910 or €415 544)
NEF Equity	49%
Project Promoter	Lembobo Agricultural
Projected Financial Close Requirement	R160 million (USD10.7 million or €8.9 million)
Jobs	16 651 (87 direct, 67 construction, 16 500 indirect)

Project 9: Cape Town Creative Spaces Infrastructure





Sector: Arts & Culture

R80 million

Project Summary

In June 2018, the NEF, in partnership with the Department of Arts & Culture approved funding of R1.4 million towards a pre-feasibility study (PFS) and into the establishment of a creative precinct to be located in Cape Town. The promoters, The Nomzamo Cultural Centre (Pty) Ltd, are a 100% women owned and 75% black owned company. The project looks to ensure that arts are utilized as a vehicle where people feel included and Africanism is emphasized in Eurocentric areas. The NEF invested a further R5million bankable feasibility study funding after successful completion of the PFS.

Location	Western Cape
Project Development Stage	Bankable Feasibility Study
NEF Investment to Date	R6.4 million
Project Promoter	The Nomzamo Cultural Centre (Pty) Ltd
Projected Financial Close Requirement	R80 million
Jobs	100

Project 10: House of David Tlale



Sector: Manufacturing – Textiles

ZAR3 million (USD201 000 or €168 000)

Project Summary

The project aims to set up a design and production facility in Gauteng, that will service the textiles, retail and corporate wear industry. The entity will add value to textiles through its fabric printing capabilities, manufacture clothing for private designers as well as general retailers; and produce corporate wear for clients such as SAA, National Treasury, etc. The company currently produces designer and retail wear at a small scale. The larger manufacturing facility aims to create over 300 jobs and revive an ailing textiles sector by bringing back manufacturing skills in the country.

Location	Johannesburg
Project Development Stage	Financial Close
NEF Investment to Date	ZAR3 million
Project Promoter	House of David Tlale
Projected Financial Close Requirement	ZAR125 million (USD8.4 million or €7 million)
Jobs	300



Strategic Projects Fund

"The mission of the Strategic Projects Fund is to secure the participation of black South Africans in sectors identified by Government as key drivers to the economy. The vision is to create a diversified portfolio of early stage projects in which NEF has warehoused equity for transfer to black entrepreneurs once the projects are operational"

*Chief Executive Officer –
Ms Philisiwe Mthethwa*

CRITERIA	KEY PERFORMANCE INDICATORS
STRATEGIC SECTOR ALIGNMENT	<p>Our Investment Strategy is directed towards the following sectors:</p> <ul style="list-style-type: none"> • Tourism and Hospitality • Renewable Energy • Business Process Outsourcing • Mining and Mineral Beneficiation • Agriculture and Agri-processing • Infrastructure • Strategic Manufacturing Capacity.
EMPOWERMENT DIVIDEND	<p>Eligibility of a project for SPF increases when three or more of the following can be delivered:</p> <ul style="list-style-type: none"> • Increase or creation of new industrial capacity • Increase in investment into economically depressed areas or poverty nodes • Increasing the participation of B-BBEE in all areas of the business or project • Increasing South Africa's export earning potential • Reduce import dependency • Increase co-investment and linkage with Foreign Direct Investment (FDI).
INVESTMENT INSTRUMENTS	<ul style="list-style-type: none"> • The fund is predominantly a Venture Capital Fund that aims to provide finance for feasibility studies. • The fund also provides private equity and project finance depending on the size and nature of the transaction.
MINIMUM B-BBEE THRESHOLD	<p>There is no threshold as the SPF acts as a co-investor and warehouses for B-BBEE. The project promoter therefore does not need to have BEE participation to approach the fund.</p>
PROJECT SIZES	<p>A minimum project turnover of ZAR25 million (USD1.6 million or €1.5 million)</p>
PROJECT RETURNS	<p>A minimum ungeared project IRR of 20%.</p>



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