

Introducing KZN GROWTH FUND to

uMtsunduzi Municipality

Integrated Development Planning Forum

**KZN
GROWTH
FUND**

Financing a better future

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MANDATE OF THE FUND

- ✓ Stimulate economic growth and development in KZN
- ✓ Provide debt and equity finance to viable start-ups or expansion projects
- ✓ Create & retain jobs
- ✓ Reduce inequality
- ✓ Promote Empowerment



FOCUS SECTORS

- ✓ Manufacturing
- ✓ Telecommunications
- ✓ Health & Education
- ✓ Agro-processing (not primary agriculture)
- ✓ Transport and Logistics infrastructure
- ✓ Mining and mineral beneficiation
- ✓ Power & Energy
- ✓ Tourism
- ✓ Other sectors which promote the Funds objectives.

FUNDING CRITERIA

- ✓ Geographically limited to KZN
- ✓ Debt Fund: ZAR30m – ZAR200m
- ✓ Equity Fund: ZAR20m – ZAR100m
- ✓ BEE criteria of 51% ownership (at least 25.5% black African), operationally involved
- ✓ Job Creation
- ✓ Commercially viable projects
- ✓ Min 10% own contribution



FUNDING INSTRUMENTS

✓ Equity

- Ordinary Equity (KGF takes shareholding of 26 - 49%)
- Preference Shares
- Convertible Debt

✓ Debt

- Mezzanine or senior loans
- Loans from 5 – 10 years
- Capital and Interest grace period of up to 2 years
- Min equity contribution is 10%
- Interest rate of between Prime Minus and Prime Plus

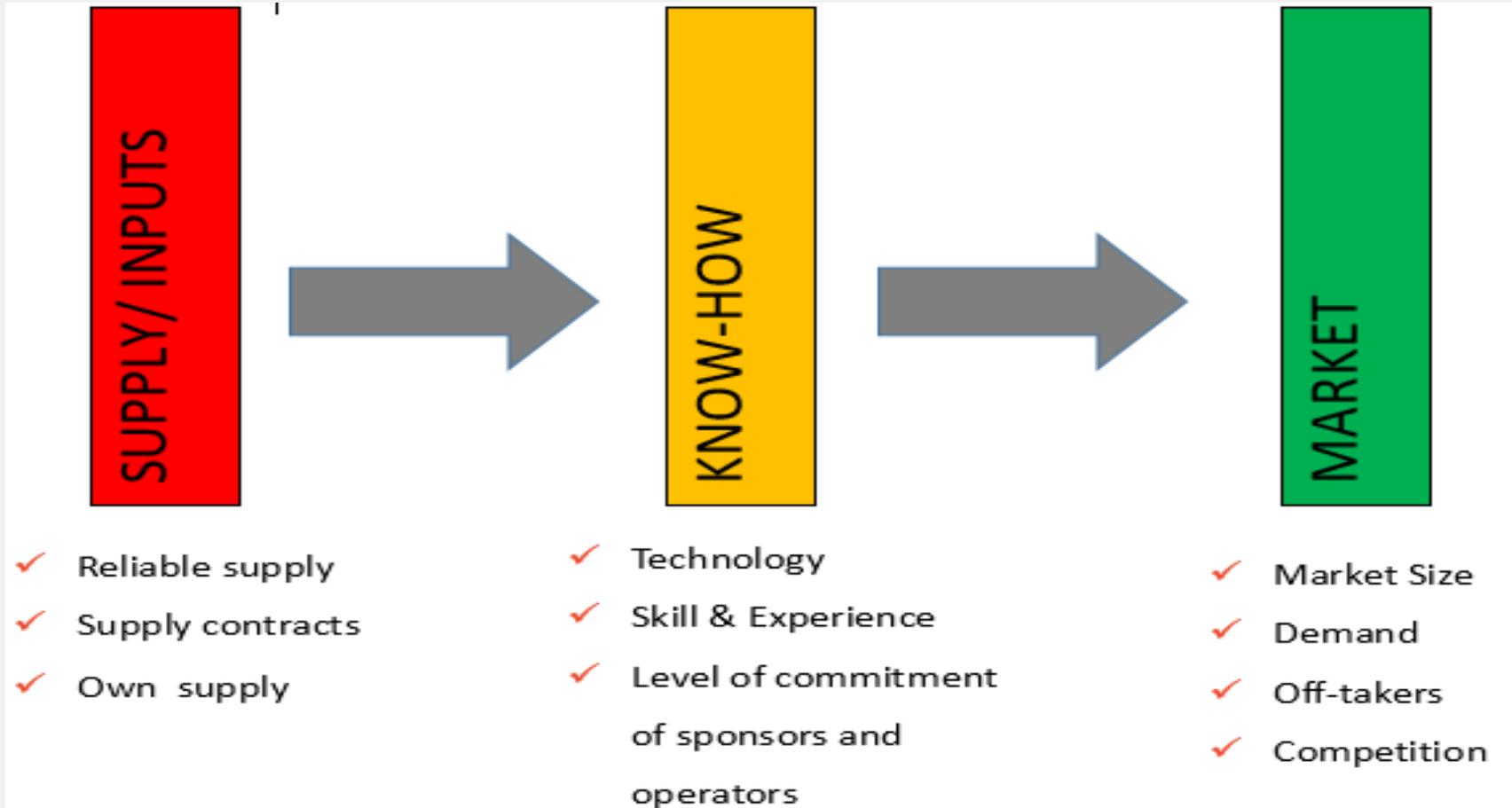
Debt vs Equity Funding

THE KEY DIFFERENCES

DEBT	EQUITY
<ul style="list-style-type: none">• Borrowing money to be repaid over a specific period, with interest	<ul style="list-style-type: none">• Raising money by selling shareholding in the company
<ul style="list-style-type: none">• Fixed repayment terms regardless of business or financial performance	<ul style="list-style-type: none">• Shareholders are paid dividends only when the business can afford
<ul style="list-style-type: none">• Limited to the agreed-upon repayment of the principal and interest	<ul style="list-style-type: none">• Unlimited claim on company profits
<ul style="list-style-type: none">• No management control	<ul style="list-style-type: none">• Contribute/influence and drive company strategy



Quick Assessment of Projects



WHAT MAKES US DIFFERENT?

- ✓ KZN focused – Strong on Transformation
- ✓ Provides long-term debt and equity capital
- ✓ Has a higher risk appetite for developmental projects
- ✓ Acts as a catalyst to attract private investors
- ✓ Promotes socio-economic development
- ✓ Provides competitive interest rates
- ✓ Project flexibility allowing for customised financial structures for each project
- ✓ Assists project promoters in better packaging of projects
- ✓ Small and Nimble - Faster turn around times

THANK YOU!

KZN Growth Fund

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The logo for KZN Growth Fund features the text "KZN GROWTH FUND" in a bold, white, sans-serif font. To the right of the text is a solid orange triangle pointing upwards and to the right.

KZN
GROWTH
FUND

Financing a better future

SYNOPSIS OF FUNDED PROJECTS

MPACT

Investment Highlights

Sector:	Manufacturing
Loan amount:	ZAR 200m Senior Debt
Loan Period:	8 years
Interest Rate:	JIBAR + 1.70%
Interest Payments:	Quarterly in arrears
Capital Repayment:	100% bullet payment
Job Opportunities	1760

MPACT



Collecting more than 450,000 tonnes per annum

Supporting SME in all facets

Creating over 1700 informal jobs collecting waste paper

Largest waste paper collection and recycling company in SA



MPACT



Enabling more versatility in mill
allowing for 100% waste input

39% increase in production rate

The Felixton mill will support
over 600 people during upgrade

Investment in world class
machinery and technology



DARK FIBRE AFRICA (DFA)

Investment Highlights

Sector:	Telecommunications
Loan amount:	ZAR 145m* Senior Debt
Loan Period:	5 tiered facilities ranging from 3 to 6 years
Interest Rate:	JIBAR + [3.5% to 4.5%]
Interest Payments:	Quarterly in arrears
Capital Repayment:	Each of the 5 tiered facilities have bullet payments due at the end of each respect loan tenor
Job Opportunities	4301

**post-refinancing*

DARK FIBRE AFRICA (DFA)



Installed close to 8000 kilometres of dark fibre infrastructure nationwide

Largest dark fibre company in SA

4301 jobs have been created through the roll-out of fibre optic networks

Open access dark fibre empowers SMEs to compete with larger players



LINK AFRICA

Investment Highlights

Sector:	Telecommunications
Loan amount:	ZAR 65m Senior Debt
Loan Period:	9 years
Interest Rate:	JIBAR + 3.12%
Interest Payments:	Quarterly in arrears
Capital Repayment:	During the tenure of the loan
Job Opportunities	200

LINK AFRICA



Appoints SMEs to deploy the fibre
in underground systems

Link Africa is a black owned and
controlled company and is BBBEE
Level 1 compliant



LINK AFRICA



Builds, owns and operates Fibre Optic Networks in South Africa's major cities on a wholesale basis

Uses municipal service networks including sewer pipes & storm water ducts

ICT Infrastructure key contributor to the GDP of SA



KWADUKUZA PVT HOSPITAL

Investment Highlights

Sector:	Manufacturing
Investment Amount:	ZAR 118m in Senior (R70m) & Equity (R48m)
Stage of Investment:	Greenfield
KZN Growth Fund Stake:	26%
Interest Payments:	Quarterly in arrears
Capital Repayment:	During the tenure of the loan
Job Opportunities	457

KWADUKUZA PVT HOSPITAL



70 beds and 3 theatres greenfield acute private hospital situated in KwaDukuza

Partly owned by a group of 89 medical doctors (GPs)

Women ownership of 2.5%

Total BEE participation of 35%

The hospital was opened in March 2018

iDUBE COLD STORAGE

Investment Highlights

Sector:	Transport & Logistics
Loan Amount:	ZAR 63.4m Senior Debt
Loan Period:	6 years
Interest Rate:	JIBAR + 3.13%
Interest Payments:	Quarterly in arrears
Capital Repayment:	During the tenure of the loan
Job Opportunities	300

iDUBE COLD STORAGE



A high-tech multi-temperature cold storage facility with capacity to handle 10 000 tonnes of perishables

Situated at Dube Trade Port, the facility will handle both inward-bound and outward-bound cargo

The facility is scheduled to open in 2017

50% BEE ownership



HBM-SOUTH AFRICA

Investment Highlights

Sector:	Manufacturing
Loan Amount:	ZAR 43m in Senior (R32.7m) & Mezzanine Debt (R9.8m)
Loan Period:	Senior debt – 6.5 years; Mezzanine debt – 5.5 years
Interest Rate:	JIBAR + 3.5 – 5.5%
Interest Payments:	Quarterly in arrears
Capital Repayment:	During the tenure of the loan
Job Opportunities	147

HBM-SOUTH AFRICA



51% BEE participation

The country's second condom manufacturing plant

The plant has capacity to produce 218 million condoms per annum

HBM-SA is a partnership between a world leading condom manufacturer and local entrepreneurs

INOXA

Investment Highlights

Sector:	Manufacturing
Investment Amount:	ZAR 155m (ZAR77.5m equity; ZAR 77.5m senior debt)
Stage of Investment:	Start-up
KZN Growth Fund Stake:	22%
Job Opportunities	128

INOXA



A cookware manufacturing company established in partnership with an experienced Turkish industrialist

The plant has capacity to produce 500k units per month

Inoxa is 51% black owned

BUSAMED HEALTHCARE

Investment Highlights

Sector:	Healthcare
Investment Amount:	ZAR 76.0m Equity
KZN Growth Fund Stake:	25% [Busamed (BEE) owns 75%]
Investment Entity:	Ross Healthcare (Pty) Ltd
Stage of investment:	Brownfield
Assets:	60% in Hillcrest Private Hospital and 85% in Gateway Private Hospital
Job Opportunities	694 existing, at least 106 additional through expansion of Hillcrest Private Hospital
Exit	In year 5 through JSE listing or put to Busamed (BEE)

BUSAMED HEALTHCARE

Busamed is a black-owned hospital operator and owner

Busamed Healthcare owns 60% of the Hillcrest Private Hospital and 85% of Gateway Private Hospital



KGFT partnered with Busamed to buy out the previous shareholders of Ross Healthcare

BUSAMED/ROSS HEALTHCARE



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- Hillcrest Private Hospital is a 200-bed facility opened in 2011
 - DOH approved addition of 88-beds
 - Construction to commence in 2019
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- Gateway Private Hospital is a 160-bed facility opened in 2014
 - Occupancy is still ramping-up
 - Have implemented a turnaround strategy to accelerate ramp-up
-

AFRICA BLAIZE APPAREL

Investment Highlights

Sector:	Manufacturing
Loan amount:	ZAR 40m Senior Debt
Loan Period:	8 years
Interest Rate:	JIBAR + 4.66%
Interest Payments:	Quarterly in arrears
Capital Repayment:	Quarterly in arrears
Job Opportunities	545 new jobs

AFRICA BLAIZE APPAREL



A diversified Cut, Make & Trim (CMT) clothing factory located in Verulam

Typical customers include traditional department stores, niche retailers, chain stores, corporates & international brands

Specialises in work wear, formal wear, chinos and knitwear

100% black-owned entity

