



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Presentation to the Portfolio Committee on Trade and Industry

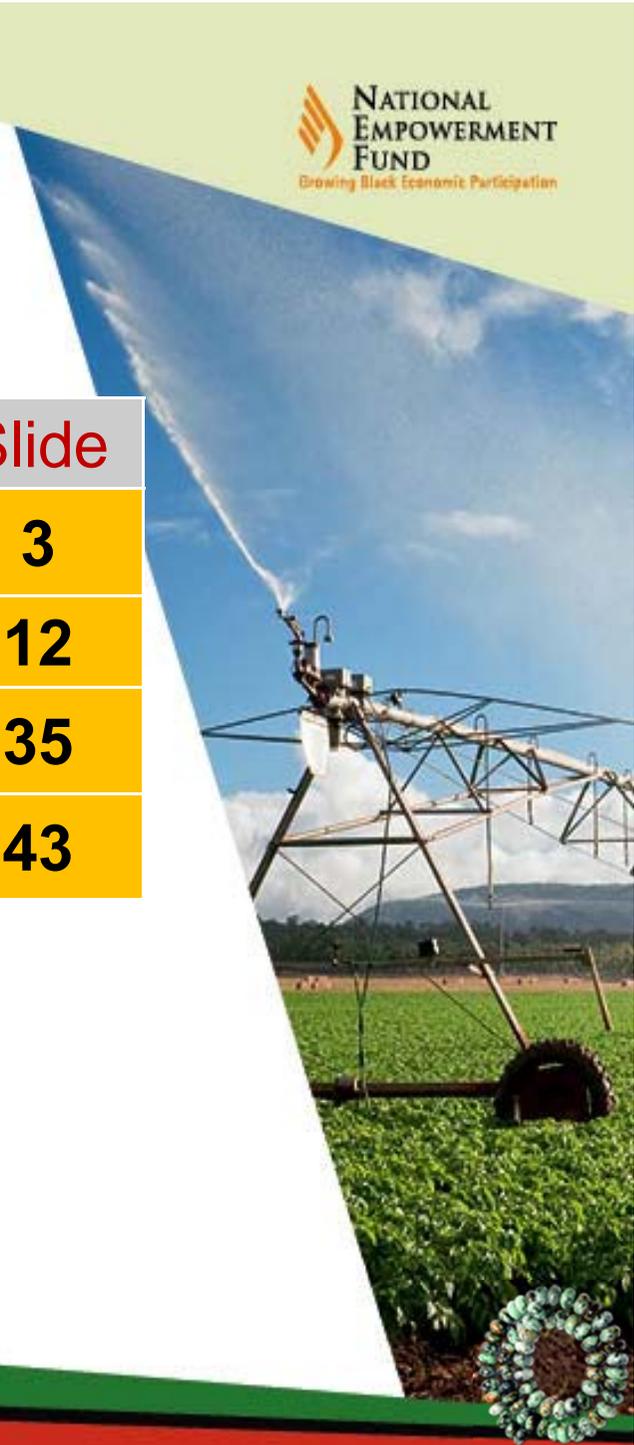


 NATIONAL
EMPOWERMENT
FUND
Growing Black Economic Participation

Presented by
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23 August 2013, 09:00.

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About the NEF

 NATIONAL
EMPOWERMENT
FUND
Growing Black Economic Participation



NEF 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.

The only DFI exclusively mandated to grow B-BBEE

The Strategic Planning Framework...

Broad Based Black Economic Empowerment The Codes of Good Practice

**NEF Act:
Objectives**

**The dti
Objectives**

Sectors

NEF

- Tourism; Biofuels; Construction; Agro-processing; Manufacturing; Clothing & Textiles; Transport; ICT & Media; Mining services; Franchising

Industrial Policy Action Plan:

- Automotives, components, medium and heavy commercial vehicles
- Clothing, Textiles, Leather & Footware,
- Plastics, pharmaceuticals and chemicals
- Biofuels
- Agro-processing,
- Strengthening linkages between cultural industries and tourism
- Metal Fabrication, Capital and Transport
- Equipment,
- Business process servicing
- Green industries

Government Priorities:

- 1) Acceleration of economic growth and transformation, creating decent work and sustainable livelihoods;
- 2) Infrastructure development to achieve social and economic goals and rural development;
- 3) Skills and human resource development;
- 4) Build a developmental state and improve public service.

NEF Sectors in line with national industrial objectives



the dti Strategy for B-BBEE (2003)

Policy objectives of BEE

- The successful implementation of the BEE strategy will be evaluated against the following policy objectives:
- A substantial increase in the number of black people who have **ownership and control** of existing and new enterprises,
- A substantial increase in the number of black people who have **ownership and control** of existing and new enterprises in the priority sectors of the economy that government has identified in its microeconomic reform strategy² ,
- A significant increase in the number of new **black enterprises, black-empowered enterprises and black-engendered enterprises,**



the dti Strategy for B-BBEE (2003)...

- A significant increase in number of black people in **executive and senior management of enterprises,**
- An increasing proportion of the ownership and management of economic activities vested in **community and broad-based enterprises** and **co-operatives,**
- Increased ownership of land and other productive assets, improved access to infrastructure, increased acquisition of skills, and increased participation in productive economic activities in **under-developed areas,**
- Accelerated and shared **economic growth,**
- Increased **income levels** of black persons and a reduction of income inequalities between and within race groups.



NEF Positioning as a B-BBEE Funder

The NEF provides the funding solutions for the implementation of the B-BBEE Codes of Good Practice.”



CODE OF GOOD PRACTICE	NEF FUNDING PRODUCT	OTHER DFI's & BANKS
Ownership <i>Weighting 20%</i>	Acquisition Finance Capital Markets Fund Liquidity and Warehousing Fund Strategic Projects Fund Indirect: Start up; Expansion Capital	IDC – Higher value threshold Sefa – Lower value threshold DBSA – Infrastructure focused Land Bank – Agri focused Banks – Security focused
Management Control <i>Weighting 10%</i>	Acquisition Finance Indirect: Capital Markets; Start up; Expansion Capital	As above
Employment Equity <i>Weighting 15%</i>	Indirect: All products via approval process	Department of Labour
Skills Development <i>Weighting 15%</i>	Indirect: All products via approval process	SETA's
Preferential Procurement <i>Weighting 20%</i>	Start up and Expansion Capital: Procurement Contracts Funding	Sefa – Overlap R250k to R3mill
Enterprise Development <i>Weighting 15%</i>	Start up and Expansion Capital establishes “Beneficiary Entity”	Sefa – Overlap R250k to R3mill Other DFI's & banks as above
Socio-Economic Dev. <i>Weighting 5%</i>	Rural & Community Development Funding - “Contribution Beneficiaries”	SEDA to provide NFS to co-ops Land Bank – Agri focused

NEF's Performance and Investment Criteria...

“The Empowerment Dividend”

The assessment of impact is not driven only by financial returns but by measurement in terms of “The Empowerment Dividend” made up as follows:

- Broad Based Black Economic Empowerment Ownership, management control, employment equity etc.
- Black Women Empowerment
- Job Creation
- Growth Sectors
- Geographic Spread
- Investment Return

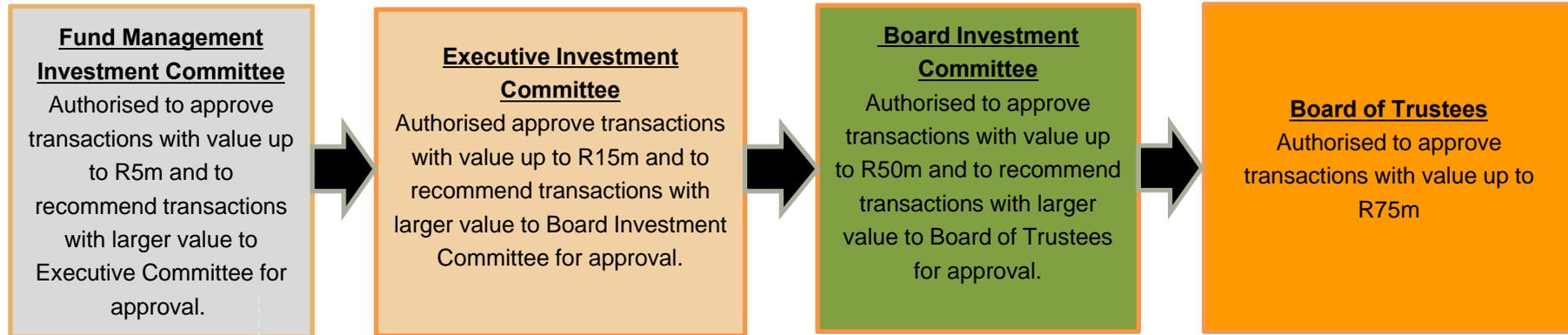
NEF Funding Criteria

Each application 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,
- job creation,
- specific product criteria,
- 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.



NEF Investment Governance Framework



Credit Committee
Subcommittee of Fund Management Investment Committee, authorised to approve IMbewu contract finance transactions with value up to R1.5m

- The Investment Governance Framework is guided by the Delegation of Authority and the Charters of the respective committees.
- All committee members are required to declare specific interests at meetings and general interests annually
- Due diligence – minimum 3 professionals per transaction



NEF has delivered on Government's promise to drive BBBEE...

- NEF has evolved steadily into a leading, distinctive and effective DFI
 - Approved almost R5 billion into BBBEE transactions
 - Strategic Projects Fund has the potential to create 150,000-200,000 new jobs within 3 years
 - Financed and nurtured 391 black South African ventures (55% women-owned)
 - Enabled entrepreneurs to start their own businesses, to buy into and to expand established firms, to build community, rural-based entities, and to develop infrastructure projects
 - Facilitated 87,000 black South Africans to become owners of MTN through NEF's R1.3 billion Asonge Share Scheme
 - Enabled 200,000 black South Africans to become owners of Sasol through Sasol's R5.8 billion BEE Scheme
 - Developed a team of 168 experienced, mostly black South Africa investment and business professionals; operate in all 9 provinces (offices in 8)
 - Well-managed: Built asset base from R171 million to almost R6 billion; **~55% cost-to-income ratio**

But just when our country demands faster and deeper impact, other DFIs have exited

- Despite the NEF's diverse achievements since 1998, many black South Africans remain locked out of the economic mainstream
- IDC, DBSA and PIC are no longer significant financiers of B-BBEE
- NEF is now the only major DFI that is positioned to finance aspirant black South African entrepreneurs





Merits of NEF Funding of Ndalo Luxury Ventures (Luminance)



SA Retail Sector Overview

- SA's retail market is mature, although participants continue to report growing sales levels.
- This is a result of SA's emerging growing black middle class and/ middle & upper-income clients.
- The sector's strong sales performance is also supported by the marketing strategies implemented by key industry players
- As a result, leading market players are on a steady expansion drive in terms of store numbers.
- However, smaller shops often struggle to find suitable shop space at an affordable rent.
- Increasing market saturation, means that smaller (mainly black) participants find it increasingly difficult to enter the clothing retail trading segment

(Source: Who Owns Whom Retail Industry Report)

SA Retail Sector Overview

- South Africa's retail industry was valued at R110.6 bn in 2010, and represents the fastest-growing sector
- SA GDP was estimated at R814 billion in Q1 2013, of which R115 billion (14%) was contributed by the retail sector.
(**Source:** StatsSA)
- Retail sector is dominated by a small number of large white-owned retail groups:
 - Edcon, Truworths, Mr Price Group, Woolworths and Pepkor;
 - These represent several brands and, between them, have thousands of stores across South Africa, and beyond the country's borders
- While there are also many small operators in the market, their market share is limited.
- Sector weathered global economic downturn relatively well, and companies seem optimistic about future prospects

NLV & the Codes of Good Practice



Code of Good Practice	Ndalo Luxury Ventures (Pty) Ltd is broad-based
Ownership	100% owned by black women, including staff & rural women
Management Control	100% managed by women, 81% of whom are black
Employment Equity	51 employees, with 91% of the staff comprising women and youth
Skills Development	Training of local designers and clothing manufactures by accomplished international practitioners, and training of the rural women on craft-making, investments and business management
Preferential Procurement	81% of the NEF's funding will be used for localization purposes. Arts and crafts procured from rural women
Enterprise Development	10 rural co-operatives to be provided equity, business training and access to international markets
Socio-Economic Dev.	Rural employment-creation and economic development

Background on NLV / Luminance

- Ndalo Luxury Ventures / Luminance is a new South African fashion and lifestyle business venture.
- Owned 100% by black women; Khanyi Dhlomo (32.5%), Venetia Dhlomo (32.5%), Nonduna Inv (15%) and NEF (20% warehoused for Rural Women, Management & Staff Trusts)
- The Luminance business caters for an ambitious and upwardly-mobile clientele.
- It is also proudly South African with a global appeal.
- The Luminance collection is a range of South African designed premium clothing, apparel, accessories, home-ware & gifts for women & children.
- The collection includes a tiered range of products, with each tier aimed at different levels of affordability.

Background on NLV / Luminance

- The Luminance collection is designed in South Africa to suit the specific needs of the South African market.
- 71% of the Luminance collection is manufactured in South Africa by Karma Clothing, a women-owned factory located in Wynberg, Gauteng.
- The factory employs over 100 local women from the Alexandra Township.
- The balance of the collection is manufactured in Italy to enhance the quality of the local brand

Background on NLV Transaction

- NEF Board IC approved the transaction in Aug 2012 & NEF advanced R34.1 million loan to NLV over a 5-year term;
 - 5 years shorter than 10 years period permitted under the NEF's New Ventures Finance product;
 - Fully secured by all business assets and shareholders including personal guarantees;
 - Final internal rate of return of 14.5%;
 - Loan repayments have already commenced.
- The black-women shareholders contributed R15 million equity to the transaction, which ranks as the highest ever paid to the NEF.
- Over 70% of the total investment has remained in South Africa to support the domestic economy

Transaction Imperatives

- Alignment with NEF mandate, which is to grow black economic participation;
- Need to transform white & foreign dominated retail sector;
- Economic empowerment of black women;
- Economic empowerment of rural women;
- Job creation – 51 direct jobs, over 100 jobs indirectly maintained and many more downstream,
- The commercial merits of the proposed business.



Localisation elements of the deal

- NLV shareholders contributed R15 million of their own capital for the start-up costs of the business, a significant part of which has been allocated for the importation of foreign clothing labels, which are valued at R14 226 250.
- The invoices paid as of August 2013 show that 70% or R23 794 774.73 of NEF funding is actual expenditure in the local economy for the construction of the store, the design and manufacture of the Luminance brand, the procurement of other goods and services, as well as the arts and crafts produced by rural women.
- Once all construction elements are completed and all invoices are settled, the amount spent by NLV in the local economy from NEF funding will increase to 81% by the end of September 2013.



Store is
presently
1-month
old

Localisation elements of the deal...

- 71% of the locally-manufactured Luminance brand uses South African content, and the range is 100% manufactured in SA.
- Based on sales to-date, the locally-manufactured Luminance label is one of the most popular brands in the store.
- The Luminance brand will be exported internationally.



Localisation elements of the deal...

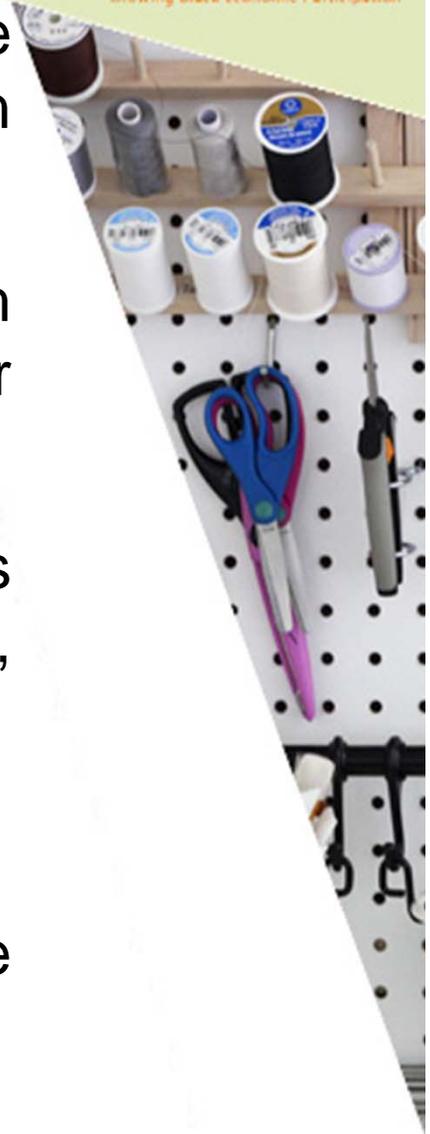
- The collections of South African designers, Stoned Cherrie and Stefania Morland, which are manufactured locally, are currently in the store.
- From September 2013, the collections of David Tlale and Marianne Fassler will be added.
- More South African and African designers to be added to the range.
- Sale of locally manufactured furniture, arts, crafts, photography, food and beverages.

Transaction Imperatives

- Creating access to international markets for local designers and artists.
- Own financial contribution, the excellent business track-record and operational involvement of the key shareholders,
- 10% shareholding by staff and management, 91% of whom are young women;
- Skills transfer from established international designers,
- Independent research by Grant Thornton, demonstrating strong market demand for proposed business.

Changing an Untransformed Sector

- NLV is an important step in addressing the predominantly white, foreign and male ownership in the retail industry in South Africa.
- NLV's long-term vision is to become a leading South African retail group comparable to the current major white-owned groups.
- The current store, which is the first in NLV's plans, is experiencing growing market demand for its goods, in its first month of operation.
- NLV began repaying the NEF loan in June 2013.
- The Pop-Up store opened in April 2013, and the main store launched in July.



Some of the NEF's Preconditions to NLV

1. Increased the shareholding of rural women from the original 2% to the current 10%,
2. Promoted meaningful local manufacturing capacity,
3. Actively created access to international markets for locally-produced labels, arts and crafts,
4. Promoted skills transfer for the benefit of local designers and clothing manufactures,
5. Required meaningful financial contribution by the primary shareholders,
6. New Ventures product allows a maximum of 10 years to repay. Luminance given 5 years by the NEF,
7. Loan approved at a commercially-competitive 14,5% internal rate of return.



Empowering Rural Women

10% of Luminance has been allocated to external BEE groupings. 5% has already been allocated to 5 KZN community women and disabled groups who are arts and crafts manufacturers. Gauteng Department of Economic Development assisting with identifying cooperatives for the remaining 5%.

The Cooperatives are:

1. Vukani Arts and Crafts Cooperative - Nongoma
2. Nkosimbeke Cooperative - Mahlabathini
3. Ababumbi Cooperative - Pietermaritsburg
4. Zan Zan Décor - Pietermaritsburg
5. Simunye Handcraft and Jewellery – KwaNyuswa

The Women are formed and registered into Primary cooperatives and will be formed into one secondary cooperative for the purpose of competitiveness and efficiency in regard to supply and packaging of their products.

Trusts to be registered and the shares to be transferred by end of October 2013.

Empowering Rural Women

Training

- Technical up-skilling by a crafts specialist,
- Entrepreneurial business skills training,
- Training on cooperatives and their roles and responsibilities,
- Roles and responsibilities of directors,
- Corporate governance training,
- Investor education,

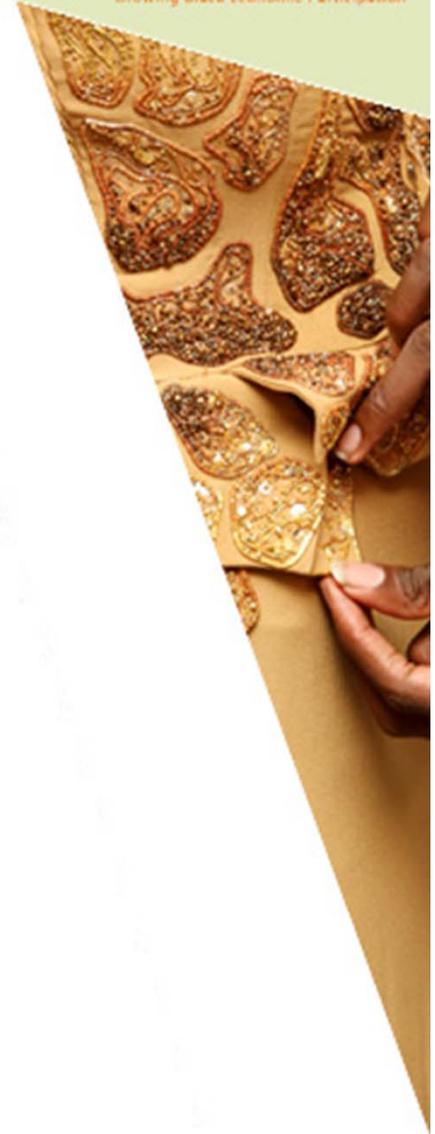
Socio-economic Development Benefits

- A bursary scheme for the women and their dependants,
- A hospital healthcare plan,
- A funeral scheme for each member of a co-operative,
- Driving lessons,
- Better equipment for groups of people with disabilities,
- Personal investment advise from dividends,
- Housing allowance and
- Water tanks for those in deep rural areas like Mahlabathini and Kwa-Nongoma.



Access to Markets for Rural Arts & Crafts

- **As a result of their shareholding in NLV, the following opportunities have already opened up for the rural women:** Amani Spas has expressed interest in purchasing some of the products for both their outlets and their different lodges
- Mangwanani Spas are also among those who have expressed their interest in sourcing beaded products and other artefacts for their nationwide network of outlets.
- KZN Wildlife is another channel whereby the women have offered the curio shops in the different lodges to use as their point of sales for their products. These curio shops are in the process of being outsourced. This will broaden their scope of sales and also present them with an opportunity to diversify their products.
- **the dti international Crafters Pavillion:** 1 of the Cooperatives travelled to Chicago, USA, in July 2013 to exhibit their products on the international platform.
- Export market: Once the Luminance e-commerce portal is launched within the next 7 months, the site's will open up a global market to which Luminance will export.



Not Empowering the Empowered

1. The NEF provides funding of between R250 000 and R750 million to black entrepreneurs for start-up, expansion and equity acquisition purposes in order to transform South Africa's economy, where black people control only 3,9%.
2. The NEF's product range encompasses the following segments of the target market:
 - 2.1 Black individuals and groups with significant operational experience, an extensive investment portfolio and accumulated capital (**Tier 1**).
 - 2.2 Black individuals and groups with operational experience which could include having concluded a limited number of BEE transactions. This sector typically has limited accumulated capital with existing investments still encumbered / "not in the money yet" (**Tier 2**).
 - 2.3 Black individuals and groups with limited business or entrepreneurial experience (**Tier 3**).
3. Over 60% of NEF funding has gone to SMEs in support of rural and community development, enterprise development, industrialisation and the transformation of all sectors and across the different levels of the South African economy.

NEF Target Market

Target Market		Products & Services
1	Black individuals and groups with significant operational experience and an extensive investment portfolio and accumulated capital (Tier 1)	<ol style="list-style-type: none"> 1. New Ventures Finance 2. Expansion Capital 3. Capital Markets 4. Strategic Projects Fund 5. Acquisition Finance
2	Black individuals and groups with operational experience which could include having concluded a limited number of BEE transactions. This sector typically has limited accumulated capital with existing investments still encumbered / “not in the money yet” (Tier 2).	<ol style="list-style-type: none"> 1. Business Plan Toolkit 2. Investor Education 3. Rural & Community Development Fund 4. Entrepreneurship Finance 5. Franchise Finance 6. Procurement Finance 7. Expansion Finance 8. Mentorship Support
3	Black individuals and groups with limited business or entrepreneurial experience (Tier 3).	<ol style="list-style-type: none"> 1. Business Plan Toolkit 2. Investor Education 3. Rural & Community Dev. Fund 4. Franchising 5. Procurement Finance 6. Mentorship Support
4	White individuals and groups who own, manage and/or control economic means and are potential partners for, or opponents to, economic transformation (Tier 4).	<ol style="list-style-type: none"> 1. Enterprise Development Fund 2. Equity Acquisition 3. Procurement Finance 4. Strategic Projects Fund 5. Liquidity & Warehousing 6. Mentorship Support

Not Empowering the Empowered

Who Owns Whom (28 March 2013)

- BEE equity control on the JSE's average market cap of R7.98 trillion (for Listed Companies), stands at **3.9%**, (R311billion) for black South Africans.
- To reach 25% of black control it requires an additional 21.1% worth **R1.68 trillion** at current estimated market cap.



Thank you



Investee Stories

shopping malls for the people 🎵



R50 million for Eyethu Mall

In the peri-urban area of Orange Farm, in Gauteng's Johannesburg south, the NEF NEF has approved R50 million to support 19% upfront community ownership of a regional shopping centre measuring 39 000m².

The mall will be anchored by major brands. 46% of the shops will be let to black tenants in a mall whose commercial viability is based on 80% confirmed leases. The investment will create 750 permanent jobs and around 2000 jobs during construction. Between 20 and 30% of project value will be spent in the Orange Farm area, and retail store opportunities will be made available to hawkers and taxi owners.



shopping malls for the people 🎵

R34 million for Qumbu Shopping Centre



Qumbu Shopping Centre is a 100% black-owned start-up retail property development. The shopping centre measures 4800 m² in building size and will consist of 15 shops and 72 parking bays. The key anchors at this centre are Rhino Cash and Carry, Pep, Price 'n Pride, Barnetts, Lewis, Capitec Bank and Dunns. The current leasing status is 100% confirmed, with 96% being national tenants and 4% being local independents.



Qumbu provides services to the surrounding towns such as Tsolo, Ntabankulu, Mount-Frere and Libode, which currently do not have any retail services or refreshments. The project will represent the first formalised development or shopping centre of this size to be built in the area

This investment will create 99 permanent and 151 temporary employment opportunities.

shopping malls for the people 🎵

R40 million for Mavundla Square

Mavundla Square Shopping centre is also a 100% black-owned start-up retail property development investment. The total development costs R116 million. The promoter is Mr Philani Mavundla, a seasoned entrepreneur and a 51% shareholder in the business. Other shareholders are the Greytown Community Trust, whose 49% equity will be warehoused by the NEF and at exit, transferred to the community. Shoprite, Jet, Ackerman's, Mr Price, Edgars and Capitec Bank are the top biggest anchors in the mall.

The project will stimulate the local economy and create sustainable municipal revenues. The project will offer permanent employment to approximately 400 people from the Greytown community, and further 757 jobs will be available during the construction phase. The shopping centre will offer additional business opportunities for the local black community, especially in franchising, property management, cleaning and security services.



shopping malls for the people 🎵



Investee Stories

Transforming the South African textile and retail sectors...



Delswa Group (R35 million)

- 83-year old company that specialises in the niche market of manufacturing corporate clothing.
- Based in Kimberley, Northern Cape and employs over 500 people.
- Key clients include Standard Bank, ACSA and SAA.
- April 2013 the NEF's Board Investment Committee approved a R35 million investment to enable the staff and management to purchase the entire group.
- Almost R20 million of the NEF's R35 million investment went towards the business' working capital, enabling the company to expand and create more job opportunities for the economically depressed Northern Cape province.
- Working capital will grow the manufacturing and productive capacity of the company through the purchase of specialised machinery.
- The management buyout shifted from 95% ownership by white shareholders to an 81% black-owned and controlled company.
- Staff Trust comprises 82% women, and 88% of the women are black.
- NEHAWU's Investment Holdings Enterprises has a 25.1% stake in the Delswa Group which benefits 230 000 of its members

Democratic Republic (R3 million)

- Established in 2005, Democratic Republic is a South African clothing brand under the same name.
- Brand started at the Young Designers' Emporium
- Grown to several outlets across the country.
- The company is 100% owned by a young black male, Mr Musa Xaba.
- The entrepreneur designs women's clothes.
- Actual manufacturing of garments is outsourced to local cut-make-and-trim specialists who are based in Salt River and Woodstock, in Cape Town.
- In 2011 the NEF extended a loan of R3 million to Democratic Republic to finance the set up costs for the shop as well as working capital.
- Mr Xaba is up to date with loan repayments to the NEF.

Linen Tech (R10 million)

- Linen Tech is a 100% black owned and managed company with 33% black women ownership.
- The company manufactures household linen and distributes towels to institutions and the hospitality industry.
- Linen Tech is based in the central business district of Johannesburg.
- The NEF provided R10 million of funding to Linen Tech in 2011, which has helped to retain the 120 jobs in the wake of the continuing turbulence in the textiles industry.
- The NEF negotiated 20% free cash flows to be allocated to the Staff Trust as part of the Employee Incentive Plan.
- The company has received commendation from Jet Stores and Edcon for continually meeting product requirements, producing to high quality standards and for competitive pricing.



Appendices

Unpacking the NEF Mandate



Financial & non-financial support

Fund Management

1. Fund black-empowered businesses
2. Business plan toolkit
3. Mentorship support
4. Early-stage investments

Culture of savings & investment

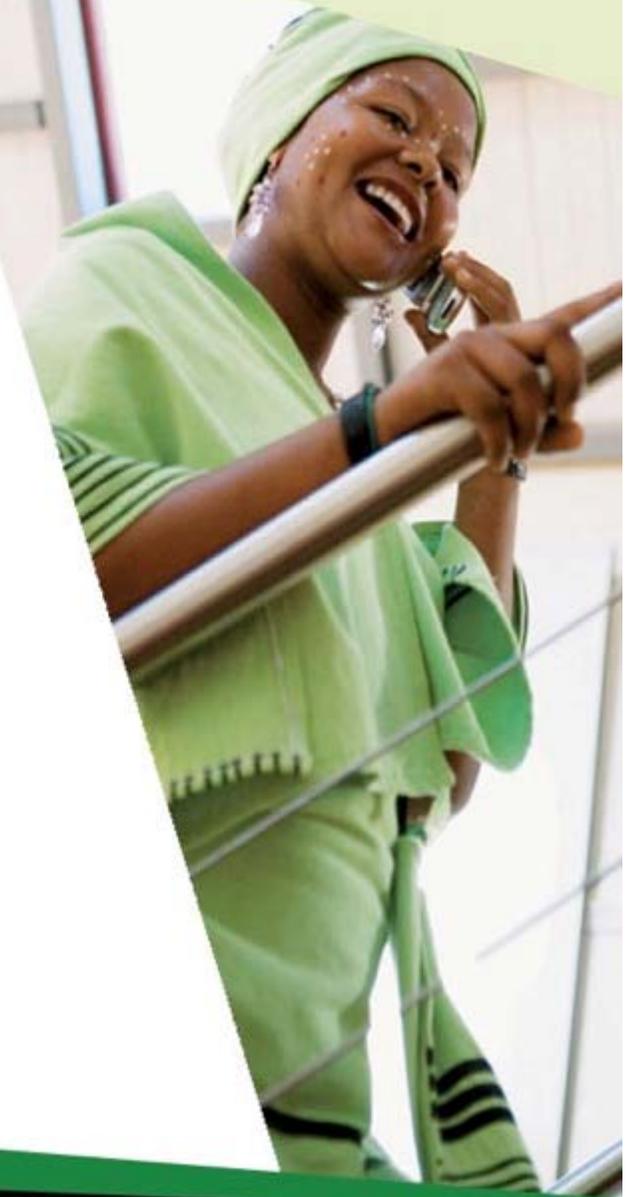
Asset Management

1. Investor Education
2. Public Share Offers
3. Enterprise Development
4. BEE Repository



Key Strategic Objectives...

- Promote and support business ventures pioneered and run by black people;
- Promote the understanding of equity ownership among black people;
- Provide black people with direct and indirect opportunities to acquire share interests in State Owned and private business enterprises;
- Encourage and promote investments, savings and meaningful economic participation among black people.



Key Positioning Objectives of the NEF

- To focus exclusively on providing investment funding to black businesses and wealth creating investment opportunities for black individuals;
- To be experts in investment and funding structures for black empowered businesses and black individuals in direct support of black empowerment policy;
- To stimulate sector-targeted economic growth, job and wealth creation as a direct product of investment and funding activities; with alignment to IPAP and the New Growth Path;
- To act as a warehousing conduit for the transfer of valuable equity allocations and investments to the black public;
- To ensure broad-based and sustainable empowerment;
- To maximize the empowerment dividend in lieu of the financial dividend;
- To create a prudently and effectively managed fund with a time horizon of at least 10 years;
- To maintain and grow the capital base of the NEF and provide funding to create a self sustainable real return to stakeholders;
- To differentiate against existing business funding offerings by other operating Development Finance Institutions (DFIs);
- To work in partnership with both public and private sectors to leverage additional funding from commercial banks and other DFI's.



Additional Key Positioning Objectives

- To evaluate the effectiveness of black empowerment policy and the development thereof;
- To capitalise on the status of being the only gazetted “BEE Facilitator”:
 - Full black ownership status in the case of equity warehousing;
 - Providing a BEE recognised fund allowing for full recognition for Enterprise Development scores for contributing companies;
 - Effectively investing Enterprise Development contributions into mandated and recognised activities;
 - Focusing on Enterprise Development contributions as a key source of additional capital for the NEF.



Challenges / Market Failures facing black business

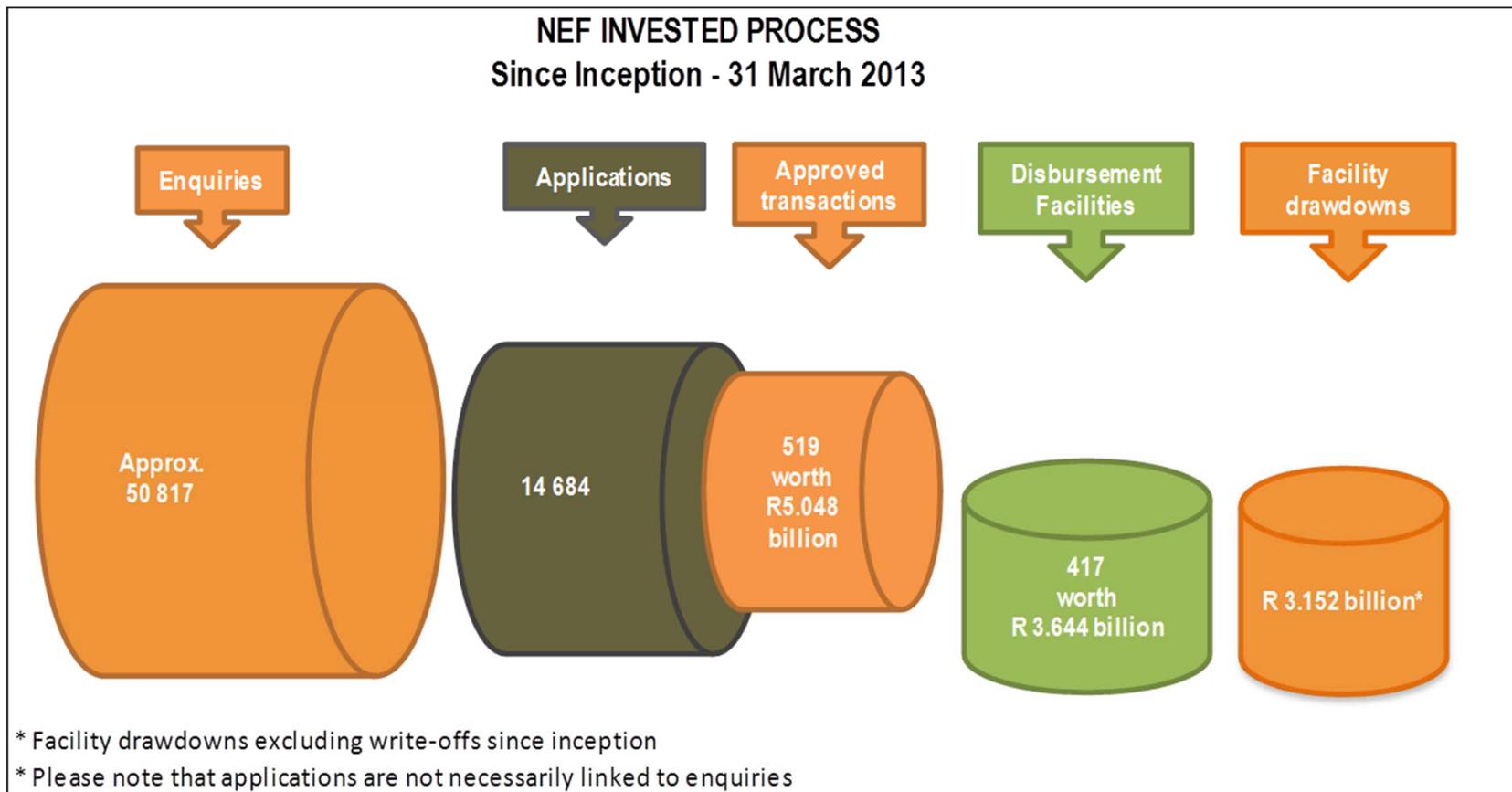
- Limited own capital;
- Access to affordable capital;
- Limited management skills, including financial, marketing and technical expertise;
- Lack of accurate and reliable financial information;
- Poor quality of business plans;
- Lower bargaining power and strong competition from established businesses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

NEF Funding Products in detail

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:

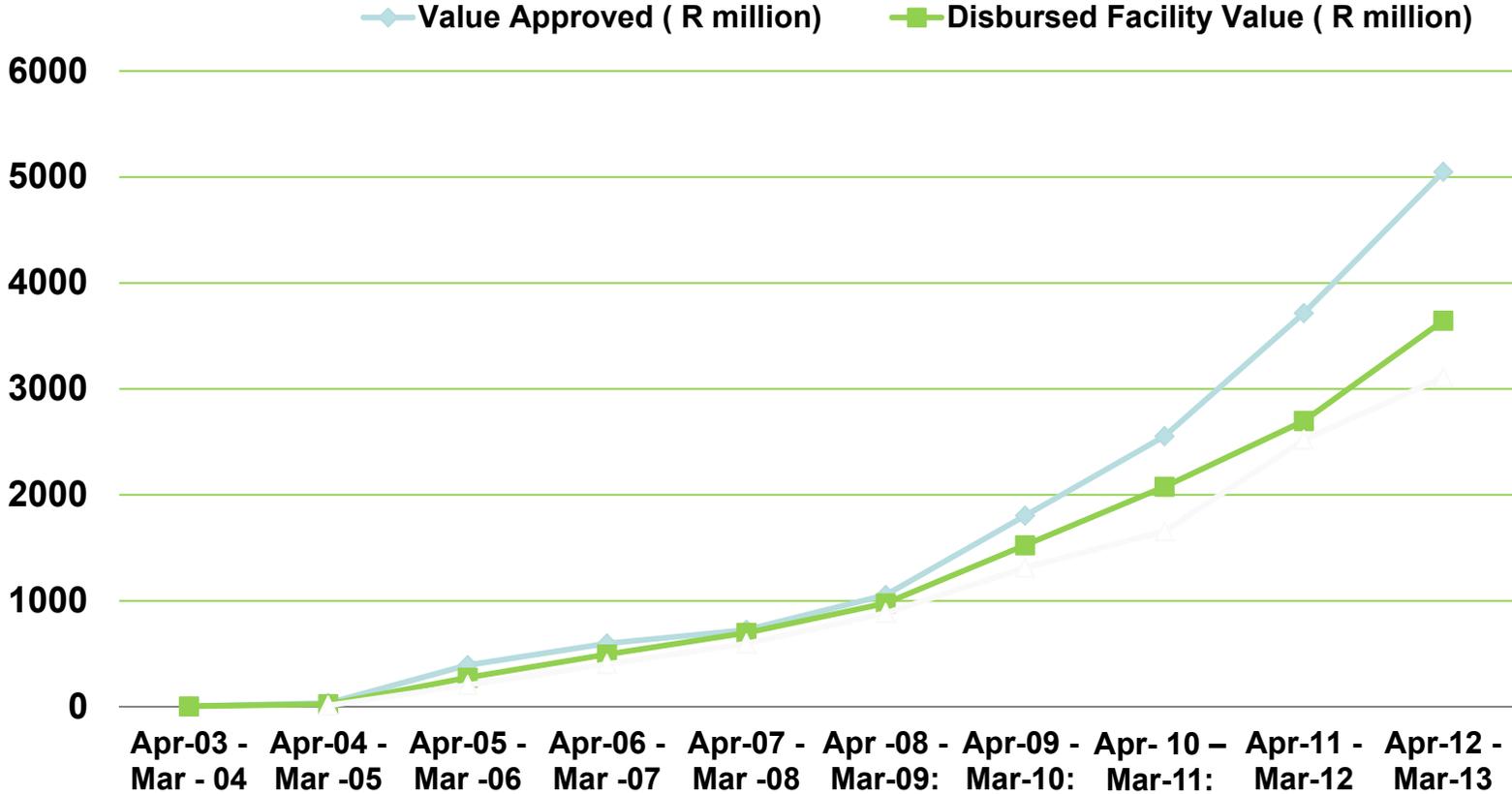
Product / Fund	Description	Funding amounts
Entrepreneurship Finance	For starting a new business	R250 000 – R10 million
Procurement Finance	For tenders and contracts	R250 000 – R10 million
Franchise Finance	For pre-approved franchise licenses	R250 000 – R10 million
Acquisition Finance	For black investors acquiring a stake in medium to large companies	R2 million – R75 million
Expansion Capital	For growing an existing business	R250 000 – R75 million
*New Ventures Finance	Participation in green-field projects	R5 million – R75 million
Capital Markets	Listing on the JSE or its junior AltX markets	R2 million – R75 million
Liquidity and Warehousing	The NEF has Black Facilitator status, which can help black shareholders and companies wishing to sell a stake while keeping the shareholding black	R2 million – R75 million
*Rural and Community Development Fund	for agro-processing, tourism, mining & beneficiation, manufacturing etc	R1 million – R50 million
*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

NEF Invested Process

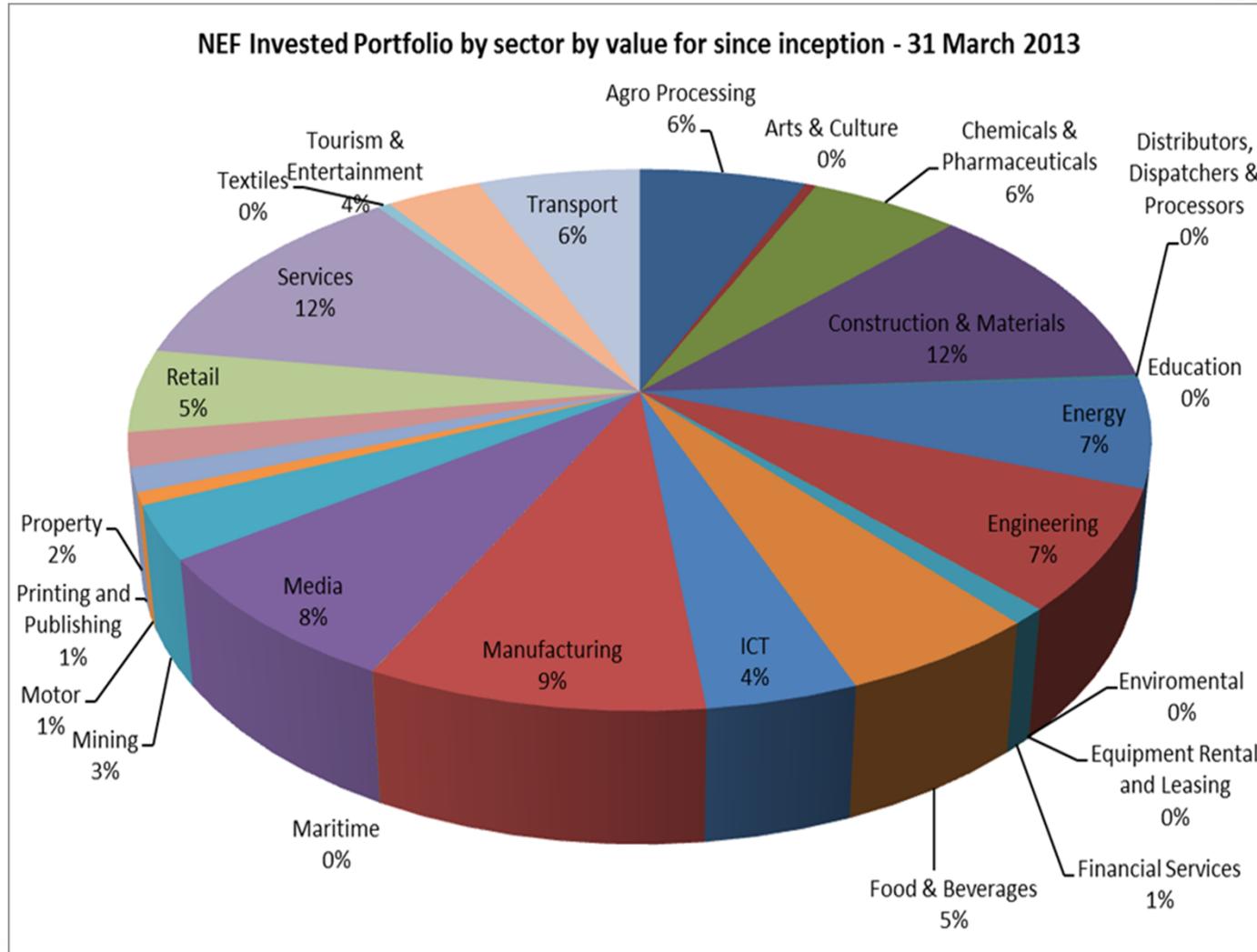


NEF Approvals & Disbursed Facilities by Value

NEF approved & disbursed deals by value since inception to 31 March 2013



NEF Investment by Sector



Women Empowerment

Key Performance Area

- Contribute to the participation of black women in the economy

Annual Targets/Outputs to be achieved by 31 March 2013

- Maximise women's participation in transactions to **at least 40%**.

Comments

- NEF continues to vigorously target women in its campaigns:

31 March 2009	31 March 2010	31 March 2011	31 March 2012	31 March 2013
31%	41%	47%	21,5%	21,1%



Fund a Woman, Fund a Nation

Investors	86 000
Amount	R1,3 billion
Women by number	49%
Women by value	43%



Job-Creation



31 March 2011

25 500 jobs



31 March 2012

29 000 jobs



31 March 2013

44 000 jobs

Job-Creation Projections

Over 100 000 jobs

Over the next three years

Industrial projects valued at R33 billion

Reasons for increased pipeline



Performance

- High Performing Organisation
- Improved internal processes
- Industry leader

Industrialise

- IDC has exited funding for black SMEs to grow its focus on industrialisation
 - Black entrepreneurs have migrated to the NEF

Regional Offices

- 7 NEF Regional Offices countrywide
- Direct local focus
 - Better accessibility
- Deal-flow up by 30%

Empower

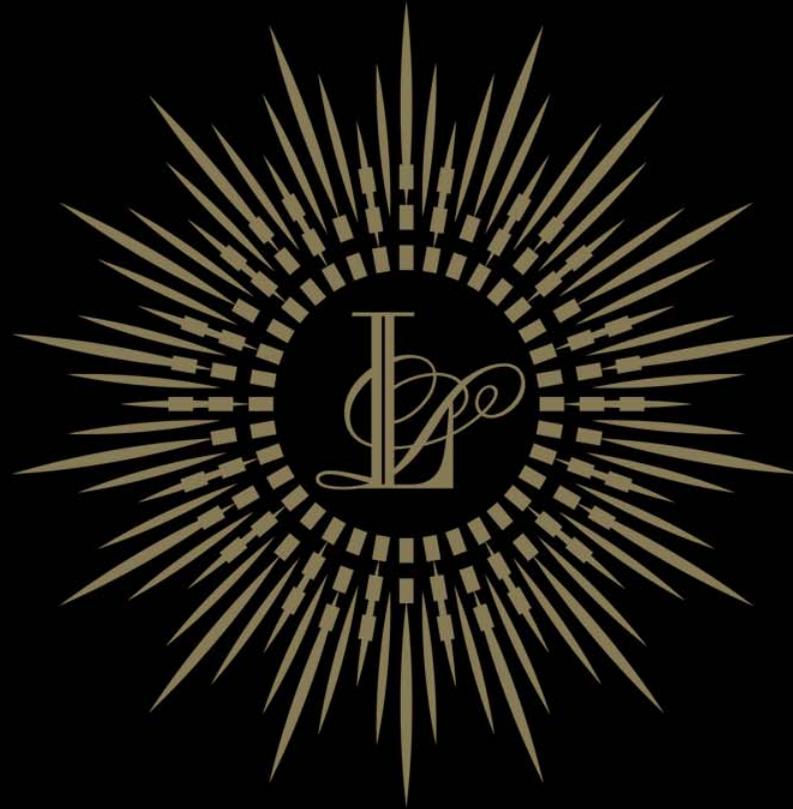
- Increased Brand Awareness
- Products and services better understood
- Growing reputation

New Ventures Finance

This product provides capital of between R5 million to R75 million per project for BEE parties seeking to participate in medium-sized greenfields projects.

The key criteria of this product are:

- Minimum 25.1% BEE shareholding,
- Investment instruments can include a combination of debt, equity and mezzanine finance in support of BEE,
- BEE-specific financial contribution assessed on a case-by-case basis,
- Proven management experience within consortium,
- Active BEE involvement in investee companies,
- NEF funding limited to R75 million per project,
- The NEF investment horizon is 5 to 10 years,
- Security to include personal suretyship or personal guarantee.



LUMINANCE

LIVE LIFE BEAUTIFULLY

LUMINANCE Department Store



LUMINANCE

PRIVATE LABEL



LUMINANCE

PRIVATE LABEL



South African Fashion Designers at LUMINANCE



David Tlale



Sindiso Kumalo



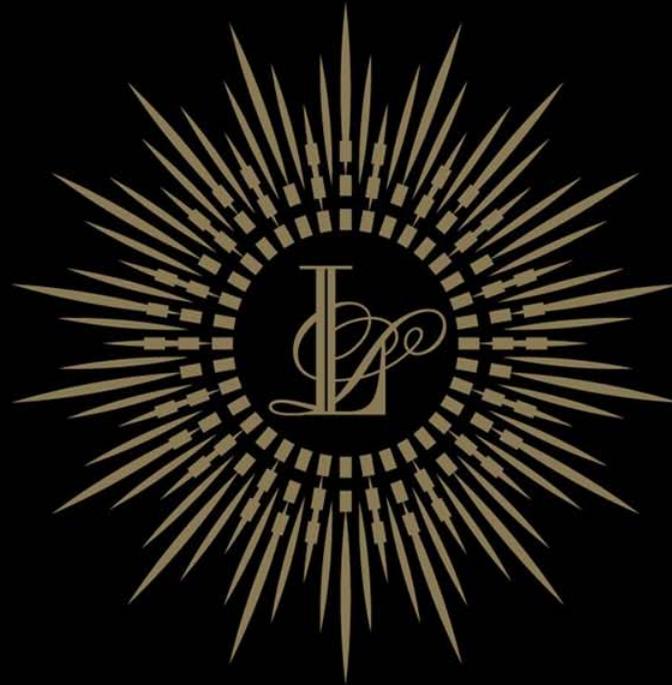
Marianne Fassler



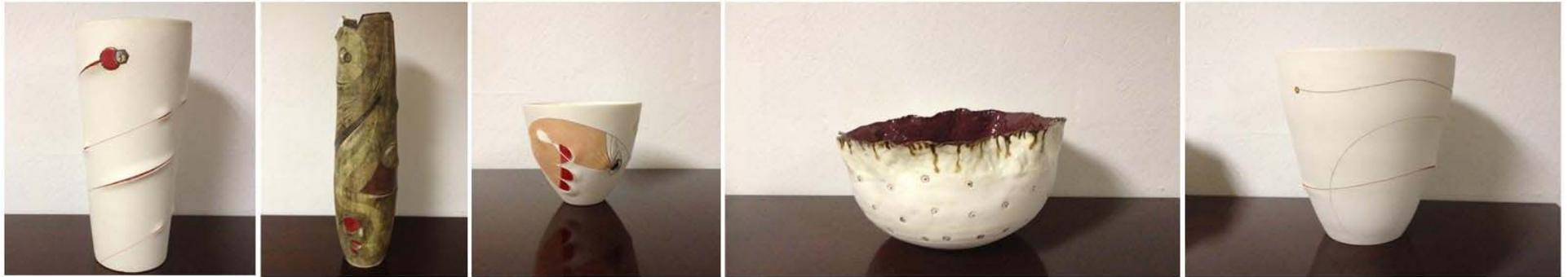
Stefania Morland



Stoned Cherrie



LUMINANCE SIGNATURE COLLECTION
Distinctive African Craftsmanship



Clay vases by Imiso Ceramics



*Beaded silverware
by Simunye Hand Crafters*



*Cushion by Hott Zulu Textiles,
collaboration with Imiso Ceramics*



*Carved wooden spoons
by Zolani Mpente*



*Champagne flutes by
Ngwenya Glass*



Clay pots by Ababumbi



Wooden basket by Mountain Fever



Keith Christian



Nelson Makamo



Duncan Stewart



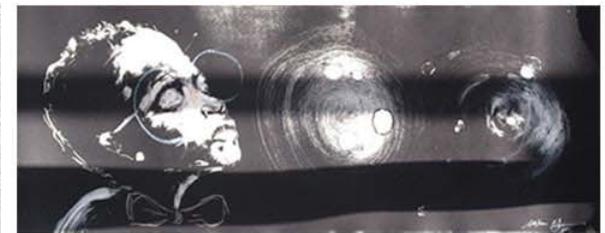
Victor Dlamini



Merwelene van der Merwe



Steve Tanchel



Nelson Makamo



Yswara Luxury African Teas



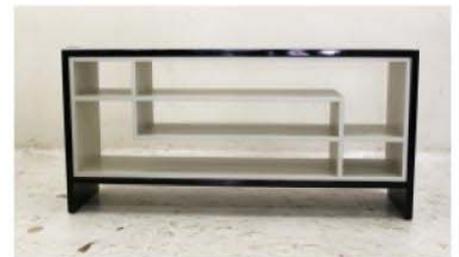
Gillian Fuller



Pichulik



Amma Ogan



Pierre Cronje for Luminance Furniture Range - 100% designed and manufactured in South Africa