

ITHALA DEVELOPMENT FINANCE CORPORATION

60
—YEARS—
OF UNEARTHING
OUR PEOPLE'S
POTENTIAL

KwaZulu-Natal's primary drivers of economic development and a strategic enabler

MAKING IT HAPPEN TOGETHER

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ITHALA MANDATE

The IDFC is established in terms of the KwaZulu-Natal Ithala Development Finance Corporation Act, 2013 (Act No. 5 of 2013). In terms of Section 3 of the Ithala Act, the objects of the Corporation are to Promote, Support and Facilitate social and economic development in the Province by –

- **mobilising financial resources and providing financial and related support services** to persons domiciled, ordinarily resident or carrying on business within the province;
- **planning, executing, financing and monitoring the implementation of development projects** and programmes in the Province;
- **promoting, assisting and encouraging the development of the human resources and social, economic, financial and physical infrastructure of the Province;**
- **promoting, encouraging and facilitating private sector investment** in the Province and the participation of private sector and community organizations in development projects and programmes and contributing to economic growth and development generally; and
- **acting as the agent of the Provincial Government** for performing development-related tasks and responsibilities which, in the opinion of the Provincial Government, may be more efficiently or effectively performed by a corporate entity.

Ithala is further established in terms of the Public Finance Management Act, 1999 (PFMA), Wherein it is listed as a schedule 3D Provincial Public Entity. As such, certain prescripts and regulations arising from the PFMA are applicable to its governance and operations.

HOW WE FULFIL OUR MANDATE

Guided by the Provincial Growth and Economic Development Strategy, our activities are focused on driving SMME development and economic activity in the province through;

- Properties
- Business Finance
- Implementing Agent
- Ithala SOC Limited; transactional banking services (34 branches)
- Other small subsidiaries

KEY FOCUS PRODUCTS

Guided by the Provincial Growth and Economic Development Strategy, our activities are focused on the following products :

- Commercial Property Finance
- Structured Finance
- Procurement
- Asset Based Finance
- Micro Finance
- Franchise Finance
- Agriculture and Agro-processing

OUR FUNDS

Development Fund

- Funding Thresholds under this fund
 - Start up businesses (funding of up to R5m)
 - Business with less than **3 year** history (funding of up to **R7.5m**)
 - Business with less than **5 year** history (funding of up to **R8.5m**)
 - Business with more than **5 year** history (funding of up to **R10m**)
- Lending rate of **2% to 7%**
- **51%** minimum black membership or shareholder

ITHALA Fund

- Funding limit up to **R25m** maximum.
- Lending rate **linked to prime**
- **30%** minimum black membership or level 4 BBBEE

BUSINESS FINANCE (CONTINUED)

QUANTUM, CONCENTRATION AND TERM EXPOSURE LIMITS

Product	ED Fund	IDFC Fund	Term Maximum Limits
Micro-finance	R500 000	R500 000	1 & 2 years respectively
Agri-finance	R10 000 000	R25 000 000	Up to 15 years
Working Capital finance	R2 500 000	R25 000 000	3 years
Asset based finance	R10 000 000	R25 000 000	10 years
Procurement finance	R10 000 000	R25 000 000	2 & 3 years respectively
Commercial Property finance	R10 000 000	R25 000 000	Up to 20 years
Empowerment, Structured & Project finance	R10 000 000	R25 000 000	10 years
Franchise Finance	R10 000 000	R25 000 000	5 years

SECURITY/COLLATERAL

- IDFC will take all forms of security available to secure transaction at hand, however, there is NO requirement for 100% collateral.
- Security shall include: Security over assets financed, Surety Bonds over properties, Cession of investments, Cession of income/debtors, Personal guarantees.

BUSINESS FINANCE (CONTINUED)

OUR LENDING CRITERIA

- The business or project must:
 - demonstrate financial viability (i.e. capacity to repay debt),
 - not engage in any illegal activity or any other activity that may be deemed ethically, morally or socially unacceptable.
 - demonstrate good standing with all existing creditors. In case of adverse listing on credit bureau and judgments above R1000, the Account Manager to motivate to the Approval Structure the circumstances for adverse listing or judgement and provide proof of settlement or a repayment arrangement accepted by the creditor.
 - have a minimum 30% Black Shareholding (IDFC Fund) and a Level 4 BBBEE status or better and 50+1% Black shareholding (ED Fund) for all SMMEs and Co-Operatives.
- The business must be registered with:
 - CIPC or be a properly constituted Partnership or Sole Proprietor
 - SARS as a taxpayer.
- The members/shareholders of the business must
 - be South African citizens with a valid SA ID or a permanent resident holding a SA ID Document
 - not be un-rehabilitated insolvents and not under debt review or administration order and similarly must not be under business rescue or liquidation
- At least one partner/member/shareholder must be involved in the day to day management of the business entity at a senior or executive level.
- The business's economic activity must have a demonstrable socio-economic impact such as job creation, economic development and empowerment.

BUSINESS FINANCE – BUSINESS SUPPORT SERVICES

Business support refers to the provision of non-financial services which are intended to nurture, grow and sustain small businesses. The historical performance of Ithala-funded SMMEs indicates **that significant non-financial support is required in order to sustain benefits derived from the funding activities** carried out by Ithala. Such support takes the form of end-to-end hand-holding support, offered during the pre- and post-investment phases of the client relationship.

Value proposition:

• Pre-investment support:

- Capacitate Business Support Division
- Provide business advisory services
- Assist clients to access grants and incentives
- Establish partnerships for clients' referrals e.g. to SEDA
- Establish sector specific business support database through SCM
- Assist with business plans and feasibility studies (outsourced service)

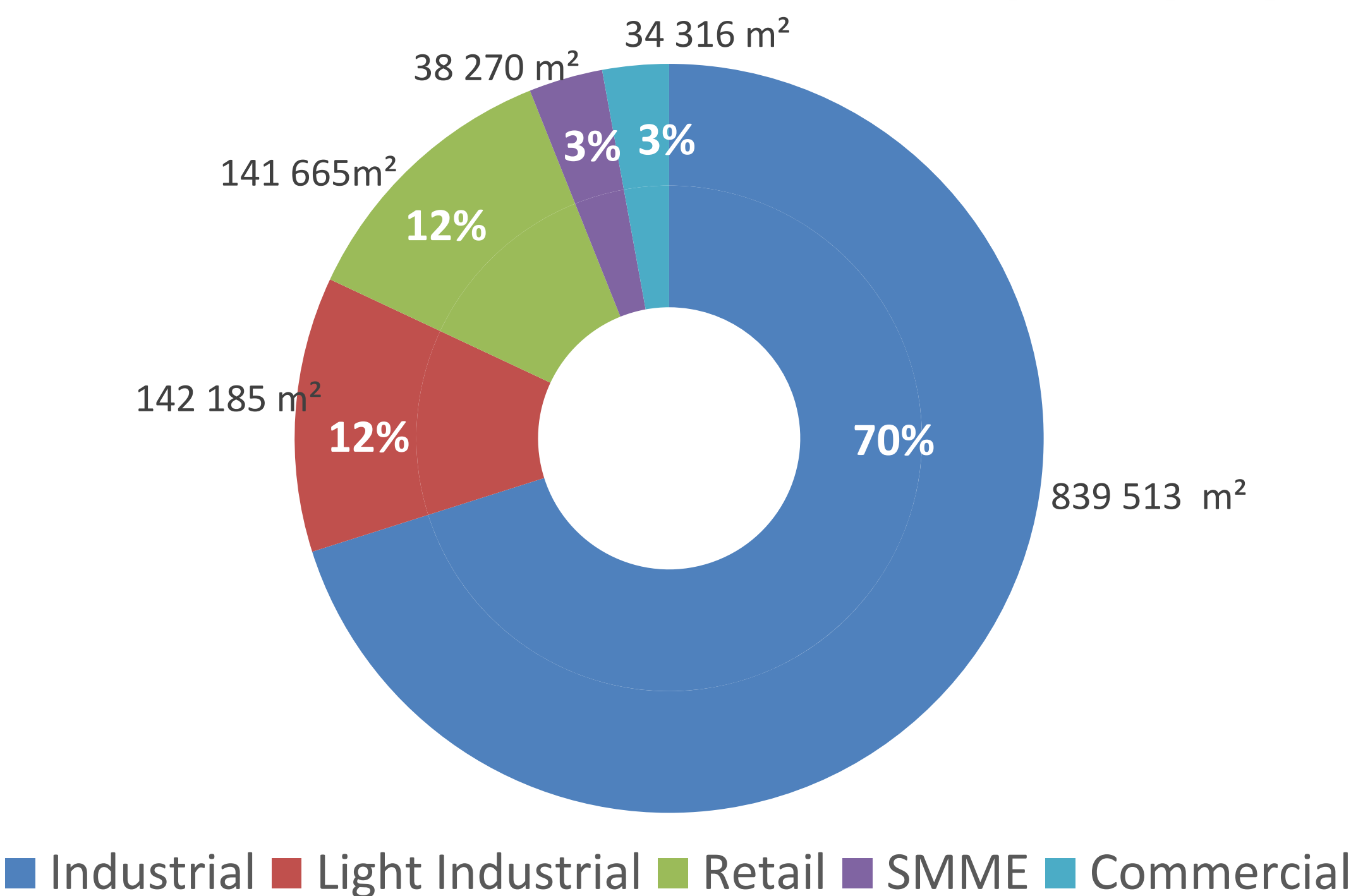
• Post-investment support:

- Facilitate coaching, training and mentorship (skills development);
- Provide periodic reporting per IDFC funding agreements;
- Provide administrative and compliance support; and
- Provide business turn-around solutions where applicable.

PROPERTIES

Tasked with the mandate of driving sustainable and competitive SMME's and co-operatives, optimised property portfolio, and effectively implemented development projects, contributing meaningfully to growth, socio-economic transformation and job creation in KwaZulu-Natal.

PORTFOLIO PROFILE



Portfolio	Square Metres
3 Industrial Estates	839 446
9 Light Industrial	142 231
21 Retail shopping Centres	141 667
43 SMME Parks	37 840
13 Commercial Properties	36 007
Vacant land: IDFC currently holds 167 fully serviced sites located within the industrial estates, 19 commercial sites and 235 residential sites.	

Business Operations

Two distinct but inter-related operations:

- **Leasing** of properties which contribute 65% to total revenue; and
- Sale of **services** at Industrial Parks which contributes 35%

Second largest property owner in KZN. IDFC's properties footprint provides for a gross lettable area of **1,2 million square metres** and spans the entire province, from Manguzi in the north to Kokstad in the south and inland to Newcastle

No. of tenants: +/-1300

PROPERTIES (CONTINUED)



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IMPLEMENTING AGENT

In terms of the IDFC Act (No 5 of 2013), as amended, one of the primary objectives is to plan, execute, finance and monitor the implementation of development projects and programmes in the province of KwaZulu Natal.

Current Projects

- Clothing and Textiles Hub - Madadeni
- Edendale Auto Services hub
- Ndumo Retail Development
- Thokazi Royal Lodge
- Maritime Boat Building
 - Zimele Traders Fund– Spaza shops project
 - RASET
 - Bulk Buying
 - Detergents Shared Production Facility
 - Human Settlement VDA and Disaster fund
 - Cooperative Grant Funding



**Detergents Shared
Production Facility
– Kwamashu**

**50 Beneficiaries
are currently
being incubated**

60

—YEARS—

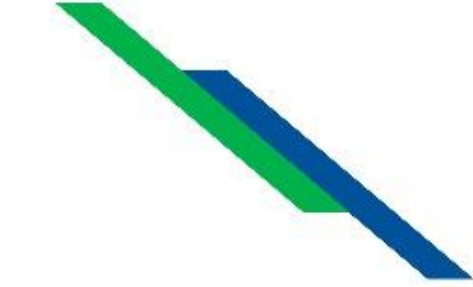
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INKUNZ'ISEMATHOLENI YOUTH IN BUSINESS PROGRAMME

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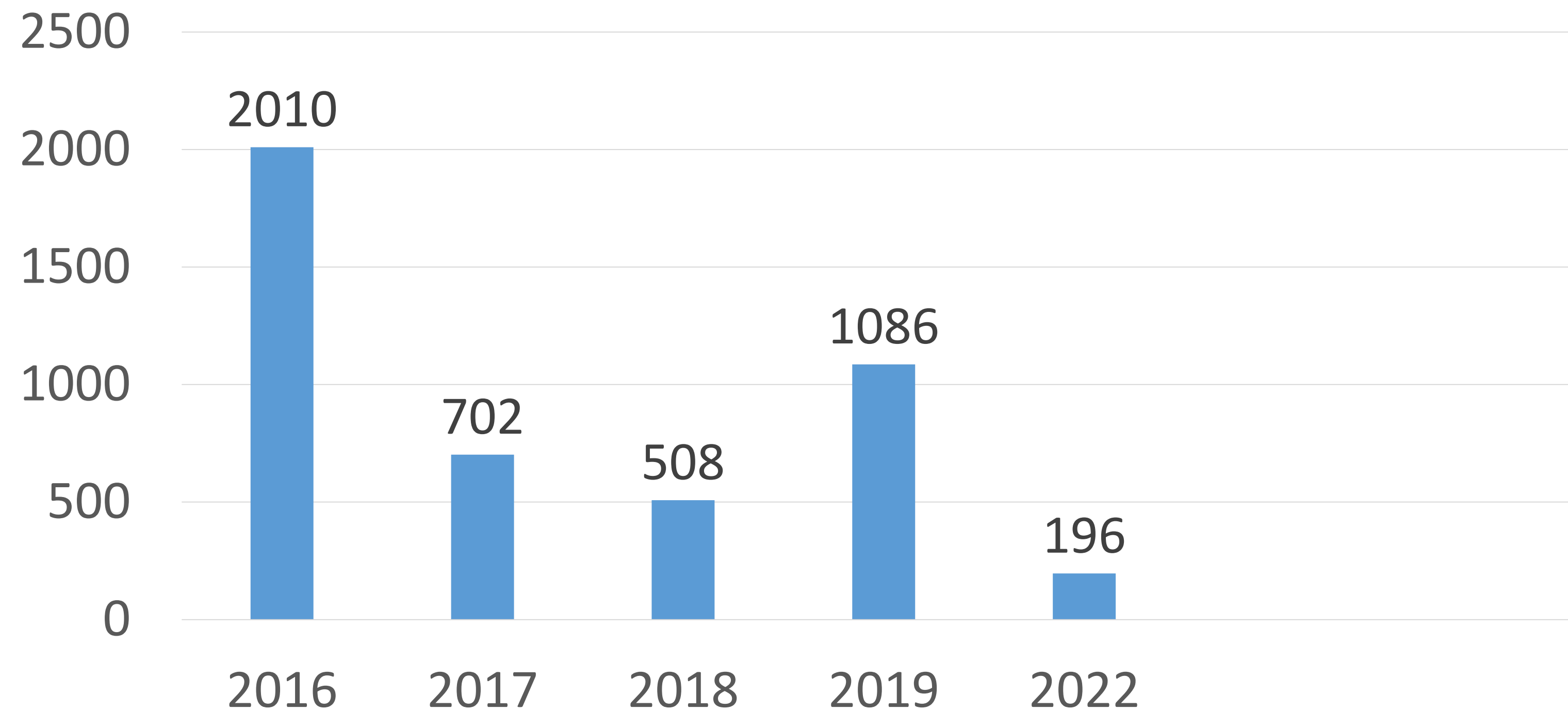
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KEY HIGHLIGHTS

Piloted in 2016 the roadshow reached over **4000** youths in various towns across the province. To date more than **R4 million** has been invested in the programme.

Inkunz'isematholeni Youth in Business Training



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—YEARS—

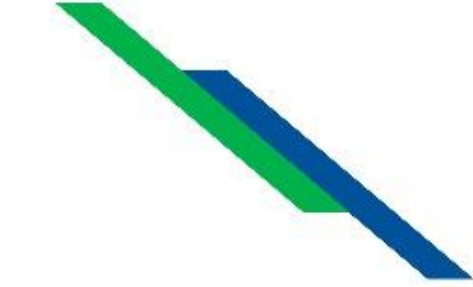
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IMBOKODO IYAZENZELA WOMEN EMPOWERMENT PROGRAMME

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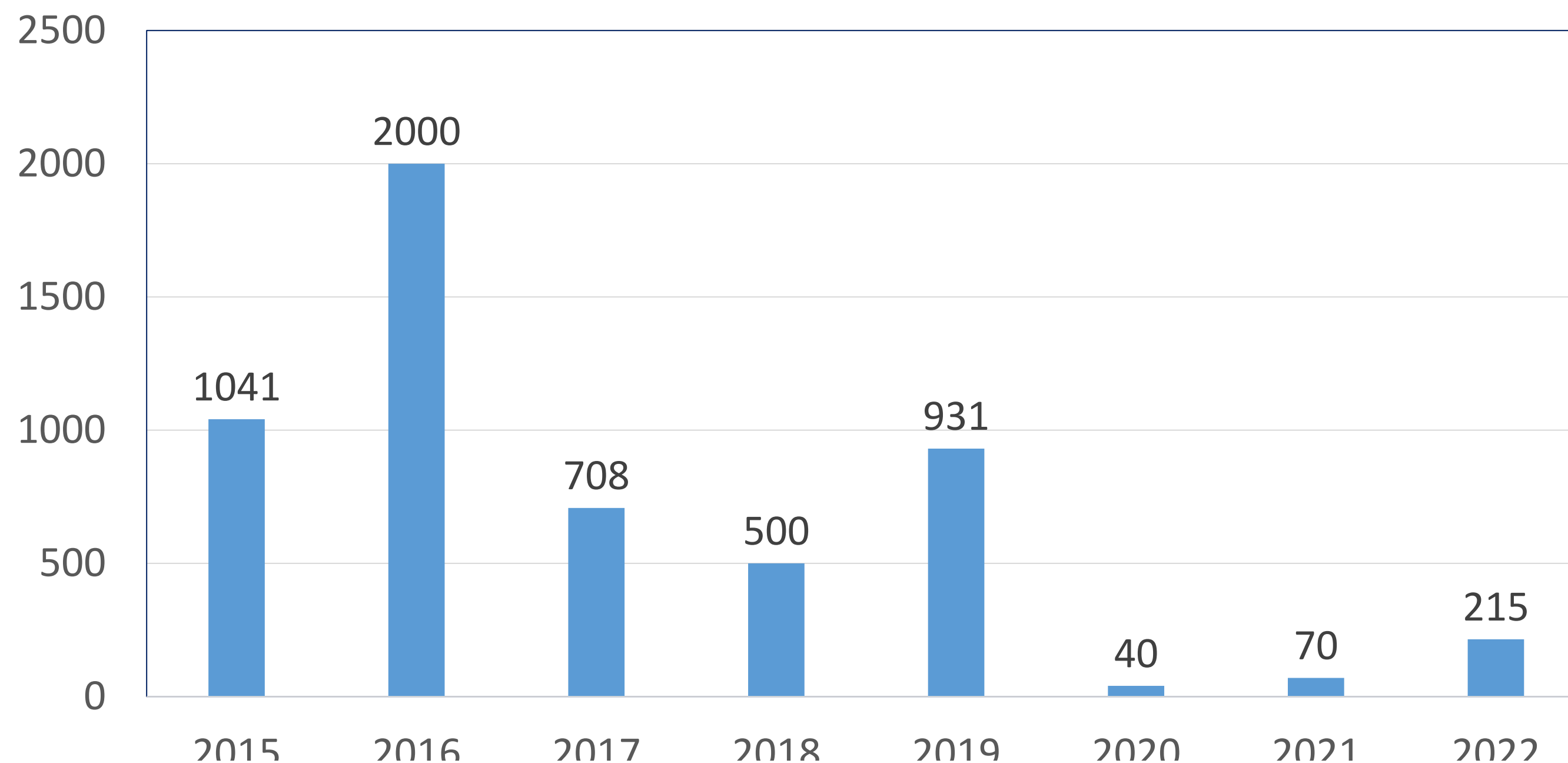
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KEY HIGHLIGHT

Piloted in 2015 the roadshow reached over **5000** women in various towns across the province providing key insights into the challenges experienced by women when starting, sustaining and growing their businesses. To date more than **R5 million** has been invested in the programme.

Imbokodo Iyazenzela Business Trainings



A large, stylized number '60' with a green-to-blue gradient.

—YEARS—

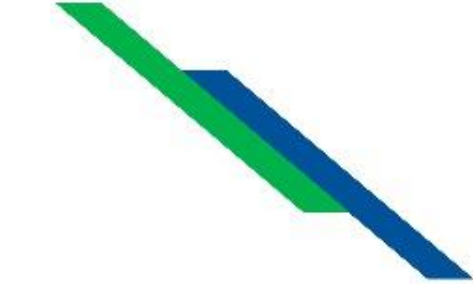
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MASAKHE LET'S BUILD ENTREPRENEURSHIP PROGRAMME

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KEY HIGHLIGHTS

- YTD – 101 x Masakhe Women deals approved = R37.5m
- YTD – 170 x Masakhe Youth deals approved = R58.1m
- YTD – 37 x Masakhe Women deals disbursed = R15.3m
- YTD - 125 x Masakhe Youth deals disbursed = R30.3m
- YTD – 201 jobs from Masakhe Women deals
- YTD – 487 jobs from Masakhe Youth deals



PARTNERSHIPS

The following strategic partners have been brought on board:

- Economic Development Tourism and Environmental Affairs
- EDTEA Entities
- Black Umbrellas
- National Youth Development Agency (NYDA)
- Small Enterprise Development Agency (SEDA)
- Small Enterprise Development Agency (SEFA)
- Technology Innovation Agency (TIA)
- Innovate Durban
- Institutions of High Learning
- Various Local Municipalities



MEMORANDA OF UNDERSTANDING

STAKEHOLDER	PARTNERSHIP OBJECTIVES
Durban University of Technology (DUT)	• Drive business development. Capacitate IDFC pre and post investment support.
Umgeni Water	• To generate pipeline deals for BF. Support government RET initiatives in partnership with SOE"S.
Trade and Investment KwaZulu-Natal (TIKZN)	• Engage in one-stop-shop facility with TIKZN. • Provide financial support to TIKZN pipeline leads
Agriculture Development Agency (ADA)	• Collaborations in providing blended financial assistance to emerging farmers in KZN
Department of Transport (DOT)	• Collaboration in providing financial and business support to Scholar Transport programme • Emerging Bus Services Transport programme
Umhloosinga Development Agency (UMDA)	• Provide Financial and non-financial support to SMME’s and Co-operatives in the uMkhanyakude District Municipality. IDFC to partner with UMDA to provide pre-investment support to SMME’s and Co-ops in the district in order to access the Masakhe Entrepreneurs Fund
South African Technicians Association (SATA)	• Support black motor mechanics. • Provide non-financial supports such as business support Provide property facilities
Department of Education	• Provide financial support to NSNP.
Sappi	• Promote development within the province and has a duty to support the establishment and development of a vibrant SMME. • Collaboration in providing financial and business support to SMME’s granted contracts by Sappi.
SAFDA	• To provide financial and non-financial support to emerging farmers in KwaZulu-Natal. • To provide blended finance to SMME’s operating in the sugar cane industry. • To rehabilitate distressed farms in KZN
Umzinyathi Development Agency	• To provide financial and non-financial support to SMME's and Coops operating in Umzinyathi District.
Umgungundlovu District Development Agency	• To provide financial and non-financial support to SMME's and Coops operating in Umgungundlovu District.
Mondi	• Promote development within the province and has a duty to support the establishment and development of a vibrant SMME.



SUCCESS STORIES OF SMMES FUNDED BY IDFC

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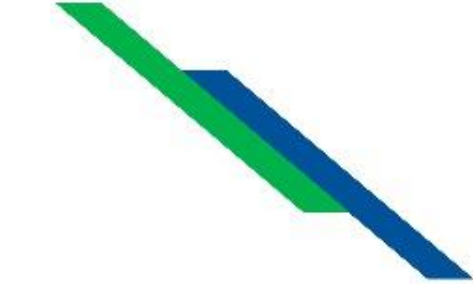
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BLACK INDUSTRIALIST

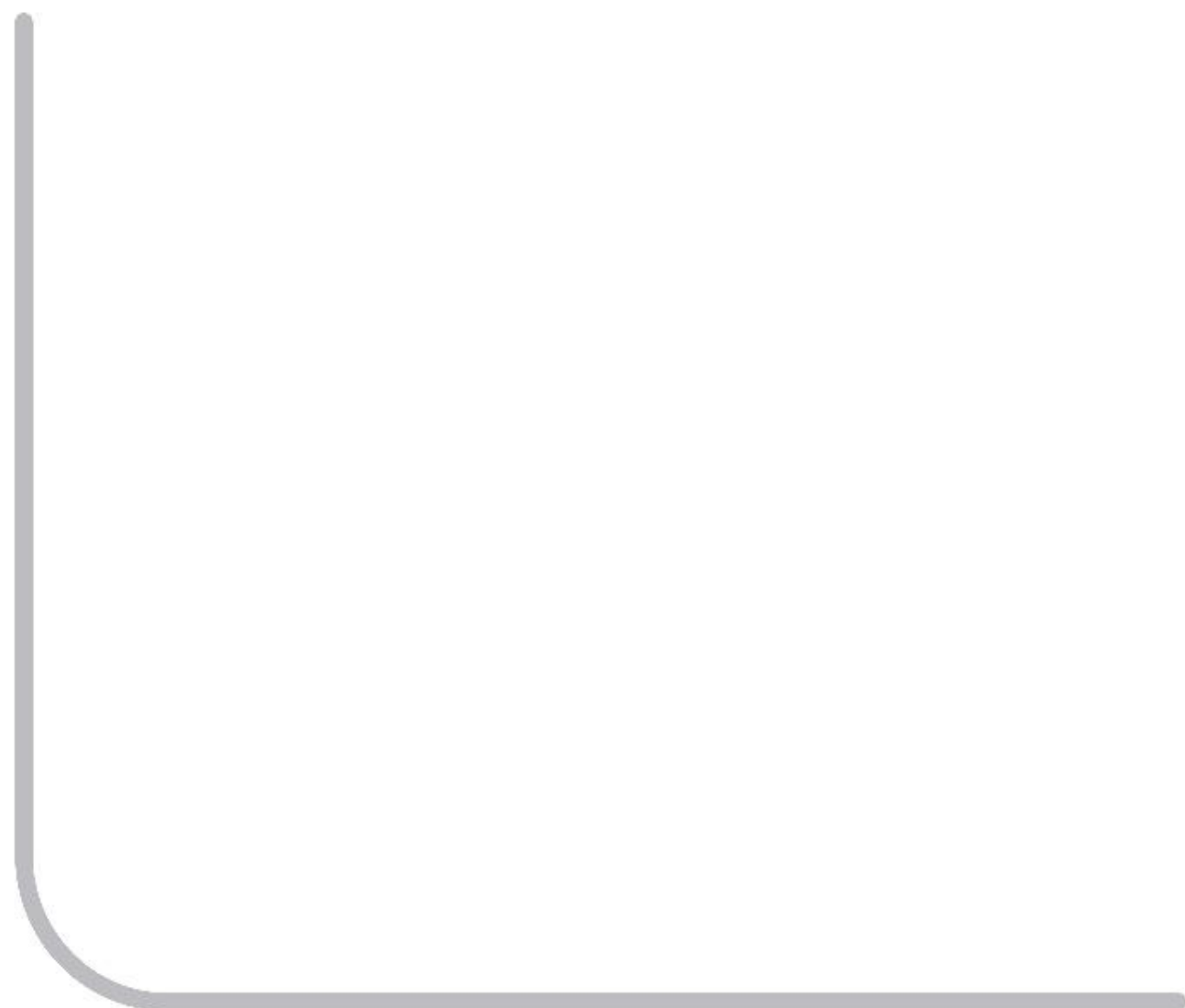
No of black industrialists	Value of loans approved
5	R47.1m

The list of black industrialists is as follows:

Client	Approval date	Approved amount
Blow moulding plastic container manufacturing	18 November 2020	R10m
Clothing and textile	18 August 2022	R2.3m
Insulation foam manufacturing	13 October 2022	R7m
Ceramic tile cement manufacturing	13 October 2022	R3.7m
Tent manufacturing	3 May 2022	R24.1m
Total		R47.1m



Thank You



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