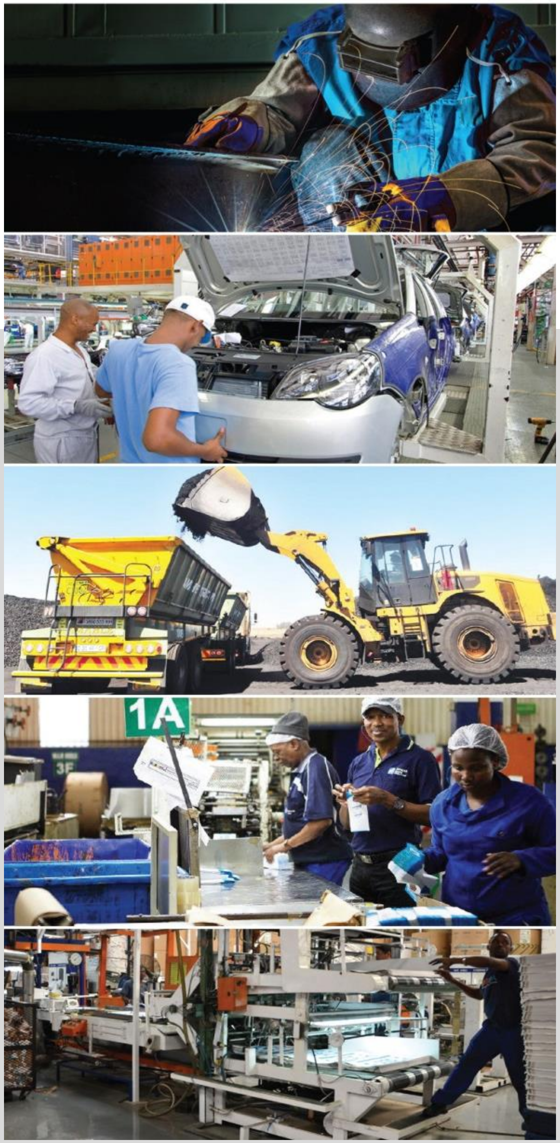

Industrial Development Corporation

Your partner in development finance

South African National Parks Tourism Investment Summit

04 April 2017

INTRODUCING THE IDC

IDC
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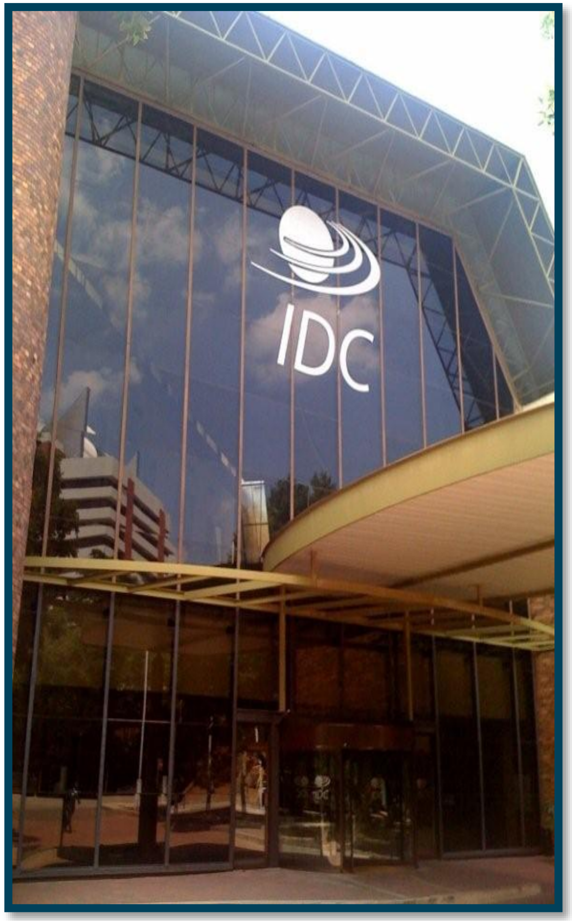
- Established in 1940, the IDC is a self-financing, State-owned Development Finance Institution
- IDC's mandate:
  - Develop a balanced, competitive and sustainable economy;
  - Enhance **industrial capacity** development;
  - Support industrialisation in the **rest of Africa**
    - – focussing on regional value chain integration.
- Key outcomes from our investing activities:
  - **Growing SMEs;**
  - **Fostering entrepreneurship;**
  - Job creation;
  - Regional development, including rural development;
  - Broad based black economic empowerment;
  - Environmentally sustainable growth;
  - Increasing localisation.



FINANCING PRODUCTS

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- IDC offers a wide array of financial instruments, including:
  - Equity
  - Quasi-equity
  - Commercial debt
  - Wholesale & bridging finance
  - Guarantees
  - Short-term trade finance
- These may be provided as a single facility or in combination

Flexible Deal Structure

- **Equity:**
  - Minority Investments
  - Ventures with substantial development impact
  - Seek no shareholding control or management participation
- **Commercial loans:**
  - 2 to10 years
  - Prime-linked interest rates
  - Funding tailored to suit cash-flow
- **Guarantees**
- **Short-term trade finance:**
  - Bridging finance
  - Import credit facilities
  - Export of capital goods
- **Concessionary debt and equity funding schemes** available subject to qualification criteria

FINANCING CRITERIA

- Mandate fit within specific sector and sector strategies
- Minimum Funding/Project Size
  - R1m minimum loan amount (RSA)
  - R5m minimum project size (SACU)
  - USD3m minimum project size (SADC)
  - USD10m minimum project size (Rest of Africa)
- Project must be economically viable
- Financial contribution of at least 40% from the shareholders
  - May be relaxed for empowered businesses where specific concessionary funding schemes can be employed when available

- **Consider funding of start-ups, expansions and refurbishments**
- **Project must demonstrate significant developmental impact**
- **Security** is tailored to the transaction and may include personal surety and/or guarantees, corporate guarantees, bonds over fixed and movable assets, pledge and cession of shares and shareholder loans
- **Comprehensive business plan must be submitted.**
- **Sufficient empowerment profile of applicant**

IDC PROCESSES AND TIMELINES

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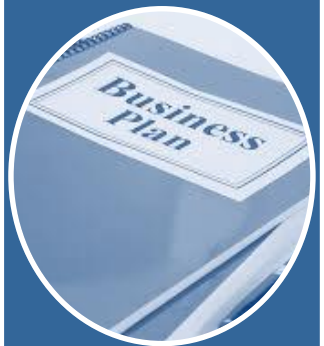

Business Plan Submission

- IDC funding at bankable stage

Basic Assessment

- Initial desktop evaluation
- Intended to confirm availability of core information, as well as viability of business and proposed funding
- 27 days excl waiting

Due Diligence Process

- Intensive, on-site due diligence
- Recommendation to committee
- 10 to 15 day turn around time for non-complex

Credit Committee decision

- Committee sits on periodic basis, depending on size of transaction or client exposure

Legal Agreements

- 1 day from approval date for non-complex

Disbursement

- Depending on fulfilment of conditions precedent in the agreement

TOURISM FUNDING MANDATE

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What we Fund:

- Hotels
- Guesthouses / B&B
- Game Lodges
- Tourist Attractions

Exclusions:

The IDC does **not** fund:

- Gambling facilities.
- Property developments consisting of timeshare and fractional ownership schemes.
- The acquisition of game.
- Student or long-term rental accommodation.
- Stand-alone tour operators and / or travel agents.
- Arts and Crafts

THE BUSINESS PLAN

The Business Plan should provide a comprehensive but concise overview of the project
It should provide a compelling investment case, and highlight both the development impact as well as economic viability.

It should cover all of the following elements:

1. Site identification, security of tenure and ability to construct;
   - Confirmation of appropriate zoning, permissions to build, and bulk services;
   - All licenses and approvals required to commence works;
2. Fully developed concept, design and product offering, with architectural drawings;
3. Identified, reputable operator and/or management team;
4. Detailed elemental costings signed off by an independent Quantity Surveyor;
5. Organizational structure;
6. Full marketing study, incl. assessment of the target markets and relevant behaviors, and a competitive analysis; plus appropriate Marketing Strategy
7. Detailed financial forecasts, clearly illustrating key assumptions. Occupancy levels and Average Daily Rates!
8. SWOT analysis and Risk Mitigation Matrix;
9. Any other pertinent and material aspects to the relevant project.

THANK YOU..

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