

KZN GROWTH FUND



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www.kzngrowthfund.co.za

Creating legacies through inspired investing

An Inspiring Initiative

Established in 2008 as one of the KwaZulu-Natal (KZN) provincial government's key strategic initiatives to accelerate black economic empowerment, job creation and economic growth in the Province, KZN Growth Fund (KGF) was structured as a unique public-private partnership venture to finance medium to large private sector projects. This unique initiative focuses on catalytic investments and economic sectors as dictated by its mandate and investment policy.

In the past seven years, KGF has committed and disbursed R832 million to projects in the healthcare, manufacturing, telecommunication and logistics sectors. As a pioneer in the space of project finance at a provincial government level, KGF has also created more than 7700 job opportunities in the country, through the funding of various projects and is currently

appraising potential investment leads that have the potential to generate over 9000 jobs.

An Inspiring Evolution

Originally established as a debt fund through a public-private partnership, KGF implemented its evolution strategy in the 2015/16 financial year which is aimed at growing its assets under management as well as broadening its product offerings. With the establishment of a new equity fund from 1 April 2015, KGF has now added equity finance to its product range which will assist in filling a much needed gap in the Province and the market in general. Currently, KGF has R1,1 billion of assets under management with R800m and R300m allocated to the debt and equity funds, respectively.

In line with its evolution strategy to further grow its asset base and increase its positive impact on job creation and B-BBEE as well as reduce social and economic inequality, KGF is also setting up a limited liability equity fund partnership to manage third-



► HBM SA Health Protection: The KZN Growth Fund, the sole funder in this project, provided R42.5m in debt funding towards the setting up of the second condom manufacturing facility in the country.

party funds. Hence, KGF embarked on an extensive fund-raising exercise during the 2015/16 financial year, in order to raise an additional R700m that will see its equity fund capitalised to the tune of R1 billion. Engagements between KGF and a large reputable institutional investor have resulted in a sizeable investment of R300 million into the organisation's new equity fund, subject to finalisation of legal agreements. This would increase the total size of the equity fund to R600 million while discussions with other investors continue in order to raise the remaining R400m. It must be highlighted that once again this is the first provincial government-led initiative, through one of its entities, to establish a fund of this nature that uniquely possesses a developmental flavour.



► The KZN Growth Fund provided debt funding of R200 million towards Phase 1 of Mpact's Felixton Mill Upgrade

Inspired Investing

KGF's equity fund has the potential to unlock more than R3 billion of investments with the commercial banks providing the required debt financing. The organisation is constantly striving to forge a better future in which businesses are more profitable, people are employed and the economy grows.

KGF believes that it takes bold people, bold action and bold investment to transform the future – a future the organisation is inspired to invest in, whole-heartedly. KGF continues to be flexible in structuring deals that meets the specific requirements of its clients. With an efficient turn-around time and close working relationships with its clients, KGF remains ahead of its competitors in a forever changing development and commercial financing landscape.

Currently, the organisation boasts a very attractive pipeline of projects throughout the country (over R1,3 billion potential investments) that are undergoing initial appraisal and detailed due diligence, some of which will be disbursed in the near future.

Qualifying projects must satisfy the essential elements of job creation and B-BBEE whilst being commercially viable. The product offering includes debt as well as equity finance. The ticket size of the KGF's investment per project ranges from R30 million to R200 million for debt and R20 million to R100 million for equity. KGF continues to finance projects from the following priority sectors:

- Transport and logistics
- Manufacturing
- Telecommunications
- Power and energy
- Health and education
- Mining and mineral beneficiation
- Agro-processing and tourism

With such a significant social and economic impact over such a short period of time, it is understandable why KGF is fast becoming a compelling force to contend with in the space of development and commercial financing. ♦

Full Name of the Organisation: KZN Growth Fund Trust
 Industry Sector: Finance
 Nature of Business: Debt and Equity Finance
 Location: 28th Floor, Delta Towers, 303 Dr. Pixley Ka Seme Street, Durban, KwaZulu-Natal

OUR VISION

To be KZN's leading Development Financier and Impact Investor.

MISSION

To provide competitive and innovative financing solutions to private sector investments that propel

socio-economic growth for a better future.

COMPANY MANAGEMENT

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