

# Entrepreneur Empowerment Property Fund Programme (EPPFP)

- The Entrepreneur Empowerment Property Fund Programme (EPPFP) was established to focus exclusively on promoting HDI participation in the affordable rental property market.
- The EPPFP aims to assist HDI participants overcome some of the challenges and constraints to entry by providing capacity assistance.
- The EPPFP aims to develop new entrants in the residential property development market in Gauteng by providing extra assistance needed to enter the property market

# EEPFP - Capacity Program

## Capacity building and mentorship program will include the following:

- Training programs on property investment and management courses.
- Professional opinion on the project (feasibility) prior to purchase of property
- Assistance with project feasibility modeling
- Project reports - by building professionals
- Packaging projects for funding by the Senior funder i.e. NHFC.

## Interest Free Loan

- The funding aims to assist companies with professional fees and contingencies, subject to a secured project by a company.
- The loan is repayable, with flexible terms depending on the financial feasibility of the project.

# EPPFP - Project funding

## Bridging finance facility

- The purpose of this facility will be to fund the initial costs associated with the acquisition of the property, e.g. purchase price, transfer costs, legal costs, etc.
- Participating companies must contribute a minimum of R450,000 equity as a first layer of funding and thereafter the fund's bridging finance facility will be used.

## Long term finance

- This funding will act as a take out finance for the Fund's bridging facility. The Fund will commit 30% plus the interest free loan to the total project cost and the difference will be funded by the Senior funder

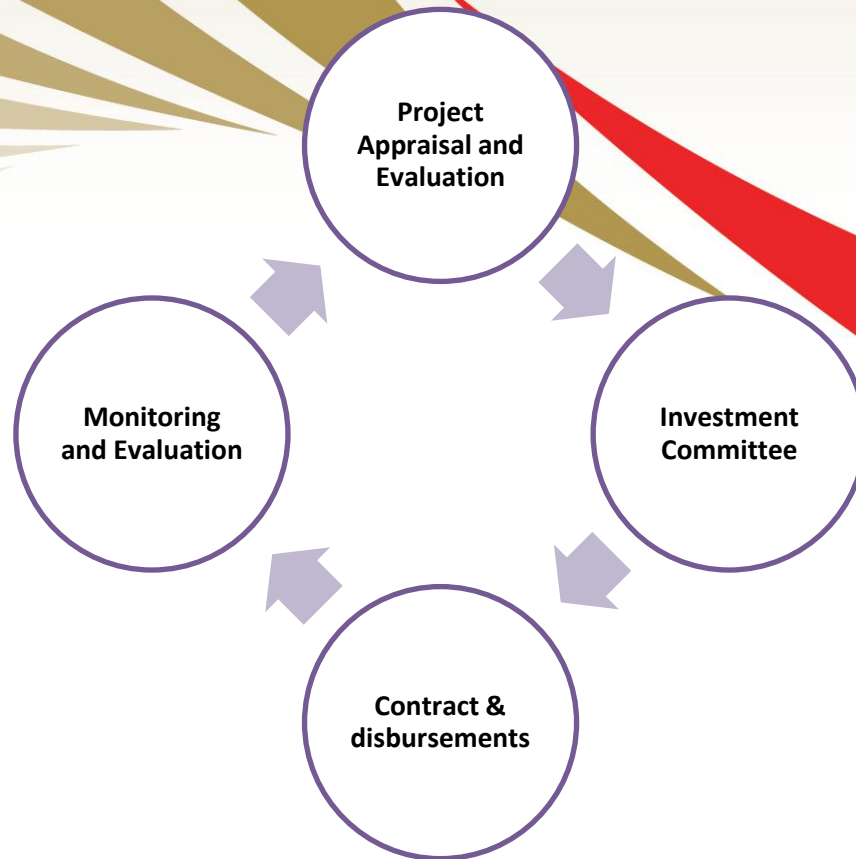
## EEPFP - Participants Requirements

- Minimum equity contribution – R450,000 towards a project
- Full time commitment to projects and hands on approach
- Willingness to provide additional security (e.g. personal sureties, cashflow shortfall undertaking) should it be required by our co-funders
- Securing at least one project in 2013. Failure would mean disqualification
- Attendance and meaningful participation in facilitated training programs and workshops compulsory.

## EEPFP-Investment guidelines

- Projects must be located in an under developed area identified by Metro for rehabilitation and close to amenities
- Projects with at least 15 units and a minimum of 80% of the units as residential. No student accommodation will be undertaken.
- Projects should cater for households with income below R15 000, rentals charged must be market related or at least 10% below market
- The project must be self sustaining from cash flow post construction
- The project must not exceed R15million in total, while the acquisition cost should not exceed R7.5million.
- Take out finance for the bridging finance facility must be negotiated up front
- Interest rate- minimum JIBAR for the first five years and JIBAR plus 50 basis point at the end of every five years
- Loan term: 15 – 20 years

# GPF Investment Process



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