

ENTREPRENEUR EMPOWERMENT PROPERTY FUND

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Investment Officer

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GAUTENG PARTNERSHIP FUND

LEVERAGING **AFFORDABLE** HOUSING FINANCE



Entrepreneur Empowerment Property Fund Programme (EPPFP)

- Established to focus exclusively on promoting HDI participation in the affordable rental property market.
- Aims to assist HDI participants overcome some barriers of entry

EEFPF - Capacity Program

Capacity building and mentorship program will include the following:

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

Interest Free Loan

- Aims to assist 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.

EEPFP - Project funding

Long term finance

- The Fund will commit senior loan funding
- The project < R10million in total, 50% > acquisition cost
- Interest rate – JIBAR (Yr.1 -5) thereafter JIBAR + 0.5% every five years
- Loan term: 15 – 20

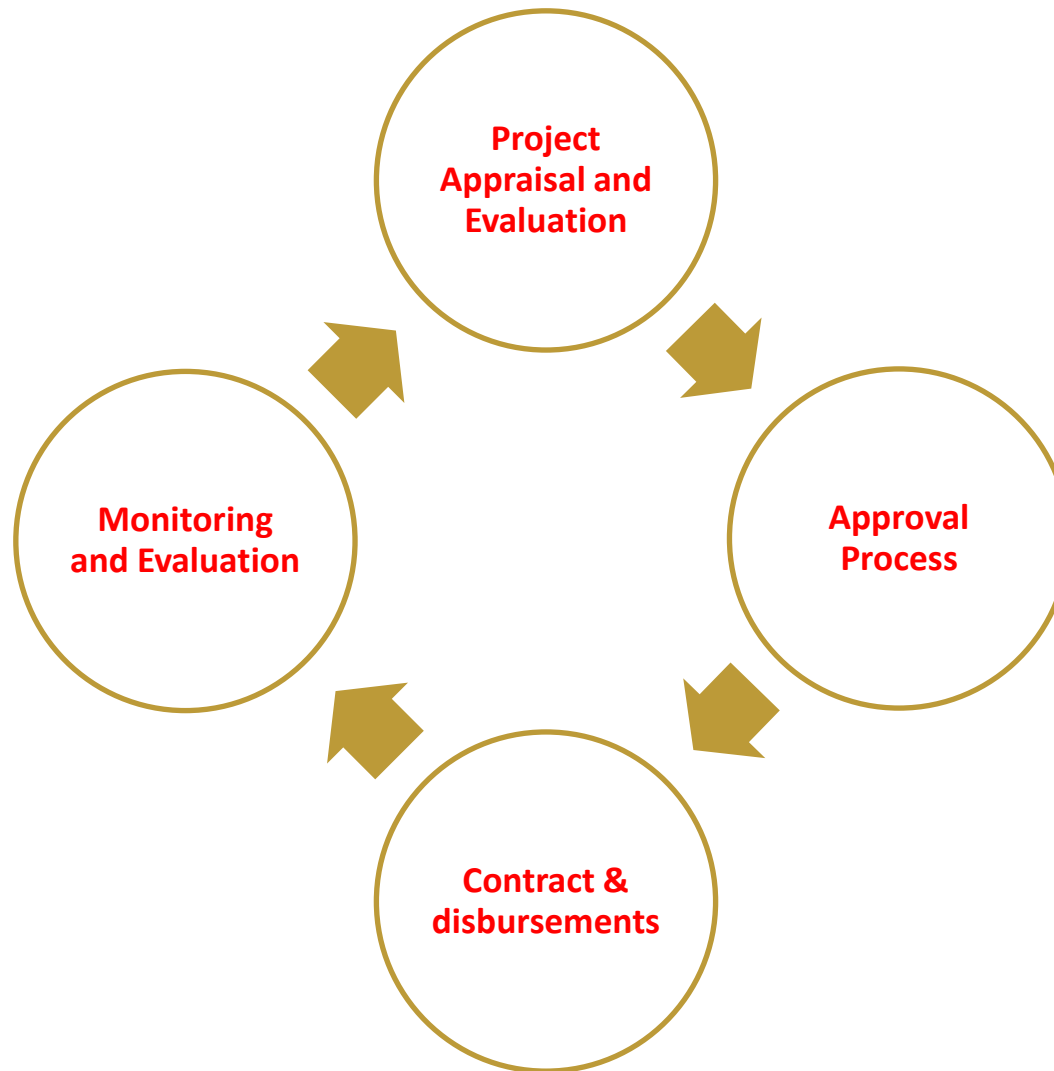
EEFPF - Participants Requirements

- Equity contribution – Minimum 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
- Securing at least one project in 2014/15. Failure would mean disqualification and loss of opportunity
- Attendance and meaningful participation in facilitated training programs and workshops compulsory.

EEPFP - Investment Guidelines

- Projects must be located in an area close to amenities
- Projects >15 units; and < 80% of the units as residential
- Projects should cater for households with income below R15 000
- The project must be self sustainable
- The project < R10million in total, 50% > acquisition cost
- Interest rate – JIBAR (Yr.1 -5) thereafter JIBAR + 0.5% every five years
- Loan term: 15 – 20

GPF Investment Process



Project Appraisal & Evaluation

- Pre – feasibility Assessment
 - Desktop assessment to check feasibility and compliance
- Expression of Interest
 - Indicative terms and loan administration costs
- Due Diligence
 - Review by independent consultants
- Investment Committee Proposal
 - Preparation of Investment Committee motivation
- Board approval
 - Final approval for loans > R10million

Contract & Disbursement

- Letter of Offer
 - Letter of Offer with approved term sheet
- Draft Agreement
 - First draft sent for discussion
- Final Draft Agreement & Closure
 - Signature
- Pre Conditions
 - Compliance with all pre-conditions
- Drawdown (Guarantee)
 - Guarantees sent to conveyancers
 - Funds disbursed (JBCC)

Monitoring & Evaluation

- Construction Monitoring
 - Site visits, Monthly reports, etc.
- Legal Compliance Monitoring
- Financial Covenants Monitoring
- Annual Review

Q & A



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