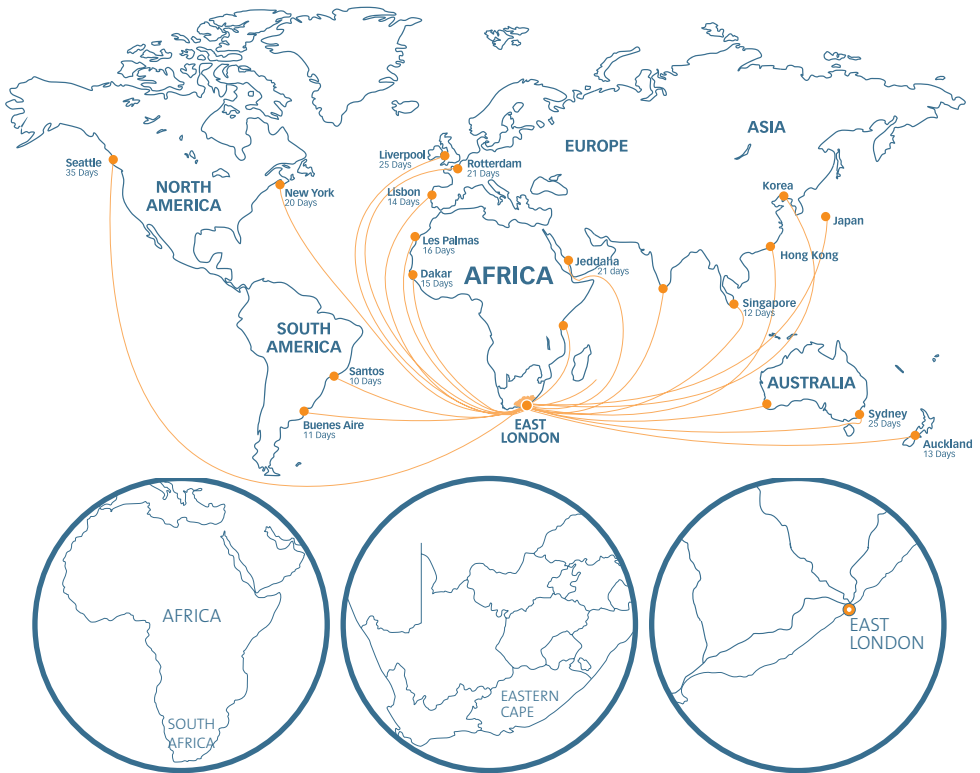


A SPECIALISED INDUSTRIAL COMPLEX FOR
GROWTH-ORIENTED MANUFACTURERS



A THREE HUNDRED AND SIXTY
DEGREE VIEW OF THE **EAST LONDON**
INDUSTRIAL DEVELOPMENT ZONE



MILESTONES REACHED ALONG THE WAY

1998

- Formation of the East London Industrial Development Zone Corporation – a section 21 entity entrusted with the development of an IDZ for East London.

2002

- DTI designates an IDZ for East London
- ELIDZ granted a provisional operator's licence to development and Industrial Development Zone in Buffalo City Municipality.
- First international external audit for ISO 14001 certification

2003

- Start of the ELIDZ construction phase through the awarding of the first bulk infrastructure contract
- ELIDZ transforms a greenfield site into a prime industrial land.

2004

- Launch of Leaches Bay Electrical sub-station

2005

- The ELIDZ completed its infrastructure development phase.
- The ELIDZ officially kicked off its investment settlement phase with the announcement of the first three investors with an investment value of R188 million

2006

- Sod-turning of the Automotive Supplier Park
- Announcement of ASP investors

2007

- Announcement of four new investors: Molan Pino, Big Foot Express, Murray & Roberts, Feltex Caravelle
- In November 2007, the ELIDZ became the first IDZ in South Africa to be awarded a permanent operator permit by the Department of Trade and Industry.

2008

- ELIDZ investors hit double digits with the announcement of 7 new investors in April 2007 taking the investment value to R1.15 billion. Despite this period being the start of the global economic crisis, the ELIDZ increased its secured investors from 15 to 22.

2011

- The ELIDZ trebles its value of the secured private sector investment from R1.2 billion to R3.4 billion in 12 months, signaling the highest year-on-year growth in secured investment since inception.

2012

- 30 Investors had been secured with 22 of these already operational in the zone. R928 million worth of contracts to BBBEE enterprises and R281 million worth to qualifying SMMEs.

2013

- First IDZ in South Africa to pilot and operationalise the key incentive for the SA IDZs, the Customs Controlled Area (CCA) Incentive.

2014

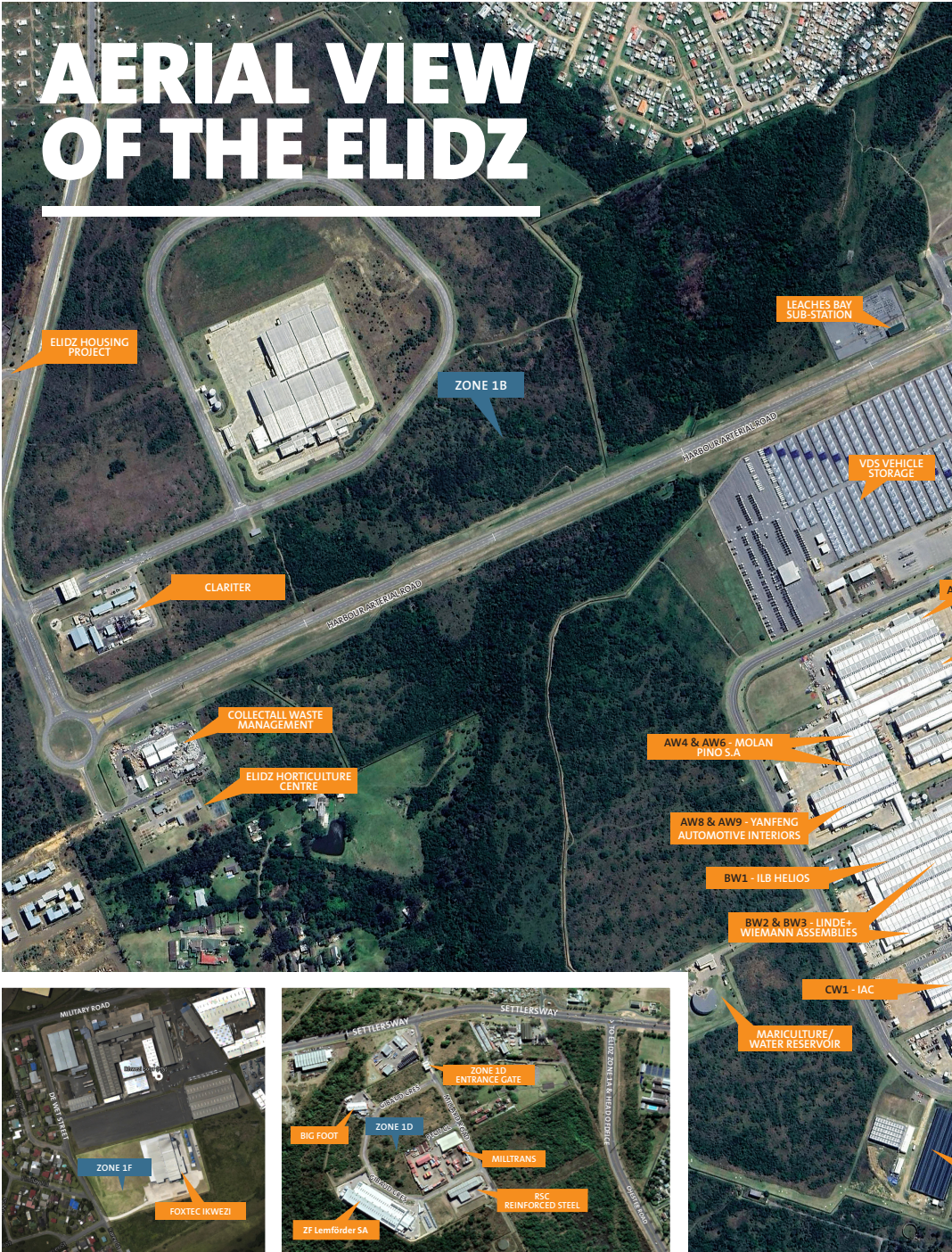
- Launch of ELIDZ STP, to accelerate economic development in the province
- 4 PROTOTYPES
 - **Twirly Street light** - uses Vertical Axis Wind Turbine and solar panel to power itself.
 - **Heat Raider** - turns waste energy into steam and converts to electricity and hot water.
 - **Safe Pass™** gives drivers a clear view of the road ahead of a slow moving obstructive vehicle
 - **Hot spot** is a geyser sleeve manufactured from EPVC/SPVC plastisol that is fitted over any geyser heating element to transfer hot water from the bottom of the geyser to the top using the thermosyphon principle.

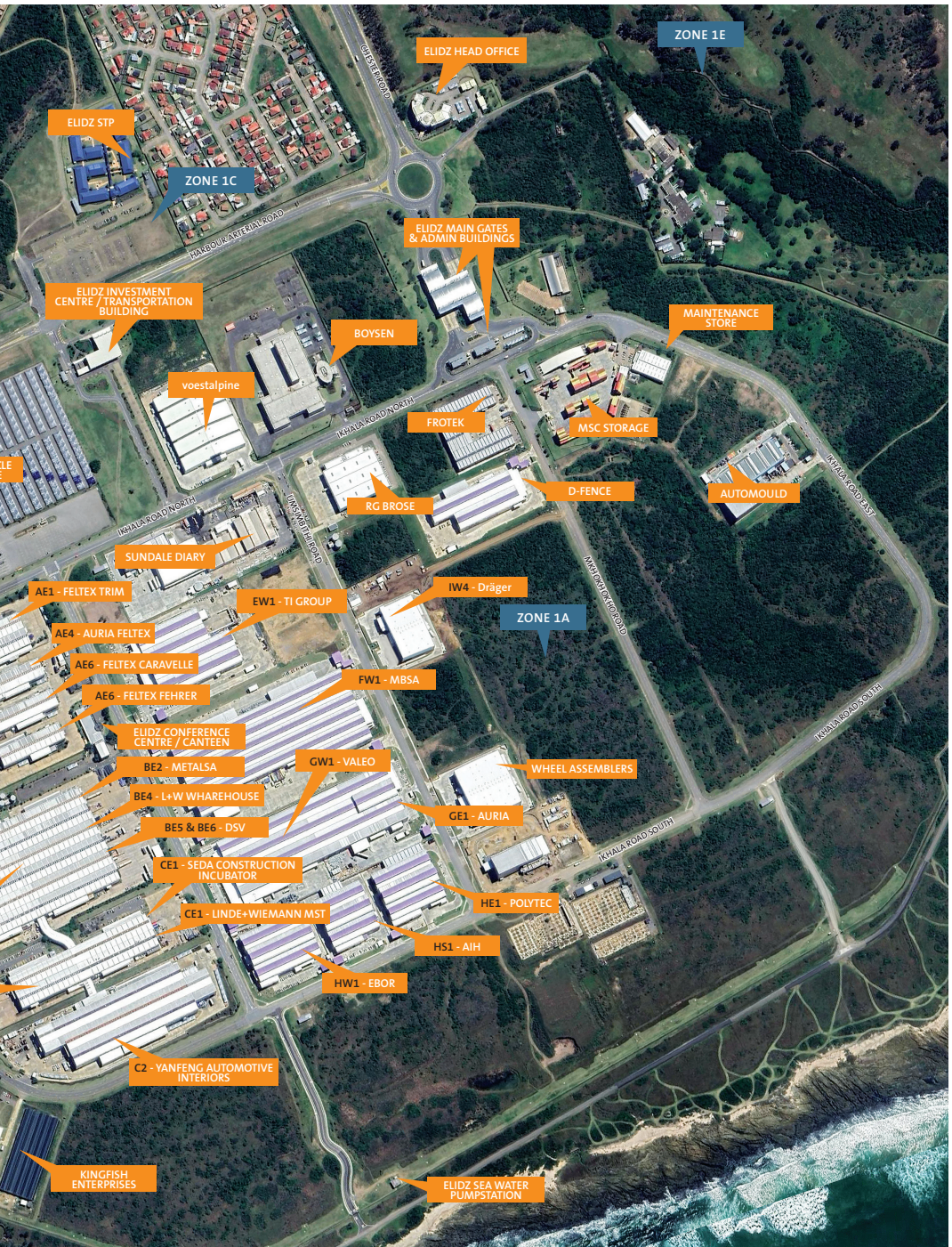
2015

- SEZ Transition, ELIDZ the first to receive notice of Gazetting by DTI Minister
- ELIDZ, a testing ground for SEZ new policy tools
- 4 new investors attracted with an investment value of over R1bn. The industries from which these investments emanate include Pharmaceuticals, Advanced Manufacturing and ICT.
- Annualized increase in employment by over 35%

2018 – TO DATE

- 9 (nine) new investor facilities and further extended three existing facilities for existing investors who had acquired additional business
- The ELIDZ only has 138,99 hectares (29,9%) of designated area available for further transaction remaining for additional development
- 41 operational investors, over R8 billion worth of private sector investment into the ELIDZ since inception.
- 250 skills development beneficiaries trained in the ELIDZ STP





INTERNATIONAL FOOTPRINT AND CUSTOMERS IN THE ZONE



ECONOMIC RANKING

– AFRICA AND WORLD PERSPECTIVE

South Africa is ranked 84th out of 190 countries in the World Bank Doing Business 2020 report. South Africa made starting a business easier by introducing an online portal to search for a company name.

South Africa is home to 6% of Africa's population and accounts for approximately 35% of the continent's Gross Domestic Product (GDP). It also boasts 45% of Africa's mineral production and 50% of the continent's purchasing power.

South Africa is ranked 60th overall out of the 141 countries in the World Economic Forum Global Competitiveness Report 2019. In terms of the cost of starting a business, it is ranked 4th. The country is ranked highly in most areas of competitive areas such as the transport infrastructures (45th) with road connectivity ranked 7th while the quality of road infrastructure is ranked 47th. The country's overall research and development is ranked 47th above countries such as Albania, Algeria and Angola to least but a few. South Africa is also ranked 15th in energy efficiency regulation, 21 in renewable energy regulation, 40th in extent of staff training and 19th in financial system.



The country is a major source of Foreign Direct Investment (FDI) in Southern Africa and the leader in terms of Greenfield projects. In 2015-16, South Africa was responsible for a capital investment of USD 3.6 billion, funding about 60 projects. (FDI Markets, 2017).

	Rank (out of 141)	Score (1-7)
Global Competitiveness Index (GCI) 2019 - 2020	60	4.0
Security	135	42.7
Social capital	34	56.2
Checks and balances	16	70.7
Public-sector performance	39	59.3
Transparency	62	43.0
Property rights	67	54.2
Corporate governance	26	71.5
Future orientation of government	51	59.0
Infrastructure	69	68.1
Transport infrastructure	45	58.7
Utility infrastructure	92	77.6
ICT adoption	89	49.7
Mobile-cellular telephone subscriptions	10	100.00
Fixed-broadband Internet subscriptions	104	4.8
Macroeconomic stability	54	88.4
Debt dynamics	57	79.4
Skills	118	53.3
Current workforce	72	56.8
Skills of current workforce	101	46.1
Future workforce	99	59.3
Skills of future workforce	107	42.7
Product market	69	54.8
Domestic competition	70	53.1
Trade openness	77	56.5
Labour market	63	60.9
Flexibility	111	52.1
Meritocracy and incentivization	39	69.8
Financial system	19	83.2
Depth	20	75.6
Stability	32	92.8
Market size	35	68.6
Gross domestic product	30	N/Appl.
Business dynamism	60	61.9
Administrative requirements	82	67.3
Entrepreneurial culture	39	56.4
Innovation capability	46	45.2
Interaction and diversity	44	46.0
Research and development	44	38.4
Commercialization	64	57.1

Source: Doing Business 2009 Report

THE SEZ PROGRAMME

The ELIDZ is one of the five operational SEZs in South Africa. The South African Industrial Development Zone's (IDZ) are transitioning into Special Economic Zones (SEZ) a legislative move that aims to support balanced regional industrial growth by fostering the development of more competitive and regional economies.

SEZs are generally defined as geographically designated areas of a country that are set aside for specially targeted economic activities, and supported through special arrangements and systems that are often different from those that apply to the rest of the country. In different countries, SEZs operate through a variety of forms with different functions. They include free ports, free trade zones; industrial development zones (IDZs) and sector development zones.

BENEFITS OF OPERATING WITHIN AN SEZ

A number of incentives are made available to ensure SEZs growth, revenue generation, creation of jobs, attraction of Foreign Direct Investment (FDI) and international competitiveness.

These SEZ incentives include:

- Preferential 15% Corporate Tax
- Businesses that are located in a Special Economic Zone may be eligible for tax relief, including the reduced rate of corporate income taxation 15% for the period 2014-2024 (10 years). To qualify, the following conditions must be met:
 - The company must be located in a SEZ that is approved by the Minister of Finance (in consultation with the Minister of Trade and Industry);
 - It must be incorporated or effectively managed in South Africa;
 - At least 90% of the income must be derived from the carrying on of business or provision of services within that SEZ; and
 - The company must not be engaging in the following activities, based on the SIC code issued by Statistics South Africa:
 - *Spirits and ethyl alcohol from fermented products and wine (SIC code 3051)*
 - *Beer and other malt liquors and malt (SIC code 3052)*
 - *Tobacco products (SIC code 3060)*
 - *Arms and ammunition (SIC code 3577)*
 - *Bio-fuels if that manufacture negatively impacts on food security in SA*

MAJOR DIVISION 6:

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTOR CYCLES AND PERSONAL AND HOUSEHOLD GOODS; HOTELS AND RESTAURANTS

- Division 61: Wholesale and commission trade, except of motor vehicles and motor cycles
- Division 62: Retail trade, except of motor vehicles and motor cycles; repair of personal household goods
- Division 63: Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel
- Division 64: Hotels and restaurants

MAJOR DIVISION 7:

TRANSPORT, STORAGE AND COMMUNICATION

- Division 71: Land transport; transport via pipelines
- Division 72: Water transport
- Division 73: Air transport
- Division 74: Supporting and auxiliary transport activities; activities of travel agencies
- Division 75: Post and telecommunications

MAJOR DIVISION 8:

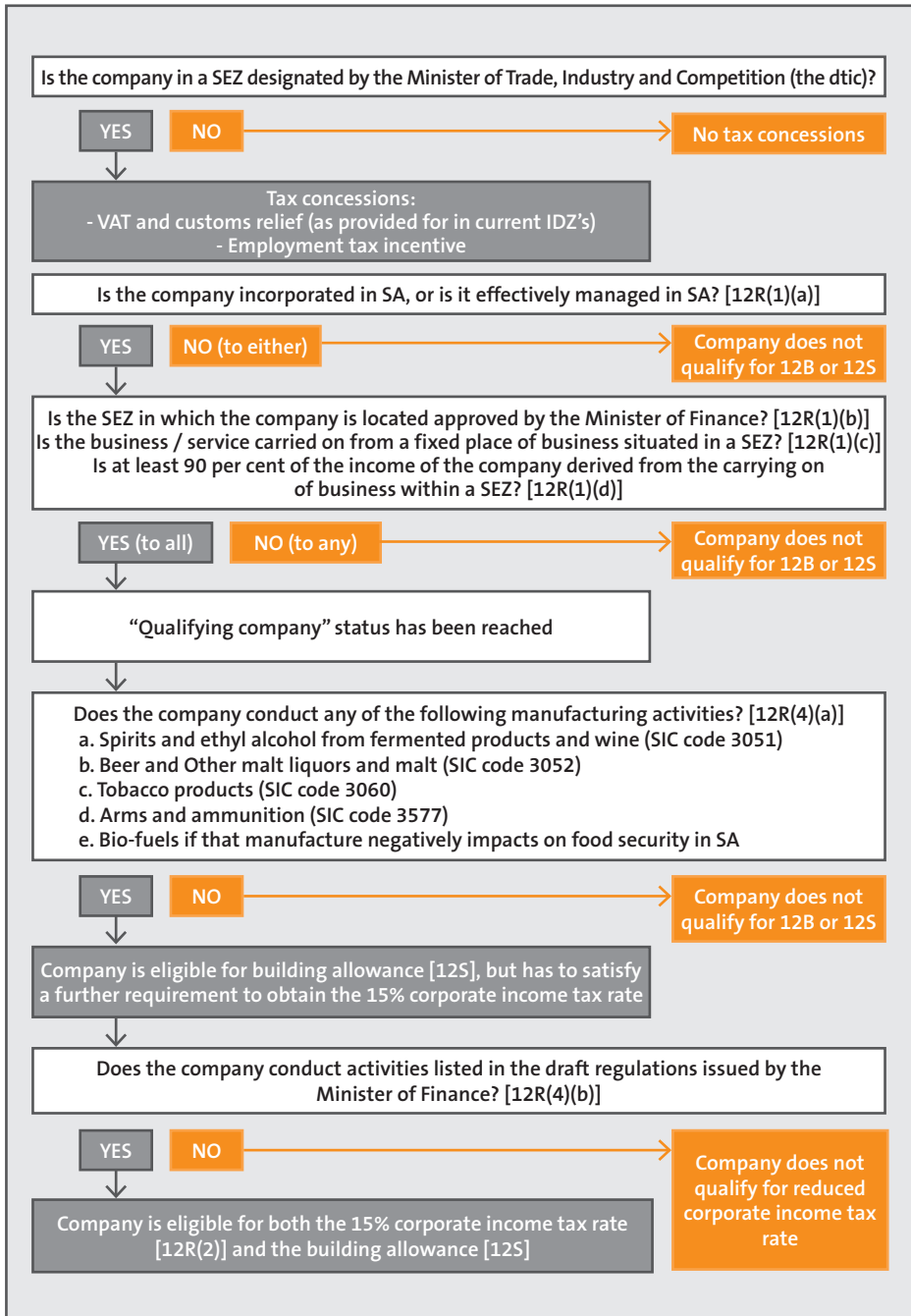
FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS SERVICES

- Division 81: Financial intermediation, except insurance and pension funding
- Division 82: Insurance and pension funding, except compulsory social security
- Division 83: Activities auxiliary to financial intermediation
- Division 84: Real estate activities
- Division 85: Renting of machinery and equipment, without operator, and of personal and household goods
- Division 86: Computer and related activities
- Division 87: Research and development
- Division 88: Other business activities

To assist companies in determining whether they are eligible for the tax incentives, the following decision tree (eligibility criteria) can be used:



COMPANY ELIGIBILITY CRITERIA FOR SEZ TAX INCENTIVES



BUILDING ALLOWANCE

Qualifying businesses operating within approved SEZs (by the Minister of Finance, after consultation with the Minister of Trade and Industry) will be eligible for an accelerated depreciation allowance on capital structures (buildings). The special rate of capital (depreciation) allowances in lieu of normal allowances will be available for erecting or improving buildings and other fixed structures. This rate will equal 10% per annum over 10 years.

Companies engaged in the following activities, based on the Standard Industrial Classification (SIC) code issued by Statistics South Africa, will not qualify for the building allowance:

- Spirits and ethyl alcohol from fermented products and wine (SIC code 3051)
- Beer and other malt liquors and malt (SIC code 3052)
- Tobacco products (SIC code 3060)
- Arms and ammunition (SIC code 3577)
- Bio-fuels, if their manufacture negatively impacts food security in South Africa

EMPLOYMENT TAX INCENTIVE (ETI)

All employers employing low-salaried employees (below R60 000 per annum) in any SEZ will be entitled to the employment tax incentive. This is an incentive aimed at encouraging employers to hire young and less experienced work seekers. However, the employee age restriction will not apply for SEZs. It reduces an employer's cost of hiring people through a cost-sharing mechanism with Government, while leaving the wage the employee receives unaffected. The employer can claim the ETI and reduce the amount of Pay-As-You-Earn (PAYE) tax payable by the amount of the total ETI calculated in respect of all qualifying employees.

Eligible companies will have to first satisfy the requirements contained in the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013). The

employment tax incentive guide can be found on the SARS website: www.sars.co.za

CUSTOMS CONTROLLED AREA

Customs and excise incentive Goods imported into a customs controlled area (CCA) situated in an SEZ are relieved from applicable import customs, excise duties and economic restrictions whilst stored and undergoing manufacturing (which includes processing, cleaning and repair) within the CCA. Goods manufactured in the CCA and subsequently supplied to the local domestic market are subject to the payment of the import customs and excise duties that were relieved at time of importation on the imported goods (raw materials). The liability for customs and excise duties, which enjoyed relief on imported goods used in manufacturing in the CCA, cease upon subsequent export.

Only enterprises located within a CCA of an SEZ are eligible for the relief from import customs and excise duties on goods imported into the CCA. The relief amounts to a full rebate of import customs and excise duties on all goods imported into a CCA by a CCA enterprise.

This means that the payment of customs and excise duties on any goods imported into a CCA in an SEZ would be suspended, translating to a significant cash flow benefit for any enterprise located there. This has been accomplished by the creation of a specific rebate provision in the customs and excise legislation, that is, rebate item 498.01.

How to access these benefits A CCA enterprise that intends to import and export goods must register with SARS as an importer and exporter. A CCA enterprise that intends to utilise rebate item 498.01 must also register with SARS as a rebate user. Application for the registration as a rebate user may be done simultaneously with the application for registration as an importer or exporter.



360° Overview of the ELIDZ

Application for registration must be made on Form DA 185 and its relevant annexures. Particular note must be taken of the supporting documents and information that must be submitted to SARS as specified in the application form. This form and further information can be found on the SARS website (www.sars.gov.za).

Investors/ tenants within a customs controlled area of a Special Economic Zone are eligible for tax relief as per the Value-Added Tax Act, 1991 (Act No. 89 of 1991), the Customs and Excise Act, 1964 (Act No. 91 of 1964), the Customs Duty Act 2014 (Act No. 30 of 2014) and the Customs Control Act, 2014 (Act No.31 of 2014).

• 12i Tax Allowance

The 12i Tax Incentive is designed to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (i.e. expansions or upgrades of existing industrial projects). The incentive offers support for both capital investment and training.

The minimum investment in Qualifying Assets required is R50 million for a greenfield project and an additional investment of R30 million for a brownfield project.

Objectives

The objectives of the incentive programme are to support:

- Investment in manufacturing assets, to improve the productivity of the South African manufacturing sector; and
- Training of personnel; to improve labour productivity and the skills profile of the labour force.

Offerings

(a) Investment Allowance:

- > 55% of Qualifying Assets or a maximum of R900 million investment allowance in the case of any Greenfield project with

a preferred status (100% if located in a Special Economic Zone or “SEZ”)

- > 35% of Qualifying Assets or a maximum R550 million investment allowance in the case of any other Greenfield project (75% if located in a Special Economic Zone or “SEZ”);
- > 55% of Qualifying Assets or a maximum of R550 million investment allowance in the case of any Brownfield project with a preferred status;
- > 35% of Qualifying Assets or a maximum of R350 million investment allowance in the case of any other Brownfield project.

Qualifying Assets are defined as new and unused buildings and new and unused plant & machinery contracted for and acquired after date of approval and brought into use within 4 years from date of approval.

(b) Training Allowance:

- > A training allowance of R36 000 per full time employee may be deducted from taxable income during the first 6 years. A maximum total additional training allowance per project, amounting to R20 million, in the case of a qualifying project, and R30 million in the case of a preferred project
- > According to the points system, an industrial policy project will achieve ‘qualifying status’ if it achieves at least 4 (four) of the total 8 points, and ‘preferred status’ if it achieves at least 7 (seven) of the total 8 points.

The project could score points for:

- Upgrade an industry within South Africa by utilising innovative processes (max. 1 point);
- Utilising new technology that results in improved Energy Efficiency and cleaner production technology (max 2 points);

- Provide general business linkages within South Africa (max 1 point);
- Acquire goods and services from SMMEs (max 1 point for Greenfield & 2 points for Brownfield);
- Provide skills development in South Africa (max 2 points); and
- In the case of a Greenfield project, is located within a Special Economic Zone (max 1 point)

TARGETED ENTERPRISES

The investment must be:

- A Greenfield project (new project);
- A Brownfield project (expansion or upgrade); or
- Classified under 'Major Division 3: Manufacturing in the Standard Industrial Classification of All Economic Activities ("SIC") 5th Edition or SIC 7th Edition, Section C: Manufacturing.



WHY INVEST IN THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

- EXCELLENT TRANSPORT INFRASTRUCTURE

East London is linked by modern road, rail, port and air networks and is equidistant to major South African market centres such as Cape Town, Johannesburg and Durban as well as all major export markets.

East London Industrial Development Zone (ELIDZ), one the country's specialised industrial parks is located in Buffalo City, the municipality area which also incorporates Bhisho, the province's capital and King William's Town. It is the first of the four IDZs in South Africa to be operational and represents an ideal choice for the location of export- oriented manufacturing and processing. Its location provides investors with connections to major markets, locally and across the globe.

Airport on the IDZ's doorstep

The city's airport, located two kilometres from the ELIDZ handles between 20 and 30 each day with 620,000 people welcomed each year. The airport is also a crucial link in the cargo chain, playing an important role in the growing economy of the Eastern Cape. Serviced by a cargo freight carrier daily from Johannesburg, international airfreight is easily accommodated with routing through South Africa's larger airports, namely, OR Tambo International Airport in Johannesburg, Cape Town International Airport, King Shaka International and the Dube Free Trade Port in Durban.

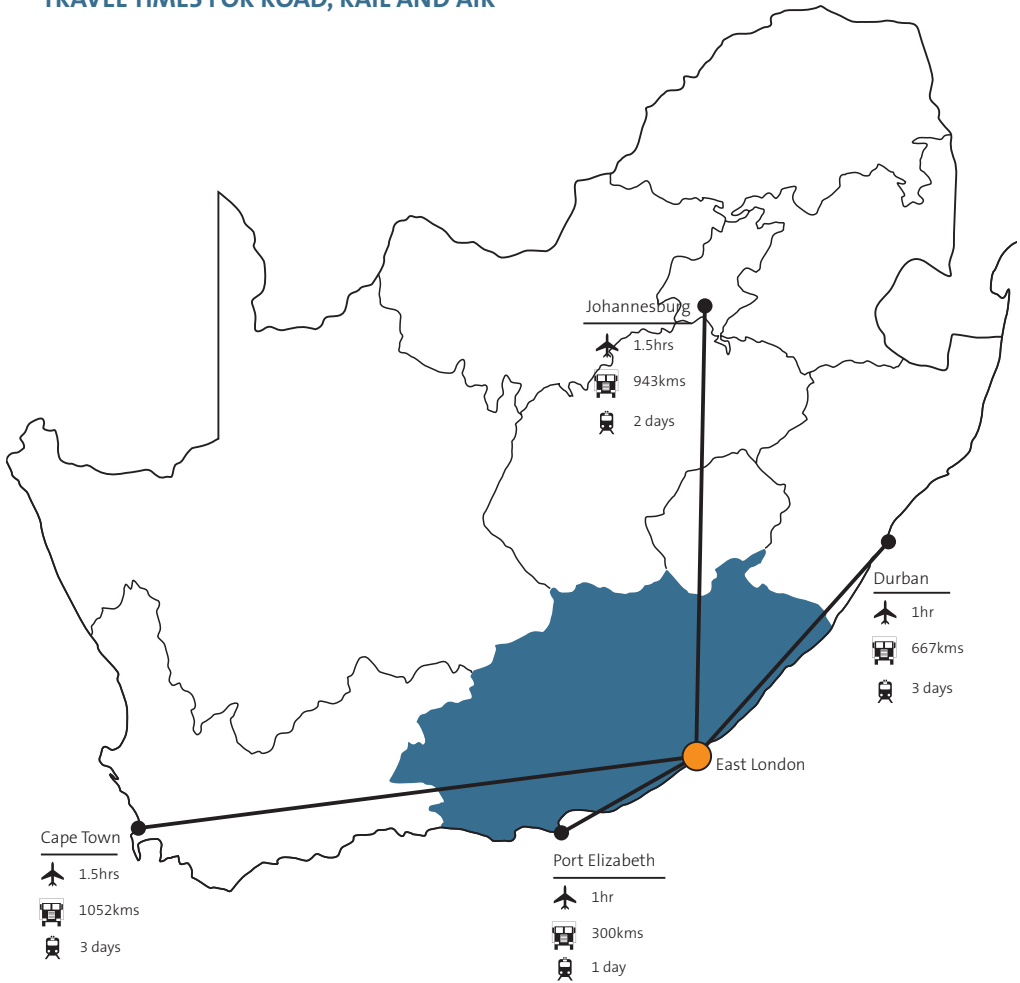
Road

East London's roads are part of South Africa's national road network which covers some 7,200km, with about 20, 000km of primary roads planned in the future. The coastal national N2 stretches from Cape Town through East London to Durban. The N6 provides access to the Eastern Cape interior, stretching from East London to Bloemfontein.

Rail

Buffalo City is part of the national rail grid operated by Transnet Freight Services which allows for the transportation of goods, container services as well as metropolitan and long distances passengers. Specialised wagons for the conveyance of high value freight is available.

TRAVEL TIMES FOR ROAD, RAIL AND AIR



Equidistant to all major South African cities



			
Cape Town	1.5hrs	1052 km's	3 days
Durban	1hr	667 km's	3 days
Johannesburg	1.5hr	943 km's	2 days
Port Elizabeth	0:45hr	300 km's	1 day

WHY INVEST IN THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

- EFFICIENT PORT

The ELIDZ is situated 9km from the city's port, the country's only river port. Buffalo City's strategic position on the Africa's south-eastern coastline allows it to service markets with sea freight to the East and West through scheduled shipments to Australia, Africa, Asia and Europe. The 160 year old port is one of the most efficient in the country and offers services comparative to a best practice global port.

East London is also the only port in South Africa to offer a state of the art motor vehicle terminal, a container terminal, as well as a bulk terminal (grain elevator) and dry dock. It is ideally suited for ships which have crane facilities. Some of its efficiencies include:

- > Docking on arrival
- > Readily available capacity for increased port movement
- > Quick turnaround time (removal of containers on the same day)
- > Flexible and efficient harbour services
- > Competitive tariffs
- > Proven logistics track record

The Port consists of two berths totalling up to 10.1 meters and a fully secured quayside assembly area of 1100 bays (26420 sqm). The enclosed multi-level car terminal comprises of 2800 bays with an additional 1200 bays immediately adjacent to the terminal offering a total of 5100 parking bays. Throughput capacity is in excess of 130 000 vehicles per annum (based on 7 day dwell time).

Car terminal storage capacity







WHY INVEST IN THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

- ENHANCED EXPORT COMPETITIVENESS

Investors in the ELIDZ have access to various grants and incentives from the government through the Department of Trade and Industry. Some of these incentives include:

Enterprise Investment Programme (EIP) Manufacturing programme

A cash grant for locally based industries wishing to establish a new production facility, expand an existing facility or upgrade existing facility in manufacturing industries.

Foreign Investment Grant

Compensates qualifying foreign investors for the cost of moving qualifying new machinery and equipment from abroad to South Africa.

Export Market Investment Assistance scheme (EMIA)

Which partially compensates exporter activities aimed at developing export markets for South African products and services. Assistance is provided in the form of air travel expenses, subsistence allowances, freight forwarding of display materials and exhibition space and booth rental costs.

Critical Infrastructure Programme

A cash grant for projects designed to improve critical infrastructure in South Africa such as transport systems, electricity transmission and distribution systems, telecommunication networks, water storage, disposal and treatment systems and fuel supply systems.

Automotive Production and Development Programme (APDP)

Aims to boost local motor vehicle production. It comprises of 4 key elements:

- Tariff reduction free from 2013 – 2020
- Local assembly allowance
- Production incentives
- Automotive Investment Allowance (AIS)

WHY INVEST IN THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

- COMPLETE INVESTOR SOLUTIONS

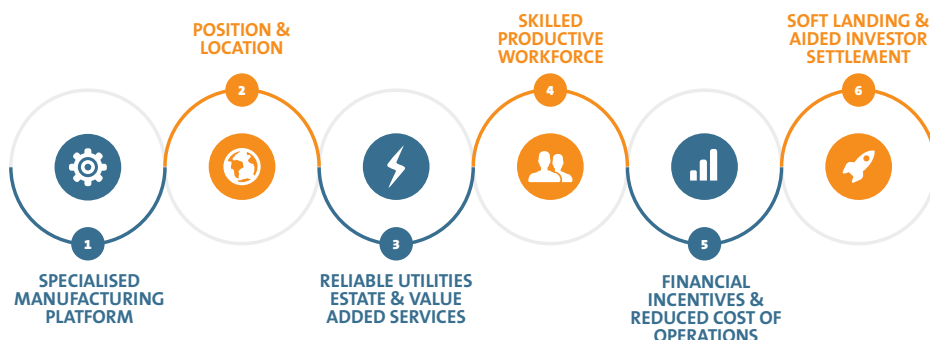
South Africa is signatory and party to a variety of trade agreements which offer investors preferential access to many regional and international markets. These include:

- South African – Europe Union (EU) Free Trade Agreement
- Southern African Development community (SADC) Free Trade Agreement
- Southern African Customs Unions (SACU) Europe Free Trade Association (EFTA) Free Trade agreement
- African Growth and opportunities Act (AGOA)
- SACU – Southern Common Market (Mercosur) Preferential Trade Agreement
- SACU – India Preferential Trade Agreement

The East London Industrial Development Zone prides itself in providing investors with a wide range of services from the initial enquiry up until the investment is settled in the zone. The ELIDZ has a skilled team of experts that will assist investors with:

- Various requirements such as entity registration, visa and permit applications
- Facilitating access to key stakeholders and service providers such as architects, consultants in the built environment - Including civil / structural engineers; construction firms
- Municipal planning services
- EIA scoping
- Complying with the necessary regulations through existing relationship with government and municipal authorities.
- Accessing the necessary incentives and grants
- Skills development and other transformation and labour requirements.

ELIDZ's VALUE PROPOSITION - *Engineered Efficiency*



Once an investing company makes the decision to locate in the East London IDZ, the zone's highly skilled team assist the investor in fast tracking its development and settlement into its chosen location through the following available services:

- Assistance in the drawing up and submission of building plans for approvals with local authorities
- Design and construction of buildings as per specifications
- Sourcing of the employees as per the investor's specified needs.

COST COMPETITIVENESS

The ELIDZ allows investors access to cheaper local inputs for production for the domestic and export market. The zone also boasts access to skilled and competitively priced labour.

Investors will also benefit from other shared services such as a clinic, conferencing facility, canteen and security. Companies that locate in the zone will also be able to access discounted municipal services (rates & electricity).

INFRASTRUCTURE SOLUTIONS

The ELIDZ is a world class industrial estate with 230 ha of fully-serviced prime industrial land. These sites have been packaged into six individually fenced sub-zones each designed to serve specific investor needs.

Each Zone has well developed basic infrastructure such as sewerage, potable water supply secure electricity supply. The Zone also has more than 20 km of developed roads internally which accommodate 22m long inter-liner truckers and a total payload of 56 tonnes. The Zone also boasts a comprehensive state of the art, hi-tech security system with access control and fibre optic cable network. This system is linked to a main centralised control room allowing for the necessary security and controlled access into the industrial park.

The ELIDZ is a world-class industrial estate with 230 ha of fully-serviced prime industrial land



360° Overview of the ELIDZ

INVESTMENT OPPORTUNITIES IN THE ELIDZ

- *SECTORS*

- Automotive
- Agro-processing
- Aquaculture
- ICT and Electronics
- Renewable Energy
- Business Process Outsourcing and Offshoring
- Pharmaceuticals
- General Manufacturing



AUTOMOTIVE

The ELIDZ offers auto component manufacturers as well as related services and support industries the opportunity to take occupation of attractive industrial property situated in a purpose built Automotive Supplier Park (ASP).

The East London IDZ developed the ASP to house component suppliers that offer JIT/JIS supplies to the local Original Equipment Manufacturer (OEM) and export markets.

Manufacturers in the ASP have access to a state-of-the-art infrastructure and a customised service offering. The East London IDZ has enabled these component manufacturers to produce high spec, quality components at the right time and within a competitive price range for the OEMs they service from the location.

The East London IDZ's automotive offering has enabled some of these suppliers to acquire new business, expand their product line and receive a number of awards for their world class operations.

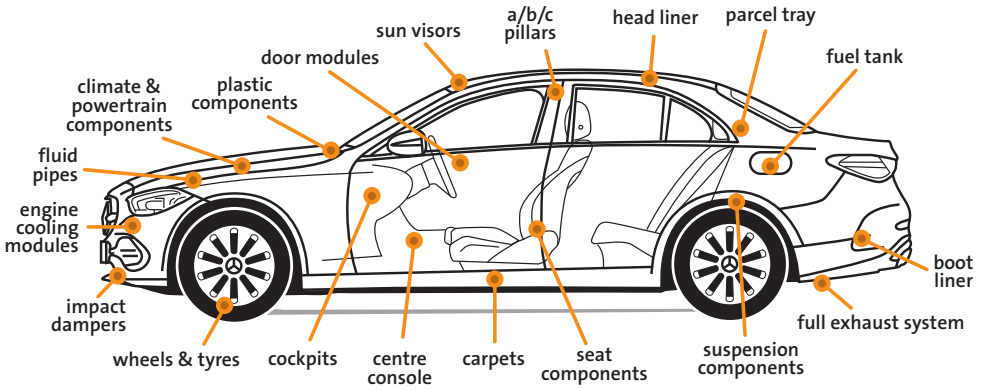
IN-HOUSE METAL SURFACE TREATMENT PLANT

In 2012, the East London IDZ established the Metal Surface Treatment (aluminium treatment and E-Coating) facility which is located at its ASP. This became the first facility of its kind in the greater Border area. The establishment of the facility has increased the competitiveness of East London as an investment destination particularly for the automotive sector.

Upon completion, the organisation appointed a proficient operator (Linde + Wiemann RSA) to oversee the day-to-day running of the facility.

The establishment of the facility at the ELIDZ has installed value-adding services to the automotive sector, thereby enhancing the attractiveness of the IDZ by creating shared services through enabling infrastructure which can be used by multiple investors.

AUTOMOTIVE COMPONENTS MANUFACTURED AT ELIDZ FOR THE MERCEDES BENZ C-CLASS



AGRO-PROCESSING

The Eastern Cape has vast untapped potential for agro-processing activities.

The province is suitable for a wide variety of agriculture processes due to its temperate climate and year - round rainfall.

The Agriculture and Forestry sectors contributed significantly to South Africa's gross domestic product (GDP) growth rate of 1,2% in the second quarter of 2021. According to STATS SA Quarter Two Labour Force Survey, agriculture created an additional 69 000 jobs.

Agriculture remains critical for employment and food security. Agriculture delivers more jobs per Rand invested than any other sector, and NDP estimates that Agriculture could potentially create, 1million jobs by 2030.

The Eastern Cape is South Africa's main livestock province and provides 30% of SA's wool and 80% of SA mohair. Dairy farming provides 20% of SA production of milk.

The Eastern Cape remains the province suitable for rebuilding and with the only significant allocation of land suitable for plantations still available in South Africa, approximately 120 000ha. Sawmill activities account for 23% of SA's forestry and logging production.

The area also lends itself to excellent results with multi-span greenhouse production and is currently a leader in hydronic tomato production. South Africa has an extensive natural endowment and offers tremendous opportunities to process natural plants for cosmeceutical, nutraceutical, phytopharmaceutical and essential oil purposes.

THE GROWTH OF THE SECTOR

The real gross value added (GVA) by the agricultural sector increased at a brisk pace in the second quarter of 2021 after contracting in the first quarter. Agricultural output was boosted by the increased production of field crops, with the most recent commercial maize crop estimate for the 2020/21 season being 6.6% more than the final crop for the 2019/20 season. The production of horticultural and animal products also increased in the second quarter of 2021. This is despite challenges posed by the COVID-19 virus on sector.

In the second quarter of 2021, the size of the commercial maize crop was reported at 15 922 million tonnes, which is

more than enough to meet the local demand of 11.4 million tonnes per year - leaving a significant amount for export.

To drive growth with the sector, in 2021 the Department of Agriculture, Land Reform and Rural Development released 700 000 hectares (ha) of state land for agricultural purposes. These land parcels included communities who have been utilising state land, farmers whose leases had either expired or never had any and some of these, there were no allocation made.

To date, the Department has allocated 436 563 hectares of the 700 000 ha. Of the 436 563 ha allocated, the Department has, issued leases for 206 765 hectares, of which:

- **53 880 hectares comprising of 78 farms were allocated to 211 females;**
- **14 251 hectares comprising of 18 farms were allocated to 131 youth;**
- **842 hectares (0,4%) comprising of 1 farm (0,5%) were allocated to a person with disabilities.**

OPPORTUNITIES

- > Dairy production
- > Red pepper
- > Wheat
- > Beef
- > Chicory
- > Essential oils
- > Medical Cannabis

The importance of this sector and the 4.5% budget increase in 2021/22 will see the sector increasing its contribution to the economy.

FEATURES

- > Close proximity to extensive forestry activities
- > Close proximity to mohair producing areas
- > Abundant availability of raw material suppliers
- > A strategic government supported timber project



AQUA-CULTURE

The global Aquaculture sector has been growing at an annual compound rate of 9, 2% since 1973 and is estimated to continue growing at a rate of 4, 5% per annum until 2030. This is due to an increase in demand due to world population growth.

Aquaculture includes breeding, rearing and harvesting of plants and animals in salt or fresh water. It is the fastest growing food production sector in the world, with the global aquaculture industry producing approximately 67 million tonnes per annum (mtpa) of fish from freshwater (42 mtpa) and marine (25 mtpa) sources (FAO, 2014). In South Africa, aquaculture is still in the developmental stage and has the potential to grow and contribute towards job creation, food security and improving the inclusivity of the sector. Aquaculture has the potential of reducing the fishing pressure on wild fisheries stocks.

The ELIDZ is strategically positioned to develop a marine aquaculture cluster in an effort to contribute towards the growth of the sector. The IDZ has access to sea water of good standard as well as the opportunity to tap into existing municipal infrastructure for the delivery of sea water to potential land based aquamarine farms and hatcheries. It also possesses among the most valuable sites for the establishment of grow-out facilities as temperate waters lend themselves to good growth rates for marine fin fish.

Locating your business within the East London IDZ's aquaculture sector bares the following premium benefits:

- Favourable and dedicated institutional environment including policy and incentives
- vibrant and world class research and technical expertise
- Favourable climate to most species
- Dedicated 32 ha marine aquaculture cluster focused on recirculating systems
- Agricultural zoning of 11 fully serviced sites in place
- Environmental Impact Assessment approval for indigenous marine fish farming already granted for at least 10,000 tons annually in place
- Environmental authorization for Barramundi, Rainbow trout, Atlantic salmon in place
- Accessible high quality bulk sea water supply at 185 litres/second and effluent handling at 85% water recirculation per farmer
- Seawater Quality Monitoring Program in place and
- Importation of performance demonstrated Recirculating Aquaculture Systems technology in progress.



AQUACULTURE INCENTIVE SCHEME

- The East London IDZ understands the importance of supporting businesses more especially start-up businesses. Within the Aquaculture sector we offer potential investors customised incentives. These tailor made incentives are available to inventors who wish to locate their business within the designated land in the zone. These are
 - > Aquaculture Incentive Scheme (Aquaculture Development & Enhancement Program) with up to R30m rebate
 - > Business plan for an Aquaculture Business Incubator with business case for reducing likelihood of enterprise failure, increasing sector skills & firming up investment pipeline for predictability
 - > Agricultural land zoned Aquaculture.

THE ELIDZ SPECIFIC POSSIBILITY – STAGGERED RENTAL

The investor only pays operating costs, utilities and levies for 12 months from date of occupation.

- The net rental for the period amortised with repayment starting on month 49 since commencement date on the lease agreement in addition to full rental applicable
- The investor pays full rental (i.e. gross rental), utilities and levies from month 13
- ELIDZ procures the plans and pays for them, but with participation of investor in the process
- First bank guarantee to cover the cost of the building plans in the event that the investor is not ready to equip the rented buildings during the construction process
- Second bank guarantee (three months rental) against the prospect of being burdened with an unrented facility upon completion.

FUTURE PLANS TO IMPROVE VALUE OFFERING

Plans to further develop the sector are underway and these include the following:

- Feasibility of an Oxygen Generation Plant; a Fish Feed Manufacturing Facility, a Fish Processing Facility & an Aquatic Animal Health Clinic
- Aquaculture Business Incubator

ICT AND ELECTRONICS

The South African information and communication technologies (ICT) sector is the largest and most advanced in Africa, and is characterised by technology leadership, particularly in the field of mobile software and electronic banking services.

With a network that is 99.9% digital and includes the latest in wireless and satellite communication, the country has the most developed telecoms network in Africa.

South African companies are global leaders in pre-payment, revenue management and fraud prevention systems, and in the manufacture of set-top boxes, all of which are exported successfully to the rest of the world.

Export growth and internationalisation of South African companies is supported by the Department of Trade and Industry via South African Electrotechnical Export Council (SAEEC).

It is estimated that there are more than 20,000 companies in the ICT sector that contributes approximately 8% to South Africa's GDP. South Africa's IT sector is generally robust, has access to the latest technologies and methodologies and underpins the operations of most other sectors of the economy. There is, however, a significant shortage of specialised skills in the sector.

Several international corporates, recognised as leaders in the IT sector, operate subsidiaries from South Africa, including IBM, Unisys, Microsoft, Intel, Systems Application Protocol (SAP), Dell, Novell and Compaq.

Testing and piloting systems and applications are growing businesses in South Africa, with the diversity of the local market, first world know-how in business and a developing country environment making it an ideal test lab for new innovations.

The East London IDZ is constantly evolving and maturing in order to ensure its ICT offerings and services are market related and relevant. New services are added to ICT service catalogue as they are required by clients and adopted by the organisation.

ELIDZ service offerings are as follows:

- > *Internet as a Service*
- > *Telephony as a Service*
- > *Fibre as a Service*
- > *Unbundled*
- > *Services Rack Hosting*

ELIDZ SCIENCE AND TECHNOLOGY PARK (STP)

In a bid to increase participation of youth and create more opportunities in the ICT and Science sectors in the Eastern Cape, the ELIDZ implemented the development and operation of a Science and Technology Park (STP). The park is designed as an attractive, functional and interactive space to encourage the exchange of ideas and facilitate the development of creative technical solutions to problems. Its services include a variety of laboratory facilities, training platforms, an open innovation platform, networking solutions, as well as incubator services. As such, the main objective behind the park is to increase competitiveness, efficiency and effectiveness of local industries through innovation.

The ELIDZ STP as the only park of its kind in the country linked to an IDZ was conceived as a catalyst for growth, collaboration, incubation and the application of innovations for the high technology sector.

The ELIDZ STP is designed as an attractive, functional and interactive space to encourage the exchange of ideas and facilitate the development of creative technical solutions to problems. Its services include a variety of laboratory facilities, training platforms, an open innovation platform, networking solutions, as well as incubator services. The ELIDZ has also located 2 incubators in the STP through the organisation's incubator programme and these geared towards advancing techpreneurship skills amongst youth of the Eastern Cape Province.

INVESTMENT OPPORTUNITIES IN ICT AND ELECTRONICS

- Automotive Electronics: Manufacturing of electronic systems & control modules, navigation systems, Instruments
- Consumer Electronics: TV, radio and communications assembly in IDZs for export
- IT Hardware: CD, cell phone manufacture
- Machine Tools
- Technology Incubator: Support for IT & internet entrepreneurs through a technology park, supported by a university ICT faculty
- Telecommunications: Business process outsourcing (BPO)
- IT Professional Services (including custom software application development and maintenance)
- Computer Software (package software products- cross industry and vertical market applications)
- Voice over IP (VoIP)
- Wireless software (financial transactions over mobile phones)
- Motor relays and pre-payment metering (develop expertise due to problems with payment of electricity and water bills)
- Electrical machinery (Electronic equipment and Appliances, Electric transformers, Electric hair care devices, Portable electric lamps, Electric hairdryers, Electric coffee & tea makers, Electric toasters.

BENEFITS IN THE ELIDZ

- First class infrastructure
- Close proximity to transport network
- Expertise and knowledge from industry role players in East London (university IT department, Business Connexion, Dimension Data, Telkom)

RENEWABLE ENERGY SECTOR

The main function of the renewable energy sector is to identify possible investors interested in locating in the zone, secure these investors, settle them in the zone and provide the necessary infrastructure, utilities and services to allow them to manufacture or produce in accordance with their business model.

ELIDZ AS A RENEWABLE ENERGY RESEARCH AND DEVELOPMENT HUB

The East London IDZ's vision clearly outlines the primary reason for existence of the Zone, that of growing a strong regional industrial base, supported and sustained by a business ecosystem that serves to extend the global competitiveness of local industries. Once the investor land there are supported by associated utilities and services that will ensure a productive stay within the Zone.

The main function of the renewable energy sector is to identify possible investors interested in locating in the Zone, secure these investors, settle them in the Zone and provide the necessary infrastructure, utilities and services to allow them to manufacture or produce in accordance with their business model.

As part of its service offering in line with the renewable energy sector, the ELIDZ established a Science and Technology Park (STP). The rationale behind this Park, was to establish high-tech, home grown enterprises which will locate in the Zone to manufacture new products, create competitive growth entities in the form of new manufacturing entities and offer value-added services to the ELIDZ tenants which will ensure they meet market required standards.

This initiative has seen major strides being made through the STP in the renewable energy sector with sector producing high-tech prototypes. These include, Safe Pass™ - a system that gives drivers a clear view of the road ahead of a slow-moving obstructive vehicle, such as trucks and buses, allowing them to overtake safely. The system, which available to all drivers, is aimed at curbing the number of car accidents on South African roads. The other is ImpiloYethu biometric application - a combination of a well thought portable device and a well-designed software that will be linked to a cloud database and give registered user's access to subscribed members full medical history and personal information. For more information on these and more, visit www.elidzstp.co.za

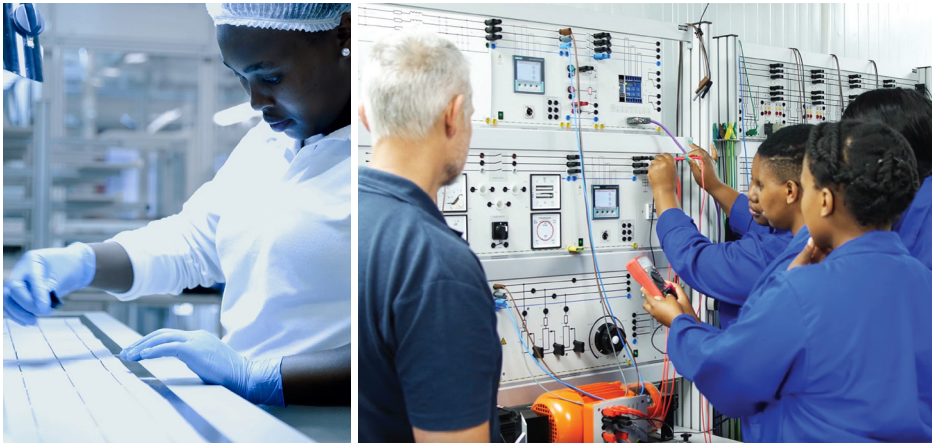
SKILLS DEVELOPMENT AND TRAINING

The ELIDZ has partnered with the Master Artisan Academy of South Africa (MAASA) to provide skills development and training in the renewable energy sector.

The Academy has its focus on training and skilling artisans in the installation and maintenance of rooftop solar systems. The training targets existing electrical contractors as well as unemployed artisans, with the primary purpose of creating the necessary capacity country wide for the installation and on-going maintenance of solar PV systems.

The training is market-focused and is aimed at low-cost technology design, installation, commissioning and maintenance.

Trainees are provided with knowledge and skill in terms of solar PV water heating system design, installation, costing and commissioning. In addition to this, the trainees are also taught how to maintain these systems given that there are currently around 450 000 systems in South Africa.



BUSINESS PROCESS OUTSOURCING AND OFF-SHORING

Business Process Outsourcing and Offshoring (BPO&O) is a major global trend and the industry, worth an estimated US\$130-billion a year, has an expected annual growth rate of about 50% for the next five years.

BPO involves relocating business processes that a company usually performs in-house to a third-party service provider, such as a customer care or call centre, to carry out on behalf of the company. Outsourcing becomes offshoring when the third-party service provider is located overseas.

The BPO industry's focus sectors include financial services, insurance and telecommunications, with outsourced processes including after-sales services, data capture and conversion, accounting, benefits administration, human resource functions, and website design and development.

Several factors which played a key role in establishing India as an outsourcing destination are already present in Africa, especially South Africa. A population fluent in spoken English (close to 5 million), cultural affinity and a sizeable talent churn from quality universities (160,000 graduates per annum and close to 410,000 personnel capable of working in the BPO sector annually), aided by time zone similarities, are helping South Africa become the next outsourcing frontier.

Outsourcing/Offshoring to South Africa by many European countries provides them with substantial cost savings, to the tune of up to 40-50%. Outsourcing services delivered from South Africa are positioned as a desirable alternative to onshore delivery centres, while also offering revenue generating services to its clients.

Business Process South Africa (BPESA) recently wrote that South Africa's global business services grown consistently



over the last 25 years to a point where there are over 64 000 internationally-focused workers servicing consumers and businesses in major global markets. As at 2019 the export revenue of the global services market in South Africa was estimated at over \$1.1 billion (R15.3 billion), a 0.32% contribution to the country's GDP.

MULTINATIONALS WITH BPO&O PRESENCE IN SOUTH AFRICA

The last few years have seen several global companies place their trust in SA's BPO&O industry. These include (among others):

- > IBM
- > Fujitsu Siemens
- > Lufthansa
- > Virgin
- > Sykes
- > Avis
- > Car Phone Warehouse
- > MTN and Vodacom.

BPO INCENTIVES

DTI has an incentive scheme specifically aimed for the benefit of international call centres establishing in South Africa. The incentives on offer include:

- A base incentive, which is a two-tier differential incentive for non-complex jobs and complex jobs. This is based on the Rand value per job determined by fully loaded costs. The base incentive is a 5-year operational expenditure grant that tapers down over time
- A graduated bonus incentive is also available for entities with higher job creation and sustainability figures
- There is also the Monyetla Work Readiness Programme which was designed to support the growth of the industry through work-readiness training and placement for entry level agents.

The Business Process Services Incentive has been on offer from the 01st October 2014 and will carry through to the 31st March 2019.

The incentive programme is one of the elements of a holistic value proposition to position. The BPO&O Investment Incentive comprises an Investment Grant ranging between R37,000 and R60,000 per seat and Training Support Grant towards costs of company-specific training up to a maximum of R12,000 per agent. The incentive is offered to local and foreign investors establishing projects that aim primarily to serve offshore clients.

INVESTMENT OPPORTUNITIES

- > Call Centre
- > Back Office Processing
- > Share Corporate Services
- > Enterprise solutions in service lines such as fleet management, knowledge management and asset management
- > Science and Technology Park
- > ICT incubation centre.

OPPORTUNITIES IN THE ELIDZ

- There are multi-national companies in telecommunication, healthcare, automotive, finance, services by these call centre and they are in close proximity to ELIDZ
- ELIDZ is located in a city with a large pool of skilled trainable labour force with good quality English
- There are also native German and other foreign language speakers around East London who could be recruited for centres
- First class infrastructure
- Similar time zone to most of Europe
- Excellent lifestyle
- ELIDZ is located in an area with low rate of crime compared to other major urban centres.

PHARMACEUTICALS

South Africa's pharmaceutical market is the single largest on the African continent and is the most attractive Sub-Saharan Africa (SSA) market to multinational pharmaceutical firms.

The global pharmaceutical industry was estimated at approximately US\$1 trillion in 2016, with the pharmaceutical emerging (pharmerging) markets (initially defined by IMS as countries that are expected to see more than US\$1 billion in absolute spending growth from 2014 to 2018 and which currently have GDP per capita of less than US\$25 000), biologics and generics contributing more to spending. In the developed markets, including the United States, Europe and Japan, spending is forecast to decline to 57% of the global total due to expiring patents for a number of significant brand-name drugs, slower increases in spending on branded products, and increased cost containment measures by payers. Pharmerging markets were estimated at approximately 30% of global spending, as population and economic growth contribute to dramatically higher use of medicines in these markets.

South Africa's pharmaceutical market is the single largest on the African continent and is the most attractive Sub-Saharan Africa (SSA) market to multinational pharmaceutical firms. The desirability is driven by a relatively large pharmaceutical market size, on a regional basis, as well as rising demand for chronic disease treatment. Its pharmaceutical spending per capita is high for an African country - at USD57 in 2016, significantly higher than the average USD22 per capita spend for the SSA region.

South Africa's pharmaceutical market is dominated by prescription drug spending, including patented and generic drug expenditure, which accounts for approximately 88% percent of the total market. Over-the-counter (OTC) medicine spending represents the remainder of 12%. Of the three sub-divisions, patented medicines represent the largest single segment of total market by value, at approximately 54% in 2016, followed by generic drug spending with 34% of total prescription medicine spending.

Domestic production meets around 55% of pharmaceutical demand South Africa is an attractive export base into less politically stable Southern African nations particularly with new Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-Operation Scheme (PIC/S) membership boosting GMP standards.

The Eastern Cape pharmaceuticals industry is small but strong, with a core of internationally respected names,



including Johnson & Johnson, Aspen Pharmacare, Bodene, CliniSut and Condomi. Aspen Pharmacare has its manufacturing base in the province and has become the largest South African producer of generic drugs. The manufacture of generic drugs will continue to grow worldwide as patents expire and demand increases in South Africa and in other developing countries.

INCENTIVES - PHARMACEUTICALS

Section 11d tax incentive

The main aim of this incentive is to encourage South African companies to invest in scientific or technological research and development. Administered by SARS.

Implemented as:

- A deduction equal to 150% for expenditure directly incurred for research and development.
- An accelerated depreciation deduction for capital expenditure incurred on machinery or plant used for R&D

SARS will allow a deduction when:

- The R&D was pre-approved by the R&D Adjudication Committee
- The taxpayer has an approval letter issued by the Department of Science and Technology
- The expenditure has incurred:
 - Directly for research and development
 - In the production of income and
 - In the carrying on of trade.

SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION

The Support Programme for Industrial Innovation (SPII) is designed to promote technology development in South Africa's industry, through the provision of financial assistance for the development of innovative products and/or processes. SPII is focused specifically on the development phase, which begins at the conclusion of basic research and ends at the point when a pre-production prototype has been produced. Administered by the dti.

Two schemes:

- SPII Product Process Development Scheme
- SPII Matching Scheme

The SPII Product Process Development Scheme

- Non-repayable grant for SMMEs of between 50% and 85% of qualifying costs incurred for a specific project during the pre-competitive development stage. Maximum of R2 million per project.

The SPII Matching Scheme

- Non-repayable grant of between 50% and 75% of direct costs incurred in the development activities of a specified development project. The maximum grant is R5 million per project.

TECHNOLOGY & HUMAN RESOURCE INDUSTRY PROGRAMME (THRIP)

THRIP aims to boost South African industry by supporting research and technology development and enhancing the numbers of appropriately-skilled people. THRIP brings together the best of SA's researchers, academics and industry players.

THRIP promotes partnership in pre-commercial research, between businesses and the public funded research base, including universities and research institutions. THRIP contributes funds according to a set of predetermined ratios which is dependent on the type of industry partners.

Maximum of R8 million per project. Administered by the dti.

OPPORTUNITIES IN THIS SECTOR IN THE ZONE INCLUDE:

- Latex product manufacturing
- Chemical production for the public health sector as well as for exports
- Various processing industries based on extraction/utilization of aloe plant readily available in the Eastern Cape
- Establishment of new facilities for new product development.

The province is well supplied with pharmaceutical skills, with Rhodes University and the University of Port Elizabeth offering degrees in pharmacy and chemistry. This is being added to by bio-prospecting initiatives that draw on indigenous people's knowledge.

Domestic production meets around 55% of pharmaceutical demand South Africa is an attractive export base into less politically stable Southern African nations...



GENERAL MANUFACTURING

Ever since its establishment the General Manufacturing sector has been involved in major talks with various intrigued multi-national companies who would like to locate within the Zone.

In 2008, emanating from a challenging global economic meltdown, the ELIDZ decided to broaden its horizons to include other sectors, such as Aquaculture, Agro-processing, Renewable Energy and ICT & Electronics. Subsequent to the move by the organisation, a need for one more sector, which would encompass industries not aforementioned, was identified. This was prompted by the variety of businesses in South Africa and the likelihood of more industries wanting to locate in the Zone. General Manufacturing was born out of that need.







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