



Are you a Black owned enterprise within the tourism industry.

# THE TOURISM EQUITY FUND

[www.sefa.org.za](http://www.sefa.org.za)

**APPLY NOW!**

All qualifying applications should be sent to **sefa** email address: [tourismequityfund@sefa.org.za](mailto:tourismequityfund@sefa.org.za)

The Tourism Equity Fund (TEF) is an equity acquisition fund that will be managed by **sefa** on behalf of the Department of Tourism. The purpose of the Fund is to promote the participation of Black enterprises within the tourism industry.

Minimum Transaction sizes to be considered will be R10 million. Grant funding will be provided together with debt funding from **sefa** and its potential strategic bank Co-Funder.

## OBJECTIVES

To fund commercially viable and sustainable majority Black owned (minimum 51%) tourism enterprises including enterprises in rural areas and townships.

To facilitate the participation of targeted groups such as Women and Youth in the priority tourism sectors as defined by the BBBEE sector codes.

## FUNDING

### **THE FUND WILL FOCUS ON THE MAJORITY BLACK OWNED (51%) AND BLACK MANAGEMENT-CONTROLLED TOURISM ENTERPRISES IN THE FOLLOWING SUB-SECTORS:**

- Accommodation, e.g. Hotels, Lodges, Resorts and Self-catering Units, Backpacker facilities.
- Hospitality and related services, e.g. Conference and Convention venues attached to a substantial accommodation element, privately owned attractions in already developed tourism nodes.
- Travel and related services, e.g. Tour operators.
- Any other tourism related products and initiatives not referred to above which supports tourism development imperatives and economic impact in terms of job creation, geographic spread and strengthening the tourism offering of South Africa.

## QUALIFYING CRITERIA

- The enterprise must be a registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended), Close Corporations Act, 1984 (as amended), and the Cooperatives Act, 2005 (as amended).
- The entity needs to be 100% owned by South African citizens.
- The entity needs to be predominantly Black owner-managed and controlled (51%).
- The entity needs to be registered and compliant with the South African Revenue Service.
- The entity must be operating in the qualifying sectors.

## FREQUENTLY ASKED QUESTIONS “FAQS”

### **1. What is the Maximum Grant Receivable?**

R 20 million, however it doesn't necessarily mean that all deals are going to get the R 20 million. The amount receivable is guided by certain developmental matrixis , including jobs facilitated, level of Black ownership etc.

### **2. What is the minimum transaction amount?**

R 10 million. (transactions below R 10 million may be redirected to the Tourism Transformation Fund which is managed by **NEF** and Department of Tourism.

### **3. Maximum Transaction size?**

There is no maximum transaction size, however entrepreneurs ought to understand the limitations of the Fund as grant funding is limited to R 20 million and **sefa** can finance up to R15 million.

### **4. Acquisitions Only?**

No, the Fund is able to Finance Developments and Expansion Projects. Start-ups acquiring a going concern, or acquiring the shares of existing tourism business can and will be considered. Asset Finance and Working Capital also included linked to the mandate of the fund.

### **5. Term of Loan Facilities?**

Maximum 10 years.

### **6. Interest to be Charged on Loan Facilities?**

**sefa** and its potential strategic bank Co-Funder will apply their respective pricing matrix when determining the Interest chargeable.

### **7. Minimum Document Required?**

Refer to minimum document required list.

### **8. Information sharing?**

As the Fund may have a potential strategic bank Co-Funder, information of successfully screened transactions may be shared with them for their assessment and review. Applicants will be required to provide consent to this in the application form.

### **9. How do I know and track the status of my applications?**

An acknowledgement of receipt will be sent to you and outcomes will be communicated as soon as is possible with outlined next steps. Turnaround times may be extensive taking into account the complexities of the transactions.

### **10. Can I apply as a start-up at concept stage?**

Start-ups may apply. In instances of development projects, a feasibility study may be required.

### **11. Can I apply as a sole proprietor?**

No.

### **12. Do you exclude businesses with a damaged credit profile?**

Each finance application is treated on its own merit (you must however demonstrate willingness to redeem your debt by making arrangements with your creditors, that is, the institutions and/or individuals you owe).

### **13. My company is struggling, and part of my application is to cover arrears with my creditors. May I still apply?**

The Fund is intended to finance acquisitions, developments and expansion projects if the acquisition requires working capital this may be considered.

### **14. My business also depends on an alcohol component will this exclude me?**

No.

### **15. If my business is registered in SA but operates in other parts of Africa (perhaps SADC), is it also eligible?**

The Fund is intended to finance acquisitions, developments and expansion projects in South Africa.

### **16. I am a black SA resident, not a citizen or a white female as majority shareholder. Does this exclude me?**

Yes.

### **17. Do you pay directly to the company or do you manage the funds for my company?**

Depends on the nature of the transaction.

### **18. Will you be taking equity in my company?**

We might require step-in rights in the event of breach or if we are concerned that the business may fail.