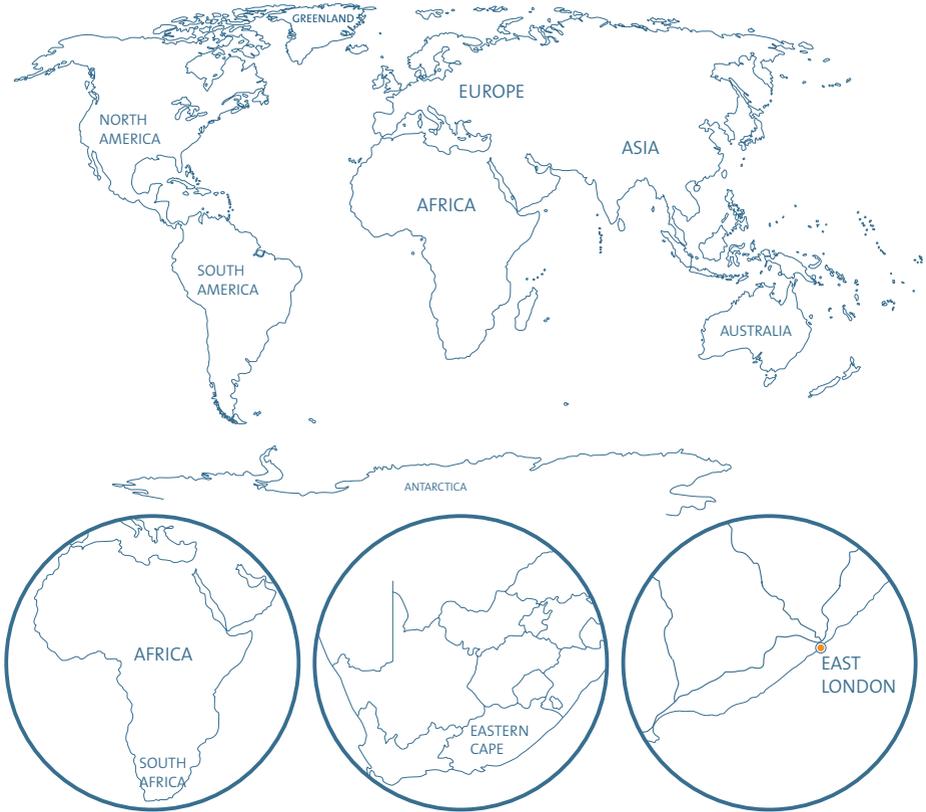


three° SIXty

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



east london idz
business streamlined



1998

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

Sept 2002

DTI designates an IDZ for East London
DTI awards Provisional IDZ operator's licence

2002

First international external audit for ISO 14001 certification

May 2003

Start of ELIDZ construction phase through the awarding of first bulk infrastructure contract

Sept 2004

Launch of Leaches Bay Electrical sub-station

Jun 2005

Announcement of first three investors valued at R88-million

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

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MILESTONES REACHED ALONG THE WAY

Apr
2006

Sod-turning of the Automotive Supplier Park

Dec
2006

Announcement of ASP investors

Dec
2007

Announcement of four new investors:

- Molan Pino
- Big Foot Express
- Murray & Roberts
- Feltex Caravelle

Dec
2008

Announcement of 7 new investors taking the investment value to R1.15 billion.

Dec
2011/12

First IDZ to have Customs Controlled Area (CCA) status

Dec
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.

ECONOMIC RANKINGS - AFRICA AND WORLD PERSPECTIVE

The EL IDZ is located in South Africa, one of the strongest emerging economies and renowned as a major industrial power and regional world leader in the production and export of minerals.

South Africa is home to 6% of Africa’s population and accounts for approximately 25% 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 45th overall out of the 134 countries in the World Economic Forum Global Competitiveness Report 2008/2009. In terms of business competitiveness, it is ranked 34th. The country is ranked highly in most areas of competitive areas of this survey, such as efficiency of the legal framework(17th) and intellectual property protection (24th); quality of infrastructure (43rd), goods market efficiency; higher education and training (22nd for quality of management schools); financial market sophistication(15th), technological readiness (24th), market size (19th for domestic and 28th for foreign), business sophistication (29th for local supplier quality) and innovation (27th for quality of scientific research institutions).

South Africa’s economy grew by 3.1% in 2008. The growth rate is expected to drop to 1.1% in 2009, and to rebound to 3.5% by 2010 thanks to the stimulus expected from the Fifa World Cup. (African Economic Outlook).



	Rank (out of 134)	Score (1-7)
Global Competitiveness Index (GCI) 2008-2009	45	4.4
GCI 2007-2008 (out of 131)	44	4.4
GCI 2006-2007 (out of 122)	35	4.5
Basic requirements	69	4.4
Institutions	46	4.6
Infrastructure	48	4.2
Macroeconomic stability	63	5.1
Health and primary education	122	3.8
Efficiency enhancers	35	4.5
Higher education and training	57	4.1
Goods market efficiency	31	4.8
Labour market sophistication	88	4.2
Financial market sophistication	24	5.2
Technological readiness	49	3.7
Market size	23	4.8
Innovation and sophistication factors	36	4.1
Business sophistication	33	4.6
Innovation	37	3.6

Source: Doing Business 2009 Report

*South Africa is ranked 32nd out of 181 countries in the **World Bank and IFC's Doing Business 2009** report. The report placed South Africa 9th for protection of investors and recorded significant improvements in the areas of starting a business and obtaining credit.*

THE IDZ PROGRAMME

The EL IDZ is one of four designated IDZ's in South Africa and the first operational zone.

The South African IDZ programme was initiated by the Department of Trade and Industry (the dti) to develop South Africa's export capability and global competitiveness. An IDZ is defined as: "a purpose-built industrial estate linked to an international port or airport which encourages investment in export-oriented manufacturing industries."

Each IDZ is uniquely positioned to take advantage of its location's transport, infrastructure and natural resources while offering access to strategic markets

KEY BENEFITS

The key characteristics of the EL IDZ include:

Access to world class infrastructure including roads, electricity supply, water supply and highly functional security infrastructure.

Shared Services exploiting benefits of economies of scale to assist in the reduction of production costs. These include logistics services, back office administration services, utility services and other support services.

A government services window allowing for streamlined access to government regulations and services that are critical for manufacturing industries.

Access to local and national incentives - Companies established in an IDZ remain subject to all relevant South African legislation but qualify for an attractive range of industrial and support benefits, including investment incentives offered by government.





“
The EL IDZ offered us world-class facilities and on site services, all at affordable rates, and put it all into one package.
”

Charl Human
Molan Pino General Manager





“ The state-of-the-art facilities in the IDZ are a pride and a joy for us when we welcome visitors here. ”

Jean Thiron
Johnson Controls Plant Manager



“ In the IDZ we are closer to MBSA, as we look forward to enjoying the incentive of being in a duty free zone ”

David Tsehlo
Feltex Fehrer Plant Manager



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.

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

AIRPORT ON THE IDZ'S DOOR STEP

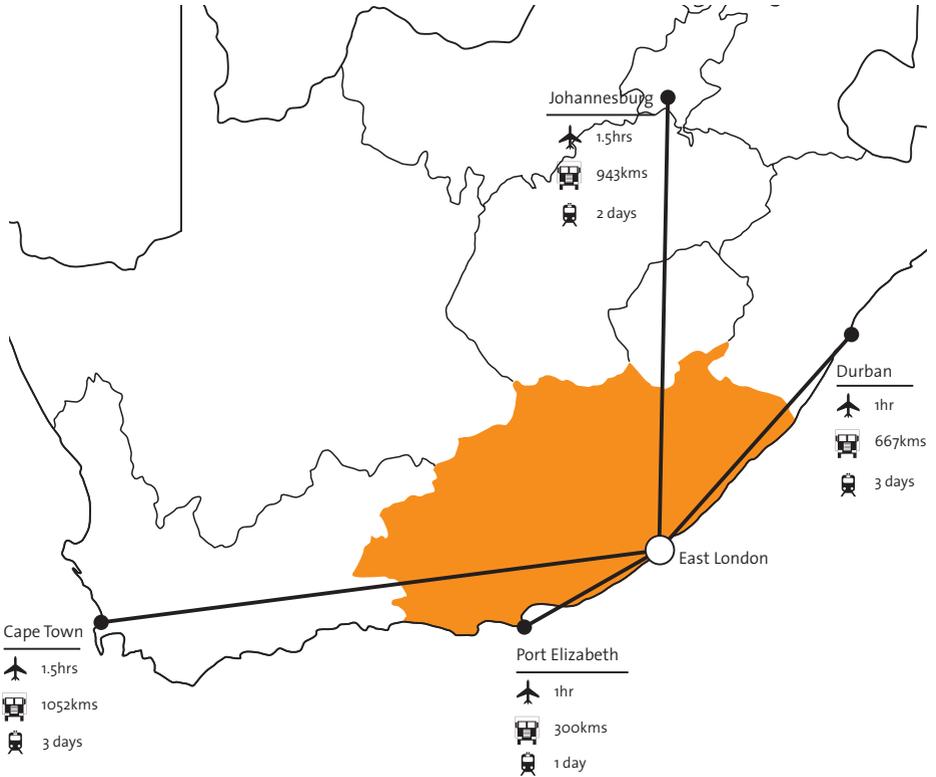
The city's airport, two kilometres from the EL IDZ handles domestic flights to all major destinations in South Africa. The airport is serviced by a cargo freight carrier daily from Johannesburg. International airfreight is easily accommodated with routing through South Africa's largest airport, OR Tambo International Airport in Johannesburg or alternatively via Cape Town International Airport. Freight in future will also be able to be routed through to the new King Shaka International Airport and the Dube Free Trade Port on completion in July 2010.

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 and run by Transnet Freight Services which allows for the transportation of goods, container services as well as metropolitan and long distance passengers. Specialised wagons for the conveyance of high risk, high value freight are available.



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 A HIGHLY EFFICIENT PORT

EFFICIENT PORT

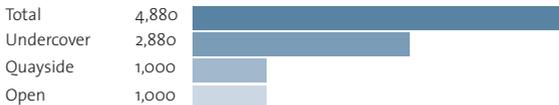
The EL IDZ is situated 6km from the city's port, the country's only river port. Buffalo City's strategic position on Africa's south-eastern coastline allows it to service markets with sea freight to the East and West through scheduled shipments to Australia, Africa, Asia and Europe. The 160 year old 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 movements
- Quick turnaround time (removal of containers on the same day)
- Flexible and efficient harbour services
- Competitive tariffs
- Proven logistics track record

The car terminal has a storage capacity of up to 5000 vehicles (2,880 undercover bays, 1000 quayside bays as well as a further 1000 open parking bays). The port has 2 dedicated bays for car carriers at the terminal. Depending on turnaround, the car terminal can handle up to 100,000 vehicles per year. The port is able to process a motor vehicle every 30 seconds.

Car terminal storage capacity







WHY INVEST IN THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE ENHANCED EXPORT COMPETITIVENESS

Investors in the EL IDZ have access to various grants and incentives from the government through the Department of Trade and Industry. Some of the 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 an 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 - aims to boost local motor vehicle production. It comprises of 4 key elements:
 - Tariff reduction freeze from 2013 -2020
 - Local assembly allowance
 - Production incentives
 - Automotive investment allowance

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 – European Union(EU) Free Trade Agreement
- Southern African Development community (SADC) Free Trade Agreement
- Southern African Customs Union(SACU) European 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 complete service from the initial enquiry up until the investment is settled in the zone. The EL IDZ has a skilled team of experts that will assist investors with:

- Various requirements such 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 relationships with government and municipal authorities.
- Accessing the necessary incentives and grants
- Skills development and other transformation and labour requirements.

Once an investing company makes the decision to locate into 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 approval with local authorities.
- Design and Construction of buildings as per specifications
- Sourcing of employees as per the investor's specified skills needs.

COST COMPETITIVENESS

The EL IDZ 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 reduced logistic costs through the use of logistics service providers currently located at the zone. They also have access to other shared services such as medical, conferencing, canteen and security. Companies that locate in the zone will also be able to access discounted municipal services (rates & electricity).

INFRASTRUCTURE SOLUTIONS

The EL IDZ is a world class industrial estate with 230 ha of fully-serviced prime industrial land. It is in close proximity to key transport networks which include sea freight, air freight as well as rail and road transport. 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 and 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 centralized control room allowing for the necessary security and controlled access into the industrial park.





INVESTMENT OPPORTUNITIES IN THE EL IDZ

- Automotive
- Agro-processing
- Aqua-culture
- ICT and Electronics
- Business Process Outsourcing and Offshoring
- Pharmaceuticals



INVESTMENT OPPORTUNITIES AUTOMOTIVE

The EL IDZ 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. It boasts first class infrastructure and shared services that are essential for a company to be globally competitive.

BENEFITS TO COMPONENT MANUFACTURERS

- Dedicated utilities and other services that are designed to assist and stimulate auto sector industrial productivity, expansion and export competitiveness.
- Time and cost savings arising from shared logistical and supply chain arrangements
- Comprehensive package of industry support assistance, including substantial national trade & export promotion incentives
- Close proximity to local OEMs with easy access to road, rail and air transport
- Established base of automotive skills in the Eastern Cape Province.

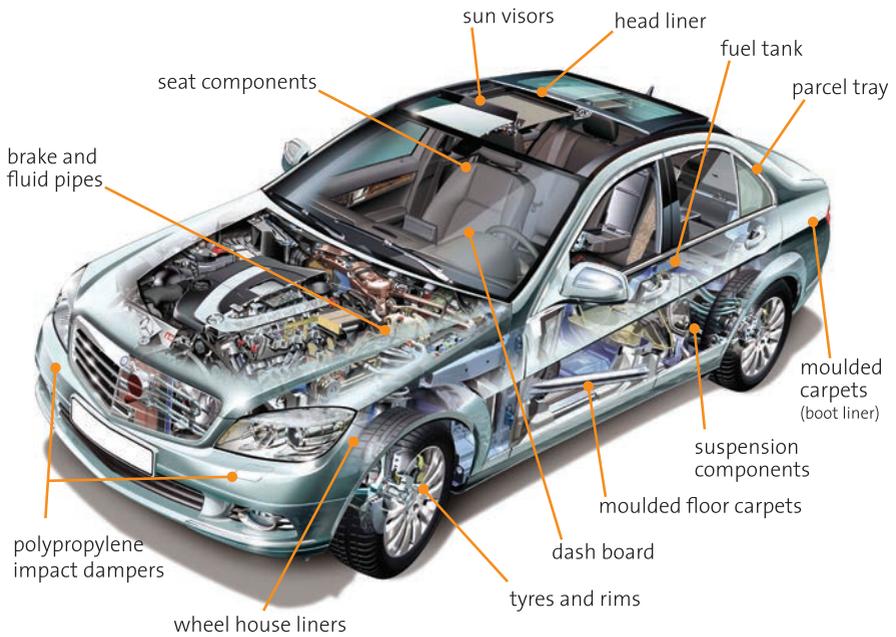
OPPORTUNITIES FOR AN OEM

The EL IDZ has set aside a zone in close proximity to the ASP to house 2-3 OEMs where leaner operations can be realised as well as greater efficiencies and cost savings.

The following benefits would be realised:

- Multi-brand production with shared services thereby reducing costs
- Focus on niche products with low volumes where applicable
- Lowering of infrastructure investment and increased flexibility
- Improved and stable supply chain process
- Decreasing inventory and holding cost as the ASP is within a kilometre.

13 KEY COMPONENTS FOR THE NEW MERCEDES-BENZ C-CLASS ARE MANUFACTURED IN THE EAST LONDON IDZ'S AUTOMOTIVE SUPPLIER PARK.





INVESTMENT OPPORTUNITIES

AGRO-PROCESSING

The Eastern Cape has vast untapped potential for agro-processing activities. The province is suitable for a wide variety of agricultural processes due to its temperate climate and year-round rainfall.

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 province has 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 extensive billion rand investment by the Steinhoff furniture group in the Eastern Cape timber industry is further proof of the opportunities available within this sector.

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



OPPORTUNITIES

- Dairy production
- Red pepper
- Wheat
- Beef
- Chicory
- Essential oils

FEATURES

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

INVESTMENT OPPORTUNITIES

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.

South African aquaculture production is still relatively low estimated at 3 500 tons in 2006, with a market value of R 218 million with approximately 1 800 direct (on-farm) jobs. This can be increased to 90 000 tons and a market value of R 2,4 billion with job potential of 44 000 direct (on farm) jobs over a 10 – 15 year period.

The EL IDZ is best suited to develop a marine aquaculture cluster. EL IDZ already has an established abalone farm representing over 3 years of research and experience in farming abalone. The EL IDZ has access to sea water of a 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. There is limited scope for species contamination (in certain species) due to coastline being along migratory routes of the wild stocks. The EL IDZ is in close proximity to a world class best practice research facility (Rhodes University)

OPPORTUNITIES

- The establishment of marine fin fish hatcheries
- The establishment of marine fin fish grow out facilities
- The establishment of a research facility for the development and propagation of new species for farming
- The establishment of a research facility for the development of alternative supplies of fishmeal for marine fin fish
- The establishment of a research facility for the development of bio-fuels from the by-products of the recirculatory marine fin fish farming processes.
- The establishment of an internationally accredited processing facility for fish and fish products.
- Research into the possibility of sea-based aquaculture projects for relevant species



INVESTMENT OPPORTUNITIES ICT AND ELECTRONICS

The government has identified that the information and communication (ICT) sector is of strategic importance to the future growth and prosperity of South Africa's economy.

The ICT sector is ranked amongst the top five sectors in South Africa, in terms of its contribution to gross domestic product. The IT services sector contribution to SA's GDP is expected to grow at approximately eight per cent per annum over the next couple of years to R 43,2 billion (\$6 billion) in 2009. IT services account for approximately 40 per cent of total IT expenditure.

South African software developers are recognised as world leaders in innovation, production and cost efficiency backed by an excellent local infrastructure. Some of the world's leading telecommunication brands like Siemens, Alcatel, SBC Communications, Telecom Malaysia and Vodafone have made significant investment in the country.

Investment opportunities lie in the development of access control systems and security equipment, automotive electronic subsystems, systems and software development in the banking and financial services sector, silicon processing for fibre optics, integrated circuits and solar cells. There are also significant opportunities for the export of hardware and associated services as well as software and peripherals.

Commercial and economic activity in the Eastern Cape is concentrated in the Nelson Mandela Bay and Buffalo City Metropolises, where the cities of Port Elizabeth and East London are located respectively. These cities have a prosperous market and ICT hub. One such example in East London is a company called FreshMark System who has developed a technology system for the fresh food market. All trading, stock control, financial process and supply chain management is managed for 22 national fresh food markets across the country, from East London.

INVESTMENT OPPORTUNITIES

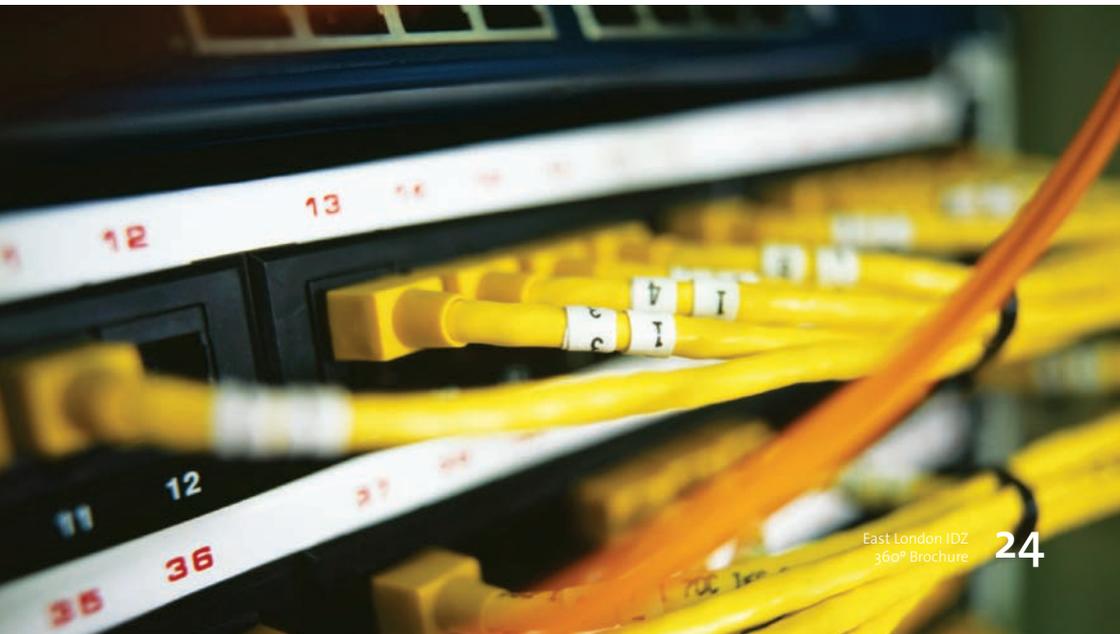
- Automotive Electronics: Manufacture of electronic systems & control modules, navigation systems, instruments.
- Consumer Electronics: TV, radio and communications assembly in IDZs for export.
- IT Hardware: CD, cell phone manufacture
- Machine Tools
- Technology Incubator: Support for IT & internet 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 (packaged software products – cross industry and vertical market applications);
- Educational project: Mass production of low-cost laptop for educational use. South Africa has not yet signed on for the project. Countries which have done so include Rwanda, Uruguay,

Peru and Libya. The OLPC laptops are produced by Taiwanese-based Quanta Computers, which has a 33% market share of laptops worldwide.

- 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 EL IDZ

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



INVESTMENT OPPORTUNITIES BUSINESS PROCESS OUTSOURCING AND OFF-SHORING

The BPO&O phenomenon has developed into a cutting edge, knowledge driven economic sector, in which South Africa is perfectly poised to play a leading role as more and more multinationals look to enhance their strategic offerings in a lower cost environment.

Both government and the private sector look to the BPO&O industry as a source of economic and employment growth. The Business Process Outsourcing and Off-shoring industry (BPO&O) is one of South Africa's fastest growing economic sectors. Most activity occurs within the call centre and back office processing spheres, with more than 70 service providers serving both local and offshore customers. The country offers a large and well-educated labour pool with over 300 000 new school leavers and 100 000 graduates entering the workforce annually. Tertiary institutes are world class and government support for continuous worker training and development is substantial. World-class infrastructure supports all BPO&O investment in South Africa. Excellent connectivity and a sound telecommunications environment are coupled with property and electricity prices that offer true value in an age of escalating infrastructure costs. All of this in a country that provides a lifestyle that is highly attractive to both locals and expatriates.

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
- Lufthansa
- Avis
- Car Phone Warehouse
- MTN and Vodacom

BPO INCENTIVES

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 a 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.

The objective of the incentive is to attract BPO&O investment that creates employment opportunities. The grant is provided directly to approve projects depending on the value of qualifying investment cost and employment creation. Over and above the Investment Incentive grant, a Training Support Grant is made available to provide support towards costs of company-specific training up to a maximum of R12,000 per agent. The BPO&O Investment Incentive is effective from 06 December 2006 up to 31 March 2011

INVESTMENT OPPORTUNITIES

- Call Centres
- Back Office Processing
- Shared Corporate Services
- Enterprise solutions in service lines such as fleet management, knowledge management and asset management
- Science Park
- IT incubation centre

OPPORTUNITIES IN THE EL IDZ

- There are multi-national companies in telecommunication, healthcare, automotive, finance, services and energy sectors and they can be served by these call centres and they are in close proximity to EL IDZ
- EL IDZ 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 call centres
- First class infrastructure
- Similar time zone to most of Europe
- Excellent lifestyle
- EL IDZ is located in an area with a low rate of crime compared to other major urban centres



INVESTMENT OPPORTUNITIES PHARMACEUTICALS

South Africa is the largest drug market in Africa, with spending at around US\$3 billion.

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.

OPPORTUNITIES IN THIS SECTOR IN THE ZONE INCLUDE:

- Establishment of an Active Pharmaceutical Ingredient (API) facility
- Chemical production for the public health sector as well as for exports.
- Various processing industries based on extraction/utilisation 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.





east london idz
business streamlined

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