

**The OR Tambo International Airport SEZ:**

**Medical Manufacturing Clustering and  
Property Development Opportunities**



# ABOUT THE GAUTENG IDZ DEVELOPMENT COMPANY

**Gauteng IDZ Company** is an SPV 100% owned by the Gauteng Growth and Development Agency (“GGDA”), established to manage the establishment and operationalization of the **OR Tambo International Airport SEZ (OR Tambo SEZ)**



**GAUTENG DEPARTMENT OF ECONOMIC DEVELOPMENT (GDED)**

Provincial Custodian of the Economic Development Function, 100% shareholder of the GGDA

**GAUTENG GROWTH AND DEVELOPMENT AGENCY (GGDA)**

Implementing Agency of the GDED. Already established and registered as a Schedule 3C enterprise in terms of the Blue IQ Act

**GAUTENG IDZ DEVELOPMENT COMPANY (GAUTENG IDZ or GIDZ)**

SPV: 100% owned GGDA; Already established with and application for registration as a Schedule 3C enterprise submitted to National Treasury.  
**Present License Holder and Retained Operator of the OR Tambo SEZ**



# BENEFITS OF LOCATING A BUSINESS IN AN SEZ



Sectoral & value chain cluster facilitation and support



Infrastructure development



Enhanced Security



Enhanced ease of doing business

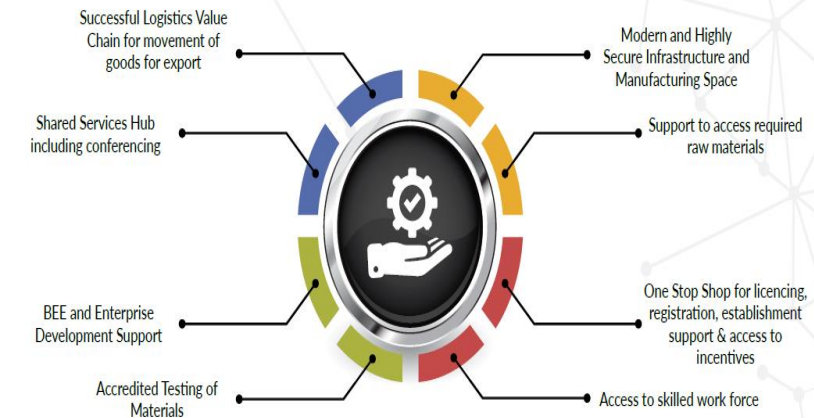


Access to incentives

# THE OR TAMBO SEZ VALUE PROPOSITION

- The OR Tambo SEZ's value proposition is **centred around its competitive location at or in proximity to OR Tambo International Airport facilitating ease of access to the global and African Market**

- It also includes the following :
  - Supporting concomitant supply and value chain relationships located in Ekurhuleni;
  - Incentives including employment tax incentive, VAT exemption and duty-free importation of production related material and assets
  - Serviced land
  - Supplier development support
  - One-stop shop management arrangements including a single poi of contact.



# THE OR TAMBO SEZ LOCATIONS AND INDUSTRIES OF FOCUS

Multi-site developmental approach with all three sites designated as the ORTIA SEZ



## ORTIA PRECINCT 1

**Size:** 7.5ha

**Land ownership arrangement:** 45 year

**Notarial lease with ACSA**

**Focus sectors:**

**Metals-** Jewellery and Diamonds

Agro-processing

**Status:** Partly operational, partly in construction

## ORTIA PRECINCT 2

**Size:** 29ha

Land ownership arrangement: Finalisation of Notarial lease in progress with GDID

**Focus sectors:**

Perishables: Agro-processing, Medicaments

**Advanced Manufacturing: Medical devices and components**

**Status:** EIA and Township establishment process underway

## SPRINGS PRECINCT

**Size:** 13.9ha

Land ownership arrangement: Finalisation of Notarial lease in progress with Impala Platinum

**Focus sectors:**

**Metals-** PGM beneficiation and advanced manufacturing; capital equipment

**Status:** EIA and Township establishment process underway

# WHY THE MEDICAL CLUSTER? the African Market, GVC Disruptions, Window of Opportunity....

Africa accounts for 17% of the world's population and 25% of the world's disease burden

Communicable diseases accounts for two-third of the disease burden

Incommunicable diseases accounts for one-third of the disease burden

## Influencing factors

Urbanisation

Change in lifestyle

Growing population

Increase in government spend on healthcare

# .....towards 2030

2030 non-communicable diseases will cause more deaths in Africa than communicable diseases

It is estimated that the African healthcare market will be worth USD 259 billion by 2030

Medical devices market -USD 7069.61 million by 2023

The pharma market expected to be worth USD 70 billion by 2030.

The African Continental Free Trade Agreement (ACFTA)

- The Agreement seeks to create a single market of 1.27 billion consumers with an aggregate GDP between USD 2.1 and 3.4 trillion according to the International Trade Centre.
- The agreement provides an attractive opportunity for the investment in the pharmaceutical and medical devices sector.
- ORTIA SEZ is strategically located to allow investors to access the growing African Market

Source World bank, Virginia Development Partnership,

# SOUTH AFRICA'S COMPETITIVE ADVANTAGES IN THE PHARMA AND MEDICAL DEVICES INDUSTRY

Already existing capabilities make South Africa a suitable African country for investment in life sciences knowledge generation and production

Traditionally, the country has been a location of choice for multinationals locating to further access the African market

South Africa already has established systems, supply chains and regulatory processes required by international standards

There is an availability of R&D, skills, resources and supporting infrastructure

# BENEFITS OF A MEDICAL CLUSTER WITHIN THE OR TAMBO SEZ

- ✦ *Value creation aggregation*- as a result of closeness between operating firms, spill-over benefits for companies from input sharing, technology, and exchange of knowledge and skills will be fostered. This will result in enhanced **productivity and competitiveness**.
- ✦ *Business environment* - a business environment supported by shared infrastructure, industry responsive facilities, proximity to regulatory and accreditation entities and institutions of higher learning will be created, ensuring **innovation and an industry responsive skills force**
- ✦ *Air Freight* - Proximity to the OR Tambo International's air cargo offering. OR Tambo remains the largest air cargo conduit on the African continent with the capacity to handle more than 400 000 tonnes of cargo per annum. This existing offering will ensure ease of access to the African market and beyond, facilitating an **increase in exports**
- ✦ *Industry specific infrastructure* – this is a key requirement for the pharma and medical industry and as part of the **cluster concept**, requirements such as cold chain offerings will be enhanced

## Overall Impact

Competitiveness

Innovation

Productivity

Increasing  
Exports

Skilled labour  
force





# MEDICAL DEVICES PROPOSED CLUSTER CONCEPT

Sub-assembly plant

Labelling and Packaging

Logistics, Warehousing and cold storage

Sterilisation Facility

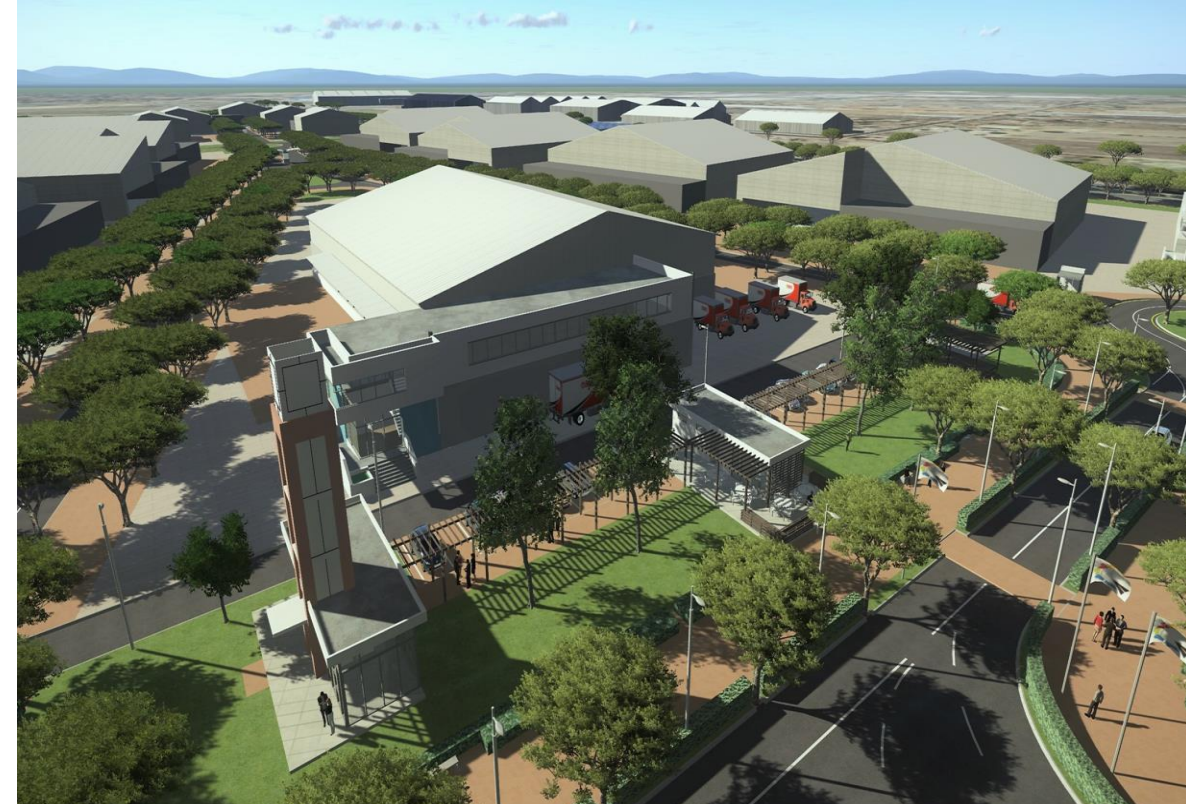
Administration

Plant heating and cooling

Water Purification, Steam

Regulatory, Testing Facilities and Labs e.g. SABS

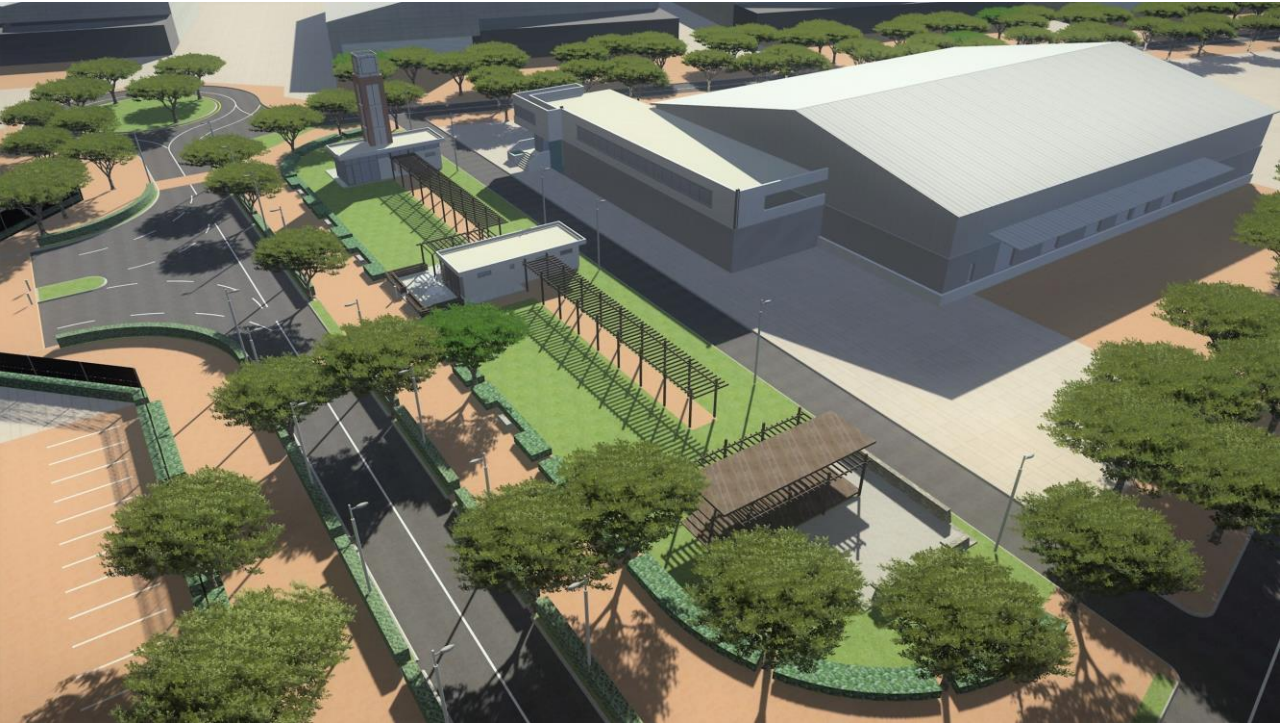
Research, Development and Innovation Centre



# INVESTMENT OPPORTUNITIES

- **Manufacturing Investment Opportunities**
  - Facility Lease Arrangements
  - Land Lease Arrangements
- **Property development investment opportunities**
  - Top structure development

**GIDZ will provide serviced land in either option**



<b>Building sizes</b>	<b>Range from 200m<sup>2</sup> to 15 000m<sup>2</sup></b>
Tenant Lease term	10 years
<b>Rental rates:</b>	
Land lease - Investor is responsible for constructing the top infrastructure	R10/m <sup>2</sup> Annual escalation of 7% or CPI which ever is higher
Facility lease	R70-100/m <sup>2</sup> Annual escalation of 7% or CPI which ever is higher
Service Contribution / Levies	R15/m <sup>2</sup> Annual escalation of 8,5% or CPI which ever is higher
Electricity & Water Rates	R22 / per Kwh (excludes MVA charges) and R10/ per Kilo litre

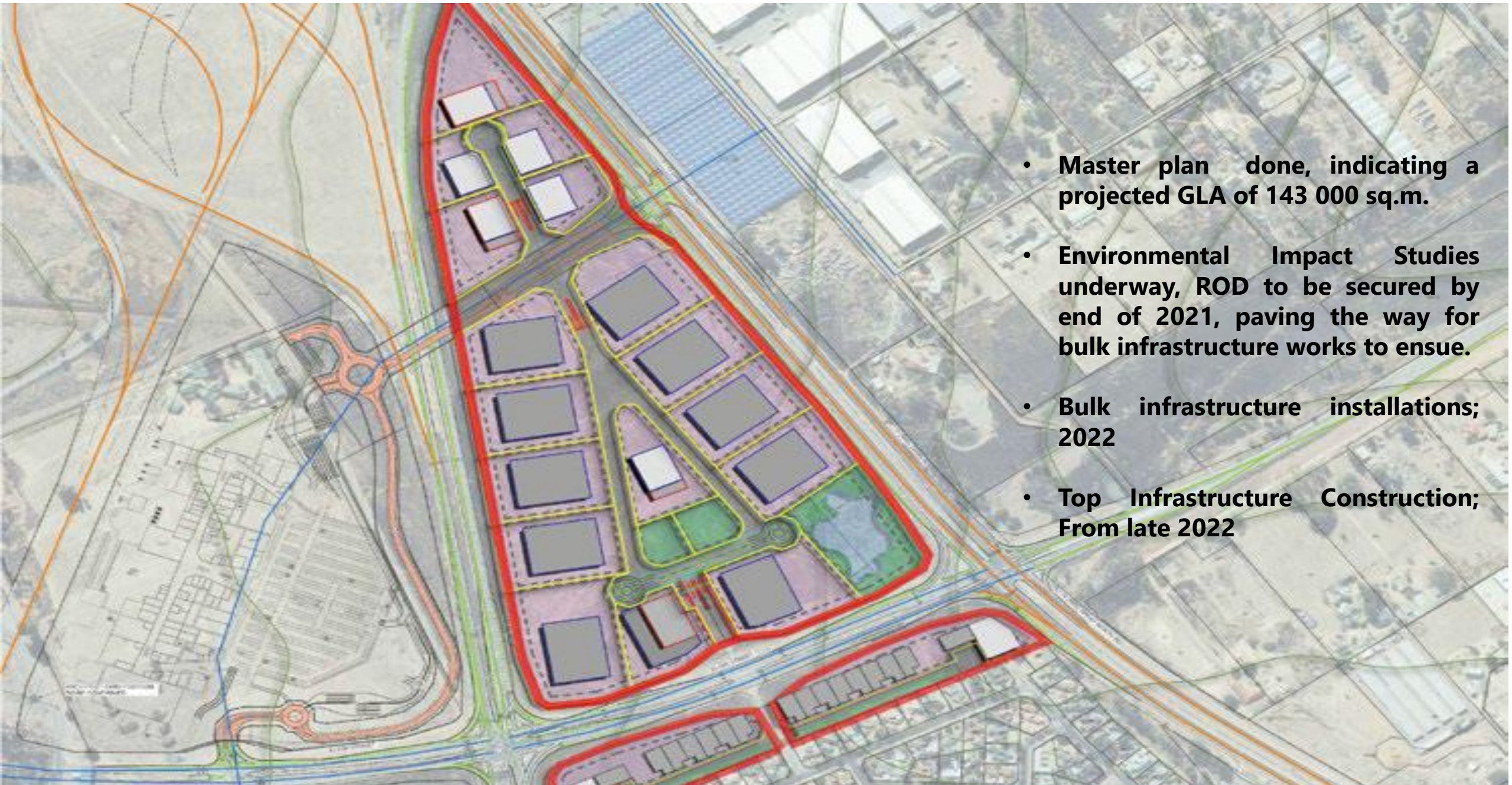
**Overall IRR (Before Tax)**

Benchmark  
20-Year Government Bond ~10%

**12,75%**



# STATUS OF DEVELOPMENT



- **Master plan done, indicating a projected GLA of 143 000 sq.m.**
- **Environmental Impact Studies underway, ROD to be secured by end of 2021, paving the way for bulk infrastructure works to ensue.**
- **Bulk infrastructure installations; 2022**
- **Top Infrastructure Construction; From late 2022**

# IN SUMMARY, WHY ORTIA PRECINCT 2

- The **ORTIA SEZ is an excellent base for access to the regional and global markets**, given its excellent business institutional arrangements, well established infrastructure and linkages
- **The size of ORTIA Precinct 2 lends itself to cluster development.**
- **ORTIA Precinct 2 has access to applicable SEZ Incentives**
  - **VAT and Customs Relief** – Businesses within customer-controlled areas will qualify for VAT and customs relief
  - **Employment Tax Incentive** – Employers that hire low-salaried staff (below R60 000 per annum) in any SEZ will be entitled to this incentive.
  - **Corporate Income Tax of 15% and accelerated building depreciation** – subject to approval by the National Minister of Finance



# INVESTOR PROFILE

Local and International  
Pharmaceutical companies

Local and International  
Medical Devices

Emerging Enterprises in the  
Medical Sector

Private Property Developers



- Interested in operations within an 18-24 month lead time
  - This provides opportunities for input into the design of the top infrastructure as well as collaboration on funding
- Long term tenancy in the form of lease agreements guaranteeing rights over a defined period
- Looking to expand into Africa and capitalize on Africa's growth trajectory in the selected industries
- Looking to expand their already established operations by working with government to realise growth potential
- Looking to forge partnerships and collaborations with government and other key stakeholders including established local players

Thank You

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## Website

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