

PROPOSAL

FOR A PERI URBAN AGRI-VILLAGE

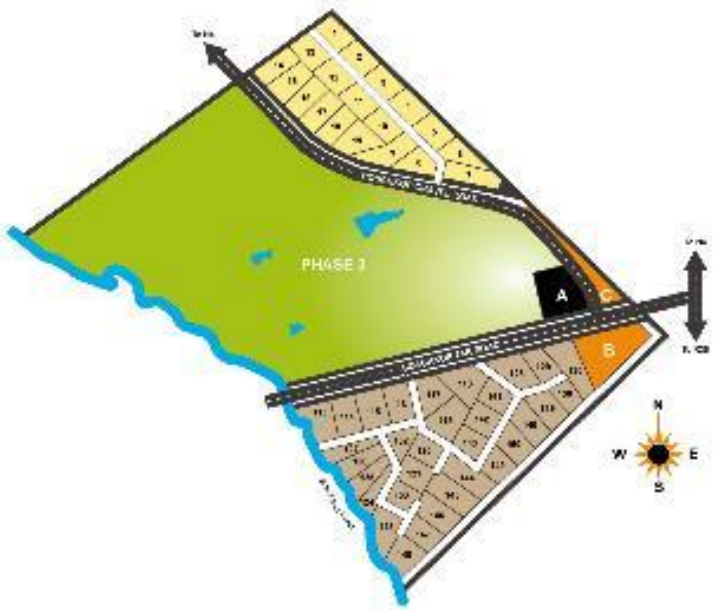
AND AGRI-HUB TO BE DEVELOPED ON A LAND AVAILABILITY AGREEMENT CONCEPT

PREPARED FOR WISEMAN NOFUMBA

21 AUGUST 2019



1. Introduction
2. The Agri-Park business concept
3. Objectives
4. Fee structure





Introduction

This presentation will address the following:

- A description of the Agri-Park and Agri-Hub business modelling concept
- Objectives with the Development project



1. Introduction
2. The Agri-Park business concept
3. Objectives and deliverables
4. Fee structure





The Agri-Park business concept

- The Agri-Park will consist out of 410 economically viable farms in one Farm Village.
- The farmers in the Farm Village will produce, in a focused effort, a variety of products like: livestock, milk, eggs, vegetables, nuts, fruit and berries.
- It will be a title deed condition that each farmer has to be a member of the Farmers Homeowners association.
- All farmers will be able to make use of the service providers in the Agri-Hub to add value to the products produced.



The Hub of services will

Promote the skills of and provide support to small-holder farmers through the provision of capacity building, mentorship, farm infrastructure, extension services, production inputs and mechanization.



The Agri-Park business concept

Next to the Farm Village (Agri-Park) will be an Agri-Value add Hub which will provide services to the smallholder farmers in the Farm Village and surrounding.

The Following services will be available if it is feasible:

- A Farmers Market
- Processing
- Logistics
- Training
- Cold storage
- Freezing tunnel
- Coaching
- Marketing
- Packaging
- Transport to the fresh produce markets and food distribution centres
- Crematorium for animal waste



The Agri-Park business concept

- The common property in the Agri-parks must be managed by the a NPC Farmers Association.
- The Agri-park and the Hub must be a catalyst for Perri Urban agricultural industrialization.
- Every farm will have access to metered municipal water, pre-paid electricity and metered irrigation water and outfall sewer to a sewer package plant
- Farmers will be able to maximise the use of their agricultural land with high production - capability on a small holding.
- Farmers will have access to agro-processing, bulk and logistics infrastructure.



The Agri-Park business concept

In support of the National Development Plan (NDP) there are various financial support initiatives available from Government departments to ensure industrial development, sustainable economic growth and agricultural development. The service providers in the Hub will assist with applications for funding for the farmers. The following are some of the funds and grants available to support the project and the farmers:

1. **Rural Industrial Development Fund**
   - Purpose: To facilitate the development of rural enterprises and industries:
     - Agro-processing (Agri-Parks).
     - Village markets.
     - Credit - finance and investment facilities.
     - Public, social services and economic hubs in villages (retail parks and malls).
     - Manufacturing.
     - Relationships with commodity groups.
2. **Small Business Development: The Co-operative Incentive Scheme (CIS)**
   - Purpose: A 100% grant for registered primary co-operatives. The objective of the CIS is to increase the viability and competitiveness of co-operative enterprises by lowering their costs through an incentive (Grant).
3. **Black Industrialist Programme (DTI)**
   - o To increase industrial competitiveness and broaden the participation of enterprises in the economy, the DTI provides financial support to qualifying companies in various sectors of the economy. Financial support is offered for various economic activities, including manufacturing, business competitiveness, export development and market access, as well as foreign direct investment.



The Agri-Park business concept

4. Incubation Support programme (DTI)

- The DTI initiated the ISP as a grant to develop incubators into successful enterprises with the potential to revitalise communities and strengthen local and national economies. The ISP encourages partnerships in which big business assists SMMEs with skills transfer, enterprise development, supplier development and marketing opportunities.
- Programme Description:
  - The objective of the programme is to encourage private-sector partnerships with Government to support incubators to develop SMMEs and nurture them into sustainable enterprises that can provide employment and contribute to economic growth.
  - The programme aims to provide funding for incubators that can generate revenue through the provision of services and initiatives that can become self-sustainable.
  - The ISP will be available on a cost-sharing basis between the Government and private sector partners. It is available for infrastructure and business development services necessary to mentor and grow enterprises to ensure that within two to three years they will graduate to a level of self-sustainability by providing products and services to the market. The programme is effective from 1 September 2012 to 31 March 2022.

5. Black Umbrellas

- Black Umbrellas is a non-profit enterprise development incubation organisation partnering with the private sector, government and civil society to address the low levels of entrepreneurship and high failure rate of 100% black owned emerging businesses in South Africa. The programme focuses on promoting entrepreneurship as a desirable economic path, and nurturing 100% black-owned businesses in the critical first three years of their existence through the provision of nationwide incubators.



The Agri-Park business concept

In support of the National Development Plan (NDP) there are various first- three -years –of existence , plans provided by nationwide incubators.

6. **Small Enterprise Finance Agency (SEFA)**
   - The agency provides financial products and services to qualifying small, medium and micro enterprises (SMMEs) and Co-operatives. Access to finance is one of the biggest obstacles for small businesses; SEFA assists such companies through access to financing. It forges successful partnerships with clients that contribute to create great enterprises. The agency serves as a strategic financial partner to significantly contribute to the growth of the enterprise and so create lasting value.
7. **Recapitalisation and Development Programme (RADP)**
   - The following are specific objectives of RADP:
     - To increase production.
     - To guarantee food security.
     - To make small farmers into commercial farmers.
     - To create employment opportunities within the agricultural sector.



The Agri-Park business concept

The Land Bank of South Africa offers a broad range of loans for farmers' needs like buying land, equipment and working capital for agricultural projects.

These loans can take the form of:

- Long-term mortgage - fixed instalment loans for capital expenditure.
- Short-term loans - tailored to meet critical financing needs in the agricultural cycle
- Deposits - Call deposit accounts are available to corporate clients for various specific purposes.
- Guarantees - The Land Bank issues guarantees for the purpose of securing the meeting and fulfilment of corporate clients' obligations in connection with their agriculture related activities.
- Establishment loans – available to farmers for establishing certain perennial crops.
- Medium term loans for Large Livestock - aimed at clients who have established herds and who wish to expand their herds, without offering land for security purposes.



The Agri-Park business concept

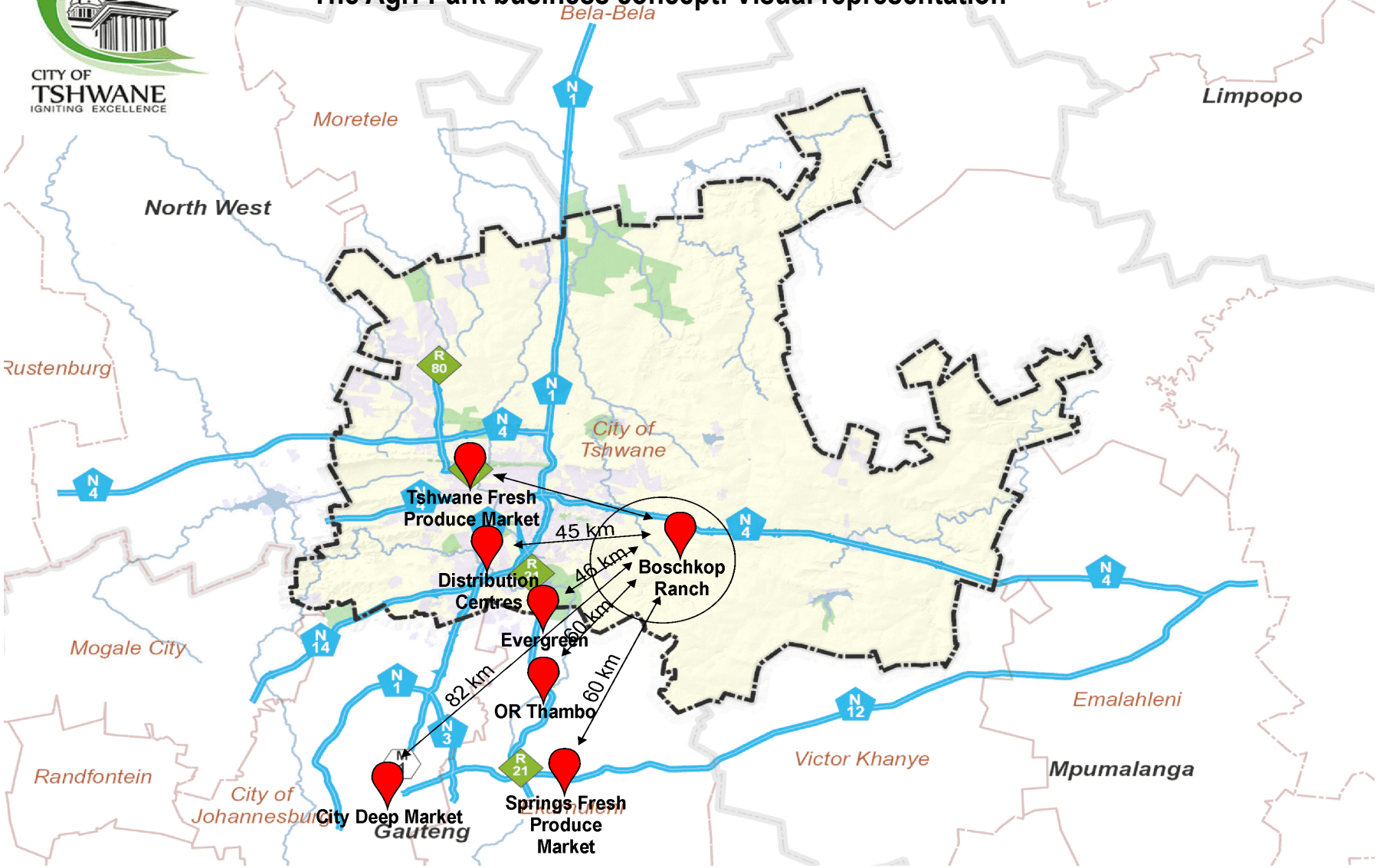
- Instalment Finance – This loan enables all farmers, especially those with limited assets to grow their businesses. Typically this finance is used for farming equipment, implements, vehicles and Livestock
- Special Mortgage Loan - aimed at South Africans who have the potential to become successful farmers, but were previously denied the rights to buy land.

If you need expert assistance in creating a viable and fundable business plan, Contact Werner Eksteen at RE/MAX Jowic - Team Werner Eksteen.



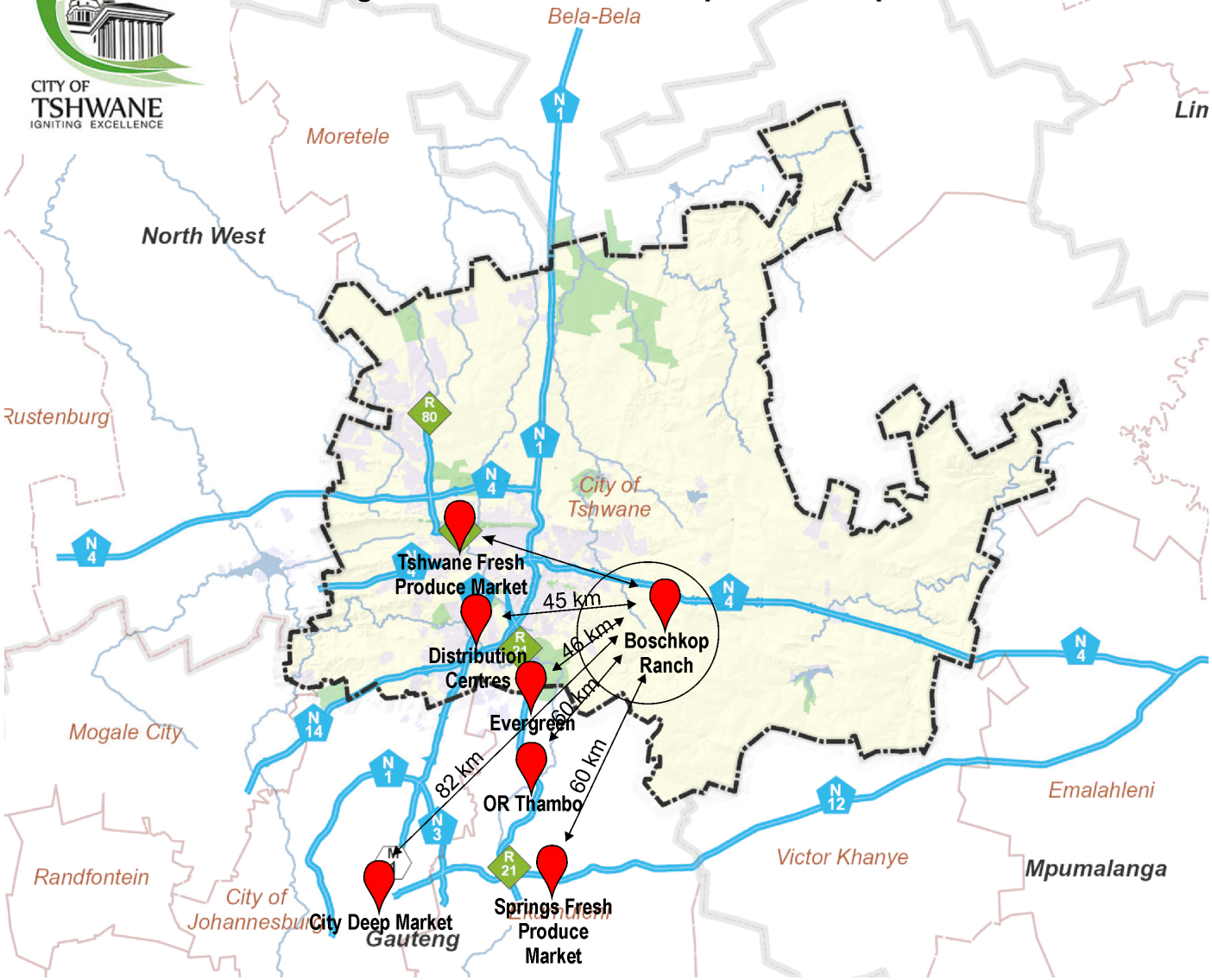
The Agri-Park business concept: Visual representation

CITY OF TSHWANE
IGNITING EXCELLENCE





The Agri-Park business concept: Visual representation



Approximately 4000 small holdings surrounding the Hub:

BOSCHKOP 369 JR
KAMEELFONTEIN 297 JR
KAMEELZYNKRAAL 547 JR
BASHEWA AH
RENOSTERFONTEIN 514 JR
TIEGERPOORT 371 JR
RIETFONTEIN 366 JR
RIETFONTEIN 375 JR
RIETFONTEIN 395 JR
DONKERHOEK 370 JR
KLEINFONTEIN 368 JR
TWEEFONTEIN 413 JR
TWEEDRAGT 516 JR
ZWAVELPOORT 373 JR
GROOTFONTEIN 394 JR
SHERE AH
WITKOPPIES 393 JR
ZWARTKOPPIES 364 JR
KLEINZONDERHOUT 519 JR
KLIPKOPPIES 396 JR
MOOIPLAATS 367 JR
TYGERVALLEY 334 JR
VALTAKI AH
FIROLAZ 485 JR



Unique Ownership Model

Zoning agricultural
The zoning for the farms in the Agri-Park should stay Agricultural undetermined except for the commercial, industrial, educational and training stands in the Agri-Hub.

Incubation Support Programme
Commercial Farmers, DTI and/or the Black Umbrellas must support an Incubation Support Programme for the Agri-Park and Agri-Hub project and the Small Holder Farmers.

Farmer Association
A Small- Holder-Farmer Association for the NPC and the Small Holder Farmers must be established to levy levies for the operating costs and services for the NPC and the Small Holders Farmers Association on the common property. Services like: Access control, Road maintenance, Electricity, Municipal water supply, Irrigation water supply, Sewer package plants and recycling of sewer water for agricultural purposes.



The Agri-Park business concept

The 410 economically sustainable niche farms (1, 2, 3 and 4 hectare farms) covers:

- Aquaculture
- Broilers and eggs
- Intensive farming with sheep, goats, poultry and rabbits
- Vegetable tunnel farming
- Pet and bird farming
- Herbs and spices
- Mushroom farming
- Honey/bee keeping farming
- Horticulture
- House plants and trees

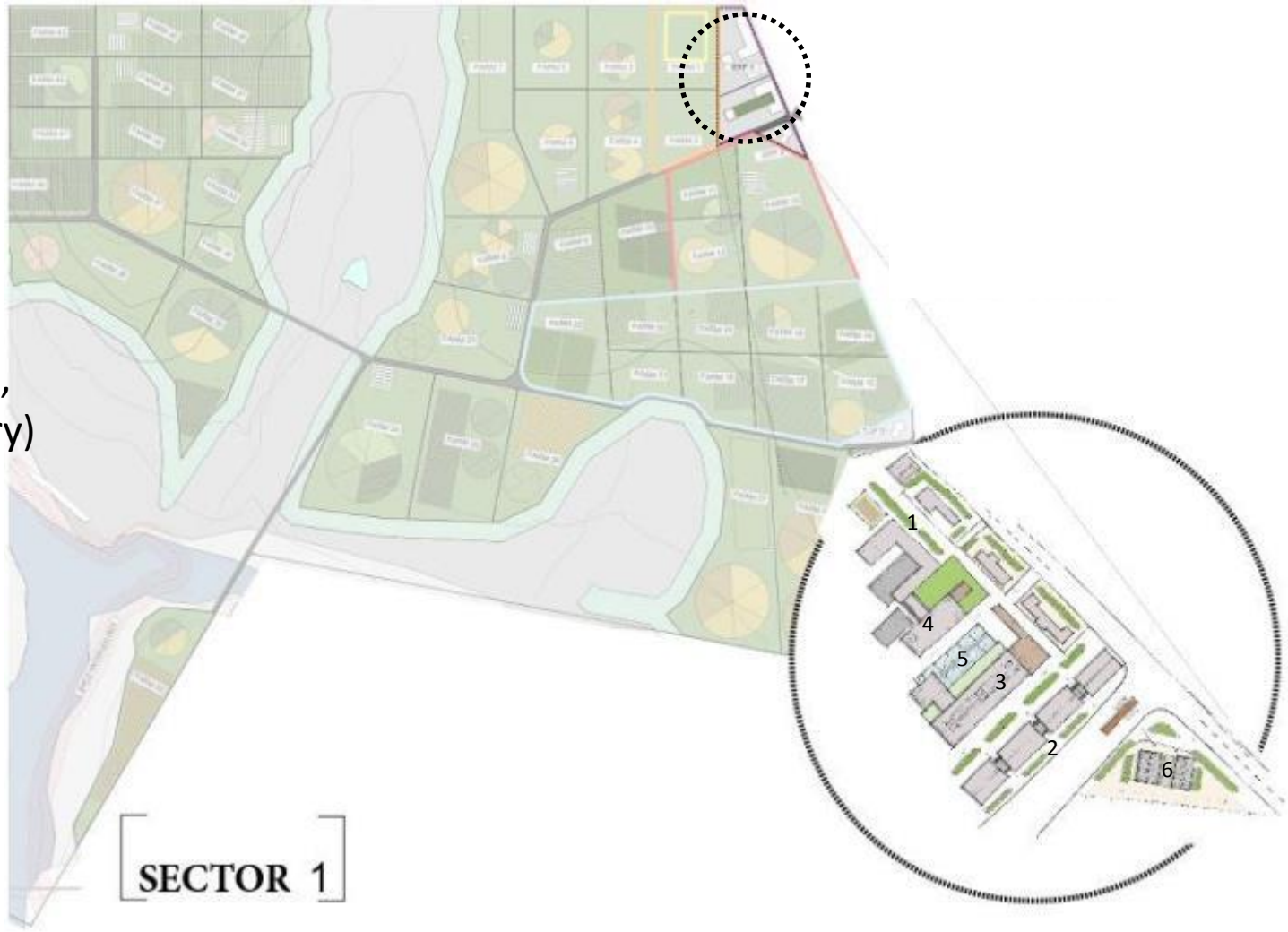




The Agri-Park business concept

Farmers market and processing for:

- Informal market
- Formal market
- Packing facility
- Processing (i.e. canning, cheese, abattoir, freezing, butchery, brewery)
- Farm to table initiative
- Arts and craft centre





The Agri-Park business concept





The Agri-Park business concept

The Training centre covers:

- Practical training
  - Irrigation practices
  - Intensive farming
  - Shade houses
  - Hot houses
  - Other
- Animals Extensive/Intensive
  - Broilers and eggs
  - Dairy
  - Pigs
  - Goats
  - Sheep
- Crop production
  - Vegetables
  - Fodder
  - Aquaculture
- Integrated farming practices
- Theoretical training
- Selection process
- Computer literacy
- General farming practices
- Finance
- Labour law
- Agri farming diploma course

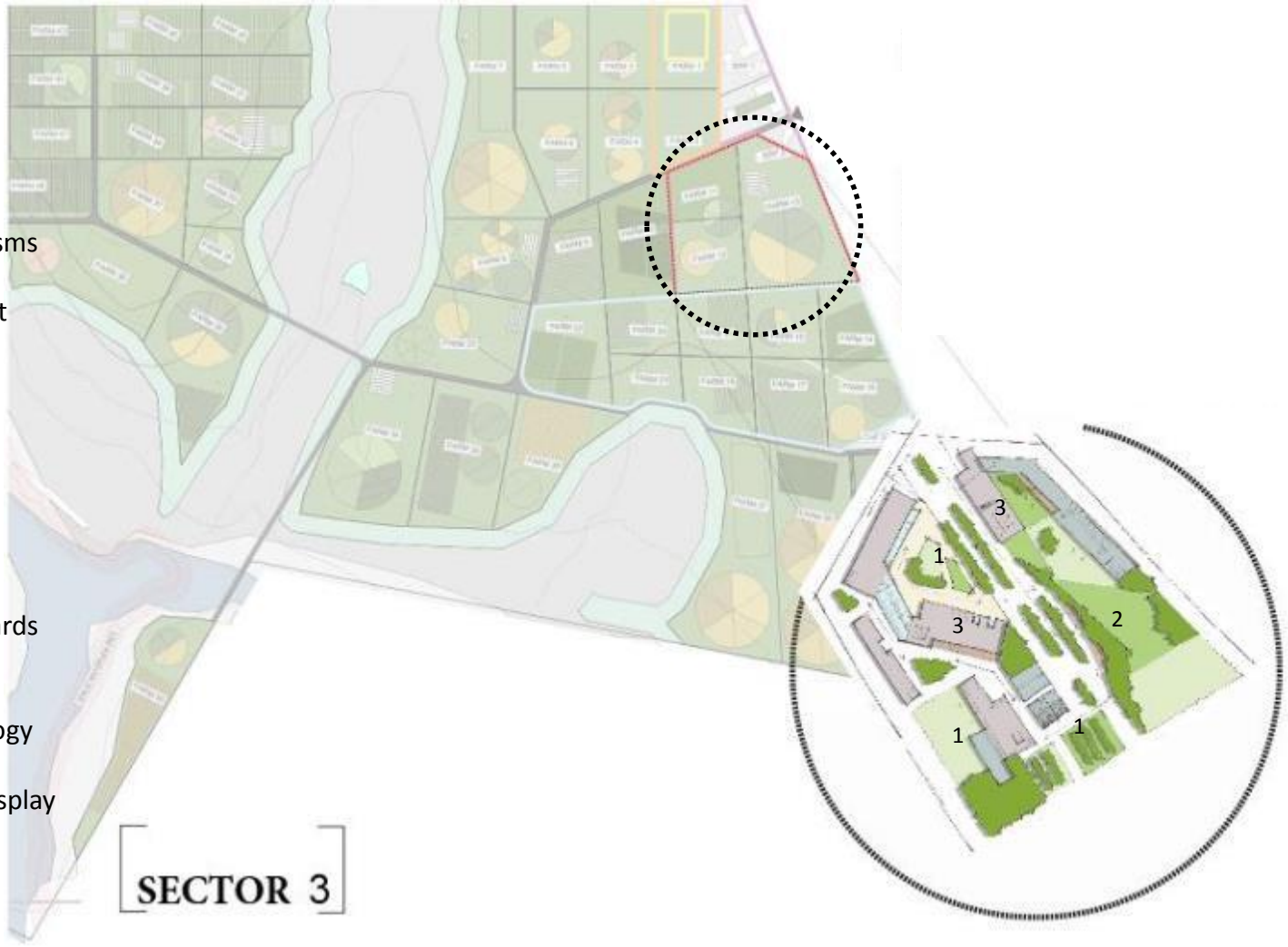




The Agri-Park business concept

Agri exhibition and trade centre

- Open air display and training
  - Field production
  - Hot houses
  - Shade houses
  - Irrigation technology
  - Farm energy
  - Effective micro-organisms
  - New technology
  - Agricultural equipment
- Animal display area
  - Dairy
  - Chicken
  - Quails
  - Goats
  - Sheep
  - Micro-organisms
  - Input suppliers
- Under cover exhibition standards
  - Farming technology
  - Input suppliers
  - Energy saving technology
  - Green technologies
  - General agricultural display
- Agricultural shows
- Trade fairs



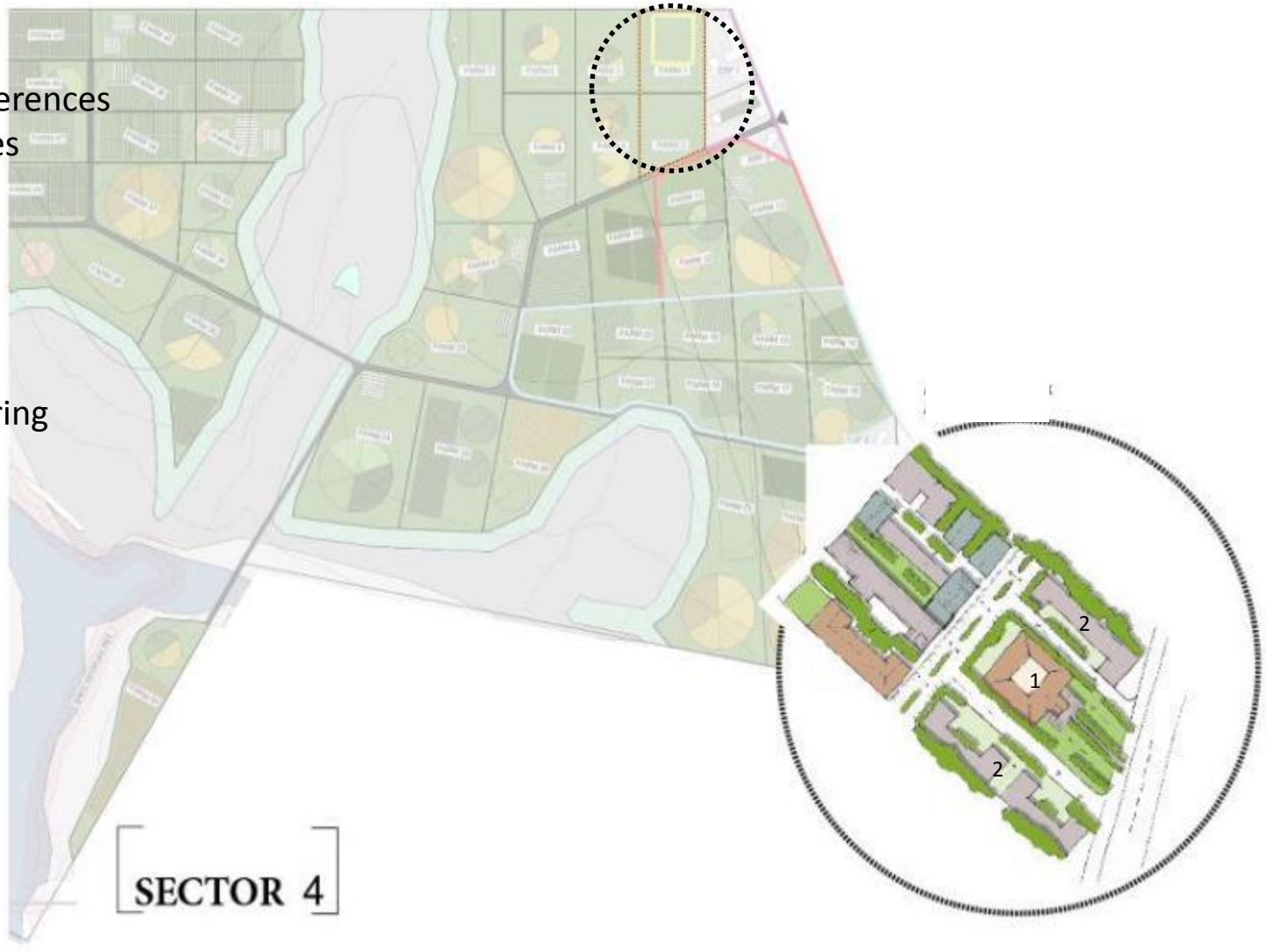


The Agri-Park business concept

Conference centre
- Agricultural conferences
- Trade conferences
- Venue hire
- Lecture halls
- Entertainment

Restaurant
- Conference catering
- Open restaurant
- Staff catering
- Student catering

Agri business park
Admin offices





The Agri-Park business concept

Accommodation

- Tourism
- Conference accommodation
- Student accommodation
- Farm workers accommodation





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The objective of the development

The objective with the Agri-Park and Agri-Hub business model design will be:

- To develop affordable small farms for small holding farmers.
- To include in the farming finance package the finance for a dwelling for the farmer.
- To create a property with a title deed acceptable to raise finance.
- To develop a strategy and business plan for every farmer.
- To create and develop a hub of services for the farmers.
- To optimize funding possibilities for the small holding farmers and the Agri-Hub through various grants and government initiatives.
- To make use of experienced business people and commercial farmers to guide, incubate and mentor each farmer to ensure long term sustainability and food security for the country.
- To create a farming model that can be rolled out throughout South Africa and Africa.



The Agri-Hub business plan

Developing a business plan comprising of:

- Balance the production with the processing of the produce and the demand in the market.
- Strategic blueprint with strategic goals, objectives and action plans.
- Farming production options and processes necessary.
- Agri-industry positioning and take-off agreements.
- Market modelling, production planning for processing, marketing forecast and marketing plans for farmers.
- Cost/pricing models, budgets and forecasts for farmers.
- Physical implementation plans for farmers and Agri-industry.



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Fee Structure

Cost for sub-division and rezoning	R1 480 000
Business Plan for Agri-Hub estimate	R650 000
Niche farm business plans (per plan)	R5 500 – R16 500
Cost for external and internal bulk services (R193 000 per small holding)	R79 130 000



Fee Structure

Estimated cost proposal for subdivision application

COMPANY	PERSON	DUTIES	AMOUNT EXCL VAT	AMOUNT INCL VAT	DEPOSIT	BULK CONTRIBUTIONS
TEROPO	CARLIEN POTGIETER	TOWN PLANNER				
		Subdivision application	R 75,000.00	R 75,000.00		
		Application fees	R 4,529.52	R 4,529.52		
		Advertisement costs	R 7,000.00	R 7,000.00		
		Sundries	R 7,000.00	R 7,000.00		
ILA	SHALINI / MAZOLO	BASIC ENVIRONMENTAL ASSESMENT	R 252,655.00	R 290,553.25		
		Specialist Studies - Heritage Assessment	R 21,886.00	R 25,168.90		
		Specialist Studies - Ecological Assessment	R 43,883.00	R 50,465.45		
		Water Use License	R 81,635.00	R 93,880.25		
BELUGA DEERE SURVEYORS	RUAN KORB	LAND SURVEYOR	R 485,000.00	R 557,750.00		
BUROTECH	NICO VAN WYK	ELECTRICAL ENGINEER	R 8,500.00	R 9,775.00		
TRAFFTRANS	FRANS VAN HEERDEN	TRAFFIC ENGINEER - TRAFFIC IMPACT STUDY	R 77,000.00	R 88,550.00		
		SECTION 7 REPORT	R 20,500.00	R 23,575.00		
JACQUES CLASSEN ATTORNEYS	JACQUES CLASSEN	APPEAL	R 250,000.00	R 250,000.00		
SIVEST CONSULT	RICHARD HIRST	CIVIL ENGINEER - SERVICES REPORT	R 18,000.00	R 18,000.00		
		GLS REPORT IF REQUIRED	R 35,000.00	R 35,000.00		
		RMP	R 4,500.00	R 4,500.00		
		STORMWATER MANAGEMENT (IF REQUIRED)	R 15,000.00	R 15,000.00		
		FLOODLINE STUDY (IF REQUIRED)	R 18,000.00	R 18,000.00		
TOTAL			R 1,331,559.00	R 1,480,217.85		
NON VAT REGISTERED						

Please note that the professional team fees for the reports are fixed but all depends on the development itself and how many erven are created what the bulk services and installation of services are going to cost as there is no formal layout as yet.



Fee Structure and Sales Budget

1 ha	2 ha	3 ha	4 ha	
200	120	80	10	410
200	220	240	40	700
R 350,000.00	R 450,000.00	R 550,000.00	R 650,000.00	
R 70,000,000.00	R 99,000,000.00	R 132,000,000.00	R 26,000,000.00	R 327,000,000.00
Turn over		Expenses	Income	Profit
Land Value		R110 000 000		
Teropo Professional fees		R 1 480 000		
External and Internal bulk services		R 79 000 000		
Income on sales of small holdings			R 327 000 000	
Income on Agri-Hub Stand sales			R 100 000 000	
Profit				R236 520 000

Notes:

- VAT and input VAT were not taken into account
- Tax on business profit were not taken into account
- Marketing can start before sub-division approval
- Commission will be 6% plus VAT on the initial land value
- Commission on the sales of the subdivided portions will be 6% plus VAT
- A big portion of the bulk services will be funded with the buyer's money
- The land owner will get 40% of the net value add over and above the initial selling price
- ±700 Hectares will be subdivided in 410 small holdings for the Agri-Park
- ±114 Hectares will be used for provincial and municipal roads and the balance of the land will be zoned for the Agri-Value add Hub