

Dear Sir / Madam

NEWSLETTER AUGUST 2016

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1. **More than 20 PALS projects are nearing implementation.**

After several breakthroughs tax exemptions, subdivisions and other challenges the undermentioned projects can be implemented within the next 6 to 12 months. The names of the mentors are also indicated next to the project details:

- 1.1 Bambisane Farming (959 hectares, Theronsberg, Ceres) – Gielie Geldenhuys, Merino;
- 1.2 TSR Farming (295 hectares, Koue Bokkeveld) – Raymond Gibson, Howbill with Theo van Rooyen;
- 1.3 La Vouere (114 hectares, Ceres) – Peter Wolfaardt, Verdun Estates as partners with Raymond Koopstad;

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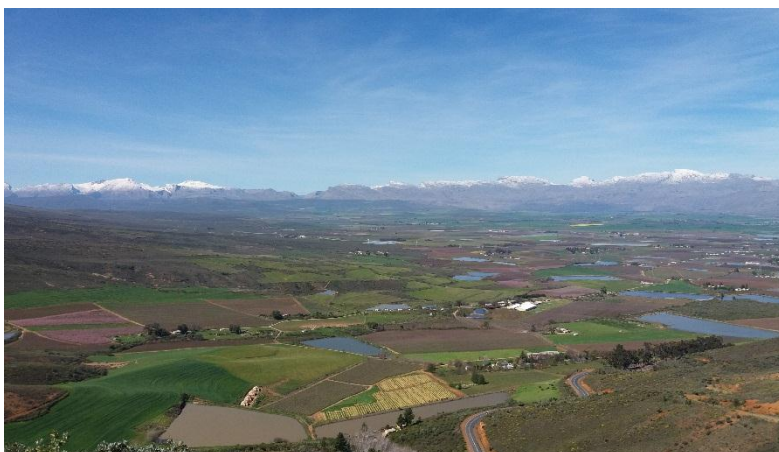
- 1.4 VDM Mpho (275 hectares, Theronsberg, Ceres) – Nico van der Merwe, Koppies Hoogte Boerdery;
- 1.5 Kaja Farming (63 hectares, Ceres) – Daniël Goosen;
- 1.6 Phakamisa Farming (500 hectares, Piketberg) – Gerrit van der Merwe, Knapdaar;
- 1.7 Odessa / Driefontein (60 hectares, Koue Bokkeveld) – Georgie Gibson and Petri Fourie;
- 1.8 Monte Carlo (106 hectares, 4 farms, Ceres) – Daniël Conradie;
- 1.9 Skaaprivier / Plankies (100 hectares, 2 farms) - CFG, Laurie Prins and Altus Joubert;
- 1.10 Heldersig (151 hectares, Koue Bokkeveld) – Thinus van der Merwe, Ceres Fonteintjie Boerdery;
- 1.11 Libland – Skaapkraal (50 hectares, Malmesbury) – Dutoit Agri;
- 1.12 Libland – Sneekop (60 hectares, Koue Bokkeveld) – Dutoit Agri;
- 1.13 Libland - Swartdam (150 hectares, Riebeeck Kasteel) – Dutoit Agri;
- 1.14 Kleinbegin (250 hectares, Tulbagh) – AJ Du Toit, La Rhone;
- 1.15 Morceaux Farming (93 hectares, Ceres) – Rossouw Cillie, Laastedrif;
- 1.16 Morceaux Housing (4 hectares, Ceres) – Laastedrif Boerdery;
- 1.17 Elandsrivier Pakstoor en Boerdery (25 hectares, Prince Alfred Hamlet) – Stefan du Plessis;
- 1.18 Elandsrivier Housing (3.2 hectares, Prince Alfred Hamlet) – Stefan du Plessis;
- 1.19 Vuka Trust (9 hectares, Ceres) – Agricultural Society, Municipality, CBI, Churches, School Principals;
- 1.20 Cascade Farms (20 hectares, Ceres) – Pietie Wolfaardt, Cascade Farms;
- 1.21 Lankgewag (51 hectares, Wolseley) – Kliprivier Kleinboere Trust;
- 1.22 Lakenvlei (162 hectares) – Wilhelm van Wyk;
- 1.23 Crispy Farming (25 hectares Warm Bokkeveld) – Dutoit Agri;
- 1.24 Ceres Cider (5 hectares, Eselfontein) – Larry Whitfield.

Apart from the abovementioned projects, the pilot projects Eyethu Intaba (1068 hectares) and Bestwill (500 hectares) are successful farming enterprises since implementation in 2013. Transfer of land/or shares regarding projects 1.1 to 1.5 are imminent.

The Wolsley project of the approximately 25 Wolseley farmers has now progressed to the phase of soil analysis on 400 hectares of Kluitjieskraal and the planning and structuring of the project.

Several value chain projects like cold rooms, packsheds, processing plants and supply of products are also ready and awaiting approval of finance or services in line with the Agripark structure.

Each project is unique and is treated as such within the PALS framework. Aspects like electricity supply, recognition to producers and cheaper finance as well as water licences, are important factors to implement the other 40 projects. Good progress were made with these aspects and we believe that several breakthroughs are imminent.



2. Tax Exemptions and Amendments to Income Tax Act

On request of the PALS legal team, amendments to Section 56(1)(o) and paragraph 64 of the Eighth Schedule to the Income Tax Act was tabled by the National Treasury. This will have the effect that from 1 March 2016 transfers of land and/or shares in terms of initiatives like PALS (and other NDP initiatives) will be exempted from Capital Gains Tax and Donations Tax. Reinette van Staden of Joubert Van Vuuren Inc communicates with Dr Louis Kuyler of SARS and the National Treasury to finalise the wording of the suggested amendments. The fact that the National Treasury drafted and tabled these amendments in a relative short time period is a breakthrough for PALS and testimony to the effectiveness of the Treasury.

3. PALS website

Please visit the PALS website at www.wpals.co.za for information and news. We will continue to provide more information via the website and hope to create a bigger public awareness of PALS.

4. Water Applications

The pending water licence applications of PALS projects are being monitored by the National Government and the Presidency's Department of Planning, Monitoring and Evaluation. Hopefully this will expedite the process which is currently very slow and where many applications have not yet progressed as expected. Meetings and correspondence with the Department of Water Affairs and Sanitation are an ongoing exercise to motivate applications and remove obstacles in the granting of licenses.

5. Subdivisions expedited

As a result of instructions by Mr Mdu Shabane, the Director General of the Department of Rural Development and Land Reform, subdivision application for PALS projects are now being treated urgently in terms of Act 126 of 1993 (as amended). Mr Barry Levinrad, Policy Advisor of the department, visited PALS projects and the offices on 14 July 2016 and again on 15 August 2016. He provided us with guidelines and drafted motivations for the first number of applications. In contrast with subdivisions in terms of Act 70 of 1970 which would take up to 2 years, subdivisions can now be approved within a few months.

6. Recognition and BEE status

We are in constant communication with role players and also cooperate with other agricultural organisations to address BEE codes and recognition to participating PALS producers. The attached article attempts to contextualise the aspect of recognition to producers within the framework of the National Development Plan (see attached).

7. Eskom and Solar Energy

Positive cooperation with the joint task team of the Witzenberg Municipality, Agri Witzenberg and PALS will hopefully lead to a breakthrough with Eskom's capacity constraints regarding Witzenberg. In the meantime solar energy and alternative plans can temporarily address the capacity problem. It is however of the utmost importance that Eskom must immediately initiate the upgrading of the power lines to Witzenberg which was only scheduled for 2022.

8. Training

With the aid of the AECI, 344 beneficiaries already received training. The training needs for trustees and/or directors are determined by the PALS centre for each individual or group, and training is done in partnership with the Koue Bokkeveld Training Centre. Further training and evaluation like psychometric testing will be done on a continuous basis.

9. Finances

First National Bank and Land Bank has already committed to become PALS members for 2016/2017. They are busy with models for the financing of projects and the centre. A team of Land Bank experts visited the PALS centre from 22 to 24 August 2016 and several projects are being screened by the banks which will hopefully lead to a new model for financing PALS projects.



Impact

The total impact of the PALS initiative, apart from economic growth, jobs and investments of billions of rands in our area, will hopefully also manifest in new role models for the agricultural sector. These role models can then inspire others to follow suit.

Every day that the PALS initiative is implemented in more facets and projects, is a huge step towards a better future for our area and its people.

We thank you for your continuous support and cooperation.

Friendly PALS greetings

Gerrit, Lennox, Reinette, Izak and project team.



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