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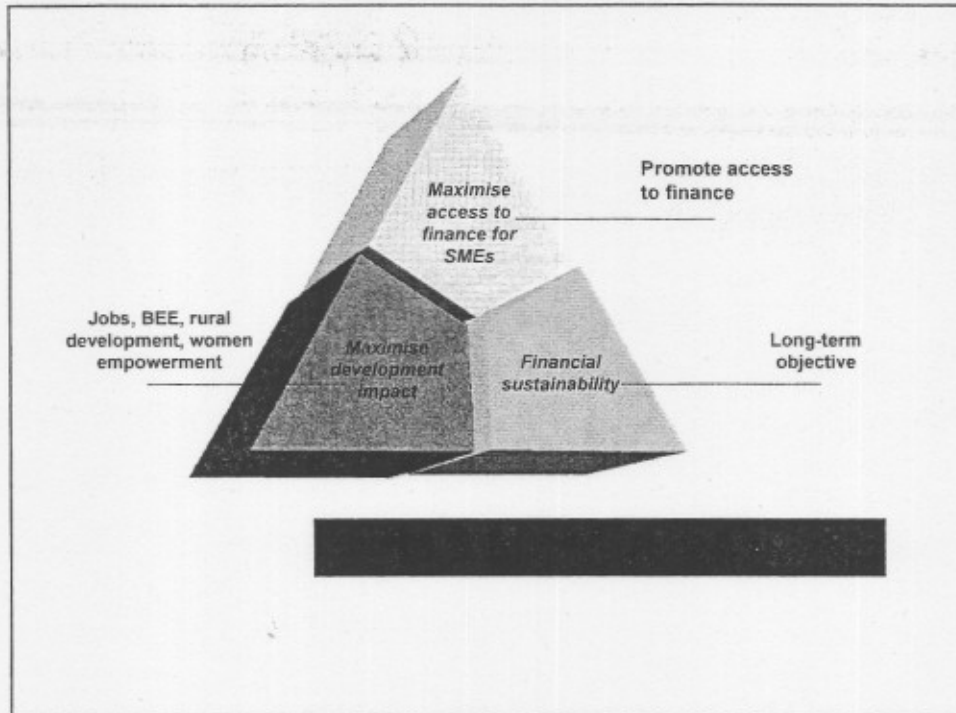
*Presentation to the
Portfolio Committee
on Agriculture and
Land Affairs*

31st October 2006

George Mothoa & Mmaphefo Mabe

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LAND REFORM EMPOWERMENT FACILITY PRODUCTS

- BEE Fund
- Capitalised by : DLA & EU

Stimulate PPP's

- Joint Ventures: Commercial and Emerging Farmers
- Entrepreneurship: Aspiring Black Farmers

Purpose of the Fund

- Broaden PDI's Capacity to Own, Manage and Control land based Agricultural Assets
- Facilitate Agricultural Land Purchase
- Facilitate PDI's Equity Purchase
- Facilitate PDI's Access to Affordable Finance
- Production Credit catered for in the Land Purchase Package

TARGET SECTORS

- Agriculture / Agro Processing
- Tourism

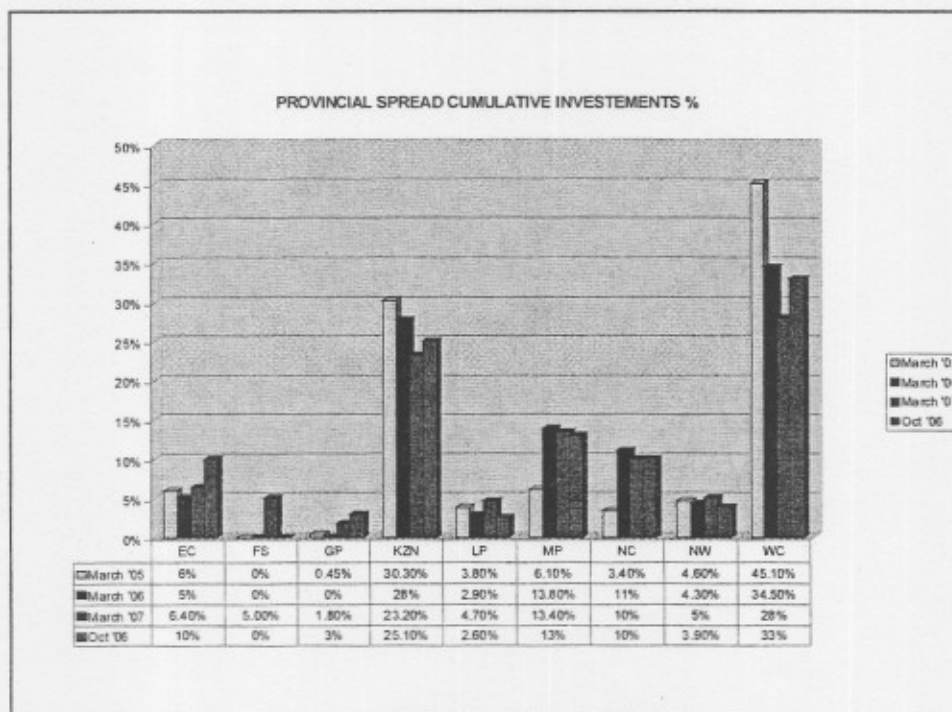
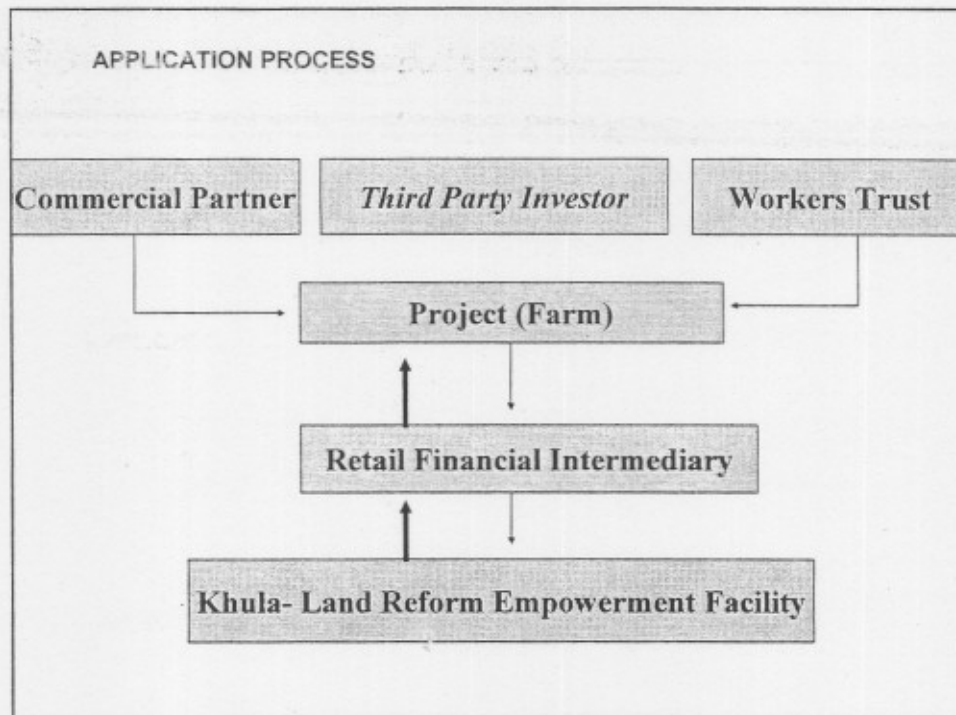
Market Offering

A. Mortgage Loan

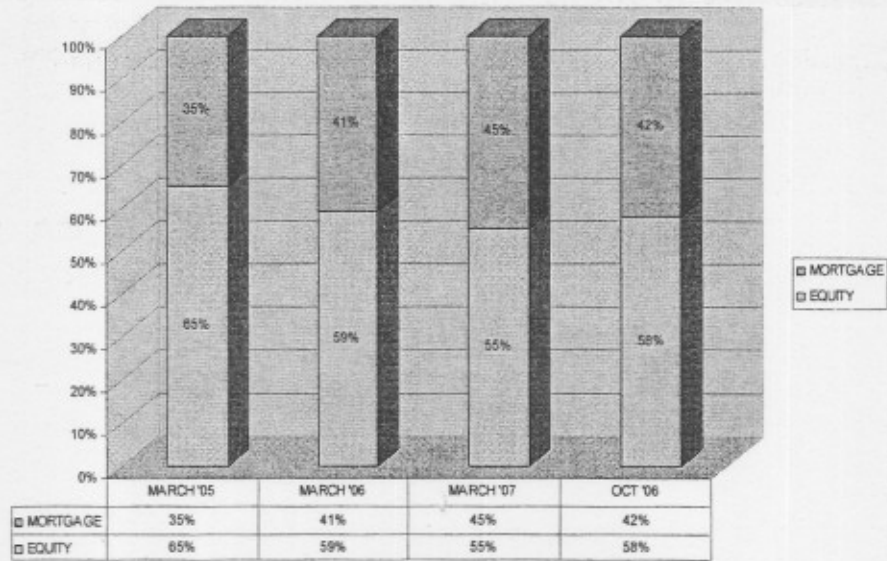
- Outright Purchase of Agricultural Land
- Maximum loan size: R5m per project
- Loan size per PDI: ≤ R600k
- Repayment Period ≤ 20 years (repayment ability)
- Interest rate range: 6.43% to 7.43% (to RFI)

B. Equity Share Loan

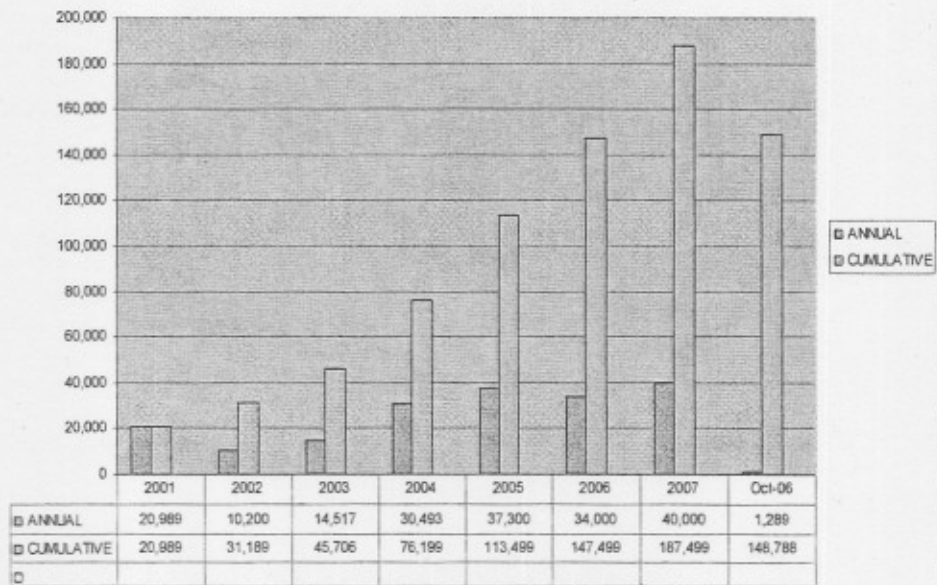
- Partnership between Commercial Farmer: PDI workers / PDI - Third Party Investors
- PDI workers acquire shares
- Third Party Investors acquire shares ≤ 50%
- Maximum loan size = R5m per project
- Loan size per PDI ≤ R400k
- Redemption ≤ 20 years (repayment ability)
- Interest rate range: 6.43% to 7.43% (to RFI)



PORTFOLIO MIX EQUITY VS MORTGAGE %



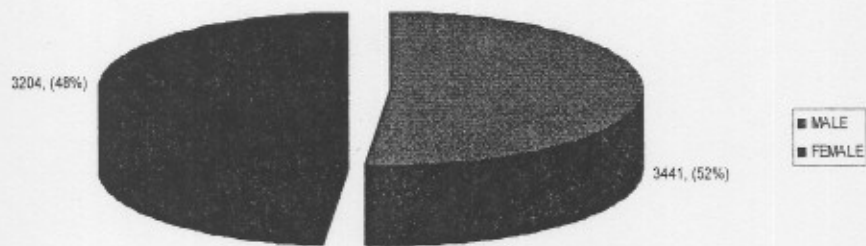
DISBURSEMENT ACTIVITY



DEVELOPMENT IMPACT

	Shareholders			Jobs Created/Preserved		
	Male	Female	Total	Male	Female	Total
2001	53	35	88	172	114	286
2002	106	131	237	95	119	214
2003	104	184	288	201	326	527
2004	1503	1571	3 074	567	361	928
2005	1451	1158	2 609	570	471	1 041
2006	90	44	134	230	138	368
Oct 07	134	81	215	99	75	174
	3 441	3 204	6 645	1 934	1 604	3 538

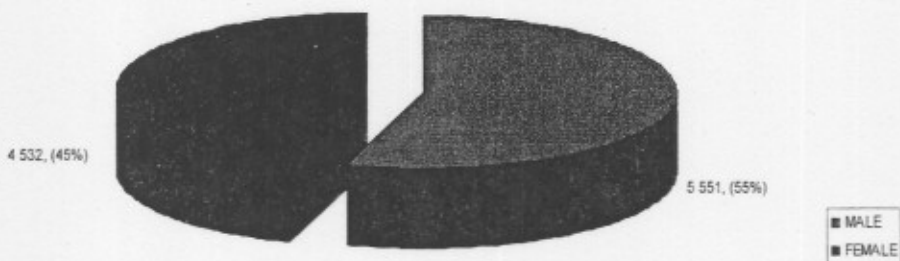
SHAREHOLDERS



Jobs Created/Preserved



GENDER EQUALITY



PROJECTS APPROVED 2005/06

PROJECT NAME	RFI	AMOUNT	PROVINCE	TYPE
BALENI FARM CC	FNB	1,200,000	KZN	MORTGAGE
SUNNY VIEW FARMING	ABSA	1,120,000	NW	MORTGAGE
KHANYEKUDE	ABSA	5,400,000	KZN	MORTGAGE
REKOPANE	STD	12,214,242	NC	EQUITY
BLAUKRANTZ	STD	766,000	EC	EQUITY
SIYATHUTHUKA	ABSA	13,300,000	MP	MORTGAGE

PROJECTS APPROVED 2006/07

PROJECT NAME	RFI	AMOUNT	PROVINCE	TYPE
SIMILE FARMER TRUST	STD	2,880,000	EC	MORTGAGE
PENNIBEE DAIRY	FNB	1,393,000	EC	MORTGAGE
GALAXTIC DEALS	FNB	3,400,000	EC	EQUITY
INTHABA FARMING	ABSA	1,100,000	EC	EQUITY
EVENING FLAME	ABSA	3,700,000	GP	MORTGAGE
RZT ZELPY	ABSA	2,800,000	WC	EQUITY

PROJECTS IN PIPELINE

Project Name	RFI	Province	Loan Amount	Expected Date of Submission
Vukanathi	ABSA	NW	4,000,000	Oct - Dec '06
Kambrosig	STD	FS	1,000,000	Oct - Dec '06
Macavo	ABSA	LP	7,000,000	Oct - Dec '06
Bergendal	ABSA	NC	4,000,000	Oct - Dec '06
Doringrug Development Trust	NedBank	EC	1,750,000	Oct - Dec '06
Total			17,750,000	

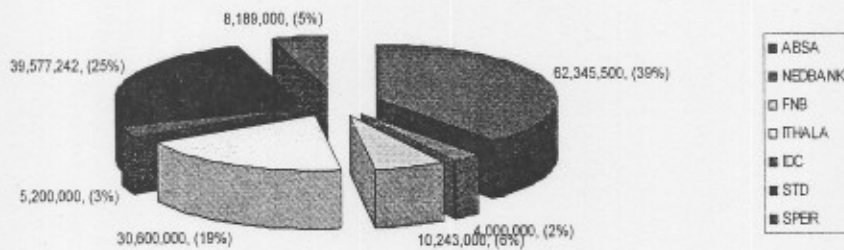
LREF BEE SCORECARD

DIRECT EMPOWERMENT	WEIGHTING	VALUE	SCORE
OWNERSHIP & CONTROL	20%	75	15
DECISION MAKING	20%	83.33	16.66
AGGREGATE WEIGHTING	40%		31.66
HR DEVELOPMENT PLAN			
SKILLS DEVELOPMENT	22.5%	50	11.25
GENDER EQUITY	22.5%	41.66	9.37
AGGREGATE WEGHTING	45%		20.62
STAFF WELFARE			
MINIMUM WAGE BILL	5%	100	5
AGGREGATE WEIGHTING	5%		5
RESIDUAL DEVELOPMENT			
ENTERPRISE & RURAL DEV	5%	50	2.5
PROCUREMENT	5%	50	2.5
AGGREGATE WEIGHTING	10%		5
AGGREGATE SCORE	100%		62.28

LREF-BEE SCORECARD

PROJECT SCORE	JIBAR RATE	EQUIVALENT	CHG TO RFI	MAX CHG TO END USER
UP TO 33	JIBAR - 0.65%	PRIME - 4.07%	7.43%	10.43%
34 TO 67	JIBAR - 1.15%	PRIME - 4.57	6.93%	9.93%
68 TO 100	JIBAR - 1.65%	PRIME - 5.07%	6.43%	9.43%

BANKS PARTICIPATION



LREF BUSINESS PLAN AND BUDGET 2006/07

Achieving a balanced Provincial Spread

- Increase presence and visibility in priority provinces
- Allocate specific budget for each province

Achieving a balanced Portfolio Mix

- Aggressive marketing of mortgage loan scheme
- Target Mix : 55% Equity, 45% Mortgage

Grow the size of the LREF Fund

- Target Mafisa Funds (to cater for Production Inputs)
- Proposal to Kuwaiti Funds
- Risk Capital Facility
- CASP

LREF Fund Sustainability

- Change Jibar to Prime
- Increase facility rates by 2%
- Rates margin to end user projects capped at 3% max

Grow Loan Book

- By R50m: R144m to R194m

Skills Training and Capacity Building

- R300,000 set aside to complement AgriSeta
- 10 Projects targeted for Skills Training
- Training to be done in Partnership with Khula Mentorship Scheme and AgriSeta.

Projects identified for Skills Training

1. Goedemoed – Vrededal (Western Cape)
2. Jay Dee Rovon – Langkloof (Eastern Cape)
3. Bouwland Estate – Stellenbosch (Western Cape)
4. Madidimalo Agric Produce – Randfontein (Gauteng)
5. Badirammogo – Upington (Northern Cape)
6. Sebolao Development Trust (North West)
7. Mdluli Trust – Hazeyview (Mpumalanga)
8. Khoka Moya – Manyeleti (Limpopo)
9. Rekopane Estates – Upington (Northern Cape)
10. Sunny View Farming – Brits (North West)

FINANCIAL REVIEW

	Actual March 05	Actual 2005/06	Actual YTD Sep 06	Budget 2006/07
Total Operating Income	4 260 700	4 960 604	3 072 063	6 869 200
Total Operating Expenses	4 801 645	4 507 928	1 479 348	2 297 150
Investment Interest Income	11 478 821	8 607 930	4 092 348	3 317 150
Net Operating Income	10 937 876	9 060 606	5 685 063	6 305 200
Grants Received	10 000 000	0	0	0
Net Income for the year	20 937 876	9 060 606	5 685 063	6 305 200

REMARKS CONCLUDING

- Mafisa/Khula Partnership Agreement
- Facilitates delivery of production credit to Emerging Black Farmers
- Interest : up to Prime
- 1% indemnity fee (per facility)
- Indemnity by fund:
 - Up to R100k = 90%
 - R101 to R200k = 80%
 - R201 to R300k = 70%