



HORTGRO

New Roots

an industry in transition

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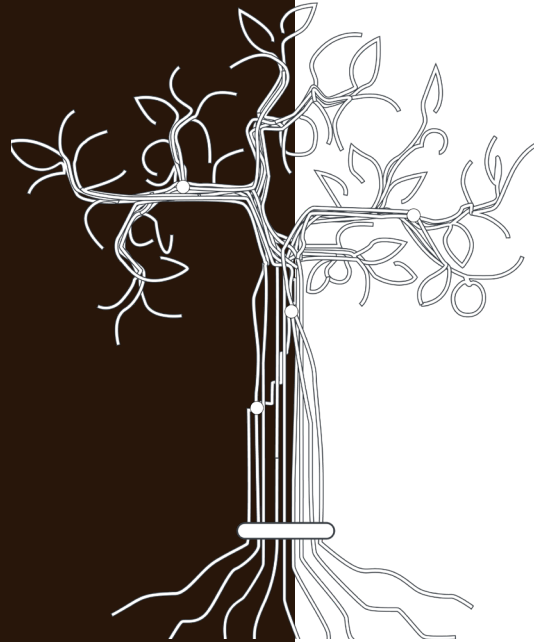
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The Root Map

Foreword by Michael Brinkhuis,
Hortfin CEO



In 2023, Hortfin has the ideal opportunity to reflect on the ambitious venture that it was tasked with in 2018 when the deciduous fruit industry provided it with the mandate to implement an industry-based loan fund.

Five years ago, the deciduous fruit industry crafted and set the ball in motion to implement a development-inclined debt fund to finance viable operations of bona fide majority black-owned businesses, which comply with a certain set of eligibility requirements, while addressing the key industry objectives of transformation, expansion of the industry and job creation.

Hortfin and the industry can look back on an eventful journey and reflect on the achievements of its short lifespan. The Jobs Fund was an instrumental catalyst of Hortfin and enthusiastically supported the fund through a number of nuances and necessitated programmatic changes. The industry partners, comprising the consortium of Hortgro, SATI and Vinpro (SAWITU) are also able to consider the brave endeavor to which they afforded their support with the optimistic view of making a difference in the lives of the stakeholders involved. In brief, Hortfin was to date enabled to finance and extend post-investment support to 20 businesses, 15 of which are 100% black-owned, which have created over 1 472 new jobs, established more than 90 ha of new orchards and vineyards and constructed production facilities in excess of 2 200 m².

Hortfin demonstrated the ability to provide the industry with a suitable mechanism that provides sustainable solutions in enabling businesses to access appropriate finance, tailored to cater for their individual requirements while addressing the serious barrier of accessing commercial finance on their own. A fundamental feature of the Hortfin approach is the ability to collaborate with a variety of institutions, including commercial financiers, government, industry bodies, DFI's, private sector as well as other financiers in order to co-finance businesses and provide other support.

It is fair to say that Hortfin established itself as a noteworthy role-player in the development finance space and demonstrates its intent to continue to deliver a constructive contribution.

Did we make mistakes? Yes.
Did we learn from them?
Yes. And are we better because of it?
Absolutely yes.

Hortfin acknowledges the support it draws from collaborators in such a resolute industry with its expertise, networks and allegiance, the private sector's readiness to collaborate and a decent supply of operations that are diligent, authentic and dedicated to flourish when provided with the right enablers for growth and success.

Hortfin takes pride in its partnerships, holds its clients and their successes in high esteem and value its stakeholders with whom it collaborates to the benefit of the industry.





Hortfin, the creation of a game-changer

Collectively, these partnerships are changing the narrative of economic transformation and empowerment.

Hortfin, the comprehensive financing and support system, aligned with Hortgro, that promotes job creation, transformation, and sustainability was launched in 2018, with the fruit, table grape and wine industries, the Jobs Fund, Western Cape Department of Agriculture and the Land Bank as custodians. This created a ring-fenced loan facility directed at the industry value chain and continues to provide tailor-made funding solutions to fit the needs of the “missing middle”.

Due to good growth, the need arose to bring an alternative financial partner on board to ensure sustainable progress within the agri sector. Several discussions were held with commercial banks as well as impact funders, and FNB seized the opportunity to enter the programme as co-financier in December 2021. The collaboration between FNB, Hortfin and the Jobs Fund has resulted in an innovative funding structure that includes commercial funding from FNB and

patient funding from Hortfin and the Jobs Fund which also has favourable funding terms for emerging farmers.

The first transactions were submitted to the FNB credit process in January 2022. Since then, R37,2 million worth of transactions have been approved, while a further R90 million worth of transactions are currently being evaluated through the FNB credit process.

Hortfin CEO Michael Brinkhuis says that this will be an opportunity for both the industry and FNB to increase the impact of this innovative programme.

“This agreement is going to give us the ability to grant our target audience greater access to commercial financing in the agriculture sector.”

The key focus is to speed up the turnaround time to process transaction approvals and disbursements. Hortfin has been dedicated to processing new applications and canvassing for new projects while also monitoring implemented projects. To date, Hortfin has a range of approved projects, ranging from a nursery, primary production, manufacturing and the value chain represented by a fruit packing and distribution business. The projects that received disbursements since late 2019 have successfully implemented their plans and are on schedule to achieve their targets. To date, the Hortfin Board approved deals to the value of R164 million which created over 700 new jobs. The commercial financing solutions offered by Hortfin are unique and a much-needed injection for the deciduous fruit industry's transformation goals.



FREE STATE STRATEGIC ENGAGEMENT



Left to right: Phuti Kubushi (Group Chief Executive from Remmoho Capital Investments), Malapane Thamaga (Agricultural Economist), Cynthia Mahlathi (Hortgro Economic Development Manager), Pitso Sekhoto (from Remmoho Capital Investments), Saki Mokoena (Free State MEC for Agriculture and Rural Development)

Early in August Hortgro hosted a group of high-ranking Free State government officials and a team from the Remmoho Group, to explore possible collaboration and get a better understanding of the deciduous fruit industry in SA. The group was joined by Saki Mokoena, Free State MEC: Agriculture and Rural Development, and Thabo Meeko, Free State MEC: Economic, Small Business Development, Tourism and Environmental Affairs.

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The Hortgro team shared different industry programmes with the group, whereafter the delegation visited the Tissue Culture Facility at Bernheim, outside Paarl. On the last day of the visit, the group was welcomed by Two-a-Day Managing Director Attie van Zyl and his team at their packhouse in Grabouw. Van Zyl shared many of Two-a-Day's milestones and invited the group to visit their state-of-the-art packhouse.

Hortgro Group Operations Manager Mariette Kotze drew attention to the opportunities presented by these types of engagements. "We need to maximise these opportunities for collaboration and learn from each other. This engagement will hopefully be the first of many that will lead to the growth of the industry."

Mr Phuti Kubushi, Group Chief Executive from Remmoho, expressed his gratitude that he and his team could be part of this opportunity created by Hortgro. "Thank you for your support, which was instrumental in showcasing how Hortgro creates an enabling environment for fruit producers. It was such a pleasure getting to meet the Hortgro team under your leadership, including Hortfin, and we hope that we get the chance to meet again soon."

According to Kubushi, the Free State Provincial MECs were impressed with the deciduous fruit industry and what Hortgro does for the producers, and for arranging a site visit to Two-a-Day. "It was an eye-opener to us and an educational journey," he said in conclusion.

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The helping hand of Hortfin

- Lakeview Farming Company

Through their innovative and comprehensive financing, Hortfin aided the Lakeview Farming Company (Pty) Ltd near Villiersdorp and created support systems in a manner that promote job creation, transformation and sustainability.

Lakeview is a 63 hectare deciduous fruit farm situated approximately 5 km outside Villiersdorp, overlooking the Theewaterskloof Dam. The farm is owned by a private company and all the issued share capital is held by a trust with 79 previously disadvantaged owners all beneficiaries of the trust. Lakeview farm was acquired through the Land Redistribution for Agricultural Development (LRAD) programme in 2008.

The Lakeview Farming Company handles the day-to-day business operations. The board of directors

consists of six members, three from the Two-a-Day Group (TAD) and three from the Lakeview Trust. They are responsible for strategic decisions. Lakeview entered into a management agreement with the Two-a-Day Group and currently Amoré Viljoen is the appointed farm manager and reports to the board of directors. Marketing of Lakeview's fruit is currently done by TAD.

The established orchards comprise 19.41 ha of apples and 9.24 ha of pears. A further 5 ha can be developed with the current available water resources. Expansion beyond 34 hectares will require additional water rights.

The Hortfin loan approved in 2023 will be employed to finance production inputs, upgrade the irrigation system, procure implements, and re-establish sections of old orchards.



Why the media got mud on its shoes

PALS held an engagements and projects tour in August 2023 that brought members of the media to three partner farming enterprises in Ceres and the Koue Bokkeveld. Journalists and photographers from *Food For Mzansi*, *Daily Maverick*, and *South African Conversation* braved the cold and wet to engage first-hand with both the emerging black farmer beneficiaries and the commercial partners that they are collaborating with.

Media exposure holds many advantages for inclusive agricultural developments. It enables proactive involvement on an individual basis in terms of how individuals and partnerships are represented. Within collaborative efforts such as those between new-era and established farmers, the relationship can become cemented as a brand, potentially opening new doors and possibly adding a public dimension of accountability.

Managing the image of your enterprise in the media has a significant impact on establishing credibility and trust. Potential investors, clients, or business partners may become aware of you through it, increasing your chances of success.

Existing partnerships are also affected. Who you partner with and how they are represented in the media reflect on you, and vice versa. As such, a shared responsibility for representation becomes integral to success.

In addition, media coverage feeds directly into how an enterprise is understood and accepted or not in the local community. When your neighbour sees your photo in the newspaper, she or he will begin to see you differently.

“Media coverage provides valuable exposure and marketing opportunity to businesses, especially those that would sometimes, under normal circumstances, not have the resources and time to do so on their own.”

– Michael Brinkhuis



Dwarsberg Operational Farm was the first stop for the day. Liza Ambraal, Larry Whitfield, and Kobus Koegelenberg spoke of their experiences in facilitating and walking the path from farmer to shareholder to landowner.

Right: Liza Ambraal
and Kobus Koegelenberg



Next was La Vouere Stonefruit in Ceres. Raymond Koopstad spoke openly about the relationship between himself, the owners of Verdun Estate and Peter Wolfaardt, the commercial mentor of La Vouere Stonefruit. Koopstad spoke to the media on the challenges and success of farming on La Vouere, including supplying the export market, adapting practices to mitigate the effects of load shedding, and taking a responsible approach to working with the environment and farmworkers.

Left: Raymond Koopstad



Ceres Tierberg Boerdery in the Koue Bokkeveld was the last stop of the day. Heinie du Toit, Stokkies Hanekom, Shirley Engelbrecht, Bernard Engelbrecht, Dawid Steenkamp, and Johannes Kamfer discussed their views on working in a cohesive team with a diverse skillset. How the skills and experience of being a farmworker, especially one who has worked in different divisions of farming, add to the collective knowledge base.

On the day following the project tour, the PALS AGM was held at Kaleo Guest Farm, where an interview room was provided for the media to further engage with the stakeholders of the three farms.

It was great to get mud on the shoes.

Below: Heinie du Toit, Johannes Kamfer, Bernard Engelbrecht, Shirley Engelbrecht and Stokkies Hanekom



A man with short dark hair, smiling, stands with his arms crossed in a green quilted puffer jacket and dark trousers. He is positioned between two rows of bare, brown tree trunks in an orchard. In the background, there are rolling hills and mountains under a clear blue sky. Small blue tags are visible on some of the tree trunks.

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I'm in agriculture.**

The leader of the band

Jason Baartman is a man that lives passionately for agriculture. At first he sometimes wondered why he didn't opt for something like law or engineering or the likes. Maybe he felt inferior about being an agri worker initially, but that got sorted out solidly in due time. We'll get to that shortly.

Be that as it may, in 2017 Jason completed his farming course at Boland College and embarked on his practical year at Panorama Farms near Tulbagh. During this time he saw a recruitment advertisement for work on Laastedrif, applied, got the job and then his future started. As a nurseryman.

Another event that opened many doors for Jason was his participation in Agri's Got Talent (AGT) in 2017 where he came second.

“My mom loves music and that’s how it became part of me. The rapping, or “rymklets” as we call it, already started with me in primary school. With silly little rhymes!” Jason explains.

The awesome thing is, while many AGT contestant cover famous songs, Jason writes all his “rymklets” lyrics himself. And sort out his own compositions.

Asking him if he would compete again, because he came second and can deservedly claim first prize, he just laughed shyly. “No, I won't. Not that I'm not interest, but I know there are many people out there that need this opportunity much more than me. I have learnt so much through it. I can move on with this knowledge. Other people need the same learning school now. All I'm doing now is urging other people to experience what I have experienced.”

At first, his music was only a hobby. But being chosen to partake in AGT took it all to the next level. The project teaches you values about yourself, how you see yourself, it boosts your confidence and improves your self worth, he says. “Suddenly you realise, although you come from the farm, I have a place in this life, in this world. A very important place that only I can fill. After AGT, I walked into life with no shame that I didn't become a lawyer or engineer or something. That's when I totally accepted I am at the best place I can be. I'm in agriculture. It's the industry the world needs the most. Because without it, there won't be any food.”

Whether it is music, agriculture or understanding life, Jason is someone that always wants to know more. His mentor and manager at the time, Philippus Hauptfleisch, saw that and earmarked him to do the Hortgro leadership course for production managers in 2022. Jason says the outcome of this course is phenomenal. It helped him understand human relationships so much better, how to handle conflict when working with



such an array of different people. He uses the techniques he has been taught on the course. "And you know what, they work!"

Today Jason is an established "rymkletser" going from strength to strength, still performing at regular interval. For instance, he is part of the prestigious ATKV-Cresendo project and performs regularly at other events. Today Jason is also an established production manager managing up to 50 workers in the nursery and as many as 10 picking teams during harvest time.

Should you ask him what the two events, AGT and the leadership course for production managers taught him and how the one complimented the other, his answer is immediate. "AGT taught me to take leadership of myself, of who I am and where I come from while the leadership course taught me to take leadership of my team. I became a leader. In both cases, it was going from not believing you can, to knowing you can. And proving it."

Young Jason Baartman certainly is the leader of the band:

***Maar moenie laat die slegte dinge
aan jou vassit nie,
jou afsit nie.***

Kyk hieso my dag is die ...

***Om produkte te bring wat nie op die
rak is nie.***

Vorentoe move my broe daai's die plan.

***Vra elke boer of as jy nie
wil glo vra vir Jan ...***

***Groot sukses is harde
werk wat jy beplan!***

Hortfin reaching out to Altius trading

Citius, Altius, Fortius is the motto of the Olympic Games. Swifter, higher, stronger. Altius Trading 237 (Pty) Ltd is certainly worthy of this association. With the support and funding from Hortfin helping them to reach new heights and to promote job creation, transformation and sustainability.

Altius Trading is a farming business located near Genadendal/Greyton in the Overberg District Municipality. André Cloete is the sole shareholder and together with his two eldest sons, Andreo and Matthew, they share the management of the farm, Klein Ezeljacht. Altius Trading secured a 30-year lease agreement in 2017 from the government to the farm which resorted under the Proactive Land Acquisition Strategy (PLAS) programme of the Department Rural Development and Land Reform (DRDLR) who acquired the property in December 2007.

Current land use entails the cultivation of 54 ha of pome fruit orchards (32.8 ha apples and 21.06 ha pears), 265 ha grain as well as 820 head of sheep and 56 head of cattle.

Sheep are kept as means to diversify the operations and generating cash. The land parcels possess sufficient water for the operation's current needs - it has an allocation of 52 ha from the Sonderend River. Andreo manages the livestock production component while Matthew is responsible for the fruit production. They have 18 permanent workers, 44 seasonal workers and 30 casual workers.

Hortfin aided the project with a loan enabling Altius Trading to restructure and consolidate current debt as well as financing the production inputs of the business. This transaction was co-financed by Absa, being one of the commercial banks that co-finance creditable deals alongside Hortfin.

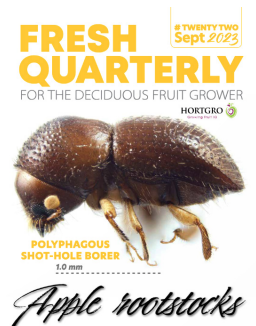


André Cloete and Andrio Cloete



Find updated information, research and advice for deciduous fruit farming in these resources:

Fresh Quarterly #22 September issue



Hortgro YouTube Pollination best practice webinar

Timely hints for monthly advice on fruit production

TIMELY *hints*

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