

**IN THE HIGH COURT OF SOUTH AFRICA  
(WESTERN CAPE DIVISION, CAPE TOWN)**

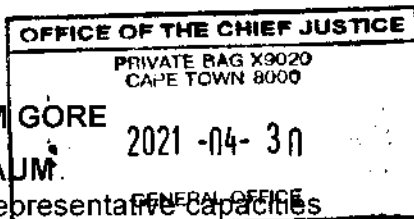
Case No.: 7305/2021

In the matter between :

**STEPHEN MALCOLM GORE**

**TREVOR PHILIP GLAUM**

[Cited herein in their representative capacities  
as the duly appointed joint liquidators for  
SAFE COMMERCIAL (PTY) LTD (in business rescue)]



First Applicant

Second Applicant

and

**SAFE COMMERCIAL (PTY) LTD  
(IN BUSINESS RESCUE)**

(Registration Number: 2008/024851/07)  
(Registered Address: 6th Floor Hudson Building,  
Hudson Street, De Waterkant, Greenpoint, Western Cape)

Respondent

**For an order in terms of section 141(2)(a) of the Companies Act 2008  
discontinuing business rescue proceedings and winding up Respondent**

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**NOTICE OF MOTION**

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**BE PLEASED TO TAKE NOTICE** that application will be made on behalf of  
the abovenamed applicants to the above Honourable Court on **Thursday, 6**

**May 2021, at 10h00**, or as soon thereafter as the matter may be heard, for an order in the following terms:

1. That the Applicants' failure to comply with the Rules of Court with regard to time periods and serving of process be condoned and the application be heard as a matter of urgency in accordance with the provisions of Rule 6 (12) (a).
2. That the Respondent's business rescue proceedings are discontinued and that the Respondent is placed in liquidation in terms of **Section 141(2)(a)(ii) of the Companies Act 71 of 2008** ("the Companies Act").
3. That the Respondent be placed in final liquidation and wound up in the hands of the Master of the High Court.
4. That the costs of this application shall be costs in the winding up of the Respondent, on the attorney and client scale.
5. Further and/or alternative relief.

**BE PLEASED TO TAKE NOTICE FURTHER** that the affidavits of **STEPHEN MALCOLM GORE, TREVOR PHILIP GLAUM** and **QUENTIN SCOTT** attached hereto will be used in support of the application.

**BE PLEASED TO TAKE NOTICE FURTHER** that the Applicants appoint the address of its attorneys as set out hereinunder as the address at which it will accept service of all further notices herein.

**KINDLY PLACE THE MATTER FOR HEARING ON THE ROLL ACCORDINGLY.**

**DATED AT CAPE TOWN ON THIS 30<sup>th</sup> DAY OF APRIL 2021.**

**GILLAN & VELDHUIZEN INC.**



Applicant's Attorneys

Suite B6, Westlake Square

Westlake Drive

**CAPE TOWN**

Tel: 021 701 1890

Email: [stephan@gvinc.co.za](mailto:stephan@gvinc.co.za)

**REF.: SAF2/0002**

**C/O J.M.B. GILLAN ATTORNEYS**

2 Leeuwen Street

Cape Town City Centre

**CAPE TOWN**

**TO: THE REGISTRAR  
HIGH COURT  
CAPE TOWN**

AND TO: **THE RESPONDENT**  
**REGISTERED ADDRESS:**  
 6th Floor Hudson Building,  
 Hudson Street,  
 De Waterkant,  
 Greenpoint,  
**Western Cape**

*[Handwritten Signature]* 30 April 2021

AND TO: **THE RESPONDENT**  
**TRADING ADDRESS:**  
 6th Floor Hudson Building,  
 Hudson Street,  
 De Waterkant,  
 Greenpoint,  
**Western Cape**

*[Handwritten Signature]* 30 April 2021

AND TO: **SOUTH AFRICAN REVENUE SERVICES**  
**CAPE TOWN**

AND TO: **THE MASTER OF THE HIGH COURT**  
**CAPE TOWN**

MASTER OF THE HIGH COURT OF SOUTH AFRICA CAPE TOWN 2021-04-30 CLERK IN SOLVENT ESTATES 1 MEESTER VAN DIE WES KAAP HOE HOF
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AND TO: **ALL KNOWN CREDITORS OF THE RESPONDENT**  
 By email, as per the attached list marked "A"

AND TO: **COMPANIES AND INTELLECTUAL PROPERTY**  
**COMMISSION**  
 By email: [businessrescue@cipc.co.za](mailto:businessrescue@cipc.co.za)

*[Faint Stamp]*  
 Registrar of Companies  
 Western Cape  
 Cape Town

Date of Filing: *[Handwritten Signature]*  
 By: *[Handwritten Signature]*  
 Date: 30/04/2021

COMPANY	EMAIL
Absolutely Water	<a href="mailto:absolutelywater.upt@gmail.com">absolutelywater.upt@gmail.com</a>
Adriaan Van Zyl Familie Trust	
Agri Trish Solutions	<a href="mailto:kotievogel@gmail.com">kotievogel@gmail.com</a>
Agrico	<a href="mailto:cecile.strauss@agrigo.co.za">cecile.strauss@agrigo.co.za</a>
Agrofresh South Africa Proprietary Limit	<a href="mailto:adekock@agrofresh.com">adekock@agrofresh.com</a>
Antonio's Engine Rebuilders	<a href="mailto:antonios@prinsr.co.za">antonios@prinsr.co.za</a>
Benru Trading cc ta Opsco Stationers	<a href="mailto:opscostationers@gmail.com">opscostationers@gmail.com</a>
Black Orchid Farming	<a href="mailto:sandisiwe.mandlevu@uff.co.za">sandisiwe.mandlevu@uff.co.za</a>
BLMC Paints	<a href="mailto:rinvic001@yahoo.com">rinvic001@yahoo.com</a>
Bloupits Boerevereniging	<a href="mailto:neeltjie@blouputs.co.za">neeltjie@blouputs.co.za</a>
Boland Bike Worx	<a href="mailto:igreeff@live.com">igreeff@live.com</a>
Boland Hydraulics Pneumatics	<a href="mailto:mikayla@oiltimate.co.za">mikayla@oiltimate.co.za</a>
Bosveld Lugbespuiting	<a href="mailto:bosveld@o-a-s.co.za">bosveld@o-a-s.co.za</a>
Build It Marble Hall	<a href="mailto:admin2@bigdal.co.za">admin2@bigdal.co.za</a>
CAP Chartered Accountants	<a href="mailto:accounts@chartered.co.za">accounts@chartered.co.za</a>
CHEP South Africa	<a href="mailto:eugene.pearson@chep.com">eugene.pearson@chep.com</a>
Citrus Research International - Marble	<a href="mailto:resadmin@cri.co.za">resadmin@cri.co.za</a>
Complete Statutory Solutions	<a href="mailto:nyhof@cssct.co.za">nyhof@cssct.co.za</a>
Cornerstone Nursery CC	<a href="mailto:admin@csnursery.co.za">admin@csnursery.co.za</a>
Corruseal Corrugated Nothern Cape	<a href="mailto:rita@corruseal.net">rita@corruseal.net</a>
Cotserve	<a href="mailto:miranda@cotserve.co.za">miranda@cotserve.co.za</a>
Department of Agriculture (PUC	<a href="mailto:SharleneW@daff.gov.za">SharleneW@daff.gov.za</a>
Department Of Agriculture, Forestry &	<a href="mailto:Nozukom@Dalrrd.gov.za">Nozukom@Dalrrd.gov.za</a>
Dogs and All	<a href="mailto:tobie@dogsandall.co.za">tobie@dogsandall.co.za</a>
Donkerhoek Data Agency	<a href="mailto:accounts@donkerhoekdata.co.za">accounts@donkerhoekdata.co.za</a>
Donkerhoek Data Agency Marble Hall	<a href="mailto:accounts@donerkhoekdata.co.za">accounts@donerkhoekdata.co.za</a>
DSRA Industrial Sales cc t/a Steed	<a href="mailto:steedmarblehall@gmail.com">steedmarblehall@gmail.com</a>
Ecolab	<a href="mailto:ileshia.shaikh@ecolab.com">ileshia.shaikh@ecolab.com</a>
Elcondor Trading Cc T/A Uwe Scales -	<a href="mailto:accounts@uwescalas.co.za">accounts@uwescalas.co.za</a>
ElectriCor Elektries & Verkoeling	<a href="mailto:admin@electricor.co.za">admin@electricor.co.za</a>
Eskom 5059286214 Zwartfontein	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 7212334835 Zwartfontein	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 8243910007- Nuweland	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9246717453 Zwartfontein	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9552494899 Zwartfontein	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 5055705089 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 5056057448 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 5240898840 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 5518050396 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 5783803561 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 5789617454 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 5894069124 - Oranjestroom	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 6000826316 - Nuweland	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 6057291817 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 6252509658 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 6465996669 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 6975748596 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 7488643015 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>

Eskom 7972375077 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 8118893343 - Oranjestroom	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 8583423102 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 8645368448 - Nuweland	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 8705736295 - Nuweland	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
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Eskom 9091882229 - Marble Hall	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9115467540 - Nuweland	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9147285042 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9168518879 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9781197002 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9828698701 - Onderstepoort	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
Eskom 9953743729 - Nuweland	<a href="mailto:customerservices@eskom.co.za">customerservices@eskom.co.za</a>
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Hi-Tack Labels	<a href="mailto:sylvia@hitack.co.za">sylvia@hitack.co.za</a>
Homefront Trading T/a Forest Tool Hire	<a href="mailto:homefront@ctecg.co.za">homefront@ctecg.co.za</a>
Hortec	<a href="mailto:accounts@hortec.co.za">accounts@hortec.co.za</a>
ISN Managed Services	<a href="mailto:cheryl.hoffmann@za.isnet.co.za">cheryl.hoffmann@za.isnet.co.za</a>
J and L Fire Services	<a href="mailto:admin@jandlfireservices.co.za">admin@jandlfireservices.co.za</a>
JNT Metal	<a href="mailto:jntmetal@absamail.co.za">jntmetal@absamail.co.za</a>
Juriska Ingenieurswerke Bk	<a href="mailto:admin@juriska.co.za">admin@juriska.co.za</a>
Kaap Agri - Marble Hall (Packing)	<a href="mailto:annemarie.lecuona@kaapagri.co.za">annemarie.lecuona@kaapagri.co.za</a>
Kaap Agri 26541/001 - Onderstepoort	<a href="mailto:olivia.feris@kaapagri.co.za">olivia.feris@kaapagri.co.za</a>
Kaap Agri 26541/002 - Nuweland	<a href="mailto:olivia.feris@kaapagri.co.za">olivia.feris@kaapagri.co.za</a>
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Kaap Agri 51149/K01 - Marble Hall	<a href="mailto:annemarie.lecuona@kaapagri.co.za">annemarie.lecuona@kaapagri.co.za</a>
Kai Garib Municipality - Nuweland	<a href="mailto:snyersv@kaigarib.gov.za">snyersv@kaigarib.gov.za</a>
Kakamas Skryfbehoeftes	<a href="mailto:finansies@skryfbehoeftes.net">finansies@skryfbehoeftes.net</a>
KPS Pest Control CC	<a href="mailto:kontaksp@gmail.com">kontaksp@gmail.com</a>
Labrusca Bestuursdiens t/a Pen & Ink	<a href="mailto:info@pen-ink.co.za">info@pen-ink.co.za</a>
Laeveld Agrochem	<a href="mailto:admin4@laeveld.co.za">admin4@laeveld.co.za</a>
LCG Corporation	<a href="mailto:lcgcorporation826@gmail.com">lcgcorporation826@gmail.com</a>
Lezmin Security	<a href="mailto:hnvanzyl@mweb.co.za">hnvanzyl@mweb.co.za</a>
Lime Crop	<a href="mailto:sonja@limecrop.co.za">sonja@limecrop.co.za</a>
Loskop-besproeiingsraad - H213B	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H214A	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
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Loskop-besproeiingsraad - H24	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>

Loskop-besproeiingsraad - H28	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H29	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H32	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H40	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H44	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H45	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H46	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H47	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Loskop-besproeiingsraad - H76	<a href="mailto:water@loskopbr.co.za">water@loskopbr.co.za</a>
Marble Auto Electrical BK	<a href="mailto:flip@ctecg.co.za">flip@ctecg.co.za</a>
Marble Besproeiing BK	<a href="mailto:m.besproeiing@gmail.com">m.besproeiing@gmail.com</a>
Marble Electric Motor Rewind	<a href="mailto:flip@ctecg.co.za">flip@ctecg.co.za</a>
Master Pumps	<a href="mailto:will.masterpumps@gmail.com">will.masterpumps@gmail.com</a>
Matlofelo Trading 27	<a href="mailto:sandisiwe.mandlevu@uff.co.za">sandisiwe.mandlevu@uff.co.za</a>
Microchem Specialised Lab	<a href="mailto:debtor@microchem.co.za">debtor@microchem.co.za</a>
Middelburg International	<a href="mailto:sparesmh@mweb.co.za">sparesmh@mweb.co.za</a>
MMI Health OCSACare	<a href="mailto:wayne@avib.co.za">wayne@avib.co.za</a>
Mottech Water Management	<a href="mailto:accounts@mottech.co.za">accounts@mottech.co.za</a>
Mpact Operations (Pty )Ltd	<a href="mailto:LVanDerWatt@Mpact.co.za">LVanDerWatt@Mpact.co.za</a>
Necsa	<a href="mailto:Yvonne.Mogatwe@necsa.co.za">Yvonne.Mogatwe@necsa.co.za</a>
Njabhulo Traders cc T/A Prisma Bande	<a href="mailto:prismatyres@gmai.com">prismatyres@gmai.com</a>
NOSMESA Labour Consultants Upington	<a href="mailto:aprolasaadmin@telkomsa.net">aprolasaadmin@telkomsa.net</a>
Ntk Limpopo Agric Bpk	<a href="mailto:info@infoslips.com">info@infoslips.com</a>
NTT Toyota Groblersdal	<a href="mailto:rmatlani@nttoyota.co.za">rmatlani@nttoyota.co.za</a>
Obaro	<a href="mailto:jacoline.nortje@obaro.co.za">jacoline.nortje@obaro.co.za</a>
Orange County Engineered	<a href="mailto:orangecounty3006@gmail.com">orangecounty3006@gmail.com</a>
Orffer & Van Der Merwe	<a href="mailto:debiteure@ovdm.co.za">debiteure@ovdm.co.za</a>
Paarl AC Rotweiler ( Pty) Ltd	<a href="mailto:info@pacrs.co.za">info@pacrs.co.za</a>
Paarl IT	<a href="mailto:pieter@paarl-it.co.za">pieter@paarl-it.co.za</a>
Paltrack	<a href="mailto:Tanya@paltrack.co.za">Tanya@paltrack.co.za</a>
Pathcare	<a href="mailto:lucinda.long@pathcare.co.za">lucinda.long@pathcare.co.za</a>
PlusNet/Geotex	<a href="mailto:marthies@masterplasticsgroup.com">marthies@masterplasticsgroup.com</a>
Prisma Packaging (Pty) Ltd	<a href="mailto:Naismail@bdo.co.za">Naismail@bdo.co.za</a>
Pro Alarms	<a href="mailto:piet010162@gmail.com">piet010162@gmail.com</a>
Provento Crop Protection	<a href="mailto:accounts@proventocp.co.za">accounts@proventocp.co.za</a>
Robert Fair	<a href="mailto:helena@admin4insurance.co.za">helena@admin4insurance.co.za</a>
Ronsen HR & Labour Specialists	<a href="mailto:admin@ronsen-labour.co.za">admin@ronsen-labour.co.za</a>
Ross Air CC	<a href="mailto:info@rossair.co.za">info@rossair.co.za</a>
Royal Dawn Farming	<a href="mailto:sandisiwe.mandlevu@uff.co.za">sandisiwe.mandlevu@uff.co.za</a>
Somerhoek Boerdery BK	
Springer Nel Attorneys Notaries &	<a href="mailto:info@springer-nel.co.za">info@springer-nel.co.za</a>
Strys Autolec	<a href="mailto:strysauto1@gmail.com">strysauto1@gmail.com</a>
Supa Quick Upington t/a Primabande	<a href="mailto:adminupt@primatyre.co.za">adminupt@primatyre.co.za</a>
Sustainability Initiative Of South Africa	<a href="mailto:info@siza.co.za">info@siza.co.za</a>
TCG Forklifts (PTY) Ltd	<a href="mailto:tcgforklifts@gmail.com">tcgforklifts@gmail.com</a>
Techsol Pty Ltd	<a href="mailto:message-service@sender-zohobooks.com">message-service@sender-zohobooks.com</a>
Telecontrols	<a href="mailto:Marchelle@Telecontrols.co.za">Marchelle@Telecontrols.co.za</a>
Telkom	<a href="mailto:PatosZC1@telkom.co.za">PatosZC1@telkom.co.za</a>
Thomas Electrical	<a href="mailto:acdc@thomlec.co.za">acdc@thomlec.co.za</a>
Toyota Industrial Equipment	<a href="mailto:carolinen@ieigroup.co.za">carolinen@ieigroup.co.za</a>

Trans Kalahari Solutions	<a href="mailto:tkl@isat.co.za">tkl@isat.co.za</a>
Trinity Systems	<a href="mailto:accounts@trinitysystems.co.za">accounts@trinitysystems.co.za</a>
Upitech	<a href="mailto:vanita@upitech.co.za">vanita@upitech.co.za</a>
Vermeulen Meganies	<a href="mailto:vermeulenmeganies@lantic.net">vermeulenmeganies@lantic.net</a>
Vertel Investments t/a Vertel Networks	<a href="mailto:accounts@khuselo.iafrica">accounts@khuselo.iafrica</a>
Voor Groenberg Kwekery	<a href="mailto:andre@vqb.co.za">andre@vqb.co.za</a>
Wellington Lanbouvereniging	<a href="mailto:info@wlv.co.za">info@wlv.co.za</a>
Wire Worx Draad en Heinings	<a href="mailto:wireworx@lantic.net">wireworx@lantic.net</a>
Wired.tech	<a href="mailto:accounts@wtrmh.co.za">accounts@wtrmh.co.za</a>



# IN THE HIGH COURT OF SOUTH AFRICA

(WESTERN CAPE DIVISION, CAPE TOWN)

Case No: *7305* / 2021

*In the matter between:*

**STEPHEN MALCOLM GORE**

First Applicant

and

**TREVOR PHILIP GLAUM**

Second Applicant

cited herein in their

representative capacities as the ~~jointly~~ *jointly* appointed  
joint business rescue practitioners for:

**SAFE COMMERCIAL (PTY) LTD (in business rescue)**

and

**SAFE COMMERCIAL (PTY) LTD**

Respondent

(in business rescue)

(Registration Number: 2008/024851/07)

(Registered Address: 6th Floor Hudson Building,

Hudson Street, De Waterkant, Greenpoint, Western Cape)

For an order in terms of section 141(2)(a) of the Companies Act 2008  
discontinuing business rescue proceedings and winding up Respondent

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## FOUNDING AFFIDAVIT

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I, the undersigned

**GILLAN & VELDHUIZEN INC**

Per: Stephan Haynes

Tel: 021 701 1890

Email: [stephan@gvinc.co.za](mailto:stephan@gvinc.co.za)



**STEPHEN MALCOLM GORE**

do hereby make oath and say that:

1. I am an adult male registered Business Rescue Practitioner, care of Sanek Trust Recovery Services (Pty) Ltd, situated at 3<sup>rd</sup> Floor, 5 St Georges Mall Cape Town, Western Cape.
2. The facts set out in this affidavit are true and correct and, unless otherwise stated or the context indicates to the contrary, within my personal knowledge. I verily believe information which was imparted to me by others to be true and correct. Where I make submissions of a legal nature, I do so on the advice of my legal advisors, which advice I verily believe to be true and correct. The financial information in this affidavit has been provided by Mr Quentin Scott ("Mr Scott"), the sole director of the Respondent. A confirmatory affidavit by Mr Scott will be lodged with this affidavit. I verily believe the information communicated to me by Mr Scott relating to the Respondent's financial position is true and correct.

**A. NATURE OF RELIEF SOUGHT**

3. This is an urgent application by the duly appointed Business Rescue Practitioners of the Respondent in terms of **Section 141(2)(a)(ii)** of the **Companies Act 71 of 2008** ("the Companies Act") for an order declaring and directing that:



- 3.1. the Respondent's business rescue proceedings be discontinued; and
  - 3.2. the Respondent be placed into liquidation.
4. The reason for the application is that the duly appointed Business Rescue Practitioners have **concluded that that there is no reasonable prospect of the Respondent being rescued** (within the meaning of Section 141(2) of the Companies Act). The primary reason for business rescue not being viable is because the Business Rescue Practitioners have not been able to raise any post-commencement finance ("PCF") other than to pay the costs of attorneys and counsel and other sundry business rescue costs. They have not been able to raise PCF for the ongoing trading operations of the Respondent.

## B. THE PARTIES

### The Applicants

5. I am the First Applicant, in my capacity as the duly appointed joint Business Rescue Practitioner in respect of the Respondent.
6. The Second Applicant is Mr Trevor Glaum, the duly appointed joint Business Rescue Practitioner in respect of the Respondent. A Confirmatory Affidavit deposed to by the Second Respondent will be filled in support of the Notice of Motion to which this Founding Affidavit is annexed.
7. I annex hereto, marked **Annexure "FA.1"**, a Registration Certificate (Form CoR 123.2) issued by the Companies and Intellectual Property Commission

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("CIPC") on 13 April 2021 endorsing the Second Applicant and I as duly licensed and/or registered and/or appointed in terms of Section 138 of the Companies Act to serve as the Business Rescue Practitioner in regard to the business rescue proceedings engaged in by the Respondent.

8. I submit that I have *locus standi* to bring this application by virtue of;

8.1. the fact that I am the duly licensed and appointed Business Rescue Practitioner in respect of the Respondent; and

8.2. having concluded (for the reasons set out more fully hereinbelow) that there is **no reasonable prospect for the Respondent to be rescued**, I am accordingly required in terms of **Section 141(2)(a) of the Companies Act** to;

8.2.1. so inform this Court, the Respondent company and all affected persons in the prescribed manner; and

8.2.2. to apply to the above Honourable Court for an order discontinuing the business rescue proceedings and placing the Respondent company into liquidation.

### **The Respondent**

9. The Respondent is **SAFE COMMERCIAL (PTY) LTD** (in business rescue) a company duly incorporated and registered as such in accordance with the company laws of the Republic of South Africa, having registration number:

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2008/024851/07 and having registered address situated within the jurisdiction of this Court at 6th Floor Hudson Building, Hudson Street De Waterkant, Greenpoint, Western Cape. A Windeed Company Report document is attached hereto marked **Annexure "FA.2"**. The sole shareholder of the Respondent is Safe Farm Exports (Pty) Ltd. It in turn is a wholly-owned subsidiary of a company called K2013162622 (Pty) Ltd.

### **C. COMMENCEMENT OF BUSINESS RESCUE**

10. On or about 8 April 2021, the Respondent voluntarily entered business rescue. A copy of the Section 129 resolution and proof of lodgement with CIPC is attached hereto marked **Annexure "FA.3"**. A copy of the sworn statement of Mr Scott, the Respondent's sole director, as required by Section 129(3) of the Companies Act, is attached hereto marked **Annexure "FA.4"**.
11. As already mentioned, the Applicants were endorsed and formally appointed as the joint Business Rescue Practitioners on 13 April 2021, being the date upon which they were advised of their appointment.

### **D. EVENTS POST COMMENCEMENT OF BUSINESS RESCUE**

12. Pursuant to the commencement of the business rescue proceedings and my appointment as the Business Rescue Practitioner, the Applicants commenced with investigations ("the investigations") into the affairs of the Respondent in terms of Section 141 of the Companies Act. I point out that the Business Rescue Practitioners have only had a limited opportunity to investigate the company's affairs. Its affairs are complex and wide-ranging and we have been



hamstrung by the fact that we did not have the financial resources to engage attorneys and counsel (other than on a limited basis) for the purpose of obtaining legal advice or to engage the services of accountants and other professionals. In particular, the Business Rescue Practitioners have been unable to make a proper assessment of the litigation which has been institute against it and which is currently pending. Limited PCF in the amount of R1 million has now been made available to us to, *inter alia*, consult with our legal advisors on urgent legal matters.

### **Financial Distress**

13. The investigations revealed that the Respondent conducts business as a commercial farming operation producing fresh fruit for export on leased properties which evidently suffered substantial financial losses to its farming operations for the period from 2018 through 2021. In addition, it was established that the Respondent's indebtedness to its creditors was significant and required immediate intervention in order for there to be a reasonable prospect of rescue.
  
14. The Respondent is in financial distress and it is factually and commercially insolvent. Its liabilities exceed its assets by R208 million and it has current creditors of more than R209 million which it is unable to pay. The Respondent is unable to pay its debts as and when these fall due and falls to be wound-up in accordance with Chapter XIV of the previous Companies Act, 61 of 1973 ("the 1973 Companies Act").



15. The Business Rescue Practitioners are unable to continue the business of the Respondent as it has no financial resources at its disposal and they have been unable to raise PCF. The Respondent needs urgent finance to continue essential farming operations which it conducts. It is essential to preserve the Respondent's farming assets and to ensure that its biological assets being fruit trees and vines do not suffer irreparable harm. A liquidator will have the necessary powers to raise finance in order to preserve the assets and business of the Respondent.
  
16. In addition, various parties have instituted legal proceedings against the Respondent. An urgent application has been instituted against the Respondent which is due to be heard in the above Honourable Court on the semi-urgent roll on 13 May 2021. The Business Rescue Practitioners are unable to deal with this litigation since they did not have the necessary funding to engage attorneys and counsel. An amount of R1 million has now been made available to enable us to deal with certain urgent legal matters. A liquidator can apply to Court for the necessary powers to raise funds and to conduct the business of the Respondent.
  
17. The Respondent has a dire funding problem and cannot pay the operational costs associated with its commercial farming operations, in particular timeous payment of the wages of its somewhat 818 employees. When the first PCF run fell due, the Respondent did not have sufficient funds and obtained last minute PCF to apply toward the wages.

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18. Currently, the potential for generating revenue lies with the Respondent's unharvested crops. The Respondent does not have sufficient liquidity for the operations required in harvesting the crops and is therefore in urgent need of PCF which will enable it to fund its operations for the harvesting season. The PCF required by the Business Rescue Practitioners is substantial and is in excess of R10 million.
19. The Respondent owns certain movable assets; however these assets cannot be realised to generate liquidity as they are either essential in the farming operations which generates income for the Respondent, or encumbered as security in favour of certain of the Respondent's creditors. In this regard:
- 19.1. We have established that certain movable assets of the Respondent are subject to instalment sale agreements and cannot thus be disposed of;
- 19.2. Certain movable assets of the Respondent are subject to notarial bonds and cannot be utilised as security to raise funding given the strictures contained in section 134 of the Companies Act;
- 19.3. The proceeds of the Respondent's unharvested crops have been ceded as security to at least one supplier of goods.
20. According to the Respondent's management accounts at 31 January 2021, which are annexed as "QS11" to the sworn statement of Mr Scott (annexure "FA.4"), the Respondent is hopelessly factually and commercially insolvent





and is thus financially distressed. According to the Respondent's management accounts at 31 January 2021:

- 20.1. Its liabilities exceed its assets by more than R208 million;
  - 20.2. It has total liabilities of more than R387,4 million;
  - 20.3. Its trade creditors amount to more than R209,8 million;
  - 20.4. In addition, it is indebted to related companies in the amount of R170 million;
  - 20.5. Its liabilities exceed its assets by more than R208,2 million;
  - 20.6. It is completely illiquid as its current liabilities in the form of trade creditors and other payables exceed its current assets by R137,6 million. Its current assets amount to R71,2 million while its trade creditors and other payables amount to R209,8 million;
  - 20.7. It sustained a loss for the period ended 31 January 2021 of R5,6 million;
21. The investigations of the Business Rescue Practitioners show that the Respondent owes its creditors substantial amounts in respect of its ongoing farming operations such as fertilisers, spray materials and chemicals, packing materials, leave pay and Workmens' Compensation. These creditors amount



to approximately R41 million. Since these creditors have not been settled the Respondent is not in a position to source goods and services to continue its basic and urgent farming operations.

22. In addition, the Respondent owes over R4,2 million in respect of finance leases. These are instalment sale contracts in respect of farming machinery and equipment utilised by the Respondent. If the instalments remain unpaid there is the real danger that the finance institutions will repossess these assets causing the farming operation business irreparable damage. We have already received a demand from Absa Bank in this regard.
23. Our further investigations show that the Respondent has expended the sum of at least R35 million on crop preparation for the 2021 crop on the Marble Hall farms to which I refer below. In the circumstances, it appears that the Respondent may well have a substantial enrichment lien in respect of the Marble Hall farms owned by Royal Dawn (Pty) Ltd ("Royal Dawn").
24. The Respondent was unable to pay its workers' wages on 16 April 2021. The wages were in fact paid by an entity called Matlotlo Trading 27 (Pty) Ltd ("Matlotlo") in the amount of R144 803,41. This is an entity which is associated with the owners of the farms leased by the Respondent. The salaries of the farm managers are due in the amount of approximately R250 000 for April. This amount is usually paid by Safe Farm Ventures (Proprietary) Limited, an associated company, and the Respondent reimburses it. The Respondent does not have the financial resources to pay these salaries. To exacerbate



these difficulties, the Respondent will be required to pay wages of approximately R900 000 on 30 April 2021.

25. In the circumstances, the Business Rescue Practitioners simply do not have the resources to keep the Respondent going while a business rescue plan is formulated in terms of section 150 of the Companies Act. Given the scope and complexity of the Respondent's business affairs, the formulation of a business rescue plan is likely to be a time-consuming and expensive process. Apart from this, there is no indication that any business rescue plan will find favour with the major creditors of the Respondent or its shareholders.
26. The essential difficulty is that the Business Rescue Practitioners have no access to PCF. The Respondent does not have realisable assets which can be sold or mortgaged to obtain such finance. There is no indication that the creditors of the Respondent or its shareholders are prepared to make available the necessary PCF to permit the Respondent to continue its trading operations. There have been discussions along these lines but nothing has materialised. The situation has now become critical and the Respondent must be placed in the hands of an impartial liquidator. I have mentioned above that certain of the movable assets of the Respondent are subject to instalment sale agreements and notarial bonds. In addition, its main source of prospective revenue, being its unharvested crops, have been ceded as security to at least one of the Respondent's creditors.



## The Enduring Creditors' Dispute

27. The Respondent's farming operations are conducted on three clusters of farms that are distinguishable by their geographical areas, namely: -
- 27.1. table grape farms in the Northern Cape ("the Northern Cape farms"), on farms leased from Matlotlo;
  - 27.2. citrus farms in the Marble Hall area of Limpopo ("the Marble Hall farms"), on farms leased from Royal Dawn; and
  - 27.3. table grape farms in the Wellington area of the Western Cape ("the Wellington farms"), on farms previously leased from Black Orchid (Pty) Ltd, which the Respondent vacated since operations ceased during or about August 2019.
28. The Applicants were advised by Mr Scott, who cooperated fully in the investigations, that the most significant creditors of the Respondent are the three landlords of the commercial farms which the Respondent leases, or previously leased, to conduct its farming operations. The respective landlords, being Royal Dawn, Matlotlo and Black Orchid (collectively "the Landlords"), are property-owning companies that are owned by investment funds and managed by Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth"). Notably, all three Landlords have common directors.
29. The investigations revealed that the Landlords comprise the majority of independent creditors which constitutes the majority vote in the event that a



business rescue plan is voted on for adoption. In the circumstance, the Landlords' agreement to cooperate in the business rescue proceedings, essentially determines whether or not there exists a reasonable prospect of rescue.


30. The Landlords had, prior to commencement of business rescue, engaged the Respondent in settlement negotiations in terms of which three so-called transaction notes (Annexures "QS.1" to "QS.3" of Mr Scott's Sworn Statement already attached hereto as **Annexure "FA.4"**) were prepared but the negotiations broke down irretrievably before implementation could be achieved. After the breakdown in settlement negotiations, Royal Dawn launched an Application ("the Application") in the Western Cape High Court for an eviction order against the Respondent in respect of its occupation of the Marble Hall farms. Moreover, Royal Dawn and Matlotlo instituted two actions in the Western Cape High Court ("the action proceedings") claiming, amongst other things, payment of outstanding rentals in respect of the Northern Cape and Marble Hall farms. The action proceedings were instituted subsequent to commencement of business rescue proceedings.

31. The investigations further revealed that the Respondent expended on input costs for preparing the 2021 citrus crop in an estimated R35 million, which harvest is to be brought in and realised between April and September 2021. It has accordingly become apparent that if possession of the Marble Hall farms is given up it would mean that all potential benefits and profits of the crop would, likewise, be foregone to the detriment of the general body of creditors.



It appears that the Respondent is entitled to exercise an enrichment lien against Marble Hall farms.

32. For this reason, out of an abundance of caution, the Applicants caused our attorneys of record to serve a letter on Walkers on 14 April 2021 advising the Landlords of our appointment as practitioners and that while, as newly appointed practitioners, the Applicants come to grips with the complexities of the Respondent's operations we will not consent to any legal proceedings against the Respondent proceeding as envisioned in terms of Section 133 of the Companies Act 71 of 2008 ("the moratorium"). A copy of the letter to Walkers is attached hereto marked **Annexure "FA.5"**.
33. Walkers responded to the aforementioned letter by way of two letters, both dated 14 April 2021, attached hereto marked **Annexure "FA.6"** and **Annexure "FA.7"** respectively. For present purposes, I do not elaborate on the substantive issues raised in Walkers' correspondence, save for noting that the letters expressed great exception to the imposition of the moratorium.
34. In an attempt to expedite the investigations, the Applicants extended an invitation to consult with Walkers, on behalf of the Landlords, on 15 April 2021 which Walkers accepted on the basis that they are joined in video conference format, using the *Zoom* application ("the video conference"). The objective of the consultation was twofold. Firstly, the Applicants wished to gauge whether or not the Landlords' support, in principle, the business rescue in respect of the Respondent. I conveyed to Walkers that since the Landlords represent more than 50% of the independent creditor's voting interest of the company,



their clients' opposition would mean that any prospective business rescue plan will be stillborn. The second objective concerned the Respondent's dire need for funding so that it could honour the wage run of the employees on the Northern Cape farms, which fell due the next day. The Applicants proposed that Matlotlo, given its vested interest as landlord of the Northern Cape farms, advances the funds which the Respondent would apply towards wages as PCF as contemplated in section 135(2) of the Companies Act.

35. During the video conference with Walkers, I stated that I would not agree that the Respondent was in unlawful possession of any of the Landlord's farms without first taking advice from senior counsel. I should mention that I do not agree with Walkers' recordal in its correspondence of what occurred at the meeting but I am advised that it is not necessary to deal with the detail at this stage.

36. On 16 April 2021, Walkers issued the attorneys of record for the Applicants with three letters, one on behalf of each of the respective Landlords. I refrain from dealing with the imputations that Walkers levelled against the Applicants in their capacities as practitioners, as I am advised that its content is not relevant for purposes of launching this application. Notwithstanding, copies of these letters are attached hereto as follows: –

36.1. The letter on behalf of Royal Dawn, marked **Annexure "FA.8"**;

36.2. The letter on behalf of Matlotlo, marked **Annexure "FA.9"**;



- 36.3. The letter on behalf of Black Orchid letter, marked **Annexure "FA.10"**.
37. The Applicants caused its attorneys of record to respond to Walkers' letters of 16 April 2021, which they did by way of two letters dated 18 April 2021 and 19 April 2021 respectively, copies of which are attached hereto marked **Annexure "FA.11"** and **Annexure "FA.12"**. Again, I am advised to refrain from dealing with the imputations levelled against the Applicants, given it is irrelevant for purposes of this application.
38. In the letter, dated 19 April 2021, the Applicants advised the Landlords that, given their apparent lack of support of business rescue in support of the company, that the Applicants concluded there exists no reasonable prospect of business rescue proceedings and therefore it was proposed that, instead, winding-up proceedings be instituted on a urgent basis. I should point out that as a prerequisite to agreeing to business rescue, Royal Dawn required us to hand possession of the Marble Hall farms to it. This the Applicants could not properly do.
39. Walkers responded to the Applicant's letters on 20 April 2021. I attach copies as annexure **"FA.13"** and as **"FA.14"**. The letters are self-explanatory.
40. On 20 April 2021 the Applicant's attorneys of record responded to the further correspondence. I attach copies of the two letters in question as **"FA.15"** and **"FA.16"**. In their letter of 20 April 2021 (**"FA.16"**) the Applicant's attorneys pointed out that:





- 40.1. The Business Rescue Practitioners were in an untenable position as they are unable to continue the business of the Respondent even on a temporary basis since it is financially distressed and has no access to funding.
- 40.2. The Business Rescue Practitioners are not in a position to carry on the business of the Respondent while a business rescue plan is being formulated. In the meantime, the interests of the creditors of the Respondent and its employees are being put at severe risk.
- 40.3. The Business Rescue Practitioners are not in a position to make an assessment as to whether they can properly relinquish occupation of the either the Marble Hall farms or the Northern Cape farms. The previous corporate controller of the Respondent had, when the Application was issued, obtained legal advice on this issue and had been informed by the Respondent's attorneys and senior counsel that there existed sufficient legal ground on which the Company could launch an opposition. In addition, it appears that the Respondent is entitled to exercise an enrichment lien over the Marble Hall farms inasmuch as it has expended approximately R35 million in necessary expenses in improving the value of the farms. These are principally amounts which have been expended on farming activities to ensure viable crops which have as yet not yet been harvested.
- 40.4. In the circumstances, the Business Rescue Practitioners were compelled to apply to Court as a matter of urgency for the winding-up



of the Company.

41. On Thursday, 22 April 2021, the Business Rescue Practitioners received certain correspondence from Mr Smital Rambhai ("Rambhai") representing Matlotlo, Black Orchid Farming and Royal Dawn. I annex as "FA.17" a covering email and the three letters. The proposals which were made take the matter no further and do not address the difficulties pertaining to business rescue. The correspondence:

41.1. Asserts that the Marble Hall farms which the Respondent presently occupies, should be handed over to Royal Dawn. I understand that the Respondent, prior to business rescue, was advised by its attorneys and senior counsel that it was not in unlawful possession of the Marble Hall farms. I also point out that the Respondent appears to have the right to exercise an enrichment lien over these farms on the basis that it has expended an amount of approximately R35 million in necessary improvements to the farms.

41.2. A joint venture is proposed in respect of the 2021 citrus crop on the Marble Hall farms. This will take time to negotiate. Nevertheless, it is not stated how the business of the Respondent will in the meantime be conducted without access to PCF.

42. In the circumstances, the proposals contained in the correspondence are unrealistic and accrue to the benefit of Matlotlo, Royal Dawn and Black Orchid Farming and are not in the interests of the Respondent and its creditors. A



proposal is also made to purchase the Respondent's movable assets. I have pointed out that certain of these assets are subject to instalment sale agreements and to notarial bonds. The sale of these assets may also constitute improper dispositions of the Respondent's assets if they are not sanctioned in terms of an approved business rescue plan. This will take some time to formulate and a farming business needs to be protected in the meantime. This cannot be done without funding. I should also make it clear that the Business Rescue Practitioners do not agree with the assertion contained in paragraph 5 of the Royal Dawn letter that the Respondent has no defence to the urgent application for its eviction from the Marble Hall farms.

43. The meeting of creditors of the Respondent and employees was held in accordance with section 147 of the Companies Act on 28 April 2021. At the meeting of creditors and that of the employees, the meetings were informed that the Business Rescue Practitioners were seeking the winding-up of the Respondent and that the papers in the application were being finalised. The meetings were informed that this had become necessary because R10 million to R15 million in respect of PCF had not been provided and that Marble Hall was adamant that the urgent eviction proceedings against the Respondent from the Marble Hall was to proceed on 13 May 2021. At the meeting of employees, their representatives indicated that they were very concerned about the non-payment of wages and the possible dangers that this could pose to the farms and management.



**E. NO REASONABLE PROSPECT OF RESCUE**

44. Despite my best endeavours, I have been unable to secure appropriate PCF to continue operating the farms. In light of the Landlords' continued threats to take possession of the Marble Hall farms and their refusal to support the business rescue process for the benefit of all the creditors without the imposition of unrealistic conditions which are not in the interests of the Respondent, business rescue is untenable.
45. The Respondent is unable to continue the business, even on a temporary basis, given that there is no access to funding that is appropriate to the Applicants. Accordingly, there is no possibility of responsibly continuing the Respondent's business operations.
46. After a limited investigation of the affairs of the Respondent, we have also concluded that causing the business rescue proceedings to continue will probably not yield a better dividend for creditors of the Respondent than that which will be obtained in liquidation.
47. For the reasons set out above, I have unfortunately concluded that there is **no reasonable prospect for the Respondent to be rescued**, within the meaning of **Section 141(2)(a)**. In this regard I sent the required notice to all affected persons, a copy of which is attached hereto marked **Annexure "FA.13"**.



48. Having concluded that there is no reasonable prospect for the Respondent to be rescued, I am required in terms of Section 141(2)(a)(ii) of the Companies Act to apply to the above Honourable Court for an order discontinuing the business rescue proceedings and placing the Respondent into liquidation, as I hereby do.

#### **F. THE RESPONDENT IS INSOLVENT**

49. The latest draft financial statements in respect of the Respondent for the year ended 31 October 2018 reflect that the Respondent is factually insolvent in that its liabilities exceed its assets. In terms of these annual financial the Respondent had liabilities in the amount of R230 498 654 and assets in the amount R153 996 686. I have referred above to the current financial position of the Respondent. It is hopelessly factually and commercially insolvent. The Respondent's liabilities exceed its assets by more than R208 million, its total liabilities are more than R387,4 million, its trade creditors amount to more than R209,8 million and it is loss-making and completely illiquid.

50. There have been no further financial statements prepared since the year ended 31 October 2018, but further investigation has brought remaining debts to light, particularly those owed to trade creditors and outstanding rental to the Landlords.

51. The Respondent is moreover unable to pay its debts as and when they fall due, within the meaning of Sections 344 and 345 of the 1973 Companies Act.



52. I therefore conclude that the Respondent is both factually and commercially insolvent.

53. There is no prospect of trading the Respondent out of its insolvent circumstances. We have been unsuccessful in raising finance in order to assist the Respondent in trading out of its difficulties.

54. I therefore pray that the above Honourable Court should grant an order in terms of **Section 141(2)(a)(ii)** of the Companies Act, declaring and directing that:

54.1. the Respondent's business rescue proceedings be discontinued; and

54.2. that the Respondent company be placed into liquidation.

## **G. URGENCY**

55. I respectfully submit that this application should be entertained as a matter of urgency for the reasons set out hereinunder.

56. Firstly, I am under a statutory duty to bring this application as soon as practicable after I have concluded that there is no reasonable prospect for the Respondent to be rescued.

57. There is pending litigation against the Respondent that needs to be dealt with as a matter of urgency. The Applicants in question dispute that certain of this litigation is not subject to the moratorium created by section 133(1) of the



Companies Act in favour of the Business Rescue Practitioners. This being so, it is imperative that a liquidator of the Respondent be appointed as a matter of urgency to take advice on the litigation against the Respondent and to take such steps as may be necessary. It is also essential that a winding-up be granted so that legal proceedings be suspended in terms of section 359 of the Companies Act in order to give a liquidator an opportunity of considering and assessing the merits of the litigation. I summarise briefly the state of the legal proceedings against the Respondent:

57.1. Royal Dawn issued an application against the Respondent under case number 4341/2021 in this Honourable Court. It seeks a declaratory order against the Respondent and seeks to evict it from Marble Hall farms. In terms of a draft order granted by agreement on 18 March 2021, the Respondent ought to have filed its answering affidavits by 14 April 2021. This application has been enrolled for hearing on the semi-urgent roll on 13 May 2021. I understand that the former corporate controller of the Respondent has taken legal advice in respect of this application and his legal representatives, including senior counsel, have advised him that the Respondent has substantial grounds in opposing this application. I would point out that it appears that the Respondent is entitled to exercise an enrichment lien over the Marble Hall farms in respect of necessary improvements to the farms which have been expended by the Respondent in the amount of approximately R35 million.

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57.2. An action has been instituted against the Respondent by Matlotlo under case number 4377/21 in the above Honourable Court. This action by Matlotlo claims payment of the amount of R74,2 million.

57.3. Royal Dawn has instituted an action against the Respondent under case number 4278/2021 in the above Honourable Court against the Respondent. In its summons, Royal Dawn claims payment of the amount of R47,1 million.

The Business Rescue Practitioners have now been provided with the amount of R1 million as PCF in order to take essential legal advice on urgent matters.

58. It would, furthermore, be to the advantage of the creditors and shareholders of the Respondent that an order be granted winding up the Respondent, because an impartial liquidator must:

58.1. investigate the circumstances of the termination of the lease agreement with Royal Dawn;

58.2. investigate Royal Dawn allegations of unlawful possession of the Marble Hall farms and its claims;

58.3. investigate the affairs of the Respondent in order to determine whether there are any assets or claims in favour of the Respondent company;





- 58.4. ensure the realisation and distribution of the Respondent's assets, in particular its personal rights in respect of future yields, in accordance with the legal order of preference;
- 58.5. investigate and realise any claims which the Respondent has, such as outstanding claims that the Respondent has in respect of input rendered in respect of the Marble Hall crop, an addition to the claims against Royal Dawn and Matlotlo for damages suffered;
- 58.6. ensure that if a winding-up order is granted, the legal proceedings to which I have referred above will be stayed. It is in the interests of the Respondent and general body of creditors that this happens.
59. I also point out that if a winding-up order is granted, creditors of the company, including Matlotlo and Royal Dawn, will not be in a position to set off amounts owed to them by the Respondent against sums which may be owed by them to the Respondent. The set-off can, however, be invoked if the Respondent is in business rescue. A winding-up order is thus imperative to ensure that all creditors are treated equally.
60. The Respondent was liable to pay workers' wages of approximately R900 000 on 30 April 2021. The Respondent did not have the funds to do so. It goes without saying that if the Respondent could not pay its workers it would not be able to continue with essential farm operations such as the pruning and maintenance of its fruit trees and vines. This would be to the substantial prejudice of the Respondent, its creditors and workers. I was advised by



Rambhai on 29 April 2021 that riots were occurring at the Marble Hall farms and that there had been death threats against members of management and threats to burn down the packhouse. In the circumstances, Royal Dawn was prepared to advance PCF in order to effect payment of wages to employees on the Marble Hall farms. Consequently, Rambhai agreed to make available the amounts of R2,4 million for wages on 29 and 30 April 2021.

## H. FORMALITIES

61. I confirm that I will cause a copy of this application to be served on all affected persons (within the meaning of the Companies Act), including *inter alia*:

61.1. on the Respondent itself;

61.2. on the directors of the Respondent;

61.3. on all known creditors of the Respondent;

61.4. on SARS;

61.5. on the Master of the High Court;

61.6. on the Respondent's employees (if any), and trade unions and bargaining councils (if any) representing the employees;

61.7. this application will also be published on the Respondent's website.

62. Service shall also be effected on the Companies and Intellectual Property Commission (CIPC).

63. I shall instruct my attorneys to ensure that:


63.1. At the hearing of this matter a certificate by the Master of this Honourable Court will be filed prior to the hearing of this application to the effect that sufficient security has been found for the payment of all fees and charges necessary for the prosecution of the winding-up proceedings and the costs of administering the Respondent.

63.2. A copy of this application is lodged with the Master.

64. I will cause proof of service aforesaid to be placed before the above Honourable Court before the hearing of the application.

## I. CONCLUSION

65. In the premises I respectfully move for an order in terms of the Notice of Motion to which this Founding Affidavit is annexed.

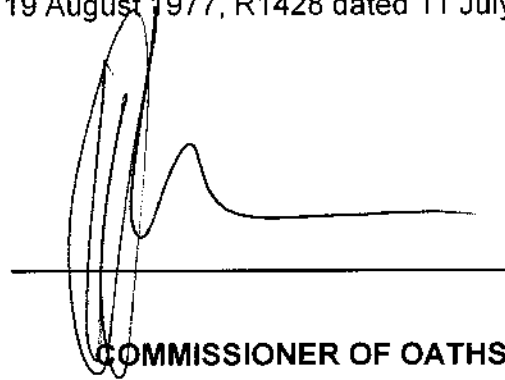


\_\_\_\_\_

STEPHEN MALCOLM GORE



Signed and sworn to by the above deponent at CAPE TOWN on 30 APRIL 2021 the Deponent having acknowledged that he knows and understands the contents of this affidavit and the oath having been administered in the form and manner set out in Government Notice R1258 dated 21 July 1972, as amended by Government Notices R1648 dated 19 August 1977, R1428 dated 11 July 1980 and R774 dated 23 April 1982.



COMMISSIONER OF OATHS

**Wesley Graham**  
Commissioner of Oaths  
Practising Attorney  
8th Floor, 5 St Georges Mall  
Cape Town



**Stephan Haynes**

---

**From:** CoR123.2 <CoR123.2@cipc.co.za>  
**Sent:** 13 April 2021 09:28 AM  
**To:** Stephan Haynes  
**Cc:** Samuel Nkuna; Veronica van Dyk; PJ. Veldhuizen; Vuyani Nkohla  
**Subject:** RE: CoR123.2 // SAFE COMMERCIAL (PTY) LTD (2018/024851/07)  
**Attachments:** CONFIRMATION LETTER COR123.2 - Mr. Gore and Glaum - Safe Commercial PDF.pdf; Notice\_Confirmation\_letter\_for\_BRP\_process.pdf; Letter of Acceptance - Mr. Glaum - Safe Commercial.pdf; Letter of Acceptance - Mr. Stephen Gore - Safe Commercial.pdf; CoR123\_2 - Mr. Trevor Glaum - Safe Commercial.pdf; CoR123\_2 - Mr. Stephen Gore - Safe Commercial.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Dear Sir / Madam,

Hope this e-mail finds you well.

CIPC hereby endorse the notice of appointment for the BRP's, Mr. Stephen Malcolm Gore and Mr. Trevor Phillip Glaum please find attached the Notice Confirmation letter above.

Kindly note that the Notice of Appointments and Acceptance Letters were received on 08th April 2021 for Safe Commercial (Pty) Ltd (2008/024851/07)

*Kind Regards,*

**Kgomotso Masemola**  
**Business Rescue and Financial Assurance Practitioners Unit**  
*E. [KMasemola@cipc.co.za](mailto:KMasemola@cipc.co.za)*

**Don't Call. Don't Queue.**  
Visit CIPC at [www.cipc.co.za](http://www.cipc.co.za) for company registrations and enquiries.



---

**From:** Stephan Haynes [mailto:[stephan@gvinc.co.za](mailto:stephan@gvinc.co.za)]  
**Sent:** 08 April 2021 13:06  
**To:** CoR123.2 <CoR123.2@cipc.co.za>  
**Cc:** Kgomotso Masemola <[KMasemola@cipc.co.za](mailto:KMasemola@cipc.co.za)>; Samuel Nkuna <[SNkuna@cipc.co.za](mailto:SNkuna@cipc.co.za)>; Veronica van Dyk <[VvDyk@cipc.co.za](mailto:VvDyk@cipc.co.za)>; Donovan Van Schalkwyk <[DvSchalkwyk@cipc.co.za](mailto:DvSchalkwyk@cipc.co.za)>; PJ. Veldhuizen <[pj@gvinc.co.za](mailto:pj@gvinc.co.za)>  
**Subject:** Re: CoR123.2 // SAFE COMMERCIAL (PTY) LTD (2018/024851/07)  
**Importance:** High

Dear Sirs,

**RE: BUSINESS RESCUE COMMENCEMENT OF SAFE COMMERCIAL (PTY) LTD (2018/024851/07)**

The above matter refers.

Enclosed herewith are the following documents in support of a new business rescue application:

1. CoR 123.2 for each respective nominated Business Rescue Practitioner;
2. Letter on the company's letterhead in support of the nominated Business Rescue Practitioner of the company;
3. Acceptance letters from the nominated joint Business Rescue Practitioners;
4. Further particulars of the nominated joint Business Rescue Practitioners.

Kindly confirm safe receipt and revert with the Commission's letter of appointment of the respective practitioners at your earliest convenience.

We trust that you will find the above in order.

Kind regards,  
Stephan Haynes  
ST0760

### Stephan Haynes

Associate | Bcom LLB LLM (Stell)



GILLAN & VELDHUIZEN  
LAW FIRM

C (082) 849 4365

T (021) 701 1890

F (021) 702 0212

**PHONE**

Suite B6, Westlake Square, Westlake  
Drive, Westlake, Cape Town

**PHYSICAL**

E [stephan@gvinc.co.za](mailto:stephan@gvinc.co.za)

W [www.gvinc.co.za](http://www.gvinc.co.za)

**ONLINE**

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Companies and Intellectual  
Property Commission  
a member of the dtic group

Dear Sir / Madam,

Hope this e-mail finds you well.

CIPC hereby endorse the notice of appointment for the BRP's, Mr. Stephen Malcolm Gore and Mr. Trevor Phillip Glaum please find attached the Notice Confirmation letter above.

Kindly note that the Notice of Appointments and Acceptance Letters were received on 08<sup>th</sup> April 2021 for Safe Commercial (Pty) Ltd (2008/024851/07)

Kind Regards,

**Ms. K. Masemola**

**Business Rescue and Financial Assurance Practitioners Unit**

**[E. kmasemola@cipc.co.za](mailto:emasemola@cipc.co.za)**

**Companies and Intellectual Property Commission  
Republic of South Africa**

**Form CoR 123.2**

**About this Form**

- This form is issued in terms of sections 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- This notice must be published to every affected person within-
  - (a) 2 business days after it has filed, if the company appointed the Practitioner, or
  - (b) 5 business days after the court order, in such a case.
- If this notice is issued following a company appointment, any affected person may apply to a court in terms of section 130 for an order setting aside the appointment, or requiring the practitioner to provide security.
- The fee for filing this Notice is R0.

**Contacting the Commission**

The Companies and Intellectual Property Commission of South Africa

**Postal Address**  
PO Box 429  
Pretoria  
0001  
Republic of South Africa  
Tel: 086 100 2472

www.cipc.co.za

**Notice of Appointment of Business Rescue Practitioner**

Date: 8 APRIL 2021

Customer Code: ST0760

**Concerning**

*(Name and Registration Number of Company)*

Name: SAFE COMMERCIAL (PTY) LTD

Registration No: 2008/024851/07

The above named company commenced business rescue proceedings on 8 APRIL 2021

The following person has been appointed as the business rescue practitioner:  
STEPHEN MALCOLM GORE

By the company, in terms of section 129 (3)(b).

By the court, in terms of section 131 (5).

Name and Title of person signing on behalf of the Company:

QUENTIN SCOTT (Authorised Director)

Authorised Signature:





Companies and Intellectual Property Commission  
Republic of South Africa

Form CoR 123.2

About this Form

- This form is issued in terms of sections 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- This notice must be published to every affected person within-
  - (a) 2 business days after it has filed, if the company appointed the Practitioner; or
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Contacting the Commission

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Postal Address  
PO Box 429  
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0001  
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Tel: 086 100 2472

www.cipc.co.za

Notice of Appointment of Business Rescue Practitioner

Date: 8 APRIL 2021

Customer Code: ST0760

Concerning

(Name and Registration Number of Company)

Name: SAFE COMMERCIAL (PTY) LTD

Registration No: 2008/024851/07

The above named company commenced business rescue proceedings on 8 APRIL 2021

The following person has been appointed as the business rescue practitioner: TREVOR PHILLIP GLAUM

By the company, in terms of section 129 (3)(b).

By the court, in terms of section 131 (5).

Name and Title of person signing on behalf of the Company:

Justin Scott - Director (Authorized)

Authorized Signature:

[Handwritten Signature]

# Company Report

Date requested 2021/04/23 12:24  
Reference SAF2/0002  
Information source Companies and Intellectual Property Commission



This report is compiled exclusively from the very latest data directly supplied to WinDeed by the Companies and Intellectual Property Commission (CIPC).

## COMPANY SUMMARY

<b>Name</b>	SAFE COMMERCIAL
<b>Status</b>	IN BUSINESS
<b>Registration number</b>	2008/024851/07
<b>Registration date</b>	2008/10/23

## DIRECTOR AND OTHER SUMMARY

Name	ID Number	Type	Status
SCOTT, QUENTIN	7310065102085	DIRECTOR	ACTIVE
GOUWS, CHRISTIAN	5908285147087	DIRECTOR	RESIGNED
VAN ROOYEN, ANDRIES JEREMIA	7409255119089	DIRECTOR	RESIGNED

## AUDITOR SUMMARY

CAP CHARTERED ACCOUNTANTS  
LSG INTEGRATED

## COMPANY INFORMATION

<b>Enterprise name</b>	SAFE COMMERCIAL	<b>Status</b>	IN BUSINESS
<b>Registration number</b>	2008/024851/07	<b>Enterprise type</b>	PRIVATE COMPANY
<b>Tax number</b>	9922996146	<b>Business start date</b>	2008/10/23
<b>Short name</b>	-	<b>Registration date</b>	2008/10/23
<b>Translated name</b>	-	<b>Financial year end</b>	10
<b>Old reg. number</b>	-	<b>Fin effective date</b>	2008/10/23
<b>Conv. company No</b>	-	<b>CK date received</b>	-
<b>Region</b>	GAUTENG	<b>CK date</b>	-
<b>Country</b>	-	<b>Date of type</b>	2008/10/23
<b>Country of origin</b>	-		
<b>Issued shares</b>	100		
<b>Issued capital</b>	100.00		
<b>Authorized shares</b>	1 000		



**Authorized capital** 1 000.00  
**Industry code** 11  
**Industry** AGRICULTURE, HUNTING AND RELATED SERVICES  
**Principal business** BOERDERY.  
**Registered address** 6TH FLOOR HUDSON BUILDING, HUDSON STREET DE WATERKANT, GREENPOINT, WESTERN CAPE, 8001  
**Postal address** 6TH FLOOR HUDSON BUILDING, HUDSON STREET DE WATERKANT, GREENPOINT, WESTERN CAPE, 8001

### DIRECTORS AND OTHER (3)

#### SCOTT, QUENTIN

<b>Initials</b>	Q	<b>Status</b>	ACTIVE
<b>ID/Passport number</b>	7310065102085	<b>Type</b>	DIRECTOR
<b>Date of birth</b>	1973/10/06	<b>Appointment date</b>	2018/06/01
<b>Profession</b>	-	<b>Resignation date</b>	-
<b>Country of residence</b>	SOUTH AFRICA	<b>Member size (%)</b>	0.00
<b>Residential address</b>	7 CLYDEBANK ROAD, GREEN POINT, CAPE TOWN, WESTERN CAPE, 8001	<b>Member contribution (R)</b>	0.00
<b>Postal address</b>	7 CLYDEBANK ROAD, GREEN POINT, CAPE TOWN, WESTERN CAPE, 8001		

#### GOUWS, CHRISTIAN

<b>Initials</b>	C	<b>Status</b>	RESIGNED
<b>ID/Passport number</b>	5908285147087	<b>Type</b>	DIRECTOR
<b>Date of birth</b>	1959/08/28	<b>Appointment date</b>	2008/10/23
<b>Profession</b>	ATTORNEY	<b>Resignation date</b>	2008/10/23
<b>Country of residence</b>	SOUTH AFRICA	<b>Member size (%)</b>	0.00
<b>Residential address</b>	329 ANCHELLA STREET, FAERIE GLEN, 0043	<b>Member contribution (R)</b>	0.00
<b>Postal address</b>	P O BOX 35465, MENLO PARK, 0102		

#### VAN ROOYEN, ANDRIES JEREMIA

<b>Initials</b>	A	<b>Status</b>	RESIGNED
<b>ID/Passport number</b>	7409255119089	<b>Type</b>	DIRECTOR
<b>Date of birth</b>	1974/09/25	<b>Appointment date</b>	2013/06/01
<b>Profession</b>	-	<b>Resignation date</b>	2018/06/01
<b>Country of residence</b>	SOUTH AFRICA	<b>Member size (%)</b>	0.00
<b>Residential address</b>	38 SANDOWN ROAD, WEST BEACH, CAPE TOWN, WESTERN CAPE, 7441	<b>Member contribution (R)</b>	0.00
<b>Postal address</b>	38 SANDOWN ROAD, WEST BEACH, CAPE TOWN, WESTERN CAPE, 7441		

### SECRETARY COMPANIES AND CCS (NONE)

### COMPANY SECRETARY NATURAL PERSONS (NONE)

**BOTH DIRECTOR / OFFICERS (NONE)****ALTERNATIVE DIRECTORS (NONE)****OFFICERS (NONE)****LOCAL MANAGERS (NONE)****TRUSTS (NONE)****AUDITORS (2)****CAP CHARTERED ACCOUNTANTS**

Profession code	CA	Status	CURRENT
Profession number	901659	Profession	AUDITOR
Reg. entry date	2009/04/15	Start date	2008/10/23
Expiry date	-	End date	-
Reference number	-	CM31 completed	2009/04/15
Fine letter	-	CM31 received	2009/04/15
Physical address	6TH FLOOR OFFICE BLOCK 1, THE CLIFFS, 3 NIAGARA ROAD, BELLVILLE, 7530		
Postal address	P O BOX 5526, TYGERVALLEY, 7536		

**LSG INTEGRATED**

Profession code	CA	Status	RESIGN
Profession number	00	Profession	AUDITOR
Reg. entry date	-	Start date	-
Expiry date	-	End date	2008/10/23
Reference number	-	CM31 completed	-
Fine letter	-	CM31 received	-
Physical address	318 RIVONIA BOULEVARD, RIVONIA, 2128		
Postal address	P O BOX 457, RIVONIA, 2128		

**CAPITAL INFORMATION**

Type	No of Shares	Parri Value	Capital Amount (R)	Capital Premium
AUTHORIZED ORDINARY	1 000	0	1.00	0
ISSUED ORDINARY	1 000	0	1.00	0

**HISTORY**

Effective Date	Change Type
2019/11/08	CO/CC ANNUAL RETURN (COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 5211162918)
2019/04/15	CO/CC ANNUAL RETURN (COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 5174088408)
2018/07/03	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (DIRECTOR QUENTIN SCOTT WAS ADDED)
2018/07/03	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (DIRECTOR ANDRIES JEREMIA VAN ROOYEN DETAILS WAS CHANGED)
2017/11/02	CO/CC ANNUAL RETURN (COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 590595369)

2017/07/01	REGISTERED ADDRESS CHANGE (6TH FLOOR HUDSON BUILDING HUDSON STREET DE WATERKANT GREENPOINT WESTERN CAPE8001)
2016/10/25	CO/CC ANNUAL RETURN (COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 555310988)
2015/11/19	CO/CC ANNUAL RETURN (COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 530797461)
2014/10/31	CO/CC ANNUAL RETURN (COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 522556363)
2013/12/17	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (ADD RECORDSURNAME = VAN ROOYENFIRST NAMES = ANDRIES JEREMIASTATUS = ACTIVE)
2013/12/17	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (CHANGE RECORDSURNAME = SCOTTFIRST NAMES = QUENTINSTATUS = RESIGNED)
2013/12/03	CO/CC ANNUAL RETURN (COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 52373060)
2012/12/06	NAME CHANGE (ONDERSTEPOORT BOERDERY)
2011/02/01	REGISTERED ADDRESS CHANGE (BLOCK L GREENFORD OFFICE PARKPUNTERS WAYKENILWORTH 7700)
2011/02/01	POSTAL ADDRESS CHANGE (P O BOX 36428GLOSDERRY 7702)
2011/01/11	RE-INSTATE APPLICATION (ANNUAL RETURN NON COMPLIANCE - CANCELLATION OF DEREGISTRATION)
2010/10/19	AR IN DEREGISTRATION (DEREGISTRATION FOR ANNUAL RETURN NON COMPLIANCE. REGISTRATION MONTH = 10 - AR NON COMPLIANCE DATE = 01/12/2009 - 6 MONTHS AFTER = 03/08/2010.)
2009/10/31	CHANGE OF BOOKYEAR (2)
2009/07/21	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (SURNAME=SCOTTFULL FORENAMES=QUENTINID NO=7310065102085STATUS .ACTIVENATURE OF CHANGE=NO CHANGE)
2009/06/03	NAME CHANGE (CHEROKEE TRADING POST 92)
2009/06/03	NATURE OF BUSINESS CHANGE (SIC CODE) (62)
2009/05/06	POSTAL ADDRESS CHANGE (P O BOX 36428GLOSDERRY7702)
2009/05/06	REGISTERED ADDRESS CHANGE (BLOCK L GREENFORD OFFICE PARKPUNTERS WAYKENILWORTH7700)
2009/04/24	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (ADD RECORDSURNAME = SCOTTFIRST NAMES = QUENTINSTATUS = ACTIVE)
2009/04/24	DIRECTOR/MEMBER/SECRETARY/TRUST/BOTH DIRECTOR AND OFFICER (CHANGE RECORDSURNAME = GOUWSFIRST NAMES = CHRISTIANSTATUS = RESIGNED)
2008/10/23	AUDITOR/ACC OFFICER CHANGE (NO INFORMATION TO DISPLAY)
2008/10/23	AUDITOR/ACC OFFICER CHANGE (P O BOX 5526TYGERVALLEY7536STATUS : ADDRESS CHANGE)

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46

"FA.3"

**Companies and Intellectual  
Property Commission**  
a member of the dti group

Tracking Number: 112054033

Date: 09/04/2021

Customer name: **STEPHAN JOHAN HAYNES**

Customer code: **ST0760**

E-mail address: **stephan@gvinc.co.za**

The Commission has received a form CoR123.1 Notice to Commence Business Rescue Proceedings in terms of section 129 or court order commencing business rescue proceedings in terms of section 131 of the Companies Act, 71 of 2008, dated 09/04/2021 for:

Company / Close Corporation Name: **SAFE COMMERCIAL (PTY) LTD**

Registration Number: **2008/024851/07**

Company / Close Corporation Status: **IN BUSINESS RESCUES**

The application was duly registered on **08/04/2021** and the effective date of commencement of business rescue proceedings is recorded as **08/04/2021**.

Yours sincerely,

**Joel Mphahlele**

**Manager: Companies and Close Corporations**

ISO 9001: 2008 Certified

The dti Campus (Block F - Entfufukweni), 77 Meintjies Street, Sunnyside, Pretoria | P O Box 429, Pretoria, 0001

Call Centre: 086 100 2472

Email: [RVoller@cipc.co.za](mailto:RVoller@cipc.co.za), Website: [www.cipc.co.za](http://www.cipc.co.za)


**RESOLUTION PASSED BY THE DIRECTORS OF SAFE COMMERCIAL COMPANY PROPRIETARY LIMITED, REGISTRATION NUMBER 2008/024851/07 (HEREINAFTER REFERRED TO AS "THE COMPANY") ON 08 APRIL 2021**

The directors, having considered the financial position of the Company (including the value of its assets and current liabilities) and the provisions of the Companies Act, No 71 of 2008 (the "Act") have come to the conclusion that:

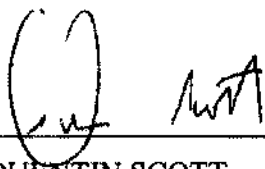
- It appears that the Company is financially distressed as defined in accordance with section 128 (1) (f) of the Act; and
- There is a reasonable prospect of rehabilitating the Company by adopting the procedures set out in Chapter 6 of the Act.

**AS SUCH IT IS RESOLVED:**

1. **THAT** the Company voluntarily begins business rescue proceedings as contemplated in section 129 of the Act and place the Company under supervision effective from the date of this resolution and the subsequent filing thereof with the Commission;
2. **THAT** this resolution be filed with the Commission and that a notice of this Resolution and its effective date be published to affected persons in accordance with the terms as defined by the Act;

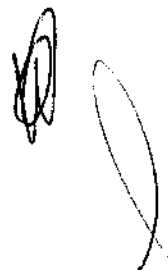


3. **THAT MR TREVOR PHILIP GLAUM AND MR STEPHEN MALCOLM GORE** be appointed as the joint business rescue practitioner(s) in terms of sections 129 (3) (b) and 138 of the Act.
  
4. **THAT MR QUENTIN SCOTT**, in his capacity as a Director be and is hereby authorised to sign the relevant documents which may be necessary for the administration and consent required and associated with the application for business rescue and appointment of business rescue practitioners.



---

QUENTIN SCOTT  
SOLE DIRECTOR





---

**SWORN STATEMENT OF FACTS CONSIDERED IN REACHING  
RESOLUTION TO ENTER BUSINESS RESCUE**

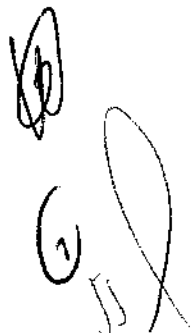
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I, the undersigned,

**QUENTIN SCOTT**

do hereby make oath and say that:

1. I am an adult male businessman of Green Point, Cape Town. I am duly authorised to depose to this statement in my capacity as sole director of Safe Commercial (Pty) Ltd ("the Company").
2. The facts deposed to in this sworn statement are true and correct and, unless stated otherwise or the context indicates to the contrary, fall within my personal knowledge and belief.
3. The Company was incorporated on 23 October 2008 under company registration number 2008/024851/07 and has its registered address at

Handwritten signature and initials in the bottom right corner of the page. The signature appears to be 'Q. Scott' and the initials are 'JS'.

- 2 -

6th Floor Hudson Building, Hudson Street, De Waterkant, Greenpoint, Western Cape. I was duly appointed a director of the Company on 1 June 2018 and I am currently the sole director of the Company.

4. I make this sworn statement in support of the Company's notice to commence business rescue proceedings as is contemplated in terms of section 129 of the Companies Act, 71 of 2008 ("the Companies Act").
5. On 8 April 2021, the board of directors resolved that the Company voluntarily commence business rescue proceedings as is envisaged in terms of the Companies Act. The resolution was adopted because:
  - 5.1 the Company is, and was, financially distressed;
  - 5.2 the temporary supervision of the Company, and of the management of its affairs, business and property, by a business rescue practitioner is required, together with a temporary moratorium on the rights of claimants against the Company and in respect of property in its possession;

A handwritten signature in black ink, consisting of a stylized, cursive name.

- 3 -

5.3 a plan can be developed and implemented which, if approved will have the effect that, if it is not possible for the Company to continue in existence, will result in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company. A resolution will be filed together with this sworn statement.

6. The relevant facts upon which the resolution was founded are as follows:

6.1 The Company trades as Safe Commercial. It conducts business as a farming operation producing fresh fruit for export on leased properties, more particularly:

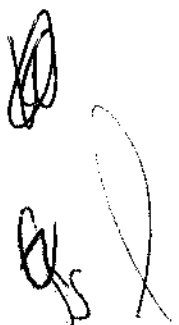
6.1.1 table grape farms in the Northern Cape, on farms leased from Matlotlo Trading 27 (Pty) Ltd; and

6.1.2 citrus farms in the Marble Hall area, on farms leased from Royal Dawn (Pty) Ltd.

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6.2 The Company also previously conducted business farming table grapes and citrus in Wellington on farms leased from Black Orchid (Pty) Ltd. The company ceased farming these farms during or about August 2019 when the farms were returned to the landlord but proper arrangements were not concluded with the landlord for any compensation to the company for crop inputs up to that date or for any remuneration for the landlord's use of the company's movables, some of which remain on these farms and are currently still being used by the landlord, but are subject to Notarial Bonds in favour of third-party creditors of the Company.

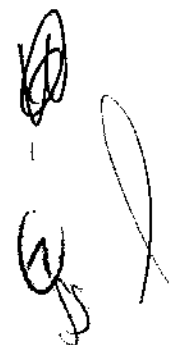
6.3 The three landlords are all property-owning companies which are owned by investment funds managed by Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") and all three have the same directors in common, namely Ms Miné Van Wyk and Mr. Smital Rambhai. All have similar lease agreements structured on an investment model and for a term of approximately 10 years.



- 5 -

6.4 The farming investment model proved to be unsustainable and not financially viable for the Company, and the Company was unable to pay the lease fees in terms of the leases. In addition, the Company claimed that it had various substantial counter-claims against all the landlords, the most significant being those in respect of the Northern Cape and Wellington farms where the Company suffered huge losses.

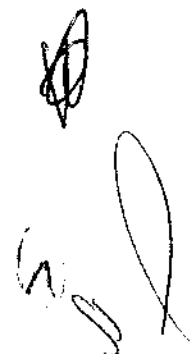
6.5 In addition to the above, the Company suffered very significant and irretrievable farming losses as a consequence of the severe drought in the Western and Northern Cape during the 2018 and 2019 seasons, which reduced yields and fruit quality. There was simply insufficient water available to irrigate crops. The Company also suffered significant losses from two extreme hail storms that damaged the citrus crops on the Marble Hall farms during late 2019 and late 2020, as also infrastructure such as netting. Finally, in the Northern Cape, the Company suffered yet further severe losses as a consequence of unseasonal rain and flooding in early January 2021 in the Northern Cape. This was an area in which production inputs has escalated above

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- 6 -

inflation in the last three or four years, and it is unlikely that the revenue from the 2020/2021 grape crop will be sufficient even to recoup direct crop input costs, let alone generate any revenue for the Company.

- 6.6 The Company has become indebted to creditors in substantial amounts for farming necessities, especially chemicals and packing material, and also to Safe Farm Ventures (Pty) Ltd (“Safe Farm Ventures”) which provided funds to the Company as working capital, in the net group loan amount of approximately R 126 million, and which has not been repaid. The Company is also indebted to banks in respect of finance leases pertaining to movables, mainly farming equipment and machinery.
- 6.7 The lease for the Northern Cape farms will run until July 2021, unless terminated early by mutual agreement. The initial ten-year lease for the Marble Hall farms ended on 26 December 2020, but the Company remained in occupation of the farms with the consent of the landlord and has – to the knowledge and



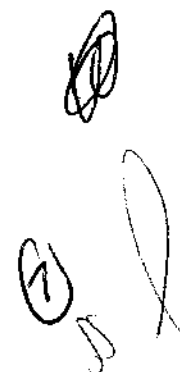
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with the consent of the landlord – expended approximately R35 000 000 to date in preparation for the harvest that is already being brought in, and which will be completed by approximately 30 September 2021.

6.8 The Company is not in a financial position to conduct farming or to expend monies on post-harvest farming operations on the Northern Cape farms, and the landlord has established a presence on those farms and is paying for certain expenses. The movables and farming equipment of the Company (certain of which are subject to Notarial Bonds) remain on these farms and are being used by the landlord.

6.9 The Company at all times anticipated that it would be able to remain in occupation of, and to farm the Marble Hall farms, until the 2021 citrus harvest was completed and brought in by approximately 30 September 2021.

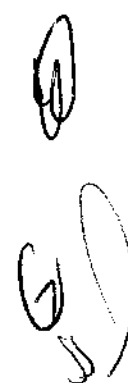
6.10 The Company and the landlords had conducted two intensive rounds of negotiations, to regulate their relationships. The first round was during mid-2020, and the second commenced

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- 8 -

towards the end of January 2021. The outcome of the second round was the conclusion of a settlement agreement set out in three written Transaction Notes, one for each of the Northern Cape, Marble Hall and Wellington farms. Copies of the Transaction Notes are annexed hereto as Annexures "OS1" to "OS3". These were received by the Company under cover of an email from Mr. Smital Rambhai, a copy of his e-mail being annexed hereto marked Annexure "OS4".

- 6.11 After the receipt of Mr. Rambhai's email and the Transaction Notes (which the Company accepted), and which provided a financially viable way forward for the Company (and which were to the advantage of both the creditors and shareholders of the Company), I did everything reasonable and necessary with a view to the implementation thereof. I *inter alia* consulted creditors, the Company's bankers and the shareholder of Safe Commercial on the Transaction Notes.
- 6.12 The biggest challenge to the Company was, and remains, obtaining the written unconditional consent from Safe Farm





Ventures (Pty) Ltd to the transactions, and more particularly the shareholders of that company, specifically Old Mutual Life Assurance Company (South Africa) Limited, represented by Futuregrowth, which is a 50% shareholder in Safe Farm Ventures. The consent of Safe Farm Ventures was required because it is a substantial creditor of the Company that was required to write off amounts owing to it by the Company. I was repeatedly required to provide information to Futuregrowth, which I did. Ultimately, the deal sheet terms were finalized as between the shareholders of Safe Farm Ventures, which was supplied to the landlords on 8 March 2021, a copy of which is annexed hereto as Annexure "QS5".

- 6.13 Following upon Annexure QS5, attorneys were instructed by Futuregrowth to draft a written Agreement to be signed by the Safe Farm Venture shareholders to give effect to the terms set out in Annexure QS5, which included the writing-off of amounts owed by the Company to Safe Farm Ventures and the release of a suretyship given by Safe Farm Ventures in respect of obligations of the Company to its landlords in respect of the

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farms. This Agreement went through various drafts and delays which I do not believe were caused by the Company. I was also required to address this draft in my capacity as the sole remaining director of Safe Farm Ventures. On 30 March 2021 at 21:02 a further draft was presented by the attorneys appointed by Futuregrowth, which for the first time included numerous new and additional warranties, including warranties to be provided by Safe Farm Ventures to Futuregrowth. I responded to this draft on 31 March 2021, and this was followed up by a Teams meeting later in the day. On 1 April 2021 I was informed by the Futuregrowth itself that Safe Farm Ventures and its shareholders must sign the draft Agreement (including all these additional warranties), without any amendments or changes thereto, failing which there would be no agreement at all from the side of Futuregrowth. A copy of this email, dated 1 April 2021, is attached hereto as Annexure "OS6". I was willing, on behalf of Safe Farm Ventures, to agree to those warranties that were material and relevant to give effect to the transaction expressed between the various parties, but not to others that were extraneous and unrelated thereto or which – to the

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the knowledge of Futuregrowth – were not warranties that could properly be given in the circumstances. I set out the reasons for this in my letter dated 2 April 2021, **Annexure “OS7”**.

- 6.14 I have at all times, as a director of Safe Farm Ventures, made available to Futuregrowth the information that was requested. Furthermore, Futuregrowth had a director on the board of Safe Farm Ventures up until 28 January 2021, when Andrew Canter of Futuregrowth resigned. A copy of his letter of resignation is annexed hereto as **Annexure “OS8”**. Futuregrowth did not nominate a replacement director.
- 6.15 It has accordingly become apparent to me that Safe Farm Ventures is not in a position to obtain the requisite consent of its Futuregrowth shareholder to the transactions that have been agreed between the Company and the three landlords.
- 6.16 In good faith, the Company has proceeded to take practical steps to prepare for the implementation of the transactions with the landlords, as set out in the Transaction Notes, including the

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drafting of detailed written agreements in accordance with their terms; the establishment of the Newco envisaged therein; the obtaining of VAT and Tax Registration thereof from SARS; and the commencement of invoicing citrus export sales to clients of the Company in the name of the Newco.

6.17 The delays occasioned by the Futuregrowth shareholder of Safe Farm Ventures has, in the meanwhile, caused two of the landlord companies (managed by Futuregrowth) to take steps against the Company. In particular:

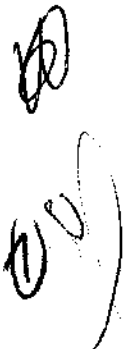
6.17.1 Royal Dawn, during the course of February 2021 purported to give the Company notice to vacate the Marble Hall farms within 30 days, which entitlement has been disputed by the Company. An application to eject the Company from the Marble Hall farms was launched by Royal Dawn and is opposed. At stake is the citrus harvest on these farms, prepared at the cost of the Company, and in respect of which the Company

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has incurred substantial liabilities to creditors in approximated amount of R35 000 000;

- 6.17.2 The landlords of both the Northern Cape and Marble Hall farms have also instituted action against the Company in respect of amounts claimed for lease fees. The Company has filed notice of intention to defend both actions, and intends to file pleas and counter-claim for damages suffered.
- 6.17 The Company has no available funds of its own to continue farming operations, and must rely upon funding by third parties, and goods and services obtained on credit.
- 6.18 The Company can, in the above circumstances, no longer incur liabilities to creditors in the further preparation of the citrus crops on the Marble Hall farms. In addition, the crops on the Marble Hall farms, and the monies already expended on crop inputs, are being placed at risk. Unless secured for the Company, creditors and shareholders will suffer even further losses.



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6.19 On the other hand, if the terms of the Transaction Notes were to be carried out, this would be to the benefit of the general body of creditors of the Company, and also to its shareholders.

7. The financial position of the Company appears from copies of:

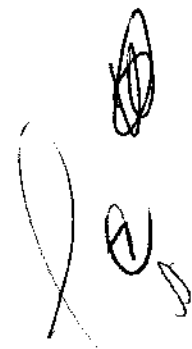
7.1 the signed Annual Financial Statements of the Company for the year ended 31 October 2017 (“QS 9”);

7.2 the draft Annual Financial Statements for the year ended 31 October 2018 (“QS 10”);

7.3 the Management Accounts for the years ending 31 October 2019 and 31 October 2020 (“QS 11” and “QS 12”); and

7.4 the Management Accounts “Year to date” up to end of February 2021 (“QS 13”).

8. It is thus essential that the Company be placed in business rescue to enable a business rescue practitioner to raise the necessary post-commencement finance in order to preserve the assets of the Company,



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and ensure that the business of the Company is wound down (including the protection of the 2021 harvest on the Marble Hall farms) in an orderly manner so as to ensure that a better return is achieved for creditors and shareholders than would be the case should the Company be liquidated immediately. It is reasonably believed that a business rescue practitioner would be placed in a position to successfully restructure the companies affairs in line with the outcomes envisioned in the three Transaction Notes concluded with the landlords.

9. By way of business rescue, the employment of approximately 818 (full time equivalent) farm workers employed by the Company can be preserved, and a proper and orderly transfer effected to new employers, without interruption that will inevitably cause them severe hardship.
  
10. In the present circumstances, neither the shareholders of the Company or the Company are able to raise money, or utilize the proceeds of the Marble Hall crop. The Company will, however, in the event of three transactions proceeding be able to secure the finance as provided in the Transaction Notes. In the event that the Marble Hall crops are secured in favour of the Company, but for some reason the Transaction not

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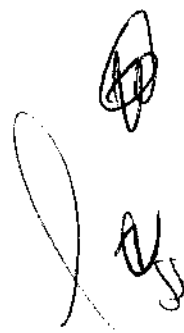
being proceeded with, the business rescue practitioner would be in a position to raise the necessary funding to complete and harvest the crop.

11. In conclusion, it is necessary to place the Company under the control of a business rescue practitioner, for *inter alia* the following reasons:

11.1 The Company is not in a position to meet its ongoing financial commitments to its creditors as and when payments to them fall due.

11.2 The Company requires time in order to restructure its affairs, so that the creditors of the Company are afforded maximum benefit. The Company, as mentioned below, is financially distressed as envisaged in terms of the Companies Act.

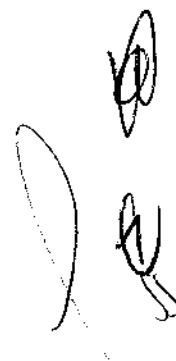
11.3 Funding from sources such as shareholder loans and loans from the Company's financiers is not available. The Company will have to negotiate with its creditors which process will be best achieved under business rescue proceedings.

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- 12 I am cognizant of the Company's affairs and I have concluded that the Company is financially distressed as is defined in section 128 of the Companies Act as it is reasonably unlikely to be able to pay all its debts as they become due and payable within the immediately ensuing 6 months and/or the Company is reasonably likely to become insolvent within the immediately ensuing 6 months.
- 13 There appears, in my opinion, to be at least a reasonable prospect that creditors will directly benefit from the Company being placed under business rescue.
- 14 Business rescue will allow the Company to realise its assets, procure additional funding or to achieve a compromise or come to an arrangement acceptable to its creditors and other stakeholders.
- 15 The business rescue process will allow for:
- 15.1 The temporary supervision of the Company, and for the management of its affairs, business and property;

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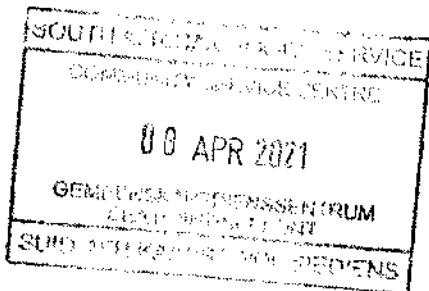
15.2 A temporary moratorium on the rights of claimants against the Company or in respect of property in its possession;

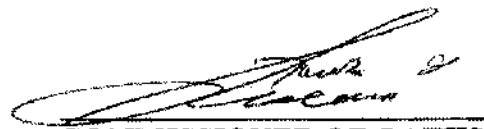
15.3 The development and implementation, if approved, of a plan to realise the Company's assets that will result in the better return to the Company's creditors or shareholders, than would result from the immediate liquidation of the Company.

  
QUENTIN SCOTT

I certify that:

1. The deponent has acknowledged to me that:
  - 1.1 he knows and understands the contents of this declaration;
  - 1.2 he has no objection to taking the prescribed oath;
  - 1.3 he considers the prescribed oath to be binding on his conscience.
2. The deponent thereafter uttered the words "I swear that the contents of this declaration are true, so help me, God".
3. The deponent signed this declaration in my presence at the address set out hereunder on this the 8<sup>th</sup> day of APRIL 2021



  
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C/o Bill Peter of BAY VIEW  
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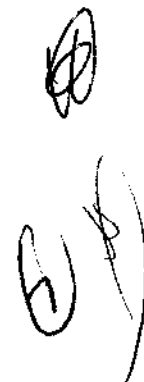
  


**MARBLE HALL TRANSACTION NOTE: 11 FEBRUARY 2021****1 INTRODUCTION**

- 1.1 The following parties are considering transactions –
- 1.1.1 Newco [a company to be incorporated];
  - 1.1.2 Safe Commercial (Pty) Ltd, registration number 2008/024851/07;
  - 1.1.3 Safe Farm Ventures (Pty) Ltd, registration number 2007/002989/07;
  - 1.1.4 Royal Dawn Farming (Pty) Ltd, registration number 2007/020103/07; and
  - 1.1.5 Fanchon Trading (Pty) Ltd, registration number 2001/028511/07.
- 1.2 Safe Commercial previously leased the Marble Hall farms from Royal Dawn.
- 1.3 The transactions concern matters including (amongst other matters) –
- 1.3.1 Newco leasing the Marble Hall farms from Royal Dawn;
  - 1.3.2 Newco leasing movables from Safe Commercial;
  - 1.3.3 Newco leasing a packing line from Fanchon Trading;
  - 1.3.4 settlement of amounts currently due and payable by Safe Commercial to, respectively, Royal Dawn and Safe Farm Ventures;
  - 1.3.5 payment of amounts to be due and payable upfront by Safe Commercial to Royal Dawn; and
  - 1.3.6 payment of amounts to be due and payable in future by Safe Farm Ventures to Newco and by Newco to, respectively, Royal Dawn, Safe Farm Ventures, and Fanchon Trading.
- 1.4 This transaction note sets out the basic (and incomplete) framework of the transactions currently envisaged by the parties.
- 1.5 This transaction note is one of three transaction notes, and all three must be read together.<sup>1</sup>

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<sup>1</sup> The other two transaction notes are *Northern Cape: Transaction Note* and *Wellington Transaction Note*.



- 1.6 In this transaction note, unless the context indicates otherwise, a term defined in a paragraph or sub-paragraph has the meaning as so defined; and such a definition shall apply in this entire transaction note.

## 2 MARBLE HALL FARMS

- 2.1 Newco will lease the Marble Hall farms from Royal Dawn from the present until say 30 September 2021 (the "**Lease Period**")<sup>2</sup>.
- 2.2 Safe Commercial will upfront transfer its business of farming on the Marble Hall farms to Newco as a going concern. That transfer will include –
- 2.2.1 delivery and lease of the movable assets (excluding the Marble Hall Packing Line as defined in paragraph 2.3 below) (the "**Safe Commercial Assets**") used in the business for market related rental as agreed (based on an expert appraisal in the event of lack of consensus) (the "**Safe Commercial Asset Amount**"); and
- 2.2.2 Newco becoming the new employer and being substituted in the place of Safe Commercial as the old employer in respect of the contracts of employment of employees working in the business.
- 2.3 Fanchon Trading is to lease the packing line (the "**Marble Hall Packing Line**") used in the business to Newco for market related rental as agreed (based on an expert appraisal in the event of lack of consensus) (the "**Packing Line Amount**").
- 2.4 In addition, Newco is to become the new employer, in the stead of Safe Farm Ventures as the old employer, in respect of the employees employed by Safe Farm Ventures and working in the business conducted on the Marble Hall farms (including the farm managers).
- 2.5 Safe Commercial has incurred production input costs in respect of the Marble Hall farms 2021 harvest (the "**Safe Commercial Input Amount**") [estimated to be about R27 207 068].

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<sup>2</sup> Under the law of obligations, the rights and obligations under the lease between Royal Dawn and Newco will survive the expiry of the Lease Period.



### 3 NEWCO

- 3.1 Safe Farm Ventures will be the only shareholder of Newco.
- 3.2 Royal Dawn will have rights including –
- 3.2.1 the right promptly to receive Newco's accounting records and financial statements, including monthly management accounts;
- 3.2.2 the right to investigate Newco's accounting records and financial statements;
- 3.2.3 the right (but not the obligation) to appoint a director to the board of Newco;
- 3.2.4 the right (but not the obligation) to appoint a rapporteur to investigate the financial and related affairs of Newco;
- 3.2.5 the right to veto Newco's related party transactions; and
- 3.2.6 a call option to acquire the shareholding in Newco.
- 3.3 Safe Farm Ventures will manage (including marketing and logistics) Newco under a pre-agreed contract, for the duration of the lease period, for commission calculated as being 7.5% of the FOB of the sale of all the fruit from the Marble Hall farms (the "Safe Farm Ventures Commission").
- 3.4 Safe Farm Ventures will on a just before required basis provide funding of R22 892 798 (the "Safe Farm Ventures Amount") to Newco for operating costs, the Rental<sup>3</sup> and the production input in respect of the requirements for the 2021 citrus harvest. The Safe Farm Ventures Amount will be increased, if the parties so agree, or if so determined by expert determination dispute resolution.

### 4 MARBLE HALL LEASE AGREEMENT

- 4.1 The lease period will be the Lease Period.
- 4.2 The rental will be R2 146 666.67 (inclusive of VAT) per month (the "Rental") [totalling R17 173 333.36 (inclusive of VAT) over the Lease Period].

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<sup>3</sup> As defined in paragraph 4.2 below.

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- 4.3 The "lease premium" will be an amount equal to R34 000 000 (inclusive of VAT) (the "**Royal Dawn Amount**").
- 4.4 At the end of the lease period –
- 4.4.1 Newco must deliver vacant possession of the Marble Hall farms to Royal Dawn (not the transfer of its business of farming);
- 4.4.2 Royal Dawn must compensate Newco for "next season input", based on an expert valuation or opinion, and substantiated by proof of payment with underlying source documentation [presently anticipated to be R8 800 000];
- 4.4.3 Newco must return the Marble Hall Packing Line to Fanchon Trading; and
- 4.4.4 Newco must return the Safe Commercial Assets to Safe Commercial.

**5 SETTLEMENT ARRANGEMENT: SAFE COMMERCIAL AND SAFE FARM VENTURES**

- 5.1 Under the aggregate of the preceding oral, written, and other loan agreements and arrangements entered between Safe Commercial (as borrower) and Safe Farm Ventures (as lender), the net result is that as at present Safe Commercial is indebted to Safe Farm Ventures in the amount of R138 million. Safe Farm Ventures must write off that amount.
- 5.2 Safe Commercial and Safe Farm Ventures will arrange and settle amongst themselves other matters, including matters that may concern or be related to the subject matter of the other two transaction notes.

**6 SETTLEMENT ARRANGEMENT: SAFE COMMERCIAL, SAFE FARM VENTURES, AND ROYAL DAWN**

- 6.1 Safe Commercial and Royal Dawn agree for purposes of this transaction note that under the now expired Marble Hall farms lease agreement the former owes to the latter R40 000 000 (inclusive of VAT).<sup>4</sup> In respect of that amount:
- 6.1.1 Safe Commercial must upfront pay R6 million (inclusive of VAT) of the amount to Royal Dawn. This payment will be done by Royal Dawn and Safe Commercial arranging with Black Orchid that in practice R6 million (inclusive of VAT) of the purchase price for the sale and transfer of the

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<sup>4</sup> Royal Dawn and Safe Commercial must deal with tax invoices and/or credit notes to reflect the applicable rental amounts.

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movable assets currently used by Black Orchid in its business of farming on the Wellington farms will be "short paid/never paid" to Safe Commercial, and thus for the benefit of Royal Dawn.

- 6.1.2 Commercially, albeit not in law, the Royal Dawn Amount [the "lease premium"] will constitute "payment" of the remaining R34 million (inclusive of VAT).
- 6.2 Royal Dawn will release Safe Farm Ventures from all its security obligations to Royal Dawn for the obligations of Safe Commercial to Royal Dawn under the now expired Marble Hall farms lease agreement.

## 7 RIGHT OF FIRST REFUSAL

Royal Dawn will grant to Safe Farm Ventures a right of first refusal to acquire the Marble Hall farms.

## 8 PAYMENTS

- 8.1 The parties agree on the following order of payments by Newco of –
- 8.1.1 all amounts accrued to or received by Newco, including all amounts of gross income, all rebates, and all other amounts; and
- 8.1.2 the Safe Farm Ventures Amount,
- (collectively, "**Receipts**") but excluding trade credit ("**Trade Credit**"), meaning trade credit from *bona fide* persons not directly or indirectly connected or related to the parties, including such advances from the providers of packing material, transport, harbour, and handling and freight, extended to Newco.
- 8.2 Newco will apply Trade Credit in its farming operations, including the packing, transport, and delivery of fruit to customers such as wholesalers and retailers.
- 8.3 The cascade of entitlement to payment from Newco from Receipts in descending order will be:
- 8.3.1 With equal standing –
- 8.3.1.1 Newco paying its trade creditors (meaning *bona fide* persons not directly or indirectly connected or related to the parties, including such employees) that provide goods and services to Newco directly in respect of its farming operations; and

- 8.3.1.2 Newco paying the Rental to Royal Dawn,  
will be a "first charge".
- 8.3.2 With equal standing and *pro rata* Newco paying the –
  - 8.3.2.1 Safe Farm Ventures Amount [loan repayment] to Safe Farm Ventures; and
  - 8.3.2.2 Royal Dawn Amount [lease premium] to Royal Dawn,  
will be a "second charge".
- 8.3.3 Newco paying its other trade creditors (meaning persons who are directly or indirectly connected or related to the parties) that provide goods and services to Newco in respect of its farming operations will be a "third charge".
- 8.3.4 Newco paying the Packing Line Amount to Fanchon Trading will be a "fourth charge".
- 8.3.5 Newco paying the Safe Commercial Asset Amount [rental of movables] to Safe Commercial will be a "fifth charge".
- 8.3.6 With equal standing and *pro rata* Newco paying the –
  - 8.3.6.1 Safe Commercial Input Amount to Safe Commercial; and
  - 8.3.6.2 Safe Farm Ventures Commission to Safe Farm Ventures,  
will be a "sixth charge".

## 9 ENVISAGED CONTRACTS

- 9.1 Common terms agreement (obvious parties: all parties)
- 9.2 Marble Hall farms lease agreement (obvious parties: Newco and Royal Dawn)
- 9.3 Lease agreement settlement agreement (obvious parties: Safe Commercial and Royal Dawn)
- 9.4 Loan agreement settlement agreement and additional agreements (obvious parties: Safe Commercial and Safe Farm Ventures)
- 9.5 Loan agreement (obvious parties: Newco and Safe Farm Ventures)

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- 9.6 Management agreement (obvious parties: Newco and Safe Farm Ventures)
- 9.7 Miscellaneous information matters and call option agreement (obvious parties: Newco, Royal Dawn, and Safe Farm Ventures)
- 9.8 Marble Hall Packing Line agreement (obvious parties: Newco and Fanchon Trading)
- 9.9 Safe Commercial Assets lease agreement (obvious parties: Newco and Safe Commercial)
- 9.10 Payment agreement (obvious parties: all parties)
- 9.11 Right of first refusal agreement to purchase the Marble Hall farms (obvious parties: Safe Farm Ventures and Royal Dawn)
- 9.12 Sale of business agreement (obvious parties: Newco and Safe Commercial)
- 9.13 Transfer of employees agreement (obvious parties: Newco and Safe Farm Ventures)
- 9.14 Security release agreement (obvious parties: Safe Commercial, Safe Farm Ventures, and Royal Dawn)

## 10 NEXT STEPS

As the parties have consensus on the content of this transaction note, and the other two transaction notes, they are to negotiate the comprehensive written agreements to give effect to the transactions as described in this transaction note.

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**NORTHERN CAPE TRANSACTION NOTE: 11 FEBRUARY 2021****1 INTRODUCTION**

- 1.1 The following parties are considering transactions –
- 1.1.1 Matlotlo Trading 27 (Pty) Ltd, registration number 2005/014423/07;
- 1.1.2 Safe Commercial (Pty) Ltd, registration number 2008/024851/07; and
- 1.1.3 Safe Farm Ventures (Pty) Ltd, registration number 2007/002989/07.
- 1.2 Safe Commercial leases the Northern Cape farms from Matlotlo.
- 1.3 The transactions concern matters including terminating Safe Commercial leasing the Northern Cape farms from Matlotlo.
- 1.4 This transaction note sets out the basic (and incomplete) framework of the transactions currently envisaged by the parties.
- 1.5 This transaction note is one of three transaction notes, and all three must be read together.<sup>1</sup>

**2 LEASE AGREEMENT**

- 2.1 The lease period under the Northern Cape farms lease agreement will end at 12H00 on 25 February 2021.
- 2.2 At the end of the lease period, Safe Commercial will transfer its business of farming on the Northern Cape farms to Matlotlo as a going concern. The transfer will include –
- 2.2.1 sale and delivery of the movable assets used in the business by 30 April 2021 for the expert valuation amount [estimate of value not available]; and
- 2.2.2 Matlotlo becoming the new employer and being substituted in the place of Safe Commercial as the old employer in respect of the contracts of employment of employees working in the business.

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<sup>1</sup> The other two transaction notes are *Marble Hall: Transaction Note* and *Wellington Transaction Note*.



- 2.3 In addition, Newco is also to become the new employer, in the stead of Safe Farm Ventures as the old employer, in respect of the employees employed by Safe Farm Ventures and working in the business conducted on the Northern Cape farms.

**3 SETTLEMENT ARRANGEMENT: SAFE COMMERCIAL, SAFE FARM VENTURES, AND ROYAL DAWN**

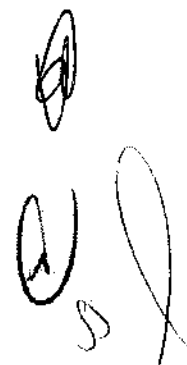
- 3.1 Safe Commercial and Matlotlo agree that as at the end of the lease period under the Northern Cape farms lease agreement neither one of them will be indebted to the other, save that Safe Commercial will cede all its rights under applicable insurance policies to Matlotlo.
- 3.2 Matlotlo will release Safe Farm Ventures from its security obligations to Matlotlo for the obligations of Safe Commercial to Matlotlo under the Northern Cape farms lease agreement.
- 3.3 Safe Farm Ventures will not have any call option, right of first refusal, or the like to acquire the Northern Cape farms.

**4 ENVISAGED CONTRACTS**

- 4.1 Lease agreement settlement agreement (obvious parties: Matlotlo and Safe Commercial)
- 4.2 Sale of business agreement (obvious parties: Matlotlo and Safe Commercial)
- 4.3 Transfer of employees agreement (obvious parties: Matlotlo and Safe Farm Ventures).
- 4.4 Security release agreement (obvious parties: Matlotlo, Safe Commercial, and Safe Farm Ventures).

**5 NEXT STEPS**

As the parties have consensus on the content of this transaction note, and the other two transaction notes, they are to negotiate the comprehensive written agreements to give effect to the transactions as described in this transaction note.

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**WELLINGTON TRANSACTION NOTE: 11 FEBRUARY 2021****1 INTRODUCTION**

- 1.1 The following parties are considering transactions –
- 1.1.1 Black Orchid Farming (Pty) Ltd, registration number 2014/039284/07;
- 1.1.2 Safe Commercial (Pty) Ltd, registration number 2008/024851/07; and
- 1.1.3 Safe Farm Ventures (Pty) Ltd, registration number 2007/002989/07.
- 1.2 Safe Commercial leased the Wellington farms from Black Orchid.
- 1.3 The transactions concern matters including formally terminating Safe Commercial leasing of the Wellington farms from Black Orchid.
- 1.4 This transaction note sets out the basic (and incomplete) framework of the transactions currently envisaged by the parties.
- 1.5 This transaction note is one of three transaction notes, and all three must be read together.<sup>1</sup>

**2 LEASE AGREEMENT**

- 2.1 Black Orchid and Safe Commercial confirm the ending of the lease period under the Wellington farms lease agreement.
- 2.2 At 12H00 on 25 February 2021, Safe Commercial will sell and transfer its movable assets currently used by Black Orchid in its business of farming on the Wellington farms to Black Orchid for the expert valuation amount [estimated to be about R11 500 000] (inclusive of VAT)].
- 2.3 R6 million (inclusive of VAT) of the purchase price for the sale and transfer of the movable assets will be paid by Black Orchid, as an agent to pay on behalf of Safe Commercial, to Royal Dawn Farming.

---

<sup>1</sup> The other two transaction notes are *Marble Hall: Transaction Note* and *Norther Cape Transaction Note*.

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### 3 SETTLEMENT ARRANGEMENT: BLACK ORCHID, SAFE COMMERCIAL, AND SAFE FARM VENTURES

- 3.1 Safe Commercial and Matlotlo agree that as at 12H00 on 25 February 2021 under the Wellington farms lease agreement neither one of them will be indebted to the other.
- 3.2 Black Orchid will release Safe Farm Ventures from its security obligations to Black Orchid for the obligations of Safe Commercial to Black Orchid under the Wellington farms lease agreement.
- 3.3 Safe Farm Ventures will not have any call option, right of first refusal, or the like to acquire the Wellington farms.

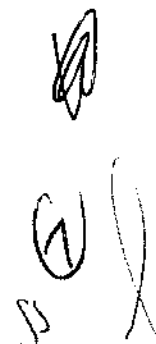
### 4 ENVISAGED CONTRACTS

- 4.1 Lease agreement settlement agreement (obvious parties: Black Orchid and Safe Commercial)
- 4.2 Sale of assets agreement (obvious parties: Black Orchid and Safe Commercial)
- 4.3 Security release agreement (obvious parties: Black Orchid, Safe Commercial, and Safe Farm Ventures)

### 5 NEXT STEPS

As the parties have consensus on the content of this transaction note, and the other two transaction notes, they are to negotiate the comprehensive written agreements to give effect to the transactions as described in this transaction note.

---

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**"QS 4"**

**From:** Smital Rambhal  
**To:** Quentin Scott; Anton de Vries: arwinbouland@mar.com; Amrish Narraendes; Kearon Gordon; Andrew Canter; Gaby Gess  
**Cc:** Mina Van Wyk; Belinda van der Vyver; Jerome Veldeman  
**Subject:** PROPOSED TRANSACTIONS CONCERNING THE COMPANIES MENTIONED BELOW  
**Date:** Thursday, 11 February 2021 17:01:46  
**Attachments:** Wellington Transaction Note.pdf  
Marble Hall Transaction Note.pdf  
Northern Cape Transaction Note.pdf

**For the attention of the following companies and the stakeholders in and representatives of those companies:**

**Black Orchid Farming (Pty) Ltd; Fanchon Trading (Pty) Ltd; Matlotlo Trading 27 (Pty) Ltd; Royal Dawn Farming (Pty) Ltd; Safe Commercial (Pty) Ltd; and Safe Farm Ventures (Pty) Ltd**

Representatives of, on the one part, Fanchon, Safe Commercial, and Safe Farm Ventures (the "**Safe Companies**"), and on the other part, Black Orchid, Matlotlo, and Royal Dawn (the "**Propcos**") have negotiated three transaction notes concerning matters including (amongst other matters) lease agreements that were entered into between:

Royal Dawn (as lessor) and Safe Commercial (as lessee) (the **Marble Hall Transaction Note**);  
 Matlotlo (as lessor) and Safe Commercial (as lessee) (the **Northern Cape Transaction Note**); and  
 Black Orchid (as lessor) and Safe Commercial (as lessee) (the **Wellington Transaction Note**),

and consequences of and future arrangements regarding those lease agreements.

The three Transaction Notes are attached to this email.

Each Transaction Note sets out the basic (and incomplete) framework of the transactions currently envisaged by the relevant parties, and it reflects in outline only their provisional consensus. A Transaction Note does not create legally enforceable rights or obligations of any relevant party. But each Transaction Note does embody the outlines of what (and what not) each relevant party has morally accepted to negotiate in good faith to comprehensive written agreements to give effect to the transactions as described in that Transaction Note.

All the comprehensive written agreements required to give effect to the transactions as contemplated in the three Transaction Notes will be interdependent, meaning that all the contemplated comprehensive written agreements will have to be timeously duly signed, or all the transactions as contemplated in the three Transaction Notes will fail.

The respective companies who are parties to one or more or all the three Transaction Notes, and the stakeholders in and representatives of those companies, must be comfortable that at least provisionally the relevant company/ies is/are willing and able to enter into and to comply with all of its/their obligations as set out in the relevant Transaction Note(s).

Time is of the essence, meaning that the Propcos and the (respective) Safe Companies must get to the stage of duly signed comprehensive written agreements before the end of February 2021 to avoid inevitable major losses and public disputes.

The Propcos have instructed Walkers to prepare the first drafts of the comprehensive written agreements required to give effect to the transactions as contemplated in the three Transaction Notes.

If any addressee to this email has any substantive objection to the content of any Transaction Note, please email the substance of that objection to me as soon as possible, preferably within 24 hours of receipt of this email. And the absence of me receiving a substantive objection from an addressee by 16H00 on Monday, 15 February 2021 will be regarded as that addressee not having any substantive objection to the contents of the Transaction Notes.

Without detracting for the immediately preceding paragraph, the shareholders of the Propcos have requested the shareholders of Safe Farm Ventures to confirm in writing that:

Safe Farm Ventures is at present solvent and liquid; and  
 the amount of R22 892 798 referred to in paragraph 3.4 of the Marble Hall Transaction Note is/will be available within Safe Farm Ventures to advance to "Newco" (as that term is used in the Marble Hall Transaction Note),

and I would be grateful to receive that written confirmation on behalf of the shareholders of the Propcos by 16H00 on Monday, 15 February 2021.

Kindly acknowledge receipt of this email by return email.

Regards  
 Smital

<b>Smital Rambhai</b>		<i>For and on behalf of:</i>	
<b>Black Orchid Farming (Pty) Ltd</b>	<b>Matlotlo Trading 27 (Pty) Ltd</b>	<b>Royal Dawn Farming (Pty) Ltd</b>	
Registration number: 2014/039284/07	Registration Number: 2005/014423/07	Registration Number: 2007/020103/07	
Directors: Smital Rambhai and Miné van Wyk	Directors: Smital Rambhai and Miné van Wyk	Directors: Smital Rambhai and Miné van Wyk	

**Smital Rambhai**

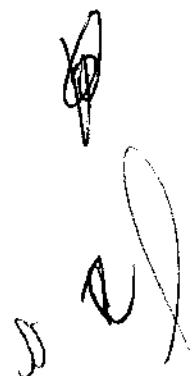
Portfolio Manager: Community Property Fund & Product Manager: Agri Funds



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Handwritten signature or initials in the bottom right corner of the page.



"QS 5"

**From:** Quentin Scott  
**To:** Smrital Bambah; Mine Van Wyk; Jerome Veldsman  
**Cc:** Gaby Gess; Anton de Vries  
**Subject:** Three transaction notes implementation  
**Date:** Monday, 08 March 2021 19:51:00  
**Attachments:** SFV Agrifund Revised Terms Final v2 Signed.pdf

---

Without Prejudice

Dear All,

From a Safe Commercial point of view we have now addressed:

- the consent required from Safe Farm Ventures (SFV) (as per the attached);
- being permitted in the interim to proceed with co-ordinating the finalisation of the three transaction notes;
- are able to meet the solvency and liquidity required for the implementation of the three transaction notes; and
- have a timeline in the attached (12 March 2021) for the agreement between the SFV shareholders.

Ludwig Smith, of Cliff Dekker Hofmeyr, will be attending to the SFV agreement between shareholders, and I will be informed tomorrow whether he has capacity to draft the further three agreements as envisaged in the three transaction notes. If not, I will be provided with an alternative suggestion as to an attorney.

I trust in the circumstances that we can now all focus on finalising the envisaged transactions without unnecessary distraction associated with litigation.

Regards

Quentin

Handwritten signature and initials, possibly 'QS', in the bottom right corner of the page.

**From:** Quentin Scott  
**To:** "Smital Rambhai"; Mine Van Wyk; "Jerome Veldsman"  
**Cc:** Gaby Gess; Anton de Vries  
**Subject:** RE: Three transaction notes implementation  
**Date:** Tuesday, 09 March 2021 09:26:00  
**Attachments:** SFV Agrifund Revised Terms Final v2 Signed.pdf

---

Dear All

I do apologies as the email sent last night had the unsigned version.

Thank you

Quentin

**From:** Quentin Scott <quentin@Safe.co.za>  
**Sent:** Monday, 08 March 2021 19:51  
**To:** Smital Rambhai <srmbhai@futuregrowth.co.za>; Mine Van Wyk <mine.van.wyk@uff.co.za>;  
 Jerome Veldsman <jeromev@walkers.law>  
**Cc:** Gaby Gess <gess@mweb.co.za>; Anton de Vries <anton@Safe.co.za>  
**Subject:** Three transaction notes implementation

Without Prejudice

Dear All,

From a Safe Commercial point of view we have now addressed:

- the consent required from Safe Farm Ventures (SFV) (as per the attached);
- being permitted in the interim to proceed with co-ordinating the finalisation of the three transaction notes;
- are able to meet the solvency and liquidity required for the implementation of the three transaction notes; and
- have a timeline in the attached (12 March 2021) for the agreement between the SFV shareholders.

Ludwig Smith, of Cliff Dekker Hofmeyr, will be attending to the SFV agreement between shareholders, and I will be informed tomorrow whether he has capacity to draft the further three agreements as envisaged in the three transaction notes. If not, I will be provided with an alternative suggestion as to an attorney.

I trust in the circumstances that we can now all focus on finalising the envisaged transactions without unnecessary distraction associated with litigation.

Regards

Quentin

Handwritten signature and initials, possibly 'JA' or similar, with a large flourish above it.

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 7700, South Africa  
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 Tel: +27 21 659 5300 Fax: +27 21 659 5400  
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**FUTUREGROWTH**  
 / ASSET MANAGEMENT

08 March 2021

## 1. Preamble

- i. This document aims to capture the terms agreed between the shareholders of SFV, subject to which Old Mutual Life Assurance Company South Africa ('OMLACSA'), as represented by Futuregrowth Asset Management ('Futuregrowth'), will approve of the proposal made to SAFE Commercial by the UFF Agrifund, as set out in the three transaction notes ('UFF Agrifund transaction notes'). The parties are to sign this document as evidence of the acceptance of the below terms. All verbal agreements will be of no effect upon the failure to sign this document. These terms remain valid for acceptance until 5pm on Monday, 8 March 2021.

## 2. Outline of terms

- i. Revenue streams/cash flows of the entire group – from SAFE, marketing fees (e.g. Bono), etc – must all vest in, and flow through SFV. The agreed outcome is to collapse the entire group down to SFV. Any exceptions to this rule must be agreed by the SFV shareholders.
- ii. SFV must fund the working capital loan to Newco through internal cash flows – no new equity capital is to be raised and we will not approve the business incurring more secured debt to fund the loan, except ABSA Bank will be granted additional security, being a covering bond over property in the sum of R 20 000 000 (as provided for under Envisaged Next Steps paragraph 2 below).
- iii. All loans owing by SFV to SAFE related entities (APG, Bono, SAFE Commercial etc) must be written off, with the exception of the shareholder loan owing to SAFE HoldSA. The shareholder loan owing by SFV to SAFE HoldSA must be written off by 50%, while the remaining 50% is to be subordinated to the shareholder loan owing to OMLACSA. The production loans from Haluco Beheer B.V. of EUR 2 500 000 presently contracted to SFV remains. The loans of Van Der Lugt of EUR 400 000 and Haluco B.V. of EUR 1 000 000 presently outside SFV to move to SFV or to be paid by SFV as agreed.
- iv. In terms of the cashflow waterfall, SAFE Commercial will be paid a market related rental for use of its movables and packing line by Newco (as envisioned in the UFF Agrifund's proposal), at a price to be agreed by all SFV shareholders. The cash flows to SAFE Commercial for the reimbursement for 2021 production inputs made by SFV must be subordinated to SFV until SFV has recouped a quantum equivalent to the 2021 SFV production inputs. The

### Directors

GL Gobodo (Chairman) PE Rackstraw (Managing Director) AC Canter\* H Beets\*\* T George\*\*\*  
 \*American \*\*Dutch \*\*\*British  
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MEMBER OF THE  OLD MUTUAL GROUP

*[Handwritten signatures and initials]*

**FUTUREGROWTH**

/ ASSET MANAGEMENT

- cashflows shall further be handled as set out in the UFF Agrifund transaction notes.
- v. Bluestone's shares in Bono Farm Investments must, subject to the Bono shareholders agreement, be sold to SFV for R1 and an independent party jointly selected by the SFV shareholders will be appointed to dispose of this shareholding of Bono Farm Investments at market value, within a reasonable timeframe to be agreed between the SFV shareholders, but at the latest, envisaged prior to the end of the revised Marble Hall lease term. As above, any revenues, fees, assets or value which emerges from the Bono stake (presently held by Bluestone) should flow to SFV.
  - vi. An independent senior financial resource of Futuregrowth's choosing is to be hired by SFV, for the company's account, to, amongst other things, oversee the financial management of SFV and Newco, in support of Quentin Scott in his role as Financial Director of SAFE. This senior resource must be made a joint signatory on all SFV and Newco bank accounts and will provide regular update reports to the shareholders of SFV. The resource will be required to sign a confidentially agreement.
  - vii. SFV will use any excess cash (including from Marble Hall or the sale of the shares in Bono) to first repay the shareholder loan owing to OMLACSA. For the avoidance of doubt, excess cash here refers to cash available for distribution to shareholders, after all operational costs and payments due to third-party creditors have been made.
  - viii. The solvency and liquidity of SFV must be illustrated to the satisfaction of Futuregrowth.
  - ix. A new shareholders agreement and memorandum of incorporation will be drafted and put in place for SAFE Farm Ventures, and formal loan agreements will be put in place for any loans that remain in SFV following the write-offs envisioned in this termsheet.
  - x. All of the above terms are subject to final legal agreements being signed and SFV seeking tax advice on the structuring of the considered transactions, and said advice providing comfort that there are no negative tax consequences of these transaction for SFV.



**FUTUREGROWTH**

/ ASSET MANAGEMENT

**3. Next steps**

- i. As the solvency and liquidity of SFV is dependent on the Agrifund proposal being accepted, and the proposal being accepted is subject to SAFE agreeing to the above terms, SAFE HoldSA must confirm acceptance of the terms by signing this Outline of Terms.
- ii. Once the above terms are accepted, Futuregrowth will assess whether the conditions for the additional ABSA security are met and if they are, then we will approve the additional ABSA security (subject to the transaction with the Agrifund being signed).
- iii. Should steps 1 and 2 above be completed, an attorney is to be appointed to draft a Memorandum of Understanding outlining the above terms which the SFV shareholders will sign. This must be completed and signed by Friday, 12 March 2021.
- iv. The MOU will stipulate the legal agreements required in order to execute on the terms outlined therein and these agreements are to be drafted and implemented. A calendar linked step plan acceptable to the UFF Agrifund is to be drafted and agreed for the implementation of the transactions contemplated in the MOU and UFF Agrifund transaction note agreements.
- v. As soon as the SAFE representatives have signed this letter then the shareholders of SFV will take reasonable and necessary steps in cooperation with Safe Commercial to prevent the UFF Agrifund transaction notes settlement being cancelled or withdrawn.
- vi. SFV must as soon as practicable seek tax advice on the proposed transactions. The tax consequences of the transactions must be acceptable to the shareholders before the transaction is implemented.




---

 On behalf of OMLACSA as represented by Futuregrowth

08 March 2021




---

 On behalf of SAFE

8 March 2021

"QS 6"

**From:** [Kearon Gordon](#)  
**To:** [Quentin Scott](#)  
**Cc:** [Anton de Vries](#); [Erwin Bouland](#); [Andrew Carter](#); [Amrish Narrandes](#); [Ayanda Bolani](#)  
**Subject:** RE: MOU  
**Date:** Thursday, 01 April 2021 15:05:41  
**Attachments:** [image002.png](#)  
[image003.png](#)  
[image004.png](#)

Hi Quentin

As requested, we'd like to communicate to you that we cannot move forward without the warranties that you have deleted from the agreement. If you are willing to accept the warranties then please let us know and we will instruct Nikki to make the other amendments. Thank you.

**Kearon Gordon**  
 Investment Analyst



**T** +27 21 659 5415 **F** +27 21 659 5337 **C** +27 78 134 5260  
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**From:** Quentin Scott <[quentin@Safe.co.za](mailto:quentin@Safe.co.za)>  
**Sent:** Wednesday, March 31, 2021 10:54 AM  
**To:** Kearon Gordon <[kearong@futuregrowth.co.za](mailto:kearong@futuregrowth.co.za)>  
**Cc:** Amrish Narrandes <[amrishn@futuregrowth.co.za](mailto:amrishn@futuregrowth.co.za)>; Ayanda Bolani <[abolani@futuregrowth.co.za](mailto:abolani@futuregrowth.co.za)>; Nikki Hancock <[Nikki.Hancock@cdhlegal.com](mailto:Nikki.Hancock@cdhlegal.com)>  
**Subject:** [EXTERNAL] RE: MOU

**This Message originated outside your organisation.**

Dear Kearon

Please find attached the edits and comments on the draft provided.

My general comments regarding the agreements is that the MOU was to reflect the agreement between shareholders and a way forward. These warranties reflect a full due diligence process linked to a sale of business.

Please could you arrange a call with Andrew and Amrish for this afternoon and I will arrange with Anton and Erwin. Anytime from 16:30.

Kind Regards

Quentin

**From:** Kearon Gordon <kearong@futuregrowth.co.za>  
**Sent:** Tuesday, 30 March 2021 21:02  
**To:** Quentin Scott <quentin@Safe.co.za>  
**Cc:** Amrish Narrandes <amrishn@futuregrowth.co.za>; Ayanca Bolani <abobani@futuregrowth.co.za>  
**Subject:** MOU

Hi Quentin

Apologies, I thought I'd sent this to you earlier but just realized I drafted but didn't send the email. Please the updated agreement attached with some of our comments. Amrish and Andrew are however still to provide final input.

**Kearon Gordon**  
Investment Analyst



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**Quentin Scott**  
Chief Financial Officer

☎ +27 21 657 4000 / +27 83 395 0160

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✉ quentin@Safe.co.za



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"QS 7"

**From:** Quentin Scott  
**To:** [Kearon Gordon](#)  
**Cc:** [Anton de Vries](#); [Erwin Bouland](#); [Andrew Canter](#); [Amrish Narrandes](#); [Ayanda Bolani](#)  
**Bcc:** [Jayendra Naidoo \(LG\)](#)  
**Subject:** RE: MOU  
**Date:** Friday, 02 April 2021 08:28:00  
**Attachments:** [image001.jpg](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[Q Scott - 2 April 2021 Reply.pdf](#)

---

Dear Kearon

After your email below please see attached a reply for your attention.

Thank you

Quentin

**From:** Kearon Gordon <[kearong@futuregrowth.co.za](mailto:kearong@futuregrowth.co.za)>  
**Sent:** Thursday, 01 April 2021 15:06  
**To:** Quentin Scott <[quentin@Safe.co.za](mailto:quentin@Safe.co.za)>  
**Cc:** Anton de Vries <[anton@Safe.co.za](mailto:anton@Safe.co.za)>; Erwin Bouland <[erwinbouland@mac.com](mailto:erwinbouland@mac.com)>; Andrew Canter <[acanter@futuregrowth.co.za](mailto:acanter@futuregrowth.co.za)>; Amrish Narrandes <[amrishn@futuregrowth.co.za](mailto:amrishn@futuregrowth.co.za)>; Ayanda Bolani <[abolani@futuregrowth.co.za](mailto:abolani@futuregrowth.co.za)>  
**Subject:** RE: MOU

Hi Quentin

As requested, we'd like to communicate to you that we cannot move forward without the warranties that you have deleted from the agreement. If you are willing to accept the warranties then please let us know and we will instruct Nikki to make the other amendments. Thank you.

**Kearon Gordon**  
 Investment Analyst



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**www.futuregrowth.co.za**



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**From:** Quentin Scott <quentin@Safe.co.za>  
**Sent:** Wednesday, March 31, 2021 10:54 AM  
**To:** Kearon Gordon <kearong@futuregrowth.co.za>  
**Cc:** Amrison Narrandes <amrison@futuregrowth.co.za>; Ayanda Bofani <abolani@futuregrowth.co.za>; Nikki Hancock <Nikki.Hancock@cdhlegal.com>  
**Subject:** [EXTERNAL] RE: MOU

**This Message originated outside your organisation.**

Dear Kearon

Please find attached the edits and comments on the draft provided.

My general comments regarding the agreements is that the MOU was to reflect the agreement between shareholders and a way forward. These warranties reflect a full due diligence process linked to a sale of business.

Please could you arrange a call with Andrew and Amrish for this afternoon and I will arrange with Anton and Erwin. Anytime from 16:30.

Kind Regards

Quentin

**From:** Kearon Gordon <kearong@futuregrowth.co.za>  
**Sent:** Tuesday, 30 March 2021 21:02  
**To:** Quentin Scott <quentin@Safe.co.za>  
**Cc:** Amrison Narrandes <amrison@futuregrowth.co.za>; Ayanda Bofani <abolani@futuregrowth.co.za>  
**Subject:** MOU

Hi Quentin

Apologies, I thought I'd sent this to you earlier but just realized I drafted but didn't send the email. Please the updated agreement attached with some of our comments. Amrish and Andrew are however still to provide final input.

**Kearon Gordon**  
 Investment Analyst




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**Quentin Scott**  
**Chief Financial Officer**

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+27 86 508 4488  
quentin@Safe.co.za



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**Futuregrowth**

Attention: Kearon Gordon

---

2 April 2021

Dear Kearon,

**RE: MOU**

Your email received 1 April 2021 at 15.06 refers.

Due to the urgency of this matter I will keep this letter to the point. As you are aware three transaction notes reflect the terms of a settlement between Safe Commercial and the various property owning companies (PropCo's). This settlement requires (as a condition precedent) that the Safe Farm Ventures (Pty) Ltd (SFV) shareholders consent to it, or not. This was provided on 11 February 2021 to the OMLACSA shareholders. Thereafter I was requested by you to provide information, which I promptly did. I presumed the information I provided was to everyone's satisfaction as I did not hear anything to the contrary.

Ultimately, all the conditions could be met for the settlement to proceed except OMLACSA's consent, in its capacity as a 50% shareholder in SFV. You on behalf of OMLACSA, to agree to grant consent provided a list of demands which included *inter alia*:

- solvency and liquidity test that has been provided;
- an abandonment of shares by the shareholders K201362622 (Pty) Ltd (HoldCo) and Bluestone Investment Limited (Bluestone) in various companies in favour of SFV;
- the discounting and sub-ordinating of shareholder loan account amounts, including their shareholder loan accounts in SFV to the tune of R63 524.046;
- employment of additional accounting resource of OMLACSA's choice; and
- an independent person to determine the value of Bono for disposition purposes.

It should be noted that it has been stated by me (orally, in writing and with the supply of documents) that in respect of Safe Commercial and/or Fanchon and/or Bono:

- Notarial bonds exist over movables in respect of Safe Commercial and Fanchon;
- there are pending legal actions against all three and a list of cases or matters was never requested.
- Safe Commercial and Bono do not pass a solvency and liquidity test;
- Bono has an independent 50% shareholder (Hillbranch (Pty) Ltd), represented by Mr. Evans Nevondo who is the sole director and chief executive officer of Bono;
- the last audit for SFV and other companies was in 31 October 2017. Draft annual financial statements have been prepared and presented for the years 2018 and management account for 2019 and 2020;
- annual financial statements must, in terms of the Companies Act, be finalised within 6 months of year end, which did not happen with the knowledge of all;
- without annual financial statements being completed and submitted to SARS it is not possible to be certain of the tax positions;
- the reason the annual financial statements cannot be signed off is due to the determination of loan provisions and other significant matters arising out of the pending claims and counter-claims with the PropCo's; and

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- suretyships exist against SFV in favour of a PropCo in respect of obligations of Safe Commercial, and the proposed settlement would bring this challenge to a conclusion.

Due to the delays in obtaining OMLACSA's consent the PropCo's have brought an application in the High Court for the eviction of Safe Commercial in respect of the Marble Hall farms, and instituted action against SFV for R74 260 649.85 in respect of the above mentioned suretyship. This was all unnecessary and unfortunate because the proposed settlement relieved SFV of this suretyship and a mechanism was provided for the resolution of the Northern Cape, Wellington and Marble Hall leases. SFV was also placed in a position to recoup crop inputs in Marble Hall. Should the Marble Hall eviction application be successful against Safe Commercial, SFV will most likely lose the production input of approximately R35 636 388 that it has invested in the Marble Hall Farms. Also so I am sure there is no doubt, I remind you Safe Commercial is insolvent and if the settlement does not proceed, SFV will most likely be obliged to pay on its suretyship, at this stage R74 260 649.85.

Besides the frustration of your constant moving target and ongoing delays I felt earlier this week we were arriving at a solution to obtain the requisite consent from OMLACSA and it was simply a matter of time. Unfortunately, on Tuesday, 30 March 2021 at 21:02, I was after all this time provided with an updated version of what was believed to be the last version with numerous new and material changes, especially under the category of "warranties" where request had been made for these to be supplied. Further documents were also presented for Bono to sign. These documents are flawed in material ways. I am not going to list each and every item but name a few as illustrative examples being:

- A warranty is required from Holdco that each Target Company is the sole beneficial owner of all assets of whatsoever nature used by it in respect of its business, and that none of the assets of any Target Company are subject, inter alia, to any reservation of ownership, lease, lien, mortgage, notarial bond or any other encumbrance whatsoever. (Clause 6.8.29) As you are aware, such a warranty cannot be given, as numerous of the movable assets of the Target Companies are, inter alia, subject to hire purchase or lease agreements, and there are notarial bonds registered over movables in favour of third-party creditors;
- A warranty is required from Holdco, by way of example, that all proper returns that may become due to SARS have been duly made (Clause 6.8.15); that no Target Company is in material breach of any law relating to tax (Clause 6.8.19); and that the Audited Accounts of each Target Company comply with the requirements of the Companies Act (Clause 6.8.39). The giving of such warranties would be problematic because, as you are aware (and as I have already mentioned above) the Annual Financial Statements of the Target Companies have not finalised within the time period stipulated in the Companies Act, nor have they been submitted to SARS, and the tax obligations of the Target Companies are at this stage unknown;
- A warranty is required from Holdco that each Target Company has complied with and is not in breach of any laws (Clause 6.8.28). As you are aware there are issues relating to the compliance by the Target Companies with regard to payments required to be made relating to Workmen Compensation. This was exacerbated by the fraud committed by a syndicate and monies having been paid to the syndicate in the belief that same were being received by the correct authority. Criminal charges have been laid against those syndicate members responsible. This warranty sought cannot therefore be granted;
- A warranty is required from Holdco that each Target Company is not, save for legal proceedings relating to the collection by a Target Company of amounts owing to it by trade creditors, a party to any current or pending litigation or similar legal proceedings. (Clause 6.8.36) As you are aware, such a warranty cannot be given as legal proceedings are pending against the Target Companies;
- A warranty is sought from Holdco that no person is entitled (otherwise than as a shareholder to participate or share in, nor to a commission on (save sales men in the employ of a target

company) the income or the profits or Distribution of any Target Company or to any payment of any kind calculated with reference to the profits or income of such Target Company (clause 6.8.13). As you are aware, Global Fresh receives a commission on the sale of fruit from a Target Company, and this may be a contravention of the warranty sought;

- Bluestone is required to give a warranty to SFV as at both the signature date and the closing date, that no person holds any option or rights to purchase the Bono equity, or any right of first refusal or pre-emption thereof (clause 7.11.4). Despite this, the draft agreement provides in clause 4.1.3 that each other shareholder has, on a date after the signature date, waived in writing its pre-emptive or similar rights in respect of the Bono equity. As you have a copy of the Bono shareholders agreement, you are aware that there is a right of pre-emption held by the other shareholder of Bono. In the circumstances no warranty can be given as at the signature date;
- Bluestone is required to give numerous warranties to SFV (clause 7.11 and subparagraphs) relating to the business of Bono, its books and its assets. Bono has Mr Nevondo as the sole director and Chief Executive Officer of Bono and Bluestone (as shareholder of Bono) cannot reasonably be expected to furnish such wide unlimited warranties;
- Resolutions have been provided separately to be signed by Bono and its sole director which involve reference to the "agreement" to be entered into between the parties, and record that the shareholders have had access to the execution versions of the Transaction Documents (including the SFV Debt Write-off Letter) and providing for approval thereof. Mr Nevondo and Hillbranch have not had sight of these documents, and same are confidential as between the parties thereto. It is not appropriate for Mr Nevondo to for instance to become aware of the amount being written-off by SFV in respect of Safe Commercial.

It is significant you do not forget that:

- OMLACSA is entitled to a director appointment on the Board of SFV, and has on repeated occasions been offered to have unrestricted access to all and any records (including financial). This offer remains;
- The restructuring requiring Safe Commercial, Fanchon, APG and Bono to move under SFV is at the request of OMLACSA;
- A nominal consideration is being paid for shares to adhere to the request by OMLACSA, and SFV is not outlaying any money to purchase and/or take cession of the loan accounts;
- The consent does not require the shares and loan accounts to move now, so the warranties are not necessary now.

While I verily believe it is in the interests of all the mentioned companies (and especially SFV) that the settlement is concluded I will not be tempted to sign terms that I do not believe are reasonable or factually correct as stated. I am sorry but I will not be pressurised to sign documents that are contrary to being in the best interests of companies.

I am willing for another director to be appointed and I will abstain and recuse myself from the decision.

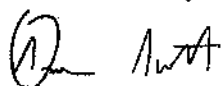
Should by the close of business on Tuesday, 6 April 2021 the current impasse is not resolved by:

- OMLACSA granting consent in writing for the Safe Commercial settlement to proceed;
- an alternative director appointed to afford me the opportunity to abstain from decision making; or
- OMLACSA elects for the shares not to move now, by for instance having an option, that will allow for a due diligence to be conducted,

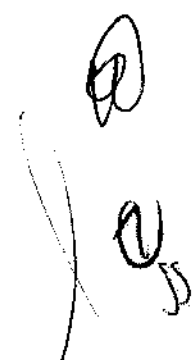
Handwritten signature and initials, possibly 'J.S.', located at the bottom right of the page.

I am very sorry but in my capacity as a director of Safe Commercial I have no choice to proceed on the basis that there is no consent from OMLACSA, for to do otherwise would be dishonest to the PropCo's, who are under the impression we are busy with formalities, rather than a position that consent is not going to be forthcoming. After coming so far this is disappointing.

Yours sincerely



Quentin Scott



3rd Floor, Great Westerford  
 240 Main Road, Rondebosch  
 7700, South Africa  
 Private Bag X6, Newlands, 7725, South Africa  
 Tel: +27 21 659 5300 Fax: 127 21 659 5400  
[www.futuregrowth.co.za](http://www.futuregrowth.co.za)

"QS 8"  
**FUTUREGROWTH**  
 / ASSET MANAGEMENT

28 January 2021

Safe Farm Ventures  
 Office 601, 30 Hudson St, De Waterkant, Cape Town, 8001  
 Email: [quentin@Safe.co.za](mailto:quentin@Safe.co.za)

Futuregrowth Asset Management o.b.o. Old Mutual Life Assurance Company  
 3rd Floor, Great Westerford, 240 Main Rd, Rondebosch, Cape Town, 7700.  
 Email: [amrishn@futuregrowth.co.za](mailto:amrishn@futuregrowth.co.za)

Dear Quentin and Amrish

**Safe Farm Ventures (SFV) director resignation**

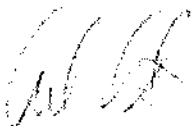
It is with regret that I am writing to inform you of my decision to resign my position as director on the Board of Safe Farm Ventures (Pty) Ltd, effective immediately.

As at the date of this notice, based on the information presented to me, I understand Safe Farm Ventures (Pty) Ltd not to be in financial distress, that it is trading in solvent circumstances (both factually, in that its liabilities do not exceed its assets, and commercially, in that it is able to pay its debts to creditors as and when they fall due).

I wish the Company and the Board all the best going forward.

Thank you for the opportunity to serve as a representative for Old Mutual on the Board of Safe Farm Ventures.


Regards

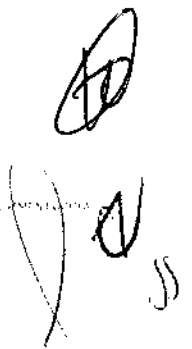


Andrew Charles Canter

**Directors**

GL Gobodo (Chairman) PE Rackstraw (Managing Director) AC Canter\* H Beets\*\* H George\*\*\* P Moodley  
 \*American \*\*Netherlands \*\*\*British  
 Reg No. 1996/018222/07  
 A licensed Financial Services Provider

ASSOCIATED WITH  OLD MUTUAL LIFE ASSURANCE COMPANY





"QS 9"

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2017**

Handwritten signature and initials, possibly 'WSS' or similar, located in the bottom right corner of the page.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Commercial Farming Operations
<b>Director</b>	A J van Rooyen
<b>Registered office</b>	6th Floor, Hudson Building Hudson Street De Waterkant Greenpoint 8001
<b>Business address</b>	6th Floor, Hudson Building Hudson Street De Waterkant Greenpoint 8001
<b>Postal address</b>	6th Floor, Hudson Building Hudson Street De Waterkant Greenpoint 8001
<b>Holding company</b>	SAFE Farm Exports Proprietary Limited incorporated in South Africa
<b>Ultimate holding company</b>	Southern Africa Fruit Exporters Ltd incorporated in Mauritius
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	CAP Chartered Accountants Inc. Registered Auditors
<b>Company registration number</b>	2008/024851/07
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with Section 30(2)(b)(i) of the Companies Act of South Africa and as read with regulation 28(2)(c) as the company's public interest score exceeds 350.
<b>Preparer</b>	The annual financial statements were independently compiled by: C Fourie, Chartered Accountant (S.A.)
<b>Published</b>	26 April 2018

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Detailed Income Statement	45 - 46
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E-mail: cecile@finacc-ca.co.za Cell: +27 72 392 3364  
151 Cook Street Goodwood, Cape Town, 7460  
SAICA Reg No 08075231

## **Independent Compiler's Report**

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### **To the director of SAFE Commercial Proprietary Limited**

I compiled the financial statements of SAFE Commercial Proprietary Limited, as set out on pages 9 - 47, based on the information you have provided. These financial statements comprise the statement of financial position for SAFE Commercial Proprietary Limited as at 31 October 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

I applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards. I complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to me to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

**C Fourie**  
Chartered Accountant (S.A.)

26 April 2018  
Cape Town

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Director's Responsibilities and Approval**

---

The director is required in terms of the Companies Act of South Africa to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the company's cash flow forecast for the year to 31 October 2018 and, in light of this review and the current financial position, he is satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 8.

The annual financial statements set out on pages 5 to 47, which have been prepared on the going concern basis were approved and signed by the director on 26 April 2018:

**Approval of financial statements**

  
 \_\_\_\_\_  
 A J van Rooijen

Cape Town  
 26 April 2018

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Director's Report**

---

The director has pleasure in submitting his report on the annual financial statements of SAFE Commercial Proprietary Limited for the year ended 31 October 2017.

**1. Nature of business**

The company is engaged in commercial farming operations and operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

**2. Review of financial results and activities**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

**3. Share capital**

There have been no changes to the authorised or issued share capital during the year under review.

**4. Dividends**

No dividends were declared or paid to the shareholder during the financial year ended 31 October 2017.

**5. Directorate**

The director in office at the date of this report is as follow:

**Director**

A J van Rooyen

There have been no changes to the directorate for the year under review.

**6. Holding company**

The company's holding company is SAFE Farm Exports Proprietary Limited which holds 100% (2016: 100%) of the company's equity. SAFE Farm Exports Proprietary Limited is incorporated in South Africa.

**7. Ultimate holding company**

The company's ultimate holding company is Southern Africa Fruit Exporters Ltd which is incorporated in Mauritius.

**8. Special resolutions**

No special resolutions, the nature of which might be significant to the shareholder in its appreciation of the state of affairs of the company were made by the company during the period and covered by this report.

**9. Events after the reporting period**

The director is not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the company or the results of operations to the date of this report.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Director's Report**

---

**10. Going concern**

We draw attention to the fact that at 31 October 2017, the company had accumulated losses of R 7 590 119 (2016: R8 077 545) and the company's total liabilities exceed its assets by R 7 590 019 (2016: R8 077 445).

SAFE Farm Ventures Proprietary Limited has reviewed these annual financial statements and undertook to provide such additional working capital and long-term finance as necessary to enable the company to trade at its current level of activity. SAFE Farm Exports Proprietary Limited has subordinated their loan to SAFE Commercial Proprietary Limited (refer to note 6) in favour of other creditors until such time that the fair value of the assets of SAFE Commercial Proprietary Limited exceed the liabilities. As of 1 November 2017 SAFE Farm Ventures Proprietary Limited will take over the loan including the terms of the subordination agreement in place.

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly these annual financial statements have been prepared on a going concern basis.

The director satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new event, other than disclosed below, that would adversely impact the company. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

**Material event affecting going concern:**

The company leases fruit farms in the Northern and Western Cape, whose production output is being negatively impacted by adverse weather conditions. The Western Cape is, for example, in year three of a severe and unprecedented drought. The company has pro-actively addressed the challenges by inter alia managing water use within the revised water directives, ensuring crop preparation based on water availability, arranging for the landlord to drill further boreholes and stopping any further expansion.

While the efforts of management are mitigating losses as best as can be expected in the circumstances, satisfactory rain is the only solution. Should the drought worsen or persist there is a high probability that farming yields will be materially impacted for a few years. Even if rainfall quantities return to normal the vineyards and orchards themselves will take time to be re-established to their pre-drought condition. At the moment, the financial impact cannot be accurately assessed or quantified.

**11. Auditors**

CAP Chartered Accountants Inc. continued in office as auditors of the company for 2017.

**12. Secretary**

The company had no secretary during the year.



DIRECTORS:  
Gustav Ceyer CA (SA) RA  
Christine du Toit CA (SA) RA

## Independent Auditors' Report

### To the shareholder of SAFE Commercial Proprietary Limited

#### Opinion

We have audited the annual financial statements of SAFE Commercial Proprietary Limited set out on pages 10 to 44, which comprise the statement of financial position as at 31 October 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of SAFE Commercial Proprietary Limited as at 31 October 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 28 in the annual financial statements, which indicates that the company's current liabilities exceeded its total assets by R7 590 119. As stated in note 28, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the director procures funding for the ongoing operations of the company and the subordination agreement, in favour of other creditors, as referred to in note 6 and 28 of these financial statements will remain in force for so long as it takes to restore the solvency of the company.

Our opinion is not modified in respect of this matter.

#### Other information

The director is responsible for the other information. The other information comprises the Director's Report and the Audit Committee's Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

7



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Tel: +27 21 943 0100



6th Floor Office Block 1, The Cliffs,  
Niagara Road, Tyger Falls, Bellville



## Independent Auditors' Report

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### Responsibilities of the director for the Annual Financial Statements

The director is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the director determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

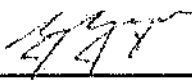
In preparing the annual financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

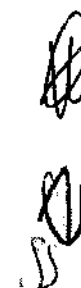
### Auditors' responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicated with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

  
 \_\_\_\_\_  
**G W Geyer**  
**Director**  
**Chartered Accountant (S.A.)**  
**Registered Auditor**  
**26 April 2018**



**SAFE COMMERCIAL PROPRIETARY LIMITED**  
 (Registration number 2008/024851/07)  
 Annual Financial Statements for the year ended 31 October 2017

**Statement of Financial Position as at 31 October 2017**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	16 325 958	9 624 639
Deferred tax	4	5 904 058	5 986 108
		<b>22 230 016</b>	<b>15 610 747</b>
<b>Current Assets</b>			
Biological assets	5.1	61 898 558	40 743 303
Inventories	7	1 262 596	1 459 911
Trade and other receivables	8	16 414 435	10 379 190
Cash and cash equivalents	9	-	337 867
		<b>79 575 589</b>	<b>52 920 271</b>
<b>Total Assets</b>		<b>101 805 605</b>	<b>68 531 018</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	10	100	100
Accumulated loss		(7 590 119)	(8 077 545)
		<b>(7 590 019)</b>	<b>(8 077 445)</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Loans from group companies	6	92 141 018	22 318 038
Finance lease liabilities	11	4 685 348	2 569 019
		<b>96 826 366</b>	<b>24 887 057</b>
<b>Current Liabilities</b>			
Loans from group companies	6	-	41 035 725
Bank overdraft	9	10 793	-
Finance lease liabilities	11	2 414 864	1 491 540
Trade and other payables	12	9 207 732	8 274 207
Provisions	13	936 869	919 934
		<b>12 569 258</b>	<b>51 721 406</b>
<b>Total Liabilities</b>		<b>109 395 624</b>	<b>76 608 463</b>
<b>Total Equity and Liabilities</b>		<b>101 805 605</b>	<b>68 531 018</b>

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Statement of Profit or Loss and Other Comprehensive Income**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
Revenue	14	102 307 236	96 984 871
Gain arising from changes attributable to physical and price changes to biological assets	15	80 325 729	76 803 294
Cost of sales	16	(148 311 442)	(134 142 043)
<b>Gross profit</b>		<b>34 321 523</b>	<b>39 646 122</b>
Other operating income	17	10 969 870	18 316 040
Other operating gains / (losses)	18	13 965	(520)
Other operating expenses		(42 940 029)	(38 692 440)
<b>Operating profit</b>	19	<b>2 365 329</b>	<b>19 269 202</b>
Investment income	20	127 394	239 676
Finance costs	21	(1 923 248)	(1 674 282)
<b>Profit before taxation</b>		<b>569 476</b>	<b>17 834 596</b>
Taxation	22	(82 049)	(4 977 489)
<b>Profit for the year</b>		<b>487 426</b>	<b>12 857 107</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>487 426</b>	<b>12 857 107</b>

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**Statement of Changes in Equity**

Figures in Rand	Share capital	Accumulated loss	Total equity
<b>Balance at 01 November 2015</b>	<b>100</b>	<b>(20 934 652)</b>	<b>(20 934 552)</b>
Profit for the year	-	12 857 107	12 857 107
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>12 857 107</b>	<b>12 857 107</b>
<b>Balance at 01 November 2016</b>	<b>100</b>	<b>(8 077 545)</b>	<b>(8 077 445)</b>
Profit for the year	-	487 426	487 426
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>487 426</b>	<b>487 426</b>
<b>Balance at 31 October 2017</b>	<b>100</b>	<b>(7 590 119)</b>	<b>(7 590 019)</b>
Note	10		

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**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	23	(20 465 789)	(870 153)
Interest income		127 394	239 676
Finance costs		(1 261 803)	(1 324 866)
<b>Net cash used in operating activities</b>		<b>(21 600 198)</b>	<b>(1 955 343)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(9 941 557)	(4 946 190)
Proceeds on sale of property, plant and equipment	2	27 632	-
Purchase of biological assets	5.1	-	(6 612 326)
<b>Net cash used in investing activities</b>		<b>(9 913 925)</b>	<b>(11 558 516)</b>
<b>Cash flows from financing activities</b>			
Proceeds of loans from group companies		69 822 980	22 637 737
Repayment of loans from group companies		(41 035 725)	(9 440 424)
Finance lease payments		(3 172 557)	(1 423 369)
Proceeds from finance leases		5 550 765	2 076 376
<b>Net cash from financing activities</b>		<b>31 165 463</b>	<b>13 850 320</b>
<b>Total cash movement for the year</b>		<b>(348 660)</b>	<b>336 461</b>
Cash at the beginning of the year		337 867	1 406
<b>Total cash at end of the year</b>	9	<b>(10 793)</b>	<b>337 867</b>

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**Accounting Policies**

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**1. Presentation of annual financial statements**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except as indicated, and incorporate the principal accounting policies set out below. The annual financial statements are presented in South African Rands.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These accounting policies are consistent with the previous period.

**1.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Trade receivables**

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

**Impairment testing**

Impairment of assets are performed in accordance with the accounting policies as disclosed in notes 1.5 and 1.9.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates are included in note 13 - Provisions.

**Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

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**1.1 Significant judgements and sources of estimation uncertainty (continued)**

**Property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Useful lives are based on management's best estimates and actual future outcomes may differ from these estimates. Management has not considered any residual value as it is deemed immaterial.

**Intangible assets**

Predicting the useful life of an intangible asset requires significant judgement. The useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

**Operating lease commitments**

The company has entered into leases on its occupied farming properties and certain related fixed assets. The directors have determined, based on all available information, that the lessor retains the significant risks and rewards of ownership of these assets and, consequently, the property leases have been accounted for as operating leases.

**Valuation of consumable biological assets**

The fair value of consumable biological assets are based on the estimated production and market prices less expected selling costs. The estimated production is based on expected harvested tonnage and extraction rate.

The actual results could differ from related accounting estimates and management considers it has used its best estimates to arrive at the fair value.

**1.2 Biological assets**

Biological assets are initially recognised at cost and subsequently at fair value. Any change in fair value is included in the net profit or loss for the period in which it arises, as more fully set out below:

**Growing crops**

Consumable biological assets are measured at fair value less costs to sell. Crops which have a season which is not materially different from the financial year do not require crop adjustment. The fair value of the crop is based on the estimated production and market prices less expected selling costs. The estimated production is based on expected harvested tonnage and extraction rate.

Fair value at the point of harvest is determined on actual market prices less actual harvesting, transport, packing and point-of-sale cost.

These values are assessed to fair values on an annual basis.

**1.3 Property, plant and equipment**

An item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Plant and equipment is subsequently carried at cost less accumulated depreciation and any impairment losses.

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**1.3 Property, plant and equipment (continued)**

Plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Depreciation rates</b>
Computer equipment	3 Years
Equipment	2 - 15 Years
Furniture and fixtures	6 Years
Irrigation	6 Years
Leasehold improvements	Remaining term of the lease
Office equipment	3 - 6 Years
Plant and machinery	5 - 6 Years
Trailers and tractors	4 - 10 Years
Vehicles	4 - 7 Years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**1.4 Intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed annually.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.



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**1.4 Intangible assets (continued)**

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

<b>Item</b>	<b>Amortisation rates</b>
Computer software	2 Years

**1.5 Financial instruments**

**Classification**

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

**Initial recognition and measurement**

Financial instruments are initially recognised when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or the component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are initially measured at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

**Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

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**1.5 Financial instruments (continued)**

**Impairment of financial assets**

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

**Loans from group companies**

These include loans from the holding company and a company within the same group of companies and are initially recognised at fair value plus direct transaction costs.

Loans from group companies are classified as financial liabilities measured at amortised cost.

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**1.5 Financial instruments (continued)**

**Trade and other receivables**

Trade receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

**Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Trade and other payables are classified as financial liabilities at amortised cost.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balances and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in fair value. These are initially recorded at fair value and subsequently measured at amortised cost.

**Financial liabilities**

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

**Offsetting of financial statements**

Financial assets and financial liabilities are offset where there are both an intention to settle on a net basis or realise the asset and settle the liability simultaneously and a legal right to offset exists.

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**1.6 Tax**

**Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Deferred tax assets and liabilities**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

**1.7 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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**1.7 Leases (continued)**

**Finance leases – lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

**Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period incurred.

**1.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Redundant and slow-moving inventories are identified and written down to their net realisable values.

**1.9 Impairment of non-financial assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. That reduction is an impairment loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

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**1.10 Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

**1.11 Provisions and contingencies**

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Contingent assets and contingent liabilities are not recognised.

**1.12 Revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest method.

**1.13 Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. Accrued leave is measured at the amount that the company expects to pay as a result of unused entitlement that has accumulated to the employee at the reporting date.

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**1.13 Employee benefits (continued)**

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**1.14 Cost of sales**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.15 Borrowing costs**

Finance costs comprise interest expense on borrowings and trade payables and are recognised as an expense in the period in which it is incurred.

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**Notes to the Annual Financial Statements**

**Figures in Rand** **2017** **2016**

**2. Property, plant and equipment**

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Capital - Work in progress	275 314	-	275 314	209 262	-	209 262
Computer equipment	14 048	(4 946)	9 102	2 631	(614)	2 017
Equipment	5 150 433	(1 613 802)	3 536 631	3 980 417	(814 431)	3 165 986
Furniture and fixtures	254 494	(37 132)	217 362	29 677	(13 895)	15 782
Irrigation	984 796	(175 139)	809 657	155 520	(45 459)	110 061
Leasehold improvements	5 229 566	(929 847)	4 299 719	3 450 742	(214 595)	3 236 147
Office equipment	60 567	(44 040)	16 527	45 790	(41 175)	4 615
Plant and machinery	3 337 661	(1 171 312)	2 166 349	1 441 103	(798 469)	642 634
Trailers and tractors	5 064 532	(1 684 410)	3 380 122	2 345 762	(899 928)	1 445 834
Vehicles	3 232 321	(1 617 146)	1 615 175	2 040 752	(1 248 451)	792 301
<b>Total</b>	<b>23 603 732</b>	<b>(7 277 774)</b>	<b>16 325 958</b>	<b>13 701 656</b>	<b>(4 077 017)</b>	<b>9 624 639</b>

**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital - Work in progress	209 262	275 314	-	(209 262)	-	275 314
Computer equipment	2 017	11 417	-	-	(4 332)	9 102
Equipment	3 165 986	1 125 277	-	44 739	(799 371)	3 536 631
Furniture and fixtures	15 782	224 817	-	-	(23 237)	217 362
Irrigation	110 061	829 276	-	-	(129 680)	809 657
Leasehold improvements	3 236 147	1 614 301	-	164 523	(715 252)	4 299 719
Office equipment	4 615	14 777	-	-	(2 865)	16 527
Plant and machinery	642 634	1 899 084	-	-	(375 369)	2 166 349
Trailers and tractors	1 445 834	2 728 771	(10 000)	-	(784 483)	3 380 122
Vehicles	792 301	1 218 523	(3 667)	-	(391 982)	1 615 175
	<b>9 624 639</b>	<b>9 941 557</b>	<b>(13 667)</b>	<b>-</b>	<b>(3 226 571)</b>	<b>16 325 958</b>

**Reconciliation of property, plant and equipment - 2016**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital - Work in progress	2 607 040	1 499 701	-	(3 897 479)	-	209 262
Computer equipment	2 543	-	-	-	(526)	2 017
Equipment	954 085	2 293 201	-	268 353	(349 653)	3 165 986
Furniture and fixtures	21 247	-	(520)	-	(4 945)	15 782
Irrigation	61 205	67 440	-	-	(18 584)	110 061
Leasehold improvements	-	-	-	3 450 742	(214 595)	3 236 147
Office equipment	6 477	-	-	-	(1 862)	4 615
Plant and machinery	844 123	-	-	-	(201 489)	642 634
Trailers and tractors	940 107	753 000	-	178 384	(425 657)	1 445 834
Vehicles	794 125	332 848	-	-	(334 672)	792 301
	<b>6 230 952</b>	<b>4 946 190</b>	<b>(520)</b>	<b>-</b>	<b>(1 551 983)</b>	<b>9 624 639</b>



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**2. Property, plant and equipment (continued)**

**Property, plant and equipment encumbered as security**

The company's obligations under finance leases are secured by the lessor's title to the fixed assets. Refer to note 11:

Equipment	976 440	887 965
Plant and machinery	1 421 018	431 329
Trailers and tractors	2 729 421	1 241 905
Vehicles	999 528	792 302
	<b>6 126 407</b>	<b>3 353 501</b>

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

**3. Intangible assets**

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	42 810	(42 810)	-	42 810	(42 810)	-

**Reconciliation of intangible assets - 2016**

	Opening balance	Amortisation	Total
Computer software	5 352	(5 352)	-

**4. Deferred tax**

**Deferred tax liability**

Property plant and equipment	(1 193 325)	(753 772)
Biological assets	(17 331 596)	(11 408 125)
Finance leased assets and liabilities	(53 555)	-
<b>Total deferred tax liability</b>	<b>(18 578 476)</b>	<b>(12 161 897)</b>

**Deferred tax asset**

Provisions	262 043	257 582
Finance leased assets and liabilities	-	11 669
Deferred tax balance from temporary differences other than unused tax losses	262 043	269 251
Tax losses available for set off against future taxable income	24 220 491	17 878 754
	<b>24 482 534</b>	<b>18 148 005</b>
<b>Total deferred tax asset</b>	<b>24 482 534</b>	<b>18 148 005</b>

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

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<b>4. Deferred tax (continued)</b>		
Deferred tax liability	(18 578 476)	(12 161 897)
Deferred tax asset	24 482 534	18 148 005
<b>Total net deferred tax asset</b>	<b>5 904 058</b>	<b>5 986 108</b>
<b>Reconciliation of deferred tax asset</b>		
At beginning of year	5 986 108	10 963 596
Temporary difference on property, plant and equipment	(439 553)	(266 512)
Temporary difference on biological assets - current	(5 923 471)	(5 915 786)
Temporary difference on finance leased assets and liabilities	(65 224)	(12 837)
Temporary difference on provisions	4 481	186 398
Temporary difference on tax losses available for set off against future taxable income	6 341 737	1 051 249
	<b>5 904 058</b>	<b>5 986 108</b>

**Recognition of deferred tax asset**

A deferred tax asset of R 24 220 491 (2016: R17 878 754) has been recognised for tax losses available for set off against future taxable income. Based upon management's best estimate, there will be sufficient future taxable income to recognise the deferred tax asset.

**5. Biological assets**

The company is engaged in grape and citrus production for the export market.

The company leases vineyard and orchard farms under operating lease agreements. All risks and rewards of ownership substantially remain with the lessor, however the company has the right to produce and market the crop produced from the leased vineyards and orchards.

**Vines:**

As at 31 October 2017 the company leased 378.87 (2016: 377.71) hectares of planted vines of which 258.68 (2016: 249.61) hectares were bearing hectares.

The company produced 871 295 (2016: 659 572) cartons of grapes with a fair value less cost to sell of R 53 296 494 (2016: R52 947 484) at the time of harvest during the financial year ended 31 October 2017.

**Orchards:**

As at 31 October 2017 the company leased 91.80 (2016: 33.64) hectares of planted orchards of which 30.04 (2016: 30.05) hectares were bearing hectares.

The company produced 57 920 (2016: 84 033) cartons of citrus with a fair value less cost to sell of R5 873 980 (2016: R9 340 328) at the time of harvest during the financial year ended 31 October 2017.

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**5.1. Biological assets**

	2017			2016		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Grapes - crop	61 898 558	-	61 898 558	40 743 303	-	40 743 303

**Reconciliation of biological assets - 2017**

	Opening balance	Additions	Decreases due to harvest / sales	Gains arising from changes attributable to physical and price changes	Total
Grapes - crop	40 743 303	-	(53 296 494)	74 451 749	61 898 558
Citrus - crop	-	-	(5 873 980)	5 873 980	-
	<b>40 743 303</b>	<b>-</b>	<b>(59 170 474)</b>	<b>80 325 729</b>	<b>61 898 558</b>

**Reconciliation of biological assets - 2016**

	Opening balance	Additions	Decreases due to harvest / sales	Gains arising from changes attributable to physical and price changes	Total
Grapes - crop	19 615 495	6 612 326	(52 947 484)	57 462 966	40 743 303
Citrus - crop	-	-	(9 340 328)	9 340 328	-
	<b>19 615 495</b>	<b>6 612 326</b>	<b>(62 287 812)</b>	<b>76 803 294</b>	<b>40 743 303</b>

**Pledged as security**

Carrying value of biological assets pledged as security:

Current biological assets - crop were ceded in favour of Old Mutual African Agricultural Fund (SICAV) S.A. as security for the facility granted to SMT-Agri Finance Proprietary Limited. Refer to note 10.

Crop were ceded in favour of AECI Limited t/a Nulandis as security for a trade credit facility granted to the company, limited to the amount of R 8 400 000.

Crop were ceded in favour of Prisma Packaging Proprietary Limited as security for a trade credit facility granted to the company, limited to the amount of R 5 000 000.

**Methods and assumptions used in determining fair value**

The following estimates and key assumptions have been used in determining the fair value less cost to sell:

Expected area to harvest - ha	268,21	280,00
Estimated yields - cartons / ha	3 687	3 409
Average maturity of crop at 31 October	80% - 95%	80% - 95%

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**6. Loans from group companies**

**Holding company**

SAFE Farm Exports Proprietary Limited	(92 141 018)	(22 318 038)
---------------------------------------	--------------	--------------

The loan is unsecured, bears interest at rates determined by the director from time to time, is for an indefinite period and has no fixed repayment terms.

The loan has been subordinated in favour of the company's creditors until such time as the company's assets fairly valued exceed its liabilities.

The fair value of the loan is R 85 513 706 (2016: R 20 664 850).

**Companies within the same group of companies**

SMT-Agri Finance Proprietary Limited	-	(41 035 725)
--------------------------------------	---	--------------

The loan bore interest at the discretion of the director as established on an annual basis and was receivable / repayable on demand.

Due to the short-nature of the loan, the carrying value was assumed to approximate fair value.

The loan from SMT-Agri Finance Proprietary Limited was secured as follows:

1) The company shall grant to SMT-Agri Finance Proprietary Limited unconditionally and irrevocably:

- 1.1) a cession of book debts due to the company for the sale of products (refer to note) 8 and;
- 1.2) a cession of their crop (refer to note 5.1).

2) The company further provided suretyship, in favour of SMT-Agri Finance Proprietary Limited, for the due performance by the other of its obligations in terms of the agreement between Old Mutual African Agricultural Fund (SICAV) S.A. and SMT-Agri Finance Proprietary Limited.

The loan from Old Mutual African Agricultural Fund (SICAV) S.A. is payable on demand. Once the loan has been settled the above securities will expire. SAFE Farm Ventures Proprietary Limited will take over the loan obligation as of 01 November 2017 and all securities mentioned above will be ceded to SAFE Farm Ventures Proprietary Limited.

Non-current liabilities	(92 141 018)	(22 318 038)
Current liabilities	-	(41 035 725)
	<b>(92 141 018)</b>	<b>(63 353 763)</b>

**7. Inventories**

Consumables	1 148 834	1 369 479
Coins and tags	113 762	90 432
	<b>1 262 596</b>	<b>1 459 911</b>

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<b>8. Trade and other receivables</b>		
Trade receivables	1 509 551	1 683 437
Deposits *	5 665 133	3 857 851
Value Added Taxation	9 057 031	4 754 132
Staff loans	380	200
Diesel rebates	182 340	83 570
	<b>16 414 435</b>	<b>10 379 190</b>

\* Included in this amount is an amount of R394 195 (2016: R394 195) in respect of an Eskom Holdings Limited deposit. The deposit has been ceded in respect of an ABSA Limited guarantee Refer to note 9.

**Trade and other receivables pledged as security**

Trade and other receivables were ceded in favour of Old Mutual African Agricultural Fund (SICAV) S.A. as security for the facility granted to SMT-Agri Finance Proprietary Limited. Refer to note 6.

**Credit quality of trade and other receivables**

The credit quality of trade and other receivables that are neither past due nor impaired have been evaluated by management on an ongoing basis. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

**Fair value of trade and other receivables**

Due to the short-term nature of these receivables, their carrying values are assumed to approximate their fair values.

**Trade and other receivables past due but not impaired**

At 31 October 2017, R 650 556 (2016: R 483 249) were past due but not impaired.

1 month past due	8 216	456
2 months past due	8 216	-
3 months past due	634 124	482 793
	<b>650 556</b>	<b>483 249</b>

**Trade and other receivables impaired**

As of 31 October 2017, trade and other receivables of R - (2016: R -) were impaired and provided for.

**Credit risk exposure of trade and other receivables**

The company's maximum exposure to credit risk at the reporting date is the fair value of receivables. The company does not hold any collateral as security.

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<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	-	4 483
Bank balances	-	333 384
Bank overdraft	(10 793)	-
	<b>(10 793)</b>	<b>337 867</b>
Current assets	-	337 867
Current liabilities	(10 793)	-
	<b>(10 793)</b>	<b>337 867</b>

**Cash and cash equivalents pledged as collateral:**

**Banking facilities:**

- ABSA Vehicle and Commercial Asset Finance (AVCAF) Credit Line Facility of R6 000 000. Refer to note 11.
- Financial guarantee of R592 000.

The date of review of facilities are 31 October 2018.

**Guarantee provided by ABSA:**

ABSA Bank Limited provided a guarantee to Eskom Holdings Limited to the value of R 591 060 (2016: R 592 000) for the electricity supply to the farms on which the company operates. Refer to note 8.

**Securities:**

1) Limited cross guarantee for R120 000 000 supported by a cession of loan accounts between the following entities:

- 1.1) SAFE Farm Exports Proprietary Limited
- 1.2) SAFE Farm Ventures Proprietary Limited
- 1.3) SAFE Commercial Proprietary Limited
- 1.4) SMT - Agri Finance Proprietary Limited

2) The assets to be financed and currently under agreement in terms of the Credit Line Facility will serve as collateral together with the security set out in 1 above. Refer to notes 2 & 11.

2) R 6 600 000 limited guarantee by SAFE Farm Exports Proprietary Limited.

3) Limited guarantee for R3 500 000 by SAFE Farm Exports Proprietary Limited for the obligations of the borrower (this security to be released by the bank).

**Credit quality of cash at bank and short term deposits, excluding cash on hand**

Bank balances and short-term deposits are held with reputable financial institutions of high credit quality.

**Fair value of cash and cash equivalents**

Due to the short-term nature of cash and cash equivalents, the carrying amounts are assumed to approximate fair value.

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<b>10. Share capital</b>		
<b>Authorised</b>		
1 000 Ordinary shares of R1 each	1 000	1 000
<b>Issued</b>		
100 Ordinary shares of R1 each	100	100
<b>11. Finance lease liabilities</b>		
<b>Minimum lease payments due</b>		
- within one year	3 041 127	1 867 875
- in second to fifth year inclusive	5 296 064	2 948 330
	8 337 191	4 816 205
Less: future finance charges	(1 236 979)	(755 646)
<b>Present value of minimum lease payments</b>	<b>7 100 212</b>	<b>4 060 559</b>
<b>Present value of minimum lease payments due</b>		
- within one year	2 414 864	1 491 540
- in second to fifth year inclusive	4 685 348	2 569 019
	<b>7 100 212</b>	<b>4 060 559</b>
Non-current liabilities	4 685 348	2 569 019
Current liabilities	2 414 864	1 491 540
	<b>7 100 212</b>	<b>4 060 559</b>

It is company policy to lease certain vehicles and plant and equipment under finance leases.

The finance lease liabilities relate to assets with lease terms of 3 to 6 years. The company has options to purchase the assets for a nominal amount at the conclusion of the lease agreements.

The finance leases have fixed repayment terms on a monthly basis and bear interest at the implicit rate to the lease. The implicit rates prevailing are 8.75% to 12.83% (2016: 11.25% - 13.50%) per annum.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 2.

**Fair value of finance lease liabilities**

The fair value of finance lease liabilities approximate amortised cost as they bear interest at market-related interest rates.

**12. Trade and other payables**

Trade payables	8 204 268	7 324 679
Other payables	-	515 841
Accrued employee cost	720 911	433 687
Accrued expenses	282 553	-
	<b>9 207 732</b>	<b>8 274 207</b>

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**12. Trade and other payables (continued)**

**Fair value of trade and other payables**

Due to the short-term nature of these payables, the carrying values are assumed to approximate their fair value.

**13. Provisions**

**Reconciliation of provisions - 2017**

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	597 761	582 493	(597 761)	582 493
Provision for management fees	322 173	353 376	(322 173)	353 376
	<b>919 934</b>	<b>935 869</b>	<b>(919 934)</b>	<b>935 869</b>

**Reconciliation of provisions - 2016**

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	231 664	597 761	(231 664)	597 761
Provision for management fees	93 994	322 173	(93 994)	322 173
	<b>325 658</b>	<b>919 934</b>	<b>(325 658)</b>	<b>919 934</b>

The leave pay provision represents management's best estimate of the company's liability based on accrued leave days at year end, calculated at the approved daily rate of pay.

The leave pay provision has been recognised for annual leave accruing to employees in accordance with standard company employment conditions. It is expected that staff will utilise this leave in the next financial year.

**14. Revenue**

Sale of agricultural produce 102 307 236    96 984 671

**15. Gains or losses on biological assets**

Gains arising from changes attributable to physical and price changes to biological assets 80 325 729    76 803 294

**16. Cost of sales**

Sale of agricultural produce 114 089 187    107 677 784  
**Agricultural produce:**  
 Employee costs 34 222 255    26 464 259  
**148 311 442    134 142 043**



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<b>16. Cost of sales (continued)</b>		
<b>Sale of agricultural produce</b>		
Cost of fruit sold	54 918 713	45 389 971
Fair value adjustment: fair value at the point of harvest	59 170 474	62 287 813
	<b>114 089 187</b>	<b>107 677 784</b>
<b>17. Other operating income</b>		
Rental income	55 000	713 885
Rebates received	4 164 653	3 706 139
Insurance claim received	24 712	32 275
Sundry income	6 725 505	13 863 741
	<b>10 969 870</b>	<b>18 316 040</b>
<b>18. Other operating gains / (losses)</b>		
<b>Gains / (losses) disposals, scrappings and settlements</b>		
Property, plant and equipment	13 965	(520)
<b>19. Operating (loss) / profit</b>		
Operating profit for the year is stated after charging (crediting) the following, amongst others:		
<b>Remuneration, other than to employees</b>		
Administrative and managerial services	5 241 219	4 167 876
<b>Employee costs</b>		
Salaries, wages, bonuses and other benefits	34 222 255	26 464 259
<b>Total employee costs</b>	<b>34 222 255</b>	<b>26 464 259</b>
Less: employee costs included in cost of agricultural produce	(34 222 255)	(26 464 259)
<b>Total employee costs expensed</b>	<b>-</b>	<b>-</b>
<b>Leases</b>		
<b>Operating lease charges</b>		
Premises	24 873 787	23 160 636
Equipment	3 585 016	3 358 357
Furniture and fittings	-	1 206
	<b>28 458 803</b>	<b>26 520 199</b>
Refer to note 26 commitments for additional details of operating leases.		
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	3 226 571	1 551 983
Amortisation of intangible assets	-	5 351
<b>Total depreciation and amortisation</b>	<b>3 226 571</b>	<b>1 557 334</b>

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<b>20. Investment income</b>		
<b>Interest income</b>		
<b>From investments in financial assets:</b>		
Bank and other cash	200	198
Deposits	127 194	174 811
South African Revenue Services	-	64 667
<b>Total interest income</b>	<b>127 394</b>	<b>239 676</b>
<b>21. Finance costs</b>		
Trade and other payables	170 635	89 923
Finance leases	661 445	349 416
Bank overdraft	1 145	1 018
Group company	1 090 023	1 233 802
Other interest paid	-	123
<b>Total finance costs</b>	<b>1 923 248</b>	<b>1 674 282</b>
<b>22. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Deferred</b>		
Originating and reversing temporary differences	82 049	4 977 489
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting profit	569 475	17 834 596
Tax at the applicable tax rate of 28% (2016: 28%)	159 453	4 993 687
<b>Tax effect of adjustments on taxable income</b>		
Non-deductible expenses	2 313	583
Exempt income	(11 110)	(4 379)
Prior year adjustment	-	(12 402)
Finance leases	(68 380)	-
Profit on sale of property, plant and equipment - 20%	(1 121)	-
Other	894	-
	<b>82 049</b>	<b>4 977 489</b>

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 86 501 755 (2016: R 63 852 689).

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<b>23. Cash used in operations</b>		
(Loss) / profit before taxation	569 475	17 834 596
<b>Adjustments for:</b>		
Depreciation and amortisation	3 226 571	1 557 334
(Gains) / losses on disposals and scrappings of property, plant and equipment	(13 965)	520
Gains arising from changes attributable to physical and price changes to biological assets	(80 325 729)	(76 803 294)
Interest income	(127 394)	(239 676)
Finance costs	1 923 248	1 674 282
Movements in provisions	15 935	594 276
Decrease due to harvest on biological assets	59 170 474	62 287 814
<b>Changes in working capital:</b>		
inventories	197 315	(750 123)
Trade and other receivables	(6 035 245)	(6 202 939)
Trade and other payables	933 526	(822 943)
	<b>(20 465 789)</b>	<b>(870 153)</b>

**24. Related parties**

Relationships

Ultimate holding company	Southern African Fruit Exporters Limited (Mauritius)
Holding company	SAFE Farm Exports Proprietary Limited
Companies within the same group of companies	Agro-Tech IT SP Proprietary Limited Bono Farm Management Proprietary Limited Neutral Logistics Proprietary Limited SMT-Agri Finance Proprietary Limited SAFE Farm Ventures Proprietary Limited
Director	As noted in the director's report

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<b>24. Related parties (continued)</b>		
<b>Related party balances</b>		
<b>Loan accounts - Owing to related parties</b>		
SAFE Farm Exports Proprietary Limited	(92 141 018)	(22 318 036)
SMT-Agri Finance Proprietary Limited	-	(41 035 725)
	<b>(92 141 018)</b>	<b>(63 353 763)</b>
<b>Biological assets purchased from related party</b>		
SAFE Farm Exports Proprietary Limited	-	6 612 326
<b>Property, plant and equipment purchased from related parties</b>		
SAFE Farm Exports Proprietary Limited	3 302 214	-
Agro-Tech IT SP Proprietary Limited	137 807	-
Bono Farm Management Proprietary Limited	559 500	-
	<b>3 999 521</b>	<b>-</b>
<b>Finance lease liabilities</b>		
SAFE Farm Ventures Proprietary Limited	(230 077)	(390 841)
SAFE Farm Exports Proprietary Limited	(1 371 884)	(257 792)
	<b>(1 601 961)</b>	<b>(648 633)</b>
<b>Related party transactions</b>		
<b>Purchases from / (sales to) related parties</b>		
Bono Farm Management Proprietary Limited	(1 046 651)	(3 513 844)
SAFE Farm Exports Proprietary Limited	(96 595 003)	(90 595 600)
Neutral Logistics Proprietary Limited	(2 221 869)	(647 939)
Neutral Logistics Proprietary Limited	31 299 818	23 880 315
SAFE Farm Exports Proprietary Limited	-	6 467 919
	<b>(68 563 705)</b>	<b>(64 409 149)</b>
<b>Operating expenses paid to related parties</b>		
Agro-Tech IT SP Proprietary Limited - payroll management expenses	5 210 015	3 930 567
Agro-Tech IT SP Proprietary Limited - workmen's compensation	-	73 863
SAFE Farm Ventures Proprietary Limited - rental recovery expenses	49 319	611 474
SAFE Farm Exports Proprietary Limited - rental recovery expenses	-	251 759
SAFE Farm Ventures Proprietary Limited - rental expense	-	424 033
SAFE Farm Exports Proprietary Limited	248 929	-
	<b>5 508 263</b>	<b>5 291 496</b>
<b>Interest paid to related parties</b>		
SAFE Farm Ventures Proprietary Limited - finance lease	51 442	66 343
SAFE Farm Exports Proprietary Limited - finance lease	187 090	38 939
SMT-Agri Finance Proprietary Limited	1 090 024	1 233 802
	<b>1 328 556</b>	<b>1 339 084</b>

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<b>24. Related parties (continued)</b>		
<b>Other income received from related parties</b>		
SAFE Farm Exports Proprietary Limited - rebates received	(3 781 864)	(3 498 932)
SAFE Farm Exports Proprietary Limited - sundry income	-	(46 996)
	<b>(3 781 864)</b>	<b>(3 545 928)</b>

**25. Director's and prescribed officer's emoluments**

No directors remuneration or key management compensation is paid by the company. Directors remuneration and key management compensation is paid by Agro-Tech IT SP Proprietary Limited and Neutral Logistics Proprietary Limited for services performed for the group.

Q Scott as public officer and A J van Rooyen as director.

**26. Commitments**

**Operating leases – as lessee (expense)**

<b>Minimum lease payments due - Matlotlo Trading 27 Proprietary Limited</b>		
- within one year	19 669 541	17 911 729
- in second to fifth year inclusive	54 091 237	67 168 985
	<b>73 760 778</b>	<b>85 080 714</b>

Operating lease payments represents rentals payable by the company in respect of farming property and certain related fixed assets. The lease was negotiated over a period of 9 years and 11 months commencing on 26 August 2011. The rental payable escalates annually based on the relevant CPIX percentage on each anniversary date. The minimum lease payments due were calculated based on the rental amount as at year-end due to the CPIX increase percentage being unknown at such time. Refer to note 27 for contingent rent payable.

**Operating leases – as lessor (income)**

<b>Minimum lease payments due - Black Orchid Farming Proprietary Limited</b>		
- within one year	10 571 041	9 917 859
- in second to fifth year inclusive	42 284 163	39 671 435
- later than five years	31 933 353	39 878 058
	<b>84 788 557</b>	<b>89 467 352</b>

Operating lease payments represent rentals payable by the company in respect of farming property and certain related fixed assets. The lease was negotiated over a period of 10 years commencing on 07 December 2015. The rental payable escalates annually based on the relevant CPIX percentage on each anniversary date. The minimum lease payments due were calculated based on the rental amount as at year-end due to the CPIX increase percentage being unknown at such time. Refer to note 27 for contingent rent payable.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
 (Registration number 2008/024851/07)  
 Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

Figures in Rand	2017	2016
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**27. Contingencies**

**Contingent liability - Workmen's Compensation**

Subsequent to the financial year end, it came to management's attention that an uncertainty exists relating to the liability of Workmen's Compensation of the company owing to the Department of Labour. It is unclear whether amounts paid to Compensation Insure International Consultants Proprietary Limited, an agent appointed by the company, was paid over to the Department of Labour. The estimated amount of the contingent liability is R 1 030 451.

**Suretyship**

The company has provided suretyship, in favour of SMT-Agri Finance Proprietary Limited, for the due performance by the other of its obligations in terms of the agreements between Old Mutual African Agricultural Fund (SICAV) S.A. and SMT-Agri Finance Proprietary Limited.

**Guarantees**

Guarantees in respect of third party liabilities	591 060	592 000
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**Contingent lease payments**

**Matlotlo Trading 27 Proprietary Limited**

In respect of the lease agreements between Matlotlo Trading 27 Proprietary Limited (lessor) and the company (lessee), contingent rent is payable by the company subject to certain conditions. According to the lease agreement the monthly rental payable to the lessor shall be increased by an amount equivalent to one twelfth of 8% of the market value of any biological expansion in production or completed (as certified by an independent valuer appointed by the lessor). The increased rental shall be paid by the lessee to the lessor for a period of 12 months. The first increased rental payment will be due on the first day of the month following the date of certification.

**Black Orchid Farming Proprietary Limited**

In respect of the lease agreements between Black Orchid Farming Proprietary Limited (lessor) and the company (lessee), contingent rent is payable by the company subject to certain conditions.

**Expansion of the farm**

According to the lease agreement the monthly rental payable to the lessor shall be the higher of 8% of the increased value of the farm, taking into account the expansion and development, or 8% of the actual cost of the expansion and development, commencing from the date on which such assets yield a crop, provided that the parties may agree a later date.

**Royalty fee payable**

According to the lease agreement, the company shall, commencing on 01 November 2019, be liable to pay a royalty fee of R 3,50 per carton of table grapes produced during the financial year. The company will further, commencing on 21 November 2021, be liable to pay a fee of R 3,50 per carton of table grapes and citrus produced during any financial year. The royalty will increase with CPIX annually.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Notes to the Annual Financial Statements**

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**28. Going concern**

We draw attention to the fact that at 31 October 2017, the company had accumulated losses of R 7 590 119 and that the company's total liabilities exceed its assets by R 7 590 019.

SAFE Farm Ventures Proprietary Limited has reviewed these annual financial statements and undertook to provide such additional working capital and long-term finance as necessary to enable the company to trade at its current level of activity. SAFE Farm Exports Proprietary Limited has subordinated their loan to SAFE Commercial Proprietary Limited (refer to note 6) in favour of other creditors until such time that the fair value of the assets of SAFE Commercial Proprietary Limited exceed the liabilities. As of 1 November 2017 SAFE Farm Ventures Proprietary Limited will take over the loan including the terms of the subordination agreement in place.

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly these annual financial statements have been prepared on a going concern basis.

The director satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new event, other than disclosed below, that would adversely impact the company. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

**Material event affecting going concern:**

The company leases fruit farms in the Northern and Western Cape, whose production output is being negatively impacted by adverse weather conditions. The Western Cape is, for example, in year three of a severe and unprecedented drought. The company has pro-actively addressed the challenges by inter alia managing water use within the revised water directives, ensuring crop preparation based on water availability, arranging for the landlord to drill further boreholes and stopping any further expansion.

While the efforts of management are mitigating losses as best as can be expected in the circumstances, satisfactory rain is the only solution. Should the drought worsen or persist there is a high probability that farming yields will be materially impacted for a few years. Even if rainfall quantities return to normal the vineyards and orchards themselves will take time to be re-established to their pre-drought condition. At the moment, the financial impact cannot be accurately assessed or quantified.

**29. Events after the reporting period**

The director is not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the company or the results of operations to the date of this report.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
 (Registration number 2008/024851/07)  
 Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

Figures in Rand	2017	2016
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**30. Change in estimate**

**Property, plant and equipment**

The useful life of certain motor vehicles was estimated to be 4 years. In the current period management have revised their estimate to 6 - 7 years. The effect of this revision has decreased the depreciation charges for the current period by R 113 447.

The useful life of certain equipment was estimated to be 4 years. In the current period management have revised their estimate to 5 - 6 years. The effect of this revision has decreased the depreciation charges for the current period by R 42 863.

The useful life of certain tractors was estimated to be 4 years. In the current period management have revised their estimate to 6 - 7 years. The effect of this revision has decreased the depreciation charges for the current period by R 33 470.

**31. Comparative figures**

Certain comparative figures have been reclassified during the year to more accurately classify the amount in terms of their nature.

The effects of the reclassification is as follow:

**Profit or Loss**

Employee costs	- (4 167 875)
Remuneration other than employees	- 4 167 875

**32. Risk management**

**Capital risk management**

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings disclosed in notes 6 & 11, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

**Financial risk management**

The company's activities expose it to a variety of financial risks such as interest rate risk, credit risk, liquidity risk and price risk.

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.



**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Notes to the Annual Financial Statements**

**32. Risk management (continued)**

**Liquidity risk**

Responsibility for liquidity risk management rests with the director, who monitors the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 October 2017	Less than 1 year	Between 1 and 5 years	Total
Loans from group companies	-	92 141 018	92 141 018
Finance lease liabilities	3 041 127	5 296 064	8 337 191
Trade and other payables	8 486 821	-	8 486 821
Bank overdraft	10 793	-	10 793
At 31 October 2016	Less than 1 year	Between 1 and 5 years	Total
Loans from group companies	41 035 725	22 318 038	63 353 763
Finance lease liabilities	1 867 875	2 948 330	4 816 205
Trade and other payables	7 840 421	-	7 840 421

**Risk from biological assets**

The company is exposed to financial risks arising from changes in export fruit prices. The company does not anticipate that fruit prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in fruit prices. The company reviews its outlook for the fruit prices regularly in considering the need for active financial risk management. Refer to note 33 for a sensitivity analysis.

**Interest rate risk**

The interest rate profile of the financial liabilities for the company for the year ended 31 October 2017 are disclosed in notes 6 and 11.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A fifty basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been fifty basis points higher / lower and all other variables were held constant, the company's profit before tax for the year ended 31 October 2017 would decrease / increase by R496 205 (2016: R225 481). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Notes to the Annual Financial Statements**

Figures in Rand	2017	2016
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**32. Risk management (continued)**

**Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company uses publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored.

All cash reserves are held with ABSA Bank Limited, resulting in a concentration of credit risk. The risk is mitigated by the high credit quality standing of this bank.

Trade receivables comprise a limited customer base. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the reporting date the company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The maximum exposure of credit risk is represented by the carrying amounts, which is net of impairment losses, on the statement of financial position.

**33. Fair value information**

**Fair value hierarchy**

When measuring the fair value of an asset, the company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

**Levels of fair value measurements**

**Level 3**

**Biological assets**

Consumable biological assets - crop	61 898 558	40 743 303
<b>Total</b>	<b>61 898 558</b>	<b>40 743 303</b>

The following table shows a breakdown of the total gains / (losses) recognised in respect of the fair value of Level 3 instruments.

**Gains included in profit or loss**

- Change in fair value (realised)	59 170 474	62 287 812
- Change in fair value (unrealised)	61 898 558	40 743 303

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
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 Annual Financial Statements for the year ended 31 October 2017

**Notes to the Annual Financial Statements**

**33. Fair value information (continued)**

**Information about valuation techniques and inputs used to derive level 3 fair values**

**Consumable biological assets - crop**

*Valuation techniques and key inputs:*

Current estimated market prices for the following season, less the estimated costs of harvesting, transport, packing and point of sale costs.

*Significant unobservable inputs:*

Estimated price, yield and costs are subject to fluctuation and change. Price is not based on published or quoted market prices or commodity listings.

*Relationships of unobservable inputs for fair value:*

In arriving at a fair value, the estimated price is applied against the expected area to harvest, together with the estimated yield and the average maturity of the crop.

Refer to management's estimates and key assumptions for valuation assumptions of biological assets (as noted in note 5.1).

The impact of a 1% change, regarding the assumptions used, on biological crop will have the following effect on pre-tax profit or loss:

	2017	2016
Change in price of agricultural produce	1 089 221	871 716
Change in yield per hectare in agricultural produce	765 004	572 818
Change in cost of harvesting of agricultural produce	165 701	190 056
Change in estimated point of sale costs	304 534	274 227

**34. Financial assets by category**

The accounting policies for financial instruments have been applied to the line items below:

**2017**

	Loans and receivables	Total
Trade and other receivables	7 175 064	7 175 064

**2016**

	Loans and receivables	Total
Trade and other receivables	5 541 488	5 541 488
Cash and cash equivalents	337 867	337 867
	<b>5 879 355</b>	<b>5 879 355</b>

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Notes to the Annual Financial Statements**

**35. Financial liabilities by category**

The accounting policies for financial instruments have been applied to the line items below:

**2017**

	Financial liabilities at amortised cost	Total
Loans from group companies	92 141 018	92 141 018
Finance lease liabilities	7 100 212	7 100 212
Trade and other payables	8 486 821	8 486 821
Bank overdraft	10 793	10 793
	<b>107 738 844</b>	<b>107 738 844</b>

**2016**

	Financial liabilities at amortised cost	Total
Loans from group companies	63 353 763	63 353 763
Finance lease liabilities	4 060 559	4 060 559
Trade and other payables	7 840 421	7 840 421
	<b>75 254 743</b>	<b>75 254 743</b>

**36. New Standards and Interpretations**

**36.1 Standards and interpretations effective and adopted in the current year**

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	The impact of the standard is not material.
• Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	01 January 2016	The impact of the amendment is not material.
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016	The impact of the amendment is not material.
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016	The impact of the amendment is not material.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Notes to the Annual Financial Statements**

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**36. New Standards and Interpretations (continued)**

**36.2 Standards and interpretations not yet effective**

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 November 2017 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>
• IFRS 16 Leases	01 January 2019
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 15 Revenue from Contracts with Customers	01 January 2018
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018
• Amendments to IAS 7: Disclosure initiative	01 January 2017
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017

The director of the company anticipate that the application of these new and amended standards in future may not have a material impact on the amounts reported and disclosures made in the annual financial statements. However, it is not practicable to provide a reasonable estimate of the effect until the company performs a detailed review.

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Detailed Income Statement**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Sale of goods in agricultural activities		102 307 236	96 984 871
Gain arising from changes attributable to physical and price changes to biological assets		80 325 729	76 803 294
	<b>14</b>	<b>182 632 965</b>	<b>173 788 165</b>
<b>Cost of sales</b>			
Opening stock		(1 459 911)	(709 788)
Purchases		(54 721 398)	(46 140 095)
Employee costs		(34 222 255)	(26 464 259)
Closing stock		1 262 596	1 459 911
Cost of sales for agricultural activities		(59 170 474)	(62 287 812)
	<b>16</b>	<b>(148 311 442)</b>	<b>(134 142 043)</b>
<b>Gross profit</b>			
		<b>34 321 523</b>	<b>39 646 122</b>
<b>Other operating income</b>			
Rental income		55 000	713 885
Rebates received		4 164 653	3 706 139
Insurance claims received		24 712	32 275
Sundry income		6 725 505	13 863 741
	<b>17</b>	<b>10 969 870</b>	<b>18 316 040</b>
<b>Other operating gains / (losses)</b>			
Gains / (losses) on disposal of assets or settlement of liabilities		13 965	(520)
<b>Expenses (Refer to page 46)</b>			
		<b>(42 940 029)</b>	<b>(38 692 440)</b>
<b>Operating profit</b>			
	<b>19</b>	<b>2 365 329</b>	<b>19 269 202</b>
Investment income	<b>20</b>	127 394	239 676
Finance costs	<b>21</b>	(1 923 248)	(1 674 282)
<b>Profit before taxation</b>			
		<b>569 475</b>	<b>17 834 596</b>
Taxation	<b>22</b>	(82 049)	(4 977 489)
<b>Profit for the year</b>			
		<b>487 426</b>	<b>12 857 107</b>

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2017**

**Detailed Income Statement**

<b>Figures in Rand</b>	<b>2017</b>	<b>2016</b>
<b>Other operating expenses</b>		
Administration and management fees	5 241 219	4 167 876
Advertising	2 155	3 818
Amortisation	-	5 351
Bad debts	-	116 977
Bank charges	183 138	102 898
Cleaning	7 413	1 232
Consulting and professional fees	254 478	47 753
Consulting and professional fees - legal fees	9 430	69 983
Depreciation	3 226 571	1 551 983
Donations	3 504	-
Entertainment	7 002	5 431
Fines and penalties	4 757	1 960
Insurance	825 001	778 897
Lease rentals on operating lease	28 458 803	26 520 199
Postage	14 091	10 220
Printing and stationery	76 049	52 260
Professional fees (audit, tax, secretarial and accounting)	271 971	262 870
Rates and taxes	192 367	24 739
Relocation expenses	-	31 859
Rental recovery costs	14 207	863 233
Repairs and maintenance	3 705 927	3 466 077
Security	125 731	64 127
Staff welfare	41 580	147 342
Subscriptions	171 417	182 307
Telephone and fax	45 961	54 760
Training	38 767	128 643
Travel and accommodation	18 490	29 645
	<b>42 940 029</b>	<b>38 692 440</b>

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**SAFE COMMERCIAL PROPRIETARY LIMITED**

(Taxpayer reference number )

**(Registration number 2008/024851/07)****Annual Financial Statements for the year ended 31 October 2017****Tax Computation**

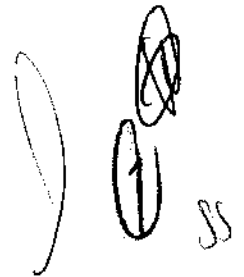
<b>Figures in Rand</b>	<b>2017</b>
Net profit per income statement	569 475
<b>Permanent differences</b>	
Donations - other	3 504
Interest, penalties paid in respect of taxes (s23(d))	4 757
Rebates received - ETI	(39 677)
Accounting profit on disposal of fixed assets - 20%	(4 004)
	<b>(35 420)</b>
<b>Temporary differences</b>	
Adjustments to comply with IFRS: Fair value - biological assets - 2016	40 743 303
Adjustments to comply with IFRS: Fair value - biological assets - 2017	(61 898 558)
Depreciation according to financial statements	3 226 571
Wear and tear allowance (s11(e))	(101 866)
Machinery, plant, implements, utensils and articles deduction (s12B)	(2 935 079)
Manufacturers, hotelkeepers, aircraft, ship, storage and packing of agricultural products deduction (s12C)	(1 308 138)
Profit on sale of fixed assets - 80%	(16 014)
Loss on sale of fixed assets	6 053
Wear and tear recouped (s8(4))	2 000
Scrapping allowance (s11(o))	(1 053)
Provisions not deductible in current year	(919 934)
Reversal of provisions previously raised	935 869
Finance charges - leases	238 532
Finance lease payments	(1 170 821)
	<b>(23 199 135)</b>
<b>Capital gains (Local)</b>	
Proceeds	23 684
Base cost	(3 667)
Capital gain	20 017
<b>Taxable capital gain included @ 80,0%</b>	<b>16 014</b>
<b>Calculated tax loss for the year</b>	<b>(22 649 066)</b>
Assessed loss brought forward	(63 852 689)
<b>Assessed loss for 2017 - carried forward</b>	<b>(86 501 755)</b>
<b>Tax thereon @ 28% in the Rand</b>	<b>-</b>

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**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**(registration number 2008/024851/07)**  
**Annual financial statements**  
**FOR THE YEAR ENDED 31 OCTOBER 2018**

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Commercial Farming Operations
<b>Director</b>	Q Scott
<b>Registered office</b>	6th Floor, Hudson Building Hudson Street De Waterkant Greenpoint 8001
<b>Business address</b>	6th Floor, Hudson Building Hudson Street De Waterkant Greenpoint 8001
<b>Postal address</b>	6th Floor, Hudson Building Hudson Street De Waterkant Greenpoint 8001
<b>Holding company</b>	SAFE Farm Exports Proprietary Limited Incorporated in South Africa
<b>Ultimate holding company</b>	Bluestone Investments Limited (previously Southern African Fruit Exporters Limited) Incorporated in Mauritius
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	CAP Chartered Accountants Inc. Registered Auditors
<b>Company registration number</b>	2008/024851/07
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with Section 30(2)(b)(i) of the Companies Act of South Africa and as read with regulation 28(2)(c) as the company's public interest score exceeds 350.
<b>Compiler</b>	The financial statements were independently compiled under the supervision of: L Meiring CA (SA)
<b>Published</b>	03 December 2019

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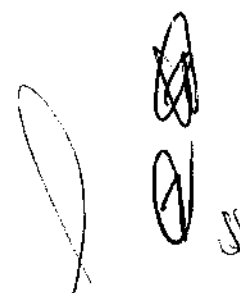
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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Changes in Equity	10
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The following supplementary information does not form part of the annual financial statements and is unaudited:	
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**SAFE Commercial Proprietary Limited**  
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**Annual Financial Statements for the year ended 31 October 2018**  
**Director's Responsibilities and Approval**

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The director is required in terms of the Companies Act of South Africa to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the company set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the company's cash flow forecast one year from the date of approval of the financial statements and, in light of this review and the current financial position, is satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The annual financial statements set out on pages 40 to 42, which have been prepared on the going concern basis, were approved by the director on 03 December 2019 and were signed on his behalf by:

**Approval of financial statements**

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**Q Scott**

**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Director's Report**

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The director has pleasure in submitting his report on the annual financial statements of SAFE Commercial Proprietary Limited for the year ended 31 October 2018.

**1. Nature of business**

The company is engaged in commercial farming operations and operates in South Africa.

Effective 31 October 2018, Fanchon Trading Proprietary Limited ceded all of its rights and delegated all of its obligations under the lease agreement with Royal Dawn Farming Proprietary Limited, to the company.

On the same date, the company entered into a purchase of business agreement with Fanchon Trading Proprietary Limited, whereby the company purchased all assets and liabilities, the including commitments and contingencies. The purchase of business agreement excludes the Maf Roda packing line, the obligations to maintain such line and the right to use such line.

There have been no material changes to the nature of the company's business from the prior year.

**2. Review of financial results and activities**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

**3. Share capital**

There have been no changes to the authorised or issued share capital during the year under review.

**4. Dividends**

No dividends were declared or paid to the shareholder during the financial year ended 31 October 2018.

**5. Directorate**

The director in office at the date of this report is as follows:

**Director**

Q Scott

Appointed 01 June 2018

A J van Rooyen

Resigned 01 June 2018

**6. Holding company**

The company's holding company is SAFE Farm Exports Proprietary Limited which holds 100% (2017: 100%) of the company's equity. SAFE Farm Exports Proprietary Limited is incorporated in South Africa.

**7. Ultimate holding company**

The company's ultimate holding company is Bluestone Investments Limited (previously Southern African Fruit Exporters Limited) which is incorporated in Mauritius.

**8. Special resolutions**

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

**9. Events after the reporting period**

The director is not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the company or the results of operations to the date of this report.

**SAFE Commercial Proprietary Limited**  
 (Registration number 2008/024851/07)  
**Annual Financial Statements for the year ended 31 October 2018**  
**Director's Report**

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**10. Going concern**

We draw attention to the fact that at 31 October 2018, the company had accumulated losses of R76,502,068 (2017: R7,590,119) and that the company's total liabilities exceed its assets by R76,501,968 (2017: R 7,590,019).

SAFE Farm Ventures Proprietary Limited has reviewed these annual financial statements and undertook to provide such additional working capital and long-term finance as necessary to enable the company to trade at its current level of activity. SAFE Farm Exports Proprietary Limited has subordinated their loan to SAFE Commercial Proprietary Limited (refer to note 8) in favour of other creditors until such time that the fair value of the assets of SAFE Commercial Proprietary Limited exceed the liabilities. As of 1 November 2017 SAFE Farm Ventures Proprietary Limited will take over the loan including the terms of the subordination agreement in place.

Material event affecting going concern:

The company leases fruit farms in the Northern and Western Cape, whose production output is being negatively impacted by adverse weather conditions. The Western Cape is, for example, in year three of a severe and unprecedented drought. The company has pro-actively addressed the challenges by inter alia managing water use within the revised water directives, ensuring crop preparation based on water availability, arranging for the landlord to drill further boreholes and stopping any further expansion.

While the efforts of management are mitigating losses as best as can be expected in the circumstances, satisfactory rain is the only solution. Should the drought worsen or persist there is a high probability that farming yields will be materially impacted for a few years. Even if rainfall quantities return to normal the vineyards and orchards themselves will take time to be re-established to their pre-drought condition. At the moment, the financial impact cannot be accurately assessed or quantified.

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly these annual financial statements have been prepared on a going concern basis.

The director satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new event, other than disclosed below, that would adversely impact the company. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

**11. Auditors**

CAP Chartered Accountants Inc. continued in office as auditors of the company for the 2018 financial year end.

**12. Secretary**

The company had no secretary during the year.

## Independent Auditors' Report

To the shareholder of SAFE Commercial Proprietary Limited

### Opinion

We have audited the annual financial statements of SAFE Commercial Proprietary Limited set out on pages 8 to 40, which comprise the statement of financial position as at 31 October 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of SAFE Commercial Proprietary Limited as at 31 October 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The director is responsible for the other information. The other information comprises the Director's Report as required by the Companies Act of South Africa of South Africa, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the director for the Annual Financial Statements

The director is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the director determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Annual Financial Statements



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## Independent Auditors' Report

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Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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**G W Geyer**  
**Director**  
**Chartered Accountant (S.A.)**  
**Registered Auditors**

03 December 2019





**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Statement of Financial Position**

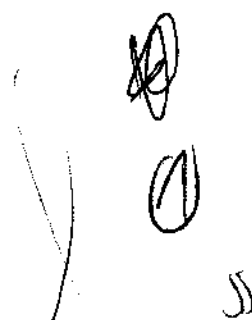
<b>Figures in Rand</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Plant and equipment	2	36,414,573	16,325,958
Intangible assets	3	-	-
Other financial assets	4	25,000	-
Deferred tax	5	33,746,780	5,904,058
		<b>70,186,353</b>	<b>22,230,016</b>
<b>Current Assets</b>			
Biological assets	6	32,284,734	61,898,558
Inventories	7	4,164,801	1,262,596
Loans to group companies	8	1,142,128	-
Trade and other receivables	9	46,179,224	16,414,435
Cash and cash equivalents	10	39,446	-
		<b>83,810,333</b>	<b>79,676,589</b>
<b>Total Assets</b>		<b>153,996,686</b>	<b>101,805,605</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	11	100	100
Accumulated loss		(76,502,068)	(7,590,119)
		<b>(76,501,968)</b>	<b>(7,590,019)</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Loans from group companies	8	153,802,120	92,141,018
Finance lease liabilities	12	8,475,605	4,685,348
		<b>162,277,725</b>	<b>96,826,366</b>
<b>Current Liabilities</b>			
Trade and other payables	13	62,845,704	9,207,732
Finance lease liabilities	12	4,114,007	2,414,864
Provisions	14	1,261,218	935,869
Bank overdraft	10	-	10,793
		<b>68,220,929</b>	<b>12,569,258</b>
<b>Total Liabilities</b>		<b>230,498,654</b>	<b>109,395,624</b>
<b>Total Equity and Liabilities</b>		<b>153,996,686</b>	<b>101,805,605</b>

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Statement of Profit or Loss and Other Comprehensive Income**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
Revenue	15	107,226,859	189,358,470
Cost of sales	16	(142,006,291)	(148,311,442)
<b>Gross (loss)/profit</b>		<b>(34,779,432)</b>	<b>41,047,028</b>
Other operating income	17	6,129,911	4,244,365
Other operating gains	18	621,229	13,965
Other operating expenses		(52,242,540)	(42,940,029)
<b>Operating (loss)/profit</b>	19	<b>(80,270,832)</b>	<b>2,365,329</b>
Investment income	20	55,658	127,394
Finance costs	21	(14,710,549)	(1,923,248)
<b>(Loss)/profit before taxation</b>		<b>(94,925,723)</b>	<b>569,475</b>
Taxation	22	26,013,774	(82,049)
<b>(Loss)/profit for the year</b>		<b>(68,911,949)</b>	<b>487,426</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/profit for the year</b>		<b>(68,911,949)</b>	<b>487,426</b>

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Statement of Changes in Equity**

<b>Figures in Rand</b>	<b>Share capital</b>	<b>Accumulated loss</b>	<b>Total equity</b>
<b>Balance at 01 November 2016</b>	<b>100</b>	<b>(8,077,545)</b>	<b>(8,077,445)</b>
Profit for the year	-	487,426	487,426
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>487,426</b>	<b>487,426</b>
<b>Balance at 01 November 2017</b>	<b>100</b>	<b>(7,590,119)</b>	<b>(7,590,019)</b>
Loss for the year	-	(68,911,949)	(68,911,949)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(68,911,949)</b>	<b>(68,911,949)</b>
<b>Balance at 31 October 2018</b>	<b>100</b>	<b>(76,502,068)</b>	<b>(76,501,968)</b>
Note	11		

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	23	(8,522,596)	(20,465,789)
Interest income		55,658	127,394
Finance costs		(14,710,549)	(1,261,803)
<b>Net cash utilised in operating activities</b>		<b>(23,177,487)</b>	<b>(21,600,198)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	2	(10,559,809)	(9,941,557)
Proceeds on sale of plant and equipment	2	10,416	27,632
Business combinations	24	1,142,083	-
Purchase of financial assets		(25,000)	-
<b>Net cash utilised by investing activities</b>		<b>(9,432,310)</b>	<b>(9,913,925)</b>
<b>Cash flows from financing activities</b>			
Proceeds of loans from group companies	8	35,287,802	69,822,980
Loan advanced to group company		(1,142,128)	(41,035,725)
Finance lease payments		(1,485,438)	(3,172,557)
Proceeds from finance leases		-	5,550,765
<b>Net cash from financing activities</b>		<b>32,660,036</b>	<b>31,165,463</b>
<b>Total cash movement for the year</b>		<b>60,239</b>	<b>(348,660)</b>
Cash at the beginning of the year		(10,793)	337,867
<b>Total cash at end of the year</b>	10	<b>39,446</b>	<b>(10,793)</b>

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Accounting Policies**

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**1. Presentation of annual financial statements**

The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. The audited financial statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These accounting policies are consistent with the previous period.

**1.1 Significant judgements and sources of estimation uncertainty**

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Critical judgements in applying accounting policies**

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

**Key sources of estimation uncertainty**

**Trade receivables**

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

**Impairment testing**

Impairment of assets are performed in accordance with the accounting policies as disclosed in notes 1.5 and 1.9.

**Provisions**

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 14.

**Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

**Property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Useful lives are based on management's best estimates and actual future outcomes may differ from these estimates. Management has not considered any residual value as it is deemed immaterial.

**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Accounting Policies**

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**1.1 Significant judgements and sources of estimation uncertainty (continued)**

**Intangible assets**

Predicting the useful life of an intangible asset requires significant judgement. The useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

**Operating lease commitments**

The company has entered into leases on its occupied farming properties and certain related fixed assets. The directors have determined, based on all available information, that the lessor retains the significant risks and rewards of ownership of these assets and, consequently, the property leases have been accounted for as operating leases.

**Valuation of consumable biological assets**

The fair value of consumable biological assets are based on the estimated production and market prices less expected selling costs. The estimated production is based on expected harvested tonnage and extraction rate.

The actual results could differ from related accounting estimates and management considers it has used its best estimates to arrive at the fair value.

**1.2 Plant and equipment**

An item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Subsequent to initial recognition, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of plant and equipment have been assessed as follows:

Item	Depreciation method	Depreciation rates
Computer equipment	Straight line	3 - 5 years
Equipment	Straight line	4 - 15 years
Furniture and fixtures	Straight line	6 years
Irrigation	Straight line	6 years
Leased bearer plants	Straight line	Remaining term of the lease
Leasehold improvements	Straight line	Remaining term of the lease
Office equipment	Straight line	3 - 6 years
Plant and machinery	Straight line	5 - 6 years
Trailers and tractors	Straight line	4 - 10 years
Vehicles	Straight line	4 - 5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Accounting Policies**

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### 1.3 Biological assets

Biological assets are initially recognised at cost and subsequently at fair value. Any change in fair value is included in the net profit or loss for the period in which it arises, as more fully set out below:

#### Growing crops

Consumable biological assets are measured at fair value less costs to sell. Crops which have a season which is not materially different from the financial year do not require crop adjustment. The fair value of the crop is based on the estimated production and market prices less expected selling costs. The estimated production is based on expected harvested tonnage and extraction rate.

Fair value at the point of harvest is determined on actual market prices less actual harvesting, transport, packing and point-of-sale cost.

These values are assessed to fair values on an annual basis.

### 1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed annually.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Amortisation rates
Computer software	2 years

### 1.5 Financial instruments

#### Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Accounting Policies**

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**1.5 Financial instruments (continued)**

**Initial recognition and measurement**

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

**Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

**Impairment of financial assets**

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

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**1.5 Financial instruments (continued)**

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

**Financial instruments designated as available-for-sale**

Financial instruments designated as available-for-sale include investments in listed and unlisted equity. Equity investments for which a fair value is not determinable are measured at cost and are classified as available-for-sale financial assets.

**Loans from group companies**

These include loans from the holding company and a company within the same group of companies and are initially recognised at fair value plus direct transaction costs.

Loans from group companies are classified as financial liabilities measured at amortised cost.

**Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

**Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities at amortised cost.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

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### 1.5 Financial instruments (continued)

#### Financial liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

#### Offsetting of financial statements

Financial assets and financial liabilities are offset where there are both an intention to settle on a net basis or realise the asset and settle the liability simultaneously and a legal right to offset exists.

### 1.6 Taxation

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax (liabilities)/assets for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax assets and liabilities

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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## 1.6 Taxation (continued)

### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

## 1.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Redundant and slow-moving inventories are identified and written down to their net realisable values.

## 1.9 Impairment of assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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**1.9 Impairment of assets (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. That reduction is an impairment loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

**1.10 Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

**1.11 Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. Accrued leave is measured at the amount that the company expects to pay as a result of unused entitlement that has accumulated to the employee at the reporting date.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**1.12 Provisions and contingencies**

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Contingent assets and contingent liabilities are not recognised.

**1.13 Revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

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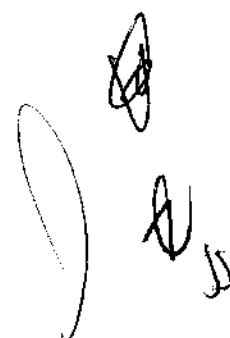
**1.14 Cost of sales**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.16 Borrowing costs**

Finance costs comprise interest expense on borrowings and trade payables and are recognised as an expense in the period in which it is incurred.

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**2. Plant and equipment**

	2018		2017	
	Cost	Accumulated Carrying value depreciation	Cost	Accumulated Carrying value depreciation
Capital - Work in progress	5,270,721	-	275,314	-
Computer equipment	166,806	(18,781)	14,048	(4,946)
Equipment	6,603,905	(2,459,093)	5,150,433	(1,613,802)
Furniture and fixtures	525,070	(102,129)	254,494	(37,132)
Leased bearer plants	5,104,762	-	-	-
Irrigation	1,718,935	(354,170)	984,796	(175,139)
Leasehold improvements	8,584,485	(1,814,276)	5,229,566	(929,847)
Office equipment	60,567	(49,676)	60,567	(44,040)
Plant and machinery	6,325,927	(1,680,596)	3,337,661	(1,171,312)
Trailers and tractors	7,845,441	(2,625,012)	5,064,532	(1,684,410)
Vehicles	5,472,482	(2,160,795)	3,232,321	(1,617,146)
<b>Total</b>	<b>47,679,101</b>	<b>(11,264,528)</b>	<b>23,603,732</b>	<b>(7,277,774)</b>

**Reconciliation of plant and equipment - 2018**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital - work in progress	275,314	4,995,407	-	-	-	5,270,721
Computer equipment	9,102	152,759	-	-	(13,836)	148,025
Equipment	3,536,631	1,453,476	-	-	(845,291)	4,144,812
Furniture and fixtures	217,362	270,575	-	-	(64,996)	422,941
Irrigation	809,657	734,388	-	-	(179,031)	1,364,765
Leased bearer plants	-	5,104,762	-	-	-	5,104,762
Leasehold improvements	4,299,719	3,631,979	-	-	(884,429)	6,770,209
Office equipment	16,527	-	-	-	(5,636)	10,891
Plant and machinery	2,166,349	3,499,800	-	(144,060)	(506,758)	4,645,331
Trailers and tractors	3,380,122	2,840,848	(7,333)	144,060	(943,268)	5,220,429
Vehicles	1,615,175	2,45,161	(4,500)	-	(544,149)	3,311,687
	<b>16,325,958</b>	<b>24,087,842</b>	<b>(11,833)</b>	<b>-</b>	<b>(3,987,394)</b>	<b>36,414,573</b>

Additions of R13,528,033 was acquired as part of the business combination referred to in note 24.

**Reconciliation of plant and equipment - 2017**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital - Work in progress	209,262	275,314	-	(209,262)	-	275,314
Computer equipment	2,017	11,417	-	-	(4,332)	9,102
Equipment	3,165,986	1,125,277	-	44,739	(799,371)	3,536,631
Furniture and fixtures	15,782	224,817	-	-	(23,237)	217,362
Irrigation	110,051	829,276	-	-	(129,680)	809,657
Leasehold improvements	3,236,147	1,614,301	-	164,523	(715,252)	4,299,719
Office equipment	4,615	14,777	-	-	(2,865)	16,527
Plant and machinery	642,634	1,899,084	-	-	(375,369)	2,166,349
Trailers and tractors	1,445,834	2,728,771	(10,000)	-	(784,483)	3,380,122
Vehicles	792,301	1,218,523	(3,667)	-	(391,982)	1,615,175
	<b>9,624,639</b>	<b>9,841,557</b>	<b>(13,667)</b>	<b>-</b>	<b>(3,226,571)</b>	<b>16,325,958</b>

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**2. Plant and equipment (continued)**

**Plant and equipment encumbered as security**

The company's obligations under finance leases are secured by the lessor's title to the fixed assets. Refer to note 12:

Equipment	733,863	976,440
Plant and machinery	3,209,360	1,421,018
Trailers and tractors	4,230,274	2,729,421
Vehicles	2,921,462	999,528
	<b>11,094,959</b>	<b>6,126,407</b>

The company has pledged all its corporeal movable assets held by the company as security for a notarial bond in favour of Corroseal Corrugated Northern Cape Proprietary Limited (Registration Number 2009/016589/07) (mortgagee), in the sum of R17,000,000 arising from debt owing to the mortgagee and subject to continuing covering security in the sum of R4,000,000.

A register containing the information required by the Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

**3. Intangible assets**

	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	42,810	(42,810)	-	42,810	(42,810)	-

**4. Other financial assets**

**Available-for-sale**  
Unlisted shares (at cost)

25,000      -

**Non-current assets**  
Available-for-sale

25,000      -

The company holds 30 shares in Fraterstraat Kelder Limited.

**5. Deferred tax**

**Deferred tax liabilities**

Property plant and equipment	(2,631,420)	(1,193,325)
Biological assets	(9,039,726)	(17,331,596)
Finance leased assets and liabilities	12,040	(53,555)
<b>Total deferred tax liabilities</b>	<b>(11,659,106)</b>	<b>(18,578,476)</b>

**Deferred tax assets**

Provisions	353,141	262,043
Tax losses available for set off against future taxable income	45,052,745	24,220,491
<b>Total deferred tax assets</b>	<b>45,405,886</b>	<b>24,482,534</b>

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**5. Deferred tax (continued)**

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(11,659,106)	(18,578,476)
Deferred tax asset	45,405,886	24,482,534
<b>Total net deferred tax asset</b>	<b>33,746,780</b>	<b>5,904,058</b>

**Reconciliation of deferred tax asset**

At beginning of year	5,904,058	5,986,108
Temporary difference on property, plant and equipment	(1,438,095)	(439,553)
Temporary difference on biological assets - current	8,291,870	(5,923,471)
Temporary difference on finance leased assets and liabilities	65,595	(65,224)
Temporary difference on provisions	91,098	4,461
Tax loss available for set off against future taxable income	20,832,254	6,341,737
	<b>33,746,780</b>	<b>5,904,058</b>

**Recognition of deferred tax asset**

As part of the business combination in note 24, the company acquired deferred tax assets of R1,828,949.

A deferred tax asset of R45,052,745 (2017: R24,220,491) has been recognised for tax losses available for set off against future taxable income. Based upon management's best estimate, there will be sufficient future taxable income to recognise the deferred tax asset.

**6. Biological assets**

The company is engaged in grape and citrus production for the export market.

The company leases vineyard and orchard farms under operating lease agreements. All risks and rewards of ownership substantially remain with the lessor, however the company has the right to produce and market the crop produced from the leased vineyards and orchards.

**Vines:**

As at 31 October 2018 the company leased 364.70 (2017: 378.87) hectares of planted vines of which 238.30 (2017: 258.68) hectares were bearing hectares.

The company produced 776,913 (2017: 871,295) cartons of grapes with a fair value less cost to sell of R51,105,767 (2017: R53,296,494) at the time of harvest during the financial year ended 31 October 2018.

**Orchards:**

As at 31 October 2018 the company leased 110.84 (2017: 91.80) hectares of planted orchards of which 32.61 (2017: 30.04) hectares were bearing hectares.

The company produced 27,846 (2017: 57,920) cartons of citrus with a fair value less cost to sell of R2,690,270 (2017: R5,873,980) at the time of harvest during the financial year ended 31 October 2018.

	2018		2017	
	Valuation	Accumulated Carrying value depreciation	Valuation	Accumulated Carrying value depreciation
Grapes - crop	32,284,734	-	61,898,558	-



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**6. Biological assets (continued)**

**Reconciliation of biological assets - 2018**

	Opening balance	Decreases due to harvest / sales	Gains arising from changes attributable to physical and price changes	Total
Grapes - crop	61,898,558	(51,105,767)	21,491,943	32,284,734
Citrus - crop	-	(2,690,270)	2,690,270	-
	<b>61,898,558</b>	<b>(53,796,037)</b>	<b>24,182,213</b>	<b>32,284,734</b>

**Reconciliation of biological assets - 2017**

	Opening balance	Decreases due to harvest / sales	Gains arising from changes attributable to physical and price changes	Total
Grapes - crop	60,743,303	(53,296,494)	74,451,749	61,898,558
Citrus - crop	-	(5,873,980)	5,873,980	-
	<b>60,743,303</b>	<b>(59,170,474)</b>	<b>80,325,729</b>	<b>61,898,558</b>

**Methods and assumptions used in determining fair value**

The estimates and key assumptions listed below have been used in determining the fair value less cost to sell. Refer to note 34 for additional information.

Expected area to harvest - ha	230.50	268.21
Estimated yields - cartons / ha	3,099	3,687
Average maturity of crop at 31 October	65% - 80%	80% - 95%

**7. Inventories**

Consumables	4,164,801	1,148,834
Coins and tags	-	113,762
	<b>4,164,801</b>	<b>1,262,596</b>

**8. Loans to/(from) group companies**

**Group companies**

SAFE Farm Exports Proprietary Limited (Note 1)	-	(92,141,018)
SAFE Farm Ventures Proprietary Limited (Note 2)	(153,802,120)	-
Fanchon Trading Proprietary Limited (Note 2)	1,142,128	-
	<b>(152,659,992)</b>	<b>(92,141,018)</b>

Note 1: The loan was unsecured, bore interest at rates determined by the director from time to time and had no fixed repayment terms.

The fair value of the loan was R85,513,706 in 2017.

Note 2: The loans are unsecured and bear interest at the discretion of the directors as established on an annual basis.

Due to the short-term nature of the loans, the carrying value is assumed to approximate fair value.

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<b>8. Loans to/(from) group companies (continued)</b>		
Current assets	1,142,128	-
Non-current liabilities	(153,802,120)	(92,141,018)
	<u>(152,659,992)</u>	<u>(92,141,018)</u>
<b>9. Trade and other receivables</b>		
Trade receivables	3,375,703	1,509,551
Deposits	6,665,152	5,665,133
Value Added Taxation	2,288,609	9,057,031
Staff loans	16,058	380
Diesel rebates	135,030	182,340
Other receivable	33,698,672	-
	<u>46,179,224</u>	<u>16,414,435</u>

**Credit quality of trade and other receivables**

The credit quality of trade and other receivables that are neither past due nor impaired have been evaluated by management on an ongoing basis. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

**Fair value of trade and other receivables**

Due to the short-term nature of these receivables, their carrying values are assumed to approximate their fair values.

**Trade and other receivables past due but not impaired**

At 31 October 2018, R 634,061 (2017: R650,556) were past due but not impaired.

1 month past due	132,498	8,216
2 months past due	-	8,216
3 months past due	501,563	634,124
	<u>634,061</u>	<u>650,556</u>

**Trade and other receivables impaired**

As of 31 October 2018, trade and other receivables of R - (2017: R -) were impaired and provided for.

**Credit risk exposure of trade and other receivables**

The company's maximum exposure to credit risk at the reporting date is the fair value of receivables. The company does not hold any collateral as security.

**10. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	1,238	-
Bank balances	38,208	-
Bank overdraft	-	(10,793)
	<u>39,446</u>	<u>(10,793)</u>
Current assets	39,446	-
Current liabilities	-	(10,793)
	<u>39,446</u>	<u>(10,793)</u>

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<b>10. Cash and cash equivalents (continued)</b>		
<b>Cash and cash equivalents pledged as collateral:</b>		
<b>Banking facilities:</b>		
- ABSA Vehicle and Commercial Asset Finance (AVCAF) Credit Line Facility of R6,000,000. Refer to note 12.		
- Financial guarantee of R592,000.		
- Overdraft facility on credit cards of R31,000.		
<b>Securities:</b>		
1) Joint and several guarantee for R170,000,000 signed by		
1.1) SAFE Commercial Proprietary Limited		
1.2) SAFE Farm Ventures Proprietary Limited		
1.3) Fanchon Trading Proprietary Limited		
1.4) K2013162622 (South Africa) Proprietary Limited		
for the obligations of each of the entities above.		
2) The assets to be financed and currently under agreement in terms of the Credit Line Facility will serve as collateral together with the security set out in 1 above. Refer to notes 2 & 12.		
<b>Credit quality of cash at bank and short term deposits, excluding cash on hand</b>		
Bank balances and short-term deposits are held with reputable financial institutions of high credit quality.		
<b>Fair value of cash and cash equivalents</b>		
Due to the short-term nature of cash and cash equivalents, the carrying amounts are assumed to approximate fair value.		
<b>11. Share capital</b>		
<b>Authorised</b>		
1 000 Ordinary shares of R1 each	1,000	1,000
<b>Issued</b>		
100 Ordinary shares of R1 each	100	100
<b>12. Finance lease liabilities</b>		
<b>Minimum lease payments due</b>		
- within one year	5,146,293	3,041,127
- in second to fifth year inclusive	9,704,265	5,296,064
	14,850,558	8,337,191
less: future finance charges	(2,260,946)	(1,236,979)
<b>Present value of minimum lease payments</b>	<b>12,589,612</b>	<b>7,100,212</b>
<b>Present value of minimum lease payments due</b>		
- within one year	4,114,007	2,414,864
- in second to fifth year inclusive	8,475,605	4,685,348
	<b>12,589,612</b>	<b>7,100,212</b>
Non-current liabilities	8,475,605	4,685,348
Current liabilities	4,114,007	2,414,864
	<b>12,589,612</b>	<b>7,100,212</b>

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**12. Finance lease liabilities (continued)**

It is company policy to lease certain vehicles and plant and equipment under finance leases.

The finance lease liabilities relate to assets with lease terms of 3 to 5 years. The company has options to purchase the assets for a nominal amount at the conclusion of the lease agreements.

The finance leases have fixed repayment terms on a monthly basis and bear interest at the implicit rate to the lease. The implicit rate prevailing ranges between 7.60% and 11.00% (2017: 8.75% and 12.83%) per annum.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 2.

**Fair value of finance lease liabilities**

The fair value of finance lease liabilities approximate amortised cost as they bear interest at market-related interest rates.

**13. Trade and other payables**

Trade payables	59,236,800	8,204,268
Accrued employee cost	2,332,872	720,911
Unfinalised cost accrued	282,553	282,553
Other accrued expenses	993,479	-
	<u>62,845,704</u>	<u>9,207,732</u>

**Fair value of trade and other payables**

Due to the short-term nature of these payables, the carrying values are assumed to approximate their fair value.

**14. Provisions**

**Reconciliation of provisions - 2018**

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	582,493	836,267	(582,492)	836,258
Provision for management fees	353,376	424,961	(353,377)	424,960
	<u>935,869</u>	<u>1,261,218</u>	<u>(935,869)</u>	<u>1,261,218</u>

**Reconciliation of provisions - 2017**

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	597,761	582,493	(597,761)	582,493
Provision for management fees	322,173	353,376	(322,173)	353,376
	<u>919,934</u>	<u>935,869</u>	<u>(919,934)</u>	<u>935,869</u>

The leave pay provision represents management's best estimate of the company's liability based on accrued leave days at year end, calculated at the approved daily rate of pay.

The leave pay provision has been recognised for annual leave accruing to employees in accordance with standard company employment conditions. It is expected that staff will utilise this leave in the next financial year.

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<b>15. Revenue</b>		
Sale of agricultural produce	81,560,052	102,307,236
Gains arising from changes attributable to physical and price changes to biological assets	24,182,213	80,325,729
Recoveries	1,484,594	6,725,505
	<u>107,226,859</u>	<u>189,358,470</u>
<b>16. Cost of sales</b>		
Sale of agricultural produce	105,469,053	114,089,187
<b>Agricultural produce:</b>		
Employee costs	36,537,238	34,222,255
	<u>142,006,291</u>	<u>148,311,442</u>
<b>Sale of agricultural produce</b>		
Cost of fruit sold	51,673,016	54,918,713
Fair value adjustment: fair value at the point of harvest	53,796,037	59,170,474
	<u>105,469,053</u>	<u>114,089,187</u>
<b>17. Other operating income</b>		
Rental income	10,500	55,000
Other recoveries	395,290	-
Sundry income	980,654	-
Insurance claim received	69,585	24,712
Rebates received	4,665,616	4,164,653
Other income	8,266	-
	<u>6,129,911</u>	<u>4,244,365</u>
<b>18. Other operating gains</b>		
<b>(Losses)/gains on disposals, scrappings and settlements</b>		
Plant and equipment	(1,417)	13,965
<b>Foreign exchange gains</b>		
Net foreign exchange gains	622,646	-
<b>Total other operating gains</b>	<u>621,229</u>	<u>13,965</u>
<b>19. Other operating expenses</b>		
Operating (loss)/profit for the year is stated after charging the following, amongst others:		
<b>Remuneration, other than to employees</b>		
Administrative and managerial services	5,974,283	5,241,219
Consulting and professional services	376,107	263,908
	<u>6,350,390</u>	<u>5,505,127</u>

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<b>19. Other operating expenses (continued)</b>		
<b>Employee costs</b>		
Salaries, wages, bonuses and other benefits	36,537,238	34,222,255
<b>Total employee costs</b>	<b>36,537,238</b>	<b>34,222,255</b>
Less: Employee costs included in cost of agricultural produce	(36,537,238)	(34,222,255)
<b>Total employee costs expensed</b>	<b>-</b>	<b>-</b>
<b>Leases</b>		
<b>Operating lease charges</b>		
Premises	31,156,041	24,873,787
Motor vehicles	160,654	-
Equipment	3,505,055	3,585,016
	<b>34,821,750</b>	<b>28,458,803</b>
Refer to note 27 commitments for additional details of operating leases.		
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	3,987,394	3,226,571
<b>20. Investment income</b>		
<b>Interest income</b>		
<b>From investments in financial assets:</b>		
Bank and other cash	348	200
Deposits	48,082	127,194
Other interest received	7,228	-
<b>Total interest income</b>	<b>55,658</b>	<b>127,394</b>
<b>21. Finance costs</b>		
Group company	12,531,637	1,090,023
Trade and other payables	1,396,572	170,635
Finance leases	714,852	661,445
Bank overdraft	2,682	1,145
Other finance costs	64,806	-
<b>Total finance costs</b>	<b>14,710,549</b>	<b>1,923,248</b>
<b>22. Taxation</b>		
<b>Major components of the tax (income)/expense</b>		
<b>Deferred</b>		
Originating and reversing temporary differences	(26,013,774)	82,049

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<b>22. Taxation (continued)</b>		
<b>Reconciliation between accounting (loss)/profit and tax (income)/expense - disclosure</b>		
Reconciliation between accounting (loss)/profit and tax (income)/expense.		
Accounting (loss)/profit	(94,925,723)	569,475
Tax at the applicable tax rate of 28% (2017: 28%)	(26,579,202)	159,453
<b>Tax effect of adjustments on taxable income</b>		
Other	-	894
Exempt income	(1,260,347)	(11,110)
Finance leases	95,563	(68,380)
Section 45 adjustment - transfer of allowances	(1,385,630)	(1,121)
Property, plant and equipment	1,858	-
Non-deductible expenses	140	2,313
	<u>(29,127,618)</u>	<u>82,049</u>

No provision has been made for 2018 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R160,902,860 (2017: R 86,501,755)

**23. Cash used in operations**

(Loss)/profit before taxation	(94,925,723)	569,475
<b>Adjustments for:</b>		
Depreciation	3,987,394	3,225,571
Loss/(gains) on disposals, scrapings and settlements of assets and liabilities	1,417	(13,965)
Interest income	(55,658)	(127,394)
Finance costs	14,710,549	1,923,248
Movements in provisions	108,699	15,935
Decrease due to harvest on biological assets	53,796,037	59,170,474
Gains arising from changes attributable to physical and/or price changes to biological assets	(24,182,213)	(80,325,729)
<b>Changes in working capital:</b>		
Inventories	(541,824)	197,315
Trade and other receivables	5,021,882	(6,035,245)
Trade and other payables	33,556,844	933,526
	<u>(8,622,696)</u>	<u>(20,465,789)</u>

**24. Business combinations**

**Fanchon Trading Proprietary Limited**

Effective 31 October 2018, the Fanchon Trading Proprietary Limited ceded all of its rights and delegated of its obligations under the lease agreement with Royal Dawn Farming Proprietary Limited, to Safe Commercial Proprietary Limited.

On the same date, the Fanchon Trading Proprietary Limited entered into an agreement for the sale of business with Safe Commercial Proprietary Limited, whereby Fanchon Trading Proprietary Limited sold all assets and liabilities, including commitments and contingencies, but excluding the Maf Roda packing line, obligations to maintain such line and the right to use the line.

The purchase price payable will be determined by the carrying value of the assets and liabilities as at 31 October 2018. This will be determined once the audited financial statements have been finalised.

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<b>24. Business combinations (continued)</b>		
<b>Fair value of assets acquired and liabilities assumed</b>		
Plant and equipment	13,528,033	-
Deferred tax	1,828,949	-
Inventories	2,360,381	-
Trade and other receivables	34,786,671	-
Loans from group companies	(26,373,500)	-
Finance lease liabilities	(6,974,838)	-
Provisions	(216,650)	-
Trade and other payables	(20,081,129)	-
<b>Total identifiable net assets</b>	<b>(1,142,083)</b>	<b>-</b>
<b>25. Related parties</b>		
<b>Relationships</b>		
Ultimate holding company	Bluestone Investments Limited (Mauritius) (previously Southern African Fruit Exporters Limited (Mauritius))	
Holding company	SAFE Farm Exports Proprietary Limited	
Companies within the same group of companies	Agro-Tech IT SP Proprietary Limited Bono Farm Management Proprietary Limited Neutral Logistics Proprietary Limited SMT-Agri Finance Proprietary Limited SAFE Farm Ventures Proprietary Limited African Produce Group Limited (Mauritius)	
Director	As noted in the director's report	
<b>Related party balances</b>		
<b>Loan accounts - owing by/(to) related parties</b>		
SAFE Farm Exports Proprietary Limited	-	(92,141,018)
SAFE Farm Ventures Proprietary Limited	(153,802,120)	-
Fanchon Trading Proprietary Limited	1,142,128	-
	<b>(152,659,992)</b>	<b>(92,141,018)</b>
<b>Amounts included in trade receivable regarding related parties</b>		
SAFE Farm Ventures Proprietary Limited	33,001,259	-
<b>Property, plant and equipment purchased from related parties</b>		
SAFE Farm Exports Proprietary Limited	-	3,302,214
Agro-Tech IT SP Proprietary Limited	-	137,807
Bono Farm Management Proprietary Limited	-	559,500
	-	<b>3,999,521</b>
<b>Finance lease liabilities</b>		
SAFE Farm Ventures Proprietary Limited	(3,631,011)	(230,077)
SAFE Farm Exports Proprietary Limited	-	(1,371,884)
	<b>(3,631,011)</b>	<b>(1,601,961)</b>



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<b>25. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Purchases from/(sales to) related parties</b>		
Bono Farm Management Proprietary Limited	(2,655,138)	(1,046,651)
SAFE Farm Exports Proprietary Limited	-	(96,595,003)
Neutral Logistics Proprietary Limited	-	(2,221,869)
Neutral Logistics Proprietary Limited	-	31,299,818
SAFE Farm Ventures Proprietary Limited	(76,277,250)	-
SAFE Farm Ventures Proprietary Limited	27,501,325	-
	<b>(51,431,063)</b>	<b>(68,563,705)</b>
<b>Operating expenses paid to related parties</b>		
Agro-Tech IT SP Proprietary Limited - payroll management expenses	-	5,210,015
SAFE Farm Ventures Proprietary Limited - rental recovery expense	-	49,319
SAFE Farm Exports Proprietary Limited	-	248,929
Neutral Logistics Proprietary Limited - service fees	252,293	-
	<b>252,293</b>	<b>5,508,263</b>
<b>Interest paid to related parties</b>		
SAFE Farm Ventures Proprietary Limited - finance lease	-	51,442
SAFE Farm Exports Proprietary Limited - finance lease	-	187,090
SMT-Agri Finance Proprietary Limited	-	1,090,024
SAFE Farm Ventures Proprietary Limited	12,531,637	-
	<b>12,531,637</b>	<b>1,328,556</b>
<b>Other income received from related parties</b>		
SAFE Farm Exports Proprietary Limited - rebates received	-	(3,781,864)

**26. Director's emoluments**

No directors remuneration or key management compensation is paid by the company during the current and prior year. Directors remuneration and key management are paid by Safe Farm Ventures Proprietary Limited for services performed for the group.

Below is the remuneration paid for by a group company for services rendered to the company and the group companies during the financial year.

**Executive**

**2018**

Q Scott

Emoluments	Total
2,055,089	2,055,089

**2017**

Q Scott

A J van Rooyen

Emoluments	Total
2,602,650	2,602,650
2,356,380	2,356,380
<b>4,959,030</b>	<b>4,959,030</b>

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**27. Commitments**

**Operating leases – as lessee (expense)**

**Minimum lease payments due - Matlofo Trading 27 Proprietary Limited**

- within one year	20,817,599	19,669,541
- in second to fifth year inclusive	36,430,799	54,091,237
	<u>57,248,398</u>	<u>73,760,778</u>

Operating lease payments represents rentals payable by the company in respect of farming property and certain related fixed assets. The lease was negotiated over a period of 9 years and 11 months commencing on 26 August 2011. The rental payable escalates annually based on the relevant CPIX percentage on each anniversary date. The minimum lease payments due were calculated based on the rental amount as at year-end due to the CPIX increase percentage being unknown at such time. Refer to note 28 for contingent rent payable.

**Operating leases – as lessee (expense)**

**Minimum lease payments due - Black Orchid Farming Proprietary Limited**

- within one year	13,856,652	10,571,041
- in second to fifth year inclusive	55,426,609	42,284,163
- later than five years	28,001,985	31,933,353
	<u>97,285,248</u>	<u>84,788,557</u>

Operating lease payments represent rentals payable by the company in respect of farming property and certain related fixed assets. The lease was negotiated over a period of 10 years commencing on 07 December 2015. The rental payable escalates annually based on the relevant CPIX percentage on each anniversary date. The minimum lease payments due were calculated based on the rental amount as at year-end due to the CPIX increase percentage being unknown at such time. Refer to note 28 for contingent rent payable.

**Minimum lease payments due - Royal Dawn Farming Proprietary Limited**

- within one year	15,855,903	-
- in second to fifth year inclusive	18,498,554	-
	<u>34,354,457</u>	<u>-</u>

Operating lease payments represent rentals payable by the company in respect of farming property and certain related fixed assets. The lease was negotiated over a period of 120 months commencing on 24 December 2010. The rental payable escalates annually based on the relevant CPIX percentage on each anniversary date. The minimum lease payments due were calculated based on the rental amount as at year-end due to the CPIX increase percentage being unknown at such time. Refer to note 28 for contingent rent payable.

As at 31 October 2018, all the rights and delegation of obligations in the lease agreement between Fanchon Trading Proprietary Limited and Royal Dawn Farming Proprietary Limited were ceded to the company.

In addition, the company agreed to farm the properties which form the subject of the lease agreement. Therefore, pursuant to the above, the future rental commitments in respect of the above mentioned lease are expected to be settled by the company.

**28. Contingencies**

**Contingent liability - Workmen's Compensation**

Subsequent to the financial year end, it came to management's attention that an uncertainty exists relating to the liability of Workmen's Compensation of the company owing to the Department of Labour. It is unclear whether amounts paid to Compensation Insure International Consultants Proprietary Limited, an agent appointed by the company, was paid over to the Department of Labour. The estimated amount of the contingent liability is R1,030,451.

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**28. Contingencies (continued)**

**Suretyship**

The company has provided suretyship, in favour of SMT-Agri Finance Proprietary Limited, for the due performance by the other of its obligations in terms of the agreements between Old Mutual African Agricultural Fund (SICAV) S.A. and SMT-Agri Finance Proprietary Limited. The obligation has since been settled by SMT Agri-Finance Proprietary Limited and SMT Agri-Finance Proprietary Limited has been deregistered as a company effective 08 March 2019.

**Guarantees**

Guarantees in respect of third party liabilities	-	591,060
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**Contingent lease payments**

**Royal Dawn Farming Proprietary Limited**

In respect of the lease agreements between Royal Dawn Farming Proprietary Limited (lessor) and the company, contingent rent is payable by the company subject to certain conditions. As per the lease agreement, the rental payable by the lessor shall be increased by an amount equivalent to 8.00% of the market value of any biological expansion in production or completed (as certified by an independent valuer appointed by the lessor). The rental shall be paid by the lessee for a period of 12 months commencing on the date of certification of the market value of the expansion by the independent valuer.

**Matlotlo Trading 27 Proprietary Limited**

In respect of the lease agreements between Matlotlo Trading 27 Proprietary Limited (lessor) and the company (lessee), contingent rent is payable by the company subject to certain conditions. According to the lease agreement the monthly rental payable to the lessor shall be increased by an amount equivalent to one twelfth of 8% of the market value of any biological expansion in production or completed (as certified by an independent valuer appointed by the lessor). The increased rental shall be paid by the lessee to the lessor for a period of 12 months. The first increased rental payment will be due on the first day of the month following the date of certification.

**Black Orchid Farming Proprietary Limited**

In respect of the lease agreements between Black Orchid Farming Proprietary Limited (lessor) and the company (lessee), contingent rent is payable by the company subject to certain conditions.

**Expansion of the farm**

According to the lease agreement the monthly rental payable to the lessor shall be the higher of 8% of the increased value of the farm, taking into account the expansion and development, or 8% of the actual cost of the expansion and development, commencing from the date on which such assets yield a crop, provided that the parties may agree a later date.

**Royalty fee payable**

According to the lease agreement, the company shall, commencing on 01 November 2019, be liable to pay a royalty fee of R 3,50 per carton of table grapes produced during the financial year. The company will further, commencing on 21 November 2021, be liable to pay a fee of R 3,50 per carton of table grapes and citrus produced during any financial year. The royalty will increase with CPIX annually.

**Contingent compensation**

The company shall pay Somerhoek Boerdery Close Corporation compensation for three consecutive South African citrus season (2017, 2018, 2019) the sum of R5 per 15.5kg export carton of citrus produced on Marble Hall and that has passed for export inspection by the Perishable Product Export Control Board and the Department of Agriculture, Forestry and Fisheries and been exported from South Africa on 01 November each year.

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**28. Contingencies (continued)**

A dispute arose between Somerhoek Boerdery Close Corporation and SAFE Farm Exports Proprietary Limited over the validity of the sale of shares agreement. The sale of share agreement specified the above mentioned contingent compensation. During the financial year, the company received a summons for the amount payable for the 2018 financial year amounting to R5,100,000. This is in addition to amounts disclosed in the 2017 financial year, of R3,100,000 in contingent compensation and R578,830 in input costs. The amount relating to the input costs has been recognised in the balance sheet and management is in agreement with the input costs claimed by Somerhoek Boerdery Close Corporation. The company will submit a counter claim in response to the summons received, for a total amount of R20,256,652. No accrual has been raised for the contingent compensation for the 2017 and 2018 citrus seasons, as the outcome of the case is still unknown and management deem the outflow of resources improbable.

The equipment owned by Fanchon Trading Proprietary Limited stands as security for Somerhoek Boerdery Close Corporation and may not be sold, moved or in any way further encumbered until all the above compensation has been paid.

**Special Notarial Bond**

Safe Commercial Proprietary Limited have declared to be truly and lawfully indebted and held and firmly bound to and in favour of Corruveal Corrugated Northern Cape Proprietary Limited.

In order for a Special Notarial Bond, in favour of Corruveal Corrugated Northern Cape Proprietary Limited, to be effected the director is required to approve the registration of the Special Notarial Bond and authorises that the traction is not invalid in terms of Section 44, 45, 75, 112 and/or 115 of the Companies Act, 71 of 2008.

**29. Risk management**

**Financial risk management**

The company's activities expose it to a variety of financial risks such as interest rate risk, credit risk, liquidity risk and price risk.

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

**Capital Risk management**

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings disclosed in notes 8 & 12, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

**Liquidity risk**

Responsibility for liquidity risk management rests with the director, who monitors the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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<b>29. Risk management (continued)</b>			
<b>At 31 October 2018</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Total</b>
Loan from group company	-	153,802,120	153,802,120
Finance lease liabilities	4,114,007	8,475,605	12,589,612
Trade and other payables	60,512,832	-	60,512,832
<b>At 31 October 2017</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Total</b>
Loan from group companies	-	92,141,018	92,141,018
Finance lease liabilities	2,414,864	4,685,348	7,100,212
Trade and other payables	8,486,821	-	8,486,821
Bank overdraft	10,793	-	10,793

**Risk from biological assets**

The company is exposed to financial risks arising from changes in export fruit prices. The company does not anticipate that fruit prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in fruit prices. The company reviews its outlook for the fruit prices regularly in considering the need for active financial risk management. Refer to note 34 for a sensitivity analysis.

**Interest rate risk**

The interest rate profile of the financial liabilities for the company for the year ended 31 October 2018 are disclosed in notes 8 and 12.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A fifty basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been fifty basis points higher, lower and all other variables were held constant, the company's profit before tax for the year ended 31 October 2018 would decrease/increase by R831,959 (2017: R496,205). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

**Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company uses publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored.

All cash reserves are held with ABSA Bank Limited, resulting in a concentration of credit risk. The risk is mitigated by the high credit quality standing of this bank.

Trade receivables comprise a limited customer base. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the reporting date the company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The maximum exposure of credit risk is represented by the carrying amounts, which is net of impairment losses, on the statement of financial position.

**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Notes to the Annual Financial Statements**

**Figures in Rand** **2018** **2017**

**30. Financial assets by category**

The accounting policies for financial instruments have been applied to the line items below.

**2018**

	Loans and receivables	Available-for- sale	Total
Loans to group companies	1,142,128	-	1,142,128
Trade and other receivables	43,755,585	-	43,755,585
Other financial assets	-	25,000	25,000
Cash and cash equivalents	39,446	-	39,446
	<b>44,937,159</b>	<b>25,000</b>	<b>44,962,159</b>

**2017**

	Loans and receivables	Available-for- sale	Total
Trade and other receivables	7,175,064	-	7,175,064

**31. Financial liabilities by category**

The accounting policies for financial instruments have been applied to the line items below:

**2018**

	Financial liabilities at amortised cost	Total
Loans from group companies	153,802,120	153,802,120
Finance lease liabilities	12,589,612	12,589,612
Trade and other payables	60,512,832	60,512,832
	<b>226,904,564</b>	<b>226,904,564</b>

**2017**

	Financial liabilities at amortised cost	Total
Loans from group companies	92,141,018	92,141,018
Finance lease liabilities	7,100,212	7,100,212
Trade and other payables	8,486,821	8,486,821
Bank overdraft	10,793	10,793
	<b>107,738,844</b>	<b>107,738,844</b>

**32. Going concern**

We draw attention to the fact that at 31 October 2018, the company had accumulated losses of R76,502,068 and that the company's total liabilities exceed its assets by R76,501,968.

SAFE Farm Ventures Proprietary Limited has reviewed these annual financial statements and undertook to provide such additional working capital and long-term finance as necessary to enable the company to trade at its current level of activity. SAFE Farm Ventures Proprietary Limited has subordinated their loan to SAFE Commercial Proprietary Limited (refer to note 8) in favour of other creditors until such time that the fair value of the assets of SAFE Commercial Proprietary Limited exceed the liabilities. As of 1 November 2017 SAFE Farm Ventures Proprietary Limited will take over the loan including the terms of the subordination agreement in place.

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**SAFE Commercial Proprietary Limited**  
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**Annual Financial Statements for the year ended 31 October 2018**  
**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
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**32. Going concern (continued)**

Material event affecting going concern:

The company leases fruit farms in the Northern and Western Cape, whose production output is being negatively impacted by adverse weather conditions. The Western Cape is, for example, in year three of a severe and unprecedented drought. The company has pro-actively addressed the challenges by inter alia managing water use within the revised water directives, ensuring crop preparation based on water availability, arranging for the landlord to drill further boreholes and stopping any further expansion.

While the efforts of management are mitigating losses as best as can be expected in the circumstances, satisfactory rain is the only solution. Should the drought worsen or persist there is a high probability that farming yields will be materially impacted for a few years. Even if rainfall quantities return to normal the vineyards and orchards themselves will take time to be re-established to their pre-drought condition. At the moment, the financial impact cannot be accurately assessed or quantified.

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly these annual financial statements have been prepared on a going concern basis.

The director satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new event, other than disclosed below, that would adversely impact the company. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

**33. Events after the reporting period**

The director is not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the company or the results of operations to the date of this report.

**34. Fair value information**

**Fair value hierarchy**

When measuring the fair value of an asset, the company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

**Levels of fair value measurements**

**Level 3**

<b>Biological assets</b>	6		
Consumable biological assets - crop		32,284,734	61,898,558
<b>Available for sale financial assets</b>	4		
Unlisted shares		25,000	-
<b>Total</b>		<b>32,309,734</b>	<b>61,898,558</b>

The following table shows a breakdown of the total gains/(losses) recognised in respect of the fair value of Level 3 instruments.

<b>Gains included in profit or loss</b>		
- Change in fair value (realised)	53,796,037	59,170,474
- Change in fair value (unrealised)	32,284,734	61,898,558

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**SAFE Commercial Proprietary Limited**  
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**Annual Financial Statements for the year ended 31 October 2018**  
**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
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**34. Fair value information (continued)**

**Information about valuation techniques and inputs used to derive level 3 fair values**

**Consumable biological assets - crop**

Valuation techniques and key inputs:

Current estimated market prices for the following season, less the estimated costs of harvesting, transport, packing and point of sale costs.

Significant unobservable inputs:

Estimated price, yield and costs are subject to fluctuation and change. Price is not based on published or quoted market prices or commodity listings.

Relationships of unobservable inputs for fair value:

In arriving at a fair value, the estimated price is applied against the expected area to harvest, together with the estimated yield and the average maturity of the crop.

Refer to management's estimates and key assumptions for valuation assumptions of biological assets (as noted in note 6). The impact of a 1% change, regarding the assumptions used, on biological crop will have the following effect on pre-tax profit or loss:

Change in price of agricultural produce	520,798	1,089,221
Change in yield per hectare in agricultural produce	300,204	765,004
Change in cost of harvesting of agricultural produce	-	165,701
Change in estimated point of sale costs	197,951	304,534

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**SAFE Commercial Proprietary Limited**  
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**Annual Financial Statements for the year ended 31 October 2018**  
**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
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### 35. New Standards and Interpretations

#### 35.1 Standards and Interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
• Amendments to IAS 7: Disclosure Initiative	01 January 2017	Not material
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	Not material

#### 35.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 November 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact
• IFRS 16 Leases	01 January 2019	Material however impact is yet to be quantified
• IFRS 9 Financial Instruments	01 January 2018	Material however impact is yet to be quantified
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Material however impact is yet to be quantified
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	Material however impact is yet to be quantified

The director of the company anticipate that the application of these new and amended standards in future may not have a material impact on the amounts reported and disclosures made in the annual financial statements. However, it is not practicable to provide a reasonable estimate of the effect until the company performs a detailed review.

**SAFE Commercial Proprietary Limited**  
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**Annual Financial Statements for the year ended 31 October 2018**  
**Detailed Income Statement**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Sale of goods in agricultural activities		81,560,052	102,307,236
Miscellaneous other revenue		1,484,594	6,725,505
Gain arising from changes attributable to physical and price changes to biological assets		24,182,213	80,325,729
	15	<b>107,226,859</b>	<b>189,358,470</b>
<b>Cost of sales</b>			
Opening stock		(1,262,596)	(1,459,911)
Purchases		(108,371,258)	(54,721,398)
Employee costs		(36,537,238)	(34,222,255)
Closing stock		4,164,801	1,262,596
Cost of sales for agricultural activities		-	(59,170,474)
	16	<b>(142,006,291)</b>	<b>(148,311,442)</b>
		<b>(34,779,432)</b>	<b>41,047,028</b>
<b>Gross (loss)/profit</b>			
<b>Other operating income</b>			
Rental income		10,500	55,000
Other recoveries		395,290	-
Sundry income		980,654	-
Insurance claims received		69,585	24,712
Rebates received		4,665,616	4,164,653
Other income		8,266	-
	17	<b>6,129,911</b>	<b>4,244,365</b>
<b>Other operating gains</b>			
(Losses)/gains on disposal of assets		(1,417)	13,965
Foreign exchange gains		622,646	-
	18	<b>621,229</b>	<b>13,965</b>
<b>Expenses (Refer to page 42)</b>			
		<b>(52,242,540)</b>	<b>(42,940,029)</b>
<b>Operating (loss)/profit</b>			
	19	<b>(80,270,832)</b>	<b>2,365,329</b>
Investment income	20	55,658	127,394
Finance costs	21	(14,710,549)	(1,923,248)
<b>(Loss)/profit before taxation</b>			
		<b>(94,926,723)</b>	<b>569,475</b>
Taxation	22	26,013,774	(82,049)
<b>(Loss)/profit for the year</b>			
		<b>(68,911,949)</b>	<b>487,426</b>

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**SAFE Commercial Proprietary Limited**  
**(Registration number 2008/024851/07)**  
**Annual Financial Statements for the year ended 31 October 2018**  
**Detailed Income Statement**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2018</b>	<b>2017</b>
<b>Other operating expenses</b>			
Administration and management fees		(5,974,283)	(5,241,219)
Advertising		-	(2,155)
Bank charges		(84,146)	(183,138)
Cleaning		-	(7,413)
Consulting and professional fees		(338,769)	(254,478)
Depreciation		(3,987,394)	(3,226,571)
Donations		(500)	(3,504)
Entertainment		(4,834)	(7,002)
Fines and penalties		-	(4,757)
Insurance		(1,109,388)	(825,001)
Lease rentals on operating lease		(34,821,750)	(28,458,803)
Legal fees		(37,338)	(9,430)
Postage		(20,950)	(14,091)
Printing and stationery		(88,516)	(76,049)
Professional fees (audit, tax, secretarial and accounting)	19	(298,325)	(271,971)
Rates and taxes		(173,645)	(192,367)
Rental recovery costs		-	(14,207)
Repairs and maintenance		(4,180,805)	(3,705,927)
Security		(63,006)	(125,731)
Service Fees - Administration		(2,574)	-
Service Fees - IT		(21,668)	-
Service Fees - Services Rendered		(53,715)	-
Small assets		(333,719)	-
Staff welfare		(21,211)	(41,580)
Subscriptions		(185,168)	(171,417)
Telephone and fax		(221,763)	(45,961)
Training		(144,211)	(38,767)
Travel and accommodation		(74,862)	(18,490)
		<b>(62,242,540)</b>	<b>(42,940,029)</b>

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**SAFE COMMERCIAL  
FINANCIAL PERFORMANCE OVERVIEW**

(Draft)

**Year-To-Date**  
For the period ending 31 October 2019

Actual	Marketing	Farming	Packhouses	Overheads	Fruit Accounts	Prelim Total	Adjustments	Adjusted Total
Turnover	-	172,528,728	14,171,695	6,823,025	-	193,523,448	-	193,523,448
Cost of sales	-	(184,354,617)	(11,148,128)	(6,823,025)	-	(202,325,770)	-	(202,325,770)
<b>Gross profit</b>	-	<b>(11,825,889)</b>	<b>3,023,567</b>	<b>0</b>	-	<b>(8,802,322)</b>	-	<b>(8,802,322)</b>
Other income	-	23,777,846	(475,542)	7,746,806	-	31,049,111	-	31,049,111
Administration	-	(54,320,926)	(2,679,660)	(2,292,975)	-	(59,293,562)	-	(59,293,562)
Forex	-	-	-	-	-	-	-	-
<b>EBITDA</b>	-	<b>(42,388,989)</b>	<b>(131,635)</b>	<b>5,453,831</b>	-	<b>(37,046,773)</b>	-	<b>(37,046,773)</b>
Depreciation	-	(6,721,522)	(570,032)	-	-	(7,291,553)	-	(7,291,553)
<b>Operating profit</b>	-	<b>(49,090,481)</b>	<b>(701,666)</b>	<b>5,453,831</b>	-	<b>(44,338,327)</b>	-	<b>(44,338,327)</b>
Interest received	-	149,443	739,053	57,782	-	946,278	-	946,278
Finance charges	-	(20,854,990)	(61,387)	(5,394)	-	(20,921,681)	-	(20,921,681)
<b>Profit/(Loss) before taxation</b>	-	<b>(69,796,038)</b>	<b>(24,000)</b>	<b>5,506,309</b>	-	<b>(64,313,729)</b>	-	<b>(64,313,729)</b>

"QS 11"

**Safe Commercial Proprietary Limited**  
**Balance sheet**

	<i>DRAFT</i> 31-Oct-18 ZAR	<i>DRAFT</i> 31-Oct-19 ZAR	
<b>Assets</b>			
<b>Non current assets</b>	<b>70,186,355</b>	<b>118,525,373</b>	
Property, plant and equipment	36,414,574	39,680,834	
Loans to group companies	-	45,072,759	SFP3
Other financial assets	25,000	25,000	
Deferred Tax	33,746,781	33,746,781	
<b>Current assets</b>	<b>83,810,333</b>	<b>68,313,530</b>	
Biologicals	32,284,734	40,976,529	
Loans to group companies	1,142,128	-	
Loans to Bono	-	1,719	SFP4
Trade and other receivables	46,179,224	19,672,352	SFP1
Inventories	4,164,801	6,761,370	
Cash and cash equivalents	39,446	901,561	
<b>Total assets</b>	<b>153,996,688</b>	<b>186,838,903</b>	
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>(76,501,968)</b>	<b>(140,815,700)</b>	
Share capital	100	100	
Retained Income / Accumulated loss	(76,502,068)	(140,815,800)	
<b>Non-current liabilities</b>	<b>162,277,725</b>	<b>215,589,769</b>	
Loans from group companies	153,802,120	209,324,562	SFP5
Finance lease liabilities	8,475,605	6,265,207	
<b>Current liabilities</b>	<b>68,220,931</b>	<b>112,064,835</b>	
Trade and other payables	62,845,706	106,812,433	SFP2
Finance lease liabilities	4,114,007	3,918,252	
Provisions	1,261,218	1,534,150	
<b>Total liabilities</b>	<b>230,498,656</b>	<b>327,654,604</b>	
<b>Total equity and liabilities</b>	<b>153,996,688</b>	<b>186,838,903</b>	

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**BALANCE SHEET**  
 As at 31 October 2019

**1 TRADE AND OTHER RECEIVABLES**

	Trade debtors	Trade creditors (in debit) e.g. prepayments, timing differences	Accruals	VAT + Diesel rebates	Deposits & other	Total
Safe Commercial	598,094	282,245	14,309,472	670,249	3,812,292	19,672,352 SFP1
	<b>598,094</b>	<b>282,245</b>	<b>14,309,472</b>	-	<b>3,812,292</b>	<b>19,672,352</b>
		N1				

**TRADE AND OTHER PAYABLES**

	Trade creditors	Trade debtors (in credit) e.g. prepayments, timing differences	Accruals	WCA Compensation	Deposits & Other	UFF balances	Total
Safe Commercial	(28,652,395)	-	(19,841,940)	(2,977,175)	-	(55,140,923)	(106,612,433) SFP2
	<b>(28,652,395)</b>	-	<b>(19,841,940)</b>	<b>(2,977,175)</b>	-	-	<b>(106,612,433)</b>
		N1					

**N1 Reconciliation to age analysis**

Trade creditors	(28,652,395)
Trade creditors (in debit)	282,245
UFF credit balances	(53,858,815)
	<b>(82,228,964)</b>

As per creditors age analysis

**2 GROUP LOANS**

	Finalised	Unfinalised	Net
Fanchon	45,072,759	-	45,072,759 SFP3
Bono	-	1,719	1,719 SFP4
Safe Farm Ventures	(242,766,294)	33,441,733	(209,324,562) SFP5
	<b>(197,693,536)</b>	<b>33,443,452</b>	<b>(164,250,084)</b>

"QS 12"

**SAFE COMMERCIAL  
FINANCIAL PERFORMANCE OVERVIEW**

(Draft)

**Year-To-Date**  
For the period ending 31 October 2020

Actual	Marketing	Farming	Packhouses	Overheads	Fruit Accounts	Prelim Total	Adjustments	Adjusted Total
Turnover	-	200,074,484	15,384,576	-	10,690,794	226,159,853	(10,690,794)	215,469,059
Cost of sales	-	(165,913,019)	(12,627,295)	(0)	(10,690,794)	(189,231,107)	10,690,794	(178,540,314)
<b>Gross profit</b>	-	<b>34,161,475</b>	<b>2,767,281</b>	<b>(0)</b>	-	<b>36,928,756</b>	-	<b>36,928,756</b>
Other income	-	16,115,550	-	615,341	275,131	17,006,023	(275,131)	16,730,891
Administration	-	(87,418,098)	(2,459,812)	(998,934)	(73,913)	(90,950,857)	73,913	(90,876,744)
Forex	-	-	-	-	-	-	-	-
<b>EBITDA</b>	-	<b>(37,141,072)</b>	<b>307,469</b>	<b>(383,493)</b>	<b>201,218</b>	<b>(37,015,878)</b>	<b>(201,218)</b>	<b>(37,217,096)</b>
Depreciation	-	(8,195,678)	(359,283)	-	-	(8,554,961)	-	(8,554,961)
<b>Operating profit</b>	-	<b>(45,336,750)</b>	<b>(51,814)</b>	<b>(383,493)</b>	<b>201,218</b>	<b>(45,570,839)</b>	<b>(201,218)</b>	<b>(45,772,057)</b>
Interest received	-	53,160	-	1,245	-	54,405	-	54,405
Finance charges	-	(16,102,711)	(6,781)	(7,944)	(201,218)	(18,317,759)	201,218	(18,116,539)
<b>Profit/(Loss) before taxation</b>	-	<b>(61,386,300)</b>	<b>(58,595)</b>	<b>(389,292)</b>	-	<b>(61,834,187)</b>	-	<b>(61,834,187)</b>

**Safe Commercial Proprietary Limited**  
**Balance sheet**

	<i>DRAFT</i> 31-Oct-19 ZAR	<i>DRAFT</i> 31-Oct-20	
<b>Assets</b>			
<b>Non current assets</b>	<b>118,525,373</b>	<b>109,790,974</b>	
Property, plant and equipment	39,680,834	31,838,026	
Loans to group companies	45,072,759	44,181,168	SFP3
Other financial assets	25,000	25,000	
Deferred Tax	33,746,781	33,746,781	
<b>Current assets</b>	<b>68,313,530</b>	<b>68,564,853</b>	
Biologicals	40,976,529	40,976,529	
Loans to Bono	1,719	-	
Trade and other receivables	19,672,352	23,450,359	SFP1
Inventories	6,761,370	4,054,820	
Cash and cash equivalents	901,561	83,145	
<b>Total assets</b>	<b>186,838,903</b>	<b>178,355,827</b>	
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>(140,815,700)</b>	<b>(202,649,888)</b>	
Share capital	100	100	
Retained Income / Accumulated loss	(140,815,800)	(202,649,988)	
<b>Non-current liabilities</b>	<b>215,589,769</b>	<b>180,808,292</b>	
Loans from group companies	209,324,562	177,770,284	SFP4
Finance lease liabilities	6,265,207	3,038,008	
<b>Current liabilities</b>	<b>112,064,835</b>	<b>200,197,423</b>	
Trade and other payables	106,612,433	193,902,251	SFP2
Loans from Subsidiaries / group	-	1,233,281	SFP5
Finance lease liabilities	3,918,252	3,376,075	
Provisions	1,534,150	1,685,816	
<b>Total liabilities</b>	<b>327,654,604</b>	<b>381,005,715</b>	
<b>Total equity and liabilities</b>	<b>186,838,903</b>	<b>178,355,827</b>	



**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**BALANCE SHEET**  
 As at 31 October 2020

**1 TRADE AND OTHER RECEIVABLES**

	Trade debtors	Trade creditors (in debit) e.g. prepayments, timing differences	Accruals	VAT + Diesel rebates	Deposits & other	Total
Safe Commercial	147,833	372,577	8,763,808	10,278,671	3,987,471	23,460,359
	<b>147,833</b>	<b>372,577</b>	<b>8,763,808</b>	-	<b>3,987,471</b>	<b>23,460,359</b>

N1

**TRADE AND OTHER PAYABLES**

	Trade creditors	Trade debtors (in credit) e.g. prepayments, timing differences	Accruals	WCA Compensation	UFF balances	Total
Safe Commercial	(28,011,113)	(163,971)	(19,336,060)	(4,145,438)	(142,245,669)	(193,902,251)
	<b>(28,011,113)</b>	<b>(163,971)</b>	<b>(19,336,060)</b>	<b>(4,145,438)</b>	-	<b>(193,902,251)</b>

N1

**N1 Reconciliation to age analysis**

Trade creditors	(28,011,113)
Trade creditors (in debit)	372,577
UFF credit balances	(146,586,358)
	<b>(174,224,894)</b>

As per creditors age analysis

**2 GROUP LOANS**

	Finalised	Unfinalised	Net
Fanchon	44,181,168	-	44,181,168
Safe Farm Ventures	(181,364,093)	3,593,809	(177,770,284)
Bona	(1,233,281)	-	(1,233,281)
	<b>(138,416,207)</b>	<b>3,593,809</b>	<b>(134,822,398)</b>

"QS 13"

**SAFE COMMERCIAL  
FINANCIAL PERFORMANCE OVERVIEW**

**Year-To-Date**  
For the period ending 31 January 2021

Actual	Marketing	Farming	Packhouses	Overheads	Fruit Accounts	Prelim Total	Adjustments	Adjusted Total
Turnover	5,081,115	39,348,252	-	-	-	44,429,367	-	44,429,367
Cost of sales	-	(33,147,013)	(488,573)	-	-	(33,635,586)	-	(33,635,586)
Gross profit	5,081,115	6,201,239	(488,573)	-	-	10,793,781	-	10,793,781
Other income	(429,092)	208,469	-	133,995	-	(86,627)	429,092	342,464
Administration:	(1,058,250)	(13,347,421)	(849,054)	(225,905)	-	(15,280,660)	(429,092)	(15,709,751)
Forex	-	-	-	(2,583)	-	(2,583)	-	(2,583)
EBITDA	3,593,773	(6,937,712)	(1,137,657)	(94,493)	-	(4,576,089)	-	(4,576,089)
Depreciation	-	(1,473,280)	(84,854)	-	-	(1,558,144)	-	(1,558,144)
Operating profit	3,593,773	(8,410,992)	(1,222,521)	(84,493)	-	(6,134,234)	-	(6,134,234)
Interest received	-	0	-	253	-	254	-	254
Finance charges	-	503,921	(921)	(426)	-	502,574	-	502,574
Profit/(Loss) before taxation	3,593,773	(7,907,071)	(1,223,442)	(94,566)	-	(5,631,406)	-	(5,631,406)

**Safe Commercial Proprietary Limited**  
**Balance sheet**

	<i>DRAFT</i> 31-Oct-20	<i>DRAFT</i> 31-Jan-21	
<b>Assets</b>			
<b>Non current assets</b>	<b>109,790,974</b>	<b>107,900,276</b>	
Property, plant and equipment	31,838,026	30,307,508	
Loans to group companies	44,181,168	43,820,988	SFP3
Other financial assets	25,000	25,000	
Deferred Tax	33,746,781	33,746,781	
<b>Current assets</b>	<b>68,564,853</b>	<b>71,293,403</b>	
Biologicals	40,976,529	40,976,529	
Loans to Bono	-	71,842	SFP4
Trade and other receivables	23,450,359	24,404,240	SFP1
Inventories	4,054,820	5,785,541	
Cash and cash equivalents	83,145	55,251	
<b>Total assets</b>	<b>178,355,827</b>	<b>179,193,680</b>	
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>(202,649,888)</b>	<b>(208,285,293)</b>	
Share capital	100	100	
Retained Income / Accumulated loss	(202,649,988)	(208,285,393)	
<b>Non-current liabilities</b>	<b>180,808,292</b>	<b>172,309,332</b>	
Loans from group companies	177,770,284	170,062,588	SFP5
Finance lease liabilities	3,038,008	2,246,744	
<b>Current liabilities</b>	<b>200,197,423</b>	<b>215,169,641</b>	
Trade and other payables	193,902,251	209,863,141	SFP2
Loans from Subsidiaries / group	1,233,281	-	
Finance lease liabilities	3,376,075	3,261,064	
Provisions	1,685,816	2,045,436	
<b>Total liabilities</b>	<b>381,005,715</b>	<b>387,478,973</b>	
<b>Total equity and liabilities</b>	<b>178,355,827</b>	<b>179,193,680</b>	

**SAFE COMMERCIAL PROPRIETARY LIMITED**  
**BALANCE SHEET**

As at 31 January 2021

**1 TRADE AND OTHER RECEIVABLES**

	Trade debtors (in debit) e.g. prepayments, timing differences	Accruals	VAT + Diesel rebates	Deposits & other	Total
Safe Commercial	147,833	8,763,808	11,128,069	3,906,702	24,404,240
	<b>147,833</b>	<b>8,763,808</b>	<b>11,128,069</b>	<b>3,906,702</b>	<b>24,404,240</b>
					SFP1
					N1

**TRADE AND OTHER PAYABLES**

	Trade debtors (in credit) e.g. prepayments, timing differences	Accruals	WCA Compensation	Deposits & Other	UFF balances	Total
Safe Commercial	(31,135,852)	(20,375,062)	(4,470,901)	-	(153,714,616)	(209,863,141)
	<b>(31,135,852)</b>	<b>(20,375,062)</b>	<b>(4,470,901)</b>	<b>-</b>	<b>(153,714,616)</b>	<b>(209,863,141)</b>
						SFP2
						N1

N1

**Reconciliation to age analysis**

Trade creditors	(31,135,852)
Trade creditors (in debit)	457,828
UFF credit balances	(158,183,046)
	<b>(189,861,070)</b> As per creditors age analysis

**2 GROUP LOANS**

	Finalised	Unfinalised	Net
Fanchon	43,820,988	-	43,820,988
Bono	-	71,842	71,842
Safe Farm Ventures	(218,013,922)	47,951,334	(170,062,588)
	<b>(174,192,935)</b>	<b>48,023,176</b>	<b>(126,169,759)</b>
			SFP3
			SFP4
			SFP5



**GILLAN & VELDUIZEN** INC  
LAW FIRM

**WALKERS INC  
BELINDA VAN DER VYVER**

**PER EMAIL: belindav@walkers.law**

Your reference

Our reference

Date

SAF2/0001

14 April 2021

Dear Madam,

**RE: SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE)**

We refer you to the above matter and confirm that we act on behalf of Safe Commercial (Pty) Ltd [In Business Rescue] ("the Company").

We are instructed to advise you that the Company commenced Business Rescue proceedings on 8 April 2021. Find attached hereto endorsement letters issued by the CIPC confirming the commencement of business rescue proceedings as well as the appointment of the joint business rescue practitioners, marked Annexure "A" and "B".

Our instructions are that you the attorneys of record for Royal Dawn Farming (Pty) Ltd and Matlotlo Trading 27 (Pty) Ltd ("your clients") who have pending litigation against the Company in the Western Cape Division of the High Court, namely the following matters:

1. ROYAL DAWN FARMING (PTY) LTD // SAFE COMMERCIAL (PTY) LTD (4341/21);

*Any advice contained in this correspondence is provided solely to the G&V Inc client and no third party may rely on such advice. G&V Inc takes no responsibility for any action taken by the third party pursuant hereto.*

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PHONE

PHYSICAL

ONLINE

Corporate and Commercial Specialists – Commercial Litigation – Insolvency – Property & Conveyancing – Shipping & Maritime Litigation – Business Rescue Proceedings

Directors: Peter-John Conway Veldhuizen B Proc (Unisa) Cert. Tax (Unisa) LL.M (UCT) MBA (Unisa) Adv. Corp Law & Securities | Joan MacMillan Beech Gillan BA LLB (UCT)

Senior Associates: Kayley Leventon LLB (Unisa) | Micaële van Heerden BA LLB (Stell)

Associates: Katherine Timoney BA LLB LL.M (UCT) | Stephan Haynes Bcom LLB (Stell)

Candidate Attorney: Alex Townsend BA (UCT) LLB (Unisa)

Conveyancing Secretary: Colleen Saks | Consultants: Abigail Reynolds, Charles Martins, Mickey Theunissen

Member: Legal Practice Council, Southern Suburbs Attorneys Association, The South African Restructuring and Insolvency Practitioners Association & The Corporate Lawyers Association of South Africa

2. ROYAL DAWN FARMING (PTY) LTD // SAFE COMMERCIAL (PTY) LTD (4278/21);
3. MATLOTLO TRADING 27 (PTY) LTD // SAFE COMMERCIAL (PTY) LTD & ANOTHER (4277/21).

We draw your attention to the general moratorium on legal proceedings against a company in business rescue as provided for in terms of Section 133 of the Companies Act 71 of 2008. The moratorium in respect of the Company came into effect on 8 April 2021 and as such we advise that the aforementioned legal proceedings cannot proceed unless the exceptions provided for in the Act are met. We can confirm that at this stage the business rescue practitioners will not provide consent for the matters to proceed. They are newly appointed and need to come to grips with all of the complexities involved.

Accordingly, we advise that the timelines in the respective matters will in all likelihood not be adhered to and we ask that you inform the appropriate registrars in due course so as to not waste the Court's time.

Notwithstanding the moratorium, we envisage that the proceedings between the Company and your clients can be settled through the course of the business rescue proceedings.

We trust that you will find the above in order and that you guide your clients accordingly.

Yours faithfully

**GILLAN & VELDHUIZEN INC.**

sent electronically, therefore unsigned

PJ VELDHUIZEN  
[pj@gvinc.co.za](mailto:pj@gvinc.co.za)

Handwritten signature and initials in the bottom right corner of the page.

"A"

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**Companies and Intellectual  
Property Commission**  
a member of the dti group

Tracking Number: 112054089

Date: 09/04/2021

Customer name: **STEPHAN JOHAN HAYNES**

Customer code: **ST0760**

E-mail address: **stephan@gvinc.co.za**

The Commission has received a form CoR123.1 Notice to Commence Business Rescue Proceedings in terms of section 129 or court order commencing business rescue proceedings in terms of section 131 of the Companies Act, 71 of 2008, dated 09/04/2021 for:

Company / Close Corporation Name: **SAFE COMMERCIAL (PTY) LTD**

Registration Number: **2008/024851/07**

Company / Close Corporation Status: **IN BUSINESS RESCUES**

The application was duly registered on **08/04/2021** and the effective date of commencement of business rescue proceedings is recorded as **08/04/2021**.

Yours sincerely,

**Joel Mphahlele**

**Manager: Companies and Close Corporations**

ISO 9001: 2008 Certified

The dti Campus (Block F - Entfufukweni), 77 Meintjies Street, Sunnyside, Pretoria | P O Box 429, Pretoria. 0001

Call Centre: 086 100 2472

Email: [RVoller@cipc.co.za](mailto:RVoller@cipc.co.za) Website: [www.cipc.co.za](http://www.cipc.co.za)

"B"



Companies and Intellectual  
Property Commission  
a member of the dtic group

Dear Sir / Madam,

Hope this e-mail finds you well.

CIPC hereby endorse the notice of appointment for the BRP's, Mr. Stephen Malcolm Gore and Mr. Trevor Phillip Glaum please find attached the Notice Confirmation letter above.

Kindly note that the Notice of Appointments and Acceptance Letters were received on 08<sup>th</sup> April 2021 for Safe Commercial (Pty) Ltd (2008/024851/07)

Kind Regards,

**Ms. K. Masemola**

**Business Rescue and Financial Assurance Practitioners Unit**

**[E. kmasebola@cipc.co.za](mailto:kmasebola@cipc.co.za)**



# WALKERS

est 1828

attorneys | conveyancers | notaries

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PO Box 254 Cape Town 8000 South Africa  
Docex 31 Cape Town  
Telephone 021 464 1400  
International +27 21 464 1400  
website: www.walkers.law

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"FA.6"

Gillan & Veldhuizen Inc.

Email: [stephan@qvinc.co.za](mailto:stephan@qvinc.co.za);  
[pi@qvinc.co.za](mailto:pi@qvinc.co.za)

Our reference  
Account number  
Direct line  
Direct email  
Your reference

Date

Belinda van der Vyver  
W43310  
021 464-1483  
[belindav@walkers.law](mailto:belindav@walkers.law)  
PJ Veldhuizen/S Haynes

14 April 2021

Dear Sirs

**RE: MATLOTLO TRADING 27 (PTY) LTD ("Matlotlo Trading") AND ROYAL DAWN (PTY) LTD ("Royal Dawn") : SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 We refer to your letter to Walkers Inc. dated 14 April 2021 with reference SAF2/0001.
- 2 Walkers, acting on behalf of and on the instructions of, respectively, Royal Dawn and Matlotlo Trading, addresses this letter to Gillan & Veldhuizen Inc., acting on behalf of Safe Commercial.
- 3 In terms of section 129(3) of the Companies Act 71 of 2008, within five business days after a company has adopted and filed a resolution that the company voluntarily begins business rescue proceedings, amongst other matters, the company must publish a notice of the resolution, to every affected person, including with the notice a sworn statement of the facts relevant to the grounds on which the board resolution was founded. Kindly email that Safe Commercial sworn statement to Walkers.
- 4 Walkers acts on behalf of Matlotlo Trading in the action *Matlotlo Trading v Safe Commercial and Safe Farm Ventures (4277/2021)* (WCC). Matlotlo Trading accepts that the general moratorium on legal proceedings against a company during business rescue proceedings, as set out in section 133 of the Companies Act, will apply in respect of Safe Commercial regarding this action. However, the action against Safe Farm Ventures (Pty) Ltd will be unaffected by such business rescue proceedings.

DIRECTORS Gunnar Dahl BA LLB (Chairman) Taryn Herbert B Bus Sci LLB Amien Hoosain BA LLB Roxanne Ker BA LLB  
Juna Phillips BProc Belinda van der Vyver BA LLB LLM Jerome Veldsman B Com LLB

CONSULTANTS John Lee BA LLB Denis Lloyd BA LLB Charl Theron BA LLB

ASSOCIATES Kara Fischer BA LLB Lerissa Rooptal LLB Natasha Louw LLB

PRACTICE MANAGER Zenobia de Kock Bcompt

Walkers Inc. registration number 1997/011662/21



- 5 Walkers acts on behalf of Royal Dawn in the action *Royal Dawn v Safe Commercial* (4278/2021) (WCC). Royal Dawn accepts that the general moratorium on legal proceedings against a company during business rescue proceedings, as set out in section 133 of the Companies Act, will apply in respect of Safe Commercial regarding this action.
- 6 Walkers acts on behalf of Royal Dawn in the urgent application *Royal Dawn v Safe Commercial* (4341/2021) (WCC) (the "**Urgent Application**"). Royal Dawn is the lawful owner of the Marble Hall Farms,<sup>1</sup> and the Marble Hall Farms never belonged to Safe Commercial. Royal Dawn has lawfully cancelled the lease agreement under which Safe Commercial leased the Marble Hall Farms, and Safe Commercial is no longer in lawful possession of the Marble Hall Farms. Royal Dawn is of the opinion that the general moratorium on legal proceedings against a company during business rescue proceedings, as set out in section 133 of the Companies Act, will not apply in respect of Safe Commercial regarding the Urgent Application.
- 7 Walkers would be surprised if decisions such as the following were not familiar to Gillan & Veldhuizen:
- 7.1 *Kythera Court v Le Rendez-Vous Cafe CC* 2016 (6) SA 63 (GJ)
- 7.2 *JVJ Logistics (Pty) Ltd v Standard Bank of South Africa Ltd and Others* 2016 (6) SA 448 (KZD)
- 7.3 *Southern Value Consortium v Tresso Trading 102 (Pty) Ltd and Others* 2016 (6) SA 501 (WCC)
- 7.4 *Acacia Leasing (Pty) Ltd v JP Krugerrand Deals CC* 2019 JDR 1056 (GJ)
- 8 Since *Timasani (Pty) Ltd (in business rescue) and Another v Afrimat Iron Ore (Pty) Ltd* (91/2020) [2021] ZASCA 43 (13 April 2021), there is no room for doubt:

[31] ... Afrimat contends that s 133(1) is inapplicable because the deposit does not belong to Timasani and it is in unlawful possession thereof. The plain language of the words, 'no legal proceedings in relation to any property belonging to the company or lawfully in its possession may be commenced or proceeded with', limits the reach of the moratorium and renders it inapplicable to legal proceedings in relation to property belonging to an entity other than the company in business rescue, or property unlawfully possessed by the company. Property 'belonging to the company' in s 133(1), sensibly construed, can only mean property belonging in a legally valid sense, such as property owned by the company, which in s 133(1) is expressly distinguished from property 'lawfully in its possession'. Common sense dictates

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<sup>1</sup> All persons concerned are familiar with the immovable properties to which this "farm" description refers; but for completeness, the Marble Hall Farms are fully described in *Annex 1* to the Notice of Motion in the Urgent Application.

that it could never have been intended that the restructuring of the affairs of a company during business rescue should prevent recovery of property not belonging to it or unlawfully in its possession.<sup>2</sup>

- 9 For greater certainty, Royal Dawn is proceeding with the Urgent Application.
- 10 Walkers has previously sent the Court order dated 18 March 2021 in the Urgent Application to Gillan & Veldhuizen. Royal Dawn requires of Safe Commercial duly and punctually to comply with its obligations under that Court order.
- 11 Kindly acknowledge receipt of this letter in writing.
- 12 Kindly further contact the writer or Jerome Veldsman (direct telephone: +27 (0)21 464 1470; email: jeromev@walkers.law) with regard to any enquiries.

Yours faithfully



**Belinda van der Vyver**  
Director  
**Walkers inc.**

---

<sup>2</sup> Footnotes have been omitted from this quotation from *Timasani*.



# WALKERS

est 1828

attorneys | conveyancers | notaries

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 website: www.walkers.law

Gillan &amp; Veldhuizen Inc.

Email: [stephan@gvinc.co.za](mailto:stephan@gvinc.co.za);  
[pj@gvinc.co.za](mailto:pj@gvinc.co.za)

Our reference  
 Account number  
 Direct line  
 Direct email  
 Your reference

Date

Belinda van der Vyver  
 W43310  
 021 464-1483  
[belindav@walkers.law](mailto:belindav@walkers.law)  
**PJ Veldhuizen/S Haynes**

14 April 2021

Dear Sirs

**RE: MATLOTLO TRADING 27 (PTY) LTD ("Matlotlo Trading") : SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 Walkers, acting on behalf of and on the instructions of Matlotlo Trading, addresses this letter to Gillan & Veldhuizen Inc., acting on behalf of Safe Commercial.
- 2 We refer to the written agreement (the "**Lease Agreement**") titled *Lease Agreement*, entered into between Matlotlo Trading (as lessor) and Safe Commercial (as lessee) on or about 4 August 2011, and concerning matters including Matlotlo Trading letting the Northern Cape Farms (refer to paragraph 3 below) to Safe Commercial.
- 3 The immovable properties constituting the "**Northern Cape Farms**" are described in *Annexure "A1"* of the Lease Agreement. A copy of that Annexure "A1" will accompany this letter.
- 4 We also refer to the letter from Matlotlo Trading to Safe Commercial dated 1 February 2021 and with the heading *MATLOTLO TRADING 27 (PTY) LTD / SAFE COMMERCIAL: LEASE AGREEMENT NOTICE TO REMEDY BREACH AND DIRECTIVE* (the "**Notice to Remedy**"). A copy of the Notice to Remedy will accompany this letter.

**DIRECTORS**

**Gunnar Dahl** BA LLB (Chairman) **Taryn Herbert** B Bus Sci LLB **Amien Hoosain** BA LLB **Roxanne Ker** BA LLB  
**Juna Phillips** BProc **Belinda van der Vyver** BA LLB LLM **Jerome Veldsman** B Com LLB

**CONSULTANTS**

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**PRACTICE MANAGER**

**Zenobia de Kock** Bcompt

Walkers Inc. registration number 1997/011662/21



- 5 In the Notice to Remedy, amongst other matters, Matlotlo Trading, as it was entitled to do under the Lease Agreement, issued the following directive to Safe Commercial:

***"Directive regarding timeous payment of wages***

*The Operator must immediately pay the wages due in respect of the period to 29 January 2021 to its employees on the Leased Farms, and must in future pay all wages due to such employees promptly as and when due."*

- 6 Insofar as Matlotlo Trading is aware, wages due to employees of Safe Commercial on the Northern Cape Farms fall due for payment tomorrow. Matlotlo Trading is concerned that if, as a consequence of Safe Commercial being placed under supervision, these employees are not paid tomorrow, the employees may cause damage, including to the improvements on the Northern Cape Farms.
- 7 Please inform by return email communication whether, or not, Safe Commercial will make payment of the wages due and payable to its employees on the Northern Cape Farms tomorrow. And if such wages are due and payable on a date in this month of April 2021 on a date later than tomorrow, please inform whether, or not, Safe Commercial will make payment of the wages due and payable to its employees on the Northern Cape Farms on that relevant due date.
- 8 Please treat this matter as exigent.

Yours faithfully



**Belinda van der Vyver**  
Director  
**Walkers Inc.**



## ANNEXURE "A1"

THE FARMS1. Onderstepoort

- 1.1 Portion 7 (Portion of Portion 3) of the Farm Narries Number 7, situated in the Siyanda District Municipality, Division Kenhardt, Province of the Northern Cape;  
Measuring: 553,1434ha (five five three comma one four three four hectares);  
Held by Deed of Transfer T20302/2010;
- 1.2 Remainder of Portion 3 of the Farm Narries Number 7, situated in the Siyanda District Municipality, Division Kenhardt, Province of the Northern Cape;  
Measuring: 553,1488ha (five five three comma one four eight eight hectares);  
Held by Deed of Transfer T20302/2010;
- 1.3 Portion 2 (Portion of Portion 1) of the Farm Narries Number 7, situated in the Siyanda District Municipality, Division Kenhardt, Province of the Northern Cape;  
Measuring: 16,4882ha (one six comma four eight eight two hectares);  
Held by Deed of Transfer T20301/2010;
- 1.4 Portion 6 (Portion of Portion 1) of the Farm Narries Number 7, situated in the Siyanda District Municipality, Division Kenhardt, Province of the Northern Cape;  
Measuring: 2,6799ha (two comma six seven nine nine hectares);  
Held by Deed of Transfer T20301/2010;
- 1.5 Portion 8 (Portion of Portion 3) of the Farm Narries Number 7, situated in the Siyanda District Municipality, Division Kenhardt, Province of the Northern Cape;

Measuring: 553,1420ha (five five three comma one four two zero hectares);

Held by Deed of Transfer T20303/2010;

- 1.6 Portion 2 (Portion of Portion 3) of the Farm Narries Number 7, situated in the Siyanda District Municipality, Division Kenhardt, Province of the Northern Cape;

Measuring: 553,1438ha (five five three comma one four three eight hectares);

Held by Deed of Transfer T20303/2010.

## 2. Nuweland Eiendomme

- 2.1 Erf 1859 (Portion of Erf 1177) Kakamas South Settlement, Kenhardt;

Measuring: 10,9598ha (ten comma nine five nine eight hectares);

Held by Deed of Transfer T1597/2005;

- 2.2 Erf 1345 (Portion of Erf 433) Kakamas South Settlement, Kenhardt;

Measuring: 1,0210ha (one comma zero two one zero hectares);

Held by Deed of Transfer T2976/2005;

- 2.3 Erf 2098, Kakamas South Settlement, Kenhardt;

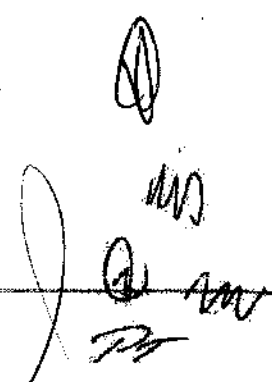
Measuring: 58,6821ha (five eight comma six eight two one hectares);

Held by Deed of Transfer T44687/1999;

- 2.4 Erf 2077, Kakamas South Settlement, Kenhardt;

Measuring: 6,5079ha (six comma five zero seven nine hectares);

Held by Deed of Transfer T98533/1998.



## 3. E Visser

Erf 1090, Kakamas South Settlement, Kenhardt;

Measuring: 6,3079ha (six comma five zero seven nine hectares);

Held by Deed of Transfer T31835/1986;

## 4. C L Visser

4.1 Erf 2147, Kakamas South Settlement, situated in the KallGarib Municipality, Division Kenhardt, Province of the Northern Cape;

Measuring: 18,2211ha (eight one comma two two one hectares);

Held by Deed of Transfer T19304/2000;

4.2 Erf 546, Kakamas South Settlement, situated in the KallGarib Municipality, Division Kenhardt, Province of the Northern Cape;

Measuring: 5,0863ha (five comma zero eight six three hectares);

Held by Deed of Transfer T77804/1995;

## 5. H C Visser

Erf 599, Kakamas South Settlement, Kenhardt;

Measuring: 5,0149ha (five comma zero one four nine hectares);

Held by Deed of Transfer T1475/1960.

## 6. SAFE Farms

Remainder of the Farm No. 386, situated in the KallGarib Municipality, Division of Kenhardt, Northern Cape Province;

Measuring: 754,1449ha (seven five four comma one four four nine hectares);

Held by Deed of Transfer T6622/2010 subject to the conditions contained therein.





MATLOTLO TRADING 27 (PTY) LTD

1 February 2021

The Director  
 Safe Commercial (Pty) Ltd  
 6th Floor, Hudson Building  
 Hudson Street  
 De Waterkant  
 Cape Town  
 8001

Email: [quentin@Safe.co.za](mailto:quentin@Safe.co.za)

Dear Quentin

**MATLOTLO TRADING 27 (PTY) LTD / SAFE COMMERCIAL: LEASE AGREEMENT  
 NOTICE TO REMEDY BREACH AND DIRECTIVE**

1. We direct this letter to you in your capacity as a director of Safe Commercial (Pty) Ltd ("**Safe Commercial**"), representing Safe Commercial.
2. During the course of our video-telephony conference on Saturday 30 January 2021, we were informed that Safe Commercial had not paid the wages that fell due for payment by Safe Commercial on Friday 29 January 2021 to its employees working on the Northern Cape farms (the "**Leased Farms**") that Safe Commercial hires from Matlotlo Trading (Pty) Ltd ("**Matlotlo Trading**").
3. We regard Safe Commercial's failure to pay the wages due to its employees on the Leased Farms as a material breach of Safe Commercial's obligations under the written lease agreement (the "**Lease Agreement**") between Safe Commercial and Matlotlo Trading. In particular –
  - 3.1. under clause 10.18.1 of the Lease Agreement, Safe Commercial has the obligation to conduct the Farming Activities on the Leased Farms in a diligent manner and to follow correct farming practice in general and also to follow the farming practice generally accepted in the district in which the Leased Farms are situated;
  - 3.2. the farming practice generally accepted in the district in which the Leased Farms are situated requires that farm operators pay the wages of their employees as and when due;

Matlotlo Trading 27 (Pty)Ltd  
 PO Box 6100  
 Roggebaai

Unit 201 Hudson Place  
 30 Hudson Street  
 Cape Town

Vat no: 4660238769  
 Registration no: 2005/014423/07  
 Tel: +27 21 421 2129

Directors: M.Van Wyk & S. Rambhai

- 3.3. under clause 10.21 of the Lease Agreement, Safe Commercial has the obligation to comply with the Worldbank/IFC performance standards;
- 3.4. Worldbank/IFC performance standard 2 (*Labor and Working Conditions*) requires that the basic rights of workers be protected, that workers be treated fairly and that national employment laws be complied with; and
- 3.5. Safe Commercial's conduct in failing to pay the wages due to its employees on the Leased Farms does not comply with Worldbank/IFC performance standard 2.
4. Matlotlo Trading hereby calls on Safe Commercial to remedy its breach of the terms of the Lease Agreement within 5 days of receipt hereof, failing which Matlotlo Trading will exercise such further legal remedies are available to it under clause 13 (*Breach*) of the Lease Agreement.
5. Without prejudice to the demand made in paragraph 4 above, Matlotlo Trading hereby issues, under clause 11.1 of the Lease Agreement, the following directive to Safe Commercial:

***Directive regarding timeous payment of wages***

*The Operator must immediately pay the wages due in respect of the period to 29 January 2021 to its employees on the Leased Farms, and must in future pay all wages due to such employees promptly as and when due.*

6. For good order, please acknowledge receipt of this letter in writing.

Yours sincerely



**Smital Rambhai**

Director

**Matlotlo Trading 27 (Pty) Ltd**

Registration Number: 2005/014423/07

Directors: Smital Rambhai and Miné van Wyk



# WALKERS

est 1828

attorneys | conveyancers | notaries

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Gillan &amp; Veldhuizen Inc.

Email: [stephan@gvinc.co.za](mailto:stephan@gvinc.co.za);  
[pj@gvinc.co.za](mailto:pj@gvinc.co.za)

Our reference  
 Account number  
 Direct line  
 Direct email  
 Your reference

Date

Belinda van der Vyver  
 W43310  
 021 464-1483  
[belindav@walkers.law](mailto:belindav@walkers.law)  
**PJ Veldhuizen/S Haynes**

16 April 2021

Dear Sirs

**RE: ROYAL DAWN (PTY) LTD ("Royal Dawn") : SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

1 Walkers, acting on behalf of and on the instructions of Royal Dawn, addresses this letter to Gillan & Veldhuizen Inc., acting on behalf of Safe Commercial.

## 2 SWORN STATEMENT

2.1 We refer to the sworn statement and the annexes thereto (the "**Sworn Statement**") deposed to by Mr Quentin Scott dated 8 April 2020 and attached to the email from Stephan Haynes to Belinda van der Vyver and PJ Veldhuizen, sent Thursday, 15 April 2021 10:04 AM, with the subject: RE: SAFE Commercial (Pty) Ltd (In Business Rescue).

2.2 Royal Dawn disputes and/or takes issue with averments in the Sworn Statement, for present purposes including specifically in paragraphs 2 and 6.2 of the Sworn Statement. Royal Dawn will provide particularity in such regard as and when the need to do so arises.

**DIRECTORS** Gunnar Dahl BA LLB (Chairman) Taryn Herbert B Bus Sci LLB Amien Hoosain BA LLB Roxanne Ker BA LLB  
 Juna Phillips BProc Belinda van der Vyver BA LLB LLM Jerome Veldsman B Com LLB  
**CONSULTANTS** John Lee BA LLB Denis Lloyd BA LLB Charl Theron BA LLB  
**ASSOCIATES** Kara Fischer BA LLB Lerissa Rooplal LLB Natasha Louw LLB  
**PRACTICE MANAGER** Zenobia de Kock Bcompt

Walkers Inc. registration number 1997/011662/21



### 3 UNLAWFUL OCCUPATION AND REMOVAL OF BIOLOGICAL ASSETS FROM THE MARBLE HALL FARMS AND OTHER MATTERS

- 3.1 We refer to paragraphs 21 and 22 of the founding affidavit (the "**Founding Affidavit**") deposed to by Smital Rambhai in the Urgent Application<sup>1</sup>.
- 3.2 Safe Commercial has despite the termination, by notice, of the New Lease Agreement<sup>2</sup>, remained in unlawful occupation of the Marble Hall Farms.
- 3.3 At present, the Mr Stephen Malcolm Gore and Mr Trevor Phillip Glaum (the "**Business Rescue Practitioners**") are intentionally or by gross negligence associating themselves with Safe Commercial's unlawful occupation of the Marble Hall Farms.
- 3.4 Royal Dawn has received report that Safe Commercial –
- 3.4.1 is harvesting and removing the 2021 citrus crop on the Marble Hall Farms, for its own account; and
- 3.4.2 is neglecting the urgently required pruning and other post-harvest steps in relation to the harvested orchards on the Marble Hall Farms.
- 3.5 Safe Commercial is at present unlawfully harvesting and removing the 2021 citrus crop on the Marble Hall Farms.
- 3.6 At present, the Business Rescue Practitioners are intentionally or by gross negligence associating themselves with Safe Commercial's unlawful and intentional appropriation of the 2021 citrus crop on the Marble Hall Farms.
- 3.7 The failure to carry out timeous pruning of the harvested orchards has a disastrous effect on the next season's crop. The trees become dormant, and it takes up to two growing seasons completely to reverse the effects of dormancy. It follows that Safe Commercial's failure timeously to carry out the required pruning of the harvested orchards is causing Royal Dawn to suffer substantial losses and/or damages that Safe Commercial is probably not in a financial position to make good.
- 3.8 At present, the Business Rescue Practitioners are intentionally or by gross negligence associating themselves with Safe Commercial's unlawful neglect of the urgently required pruning and other post-harvest steps in respect of the harvested orchards on the Marble Hall Farms.

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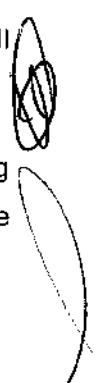
<sup>1</sup> As defined in *Letter to Gillan Veldhuizen 1*, dated 14 April 2021

<sup>2</sup> As defined in paragraph 136 of the Founding Affidavit



- 3.9 Royal Dawn hereby informs the Business Rescue Practitioners that Royal Dawn is investigating whether it can hold the Business Rescue Practitioners liable for damages and/or losses suffered by Royal Dawn as a result of the unlawful acts and omissions of Safe Commercial whilst under the oversight of the Business Rescue Practitioners.
- 3.10 Royal Dawn calls on the Business Rescue Practitioners to procure that –
- 3.10.1 Safe Commercial's opposition in the Urgent Application is immediately withdrawn; and
- 3.10.2 Safe Commercial vacates and hands back possession of the Marble Hall farms to Royal Dawn within 5 days of the date of this letter,
- (collectively, "**Departing**").
- 3.11 On Departing, Safe Commercial must hand back to Royal Dawn possession of the movable assets as described in Annex 2 to the Notice of Motion in the Urgent Application.
- 3.12 Royal Dawn anticipates that, on Departing, Royal Dawn, or a person nominated in writing by Royal Dawn, will offer employment to the persons currently employed by Safe Commercial (and perhaps of a company related to Safe Commercial) to work on the Marble Hall Farms.
- 3.13 Further, on Departing, Royal Dawn, or a person nominated in writing by Royal Dawn, offers in principle to Safe Commercial to hire the equipment and related movable assets that apparently belong to Safe Commercial and that are currently on the Marble Hall Farms on market related terms. If the Business Rescue Practitioners so request, we will send to you a draft for discussion purposes only lease of movables agreement.

#### 4 WINDING-UP APPLICATION

- 4.1 During the video telephony meeting yesterday, the Business Rescue Practitioners made it clear that if they conclude that there is no reasonable prospect for Safe Commercial to be rescued, they will immediately apply to the Court for an order discontinuing the business rescue proceedings and placing Safe Commercial into liquidation (the "**Business Rescue Practitioners' Application**").
- 4.2 Unless the Business Rescue Practitioners duly comply with Departing, Royal Dawn will have a substantial interest in the Business Rescue Practitioners' Application.
- 4.3 Royal Dawn hereby repeats its request to the Business Rescue Practitioners made during the video telephony meeting yesterday: should they launch the Business Rescue
- 

Practitioners' Application, Royal Dawn requests to be cited as a respondent, merely as an interested party.

- 4.4 If Royal Dawn is not so cited as a respondent, it will have to apply to the Court for an order for leave to intervene in the Business Rescue Practitioners' Application. There will be substantial costs involved in such an application for leave to intervene, and we anticipate a dispute in respect of who would be responsible to pay those costs.
- 4.5 Royal Dawn further requests the Business Rescue Practitioners, should they launch the Business Rescue Practitioners' Application, in respect of the date for hearing of that application, to allow Royal Dawn sufficient time for consultations and the drafting of and deposing to affidavits. Also, please include in the timeline consideration that Royal Dawn is likely to raise one or more constitutional issues, and will then have to prepare a notice as required under Uniform Rule 16A.
- 5 Kindly acknowledge receipt of this letter in writing.
- 6 Kindly further contact the writer or Jerome Veldsman (direct telephone: +27 (0)21 464 1470; email: [jeromev@walkers.law](mailto:jeromev@walkers.law)) with regard to any enquiries.

Yours faithfully



**Belinda van der Vyver**  
Director  
**Walkers Inc.**



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Email: [stephan@gvinc.co.za](mailto:stephan@gvinc.co.za);  
[pj@gvinc.co.za](mailto:pj@gvinc.co.za)

Our reference  
 Account number  
 Direct line  
 Direct email  
 Your reference

Date

Belinda van der Vyver  
 W43310  
 021 464-1483  
[belindav@walkers.law](mailto:belindav@walkers.law)  
**PJ Veldhuizen/S Haynes**

16 April 2021

Dear Sirs

**RE: MATLOTLO TRADING 27 (PTY) LTD ("Matlotlo Trading") : SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 Walkers, acting on behalf of and on the instructions of Matlotlo Trading, addresses this letter to Gillan & Veldhuizen Inc., acting on behalf of Safe Commercial.
- 2 We refer to –
  - 2.1 the written agreement (the "**Lease Agreement**") titled *Lease Agreement*, entered into between Matlotlo Trading (as lessor) and Safe Commercial (as lessee) on or about 4 August 2011, and concerning matters including Matlotlo Trading letting the Northern Cape Farms to Safe Commercial;<sup>1</sup> and
  - 2.2 the sworn statement, including the annexes thereto, (the "**Sworn Statement**") deposed to by Mr Quentin Scott dated 8 April 2020 and attached to the email from Stephan Haynes to Belinda van der Vyver and PJ Veldhuizen, sent Thursday, 15 April 2021 10:04 AM, with the subject: RE: SAFE Commercial (Pty) Ltd (In Business Rescue).

<sup>1</sup> The Lease Agreement and the Northern Cape Farms are defined in our *Letter to Gillan Veldhuizen 2*, dated 14 April 2021 and attached to an email sent Wed 14/04/2021 4:22 PM.

**DIRECTORS** Gunnar Dahl BA LLB (Chairman) Taryn Herbert B Bus Sci LLB Amien Hoosain BA LLB Roxanne Ker BA LLB  
 Juna Phillips BProc Belinda van der Vyver BA LLB LLM Jerome Veldsman B Com LLB

**CONSULTANTS** John Lee BA LLB Denis Lloyd BA LLB Charl Theron BA LLB

**ASSOCIATES** Kara Fischer BA LLB Lerissa Rooplal LLB Natasha Louw LLB

**PRACTICE MANAGER** Zenobia de Kock Bcompt

- 3 In terms of clause 14.1.3 of the Lease Agreement, amongst other matters, should Safe Commercial commit an act of insolvency, Matlotlo Trading shall be entitled to cancel the Lease Agreement.
- 4 The ordinary meaning of an "act of insolvency" is one of the acts of insolvency as stated in section 8 of the Insolvency Act 24 of 1936. In terms of section 8(g) of the Insolvency Act, a person commits an act of insolvency if that person gives notice in writing to any one of the person's creditors that the person is unable to pay any of the person's debts.
- 5 The Sworn Statement constitutes notice in writing.
- 6 Matlotlo Trading is a creditor of Safe Commercial.
- 7 Matlotlo Trading is of the opinion that the Sworn Statement in general and in particular paragraph 11 thereof constitutes notice to Matlotlo Trading that Safe Commercial is unable to pay one or more of Safe Commercial's debts.
- 8 In the circumstances, Matlotlo Trading is of the opinion that Safe Commercial has committed an act of insolvency, and Matlotlo Trading is entitled to cancel the Lease Agreement.
- 9 Matlotlo Trading hereby on written notice to Safe Commercial cancels the Lease Agreement.
- 10 Matlotlo Trading, or a person nominated in writing by Matlotlo Trading, offers to Safe Commercial to hire the equipment and related movable assets that apparently belong to Safe Commercial and that are currently on Northern Cape Farms on market related term. In such regard, we plan soon to send to you a draft for discussion purposes only lease of movables agreement.
- 11 We return to the Sworn Statement. Matlotlo Trading disputes and/or takes issue with averments in the Sworn Statement, for present purposes including specifically in paragraphs 2, 6.4, 6.7, and 6.8 of the Sworn Statement. Matlotlo Trading will provide particularity in such regard as and when the need to do so arises.
- 12 Kindly acknowledge receipt of this letter in writing.
- 13 Kindly further contact the writer or Jerome Veldsman (direct telephone: +27 (0)21 464 1470; email: jeromev@walkers.law) with regard to any enquiries.

Yours faithfully



**Belinda van der Vyver**  
Director  
**Walkers Inc.**





# WALKERS

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"FA.10"

Gillan &amp; Veldhuizen Inc.

Email: [stephan@qvinc.co.za](mailto:stephan@qvinc.co.za);  
[pj@qvinc.co.za](mailto:pj@qvinc.co.za)

Our reference  
Account number  
Direct line  
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Your reference

Belinda van der Vyver  
W43310  
021 464-1483  
[belindav@walkers.law](mailto:belindav@walkers.law)  
**PJ Veldhuizen/S Haynes**

Date

16 April 2021

Dear Sirs

**RE: BLACK ORCHID FARMING (PTY) LTD ("Black Orchid") : SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 Walkers, acting on behalf of and on the instructions of Black Orchid, addresses this letter to Gillan & Veldhuizen Inc., acting on behalf of Safe Commercial.
- 2 We refer to the sworn statement and the annexes thereto (the "**Sworn Statement**") deposed to by Mr Quentin Scott dated 8 April 20201 and attached to the email from Stephan Haynes to Belinda van der Vyver and PJ Veldhuizen, sent Thursday, 15 April 2021 10:04 AM, with the subject: RE: SAFE Commercial (Pty) Ltd (In Business Rescue).
- 3 Black Orchid disputes and/or takes issue with averments in the Sworn Statement, for present purposes including specifically in paragraphs 2 and 6.2 of the Sworn Statement. Black Orchid will provide particularity in such regard as and when the need to do so arises.
- 4 Kindly acknowledge receipt of this letter in writing.
- 5 Kindly further contact the writer or Jerome Veldsman (direct telephone: +27 (0)21 464 1470; email: [jeromev@walkers.law](mailto:jeromev@walkers.law)) with regard to any enquiries.

Yours faithfully



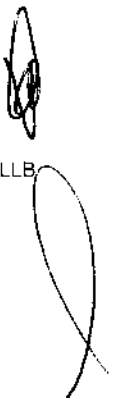
**Belinda van der Vyver**  
Director  
Walkers Inc.

**DIRECTORS** Gunnar Dahl BA LLB (Chairman) Taryn Herbert B Bus Sci LLB Amien Hoosain BA LLB Roxanne Ker BA LLB  
Juna Phillips BProc Belinda van der Vyver BA LLB LLM Jerome Veldsman B Com LLB

**CONSULTANTS** John Lee BA LLB Denis Lloyd BA LLB Charl Theron BA LLB

**ASSOCIATES** Kara Fischer BA LLB Lerissa Rooptlal LLB Natasha Louw LLB

**PRACTICE MANAGER** Zenobia de Kock Bcompt



**Attention: Ms Belinda van der Vyver**  
 Director  
 Walkers  
 9<sup>th</sup> Floor The Terraces  
 34 Bree Street  
 CAPE TOWN  
 8000

**Per Email: Belindav@walkers.law**

Your reference	Our reference	Date
W43310	SAF2/0002	18 April 2021

---

Dear Belinda

**SAFE COMMERCIAL PROPRIETARY LIMITED (IN BUSINESS RESCUE)**

1. As you know, we represent the business rescue practitioners of SAFE Commercial Proprietary Limited (“the Company”), Messrs TP Glaum and SM Gore, who assumed office on 13 April 2021.
2. We refer to your two letters dated 16 April 2021 relating to Royal Dawn Farming and Matlotlo Trading 27, respectively. Although we will address you in due course on the substantive matters raised in your letters, there is one issue to which our clients consider they are compelled to respond as a matter of urgency and separately from the substantive issues.
3. We also refer to the virtual meeting which we and our clients held with you on 15 April 2021. As you will recall the essence of that meeting was that if your clients were not prepared to support the business rescue of the Company our clients would have no option but to apply to convert the business rescue to a winding up in terms of section 132(2)(a)(ii) of the Companies Act 71 of 2008. We are consulting with senior counsel tomorrow morning on whether the winding up of the Company should be sought. Our clients have been in office for a short while (less than a week) and are attempting to obtain an understanding of the Company's affairs which are not uncomplicated. Our clients also communicated to you that in their view, on the facts available to them and subject to their taking senior counsel's advice, it seemed that

they should hand over possession of the Northern Cape farms to your clients as your clients requested. Our clients also proposed that your clients pay the workers' wages on Friday as the Company did not have the financial resources to do so. You peremptorily rejected this suggestion by saying, somewhat strangely, that our clients should not "play the guilt card" or words to that effect. Notwithstanding this, your clients then did exactly that, namely, make funds available to the Company to pay its wages. These are facts which, for whatever reason, you studiously refrain from mentioning in your letter.

- 4 We have been instructed to address you at this stage only in regard to the accusations you have levelled against our clients in paragraphs 3.3, 3.6, 3.8 and 3.9 of your Royal Dawn letter. You make the unwarranted allegation that our clients "*are intentionally or by gross negligence*" associating themselves with the unlawful occupation of the Marble Hall farms, are associating themselves with the theft of the citrus crop and are liable for damages for their alleged unlawful conduct.
- 5 Our clients are reputable and experienced insolvency and business rescue practitioners and the unfounded allegations against them are a transparent attempt to intimidate them into relinquishing possession of the Marble Hall farms. These allegations are particularly egregious since our clients are officers of the Court, are in good faith fulfilling a public duty, and are answerable to the Court and the general body of creditors. It goes without saying that your statement that our clients are party to theft and are conniving to achieve some unstated ulterior purpose are defamatory and damaging. In the circumstances our clients take the strongest exception to the allegations contained in your correspondence and deny them.
- 6 Our clients likewise deny the snide assertion in your email of 14 April 2021 in which you insinuate that our clients are manufacturing a postponement. This, too, is an outrageous allegation which also appears to be aimed at intimidating our clients into abandoning the litigation and attempting to obstruct them in the carrying on of their lawful duties as business rescue practitioners. Our clients have a statutory duty to assess the claims and litigation by and against the Company and to determine whether these are justified. Our clients have every right to give proper consideration to its affairs and business relationships.
- 7 We are instructed to record that your attempt to intimidate our clients in the circumstances we have described, and your attempt to browbeat them into submitting to your clients' wishes, is unprofessional and amounts to a breach of paragraph 18.15.2 of the Code of Conduct of the Legal Practice Council for legal practitioners in relation to attorneys.
- 8 Our instructions are to refer your conduct to the LPC on the basis that you have made statements calculated to intimidate our clients. Moreover, your conduct is actionable inasmuch as the statements are damaging to our clients. We will also address you in relation to this conduct and our clients' damages, in due course.
- 8 Our clients are meeting with senior counsel tomorrow and we will thereafter deal with the substantive issues contained in your correspondence. We trust that we have made our clients' position clear in relation to the unwarranted accusations by you and their rights remain otherwise reserved.

Yours sincerely

**GILLAN & VELDUIZEN INC.**

  
 \_\_\_\_\_  
**P J VELDUIZEN**




**ATTENTION: MS B VAN DER VYVER**  
DIRECTOR  
WALKERS  
9<sup>TH</sup> FLOOR, THE TERRACES  
34 BREE STREET  
CAPE TOWN, 8000

**EMAIL: belindav@walkers.law**

Your reference  
43310

Our reference  
SAF2/0002

Date  
19 April 2021

Dear Belinda

**RE: SAFE COMMERCIAL PROPRIETARY LIMITED (IN BUSINESS RESCUE)**

- As you know, we represent the business rescue practitioners of Safe Commercial Proprietary Limited (“the Company”), Messrs T P Glaum and S M Gore, who assumed office on 13 April 2021.
- We refer to your two letters dated 16 April 2021 relating to Royal Dawn Farming and Matlotlo Trading 27, respectively. We refer to our letter of 18 April 2021 in which we addressed you only relating to the imputations against our clients in your correspondence. We will in due course address you further on this matter. This letter deals with the substantive issues raised in your letters under reply.

*Any advice contained in this correspondence is provided solely to the G&V Inc client and no third party may rely on such advice. G&V Inc takes no responsibility for any action taken by the third party pursuant hereto.*

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PHONE

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Corporate and Commercial Specialists – Commercial Litigation – Insolvency – Property & Conveyancing – Shipping & Maritime Litigation – Business Rescue Proceedings

Directors: Peter-John Conway Veldhuizen B Proc (Unisa) Cert. Tax (Unisa) LL.M (UCT) MBA (Unisa) Adv. Corp Law & Securities | Joan MacMillan Beech Gillan BA LLB (UCT)

Senior Associates: Kayley Leverson LLB (Unisa) | Micaela van Heerden BA LLB (Stellenbosch)

Associates: Katherine Timoney BA LLB LL.M (UCT) | Stephan Haynes Bcom LLB (Stellenbosch)

Candidate Attorney: Alex Townsend BA (UCT) LLB (Unisa)

Conveyancing Secretary: Colleen Sassi | Consultants: Abigail Reynolds, Charles Martins, Mickey Theunissen

Member: Legal Practice Council, Southern Suburbs Attorneys Association, The South African Restructuring and Insolvency Practitioners Association & The Corporate Lawyers Association of South Africa

3. Your clients are substantial creditors of the Company. It is clear from your correspondence that your clients do not support business rescue in respect of the Company. Since it appears that your clients represent more than 50% of the independent creditors' voting interests of the Company, any business rescue plan will be stillborn. There is thus no reasonable prospect of business rescue succeeding.
  
4. It follows that our clients have no option but to comply with their statutory duty and to apply to Court for an order discontinuing the business rescue proceedings and placing the Company into liquidation in accordance with section 141(2)(a)(ii) of the Companies Act, 71 of 2008. The Company is obviously financially distressed and it is commercially and factually insolvent.
  
5. Our clients propose instituting a winding-up application in respect of the Company as a matter of urgency. Once a winding-up order is granted by the Court, the affairs of the Company will be placed in the hands of a provisional liquidator and its affairs will then be conducted in accordance with the provisions of Chapter XIV of the Companies Act, 61 of 1973 ("the 1973 Companies Act") and the provisions of the Insolvency Act, 24 of 1936.
  
6. Since the winding-up of the Company will commence in the near future in accordance with section 348 of the 1973 Companies Act, it would be inappropriate to comply with your demand that the Company's opposition to the application by Royal Dawn be withdrawn immediately. Nor would it be appropriate for the Company to relinquish its possession of the Marble Hall farms. These are matters which will more properly be dealt with in due course by a duly appointed liquidator. Suffice it to say that in accordance with section 359 of the 1973 Companies Act all civil proceedings by or against the Company will be stayed. Similarly, in relation to the purported cancellation of the lease agreement by Matlotlo Trading 27, that is a matter to be dealt with by the liquidator of the Company.



7. Regarding paragraph 4 of your letter in respect of Royal Dawn, the question is not whether your client wishes to be cited as a party. The question is whether or not it is a necessary party to the intended winding-up application. We have advised our clients that it is neither customary nor legally competent for your client to be joined as a party in the winding-up application. We would do no more than refer you to one of the authorities referred to in your letter of 14 April 2021, *Timasani (Pty) Ltd (in business rescue) and Another v Afrimat Ironore (Pty) Ltd*, a judgment of the Supreme Court of Appeal delivered on 13 April 2021, regarding the question of notice. We assume that you are aware of what is stated in the judgment. Our clients will furnish notice to your clients of the winding-up application in the prescribed manner.

Yours faithfully

**GILLAN & VELDHUIZEN INC.**

---

**PJ VELDHUIZEN**

A handwritten signature in black ink, consisting of a circular scribble at the top and a long, sweeping vertical stroke extending downwards.

# WALKERS

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[pj@gvinc.co.za](mailto:pj@gvinc.co.za)

Our reference  
 Account number  
 Direct line  
 Direct email  
 Your reference

Date

Belinda van der Vyver  
 W43310  
 021 464-1483  
[belindav@walkers.law](mailto:belindav@walkers.law)  
**PJ Veldhuizen/S Haynes**

20 April 2021

Dear Sirs

**RE: MATLOTLO TRADING 27 (PTY) LTD ("Matlotlo Trading") AND ROYAL DAWN (PTY) LTD ("Royal Dawn") : SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 We refer to your letter to Walkers dated 18 April 2021 with reference SAF2/0002.
- 2 The undated Annexure "B" to your letter to Walkers dated 14 April 2021 with reference SAF2/0001 includes the following sentence:
 

"Kindly note that the Notice of Appointments and Acceptance Letters were received on 08<sup>th</sup> April 2021 for Safe Commercial (Pty) Ltd (2008/024851/07)."
- 3 In the letter under response, you state that:
 

" ... Messrs TP Glaum and SM Gore, who assumed office on 13 April 2021."
- 4 As there appears to be inconsistency between the communications referred to in, respectively, paragraph 2 and paragraph 3 above, kindly inform of the exact date as of which Messrs Glaum and Gore have had full management control of Safe Commercial in substitution for its board and pre-existing management.
- 5 We are uncertain as to the intended communication in the part of paragraph 3 of the letter under response that appears on page 2 of that letter:

**DIRECTORS** Gunnar Dahl BA LLB (Chairman) Taryn Herbert B Bus Sci LLB Amien Hoosain BA LLB Roxanne Ker BA LLB  
 Juna Phillips BProc Belinda van der Vyver BA LLB LLM Jerome Veldsman B Com LLB

**CONSULTANTS** John Lee BA LLB Denis Lloyd BA LLB Charl Theron BA LLB

**ASSOCIATES** Kara Fischer BA LLB Lerissa Rooplal LLB Natasha Louw LLB

**PRACTICE MANAGER** Zenobia de Kock Bcompt

Walkers Inc. registration number 1997/011662/21

- 5.1 During the video telephony meeting on Thursday, 15 April 2021, Walkers suggested that Matlotlo Trading will pay the 16 April 2021 wages pay run, if henceforth the employees became employees of Matlotlo, and Safe Commercial vacated the Northern Cape Farms.
- 5.2 Mr Gore counter suggested that Matlotlo Trading rather pay the 16 April 2021 wages pay run as post commencement finance. Walkers undertook to take instructions in respect of Mr Gore's counter suggestion.
- 5.3 In an email from Ms Belinda van der Vyver to Mr PJ Veldhuizen sent Friday, 16 April 2021 at 10H26, Walkers communicated its instructions in respect of Mr Gore's counter suggestion to Gillan & Veldhuizen:
- "Matlotlo Trading is concerned for the wellbeing of the Employees, and for the safety of its assets. It is therefore in principle willing to advance funds to Safe Commercial (in business rescue) to pay today's wage run, which we understand to be in the amount of approximately R150 000."
- 5.4 Following on that email, Matlotlo Trading and Safe Commercial agreed in writing on Matlotlo Trading providing that post commencement finance, and then Matlotlo Trading provided that post commencement finance.
- 5.5 Walkers' letter, on behalf of and on the instructions of Matlotlo Trading, to Gillan & Veldhuizen, that was attached to an email sent by Ms Van der Vyver to Mr Veldhuizen on Friday, 16 April 2021 at 15H21 PM, concerned primarily Matlotlo Trading cancelling the Lease Agreement, as defined in that letter.
- 5.6 We are not aware of any obvious link between Matlotlo Trading providing post commencement finance to Safe Commercial and Matlotlo Trading cancelling the Lease Agreement.
- 5.7 Kindly clarify the intended communication in the part of paragraph 3 of the letter under response that appears on page 2 of that letter.
- 6 In respect of paragraph 5 of the letter under response:
- 6.1 Royal Dawn and Walkers are aware thereof that Messrs Glaum and Gore are reputable and experienced insolvency and business rescue practitioners.
- 6.2 However, Royal Dawn will hold them liable for damages and/or losses suffered by Royal Dawn as a result of the unlawful acts and omissions of Safe Commercial whilst under their oversight.
- 6.3 That is not intimidation. That is the statement of the intention lawfully to exercise legal rights.



7 In respect of paragraph 6 of the letter under response:

7.1 The relevant paragraph in the email sent by Ms Van der Vyver to Mr Veldhuizen on Wednesday, 14 April 2021 at 17H17 PM reads:

'Business rescue and a change in attorneys are overused and often ineffective "postponement manufactures". They will be challenged to the fullest in *Royal Dawn v Safe Commercial* (4341/2021) (WCC).'

7.2 Again, that is not intimidation. That is the statement of the intention lawfully to exercise legal rights.

8 Royal Dawn is aware thereof that Messrs Glaum and Gore have every right to give proper consideration to the affairs and business relationships of Safe Commercial.

8.1 However, during the video telephony meeting on Thursday, 15 April 2021, Mr Gore indicated that he had already given attention to the urgent application *Royal Dawn v Safe Commercial* (4341/2021) (WCC).

8.2 We have previously referred you to *JVJ Logistics (Pty) Ltd v Standard Bank of South Africa Ltd and Others* 2016 (6) SA 448 (KZD).

8.3 Paragraphs 46 and 47 of *JVJ Logistics* makes it apparent that:

8.3.1 The interests of a company's creditors who are owed money, and a person whose property is in the unlawful possession of the company, are quite different.

8.3.2 If a company under supervision is unlawfully in possession of the property of another person, the business rescue practitioner ought promptly to restore possession of the property to the rightful possessor.

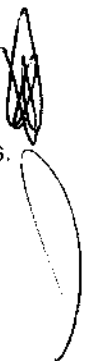
8.4 The property concerned in *JVJ Logistics* was a motor vehicle. Use of a motor vehicle is quite different from harvesting and removing the citrus crop on the Marble Hall Farms.

8.5 Presumably, if Messrs Glaum and Gore were unaware thereof that Safe Commercial is at present unlawfully harvesting and removing the 2021 citrus crop on the Marble Hall Farms, that would have been stated in the letter under response.

9 In respect of paragraphs 7 and 8 of the letter under response:

9.1 Is Gillan & Veldhuizen trying to intimidate Walkers?

9.2 Kindly treat that question as rhetorical; we would prefer not to get embroiled in side issues.



10 For greater certainty:

10.1 Walkers has not attempted to intimidate or browbeat Messrs Glaum and Gore. And Walkers has not made statements calculated to intimidate them. Presumably, as reputable and experienced insolvency and business rescue practitioners, they are made of sterner stuff.

10.2 Royal Dawn made its frustration with Safe Commercial's unlawful possession and exploitation of the Marble Hall Farms apparent to Safe Commercial long before Safe Commercial commenced business rescue proceedings.

10.3 Now that Messrs Glaum and Gore have full management control of Safe Commercial, they are responsible for that unlawful possession and exploitation of the Marble Hall Farms; and that frustration now also applies to them.

10.4 Royal Dawn is not simply expressing its wishes. Rather, Royal Dawn makes its intention lawfully to exercise its legal rights apparent, including such legal rights that apply in respect of Messrs Glaum and Gore's oversight of Safe Commercial.

11 Royal Dawn is to prepare an estimate of the number of standard citrus cartons that Safe Commercial harvested from the Marble Hall Farms from dates in April 2021 to date, and of the number of standard citrus cartons that Safe Commercial could theoretically harvest from the Marble Hall Farms in the near future. That estimate is taking longer than expected.

12 For good order, we record and kindly request you to note that any failure to deal with any specific instance, allegation, or averment in any antecedent or prior communication or correspondence addressed to whomever, including the letter under response, and anything contained in or omitted from this letter, must not be construed as any acquiescence, admission, election, waiver, or the like by or on behalf of any of Matlotlo Trading, Royal Dawn, or Walkers.

13 Kindly acknowledge receipt of this letter in writing.

14 Kindly further contact the writer or Jerome Veldsman (direct telephone: +27 (0)21 464 1470; email: [jeromev@walkers.law](mailto:jeromev@walkers.law)) with regard to any enquiries.

Yours faithfully



**Belinda van der Vyver**  
Director  
**Walkers Inc.**



# WALKERS

est 1828

attorneys | conveyancers | notaries

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 PO Box 254 Cape Town 8000 South Africa  
 Docex 31 Cape Town  
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Gillan &amp; Veldhuizen Inc.

Email: [stephan@qvinc.co.za](mailto:stephan@qvinc.co.za);  
[pj@qvinc.co.za](mailto:pj@qvinc.co.za)

Our reference  
 Account number  
 Direct line  
 Direct email  
 Your reference

Date

Belinda van der Vyver  
 W43310  
 021 464-1483  
[belindav@walkers.law](mailto:belindav@walkers.law)  
 PJ Veldhuizen/S Haynes

20 April 2021

Dear Sirs

**RE: BLACK ORCHID FARMING (PTY) LTD ("Black Orchid"), MATLOTLO TRADING 27 (PTY) LTD ("Matlotlo Trading"), AND ROYAL DAWN (PTY) LTD ("Royal Dawn"): SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 We refer to your letter to Walkers dated 19 April 2021 with reference SAF2/0002.
- 2 In respect of paragraph 3 of the letter under response:
  - 2.1 The statement that Black Orchid, Matlotlo Trading, and Royal Dawn (collectively, the "**Propcos**") do not support business rescue in respect of Safe Commercial is incorrect.
  - 2.2 The Propcos have no vested interest in Safe Commercial continuing in existence on a solvent basis, but they anticipate that the development and implementation of a plan could result in a better return for Safe Commercial's creditors than would result from the immediate liquidation of Safe Commercial.
  - 2.3 Black Orchid wishes to acquire at market value certain movable assets in the possession of Black Orchid, which assets belong to Safe Commercial. As Black Orchid has a vested interest in possession of those assets, it is unlikely that Safe Commercial could dispose of those assets to anyone else for higher proceeds. All that is required for such a transaction to be implemented immediately, is for the parties to enter into a comprehensive written agreement to record the transaction.

DIRECTORS Gunnar Dahl BA LLB (Chairman) Taryn Herbert B Bus Sci LLB Amien Hoosain BA LLB Roxanne Ker BA LLB  
 Juna Phillips BProc Belinda van der Vyver BA LLB LLM Jerome Veldsman B Com LLB

CONSULTANTS John Lee BA LLB Denis Lloyd BA LLB Charl Theron BA LLB

ASSOCIATES Kara Fischer BA LLB Lerissa Roopial LLB Natasha Louw LLB

PRACTICE MANAGER Zenobia de Kock Bcompt

Walkers Inc. registration number 1997/011662/21

- 2.4 On Friday, 16 April 2021 Matlotlo Trading advanced R143 803.41 as post-commencement finance to Safe Commercial.
- 2.5 Matlotlo Trading cancelling the Lease Agreement concerning the Northern Cape Farms improved the financial position of Safe Commercial.<sup>1</sup>
- 2.6 Matlotlo Trading wishes to lease or acquire certain movable assets, currently situated on the Northern Cape Farms from Safe Commercial. As Matlotlo Trading has a vested interest in possessing those assets, it is unlikely that Safe Commercial could lease or dispose of those assets to anyone else for higher rental. As some of those assets are in disrepair, and some of the serviceable assets are not immediately needed, such a transaction will require further investigation and negotiation by the parties.
- 2.7 Royal Dawn, in its capacity as a person whose property is in the unlawful possession of Safe Commercial, made its frustration with Safe Commercial's unlawful possession and exploitation of the Marble Hall Farms apparent. That is a matter discrete from Royal Dawn's interests as a creditor who is owed money by Safe Commercial.
- 2.8 Royal Dawn will not support any plan including Safe Commercial possessing and exploiting the Marble Hall Farms. However, once possession of the Marble Hall Farms is returned to Royal Dawn, it is in principle not averse to a plan that could provide for Safe Commercial to contribute to and to benefit from farming on the Marble Hall Farms. Post-commencement finance to Safe Commercial in such a context would require further investigation and discussion.
- 2.9 For greater certainty:
- 2.9.1 The Propcos anticipate that the development and implementation of a plan could result in a better return for them, as well as for other unsecured creditors of Safe Commercial, than would result from the immediate liquidation of Safe Commercial.
- 2.9.2 Such a plan would have to include possession of the Marble Hall Farms being returned to Royal Dawn immediately under the plan.

### 3 We do not follow the connection between –

- 3.1 Royal Dawn's request to Messrs Glaum and Gore that, should they apply to the Court for an order discontinuing the business rescue proceedings and placing Safe Commercial into liquidation, that Royal Dawn be cited as a respondent, merely as an interested party; and

---

<sup>1</sup> The Lease Agreement and the Northern Cape Farms are defined in our *Letter to Gillian Veldhuizen 2*, dated 14 April 2021 and attached to an email sent Wed 14/04/2021 4:22 PM.

3.2 *Timasani (Pty) Ltd (in business rescue) and Another v Afrimat Iron Ore (Pty) Ltd* (91/2020) [2021] ZASCA 43 (13 April 2021).

4 However, we do not now request a discussion by correspondence of *Timasani*.

5 For good order, we record and kindly request you to note that any failure to deal with any specific instance, allegation, or averment in any antecedent or prior communication or correspondence addressed to whomever, including the letter under response, and anything contained in or omitted from this letter, must not be construed as any acquiescence, admission, election, waiver, or the like by or on behalf of any of Matlotlo Trading, Royal Dawn, or Walkers.

6 Kindly acknowledge receipt of this letter in writing.

7 Kindly further contact the writer or Jerome Veldsman (direct telephone: +27 (0)21 464 1470; email: [jeromev@walkers.law](mailto:jeromev@walkers.law)) with regard to any enquiries.

Yours faithfully



**Belinda van der Vyver**  
Director  
**Walkers Inc.**





ATTENTION: MS B VAN DER VYVER  
DIRECTOR  
WALKERS  
9<sup>TH</sup> FLOOR, THE TERRACES  
34 BREE STREET  
CAPE TOWN, 8000

EMAIL: belindav@walkers.law

Your reference	Our reference	Date
43310	SAF2/0002	20 April 2021

Dear Belinda

RE: **SAFE COMMERCIAL PROPRIETARY LIMITED (IN BUSINESS RESCUE)**

1. We refer to your letter of 20 April 2021.
2. Our clients reiterate what has been stated in our correspondence of 18 and 19 April 2021.
3. Our clients do not intend becoming involved in a semantic debate with your clients or a trial by correspondence. Nor are these fit for fat allegations helpful. Our previous correspondence speaks for itself.
4. You will doubtless have every opportunity to ventilate your contentions to the Legal

**Any advice contained in this correspondence is provided solely to the G&V Inc client and no third party may rely on such advice. G&V Inc takes no responsibility for any action taken by the third party pursuant hereto.**

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Corporate and Commercial Specialists – Commercial Litigation – Insolvency – Property & Conveyancing – Shipping & Maritime Litigation – Business Rescue Proceedings

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Candidate Attorney: Alex Townsend BA (UCT) LLB (Unisa)

Conveyancing Secretary: Colleen Sass | Consultants: Abigail Reynolds, Charles Martins, Mickey Theunissen

Member: Legal Practice Council, Southern Suburbs Attorneys Association, The South African Restructuring and Insolvency Practitioners Association & The Corporate Lawyers Association of South Africa

Practice Council. Our clients consider that your conduct concerning the accusations against them are unlawful and actionable and can in due course be determined in the appropriate forum.

5. Suffice it to state that our clients are in good faith discharging their duties as business rescue practitioners and deny that they are "*responsible for that unlawful possession and exploitation*" of the Marble Hall farms. Again, you seek to make unconscionable allegations against the business rescue practitioners. This simply exacerbates matters.
6. We do not understand what you are attempting to convey in paragraph 10.4 of your letter. Nevertheless, it is not the appropriate place to argue the law relating to joinder.
7. As indicated in our letter of 19 April 2021, our clients are in the process of instituting an urgent winding-up application in respect of the Company.

Yours faithfully

**GILLAN & VELDHUIZEN INC.**

(transmitted electronically)

---

**PJ VELDHUIZEN**





**ATTENTION: MS B VAN DER VYVER**  
DIRECTOR  
WALKERS  
9<sup>TH</sup> FLOOR, THE TERRACES  
34 BREE STREET  
CAPE TOWN, 8000

**EMAIL: belindav@walkers.law**

Your reference	Our reference	Date
43310	SAF2/0002	20 April 2021

Dear Belinda

**RE: SAFE COMMERCIAL PROPRIETARY LIMITED (IN BUSINESS RESCUE)**

1. We refer to your second letter of 20 April 2021.
2. We have pointed out in our letter to you of 19 April 2021 that our clients have formed the view that there is no reasonable prospect of the Company being rescued. Our clients find themselves in an untenable position. They are unable to continue the business of the Company even on a temporary basis since the Company is financially distressed and has no access to funding. Without post-commencement finance, our clients are unable to obtain the supply of goods and services which are immediately necessary for the continuation of the Company’s business.

*Any advice contained in this correspondence is provided solely to the G&V Inc client and no third party may rely on such advice. G&V Inc takes no responsibility for any action taken by the third party pursuant hereto.*

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Member: Legal Practice Council, Southern Suburbs Attorneys Association, The South African Restructuring and Insolvency Practitioners Association & The Corporate Lawyers Association of South Africa



3. Our clients are not thus in a position to carry on the business of the Company while a business rescue plan is formulated. In the meantime, the interests of the creditors of the Company and its employees are being put at severe risk.
4. Our clients are not in a position to make an assessment as to whether or not they can properly relinquish occupation of either the Marble Hall farms or the Northern Cape farms. The former corporate controllers of the Company are of the view that the Company is not in unlawful occupation of the farms and they have apparently obtained legal advice on this issue. Our clients cannot simply accept your say-so that the Company is in unlawful occupation.
5. Matters have not been assisted by the allegations contained in your letter of 16 April 2021 accusing our clients of gross negligence and in unlawfully carrying on the Company's business. This, too, has made the continuation of business rescue untenable.
6. In the circumstances, our clients are applying to Court as a matter of urgency for the winding-up of the Company. A liquidator will be best placed to determine whether the Company's possession of the farms is lawful. Moreover, a liquidator will also be best placed to consider and, if necessary, sell the movable assets to which you make reference in paragraph 2.3 of your letter.
7. We trust that this clarifies matters.

Yours faithfully

**GILLAN & VELDHUIZEN INC.**

(transmitted electronically)

---

**PJ VELDHUIZEN**



**Stephan Haynes**

---

**From:** Stephen Gore - Sanek Trust Recovery Services <stephen@sanek.co.za>  
**Sent:** 22 April 2021 02:28 PM  
**To:** PJ. Veldhuizen  
**Cc:** Gavin Woodland; Stephan Haynes; 'Neil Gore - Sanek Trust Recovery Services'; 'Trevor Glaum'  
**Subject:** FW: PROPOSALS REGARDING A BUSINESS RESCUE PLAN FOR SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE)  
**Attachments:** Matlotlo Trading letter to BRPs.pdf; Black Orchid letter to BRPs.pdf; Annex 1 to Black Orchid letter to BRPs.pdf; Royal Dawn letter to BRPs.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

**Stephen Gore**  
Director



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Sanek Trust Recovery Services (Pty) Ltd

Level 5 BBBEE Rating

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**From:** Smital Rambhai <[srambhai@futuregrowth.co.za](mailto:srambhai@futuregrowth.co.za)>  
**Sent:** Thursday, 22 April 2021 14:16  
**To:** [trevor@sanek.co.za](mailto:trevor@sanek.co.za); [stephen@sanek.co.za](mailto:stephen@sanek.co.za); [neil@sanek.co.za](mailto:neil@sanek.co.za)  
**Cc:** Quentin Scott <[quentin@Safe.co.za](mailto:quentin@Safe.co.za)>; Miné van Wyk <[mine.van.wyk@uff.co.za](mailto:mine.van.wyk@uff.co.za)>  
**Subject:** PROPOSALS REGARDING A BUSINESS RESCUE PLAN FOR SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE)

Dear Neil, Stephen and Trevor

The representatives of Black Orchid, Matlotlo Trading, and Royal Dawn (the "Propcos") appreciate that you took the time to meet with us 21 April 2021.

We appreciate that the financial and other affairs of Safe Commercial are a challenge, and from your perspective, the obstacles to formulating a workable business rescue plan may appear insurmountable.

The Propcos are concerned that the liquidation of Safe Commercial will be a disaster for all the unsecured creditors of Safe Commercial. Not least because in the interval between the granting of the provisional liquidation order and the appointment of a final liquidator, the 2021 citrus crop on the Marble Hall Farms will likely rot on the trees.

In the attached letters, each of the Propcos makes proposals which –

A handwritten signature in black ink, appearing to be a stylized name, located in the bottom right corner of the page.

if accepted as part of a comprehensive business rescue plan, with post-commencement finance being obtained to the extent indicated in the Royal Dawn proposals, could be workable,

if implemented, will avoid hardship for the employees of Safe Commercial to a greater extent than would be the case in a liquidation; and

if implemented, will procure for the concurrent creditors of Safe Commercial at least some substantial hope of financial benefit, as opposed to no benefit at all in the event of liquidation.

All of the proposals are interdependent, meaning that each Propco would support a business rescue plan in which the respective proposals made by all three of the Propcos are included.

I am happy to engage with you, once you have reviewed the documents and thank you once again for your time.

Kindly acknowledge receipt of this email by return email.

Regards  
Smital

Smital Rambhai		<i>For and on behalf of:</i>	
<b>Black Orchid Farming (Pty) Ltd</b>	<b>Matlotlo Trading 27 (Pty) Ltd</b>	<b>Royal Dawn Farming (Pty) Ltd</b>	
Registration number:	Registration Number:	Registration Number:	
2014/039284/07	2005/014423/07	2007/020103/07	
Directors: Smital Rambhai and Miné van Wyk	Directors: Smital Rambhai and Miné van Wyk	Directors: Smital Rambhai and Miné van Wyk	

### Smital Rambhai

Portfolio Manager: Community Property Fund & Product Manager: Agri Funds

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## Royal Dawn Farming (Pty) Ltd

Unit 201 Hudson Street  
 30 Hudson Street  
 Cape Town  
 Email: [srambhai@futuregrowth.co.za](mailto:srambhai@futuregrowth.co.za)  
 Reference: Smital Rambhai  
 22 April 2021

To: **Safe Commercial (Pty) Ltd (in business rescue)**

By email: [stephen@sanek.co.za](mailto:stephen@sanek.co.za); [trevor@sanek.co.za](mailto:trevor@sanek.co.za)

Attention: Mr Stephen Gore and Mr Trevor Glaum

Dear Messrs Gore and Glaum

**RE: ROYAL DAWN FARMING (PTY) LTD ("Royal Dawn") AND SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 We refer to the informal discussion on Wednesday, 21 April 2021 concerning matters including a potential contract between Royal Dawn and Safe Commercial.
- 2 This letter must be read in conjunction with the letters dispatched to you simultaneously with this letter by Black Orchid Farming (Pty) Ltd and Matlotlo Trading 27 (Pty) Ltd. The three letters are to some extent a "package deal", as part of a potential business rescue plan in respect of Safe Commercial (the "**Plan**").
- 3 However, the position of Royal Dawn vis-à-vis Safe Commercial is very different to that of, respectively, Black Orchid Farming (Pty) Ltd and Matlotlo Trading 27 (Pty) Ltd.
- 4 The directors of Royal Dawn have a statutory duty to look after the assets of Royal Dawn, including its real rights as the beneficial and registered owner of the Marble Hall Farms.<sup>1</sup>
- 5 As an alternative to timeously delivering its answering affidavit in the urgent application *Royal Dawn v Safe Commercial (4341/2021) (WCC)* (the "**Urgent Application**"), Safe Commercial, whilst **not** in business rescue, by the board of Safe Commercial resolving that it voluntarily begin business rescue proceedings and be placed under supervision, commenced business rescue proceedings. It is a reasonable inference that Safe Commercial has no defence against the Urgent Application.

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<sup>1</sup> In context the parties are aware of the meaning to be ascribed to the term the *Marble Hall Farms*.

Registration Number: 2007/020103/07

Directors: Smital Rambhai and Miné van Wyk




- 6 Safe Commercial is at present in unlawful possession of the Marble Hall Farms, Safe Commercial is at present not entitled to exploit the Marble Hall Farms, and Safe Commercial remaining in unlawful possession of the Marble Hall Farms, and it unlawfully exploiting the Marble Hall Farms, cannot lawfully form part of the Plan.
- 7 The suggestion by Royal Dawn to Safe Commercial that they agree on a transaction along the lines set out hereafter are predicated on Safe Commercial promptly restoring possession and occupation of the Marble Hall Farms to Royal Dawn.
- 8 Once the Marble Hall Farms are restored to Royal Dawn –
- 8.1 Royal Dawn will withdraw the Urgent Application on the basis that the matter has been settled between the parties;
- 8.2 in order to ease the anticipated "hard sell" of the Marble Hall Farms component of the Plan to other creditors of Safe Commercial, the settlement will include that each party is to bear its own legal costs in respect of the Urgent Application;
- 8.3 there will no longer be any basis for the averments regarding gross negligence and the like on the part of the business rescue practitioners of Safe Commercial in respect of the Marble Hall Farms;
- 8.4 such averments regarding the supervision period preceding the withdrawal of the Urgent Application will be overtaken by events; and
- 8.5 Royal Dawn will unconditionally withdraw such averments.
- 9 Royal Dawn and Safe Commercial will enter into an arrangement similar to a joint venture (the "**Venture**")<sup>2</sup> in respect of the 2021 citrus crop (the "**Crop**") on the Marble Hall Farms.
- 10 In broad terms and subject to refinement, the Venture will include –
- 10.1 Royal Dawn, whilst remaining the sole possessor of the Marble Hall Farms, will make the Marble Hall farms (including the Crop) available to the Venture;

---

<sup>2</sup> One could consider the interposition of a special purpose vehicle to conduct the "joint venture", but in the context of supervision that may be too complicated, and a "hard sell" to other creditors of Safe Commercial.

- 10.2 Safe Commercial will make its relevant employees (the "**Employees**") at present on and/or employed at the Marble Hall Farms available to harvest and pack the Crop;
- 10.3 Safe Commercial will make the relevant movable assets (the "**Movable Assets**") currently situated on or used for the Marble Hall Farms available to harvest and pack the Crop;
- 10.4 the "Venture" will have to procure sufficient "post-commencement finance" to finance operating costs, including wages, salaries and other employment related costs in relation to the Employees;
- 10.5 the Venture will apply best practice commercial farming on the Marble Hall Farms;
- 10.6 the Venture will harvest and pack the Crop;
- 10.7 the Venture will procure (including marketing and logistics) the export and local sale of the Crop; and
- 10.8 the bank account(s) of the "Venture" will be jointly controlled by the parties, and the profit of the Venture will be distributed in accordance with an agreed cascade of payments.<sup>3</sup>
- 11 Royal Dawn<sup>4</sup> anticipates that, as part of the Plan, once the Venture ends, Royal Dawn –
- 11.1 will purchase Movable Assets; and
- 11.2 will make offers of employment to all (or substantially all) of the Employees.<sup>5</sup>
- 12 Extant claims between Royal Dawn and Safe Commercial under the expired written agreement of lease entered into between Royal Dawn (as lessor) and Safe Commercial (as lessee) in respect of the Marble Hall Farms will be dealt with under the Plan.

---

<sup>3</sup> The cascade of payments in the Marble Hall Transaction Note could be a starting point for the negotiation of the cascade of payments.

<sup>4</sup> Royal Dawn wishes to have the right to appoint a different person to be the purchaser of the Movable Assets, specifically Courageous Cat (Pty) Ltd, a company that is related to Royal Dawn. That right to appoint applies, where relevant, to the remainder of this letter.

<sup>5</sup> This will be arranged in a manner that does not compromise the Employees' rights vis-à-vis Safe Commercial.

13 Kindly contact the writer or Miné van Wyk with any enquiries.

Yours faithfully

For: **Royal Dawn Farming Proprietary Limited**

  
\_\_\_\_\_  
Smital Rambhai  
Director

  
4  




## Matlotlo Trading 27 Farming (Pty) Ltd

Unit 201 Hudson Street  
 30 Hudson Street  
 Cape Town  
 Email: [srambhai@futuregrowth.co.za](mailto:srambhai@futuregrowth.co.za)  
 Reference: Smital Rambhai  
 22 April 2021

To: **Safe Commercial (Pty) Ltd (in business rescue)**

By email: [stephen@sanek.co.za](mailto:stephen@sanek.co.za); [trevor@sanek.co.za](mailto:trevor@sanek.co.za)

Attention: Mr Stephen Gore and Mr Trevor Glaum

Dear Messrs Gore and Glaum

**RE: MATLOTLO TRADING 27 (PTY) LTD ("Matlotlo Trading") AND SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 We refer to the informal discussion on Wednesday, 21 April 2021 concerning matters including a potential contract between Matlotlo Trading and Safe Commercial.
- 2 This letter must be read in conjunction with the letters dispatched to you simultaneously with this letter by Black Orchid Farming (Pty) Ltd and Royal Dawn Farming (Pty) Ltd. The three letters are to some extent a "package deal", as part of a potential business rescue plan in respect of Safe Commercial (the "**Plan**").
- 3 Matlotlo Trading<sup>1</sup> suggests to Safe Commercial that they agree on a transaction along the following lines.
- 4 Matlotlo Trading is to purchase from Safe Commercial all or some of the latter's movable assets (the "**Movable Assets**") currently situated on the Northern Cape Farms<sup>2</sup> for a market related purchase price (the "**Purchase Price**"), and on a *voetstoots* basis.

---

<sup>1</sup> Matlotlo Trading wishes to have the right to appoint a different person to be the purchaser of the Movable Assets, specifically Courageous Cat (Pty) Ltd, a company that is related to Matlotlo Trading. That right to appoint applies, where relevant, to the remainder of this letter.

<sup>2</sup> In context the parties are aware of the meaning to be ascribed to the term the *Northern Cape Farms*.

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Directors: Smital Rambhai and Miné van Wyk

- 5 The details regarding the Movable Assets, and the Purchase Price, will have to be negotiated after a joint inspection of the Movable Assets, as some of the movable assets currently situated on the Northern Cape Farms are in disrepair and/or unserviceable.
- 6 The payment date (the "**Payment Date**") will occur when Matlotlo Trading makes an electronic transfer of cleared funds equal to the to be agreed purchase price to Safe Commercial.
- 7 Delivery of the Movable Assets will be arranged legal technically to coincide with the Payment Date.
- 8 Matlotlo Trading and Safe Commercial will further agree that, as of the Payment Date, they are not indebted to each other in respect of Matlotlo Trading having used the Moveable Assets prior to the Payment Date.
- 9 The relevant employees (the "**Employees**") of Safe Commercial are at present on and/or employed at the Northern Cape Farms.
- 10 Matlotlo Trading wishes *de facto* to employ all (or substantially all) of the Employees at the Northern Cape Farms. But Matlotlo Trading does not want to compromise the Employees' rights vis-à-vis Safe Commercial.
- 11 Perhaps, whilst still in the employ of Safe Commercial, the Employees could be "on detached duty" *de facto* to work for Matlotlo Trading, with the latter paying to Safe Commercial amounts equal to the wages payable by Safe Commercial to the Employees, whilst they are "on detached duty".
- 12 Matlotlo Trading anticipates that, as part of the Plan, Matlotlo Trading could make offers of employment to all (or substantially all) of the Employees.
- 13 Safe Commercial will not contest the cancellation of the written agreement of lease entered into between Matlotlo Trading (as lessor) and Safe Commercial (as lessee) in respect of the Northern Cape Farms (the "**Lease Agreement**") by Matlotlo Trading.
- 14 Extant claims between Matlotlo Trading and Safe Commercial under the Lease Agreement will be dealt with under the Plan.
- 15 Kindly contact the writer or Miné van Wyk with any enquiries.

Yours faithfully

For: **Matlotlo Trading 27 Proprietary Limited**



Smital Rambhai

Director



## Black Orchid Farming (Pty) Ltd

Unit 201 Hudson Street  
 30 Hudson Street  
 Cape Town  
 Email: [srambhai@futuregrowth.co.za](mailto:srambhai@futuregrowth.co.za)  
 Reference: Smital Rambhai  
 22 April 2021

To: **Safe Commercial (Pty) Ltd (in business rescue)**

By email: [stephen@sanek.co.za](mailto:stephen@sanek.co.za); [trevor@sanek.co.za](mailto:trevor@sanek.co.za)

Attention: Mr Stephen Gore and Mr Trevor Glaum

Dear Messrs Gore and Glaum

**RE: BLACK ORCHID FARMING (PTY) LTD ("Black Orchid") AND SAFE COMMERCIAL (PTY) LTD (IN BUSINESS RESCUE) ("Safe Commercial")**

- 1 We refer to the informal discussion on Wednesday, 21 April 2021 concerning matters including a potential contract between Black Orchid and Safe Commercial.
- 2 This letter must be read in conjunction with the letters dispatched to you simultaneously with this letter by Matlotlo Trading (Pty) Ltd and Royal Dawn Farming (Pty) Ltd. The three letters are to some extent a "package deal", as part of a potential business rescue plan in respect of Safe Commercial.
- 3 Black Orchid<sup>1</sup> suggests to Safe Commercial that they agree on a transaction along the following lines.
- 4 Black Orchid is to purchase from Safe Commercial the latter's movable assets (the "**Movable Assets**") that Black Orchid currently uses in its business of farming on the Wellington Farms<sup>2</sup> for an aggregate purchase price of R9 200 000 (inclusive of VAT) (the "**Purchase Price**"), and on a *voetstoots* basis.
- 5 The details regarding the Movable Assets are set out in *Annex 1* to this letter.

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<sup>1</sup> Black Orchid wishes to have the right to appoint a different person to be the purchaser of the Movable Assets, specifically Courageous Cat (Pty) Ltd, a company that is related to Black Orchid. That right to appoint applies, where relevant, to the remainder of this letter.

<sup>2</sup> In context the parties are aware of the meaning to be ascribed to the term *the Wellington Farms*.

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- 6 The payment date (the "**Payment Date**") will occur when Black Orchid makes an electronic transfer of cleared funds equal to the Purchase Price to Safe Commercial.
- 7 Delivery of the Movable Assets will be arranged legal technically to coincide with the Payment Date.
- 8 Black Orchid and Safe Commercial will further agree that, as of the Payment Date, they are not indebted to each other –
  - 8.1 under the written agreement of lease entered into between Black Orchid (as lessor) and Safe Commercial (as lessee) in respect of the Wellington Farms; and
  - 8.2 in respect of Black Orchid having used the Moveable Assets prior to the Payment Date.
- 9 Kindly contact the writer or Miné van Wyk with any enquiries.

Yours faithfully

For: **Black Orchid Farming Proprietary Limited**



**Smital Rambhai**  
Director

## Annex 1

Asset ID Number	Description	Location	Category
TR-00060	John Deere 5415- P05415X00787 CN8476 (8373 Hrs)	Bonathaba	Tractors
EF-00043	2016 New Cima T45 1500L Serial no: 160764 AT45N215L11	Zwartfontein	Equipment - Farm
TR-00046	Same Frutetto- CN1885-FRT7T3685 (Dismantled - scrap)	Bonathaba	Tractors
EF-00073	Citrus Drench (for Packline)	Bonathaba	Machinery Farm
MV-00088	2013 Toyota Hilux 2.5- AHTCR326908022971 CA302634	Bonathaba	Vehicles
EF-00213	Watersuiweringsstelsel met 6x 10000L tenks	Zwartfontein	Machinery Farm
CE-00007	Installation Internet Tower	Bonathaba	Equipment - Farm
CE-00012	Installation Internet Tower	Zwartfontein	Equipment - Farm
EF-00004	Nuwe Kunsmis Tenk 1000L	Bonathaba	Machinery Farm
EF-00081	10000L Water tenk for Chemicals	Zwartfontein	Machinery Farm
EF-00125	110KW Softstarter Pump	Zwartfontein	Machinery Farm
EF-00188	Fertilizer System Grapes	Bonathaba	Equipment - Farm
EF-00190	Fertilizer System Citrus	Bonathaba	Machinery Farm
EF-00215	5000L Kunsmistenk	Zwartfontein	Machinery Farm
EF-00216	MHI 406V 400v Kunsmispomp	Zwartfontein	Machinery Farm
IR-00007	Boor vir water (Labour)	Bonathaba	Irrigation
IR-00011	18kw Rivierpomp - #150/315 KSB	Zwartfontein	Irrigation
IR-00012	110kw Boosterpomp rivier - #150/4 WKL	Zwartfontein	Irrigation
IR-00013	Softstarter rivierpomp - Teletronics	Zwartfontein	Irrigation
IR-00014	15kw Pruiimpomp, motor & filter - #65/200 (Primer pump, situated in river) (reportedly four of these pumps)	Zwartfontein	Irrigation
IR-00015	15kw Pruiimpomp, motor & filter - #65/200 (Primer pump, situated in river)	Zwartfontein	Irrigation
IR-00016	30kw Tafeldruiwepomp met motor - #80/200	Zwartfontein	Irrigation
IR-00017	45kw Wyndruiwe hoe druk pomp 3 filterstasies-RHD65 -SC	Zwartfontein	Irrigation
IR-00018	30kw Wyndruiwe lae druk pomp 3 filterstasies-Horizont	Zwartfontein	Irrigation
IR-00019	AC Sub- Surace Probe 800mm & Irricom	Zwartfontein	Irrigation
IR-00020	Submersible Pump	Bonathaba	Irrigation
MV-00084	1975 M/Benz 5 ton Truck- 580032082583 CN4429 (Brakes failed - no spares available)	Zwartfontein	Trucks
MP-00005	2 x 2014 Grader with Platform & accessories (50 Scales)	Bonathaba	Machinery Farm
EF-00129	8 x NBK Elektroniese skale (Pack-house equipment)	Zwartfontein	Machinery Farm
EF-00198	Vizier 20 stasie pakstelsel met rekenaar - 2011/07/GS4 (Reported sold)	Zwartfontein	Machinery Farm
EF-00217	Agricultural Grader Scale plus accessories	Zwartfontein	Machinery Farm
CE-00008	Mecer 55" UHD Smart LED for Packstore	Bonathaba	Equipment - Computer
EF-00111	2016 Uwe grader scales & system	Bonathaba	Machinery Farm
EF-00191	Agrico Spray pump 1000L - Green 9-104584-8 (Good condition; repaired under insurance claim)	Bonathaba	Machinery Farm
MV-00076	2013 Toyota Hilux 2.5- AHTCR326908022868 CA300610 (134425 Km)	Bonathaba	Vehicles

TR-00062	Landini DT85F Tractor- RE37946U587384X CN19784 (1655 Hrs)	Bonathaba	Tractors
EF-00106	2000 Plastic Harvest Lugs (100 estimated)	Bonathaba	Machinery Farm
EF-00193	Nobili Spray pump 1500L (Needs repairs but probably to be scrapped)	Bonathaba	Machinery Farm
EF-00005	Geel Plukkiste (All colours valued same)	Bonathaba	Machinery Farm
EF-00011	Rooi plukkiste (All colours valued same)	Zwartfontein	Equipment - Farm
EF-00053	500 Plukkiste Regrind (All colours valued same)	Zwartfontein	Equipment - Farm
EF-00050	Powermaster Generator Petrol (Reported not on farm)	Zwartfontein	Machinery Farm
EF-00051	Chainsaw STIHL MS361B 59CC 3.4KW 180864932 (Scrapped)	Bonathaba	Machinery Farm
EF-00079	Petrol Generator (Reported stolen)	Zwartfontein	Machinery Farm
EF-00093	MF Disk (Old, scrap)	Zwartfontein	Machinery Farm
EF-00098	Landini Grader Blade (Scrapped)	Bonathaba	Machinery Farm
EF-00099	240 Berry Trays (No longer in use)	Bonathaba	Machinery Farm
EF-00109	Packing system (Pack-line)	Bonathaba	Machinery Farm
EF-00112	Gulf radio beheerstelsel met Repeater - GULF 600 (Reported not in working order)	Zwartfontein	Machinery Farm
EF-00128	4 x Berzeba skale (Obsolete - since 2015)	Zwartfontein	Machinery Farm
EF-00131	30 Punnet skale #W108-7751 to Q108-7780 (Obsolete equipment)	Zwartfontein	Machinery Farm
IR-00009	Boor vir water (Labour)	Zwartfontein	Irrigation
MV-00056	Nissan Cabstar 2.0 CN8594 (SOLD)	Bonathaba	Vehicles
QE-00033	15x Black Desk Dividers	Bonathaba	Furniture & Fittings
QE-00037	1x Glass desk	Bonathaba	Furniture & Fittings
QE-00046	15 x Cherrywood Desks (Scrapped)	Bonathaba	Furniture & Fittings
QE-00056	1x Red & Black Chair (Scrapped)	Bonathaba	Furniture & Fittings
QE-00057	3x Plain Black Chairs with Small arm rests (Scrapped)	Bonathaba	Furniture & Fittings
QE-00058	4x Black & Whit Dot Pattern Chairs without Wheels (Scrapped)	Bonathaba	Furniture & Fittings
QE-00059	2x Plain Black Chairs Withoutt wheels (Scrapped)	Bonathaba	Furniture & Fittings
QE-00060	4x Plain Black Chairs with Wheels (Scrapped)	Bonathaba	Furniture & Fittings
QE-00061	1x Maroon chair with wheels (Scrapped)	Bonathaba	Furniture & Fittings
QE-00062	2x Tables with Grey Legs (Scrapped)	Bonathaba	Furniture & Fittings
QE-00063	1x Table with Grey Legs and drawers (Scrapped)	Bonathaba	Furniture & Fittings
TR-00042	Landini 8500- CJ74786 - 22500 (Traded for Fiat)	Bonathaba	Tractors
TR-00052	Toyota 3 ton Forklift- #5FB2C CN19784 (Scrapped; battery gone missing)	Zwartfontein	Tractors
EF-00123	Blou spuitpomp	Zwartfontein	Machinery Farm
EF-00214	Paalstamper (Sold)	Zwartfontein	Machinery Farm
TR-00059	Fiat 470 Tractor (Sold)	Zwartfontein	Tractors
MV-00081	1994 Isuzu SBR 5 ton Truck- SBR422S134031ATVM CN24069 (545663 Km; Rusted very badly - scrap)	Zwartfontein	Trucks
MV-00079	1980 M/Benz Flatback Truck- VIN39532524140182 CN16226 (Cab accident damaged; km's shown as 170127 but highly doubtful)	Zwartfontein	Trucks
MV-00082	1992 M/Benz 8 ton Truck-3830432606510 CN10006 (Model 1417; 201981 Km)	Zwartfontein	Trucks
TR-00058	Fiat 500 Tractor - #8035 - #518560 - (CJ56990; old machine)	Zwartfontein	Tractors

TR-00061	John Deere 5510- LV5510N257308 CN8624 (14383 Hrs)	Bonathaba	Tractors
TR-00056	1974 Fiat 640 Tractor - #8045 - #736934 (Hours unknown)	Zwartfontein	Tractors
TR-00057	Fiat 55-76 Tractor #613580-VLP579C 223866 CN21571 (Was CEX3790, now re-registered)	Zwartfontein	Tractors
TR-00063	2018 - 5076E OOS Narrow John Deere Tractor-VIN No IPO5076EEHT931954 (1306 Hrs)	Zwartfontein	Tractors
TR-00027	2017 5076E NM John Deere Tractor-VIN NO:IPO5076EEGT931585 CN30199 (2674 Hrs)	Zwartfontein	Tractors
TR-00028	2017 5076E NM John Deere Tractor-VIN NO:IPO5076EAGT931545 CN30201 (2469.6 Hrs)	Zwartfontein	Tractors
TR-00024	2016 John Deer 5076 EF Two Tractor-1P05076ELFT030013 (CN30202; 2586 Hrs) (VIN says 2015)	Zwartfontein	Tractors
TR-00029	2017 5076E NM John Deere Tractor-VIN NO:IPO5076EAGT931530 CN30202 (1305.7 Hrs) VIN says 2016)	Zwartfontein	Tractors
TR-00054	1996 John Deere 5400 Tractor- LY5400N560445 CN10453	Zwartfontein	Tractors
TR-00055	2002 John Deere 5410 Tractor - R13087BCL10L2 (16853.4 Hrs)	Zwartfontein	Tractors
TR-00023	2016 John Deer 5076ENarrow 4WD Tractor-1P05076EVFT930116 CN14691 (3132.8Hrs) (VIN says 2015)	Zwartfontein	Tractors
TR-00001	5090E CAB John Deere Tractor- Engin No:PE4045J010135 Vin No:IP05090ELJT041848 (2018) (1711 Hrs)	Zwartfontein	Tractors
TR-00025	5076E NM John Deer Tractor-IPO5076EEGT931483 (CN30203; 1952 Hrs)	Bonathaba	Tractors
TR-00026	5076E NM John Deer Tractor-IPO5076EEGT931562 (CN 30198; 2335 Hrs)	Bonathaba	Tractors
EF-00133	ICOM F3003 Radio -1	Bonathaba	Machinery Farm
EF-00094	Water Cart (200 Litre)	Bonathaba	Machinery Farm
MV-00070	Honda XR125 Motorbike- LTMJD19A785220059 (17781 Km)	Bonathaba	Vehicles
EF-00042	2016 Nuwe 600LT Onkruidspuit met spuitbalk	Zwartfontein	Equipment - Farm
EF-00095	Speedmaster Motobike tank 200 Liter - (WEEDmaster tank)	Bonathaba	Machinery Farm
MV-00068	Suzuki TF 125 Motorbike ADMFR33HNBZ860046 (22774 Km)	Bonathaba	Vehicles
MV-00073	Yamaha TW 200 Motorbike-JYA3AW0000125426 (26278 Km)	Bonathaba	Vehicles
MV-00089	2014 Honda 150 XR Motorbike- VIN LTMKDO790F5105137, Engin No: KDO7E2009764 CN21759 (19255 Km)	Zwartfontein	Vehicles
MV-00050	2016 Honda XR125 Leke Motorbike Engin No: JD21E2307551-LTMJD2198F5313757 (16827 Km)	Zwartfontein	Vehicles
MV-00051	2016 Honda XR125 Leke Motorbike Engin No: JD21E2307520-LTMJD2198F5313752 (21653 Km)	Zwartfontein	Vehicles
MV-00052	2016 Honda XR125 Leke Motorbike-LTMJD2197F5313726 (17214 Km)	Zwartfontein	Vehicles
MV-00053	2017 Honda XR Leke Motorbike- VIN NO:LTMJD2193F5316590 (13248 Km)	Bonathaba	Vehicles
MV-00054	2017 Honda XR Leke Motorbike- VIN NO:LTMJD2193F5316668	Bonathaba	Vehicles



MV-00055	2017 Honda XR Leke Motorbike- VIN NO:LTMJD2193F5316560	Bonathaba	Vehicles
EF-00101	Mulcher Knerveland FX165	Bonathaba	Machinery Farm
TR-00045	John Deere 1850 - CN9485 - L01850N758706	Bonathaba	Tractors
EF-00110	2015 Henrit 600L Weed Sprayer	Bonathaba	Machinery Farm
MV-00072	KIA- KNCSD911237875339 CN15410 (335846 Km)	Bonathaba	Trucks
TR-00047	Massey Ferguson 384 - CN5966 - ACM3844SA043548A (11356 Hrs)	Bonathaba	Tractors
TR-00048	Massey Ferguson 384 - CN3508 - 5578F20058 (8146 Hrs)	Bonathaba	Tractors
EF-00107	Weedsprayer 1000L (old but in working condition)	Bonathaba	Machinery Farm
EF-00187	Cima Duster - (Small yellow unit)	Bonathaba	Equipment - Farm
EF-00039	2016 Nuwe Klein Boom- Nieuwoudt Spuit	Zwartfontein	Equipment - Farm
EF-00220	Nieuwoudt Spray Pump 3000L	Bonathaba	Machinery Farm
TR-00043	Landini Mistral L 50- CN15555 - HDWJ04570 (CN 15555; No hour meter)	Bonathaba	Tractors
EF-00176	Cima T45 1500 Sprayer With Fish Tails- NO:SP150392 (There are two of these)	Zwartfontein	Machinery Farm
CE-00006	SMart Managed Gigabit switches	Bonathaba	Equipment - Computer
CE-00011	SMart Managed Gigabit switches	Zwartfontein	Equipment - Computer
EF-00008	3x Mobile toilets (Basic units mounted on towable small trailers)	Zwartfontein	Machinery Farm
EF-00009	Powermaster Petrol generator 7.5KVA	Zwartfontein	Machinery Farm
EF-00010	Compressor (Airpower 100 litre)	Zwartfontein	Machinery Farm
EF-00052	Powermaster Generator Petrol	Bonathaba	Machinery Farm
EF-00054	GSM Commander 0641 kit	Zwartfontein	Equipment - Farm
EF-00080	2017 Nuwe 1000LT Onkruidspuit Met Handspuit 1136879	Zwartfontein	Machinery Farm
EF-00096	Mulcher (Trailer with auger)	Bonathaba	Machinery Farm
EF-00097	7 Tooth Ghrop (Old, in poor condition)	Bonathaba	Machinery Farm
EF-00100	Forklift Carrier	Bonathaba	Machinery Farm
EF-00102	ICOM F3003 Radio -2	Bonathaba	Machinery Farm
EF-00103	ICOM F3003 Radio -3	Bonathaba	Machinery Farm
EF-00104	3x Parsbakke (6 Ton; two are scrap; one usable only)	Bonathaba	Machinery Farm
EF-00105	Small tools & Equipment	Bonathaba	Machinery Farm
EF-00108	8 x Grape harvest trailers	Bonathaba	Machinery Farm
EF-00113	2 ton hand pallet jack	Zwartfontein	Machinery Farm
EF-00114	Kudu Grassnyer (Old, very basic unit)	Zwartfontein	Machinery Farm
EF-00115	8 x kratwaentjies	Zwartfontein	Machinery Farm
EF-00116	5 ton parsbak (Reportedly 4.5 ton)	Zwartfontein	Machinery Farm
EF-00117	Bossieslaner - (Bossiekapper - old, in poor condition)	Zwartfontein	Machinery Farm
EF-00118	Disc	Bonathaba	Machinery Farm
EF-00119	Vlekploeg	Zwartfontein	Machinery Farm
EF-00120	Losgereedskap	Zwartfontein	Machinery Farm
EF-00121	Compressor - 8 Bar 100L 2.2KW 3.0HP/220V-732063	Bonathaba	Machinery Farm
EF-00122	Groen gifkar (Found white one used as poison mixing cart)	Zwartfontein	Machinery Farm

EF-00124	Stadium 12 volt battery laaier (now replaced by a Bosch unit - warranty Claim)	Zwartfontein	Machinery Farm
EF-00126	8x ICON BC Radio's	Zwartfontein	Machinery Farm
EF-00127	2x Kenwood KSL-35S 1x Motorola CP0404	Zwartfontein	Machinery Farm
EF-00130	500 x Geel plukkiste (All colours valued same)	Zwartfontein	Machinery Farm
EF-00132	1x Rexel Shredder	Bonathaba	Machinery Farm
EF-00172	2017 Cima T45 1500L Sprayer with fishtails-Serial No:SP166525	Bonathaba	Machinery Farm
EF-00173	2017 Cima T45 1500L Sprayer with fishtails-Serial No:SP166500	Bonathaba	Machinery Farm
EF-00175	2017 Cima T45 1500L Sprayer with fishtails-Serial No:SP150388 (Actually 2016 model)	Bonathaba	Machinery Farm
EF-00189	Agrico Spray pump 1000L - Yellow	Bonathaba	Machinery Farm
EF-00192	Turbmatic Spraypump 2000L	Bonathaba	Machinery Farm
EF-00194	Nobili Spray pump 2000L	Bonathaba	Machinery Farm
EF-00195	Hardi Spray pump 2000L	Bonathaba	Machinery Farm
EF-00196	MultymeSpray pump 3000L (on loan to Zwartfontein)	Bonathaba	Machinery Farm
EF-00197	2016 Contour grader - Joint asset 50/50 200/07/GS4	Bonathaba	Equipment - Farm
EF-00199	Bell Sloopgrawer -T0315SG927314 CN16810 (Back-actor done 1718 Hours - this is doubtful as the machine if fairly old)	Zwartfontein	Machinery Farm
EF-00200	2000L spray pump (Green Agrico)	Zwartfontein	Machinery Farm
EF-00201	2000L spray pump (Yello Agrico)	Zwartfontein	Machinery Farm
EF-00202	Cima 1000L spray pump	Zwartfontein	Machinery Farm
EF-00203	Cima 1000L spray pump	Zwartfontein	Machinery Farm
EF-00204	1000L spray pump (Yellow Agrico)	Zwartfontein	Machinery Farm
EF-00205	Nobili 1000L spray pump	Zwartfontein	Machinery Farm
EF-00206	50L onkuid- / spatkarretjie (Looks like tractor mounted sulphur spreader)	Zwartfontein	Machinery Farm
EF-00207	500L onkruidspuitpomp (Weed sprayer)	Zwartfontein	Machinery Farm
EF-00208	2.5 ton gipsstrooier	Zwartfontein	Machinery Farm
EF-00209	2000L Diesel tanks (Stand mounted)	Zwartfontein	Machinery Farm
EF-00210	2000L Diesel tanks (Stand mounted)	Zwartfontein	Machinery Farm
EF-00211	2000L Diesel tanks (Stand mounted)	Zwartfontein	Machinery Farm
EF-00212	2000L Diesel tanks (Stand mounted)	Zwartfontein	Machinery Farm
EF-00218	New 3M Kontoerscraper - Joint asset BT 50%	Zwartfontein	Machinery Farm
FF-00007	7 Seater Budget Picnic & Brown Table (20 Table/bench units @ R1500 ea)	Bonathaba	Furniture & Fittings
FF-00008	8 Seater Budget Picnic & Brown Table (20 Table/bench units @ R1500 ea)	Zwartfontein	Furniture & Fittings
MV-00049	2016 Toyota Hilux 2.4 go-6 rb srx p/u s/c-AHTJB8DB404570944 CN20784 (66237 Km)	Zwartfontein	Vehicles
MV-00058	2017 Toyota Hilux 2.4 GD- Engin no 2CD2777330-AHTJB8DB504573397 CN30369 (60067 Km)	Zwartfontein	Vehicles
MV-00069	2013 Toyota Hilux 2.- AHRCR326908022971 CA302634 (200409 Km; Repaired after accident damage)	Bonathaba	Vehicles
MV-00071	Mercedes Benz Truck- 38100764876948 CN14441 (638518 Km)	Bonathaba	Trucks

MV-00074	Mercedes Benz Truck 1113 - CN16947 - ADB35800326001612 (1980 model; 159244 Km - Questionable)	Bonathaba	Trucks
MV-00075	Isuzu SBR 500- SBR422S153085ATVM CN8364 (1984 model; 402796 Km on replaced speedometer)	Bonathaba	Trucks
MV-00085	Yamaha 660 Motorfiets (Grizzly Quadbike - Model year unknown)	Zwartfontein	Vehicles
MV-00086	2001 Nissan Hardbody 32.D-ADNG430000AO68433 CN19596 (368913 Km)	Zwartfontein	Vehicles
MV-00087	2014 Toyota Hilux S/Cab 2.5 D-4D RB SRX-AHTCR32G908026096 CN9244 Now CA 823946 (169167 Km)	Zwartfontein	Vehicles
QE-00003	Office Equipment	Bonathaba	Furniture & Fittings
QE-00004	2x Desk with 3 Drawers	Bonathaba	Furniture & Fittings
QE-00005	5x Cherrywood Cupboards	Bonathaba	Furniture & Fittings
QE-00006	2x Boardroom Paintings	Bonathaba	Equipment - Office
QE-00007	1x Reception Painting	Bonathaba	Equipment - Office
QE-00008	Table Mountain Painting	Bonathaba	Equipment - Office
QE-00009	2x Harbour Potraits	Bonathaba	Equipment - Office
QE-00010	1x World Map	Bonathaba	Equipment - Office
QE-00032	1x Dark Brown cupboard with sliding doors	Bonathaba	Furniture & Fittings
QE-00034	5 x Desk Units with 5 Drawers	Bonathaba	Furniture & Fittings
QE-00035	2x Desk with 3 Drawers	Bonathaba	Furniture & Fittings
QE-00036	1x Brown Leather Couch	Bonathaba	Furniture & Fittings
QE-00038	1x Brown Filing Cupboard with 2 Doors	Bonathaba	Furniture & Fittings
QE-00039	Dark Brown File Drawer	Bonathaba	Furniture & Fittings
QE-00040	8 x Boardroom Chairs	Bonathaba	Furniture & Fittings
QE-00041	2x light Brown cupboards with broad top	Bonathaba	Furniture & Fittings
QE-00042	Old Brown Systems Cabinet	Bonathaba	Furniture & Fittings
QE-00043	3 x Leather Boardroom Chairs	Bonathaba	Furniture & Fittings
QE-00044	1x Light Brown Cupboard with Narrow Top	Bonathaba	Furniture & Fittings
QE-00045	Rustic (Old) chair with Table	Bonathaba	Furniture & Fittings
QE-00047	1x Orange 2 seater couch	Bonathaba	Furniture & Fittings
QE-00048	1x Round Table	Bonathaba	Furniture & Fittings
QE-00049	1x Round Table	Bonathaba	Furniture & Fittings
QE-00050	Oval Shape Boardroom Table	Bonathaba	Furniture & Fittings
QE-00051	2x Small Dark Brown Tables	Bonathaba	Furniture & Fittings
QE-00052	1x Bookshelf	Bonathaba	Furniture & Fittings
QE-00053	1x Maroon & Grey Chair	Bonathaba	Furniture & Fittings
QE-00054	7x Black & white Dot pattern chairs with wheels	Bonathaba	Furniture & Fittings
QE-00055	7x Black V Pattern Chairs	Bonathaba	Furniture & Fittings
QE-00064	5x Desk Units	Zwartfontein	Furniture & Fittings
QE-00065	Filing Drawer Cabinet	Zwartfontein	Furniture & Fittings
QE-00066	2x Desk	Zwartfontein	Furniture & Fittings
QE-00067	2x Henrico Paintings & 7 Additional Paintings	Zwartfontein	Furniture & Fittings
QE-00068	2x Green & Black Chairs	Zwartfontein	Furniture & Fittings
QE-00069	2c Cherry Cupboards 3.700x500x800	Zwartfontein	Furniture & Fittings
QE-00070	2x Cherry Cupboards 6.400x870x370	Zwartfontein	Furniture & Fittings
QE-00071	6x Cherry Cupboards 4.230x870x370	Zwartfontein	Furniture & Fittings
QE-00072	1x Cherry Cupboards 4.130x870x370	Zwartfontein	Furniture & Fittings

QE-00073	1x Cherry Cupboards 1.650x870x370	Zwartfontein	Furniture & Fittings
QE-00074	Boardroom Table	Zwartfontein	Furniture & Fittings
QE-00075	1x Brown leather 2 Seater Couch	Zwartfontein	Furniture & Fittings
QE-00076	2x Brown Leather Boardroom Chairs	Zwartfontein	Furniture & Fittings
QE-00077	4x Black & White Dot Pattern Chairs	Zwartfontein	Furniture & Fittings
QE-00078	5x Plain Black Chairs	Zwartfontein	Furniture & Fittings
QE-00079	1x Round Table	Zwartfontein	Furniture & Fittings
QE-00080	1x Bookshelf	Zwartfontein	Furniture & Fittings
QE-00081	10x Chairs	Zwartfontein	Furniture & Fittings
TL-00029	Tip Trailer 4 Ton	Bonathaba	Trailers
TL-00030	Citrus Bin Trailer 10 x 3 Carts	Bonathaba	Trailers
TL-00031	Trailer (Dubbel as) (2500L tank on trailer in photo)	Zwartfontein	Trailers
TL-00032	Trailer (enkel as) (Red)	Zwartfontein	Trailers
TL-00033	Trailer (enkel as) (Narrow bed)	Zwartfontein	Trailers
TL-00034	Trailer (enkel as)	Zwartfontein	Trailers
TR-00044	Toyota Forklift 2.0D (6648 Hrs)	Bonathaba	Tractors
TR-00049	Lamborghini Chrono 75- CN14316 - L10P723AT39131 (13142 Hrs	Bonathaba	Tractors
TR-00050	Isuzu FRR 500- CN6538 ADMFR33HNBZ860046 (1999 Mdel; 819137 Km)	Bonathaba	Tractors
TR-00051	Landini DT85F Tractor- RE37946U585429X (5966 Hrs)	Bonathaba	Tractors
TR-00053	1998 John Deere 5310 Tractor- LV5310N137228 CN5974	Zwartfontein	Tractors
EF-00040	2016 Henrit 600L Weed Sprayer (2015 & 2016)	Bonathaba	Equipment - Farm
EF-00041	2015 Henrit 600L Weed Sprayer	Zwartfontein	Equipment - Farm
MV-00083	1983 Isuzu JCR 7 ton Truck- JCR500S182558AMCG CN12042 (On the road at time of visit)	Zwartfontein	Trucks

Thursday  
29 April 2021

**Notice to Affected Persons**

**SAFE COMMERCIAL (PTY) LIMITED – Registration No.2008/024851/07**  
**(In Business Rescue) ("the Company")**

**Notice to Creditors and Employees' Representatives of the Company in terms of Section 141(2)(a)(i) of the Companies Act 71 of 2008, as amended ("the Act")**

We refer to previous correspondence and advise as follows:-

1. The Company was, by resolution, placed into Business Rescue on 8 April 2021.
2. The undersigned were nominated and appointed as the Business Rescue Practitioners.
3. The 1<sup>st</sup> meeting of creditors in terms of section 147 of the Act was held on 28 April 2021 at 11h00. The 1<sup>st</sup> meeting of employees' representatives in terms of section 148 of the Act was held on 28 April 2021 at 12h30.
4. At both meetings the Business Rescue Practitioners advised that as they considered there to be no reasonable prospect for the Company to be rescued that they would shortly be applying for the termination of the Business Rescue and the winding up of the Company.
5. The Business Rescue Practitioners hereby give notice in terms of section 141(2)(a)(i) that they intend applying to the High Court of South Africa (Western Cape Division, Cape Town) ("the High Court") on Thursday, 6 May 2021 for an order terminating the Business Rescue and placing the Company into liquidation.
6. Once the High Court has granted a final order for liquidation, the Business Rescue Practitioners will file a Notice of Termination of Business Rescue Proceedings (Form CoR125.2) with The Companies and Intellectual Property Commission of South Africa ("CIPC"). Any creditors and/or employees' representatives who wish to receive a copy of the winding up application or the Notice of Termination of Business Rescue Proceedings may contact Stephan Haynes of Gillan & Veldhuizen Inc – [stephan@gvinc.co.za](mailto:stephan@gvinc.co.za).

Yours faithfully

**STEPHEN GORE**

**TREVOR GLAUM**

**Duly appointed BRPs of the Company**

Saneke Trust Recovery Services (Pty) Ltd

Registration Number: 2006/006867/07 Directors: S M Gore\* sCom, T P Glaum\* f B Acc 5c (Hons) CA (SA), D Moodlican\* Dip. Insol. Law  
\* Members of the South African Restructuring and Insolvency Practitioners Association fMember of the Association of Certified Fraud Examiners - SA Chapter  
Level: 5 BBBEE Rating

**IN THE HIGH COURT OF SOUTH AFRICA  
(WESTERN CAPE DIVISION, CAPE TOWN)**

Case No: **7305** / 2021

*In the matter between:*

**STEPHEN MALCOLM GORE,**

First Applicant

and

**TREVOR PHILIP GLAUM**

Second Applicant

cited herein in their

representative capacities as the duly appointed

joint business rescue practitioners for:

**SAFE COMMERCIAL (PTY) LTD** (in business rescue)

and

**SAFE COMMERCIAL (PTY) LTD**

Respondent

(in business rescue)

(Registration Number: 2008/024851/07)

(Registered Address: 6th Floor Hudson Building,

Hudson Street, De Waterkant, Greenpoint, Western Cape)

FOR AN ORDER IN TERMS OF **SECTION 141(2)(a)** of the  
COMPANIES ACT 2008:

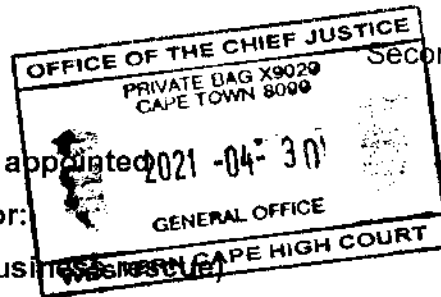
- DISCONTINUING BUSINESS RESCUE PROCEEDINGS; and
- WINDING UP RESPONDENT

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**CONFIRMATORY AFFIDAVIT**

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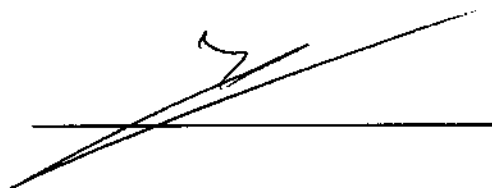
I, the undersigned,



**TREVOR PHILIP GLAUM**

do hereby make oath and say that:

1. I am an adult male registered Business Rescue Practitioner, care of Sanek Trust Recovery Services (Pty) Ltd, situated at 3rd Floor, 5 St Georges Mall Cape Town, Western Cape, and the Second Applicant herein.
2. The facts set out in this affidavit are true and correct and, unless otherwise stated or the context indicates to the contrary, within my personal knowledge.
3. I have read the Founding Affidavit deposed to by the First Applicant, Stephen Malcolm Gore, on 30 April 2021 and I confirm correctness of what is set out therein, insofar as reference is made to me.
4. In the premises I respectfully request for an order in terms of the Notice of Motion to which this Confirmatory Affidavit is filed in support of.

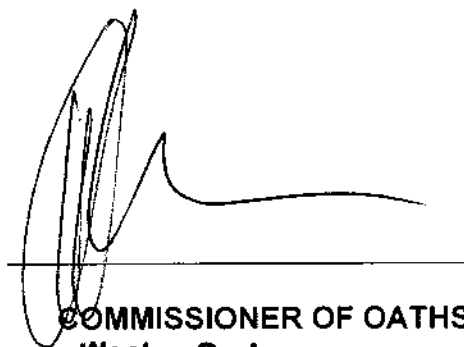


**TREVOR PHILIP GLAUM**

Signed and sworn to by the above deponent at CAPE TOWN on 30<sup>th</sup> APRIL 2021 the Deponent having acknowledged that s/he knows and understands the contents of this affidavit and the oath having been administered in the form and manner set out in Government Notice R1258 dated 21 July 1972, as amended by Government Notices



R1648 dated 19 August 1977, R1428 dated 11 July 1980 and R774 dated 23 April 1982.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

**COMMISSIONER OF OATHS**

**Wesley Graham**  
**Commissioner of Oaths**  
**Practising Attorney**  
**8th Floor, 5 St Georges Mall**  
**Cape Town**

A small, stylized handwritten mark or signature in the bottom right corner of the page.



**IN THE HIGH COURT OF SOUTH AFRICA  
(WESTERN CAPE DIVISION, CAPE TOWN)**

Case No: **7305/2021**

*In the matter between:*

**STEPHEN MALCOLM GORE,**

and

**TREVOR PHILIP GLAUM**

cited herein in their

representative capacities as the duly appointed

joint business rescue practitioners for:

**SAFE COMMERCIAL (PTY) LTD (in business rescue)**

and

**SAFE COMMERCIAL (PTY) LTD**

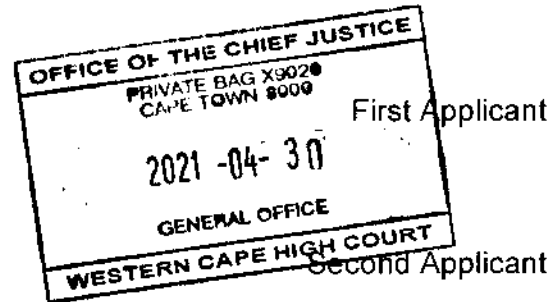
(in business rescue)

(Registration Number: 2008/024851/07)

(Registered Address: 6th Floor Hudson Building,

Hudson Street, De Waterkant, Greenpoint, Western Cape)

Respondent



FOR AN ORDER IN TERMS OF **SECTION 141(2)(a)** of the  
COMPANIES ACT 2008:

- DISCONTINUING BUSINESS RESCUE PROCEEDINGS; and
- WINDING UP RESPONDENT

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**CONFIRMATORY AFFIDAVIT**

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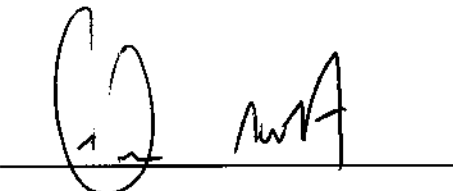
I, the undersigned,

*(Handwritten initials)*

**QUENTIN SCOTT**

do hereby make oath and say that:

1. I am an adult male accountant and the sole director of the Respondent of Green Point, Cape Town.
2. The facts set out in this affidavit are true and correct and, unless otherwise stated or the context indicates to the contrary, within my personal knowledge.
3. I have read the Founding Affidavit deposed to by the First Applicant, Stephen Malcom Gore, on 29 April 2021 and I confirm correctness of what is set out therein, insofar as reference is made to me.
4. In the premises I respectfully request for an order in terms of the Notice of Motion to which this Confirmatory Affidavit is filled in support of.

A handwritten signature in black ink, appearing to be 'Q Scott', written over a horizontal line.**QUENTIN SCOTT**

Signed and sworn to by the above deponent at CAPE TOWN on 30 APRIL 2021 the Deponent having acknowledged that s/he knows and understands the contents of this affidavit and the oath having been administered in the form and manner set out in Government Notice R1258 dated 21 July 1972, as amended by Government Notices

CONFIRMATORY AFFIDAVIT

3

R1648 dated 19 August 1977, R1428 dated 11 July 1980 and R774 dated 23 April 1982.

  
\_\_\_\_\_  
COMMISSIONER OF OATHS

Cst Philip 710226-3  
SOUTH AFRICAN POLICE SERVICE  
COMMUNITY SERVICE CENTRE  
30 APR 2021  
GEMEINSKAP - SPESIALSENTRUM  
SCAPTRON - SPESIALSENTRUM  
SUID-AFRIKAANSE POLISIEDIENS



