FROM THE DESK OF THE CEO (42/16)

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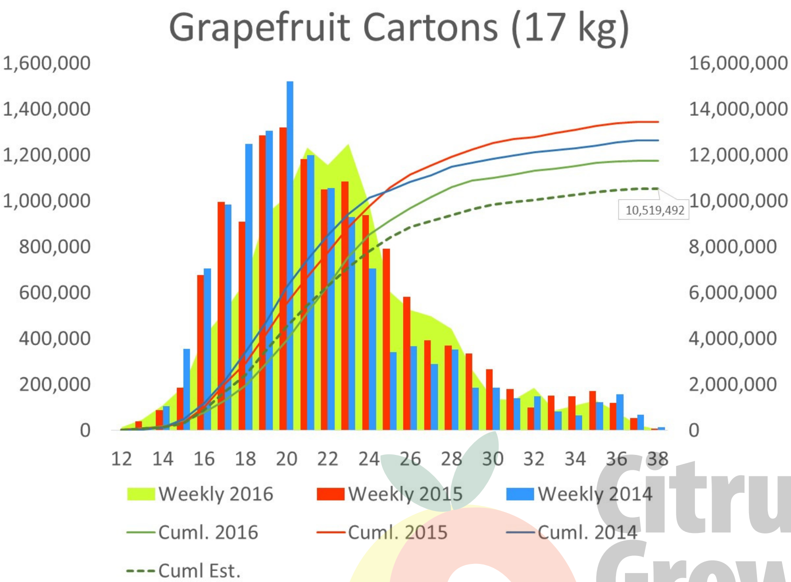
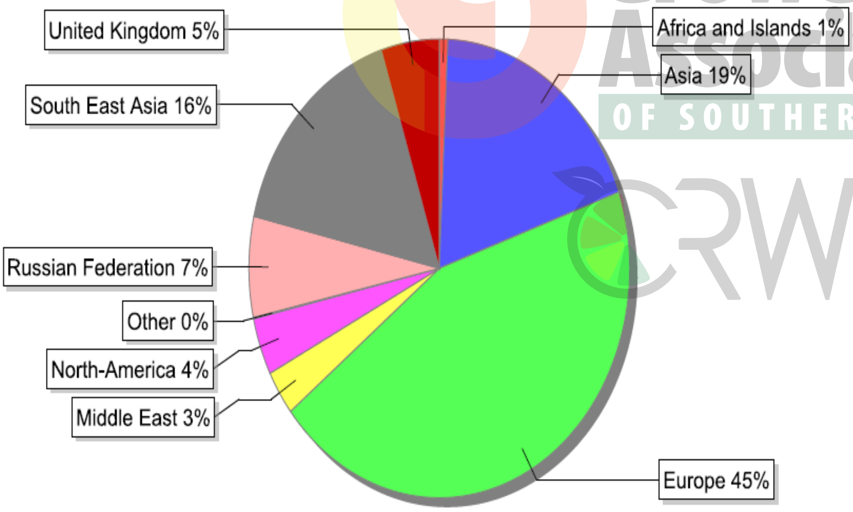
Justin Chadwick 4 November 2016

I don't want to earn my living, I want to live" Oscar Wilde

SEASONAL REVIEW: GRAPEFRUIT



Initial estimates put the grapefruit packed for export figure at just over 10.9 million cartons – well below 2014 (13.8 m) and 2015 (14.2 m) levels. This was due to dry and hot conditions in all grapefruit regions, and hail in the Hoedspruit region. The estimate (prepared in mid-March) also anticipated a predominance of smaller sized fruit. However, late March rains actually resulted in larger sizing predominating (exacerbated by the fruit drop due to the excessive heat). The larger sizing and excellent market conditions meant that the actual packed for export figure was closer to the 12.2 million carton mark. The hot conditions extended into winter, postponing the start of the season – whereas in previous years harvesting peaked in weeks 18-20; in 2016 the peak was in weeks 21-23.



Grapefruit cartons exported to the EU have edged up to 5.2 million (cartons); as a percentage Europe increased from 39% (2015) to 45% (given the lower overall volume exported). South East Asia (predominantly China & South Korea) also remained static at about 2 million cartons, as did North America at 0.5 million. Asia (predominantly Japan) was the biggest loser, dropping 1 million cartons from 2015 to 2.2 million cartons. Russian exports dropped from 1.1 m cartons (2015) to 0.9 million. UK dropped from 0.6 to 0.5 million cartons while Middle East dropped from 0.5 to 0.4 million cartons. Markets reported an undersupply – leading to excellent grower returns.

CHINA AND SOUTH AFRICA TO INCREASE FRUIT TRADE

On Monday 31 October, a Memorandum of Understanding was signed between the China Entry-Exit Inspection and Quarantine Association (CIQA) and Fruit South Africa (FruitSA), which is set to broaden fruit trade between the two countries. The memorandum covers a wide variety of products, including apples, pears, grapes, citrus and subtropical fruits, according to Mashudu Silimela, agriculture counsellor at the South African Embassy in Beijing.

"Both parties have agreed to exchange information on quarantine and inspection, regulatory matters, market access, market improvement and market development, technologies and other related issues," said Willem Bestbier, chairman of FruitSA. Silimela said signing the memorandum would create a favourable environment for the development of the fruit trade between the two countries, and establish an effective cooperative mechanism between FruitSA and CIQA.

FruitSA and CIQA are both national non-profit organizations whose stakeholders are growers, growers associations and export enterprises.

SOUTHERN AFRICAN CITRUS GROWERS FUND THEIR FUTURE THROUGH THE CGA GROUP (CRI, RIVER BIOSCIENCE, XSIT, CGA CULTIVAR COMPANY, CGA GROWER DEVELOPMENT COMPANY AND CITRUS ACADEMY)