



Introduction

Due to the continuous changes in the market and regular requests from our clients, regarding updated market related information, AWA has decided to distribute a monthly newsletter to all our valuable clients to update them on key issues and the latest pricing trends in the market. The newsletter will assist our clients in understanding the movements in the market and the latest news related to the industry.

We invite all stakeholders to submit information, articles, and request for specific topics they want to publish or address in the monthly newsletter. These topics or requests will enhance the quality and relevancy of the newsletter and inform our subscriber base of relative and key information about the industry. We will add these articles and information free of charge to the newsletter. This newsletter however will not promote or create a platform for advertising products or services.

Key Industry News

The year so far has seen unprecedented activity in the wildlife market. The activity in auctions in the wildlife market has not seen this buoyancy since the peak periods of the industry during 2014 to 2017. We have seen an abnormal increase in enquiries and requests for game since March 2021 through to May 2021 and double digit revenue growth in our bi monthly auctions against 2020.

We have noticed some interesting trends in prices of certain species, increasing at a higher rate of inflation this year. These price increases are mainly due to the demand of certain species exceeding the supply. There is a noticeable shortfall in supply of several species in the market which will continue to impact positively on the pricing of these species for the foreseeable future. Prices of certain game species, like zebra and giraffe, have been flat for the last ten years but have seen a substantial upwards trend this year. This trend boasts positively for the future market growth of the industry.

Specific Market Trends related to clients

AWA has over the past three year projected certain changes to the industry in our Annual Game Price Industry Report. Those projections and estimates are starting to realise this year and impacting on market pricing.

The dominance of major industry players (and breeders) in the game industry, relative to auctions, have substantially reduced in the past

two years. The impact of this change can clearly be seen in profile of current active buyers registering for auctions. Pre 2020 auctions were dominated by these major players, but the last two years have seen a complete realignment of the market to hunting, small and medium game farmers and breeders.

The industry was dominated by these large and consortium game breeders during the periods 2014 to 2018, hosting major auctions and controlling the market spend for up to 75% of the annual revenue of the auction industry.

We have seen a major change to this trend during 2020 and even more prevalent in 2021. The major players are no longer investing in the game industry to the extent of which they participated pre-2020. Latest estimates and analysis of buyers on auctions indicates that the market percentage spend of these major players have reduced drastically. The market spend is now dominated by hunting and small to large game farm owners. These farmers are close to 80% of the current industry spend and continue to grow monthly. Very interesting, is the growth of a new market segment driven by farmers investing in rare game due to the affordability of the current rare game prices. It is currently, for example, more affordable to buy a sable cow on auction than a kudu cow. The lower prices allow this market segment to actively participate, acquire and invest in the rare species market segment, they previously could not participate in.

Drastic reductions in the rare game prices since 2017 has created and established a new market segment for the industry. Most of these

species are now affordable for this segment and the entry of these players in the market has created a huge market potential for these species. Important to note that several new players have now entered this market segment. These players are all new entries to the market and have no history or recollection of the collapsed prices of the rare game market in 2017 to 2019. They see massive growth opportunities at these lower prices and therefore new investments are starting to materialize again in the game industry. Their input base for acquiring rare game is substantially lower, thereby creating the possibility of materializing reasonable long-term returns on these investments.

Summary of specific specie price increases

Certain species has been impacted more than others, due to the shortage of supply in the market. The “Bread and Butter” lines for local and corporate hunting is currently experiencing the highest demand, therefore also seeing the biggest percentage increase in prices. We believe it is important to highlight the following specific species:





Kudu Females/family groups

Group price summary

2017 Average: R4 522

2018 Average: R5 286

2019 Average: R4 453

2020 Average: R4 516

February 2021: R7 404

March 2021: R6 887

April 2021: R6 900

May 2021: R7 125

The demand for kudu family groups is enormous and we cannot fulfil the current demand at this point.

Gemsbuck Females/family groups

Group price summary

2017 Average: R8 625

2018 Average: R6 363

2019 Average: R6 369

2020 Average: R6 829

February 2021: R7 350

March 2021: R8 350

April 2021: R10 000

May 2021: R10 733



The demand for gemsbuck family groups is high and we cannot fulfil the current demand.



Zebra

Zebra price summary

2017 Average: R3 735

2018 Average: R3 857

2019 Average: R3 667

2020 Average: R3 624

February 2021: R4 000

March 2021: R4 496

April 2021: R3 992

May 2021: R4 130

The demand for zebra animals is driven by the market for culling and venison. Rand p.kg prices for zebra meat are currently very attractive.

Red hartebeest Female/ family groups

Group's price summary

2017 Average: R5 806

2018 Average: R4 469

2019 Average: R3 872

2020 Average: R6 897

February 2021: R7 200

March 2021: R7 600

April 2021: R8 000

May 2021: R8 277



They are difficult to breed in the

bushveld. They also do not take kindly to drought in areas.

Rationale of the increase in prices of certain species

Several factors impacted on the shortage of supply of certain species in the market. We believe they can be categorized and explained as follow:

- **Supply shortage created by extensive breeding projects**

Several game farm owners converted portions of their farms into breeding camps. This reduces the natural habitat for breeding of certain species. These farm owners also reduced their plains game breeding project and focused on extensive breeding for rare game species. This action impacted on the breeding and growth of certain plains game species like blue wildebeest females.

- **Long-term drought in the catchment area**

The impact of the last 7 years of below normal rainfall has had a severe impact on some of the species. The shortfall of kudu cows and red hartebeest species can directly be attributable to the last years of drought in certain areas

- **Demand for venison meat driven by several factors**

The production of venison meat has materially increased in the past three years. There are now several “culling” outfitters that focus on supplying of venison to butcheries and the export meat market. This new market segment has reduced availability of certain species to the auction market substantially.

- **Lack of international hunting forcing game farmers to cater for local and corporate hunting**

Several hunting farms catering exclusively for international hunters were forced to move into the local market to ensure their survival. They are now catering for corporate and local hunters and required the necessary game species on their farms to address this market segment. Most of these farms focused mainly on male and trophy animals in the past. They needed to stock up for the new market segment and have started to buy mostly plains game species for their farms.

We believe this trend will continue in the foreseeable future. This will also continue to have an impact on prices and continue to drive the current upwards trend of prices in the market.

Trend Comparison between auction and culling prices

Demand for meat/venison has grown exponentially the past three years. This demand for venison has impacted on the supply to game auctions during the past two years. Weak prices in certain species made it more profitable to cull animals than sell on the auctions. Species, like giraffe and zebra, meat or culling prices are more attractive to game farm owners than catching and selling on auctions.

The following table will explain the interaction and impact this have on the game prices:

Specie Name	Zebra	Giraffe male
Ave Weight	140kg	750kg
Rand per kilo	R23.00 p/kg	R20.00 p/kg
Venison Value	R3 220	R15 000
Auction Price	R4 200	R18 000
Capturing Cost	R800	R4 000
Net Price Animal	R3 400	R14 000

Specie Name	Blue Wildebeest	Impala
Ave Weight	75kg	25kg
Rand per kilo	R30.00 p/kg	R30.00 p/kg
Venison Value	R2 250	R750
Auction Price	R3 500	R1 100
Capturing Cost	R800	R300
Net Price Animal	R2 700	R700

Market Segment analysis

Contrary to the decrease in revenue in the game auctions since 2017, we see a phenomenal increase in new entries (buyers) in the market. First time buyers or new buyers' registrations are up by over 50% year on year at AWA auctions, averaging over 20 new registration per auction.

AWA has on average 90 online bidders per auction, 30 telephone bidders and between 50 to 70 buyers in the hall. The average total number of registrations on auction are up by 30 percent year on year so far. Every auction this year, the registrations have exceeded 150 bidders per auction. This registration quantities are materially up on the last two years numbers.

Highlights Of Past 4 Months Auctions







AWA leading the way in new flexible options for our clients

The event of Covid-19 has forced the industry to move more rapidly to online and internet technology. Contrary to announcement in the media regarding online technology, AWA was the first auction house in South Africa to offer live webcast and online bidding on the internet platform, since 2014.

AWA have hosted more than 300 online and live webcast auctions over the past 7 years and arguably have one of the most stable and user-friendly online platforms in the industry. AWA is the only auction house that owns and use its own streaming technology and do not rely on partners to ensure the quality of streaming on their auctions.

Wildlife Auctions (AWA's platform) currently have over 7 500 register users on its website. 50% of these registered users are active users and participating using the website and app functionalities regularly. Most of the users have actively used the website and app for many years and are very comfortable with the functionality and technology available on the platforms, which improves AWA take up for every auction.

AWA Social investment in local community

AWA has always believed to support the local community and industry. It is important to continue to assist and support community projects in the area.

During the past 6 months AWA has co-sponsored the local rugby and netball teams. Further to this Awa is also actively participating in the local communities and support important causes in the community.



Our latest and most important project at the moment is to upgrade the District Agricultural Union (DLU) Livestock Pens in Vaalwater. The pens and site have materially deteriorated over the past few years.

Unfortunately the maintenance at the site was not kept up to date and now need a major revamp. AWA has taken hands with the local farmers to start upgrading the pens and auction area to first class standards.

AWA has also agreed to donate all the commission earned on Livestock auctions held at the site until 31 December 2021 to this project. A list of the maintenance that is in progress as well as sponsors obtained by AWA:



Phase 1

The way forward is a full facelift of the seating area, auctioneer stand and ring to be completed by 15 July 2021, in time for AWA's first Livestock Auction at the site on the 19th of July 2021.

The flooring is being repaired and painted by AWA.

AWA in conjunction with Promac Paints have sponsored and arranged to repaint all the boma pens, ring and seating area. Paint sponsored by Promac Paints and Labor done by AWA.

AWA will repair the Auctioneer stand to improve its quality and durability.

AWA is in the process of building water troughs to ensure the availability of fresh drinking water for the animals.

The walkway and steps will be repaired by AWA.

Phase 2

Will be to complete the full facelift, including painting and repairing of the pens and premises.

The Bio security upgrade and implementation is also planned for the month of July 2021, aligning the site to APAC requirements.

Summary and outlook for the rest of the year

AWA believes that the current buoyancy in the market will continue for the balance of the year. The shortage in species will continue to be prevalent in the market and therefore will continue to impact on the game prices for the rest of the year. We believe the prices of all species seems to have stabilised except for the buffalo which is not aligned to the rest of game prices. We still foresee instability in buffalo prices for the rest of the year. The buffalo markets pricing is still very unstable, and prices can substantially vary from week to week. There are also large quantities of buffalo for sale in the markets. We believe buffalo is the only specie that still have not fully adjusted to the price reset.

Most of game species prices have now reset after the boom years and the sellers and buyers of game can look forward to much more stable prices with material increase in certain plains game species and moderate increase year on year of the rare game species. We see reasonable price increase on nyala and sable bull prices which is a reversal to last year whereby both these species were still in declining phase. We believe we will continue to see increases in all plains game prices and moderate increase in rare game specie prices, excluding buffalo prices.

Buffalo prices are still very unstable and have not yet stabilized and reset. We foresee the downward trend in the buffalo market to continue during this year.



AWA CONSULTANTS AVAILABLE FOR ASSISTANCE

Pre-registrations welcome

Online Bidding :

Adrien Viljoen 082 712 7721

Registrations :

Panayota Galanakis 079 340 1922

Alexi Rough 071 896 6301

Telephone Bidding & Auction Bookings :

Michelle Venter 067 047 1662



ONLINE AUCTION AT:



Auction Dates 2021

Date of Auction	Auction Name	Auction Hosting Details
Saturday, 10 April 2021	AWA Game Auction	Live Boma Auction
Saturday, 17 April 2021	AWA Asset Auction	Live Hall Auction
Saturday, 24 April 2021	AWA Game Auction	Live Boma Auction
Saturday, 08 May 2021	AWA Game Auction	Live Boma Auction
Saturday, 22 May 2021	AWA Game Auction	Live Boma Auction
Saturday, 29 May 2021	AWA Asset Auction	Live Hall Auction
Saturday, 5 June 2021	GWP Game Auction	Live Boma Auction
Saturday, 26 June 2021	AWA Game Auction	Live Boma Auction
Saturday, 10 July 2021	AWA Game Auction	Live Boma Auction
Saturday, 24 July 2021	AWA Game Auction	Live Boma Auction
Saturday, 31 July 2021	AWA Asset Auction	Live Hall Auction
Saturday, 14 August 2021	AWA Game Auction	Live Boma Auction
Saturday, 28 August 2021	AWA Game Auction	Live Boma Auction
Friday, 3 September 2021	AWA Asset Auction	Timed Asset Auction
Saturday, 11 September 2021	AWA Game Auction	Live Boma Auction
Saturday, 25 September 2021	AWA Game Auction	Live Boma Auction
Saturday, 16 October 2021	AWA Game Auction	Live Boma Auction
Saturday, 30 October 2021	AWA Game Auction	Live Boma Auction
Friday, 5 November 2021	AWA Asset Auction	Timed Asset Auction
Saturday, 4 December 2021	AWA Asset Auction	Live Hall Auction

Auction Dates Subject to Change

www.awla.co.za

Alexi Rough • 071 896 6301 (Wildlife) | Panayota Galanakis • 079 340 1922 (Livestock)
Adrien Viljoen • 082 712 7721 (Capture/Transport) | Michelle Venter • 067 047 1662 (Assets)