

Confidential

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LAND BANK'S RESPONSE TO CLAIMS OF LAND GRABS BY THE BANK

In the last few weeks, Land Bank has noted media reports of claims that the Bank and its legal representatives have been involved in “unconstitutional land occupations” / “land grabs”, and certain inappropriate actions associated with the Bank’s methods of debt recovery from clients who have defaulted on their loan repayment obligations.

The Bank took these allegations in a very serious light and has since undertaken an investigation to establish the factual correctness of the allegations, particularly pertaining to the specific incident or case that was referred to or used by those who made these allegations. The alleged incident occurred in the Williston-Sutherland area in the Northern Cape Province.

The findings from the Bank’s investigation confirm that there is no evidence to support the allegations that the Bank has acted illegally, unethically or implemented or used inappropriate or illegal practices or actions in this particular incident/case which is alleged to have occurred in the Northern Cape Province, or in any other case.

The following facts are put on record as far as the incident that led to the media claims is concerned:

1. The alleged incident involves one of the Bank’s clients who (together with his other company) stood as sureties for the obligations of his company and his trust which are both Land Bank’s debtors (“Debtors”) which were originated and managed by Land Bank’s intermediary under an agreement which has since been terminated with effect from 30 September 2021.
2. On or about October 2018, the Debtors defaulted on loan repayment obligations with Land Bank.
3. At the time of default, the account in question was still being managed by the Bank’s intermediary and it is our understanding that the said intermediary attempted to assist the client with a view of finding a possible solution prior to any legal action being instituted. The assistance included possible restructuring of the debt which unfortunately did not yield positive results.
4. As soon as it became apparent that there was no further possible assistance that could be provided to the client, the Bank’s intermediary (acting through its attorneys) instituted a legal process on behalf of the Bank to recover the outstanding amount owing to the Bank. Formal letters of demand were sent to this client (the Debtors). This happened towards the end of 2020.
5. Subsequent to the aforementioned applications for the liquidation and sequestration being granted, provisional liquidators/trustees were appointed by the Master of the High Court. These provisional liquidators/trustees are vested with certain powers and duties in terms of

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Ms D Kobe (Acting Chief Financial Officer) and Mr Mashumi K Mzaidume (Company Secretary)

the law. The trustees' initial duty, once the sequestration is granted, is to identify and to preserve the assets of the insolvent debtor for the benefit of all creditors. In line with their duty, the trustees engaged the services of the third party company to provide the security services to protect the assets.

6. The provisional liquidator/trustee was therefore responsible for the appointment of the security company that is claimed to have ex 32-battalion soldiers on its staff complement, and not Land Bank or its attorneys of record on the matter.
7. In exercising the aforementioned duty, the provisional trustees, upon appointment by the Master of the High Court, instructed the Sheriff of the High Court to attach and remove the assets of the insolvent estate in accordance with the applicable law.
8. Land Bank understands that around June 2022 the Sheriff of the High Court (accompanied by an attorney from the Land Bank attorneys, as an observer) attended at the farms owned by the client to effect the attachment of the assets pending the appointment of the final liquidator/s/trustee/s.
9. It must be borne in mind that from the date the provisional liquidators/trustees were appointed, the entire process and engagements with the client was controlled by the provisional liquidators/trustees and not Land Bank or its attorney. The client concerned continues to put a blame on Land Bank in the entire process despite having been advised by the provisional liquidators/trustees that in insolvency proceedings Land Bank is only involved as a creditor but does not control the process.
10. Land Bank understands from the provisional liquidators/trustees that in their process to take control of the assets of the client as required by the law, there has been no cooperation from the client to identify all these assets and to submit the statements of financial affairs of the entities concerned.
11. Land Bank has been further advised that during the period since the liquidation order was granted by the High Court the client had been involved in the slaughtering of livestock (sheep) and sales thereof, at a period when these assets were supposed to be secured for the creditors. The provisional liquidators are currently investigating this matter further and will advise the Bank of the outcome of such investigation of possible dissipation of assets by the client.
12. It has come to our attention that as part of securing the creditors' assets the security company appointed by the provisional liquidators may have placed security guards at a wrong property on the understanding that such a property formed part of the assets under the control of the provisional liquidators/trustees. Land Bank was not involved in this operation, and any accountability related to the purported error cannot be ascribed to the Bank, but should be directed to the provincial liquidators/trustees and the security service company. The Bank empathises with the parties that may have been inconvenienced or wronged in this process.

The allegations made against the Bank's conduct in the abovementioned specific case are accordingly unfounded and therefore repudiated.

Additionally, Land Bank is satisfied that no information exists to suggest that the claims made in this specific incident may be applicable to any of its regular, past and present debt collection activities.

The Bank will continue to act in the interest of all its stakeholders, including its clients, creditors and the shareholder to recover debts owed to it in accordance with the applicable laws. The Bank's debt recovery activities and securing of its assets are always undertaken through applicable court processes.

Furthermore, the sale of the Bank's repossessed assets is undertaken on a fair and open process, including auction processes, to ensure that market related values are achieved in the interest of both the Bank and the affected clients.

Land Bank's approach to the collections of loan repayments that are due to it, as well as the rectification of defaults, has always been centred on finding long term viable solutions instead of an eagerness to foreclose on its clients. A robust workout and restructuring service is offered by the Bank before legal action is undertaken. A foreclosure of client facilities is always a last resort when all viable attempts are unable to restore the client's repayment ability. This is the approach the Bank has followed with all its livestock farming clients who have been impacted by prolonged drought in the Northern Cape.

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