

The Land and Agricultural Development Bank of South Africa
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Investor Confidence in Land Bank grows despite sector uncertainty

19 September 2018. The Land and Agricultural Development Bank of South Africa (“Land Bank”) concluded another successful bond auction on Monday 17 September 2018, raising R1.5-billion to support its mandate, while attracting new investors in the process. This despite a tough external environment, characterised by uncertainty around the direction land reform policy will take as well as the second quarter negative year-on-year growth of the agricultural sector.

Following the release of a solid set of financial results for the year ended 31 March 2018 during mid-August 2018, the Bank launched an auction with a target of raising between R1-billion and R1.5-billion, receiving bids in excess of R2.1-billion all within pricing guidance, effectively securing listed debt financing at relatively better rates compared to 6 months ago.

The R1.5-billion was spread across three different bonds, including a three- and five year floating rate note, and for the first time by way of a listed auction, a five year fixed rate note. Land Bank has not only worked to secure longer term funding to strengthen its Balance Sheet, but also managed to reduce its three and five year yields by 14 and 20 basis points respectively. Additionally, 18 new investors participated in the auction, another indicator of the growing confidence in the Bank from the investor community.

The continued positive feedback from investors is as a result of the implementation of a number of practical initiatives including the adoption of a Board of Directors Code of Ethics and Business Conduct; the completion of an Ethics Opportunity and Risk Assessment in conjunction with the Ethics Institute, regular investor roadshows and bond auctions, an

Mr MA Moloto (Chairperson) Mr TP Nchocho (Chief Executive Officer) Ms SA Lund
Ms D Hlatshwayo (Deputy Chairperson) Dr ST Cornelius Mr M Makgoba Ms TT Ngcobo Ms D Motau Adv. SJH Coetzee
Ms ME Makgatho Ms G Mtetwa Mr B van Rooy (Chief Financial Officer) Mr MK Mzaidume (Company Secretary)

enhanced listed debt Programme Memorandum, as well as release of regular SENS announcements to enhance transparency and raise investor confidence in general.

According to Chief Financial Officer Bennie Van Rooy, the Bank's financial sustainability strategy continues to yield positive results. *“Land Bank has consistently demonstrated its ability to create value for its shareholders and deliver on its mandate despite persistent challenges in the external environment. Over the past few years, the team has diligently worked to strengthen the Bank's institutional, structural and funding positions in order to accelerate the pace of transformation in the sector. We are pleased with the result of the auction and will continue to work determinedly to grow investor sentiment in Land Bank.”*

While the investor community will be following policy developments with regards to land reform closely, the outcome of this week's listed debt auction is a demonstration of their continued confidence in Land Bank, and its ability to support the agricultural sector as a whole.

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Enquiries

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