

Confidential

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LAND BANK IMPLEMENTS LANDMARK DEBT RESTRUCTURING SOLUTION

The Land Bank Board is pleased to announce the successful conclusion of the debt restructuring solution with all its lenders. Official notices have been issued, signalling the implementation of the solution.

Following the signing of legal agreements and the fulfilment of all conditions, the debt restructuring solution will take effect on 16 September 2024, effectively ending Land Bank's debt default position.

This debt restructuring spans multiple financial instruments of all the Bank's lenders, ensuring equitable treatment of all the lenders, regardless of the type of debt held and their governing laws. Scheduled repayments to lenders will occur every six months through to March 2028. The government's equity contribution will play a critical role in this plan, positioning Land Bank on a sustainable path forward.

Ms. Thabi Nkosi, Chairman of the Board, reflected on the complexity of this process:

"This has been one of the most intricate and extended debt restructuring efforts in South Africa's financial history. Coordinating a large number of lenders consisting of local lenders, a multilateral development finance institution and international banks, as well as the different types of debt instruments, and tenures added to the challenge. Thankfully, all parties showed remarkable patience and good faith with lenders respecting a stand still arrangement since the Bank defaulted on its debts. We believe the solution we've reached is in the best interest of all stakeholders and the agricultural sector."

The Finance Minister, Mr Enoch Gondongwana acknowledged the reduced socio-economic impact of the Bank owing to the temporary halt of its lending activities, but emphasized the government's measured approach:

"Government provided R10 billion to stabilize the situation and alleviate the State's contingent liabilities through the settlement of the State-guaranteed lenders, and to allocate R3.7bn from these funds towards the Blended Finance Scheme to support the Bank's agricultural development and transformation mandate. We also ensured that the Bank found self-help measures while keeping fiscal support to a minimum. Moving forward, the Bank's funding model remains a priority."

The Bank has faced significant challenges since its debt default in April 2020, but there have been several key milestones:

Directors: Ms R Nkosi (Chairperson), Prof JF Kirsten, Ms TN Mashanda, Ms NP Motshegoa, Ms D Maithufi, Ms E Pillay, Dr MM Tom, Adv DW Van der Westhuizen, Mr TM Rikhotso (Chief Executive Officer), and Ms KH Mukhari (Chief Financial Officer)

Adv B Raseroka (Company Secretary)

- Debt Reduction: Since the debt default the Bank has repaid over 60% of its debt. This was achieved through cash proceeds from a deliberate reduction of the Bank's loan book, which reduced from R45.2 billion in March 2020 to R17 billion by June 2024.
- Lending Activities: Despite the downsizing, Land Bank resumed limited lending activities in October 2022 through the Blended Finance Scheme, which is supported by grant funding from the Department of Agriculture.

In FY23, the Bank began implementing its Turnaround Strategy, which is divided into three key phases:

- Stabilisation (FY23-FY24): Focused on balancing its debt repayment obligations and re-establishing limited lending.
- Consolidation (FY25-FY27): Following the success of the Liability Solution, this phase concentrates on improving operations and strategic execution.
- Growth (FY28 onwards): The Bank will aim for a more diversified funding model, and business growth that is focused on expanded development outcomes.

With the Liability Solution finalized, Land Bank is now fully focused on executing its Turnaround Strategy to implement its mandate and to drive development and transformation within the agricultural sector. The new operating model, led by the CEO and the executive team, with strong board support, will be central to this journey.

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