

The Land and Agricultural Development Bank of South Africa
(JSE Code: BILB)
("the Land Bank" or "the Issuer")

Announcement relating to No Event of Default and further information

On 20 April 2020, the Land Bank issued a SENS announcement advising noteholders holding listed notes issued under Land Bank's JSE-listed (i) ZAR 20 Billion DMTN Programme dated 18 October 2010 (the "2010 Programme") and its (ii) ZAR 30 Billion DMTN Programme dated 13 March 2017 (the "2017 Programme") that an Event of Default may have occurred under the terms of both the 2010 Programme and the 2017 Programme (together the "DMTN Programmes").

The Land Bank's external legal counsel had reconsidered their analysis of the cross default provisions and concluded that the amount payable under a revolving credit facility ("the Affected RCF") did not trigger a cross default under the notes because the aggregate amount payable to the relevant lender fell below the threshold required for a cross default under the notes. However, notwithstanding the above, the Land Bank anticipates further defaults to occur under debts which fall due today which will result in the threshold for a cross default being breached.

The Land Bank is still in ongoing engagements with the relevant lenders regarding the waiver of the Event of Default under the Affected RCF and the deferment of the repayment of the debts which falls due today and as soon as these discussions conclude the Land Bank will announce the outcome of such discussions.

The Land Bank is currently experiencing a liquidity shortfall and is accordingly engaging with various stakeholders with a view to addressing this challenge especially in regard to financial obligations falling due which may need to be deferred. Approximately R738m of indebtedness of Land Bank is scheduled to mature between the date of this announcement and the end of April 2020. The liquidity shortfall may result in a potential event of default in terms of the notes in the event that the Land Bank is unable to meet any obligation due to a note holder, or to another funder which triggers a cross default under the notes, on due date unless such payment has been deferred by such note holder or funder, as the case may be.

The Land Bank has approached certain of its lenders and is in the process of approaching the remaining funders to the Land Bank to possibly raise up to R5 billion to meet the Land Bank's medium term liquidity requirements. The Land Bank currently has access to a R5,7 billion government guarantee of which approximately R4,3 billion remains available to support Land Bank's capital raising initiatives.

Pending the raising of further funding and the restructuring of its financial indebtedness, the Land Bank will be engaging the noteholders and other funders to agree to a deferral of the payment of interest and capital repayments for a period to be agreed with the noteholders and funders.

In order to facilitate effective communication with the funders the Land Bank is requesting its funders to arrange themselves into their respective groups together with co-ordinating funders/committees appointed to represent each group. In this regard:

1. The Land Bank will request the commercial banks to arrange themselves into a co-ordinated group. A bank has been approached with a request that it arranges the commercial banks into a co-ordinated group;
2. The listed noteholders will be requested to organise themselves into a group with a designated co-ordinating committee appointed to represent the interests of the listed noteholders; and
3. The other funders will be arranged into ad hoc groups where appropriate and certain of the funders will be dealt with on a bilateral basis.

As the matter progresses it is likely to become necessary to merge the groups into one group with a co-ordinating committee overseeing the interests of the funding group, subject to equal information being made available to all groups and any price sensitive information being released on SENS.

The Land Bank Board remains committed to a transparent process and undertakes to work with all stakeholders to mitigate risks identified.

Noteholders will be kept apprised of developments.

Copies of the 2010 Programme, the 2017 Programme, and the relevant Applicable Pricing Supplements can be accessed on the Issuer's Website at the following link: www.landbank.co.za

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Enquiries

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Debt Sponsor

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