

23 NOVEMBER 2020



The Land and Agricultural Development Bank of South Africa

(JSE Code: BILB)

("Land Bank")

Land and Agricultural Development Bank of South Africa: Update on Liability Solution; Continued Shareholder Support; Update on Partial Capital Reduction Repayment; Delay of Annual Financial Statements; Release of unaudited interim financial statements and Update on litigation by Standard Chartered Bank

Pursuant to the SENS announcement on 22 September 2020 (and prior announcements in this regard), Land Bank wishes to update noteholders holding listed notes issued under Land Bank's JSE-listed ZAR20 billion DMTN Programme dated 18 October 2010 and its ZAR30 billion DMTN Programme dated 13 March 2017 ("**Noteholders**").

Liability Solution: delay in implementation

Land Bank continues to engage with all stakeholders as it works towards implementing the Liability Solution referred to in the SENS announcement of 17 June 2020, subsequent SENS announcements in this regard, and the SENS announcement of 22 September 2020.

In recent months, Land Bank has, inter alia:

- Received a capital injection and financial support from its shareholder, the South African Government in an amount of R3 billion;
- Paid all arrears interest owing to Noteholders and other financial creditors;
- Settled interest payments to Noteholders and other financial creditors as and when these fall due;
- Offered a 5% Partial Capital Reduction Repayment (see SENS of 22 September 2020) to Noteholders and its financial creditors and has put aside circa R1,8 billion to meet this payment;
- Restored all customer deposits;
- Continued to operate and make curtailed disbursements to farmers in support of the Agricultural sector and food security.

Land Bank targeted implementing the Liability Solution by the end of November 2020. Due to the complexity of the transaction and the large number of financial creditors with whom Land Bank must engage, this target will not be achieved. Land Bank continues to work with the stakeholders towards full implementation of the Liability Solution. Land Bank is aiming to fully implement the Liability Solution by no later than the end of March 2021, but will continue to work with stakeholders to implement the Liability Solution sooner to the extent possible.

Continued Shareholder Support

Through National Treasury, Land Bank continues to receive support from its shareholder and the shareholder is engaged in discussions with stakeholders as Land Bank continues to work towards implementation of the Liability Solution. In the 2020 Medium-Term Budget Policy Statement delivered by the Minister of Finance, the Minister signalled the need for further support for Land Bank by noting that the Land Bank "will require an additional R7 billion

over the medium-term to support its restructuring”. Details of the appropriation are expected in the Minister of Finance’s February 2021 budget speech.

Partial Capital Reduction Repayment

In a SENS announcement dated 22 September 2020, Land Bank stated that if the Liability Solution is not implemented by 30 November 2020, Land Bank will start the processes necessary to enable the 5% Part Capital Reduction. Repayment to Noteholders and other financial creditors will take place as soon as reasonably possible, but in any event, by no later than 28 February 2021. The Land Bank has set aside circa R1,8 billion to meet this payment and has, in light of the anticipated delay in implementation of the Liability Solution, commenced work on the various processes necessary to make this payment. The market will be kept informed of developments.

Delay in release of Annual Financial Statements and Provision of unaudited interim financial statements

Due to a number of factors, including the ongoing discussions regarding the Liability Solution, the annual audit of Land Bank by the Auditor General is not yet complete. Land Bank has applied for extensions from the relevant regulatory bodies but continues to work towards the finalisation of the Annual Financial Statements as soon as possible.

In order to provide the market with as much relevant financial information as is reasonably possible, Land Bank will publish its unaudited interim financial statements on or before 31 December 2020.

In an effort to ensure equitable dissemination of information, Land Bank has established a portal (“**Investor Portal**”) where market updates and information regarding the Liability Solution will be loaded for access by interested parties. The unaudited interim financial statements will be loaded onto the Investor Portal. The Investor Portal can be accessed at <https://landbank.co.za/Investor-Portal> or via the “Investors” tab on the www.landbank.co.za website. Investors will be informed when additional material information is uploaded to the Investor Portal.

Update on litigation by Standard Chartered Bank

As was described in the SENS of 26 August 2020, on 18 August 2020 Standard Chartered Bank commenced legal proceedings against the Land Bank to recover certain debt from the Land Bank. Land Bank has opposed the application. The matter has been set down for hearing on 02 December 2020. Land Bank will keep Noteholders apprised of developments.

23 November 2020

1 Enquiries

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