

Land Bank Presentation

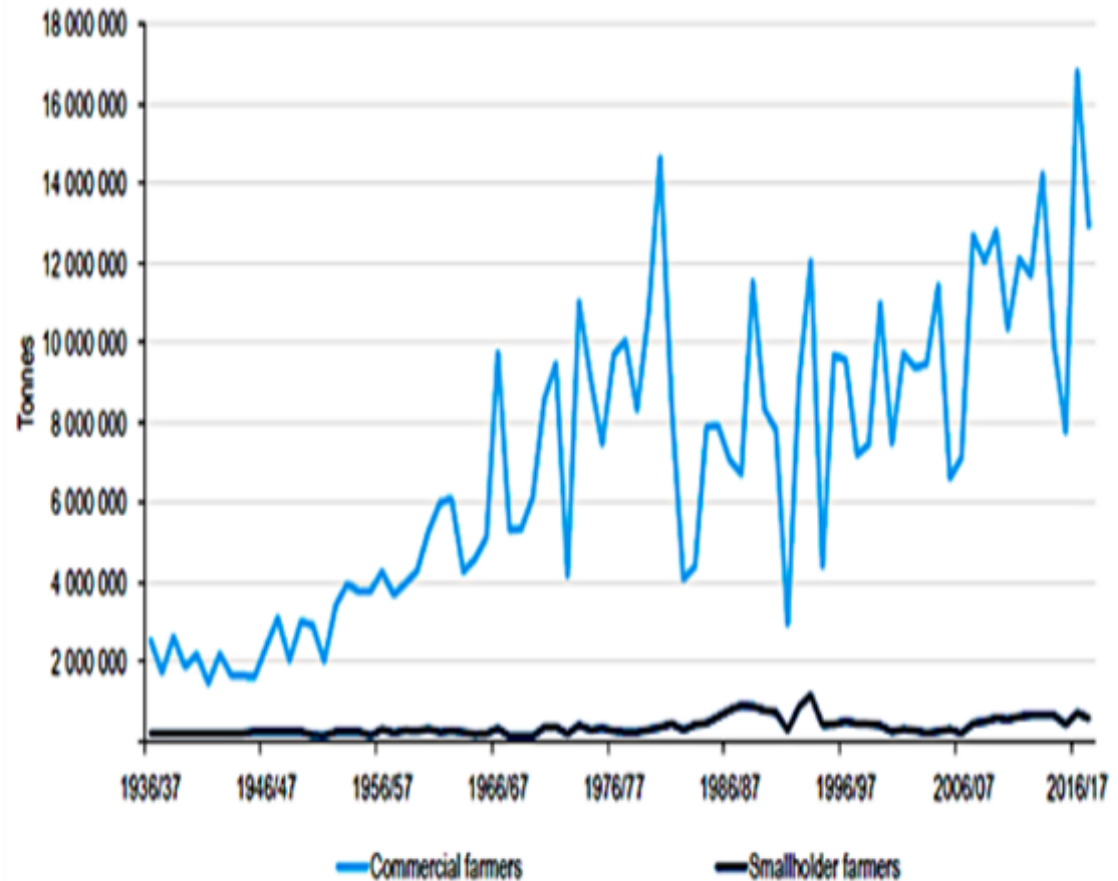


Smallholder vs Commercial Maize Production Output [1936 – 2017]

Black Farmers (Historically Disadvantaged Persons) are not a significant contributor to the share of agricultural output by value.

Commodity	Black Farmer Share in Output 13%
Maize	5.8%
Soybeans	3.8%
Wheat	1.0%
Cotton	5.2%
Citrus	25.6%
Deciduous fruit	11.8%
Viticulture	8.4%
Potato	5.9%
Tomato	2.0%
Wool	1.6%
Mohair	16.2%
Cattle	37.0%
Poultry	6.5%

Source: NAMC, 2024



South African Maize Production [1936-2017]

Source: SAGIS and AGBIZ Research

Farmer Challenges

Challenges of farmers

Lack of access to finance

Lack of access to market

Lack of access mechanisation

Lack of access to quality inputs

Lack of agrarian / agronomy skills

Poor farming practises

Lack of access to productive land

Lack of compliance

Low Insurance Coverage



Land Bank Support

Market Access Support

- Offtake Contracts
- Leverage sub-contracting through aggregation

Funding Support

- Grant Funding
- Blended Funding
 - Land Acquisition
 - Mechanization
 - Quality Inputs
 - Insurance support

Capacity Building

- Agrarian / agronomy skills development
- Develop farming practices
- Support with Compliance .

Partnership Value Proposition

Pre Investment Support

1

Market Access

- **Securing** of Market Access Partners
- **Opportunity** Mapping
- Farmer **Recruitment**
- Offtake **Contract**

2

Funding Access

- Support with **Business Plan** Development
- Support **package LB** funding application
- Support **lodge loan** application at LB
- **Monitor** application approval process

3

Production

- Provision of **grower or breeding support** to farmers
- **Regular inspect** production / livestock
- Monitor **progress** of breeding / production
- Monitor **yields and output**

Post Investment Support

4

Post-Production

- Drive **harvest management**
- Ensure **optimal harvesting** time
- **Proper harvesting, handling & storage**
- Monitor **harvest output and post-harvest** losses

5

Turnaround

- Support with turnaround support
 - **Technical** Support
 - **Mentorship** Support
 - **Operational** Optimization
 - Financial **Reengineering**
 - **Rehabilitation**

Partnership Value Proposition



Business Support

Grower Support

Back-office Support

Mentorship Support

Land Bank Funding

FUNDING PIPELINE

Transaction Packaging

Compliance Support

Post investment needs assessment

Funding Qualification Assessment

MARKET ACCESS

SUPPLIER PIPELINE

FUNDING

Secure partners to access **grants** funding, **credit guarantee**, **soft** loans, **equity** finance.

FARMER NETWORK

Access to **development** farmers through a **network of partners** including **commodity** bodies, **government** department and agencies and **private sector**.

CAPACITY BUILDING

Secure partners to access **compliance**, **technical** and **business** skills development **grants** funding and **skills** development partners including **Setas**. To enhance Pre and Post Support

INPUTS, IMPLEMENT

Secure partners to access **quality** and **fair** priced **inputs** and **implements** to increase **yields** and **profitability** of farmers

LAND ACCESS

Secure partners to access land for production, this includes **govt land**, **land reform**, **communal** land and **mining** firm land.

INFRASTRUCTURE

Secure partners to access **agricultural** infrastructure and infrastructure **investment**

Partnership

- **Market access partners including** Woolworths, McCain, Tiger Brands, Heineken, Soufflet and working arrangement Boxer and Shoprite
- **Commodity bodies collaboration including, including** Grain SA (PGP), SAGRA, Potato SA, SAPA, SAMAC, SAPPO, etc
- Development agencies include **AGDA, Farmsol, Kgodiso (PepsiCo)**
- Provincial Government DoA including **EC DoA, Gauteng DoA, North West DoA, KZN DoA, WC DoA, NC DoA**

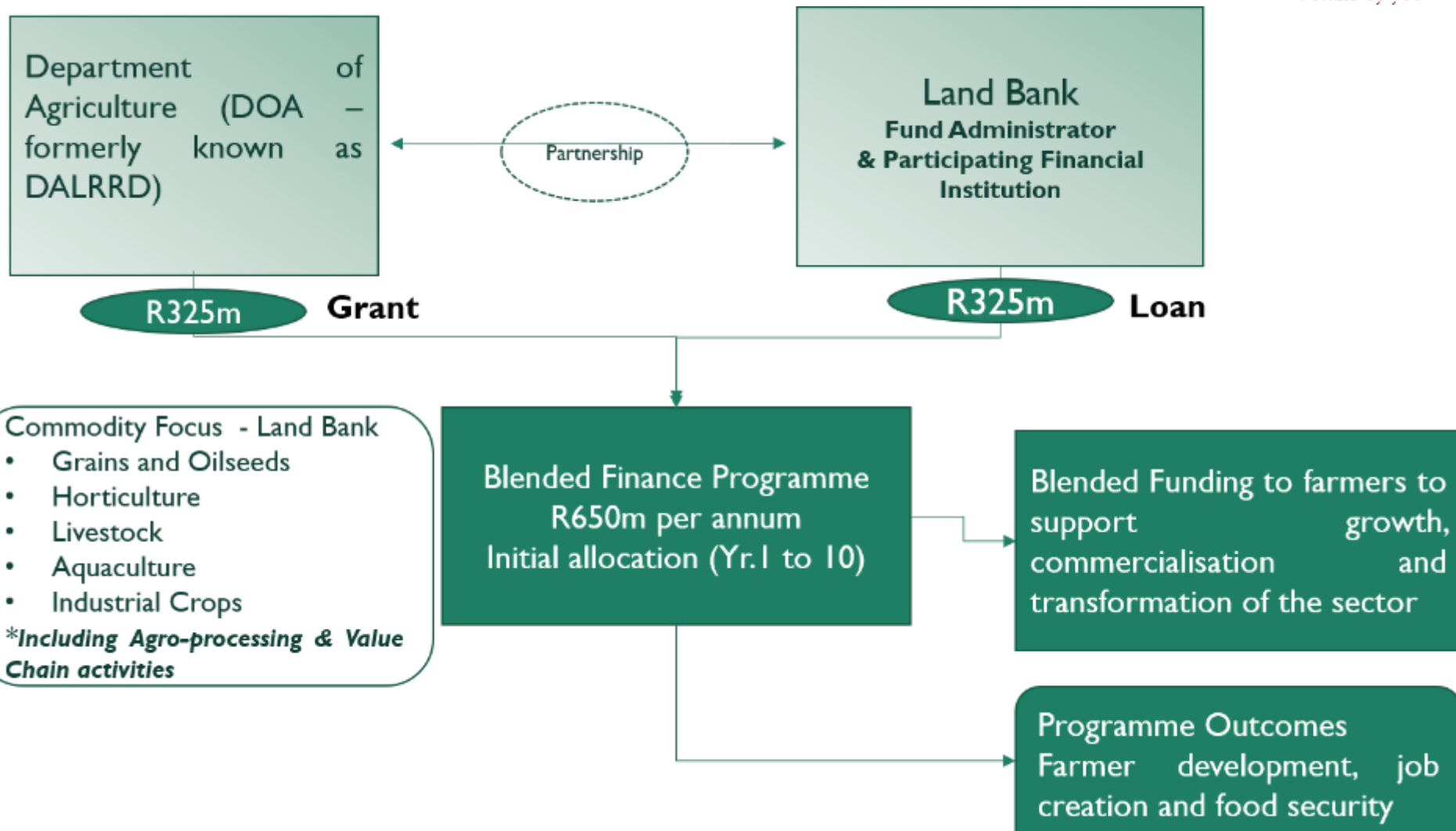
Partner Portfolio Summary	Value
Number of Transactions	40
BFS Approved Funding	R188.2 million
BFS Disbursed Funding	R137.8 million
Provincial Department of Agriculture Top-up Grants Approved	R31.2 million
Provincial Department of Agriculture Top-up Grants Disbursed	R16.1 million

- **40 partnership-supported transactions** have been approved under the Blended Finance Scheme (BFS).
- Total **BFS approvals amount to R188.2 million**, with **R137.8 million (73.2%)** already disbursed to beneficiaries.
- Provincial Departments of Agriculture have approved **R31.2 million** in top-up grant funding, of which **R16.1 million (51.6%)** has been disbursed.
- The **remaining disbursements represent funding** that is expected to be **released as projects achieve their implementation milestones** and satisfy the relevant funding conditions.

Blended Finance Scheme (BFS)



Programme Overview – Blended Finance



Fund Overview



The Blended Finance Scheme (BFS) was established as a joint funding initiative between the **Department of Agriculture (DOA)** and **Land Bank** to improve **access to finance** for **black agricultural producers**.

- **Initial capital allocation: R650 million** to re-open the programme.
- **Annual funding commitment:** R325 million per annum contributed by each party during the first three years (2023–2025). and long-term commitment is maintained with annual allocations of R325 million by each party (2026-2033)
- **New entrants / Start-ups:** Funding geared **for smallholder, medium and large-scale** producer grant limits.
 - **No appetite** under BFS for financing **corporate size/mega business acquisitions** (i.e. Turnover > R50 mill).
 - **Pure debt funding** can be considered under Land Bank balance sheet for mega operations.

Producer Category	Turnover	Grant contribution	Land Acquisition	Production Support (CAPEX & OPEX)
Smallholder Producer	Below R1m	60% Grant	Up to R10 million	Up to R5 million
Medium Scale Producer	Between R1m – R10m	50% Grant	Up to R20 million	Up to R10 million
Large Scale Producer	Over R10m – R50m	40% Grant	Up to R50 million	Included within the R50 million limit
Special Grant Allocation from DOA				
Insurance	6%	Up to 6% of the total grant amount to be used towards taking an insurance		
Export Orientated Crops	40% Grant	R40m	Development Projects: Greenfields, brownfields and communal areas	
Aggregation Funding	60% Grant	R15m	Unsecured: up to R5m	Communal Agri Projects
Pre and Post Support	100%	Pre investment Support – Market Access, Compliance, Business Plan Development Post Investment Support – Mentorship, Training, AFS development, Business Advisory		

Funding Scope

Eligible Beneficiaries

Black producers and majority black-owned agricultural enterprises

Land Acquisition

Acquisition of primary agricultural land /commercially viable agricultural VC operating entities (agribusinesses)

Insurance Support

Provision for subsidised insurance cover through an insurance pool, capped at 6% of the total grant funding facility for each approved project.

Capital Expenditure (CAPEX)

Acquisition of agricultural machinery, equipment, irrigation systems, packhouses, storage facilities, infrastructure, and other productive assets

Expansion of Existing Operations

Expansion of production on privately owned farms, land reform farms, Greenfield and Brownfield agricultural operations

Production Finance (Working Capital)

Funding for seasonal production inputs and operational expenses, including seed, fertilizer, chemicals, feed, labour, fuel, and other working capital

Aggregation Projects

Funding for aggregation initiatives on communal land, leased land in rural, township, and semi-rural areas in accordance with the approved Aggregation Financing Framework

Funding Approach

All eligible activities (land acquisition, CAPEX, and production support) are funded through the BF Model, applying the approved grant-to-loan gliding scales based on producer category.

Grant Qualifying Criteria

- A minimum of 20 points on the DOA Economic Benefits Scorecard, assessing:
- Ownership and transformation,
- Own contribution (financial or non-financial),
- Employment creation,
- Contribution to food security,
- Sustainable development,
- Localisation, and
- Market access.

Loan Qualifying Criteria

Applications assessed according to Land Bank's credit policies, lending criteria, risk assessment tools, and approval processes to determine financial viability and repayment capacity.

Targeted Commodities

Poultry – Layer and Broiler production	Vegetables
Red Meat – Beef, sheep and goat	Citrus
Piggery	Fruit (Sub-tropical, deciduous, table grapes, pome etc...)
Grains and Oil seeds	Aquaculture
Sugarcane	Nuts
Cotton	Forestry (N/A at Land Bank per the MoA)
Dairy	Viticulture (N/A at Land Bank per the MoA)
Wool and Mohair	Hemp and Cannabis

General Conditions for funding

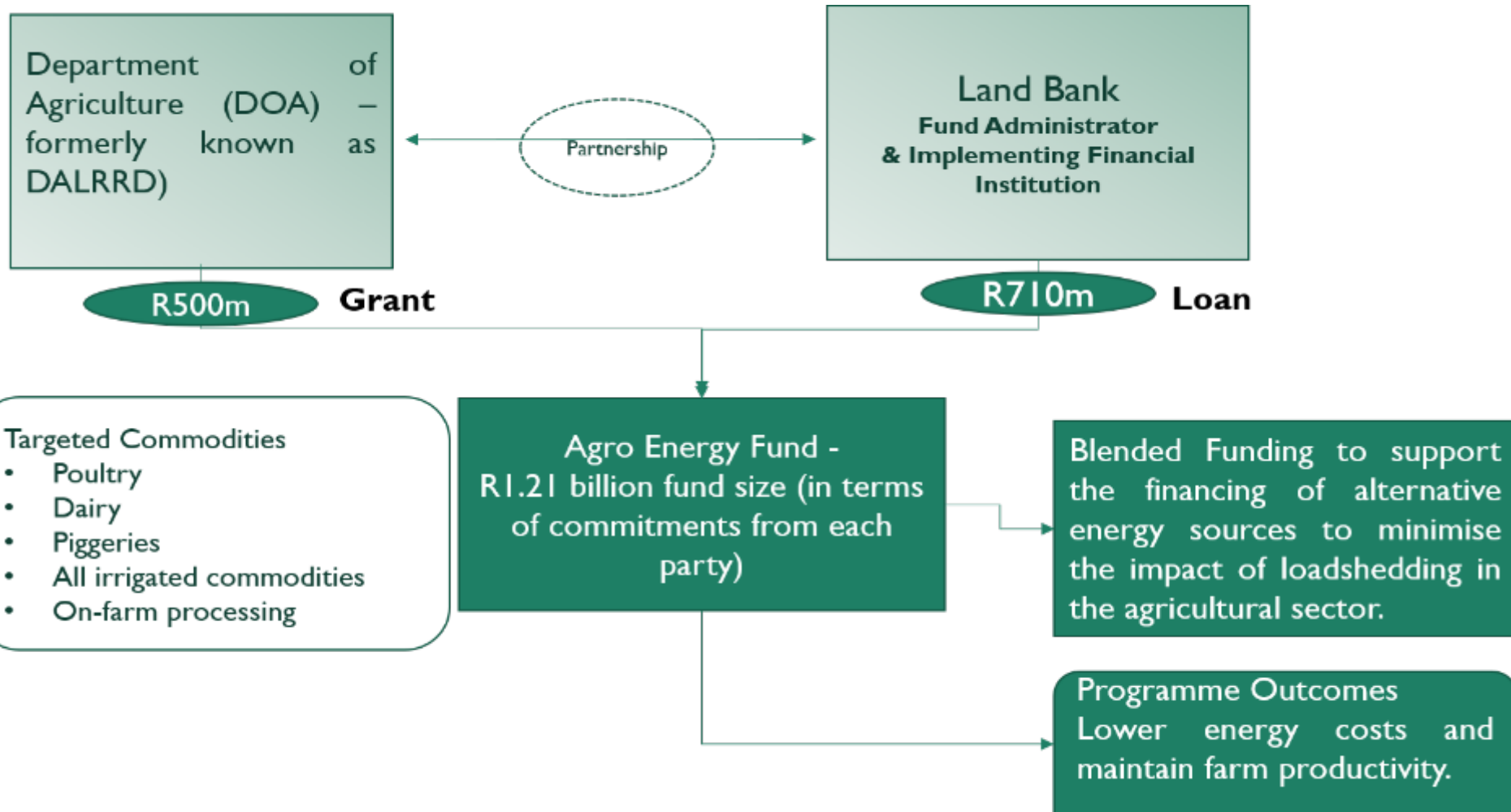


Category	Key Requirements
General Funding Conditions	• Submit a commercially viable business plan demonstrating long-term sustainability. • Complete all prescribed BFS application forms and supporting documentation. • Demonstrate agricultural experience or commit to approved training and capacity development. • Applicants over the age of 60 applying for expansion funding must provide evidence of a capable successor to ensure business continuity. • Land acquisition projects must not be subject to land restitution claims.
Joint Venture (Transformation) Requirements	• The JV operating company must be at least 60% black-owned, with the strategic partner holding between 26% and 40% equity. • Strategic partners must make a genuine equity contribution through cash and/or appropriately valued assets transferred to the JV. • Partners must proportionately share business risks, rewards, and profits throughout the partnership. • JVs operating on state land must comply with the State Land and Lease Disposal Policy. • The Shareholders' Agreement must include a clear exit or handover mechanism, or an irrevocable buy-out option for the black beneficiary. • The JV must agree to ongoing monitoring and evaluation to safeguard the interests of black producers. • The business plan must include a structured capacity-building and skills transfer programme for the black beneficiaries.

Agro Energy Fund (AEF)



Programme Overview – Agro Energy



Agro Energy Fund Overview



- Fund Size – R1.21 billion (Commitments: **R500m DOA** and **R710m Land Bank**);
- Producer Budget Splits – 40% of the annual fund budget allocated to large and mega producers, 40% to medium and 20% allocated to smallholder producers;
- Co-investment – Conditional grant will be used as **equity contribution** for producers in projects/transactions where Land Bank is the senior debt funder;
- Stand-alone - The **conditional grant will not be eligible to fund any project/transaction** on a stand-alone basis, but will always be utilised to blend with a loan to achieve said objectives; and
- Fund Period - The Shared Contribution Fund (the AEF Fund) will be **available until the funds are exhausted**.

Producer Category	Turnover	Grant contribution	Capex
Smallholder Producer	R50k - R1m	70% Grant	R500 000
Medium Scale Producer	R1m – R10m	50% Grant	R1m
Large Scale Producer	Over R10m – R50m	30% Grant	R1,5m
Mega Producers	Over R50m	30% Grant	R1,5m

Funding Scope



- **The AEF will provide loan and conditional grant funding to producers for:**
 - The purchase of **capital equipment and infrastructure** (“CAPEX”).
- **Grant Qualifying Criteria:**
 - To be eligible, a company must be applying to implement **an energy efficiency project** or a project that **offsets electricity from the grid**, through **self-use renewable energy**;
 - Only **one application per entity** or applicant will be considered (Grant to be blended with a loan);
 - **No debt takeovers**; debt settlements or refinancing;
 - **South African citizens** with a valid ID and/or registered business entity;
 - **Producers who are full time involved**, where an entity has more than one Director, one of the directors must be full time and have equal or majority shareholding in the operating entity;
 - Must be **18 years and above**;
 - The **Applicant must be operating an Agricultural Business** at the **Primary/ Secondary** level;
 - Applicants must demonstrate the **capacity to utilize the energy requirements** applied for;
 - **Smallholder, medium-scale, large-scale and mega-scale commercial producers** as defined;
 - Producers involved in **energy-intensive farming enterprises** including **on-farm cold chain** related activities; and
 - **Proof of land ownership** or proof of access to land (E.g. **Leases or PTOs** – must be aligned to the term of the loan at the minimum).
- **Loan Qualifying Criteria:** To be assessed inline with **Land Bank policies, products, tools and processes**. AEF offered under instalment sale finance and medium-term loans (**Solar, biogas and biomass plants** per product offering in the Land Bank Product Manual).
- **** Applicants need to make use of accredited or certified service providers by relevant industry organisations. Digital partnerships with Banks - Land Bank has partnered with Powerpulse from Standard Bank and Avo Solar from Nedbank.**

Targeted Commodities

- The specifically targeted commodities to be supported are poultry, dairy, piggeries, all irrigated commodities and on-farm processing.

Table 2: Common high energy consuming activities at farm level

Dairy Farming	Piggeries	Poultry	Field Cropping (All irrigated commodities) / Cold Chain Activities	Horticulture including (Greenhouses)
Milk cooling machinery	Heating	Lighting	Cold Storage	Cold Storage
Lighting	Ventilation	Feeding machinery	Irrigation	Irrigation
Milking machinery	Lighting	Ventilation		Ventilation
Feeding machinery	Feeding machinery	Heating		Lighting

- NB: the list is not exhaustive, to be guided by the internal assessment at Land Bank.**

EXCLUSION: Blended Finance Agro Energy Fund



Exclusions as outlined by DOA



- **Politicians** in public office (**12 months cooling period**);
- **Employees of government, SOEs** (**24 months cooling period**);
- Employees of all organisations **serving as administrators** of the scheme within **credit providers**;
- **Special advisors** for agricultural programmes (local, provincial and national);
- **Foreign nationals** and **illegal immigrants**;
- **Part time producers** (regardless of having a **full time farm manager** or will **appoint a farm manager**);
- **Politically Exposed Persons** posing a reputational risk as identified through the credit provider's lending policies, including but not limited to Anti-Money laundering risk management and compliance policies;
- **Distressed producers** where the grant is required to settle the debt of distressed producers;
- **Joint ventures with farm workers** where **farm workers are not involved** in the **management of the operation**;
- **Joint ventures** where targeted **producers exercise less than 60% ownership** and **voting rights**;
- **Producers** who have **mismanaged previous government support**; and
- **Applicants with no provision** for **farm worker profit sharing**.

Agro Energy Fund: Additional Exclusions

- Non- Agricultural Business;
- Double dipping applications (If already benefited from other energy government programmes); and
- Off-farm processors (Industrialists).

Partnership Between Land and Eastern Cape DoA and ECRDA



Eastern Cape Funding Partnership Arrangement



Funding commitment

- Land Bank - R103m
- EC DoA - R97m

Funding structure with Blended Finance

- Land Bank
- EC DoA

Focus

- Pilot phase
 - Grains

- **Type of Funding: Enhancement finance**
- **Principles**
 - Applying at Land Bank
 - Assessed application against requirements and compliance
 - Identify areas of requirements and compliance challenges
 - Use the EC DoA grants to close gaps or address challenges

CURRENT PROCESS

- **Applications are sourced** from provincial government, strategic partners or walk-ins
- **Due diligence** is done at Land Bank
- **Deal structuring** is done at Land Bank – to establish funding gaps
- **Conditional Funding approval** is done **subjected** to grant top up approval by province
- Official request for grant to-up is submitted to **HoD**,
 - upon approval, funds are transferred to **Land Bank** via **Eastern Cape Rural Development Agency**
- **Disbursement** is then processed

Eastern Cape : Joint Funding Approvals



Transactions

No of Farmers		14
	Blended Finance	R67.9m
EC DoA / ECRDA	Grant	R25,8m
	Total Investment	R93,7m

Example

Total Blended Finance Request	Top-Up Grant EC Dept of Agriculture	Contribution
R4 100 696	300,000	Less than 10%
R415 608	R250 000	At 60%
R1 554 000	R446 000	29%

THANK YOU!

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- Die Hoewes, Centurion.

www.landbank.co.za