

News release from RMB
10 October 2022

RMB launches the Agri Harvest Platform to provide a sustainable finance solution for the Agricultural sector

RMB announced the launch of the Agri Harvest Funding Platform (Agri Harvest), the first of its kind to provide a platform to facilitate funding for the agricultural sector in order to ensure a sustainable food supply to South Africans.

Chris Alderson, Co-Head: Debt & Trade Solutions at RMB, said: “The liquidity constraints that took place at the Land Bank triggered funding concerns for many of the agricultural businesses and prompted RMB to find an alternative solution. The key unlock in building out the platform was to bridge the funding gap between the farmer and the investor. We believe that the Agri Harvest Funding Platform will be a key enabler for the agricultural sector and with this sector being the bedrock of food security it is vital for the social-economic fabric of South Africa.”

Wimpie Snyman, Senior Coverage Banker at RMB added: “We recognised that the agricultural sector in South Africa urgently needed a marketplace which allowed participants to access funding from institutional and other commercial funders.”

The new Agri Harvest Funding Platform is an independent platform which can be used by multiple stakeholders in the agricultural sector to bring together asset providers and investors.

It allows the agricultural businesses to diversify their funding base at potentially a lower cost than the traditional single commercial bank funder model, resulting in a lower farmer gate price for the benefit of the end-consumer.

Snyman continued: “The lending is on a ring-fenced basis meaning there is no cross-contamination risk amongst issuers and funders. The platform will lower the high barrier cost to entry for agricultural businesses and banks to secure funding from the capital markets while satisfying the ESG needs.”

The first transaction was successfully implemented on the 15th of July 2022 by Agri Harvest for the funding of the farmer debtor book originated by GWK, an agricultural business and debt originator in the Northern Cape, resulting in a first draw under the ZAR1.4billion facility with further pay-outs to follow.

The capital market auction was supported by anchor investors such as Stanlib, Ashburton Investments and RMB.

“This paves the way for further mandates to be agreed with asset originators in the agricultural sector who are in need of liquidity and funding while simultaneously accessing the capital markets,” Alderson concluded.

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