



AFGRI GROUP HOLDINGS

The land issue: Impact on the economy and business

Thabi Nkosi
March 2019

A photograph of a lush green agricultural field with rows of young plants. In the background, a person is visible working in the field. The image is partially covered by a dark blue semi-transparent rectangle.

Driving food security
across Africa

01

Uncertainty reigns

Everyone is panicking!



Battle looms over South Africa's land-seizure plan

South Africa Land Seizures Begin, Economic Decline Accelerates

Farmers panic after list of apparent expropriation targets do the rounds

'LAND EXPROPRIATION WITHOUT COMPENSATION WILL CAUSE WAR IN SA'

Trump sends US officials to investigate land expropriation in South Africa

Land expropriation: This is the time to panic

26 September 2018, 09:02

...ropriation without compensation: ...s breaching international law, being ...assively sued

AF Plus goes international with campaign to stop land expropriation

Or are they?



Too early to panic about SA land - SA Reserve Bank deputy

Sep 21 2018 20:03 Ana Monteiro, Roxanne Henderson and Ntando Thukwana, Bloomberg

The Land Bank says expropriation without compensation could cost the government R41 billion overnight – or it could be amazing

Business Insider SA
3:50 PM

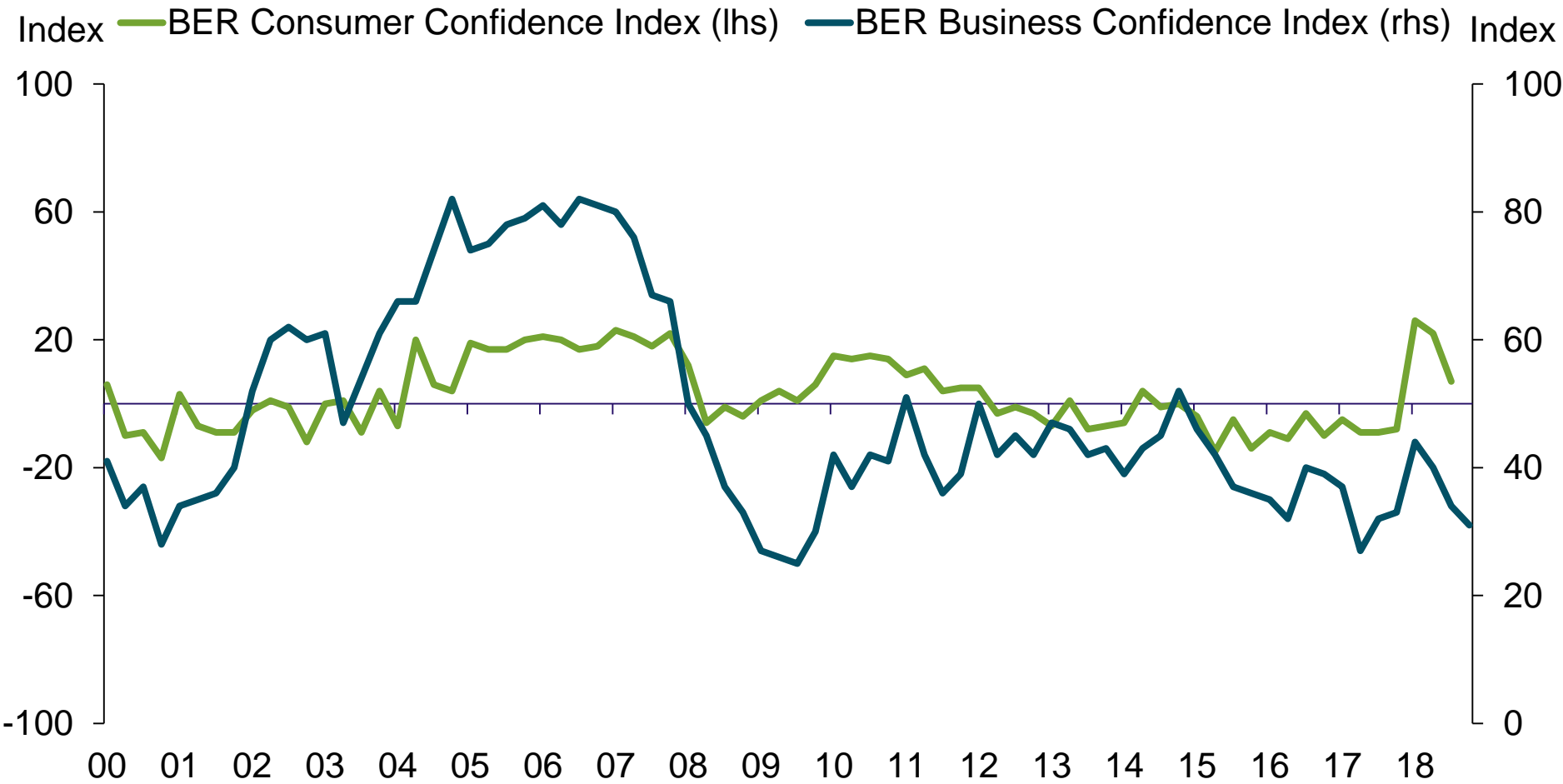
Shrinking profits, not land reform, is farmers' biggest worry



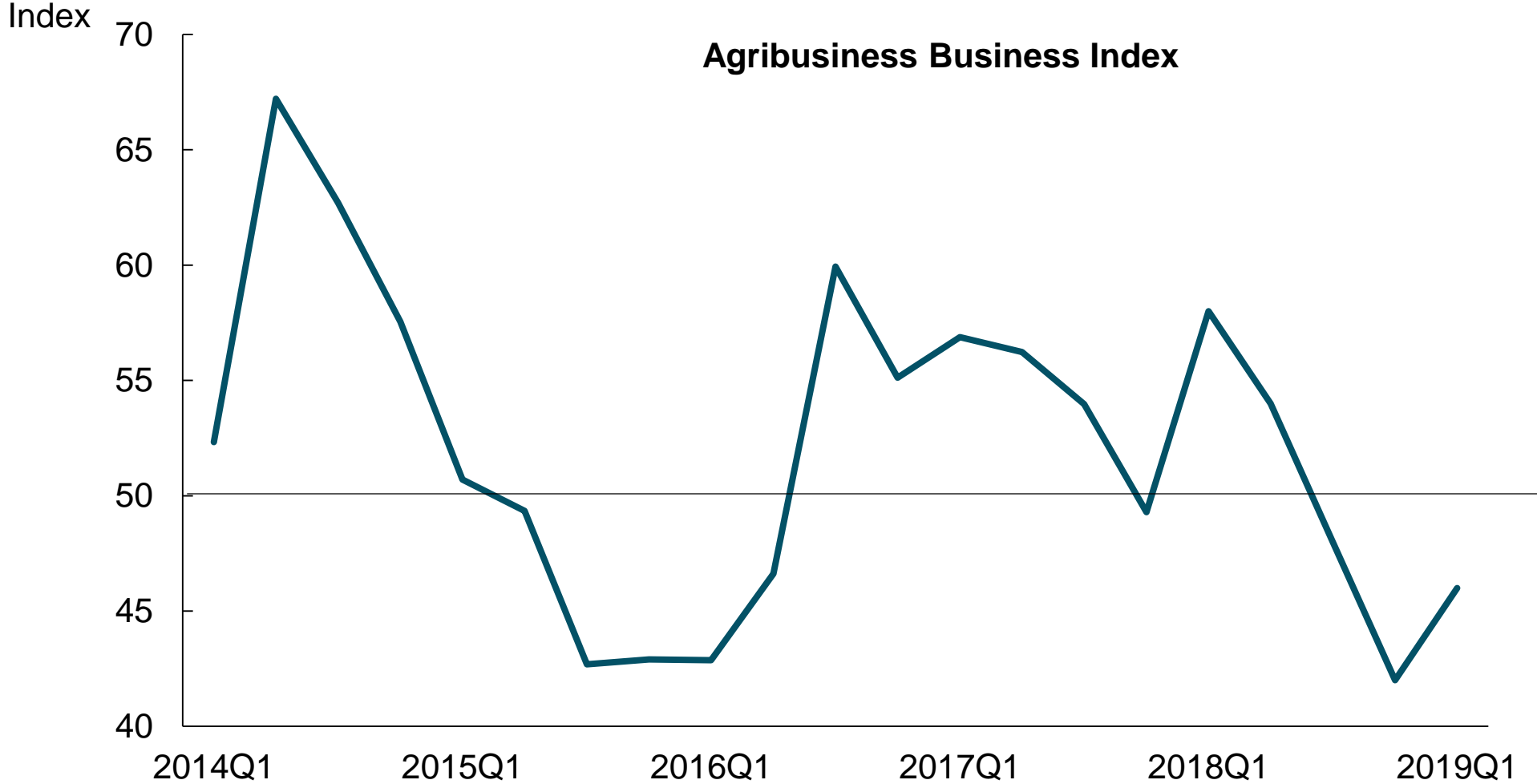
Reserve Bank confident banks are on top of potential property changes

SA land-reform proposals 'too vague' for immediate panic, Reserve Bank says

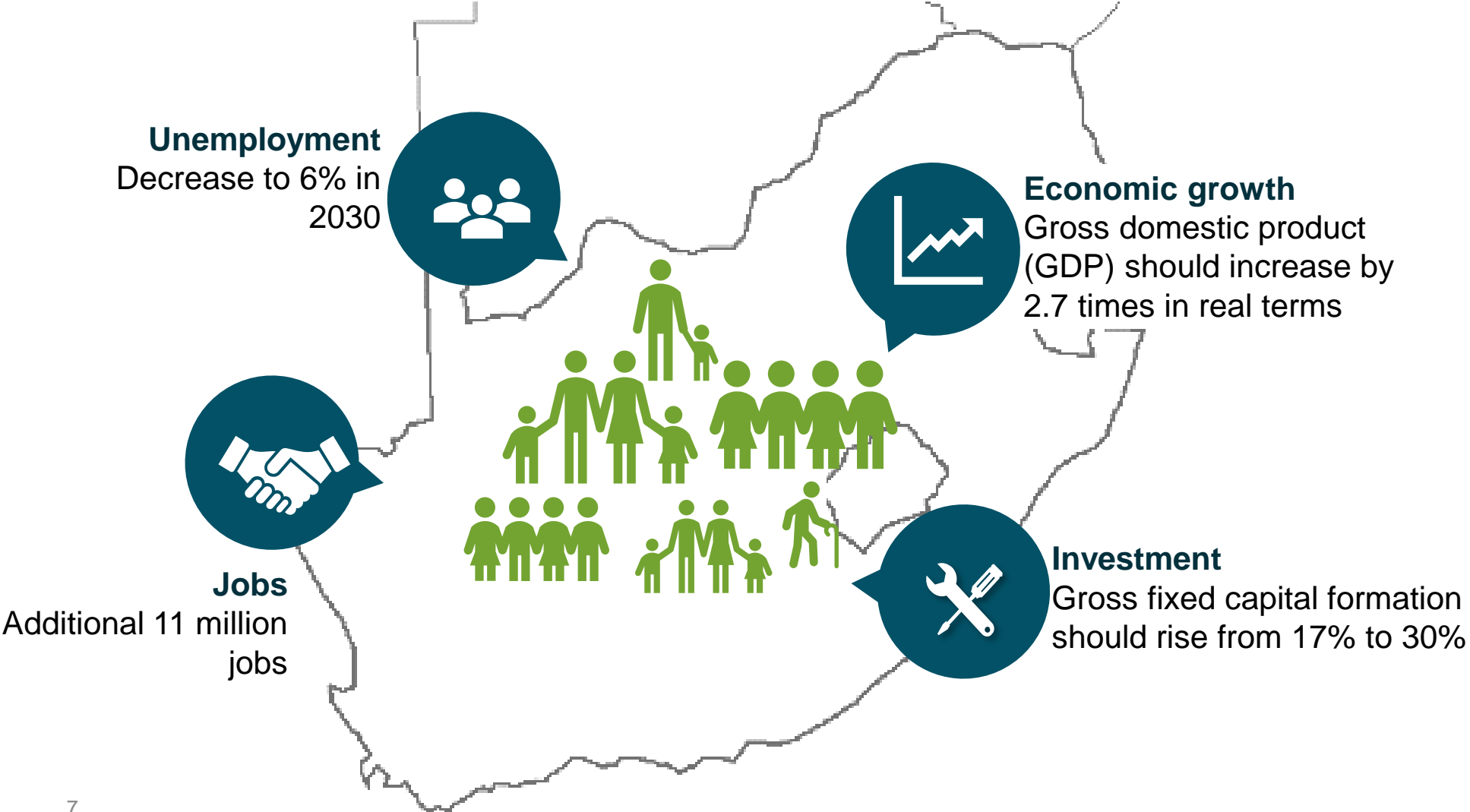
Confidence indices appear to echo negative sentiments



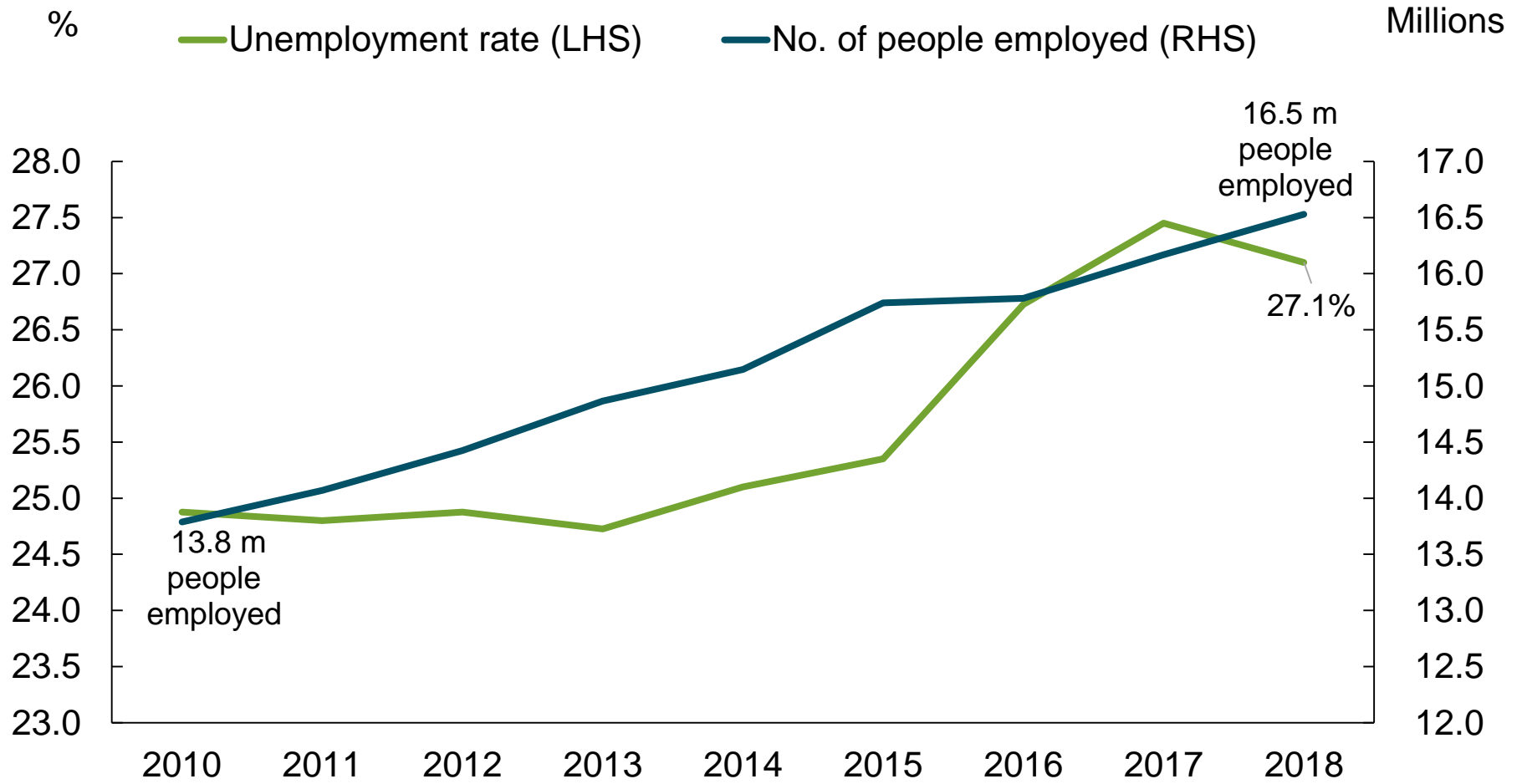
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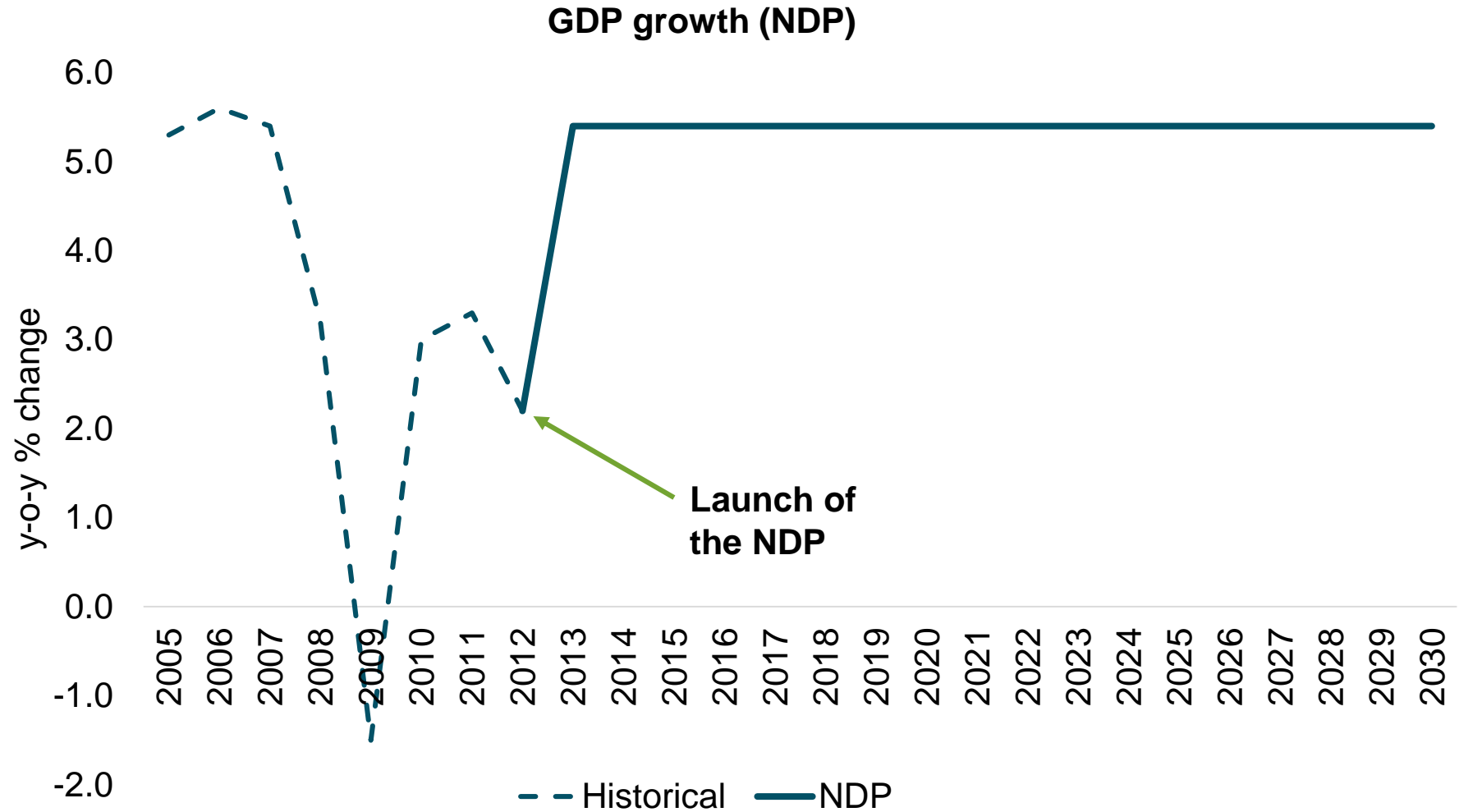


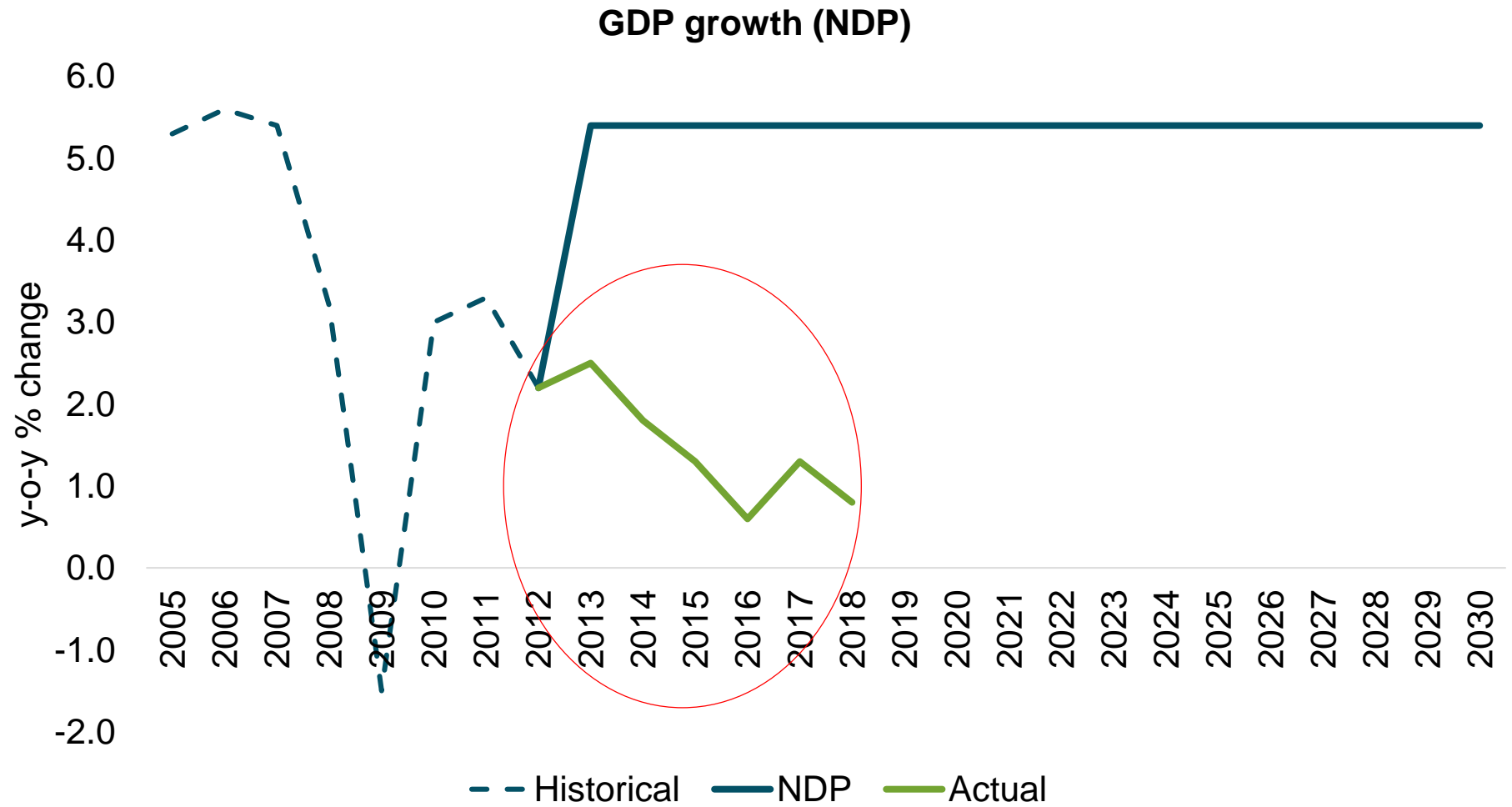
Our ambitious goals

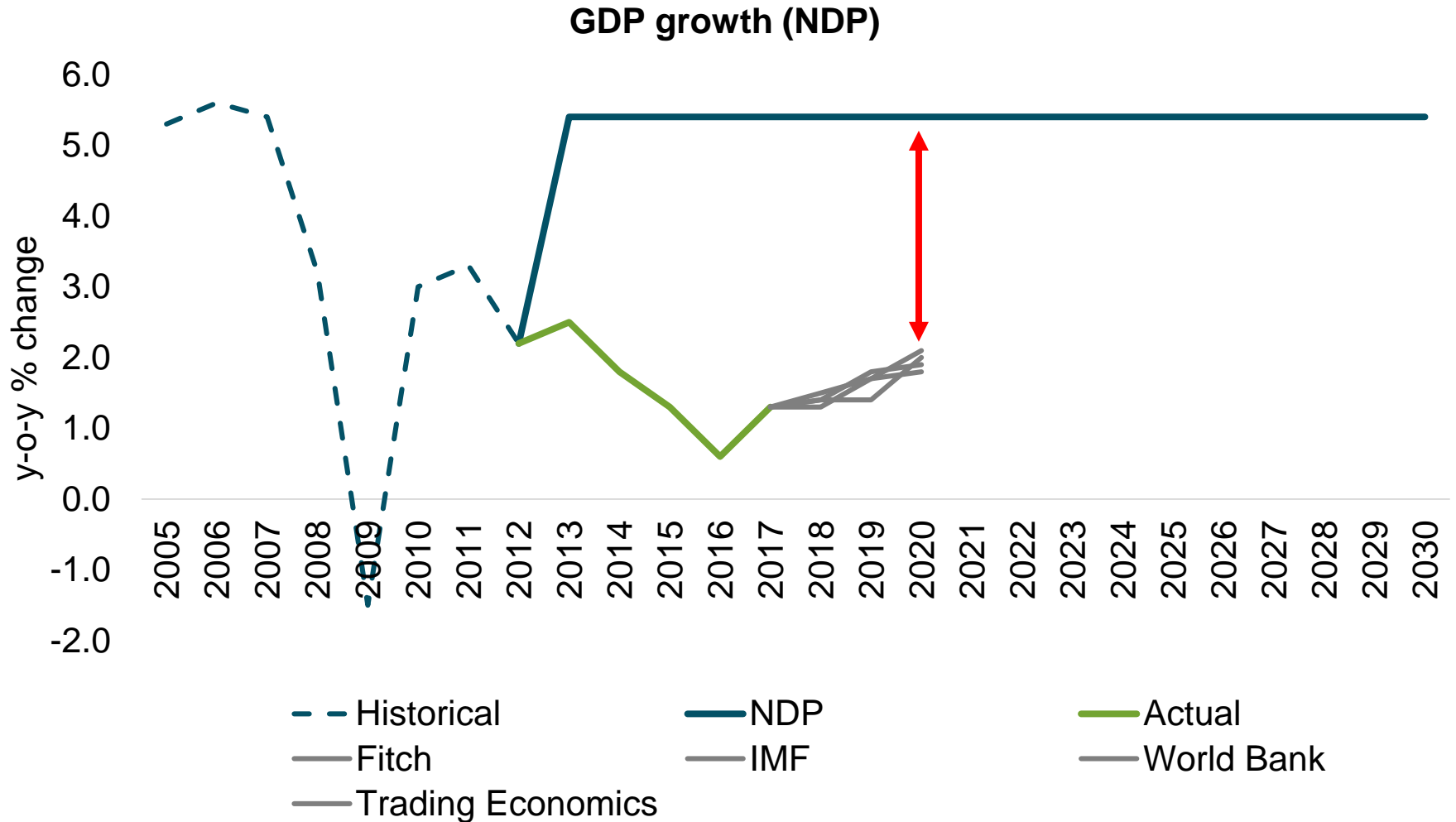


Jobs have been created but employment remains high



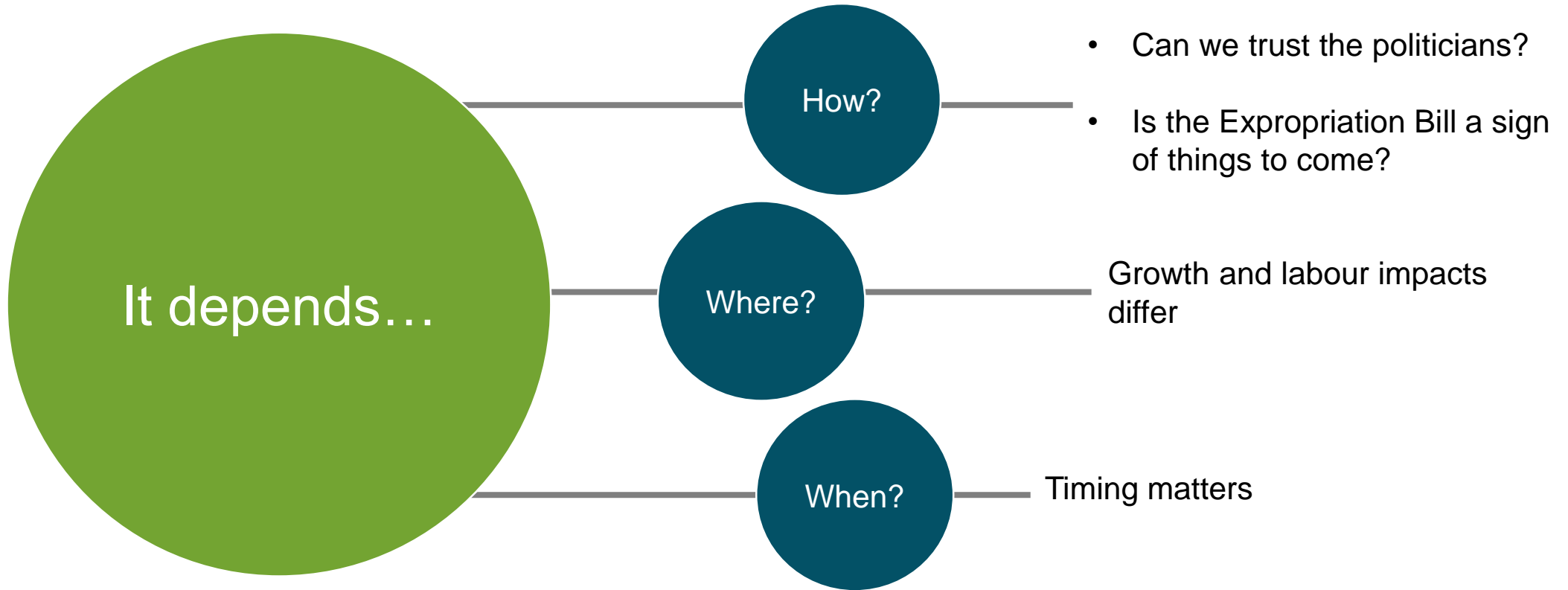






02

What impact is EWC likely to have?



S&P Global
Ratings

“While expropriation without compensation will force some businesses to reconsider investing in the country, we expect that the rule of law and enforcement of contracts will largely remain in place and will not significantly hamper investment levels in South Africa”

“There has been a clear objective stated by the government on what they want to achieve with this reform which is the distribution of land without hurting the economy.

If we assume that the reform will achieve the objectives, you will add a positive to the economy”

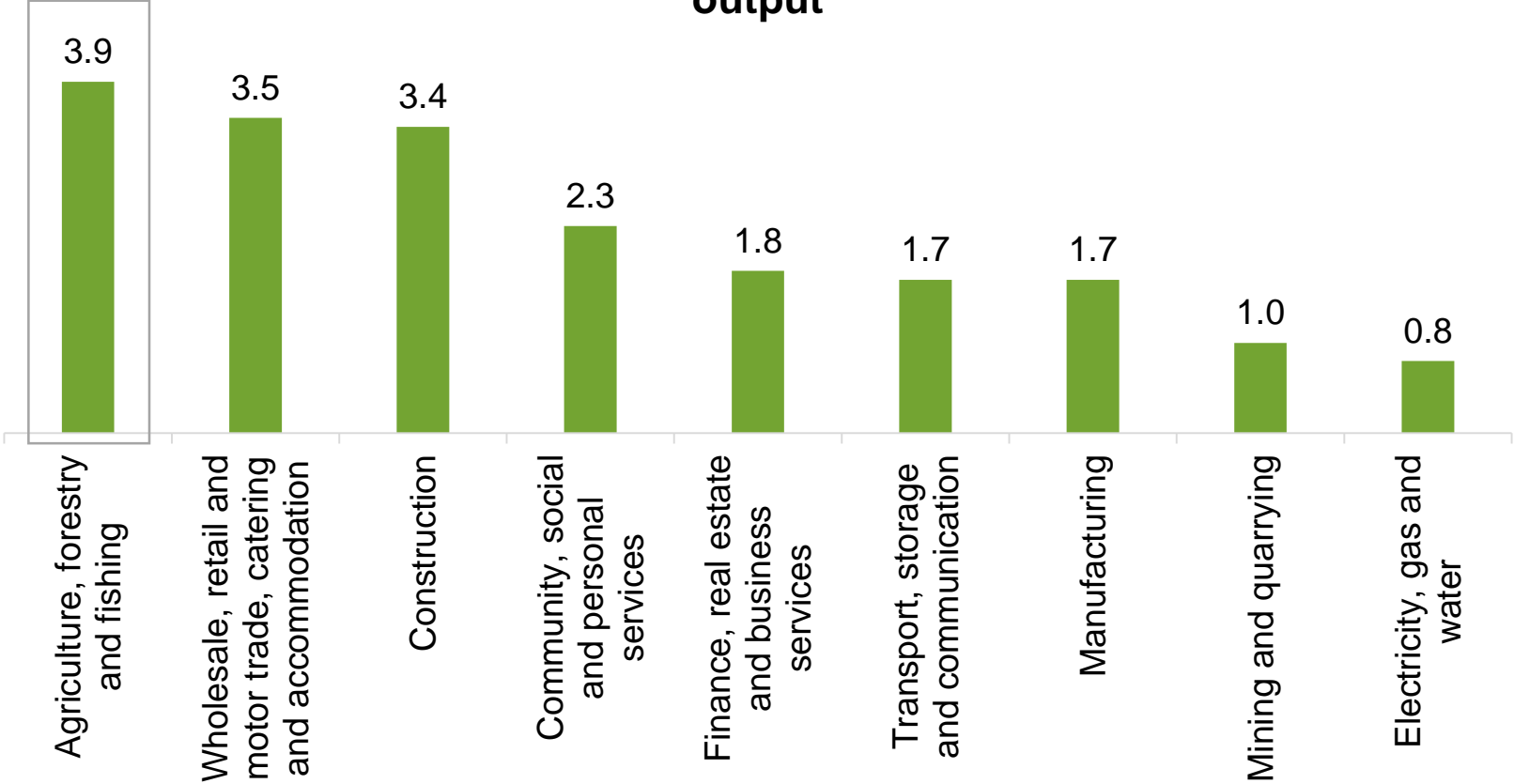
MOODY'S

FitchRatings

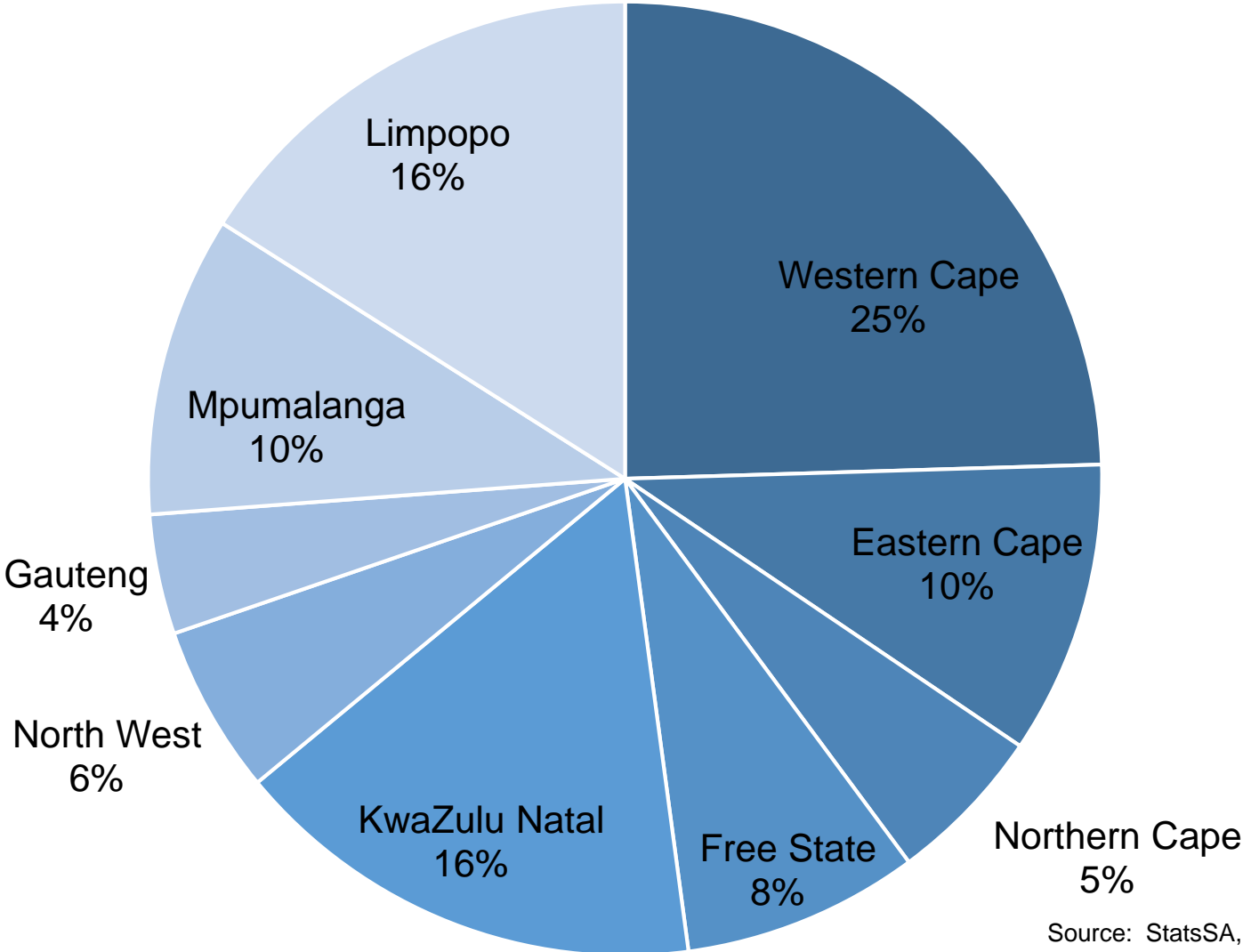
“Radical land reform unlikely in South Africa, but recent rhetoric will dent investor confidence”

Some sectors have a greater labour impact than others

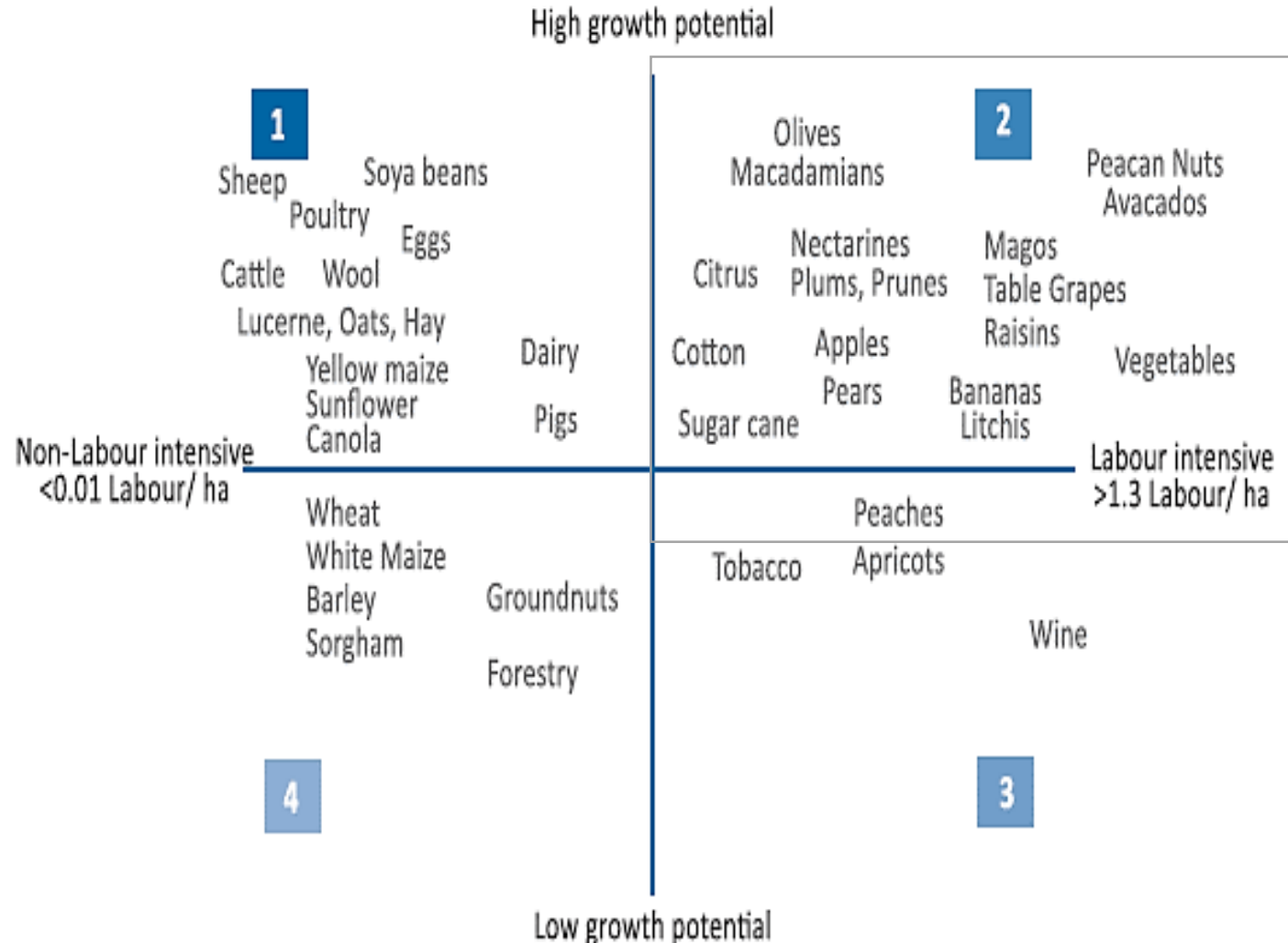
Number of unskilled jobs created for every R1 million of extra output

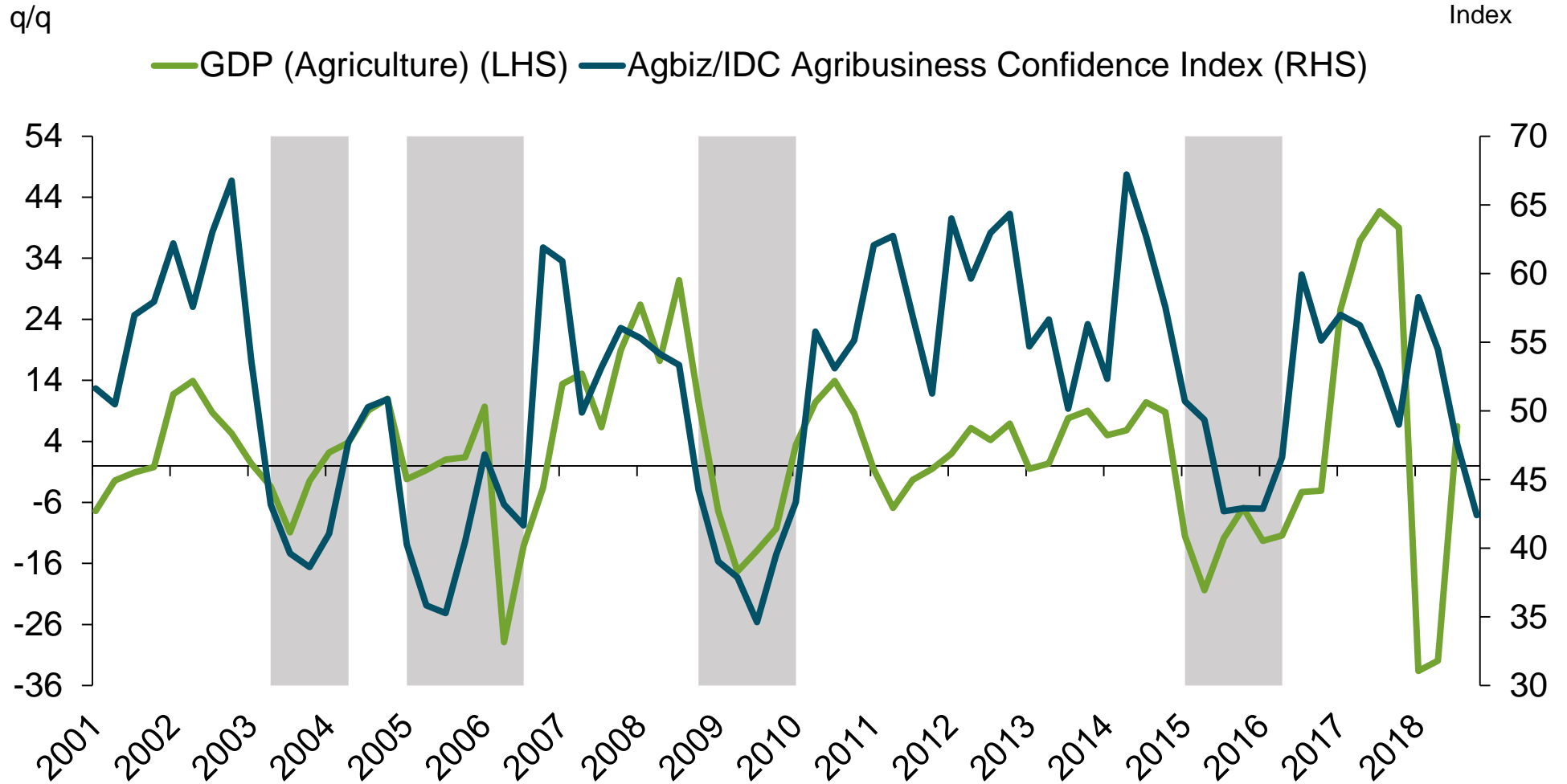


Agri employment breakdown by province

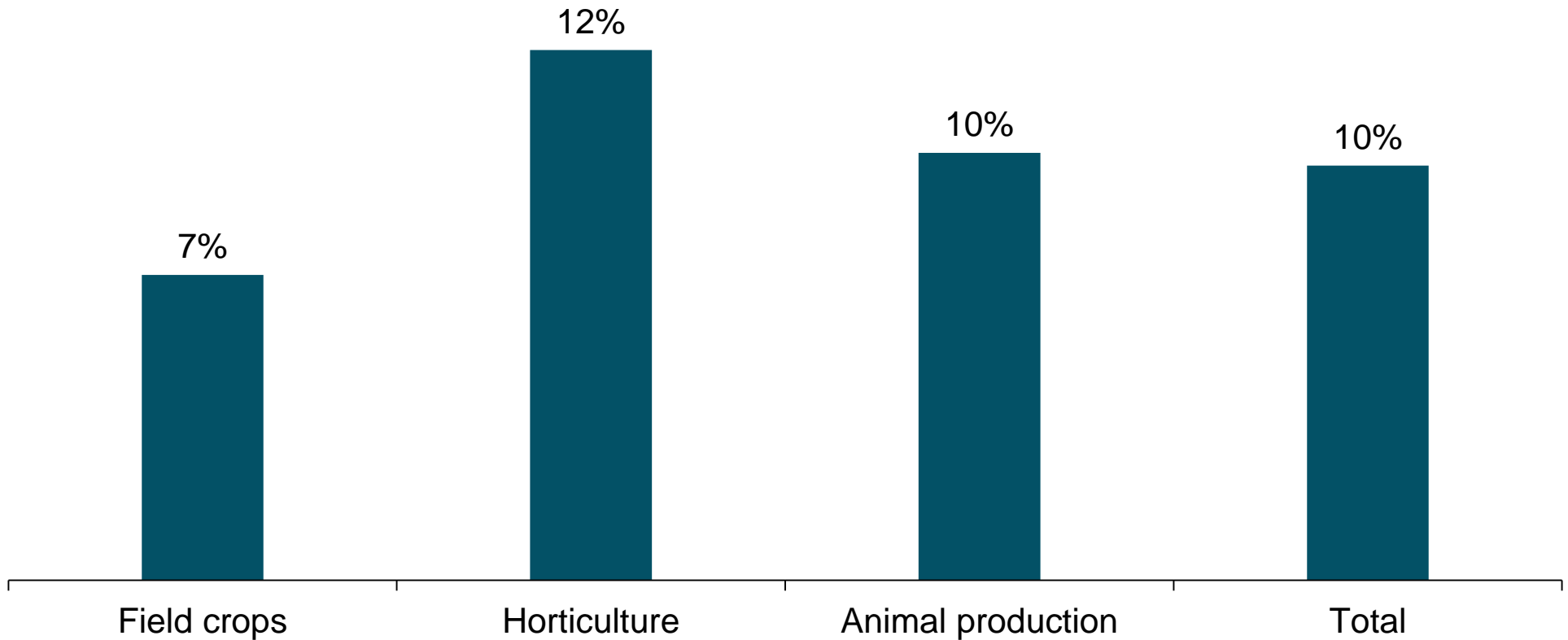


Some sub-sectors are more important for growth and employment than others

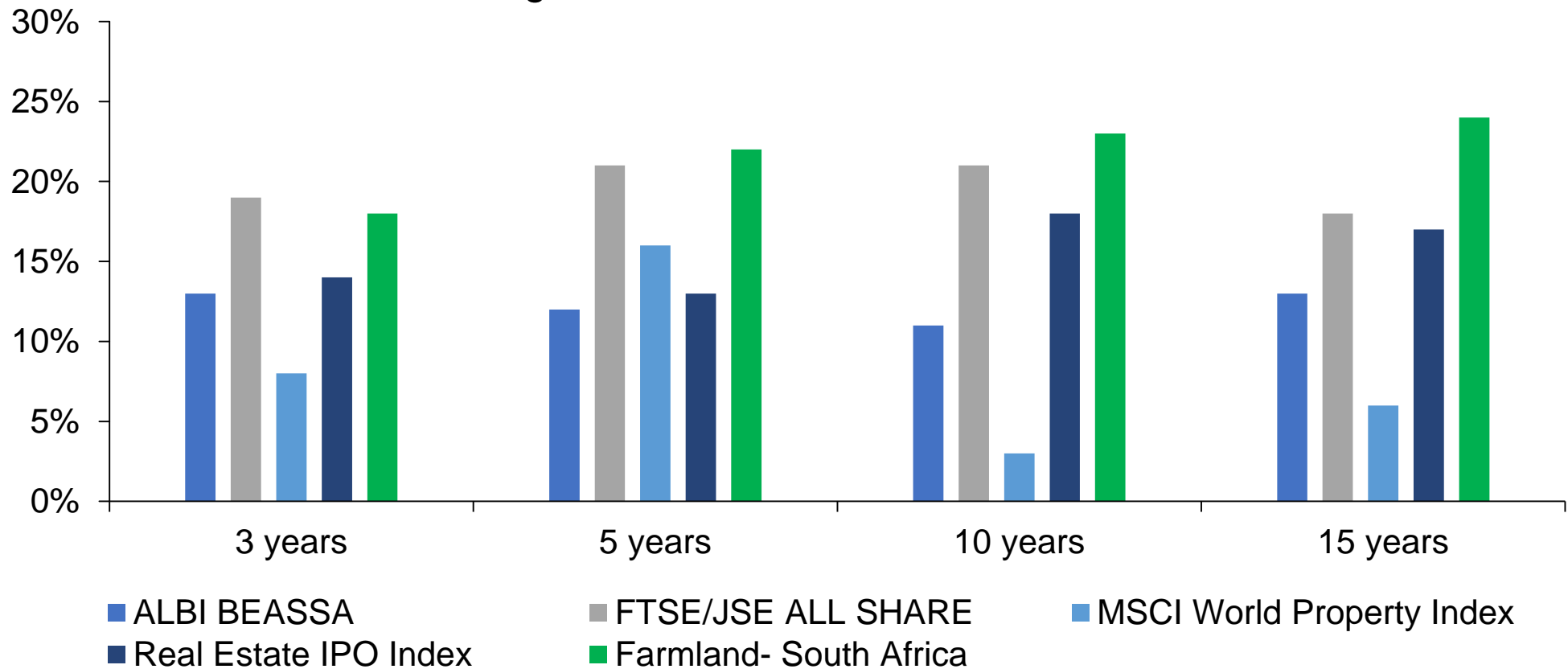




Average y-o-y growth (2012/13 – 2017/18)



Average returns for various asset classes





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THANK YOU



