

AGRI FINANCE FACILITY (PTY) LTD  
 Medium Term Development Funding  
 Credit Policy and Process  
 Version 2.0 | 1 October 2025

**A. Credit Policy Framework**

Credit Policy Section	Description
<b>1. Credit Worthiness</b>	The applicant needs to qualify for medium-term development loan financing based on its existing: <ol style="list-style-type: none"> <li>a. Debt history</li> <li>b. Current debt levels</li> <li>c. Available Security/title deed/long term lease</li> <li>d. Liquidity</li> <li>e. Profitability of the farm</li> <li>f. The Credit Assessment and Credit Rating Form needs to be completed and approved by the Credit Committee; See Appendix A</li> </ol>
<b>2. Credibility of Client</b>	The applicant's personal credibility is assessed on the following parameters: <ol style="list-style-type: none"> <li>a. Listing on the national credit bureau</li> <li>b. Prior liquidations &amp; other legal challenges</li> <li>c. Tax status (obtain tax clearance certificate)</li> <li>d. Absence of ongoing legal challenges</li> </ol>
<b>3. Minimum Debt Service Cover</b>	<ol style="list-style-type: none"> <li>a. Clients need to maintain a debt service cover ratio of 2.5 times.</li> <li>b. A complete asset register, and a credible annual estimated total value of the crop should be used for debt service cover analysis.</li> </ol>

	<ul style="list-style-type: none"> <li>c. The crop estimate is independently assessed by the technical team of In2Fruit (or another accredited export agency) and Agri Farming Services (AFS)</li> <li>d. Debt service cover ratio of 1.3x</li> <li>e. Interest cover ratio of 1.5x</li> </ul>
<b>4. Marketing Agreement</b>	<ul style="list-style-type: none"> <li>a. The marketing and export of the applicant's crop needs to be channeled through In2Fruitplatform. Alternatively, an AFF-approved export agent needs to be appointed.</li> <li>b. In2fruit assesses the produce varieties to ensure that there is a market for them and the prices they are likely going to fetch will cover the loan repayments for the duration of the medium term funding.</li> </ul>
<b>5. Farm Management Agreement</b>	In the event that the technical due diligence outcome recommends better management on the applicant's farm, then the applicant is required to sign a farm management agreement with AFS, until the farm is considered capable of managing farming operations independently.
<b>6. Pricing</b>	All clients are given a credit rating. The pricing of the facility is in line with the credit rating obtained by the client. This rating is assessed on the basis of the enclosed Credit Rating and Assessment Framework. See appendix A. AFF's target cost of loan is to achieve blended cost of capital to AFF plus 3%. Deviations from this target rate will be negotiated with the Borrower based on the sustainability of the purpose of funding.
<b>7. Collection</b>	The applicant needs to consent to In2Fruit or any other approved export agent settling the AFF production loan and its associated debt service charges as the first call on the proceeds of the applicant's revenue.
<b>8. Concentration Risk</b>	A single obligor limit of 10% of committed funds of AFF is the target for the medium term portfolio structuring of AFF's development funding loan book. The concentration risk will also be spread across citrus and table grape farms initially and then other products in future to limit single product exposure.
<b>9. Collateral Management</b>	<ul style="list-style-type: none"> <li>a. The bulk of the collateral will be the applicants' assets, most importantly the title deed of the farm(s). In cases where a loan lease exists, such lease agreements, if notarized, may be acceptable in leu of the title deed.</li> <li>b. The harvest value will form an important part of collateral which will be managed by In2Fruit (or any other accredited exporter).</li> </ul>

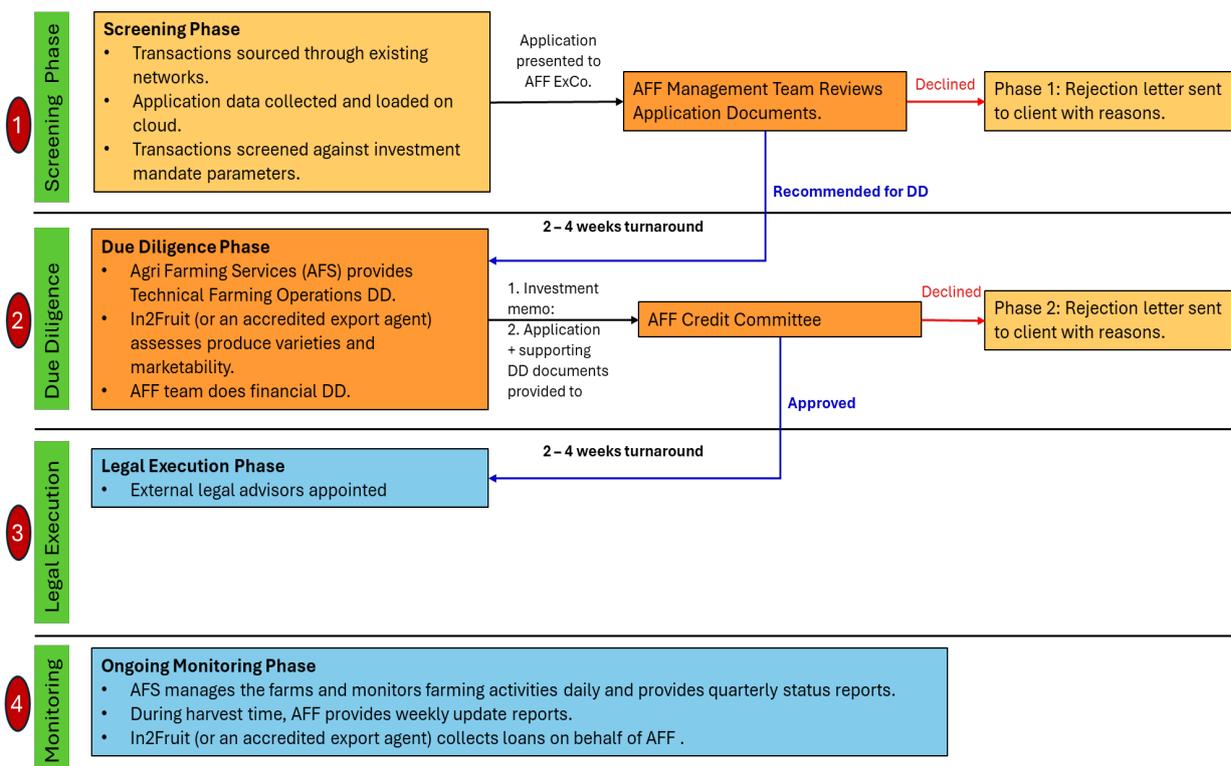
	<ul style="list-style-type: none"> <li>c. Where applicable, other assets such as immovable property will be transferred to a security SPV and restrictions will be placed on additional cessions. Independent valuations of the assets will be done annually to ensure that there's still adequate security cover.</li> <li>d. An important component of collateral management is the Borrower's commitment to negative pledge requirement in terms of which the Borrower may not incur any additional debt or grant security interests in its assets without the prior written consent of the Loan Grantor. The Grantor requires a minimum of 15 working days to consider such a request and provide its written decision in good time.</li> <li>e. It may be necessary to set up a new bank account for the inflow and outflow of funding to ensure the funds are applied to the purposes for which the Borrower has been granted.</li> </ul>
<p><b>10. Non Performing Loans</b></p>	<p>Due to AFS's involvement in the day-to-day management, any material risks that could lead to non-performance will be identified early and managed. In addition to technical management, In2Fruit will be involved in the marketing and loan repayment management and will ensure that key risks are identified early. Insurance will be taken against force majeure risks. In the event of foreclosures outside of In2Fruit's control, the loans will be handed over to lawyers to enforce security.</p>

## B. Credit Analysis, Approval and Review Process:

- 1- Appendix A needs to be completed.
- 2- The AFF Credit Committee needs to review and approve the application.
- 3- The Board of AFF would need to be notified and provide sign off on the application.

### AFF Medium Term Development Funding Credit Policy Flow Chart

The Credit Process entails four phases, namely screening phase, due diligence, legal execution and ongoing monitoring.



#### 1. Screening Phase

Most applications are currently sourced through our existing business network. Upon receipt of the application, a screening pack which includes financial statements, management accounts, current loan agreements and the current budget is compiled. The data collected is then loaded onto Dropbox and an application prepared. AFF management reviews the application and takes a decision whether to proceed with the opportunity. If the opportunity is declined, then a letter is written to the client with reasons.

## 2. Due Diligence Phase

For transactions which are recommended for due diligence, a site visit is carried out to establish overall credibility and viability of the applicant's farming operations. This includes, but not limited to,

- a. Technical Due Diligence which includes:
  - i. Farming technology used
  - ii. Environmental practices
  - iii. Production quality and yields
  - iv. Varieties and age of the vines/orchards
- b. Legal Due Diligence which includes:
  - i. Ownership structure, title deeds, and if applicable, the terms of long-term lease
  - ii. Litigation
  - iii. Compliance with regulations: water rights, environmental compliance certificates and accreditations such as Global GAP, Siza and GRASP
  - iv. Constitutional documents of the company
  - v. FICA Compliance
  - vi. All material agreements
- c. Human resources which include:
  - i. Management experience
  - ii. Compensation compliance with regulations
  - iii. Dispute resolution structures with employees
  - iv. Retention and succession planning policies as well as training and upskilling
- d. Financial Due Diligence
  - i. Minimum three years audited financial statements
  - ii. Assessment of the historical performance and financials of the company
  - iii. Assessment of the budget of the company
  - iv. Review of the valuation of the assets of the company
  - v. Assessment of tax submissions and payments of the company

Once the due diligence is completed, an investment paper is prepared which is then presented to the credit committee for approval. If the investment is declined, the applicant is issued a letter with reasons.

For approved applications, the credit committee determines the level of funding, the cost of funding as well as any other associated terms and conditions.

## 3. Legal Execution Phase

The applicant is then issued with a final binding term sheet which forms the basis of final legal agreements. If necessary, lawyers are appointed to draw up the final legal agreements. Otherwise, the existing AFF funding agreements are utilised for contracting purposes.

#### 4. Monitoring

The majority of AFF loan book clients are managed by Agri Farming Services (AFS). Some farms where management is assessed to be experienced and competent, are not. For farms that are managed by AFS, monitoring occurs on a daily basis and any potential problems are addressed quickly. For other farms monitoring of all accounts is carried out monthly in terms of financial and operational indicators of progress and compliance.

During the harvest season, AFS provides weekly status and risk reports to ensure that harvesting is on track, and any operational obstacles are resolved urgently.

At the end of the season, the credit committee reviews the full set of prior season's clients' records. This review forms the basis of the following season application assessment.

**Approved by:**

Board of Directors

Agri Finance Facility (Pty) Ltd

**Date of Approval:** 24 October 2025

**Next Review Date:** September 2026

**Appendix A:**  
**AFF Medium Term Funding Credit Assessment**  
**&**  
**Credit Rating Framework 2025**

The onboarding, repeat funding requests as well as the annual review of the clients will be subject to the following DD process.

**Name and Details of the Applicant:**

**1- Financial Status Analysis (must be for the Group/related entities if applicable)**

<b>Category</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Comments &amp; Notes</b>
AFS audited (yes/no)				
Turnover (Rm)				
Profit (Rm)				
Company Overdraft				
Total Loans/liabilities				
Bad Debt				
Cash on hand				
Fixed assets (Cost)				
Fixed assets (NBV)				
Agricultural assets				
Security held/times cover				
Contingent liabilities				
Confirmation with suppliers of key raw materials that there are no outstanding amounts from prior years (e.g. packaging, fertilizer, diesel, etc.				
Total Assets (Rm)				

Confirm that the company has not advanced loans to any other company/trust/ etc.				
Related entities (loans to or from closely related entities				
Payment history (good/in arrears, etc)				

### Farming Operations Technical assessment

Category	Comments and Details
Status of irrigation system (across all hectares)	
Farming implements & machinery	
Storage, buildings & packing facilities	
Power Supply and the network status	
Is Agri Farming Services involved?	

### 2- Biological Assets Analysis.

Category	Comments and Details
Type of Fruit farming (citrus, grapes, etc)	
Total area planted	
Age analysis of the trees	
Variety analysis of the planted cultivars	
General status of the biological assets	
Profitability of variety per year	
Marketability of the varieties.	

### 3- The operators/client credit history and assessment

Assess and provide a brief track record of the client, his/her farming track record, his/her financial and business operations skills, and his/her character/reputation/etc.

### 4- In2Fruit Marketing Agreement

- a. Provide copy of the signed In2Fruit Marketing Agreement for the corresponding season to be funded.
- b. Ensure that the loan recovery schedule is noted in the Marketing Agreement.

Supplementary Analysis, Comments and Recommendations:

Signature Date -----

Name and Signature of the Compiler \_\_\_\_\_