

AFGRI creates grain storage platform to strengthen food security

AFGRI Group Holdings (AGH) and a consortium of leading South African institutional investors have created a strategic grain storage platform vehicle - AFGRI Grain Silo Company Proprietary Limited - to support growth and strengthen food security in South Africa and on the African continent.



meric tuna via [Unsplash](#)

Chris Venter, the CEO of AGH, explains that in 2011 the AFGRI Group sold its debtors' book to the Land and Agricultural Bank of South Africa with a clear vision of gaining access to a stronger balance sheet and the ability to expand its lending capabilities to offer a broader base of financial support to farmers.

"Since then the AFGRI Group has substantially increased its debtors' book, growing it more than fivefold in value from 2011. The number of loans to farmers has also increased considerably from 1,290 to 8,620 farmers.

"The Group has expanded its financial service offerings across all nine provinces, financing not only grain production but various other commodities. Through the recent acquisition of the South African Bank of Athens, we are today able to offer a wide range of additional banking products to farmers."

The AFGRI Group's creation of the storage platform will expand its current storage capacity of some 4,7 million tonnes to six million tonnes in the near future. "This will allow us to not only cater for grain storage, but to expand into the storage of

other types of commodities," says Venter.

Three new institutional investors have committed to invest alongside the Group and its current BEE employee-partner, Izitsalo Employee Investments, in the platform and through this, to support AFGRI's strategy for growth and food security. The three institutional investment partners are STANLIB Infrastructure Investments, Wiphold, and the Land Bank. This investment consortium will initially own storage facilities with a total value of R3,6bn at inception.

Venter continued: "AFGRI Operations Proprietary Limited will manage the storage facilities on behalf of AFGRI Grain Silo Company in terms of an evergreen management agreement. This arrangement provides the strategic benefit of AFGRI's excellent track record in managing storage operations and deep experience of the sector."

AFGRI Operations will continue to be a JSE Approved Storage Operator for all the grain silos, while the grain silos will continue to be JSE Approved Silos and JSE registered delivery points.

This transaction will assist AFGRI to achieve the following strategic objectives:

- The creation of a strategic storage platform with a focus on expanding across Africa; partnering with reputable South African institutional investors;
- Unlocking the value of AFGRI's grain storage assets, the proceeds from which will be used to further expand AFGRI's financial services reach and support for farmers; and
- Entrenching AFGRI's reputation as the foremost long-term services provider to farmers and the agricultural industry. The Group's current 4,7 million tonne storage footprint consists of grain silos and bunker complexes throughout six provinces in South Africa.

"High-quality commodity storage and related services is in demand by our customers, and through the consortium, we aim to ensure that we enter new areas across South Africa and simultaneously grow capacity," said Jacob de Villiers, MD of AFGRI Grain Management.

"For clients making use of our silo and bunker facilities, it is business as usual," indicated de Villiers. Farmers and grain silo users will continue to experience AFGRI Grain Management's proven expertise and track record on an ongoing and uninterrupted basis."

For more, visit: <https://www.bizcommunity.com>