

AATIF INVESTOR REPORTING

Report for the quarter ending 30/09/2023

Activity Report Q3 2023

Quarterly Developments

The investment environment for AATIF continues to produce the typical challenges of a high inflationary environment and the experience or expectation of consumptions in developed countries to cut back. On the positive side, as an example, the hard reset of the Nigerian currency has caused a boost of demand for nationally produced and processed agricultural products. While value chains don't change over time, the decision to break down the peg created high stimuli in a highly flexible and vibrant market. Through its Nigerian partner institutions, AATIF is part of that transition. We share some details further below.

On a portfolio level, AATIF could observe a second quarter of stable financials with a net profit. The same is a result of the increased investment activity, the interest rate environment, and recoveries that the fund could generate from non-performing investments.

On the liquidity side, AATIF remained cash rich while several new disbursements moved into the next quarter.

New Investment Activities & Disbursements

AATIF in Q3 2023 disbursed the long awaited first tranche of EUR 2.6m to Société Africaine d'Ingrédients SA (SAF) alongside IFC as co-lender. SAF is an onion processing factory which was erected in the Northern part of Senegal in co-operation with a French co-operative. AATIF was involved in the scoping, structuring, and execution of the project since the very beginning which dates back to 2017. The transaction is a showcase of many aspects that make AATIF unique while two stick out today: how long lead times for projects that are to be embedded in local value chains can be and how much interdependency a functioning project like that of adding processing capacity into existing farming communities brings with itself.

The Investment Committee further approved a facility for a Tanzanian

financial institution (FI) for which documentation has been equally concluded and the disbursement of which is scheduled for Q4. This increases the balance of transactions in advanced execution stage by end of Q3 2023 to USD 87m.

Speaking of transactions in advanced stages: the AATIF Board visited Cote d'Ivoire in September during its quarterly board meeting. The trip included the participation in the signing ceremony hosted by Banque NSIA. After the successful completion of the first investment made by AATIF in 2019, NSIA and AATIF agreed to extend the partnership via a new loan facility. Action instantaneously followed the formal signing: an agricultural workshop between the AATIF and NSIA teams diving into future strategic targets, challenges, and potential solutions was held on-site. The AATIF team left Abidjan with the conviction to continue a partnership where the joint visions are aligned.



Signing of the new AATIF loan Facility to Banque NSIA Cote d'Ivoire

Existing Investment Portfolio

We noted that for Nigeria, 2023 has been a transitional year. Radical changes, needed for a long time, were taken by the incoming new government. The short-term effects have been anything but easy, creating huge challenges and problems to the society. For one, fuel subsidies were scrapped. Alongside this, the currency exchange rate was re-set meaning that the Naira almost lost half of its value compared to USD within days. Thirdly, the government, citing a lack of liquidity, halted subsidised loans to primary producers at single-digit interest rates. Thus, access to finance for bottom- to middle-of-the-pyramid becomes more expensive just along all levels of household expenses.

Conversations with **Sterling Bank Plc** suggest that the current government has opted to drive policies towards the commodities segment of the value chain, the part that represents the biggest leverage for all challenges. Focus is on driving post-harvest interventions, innovative technologies, and capacity-building. The bank is filling the funding gap at the primary production level through local value chain financing solutions. It further serves clients that are integrating backwards and forward in their value chains, i.e. the post-harvest segment. Further examples include the financing of fertilisers, seeds, and other inputs, as well as mechanization.

Liquidity pressure is not only a phenomenon unique to Nigeria. Our investees in **Zambia** reveal that the exchange rate has been volatile, standing at around 22.4 kwacha to the dollar at the time of reporting. It places pressure on pricing of certain commodities, as wheat, for example, has become more expensive. Maize, too, has

become more expensive due to storage and funding costs.

Despite all the challenges, **Agrivision** fully repaid its loan to AATIF, the first investment AATIF executed at inception.

African Milling reported a good wheat harvest, aiming to finish Q4 with around 36,000 to 40,000MT procured. The maize procuring season has also been favourable, while prices around the commodity are soaring. The company reports having procured enough maize and is well prepared for the busy sale period to come from January 2024 onwards. AML used AATIF's facility fully as of the day of the report. AATIF achieved its target to provide farmers, via AML, with liquidity in the post-harvest period which is when farmers expect buyers to be able to purchase goods. Liquidity supply into a sustainably managed sourcing channel is the core rationale for this investment.



AML's Bakery

260 Brands announced the commissioning of their new beverage plant, alongside their new product, NutraSip. The product is Africa's first plant-based juice blend and marks a new chapter in the company's story of innovation.



NutraSip - 260 Brands' latest innovation.

The company is working to train and certify over 6,000 farmers in organic farming practices. It further targets to increasing the number of female and youth farmers to 50 percent of their grower base.

Between Q2 and Q3 2023, **Mount Meru Millers** successfully procured around 110,000MT of soyabeans. The company also completed the construction of a new soap manufacturing factory, set to be commissioned in Q4 of this year.



Mount Meru Millers Factory

Robust International reported operating in a favourable macroeconomic environment, working to meet the steady demand from their clients. Sesame has been a key commodity for the company, with demand arising from the shortfall in supply from certain producing regions due to adverse weather patterns. Pulses, too, are in high demand in the export market, with demand in India rising due to heavy rains depressing the country's local production. At the time of reporting, the cashew season in Mozambique had just commenced, with the company looking to meet strong demand for the commodity both in the local and overseas market in India.

On the non-performing investments, AATIF could generate an extraordinary gain by disposing of its position in Wienco (Ghana) Limited. Respectively the balance of provisions reduced as the investment is now closed.

Social and Environmental Review

On the S&E side, most news came from Zambia. Mount Meru Millers launched its ESG Newsletter in July 2023. The newsletter highlights the group's key environment, social and governance achievements. The newsletter also illustrates the company's engagements with local communities through its CSR activities, for example through its "Feed the child programme" which reached more than 100,000 children in the previous quarter (Q2).

260 Brands trained 28 employees on environment, health, and safety (EHS) management in September 2023 with the support of AATIF's Technical Assistance Facility. The trainees included the EHS officer, EHS committee members, production managers and supervisors, all drawn from across the different departments and production plants of 260 Brands. The training provided mentorship and enhanced the employees' capacity to identify areas of improvement to better manage environmental, health and safety risks and impacts emanating from 260 Brands' operations. Furthermore, AATIF's support also allowed the development of training modules as tools to ensure that the EHS team can continuously offer the training to the remainder of the operational staff moving forward.

African Milling Limited started monitoring noise and dust emissions, which it was previously not tracking, and the first results showed that the emission levels were within the prescribed limits for both noise and dust. The company will continue tracking and ensure that all workers are provided with and use appropriate personal protective equipment for respective stations.

One update noteworthy of an AATIF investee company in Kenya, CKL Africa, is that the company facilitated a sensitization workshop for all its workers in relation to managing labour and working conditions. For this purpose, the company invited pension scheme providers to raise awareness of options available to CKL employees.

Lastly, regarding AATIF's financial institutions, NSIA Banque in Côte d'Ivoire reported that it now monitors S&E visits of clients systematically (for clients with higher levels of S&E risk). Furthermore, in Q3 2023, the bank started training programmes with staff in subsidiaries (initially in Guinee and in Benin) with the goal of rolling out S&E procedures in countries beyond Côte d'Ivoire. The trainings use materials and guides prepared as part of a previous AATIF TA project, which included a training of trainers (ToT).

Impact Measurement

In Q3 the Sustainability Advisor visited Tanzania for a sustainability assessment of the ginning operations of a forthcoming Partner Institution that is historically routed in the cotton sector. The SA noted the company's efforts implementing an organic cotton out grower programme through which it has reached over 1,700 smallholder farmers. Further, the Sustainability Advisor and Technical Assistance Facility Manager jointly visited Mozambique to monitor the social and environmental practices and results of AATIF investees with operations in Beira, Nampula, and Nacala.

Technical Assistance (TA) Update

In Q3 2023, an exciting new project with AATIF investee Export Trading Group (ETG) was approved to support the company with the implementation of an organic farming model in Malawi.

The project will provide training and extension services to 2,000 target farmers (sesame, soybean) and support the establishment of a tree nursery and agroforestry system. Furthermore, the enrolled farmers will be supported to obtain organic certification and a digital traceability system will be designed and implemented. The system shall enable ETG to reach full traceability of its sesame and soybean supply chains, mitigate climate risks, and reduce associated greenhouse gas (GHG) emissions. The project is expected to launch in Q4 2023. We note this project is an important move towards measuring Scope 3 emissions for international off-takers.

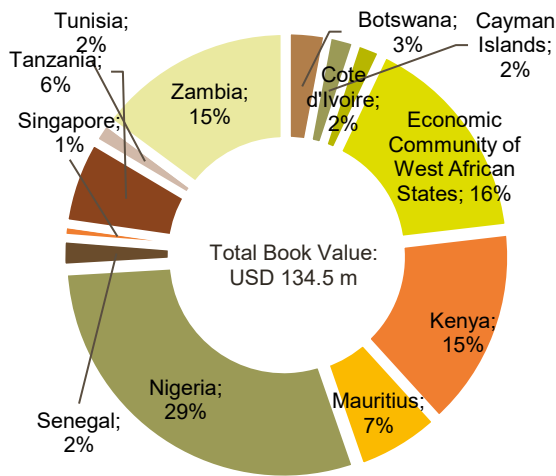
Another project approved in Q3 2023 aims to support Enda Tamweel in Tunisia to strengthen the capacity of its agri-clients and enable them to identify and address social and environmental risks associated with their economic activities. As a result, Enda Tamweel can reduce social and environmental (S&E) risks in its agricultural portfolio. The MFI will be supported to develop and implement a large-scale capacity development program targeting clients in the agricultural sector through awareness campaigns, training, extension services and regional S&E events. The program will be scalable and replicable, enabling Enda Tamweel to continue this service post-TA support. The TA Facility Manager anticipates travelling to Tunisia to launch the project later this year.

Outlook

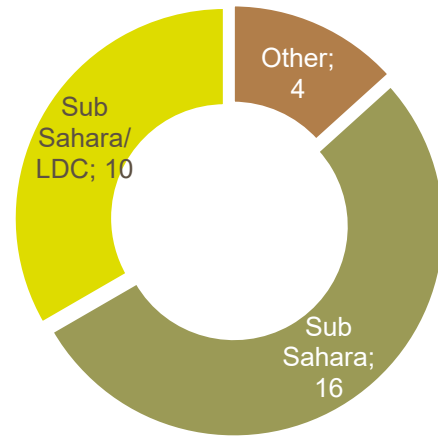
As the calendar year is heading to its end, we see significant movements and trends across AATIF's activities into the right direction and trust the walk-through through our universe equipped you with valuable information. The entire team remains at your disposal for any questions that might arise.

Portfolio Overview as at 30/09/2023

Book value – Country & Rating Category



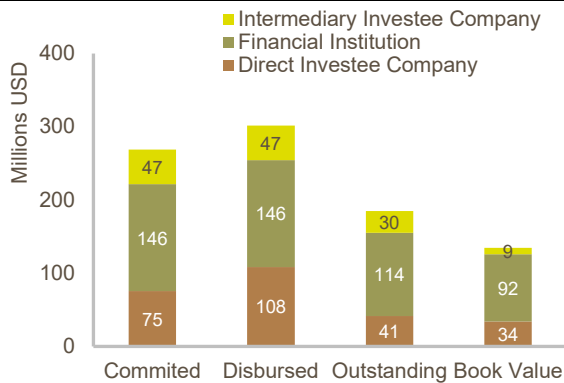
Transaction Geography (# of investees)



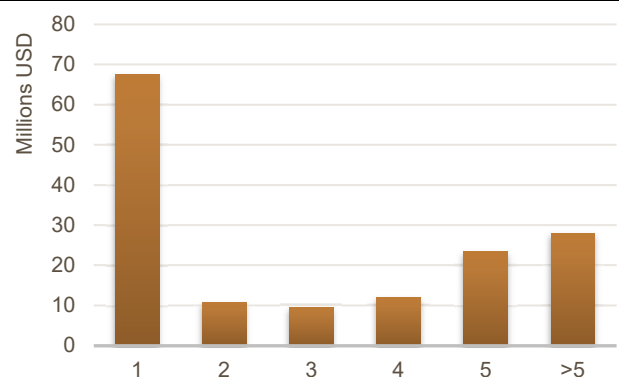
The country allocation of the investment is linked to the place where the legal residency of the investee/ the economic risk bearer is registered.

SSA: Sub-Sahara Africa
LDC: Least Developed Countries

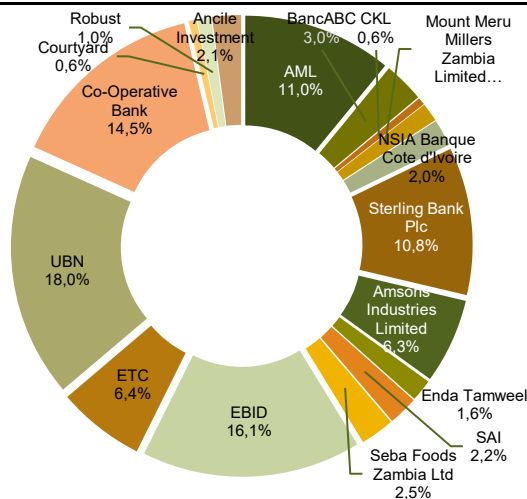
Type of Partner Institution



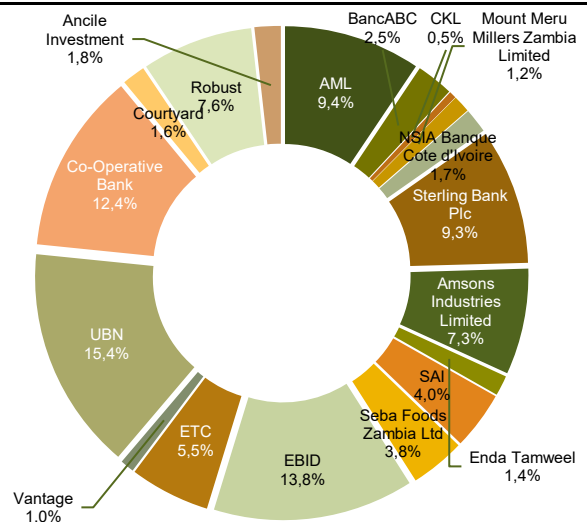
Maturities of the Portfolio (in years)



Partner Institution: Net Balance Exposure



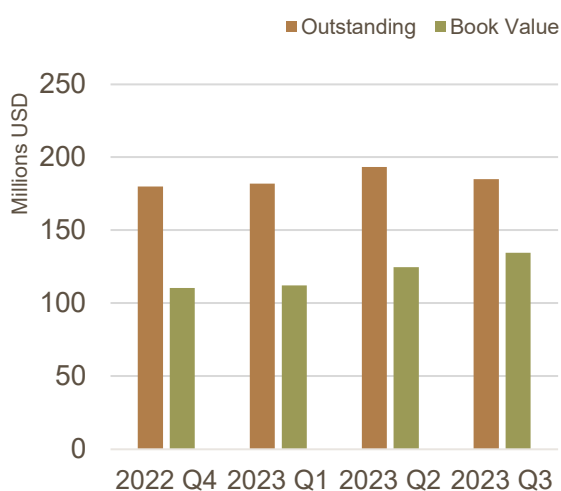
Partner Institution: Net Balance + Unused Commitment



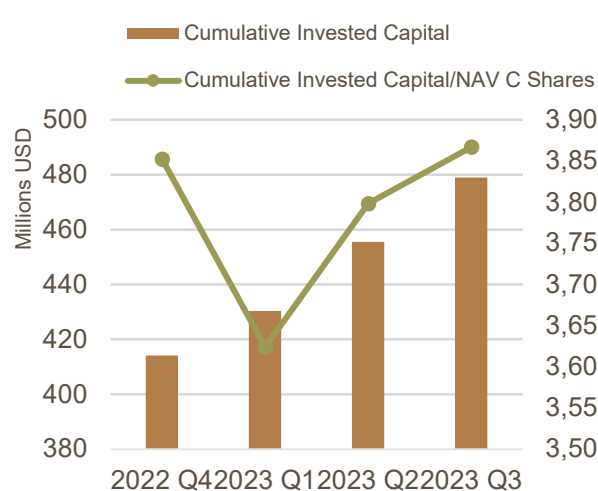
Provisioning Overview

Provisions on invested capital beginning Q3 2023	USD		68,654,804
Release of Provisions	USD	-	16,344,475
Increase of Provisions	USD	+	393,353
Write off	USD	-	2,209,295
Provisions on invested capital end of Q3 2023	USD	=	50,476,933
Net Movement during Q3 2023	USD	-	18,177,871

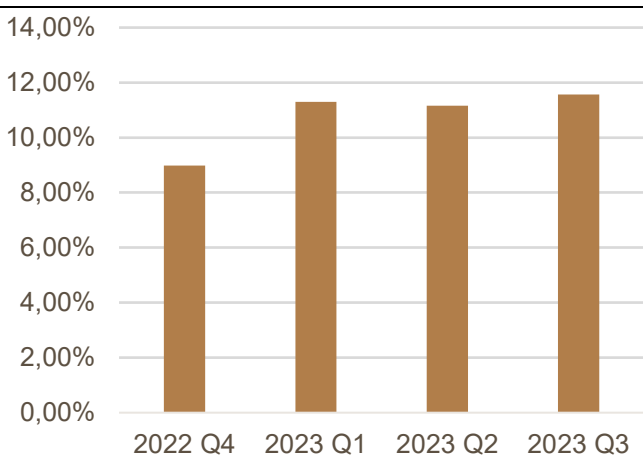
Investments Outstanding



Cumulative Invested Capital vs NAV C Shares

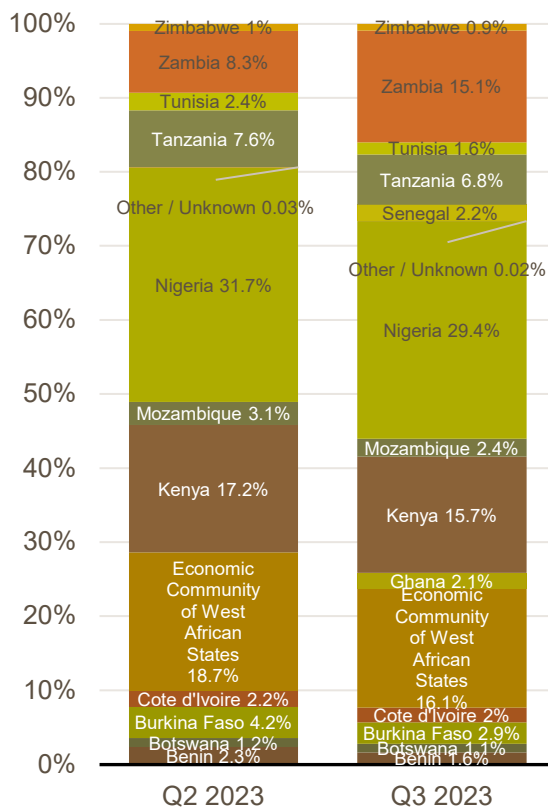
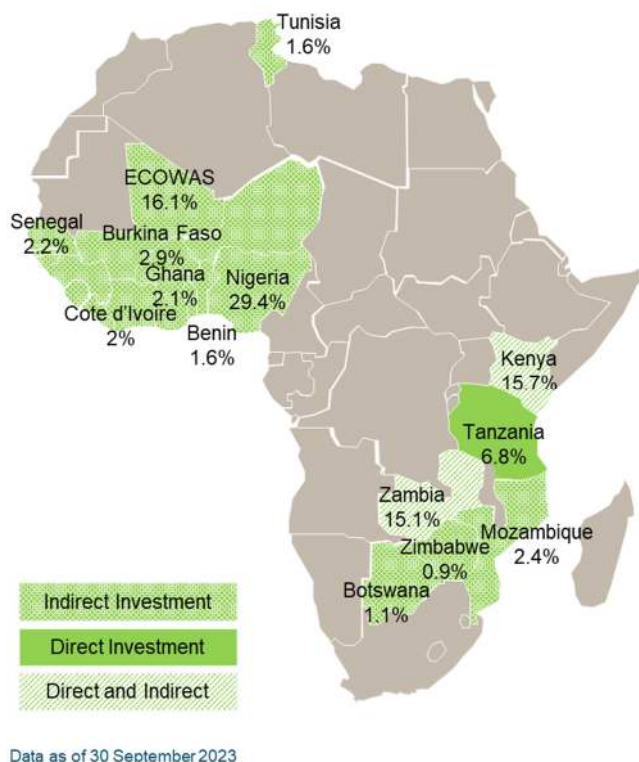


Gross Yield



Regional Use of Funding (Data as of different dates)

Funding from AATIF is generally used by investees across the region of their activities. Trading companies, for example, report the use of funding from AATIF in accordance with their revenues generated from their trading activities in respective countries. Due to the seasonality of the agribusiness, revenues linked to a specific country change throughout the year. While loan documentation limits the regional use of funds to the African continent, the single country allocation changes respectively. The methodology used by the IM to allocate the funding into the respective countries is explained below.

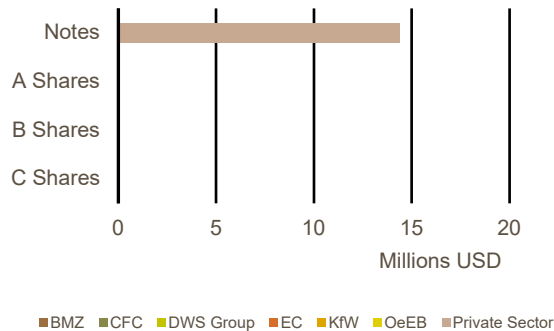


The "Use of Funding Allocation" applies the following methodology:

1. The net loan balance (after redemptions, provisions or write downs) is being used.
2. For direct investment companies (DICs), the country allocation is determined by the purpose of the loan.
3. For intermediary investment companies (IICs) and financial institutions (FIs), the country allocation is determined applying the distribution of the reported reference portfolio of loans to borrowers that are part of an agricultural value chain to the net value of AATIF's investment.

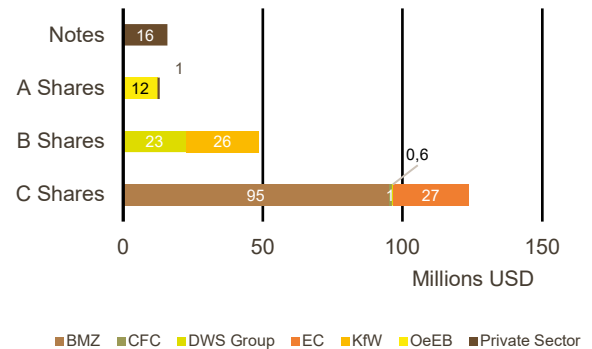
Investor Capital Structure as at 30/09/2023

Undrawn Commitments



Total amount of undrawn capital: USD 14.5m

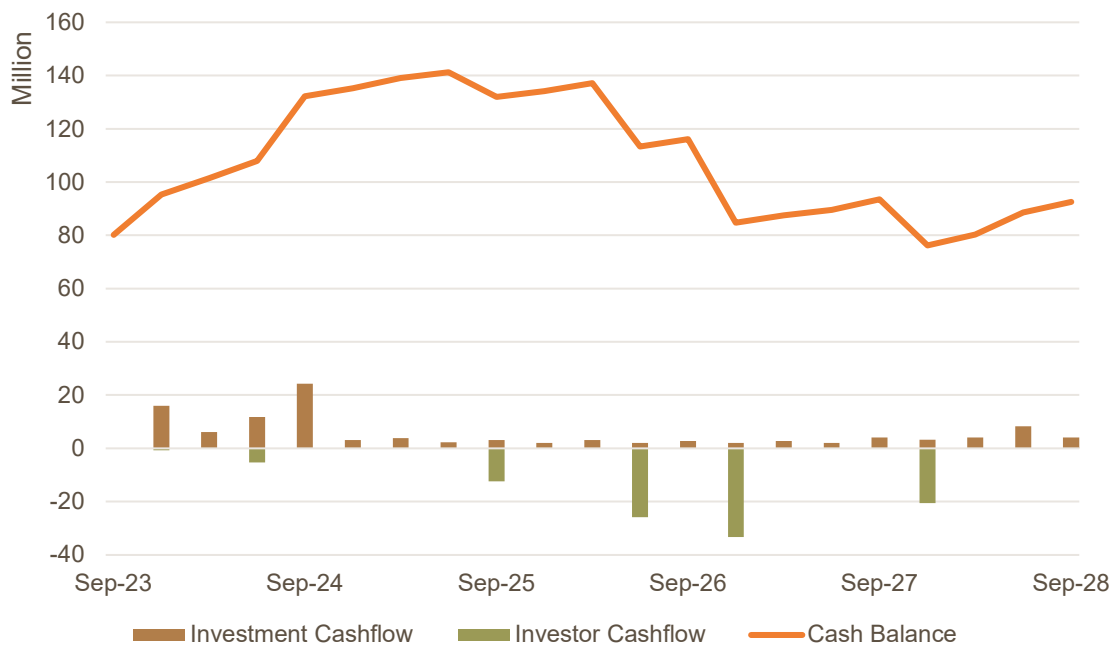
Net Asset Value (NAV) of Outstanding Shares



NAV of the Fund includes cash and other value elements

Asset-Liability Cash Flow Profile

Cash Flow Forecast as of 30/09/2023



Contact Persons.

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Collaboration Partners and Selected Investors

Initiator:



Federal Ministry
for Economic Cooperation
and Development

Collaboration Partners:



Investors:



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