

AATIF INVESTOR REPORTING

Report for the quarter ending 31/03/2024



Activity Report Q1 2024

Quarterly Developments

The news flow in the market has turned to the positive during the past quarter. Zambia found agreement with its Eurobond holders. Further countries raised funds in international markets including Nigeria, Angola, South Africa and Kenya. On inflation, the indicators point to a stabilization across the main African economies. Huge differences exist between economies, especially when assessing small and very small ones. But the overall trend was positive. On the back of sovereigns finding agreements on their debt with creditors, liquidity in local markets has started to ease. On the real economy side, the AFDB in its latest Macroeconomic Performance and Outlook report noted that the average real GDP growth across the continent is expected at 3.8% for 2024¹. This compares against World Bank's expectation for the global growth rate to reach 2.4% in 2024². Rating agencies picked up these trends, have raised outlooks and sometimes ratings on sovereigns, Côte d'Ivoire serves as a prominent example which is expected to see a GDP growth of 6.8% in 2024.³

The positive trends cannot be portrayed without noting that the overall level of sovereign debt is very high. And to further balance the good news, many regions have been hit very hard by negative climate conditions, short term as well as due to El Nino caused droughts. Primary farming outputs suffer in quality and

quantity. Severe disruptions in the availability of electrical energy cause disruptions across value chains. AATIF portfolio and pipeline companies reported periods where only few days in the week machines could run without interruptions.

New Investment Activities & Disbursements

In Q1 AATIF closed one new investment with a loan granted to Corisbank in Burkina Faso. The bank is still a relatively young financial institution founded in 2007 in Ouagadougou. Since the bank has continued to grow with a strong focus on SMEs. Its agricultural portfolio consists of around 2,000 clients and the median of loan amounts to clients equals about USD3k.

Across the portfolio of its Partner Institutions, AATIF deployed USD 21m, the majority of which (EUR15m) to Corisbank while the balance went to smaller disbursements to AATIF's direct investee companies (DICs). Repayments received by AATIF amounted to about USD19m.

Existing Investment Portfolio

The existing portfolio continues to produce results that are satisfactory and broadly in line with expectations. Through the new investments, the portfolio's regional distribution became more balanced.

The IA observed few technical defaults with regards to AATIF's investments. These appear manageable though and the IA

does not expect these to have a negative impact on AATIF's financial results. The judgement by AATIF is mainly driven by the sharp increase of prices for some commodities which is increasing the revenues. For example, cocoa is at an all-time high above 8,000 USD / t. While the higher prices are supportive of already harvested beans, the supply in the value chain has come down severely. Côte d'Ivoire is expected to produce only 2/3 of its 2023 production due to adverse weather conditions.

Speaking about the real master of the agricultural value chains, the weather, Zambia's situation deserves special mentioning. The country has declared the ongoing drought a national disaster. The driest period in over 40 years devastates the farming sector affecting millions of families linked to rain-fed farming operations. AATIF Portfolio Companies are affected and part of the solution at the same point in time. Supply with raw produce will be heavily diminished. Inflation for food is rising against the reduced income from the farming sector. At the same time with AML's production capacity the company can contribute to stabilising the supply of grain-based food. Across the portfolio we see AATIF PIs in active dialogues with all stakeholders on how the crisis can be handled.

We refer to the TA update below on several initiatives within AATIF's portfolio companies to

¹ [AfDB Report](#)

² World Bank's April Economic Outlook

³

either adopt or support mitigation efforts with regards to climate change.

Fund Performance & Liquidity

The financial performance of the Fund remained in line with the previous quarter. With a positive operating result, the Fund is able to serve its target dividends, recover the unpaid dividend deficiencies on the Class B shares in full and further contribute to an increase in the NAV of the C-Shares.

The main influencing factors are the realised recoveries related to the Wienco and ABC Holdings investments. Payments received have been booked against provisions or are treated as realised gains in loans through the AATIF's P&L. Negative effects were coming from increasing provisions against the Union Bank investment. Bottom line is an increase of the NAV of C-Shares.

Liquidity remained high and well above the necessary amount to cover operating expenses. No shares or notes matured during the quarter.

Social and Environmental Review

Q1 2024 saw several AATIF investee companies successfully complete S&E measures. Scipion was on the final stretch completing the upgrading of its Social and Environmental Management System. With the support of the AATIF, the company tested updated due diligence tools in Nigeria in Q1 2024 and completed the on-the-job trainings. Some small adjustments of the tools followed from the feedback of the field testing.

UBN completed an AATIF TA project that aimed at improving the bank's social and environmental management system and increasing the capacities of bank staff to handle S&E issues. As a result, the bank now has an

updated SEMS Manual, a dedicated S&E policy that also covers the agriculture sector, a capacity development plan and additional S&E tools. Furthermore, 36 staff members were trained on the updated SEMS and how to apply new S&E tools as well as broader sustainability issues. In addition, the bank expanded its capacities by designating a full-time S&E Manager to support the continuous SEMS implementation.

Other investee companies are actively using the results of developments achieved with AATIF support. For example, in its latest [Sustainability Report](#), for the first time ETG used data from its sustainability dashboard that was developed with AATIF support. The company also began the process of checking its readiness for EU Corporate Sustainability Reporting Directive (CSRD) which will apply to ETG at a date still to be defined. Lastly, ETG closed the first tranche of a Sustainability-Linked Loan (SLL) with commercial banks at USD 115 million. Another tranche, involving Development Finance Institutions, shall be launched later this year. This process is the culmination of the company's systematic S&E and impact management improvements implemented over the last years.

On a different note, in its pursuit of decarbonisation, ETG initiated an analysis of the feasibility and strategy for replacing coal with biomass. The company has established a monitoring framework for its Scope I and Scope II emissions and is committed to reducing its footprint by 30% by 2030 against a 2023 baseline.

In Nigeria, Courtyard continued working towards strengthening its Social and Environmental Management Systems. The company updated its Human

Resources Policy and Procedures, Health, Safety and Environment Policy, and Sustainable Procurement Policy. The policies now also cover issues related to equal opportunities, child labour, grievance management, accident reporting, emergency preparedness and response, and biodiversity conservation in its supply chain.

Impact Review

During Q1 2024, AATIF concluded the endline Rapid Appraisal of the impact that the Fund's investment in its first partner institution, Agrivision in Zambia, has achieved. The results show a significant positive impact of the investment on the living and working conditions of employees, their families, and the communities, as well as on land development. For example, the overall number of employees has increased from 105 (2010) to 215 (2023), the total land area under irrigation grew 273%, and volumes of wheat production rose from 3,234 MT (2011) to 15,326 MT (2023). Furthermore, the appraisal finds positive impact along productivity, sales volumes and revenues, and notably in S&E management.

Technical Assistance (TA) Update

In Q1 2024, the TA Facility Committee approved six new TA projects. One project is in collaboration with Courtyard to support the company in obtaining the Rainforest Alliance Certification. Due to a projected rise in demand for certified cocoa linked with recent EU Deforestation Regulations (EUDR), Courtyard has reached out to the TA Facility for support in obtaining the certification for exported cocoa. Considering these changes in the regulatory environment and possible market dynamics following, the Rainforest Alliance certification will support

the company and its off takers to transition to deforestation free commodity value chains. The certification process fits the purpose of Courtyard identifying any forest conversion and results can feed into the required EUDR monitoring and reporting. The TA Facility Manager has contracted an expert consultant for the project which will launch in early Q2 2024.

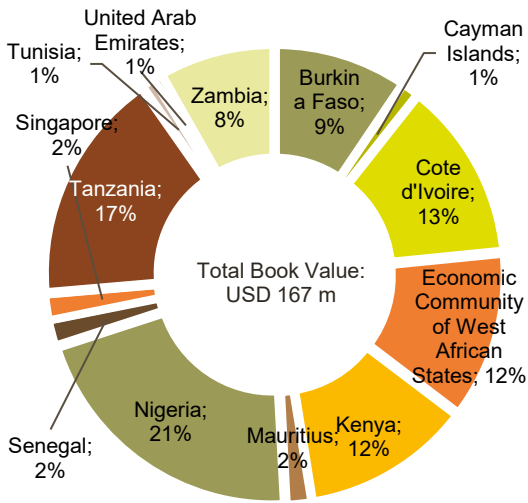
Another new TA project approved is supporting NSIA Banque in Cote d'Ivoire to improve its lending in the agricultural sector. NSIA Banque has a large and growing agricultural portfolio, totalling almost a quarter of its loan portfolio, however, it does not have a dedicated strategy for lending to the agriculture sector. Based on recommendations from the AATIF Sustainability Advisor (SA), the TA Facility is supporting the bank to develop a dedicated Agriculture Sector Strategy that will help focus the bank's approach to and enhance agric interventions. The TA project encompasses support in product design, risk management and pipeline development tools as well as analyses of identified key value chains and assistance with pipeline development. Comprehensive capacity development to various bank departments is also envisioned. The TA Facility Manager is currently developing detailed ToR and preparing to tender the project.

Furthermore, during Q1 2024 the TA Facility Manager travelled to Malawi and Mozambique to meet with existing AATIF investee ETG to undertake project monitoring and implementation. In Malawi, the TA Facility Manager is supporting an agroforestry and organic sesame and soybean project targeting over 2,000 smallholder farmers through extension services, farmer mapping, and training. In

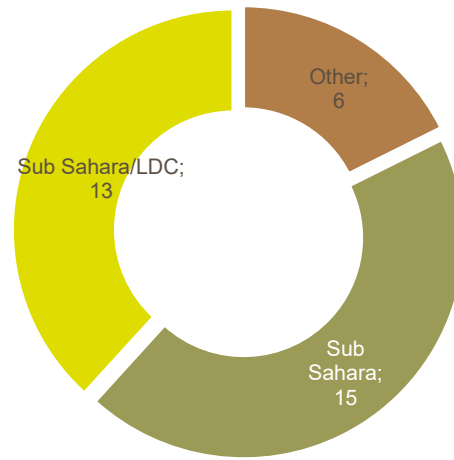
Mozambique, the TA Facility Manager met with the consortium of consultants implementing a Climate Smart Cashew project aimed at transforming sourcing models with the sector through advanced farm management systems, introducing resilient cashew varieties, afforestation, exploring carbon sequestration models and providing extensive training on good agricultural practices. A pivotal outcome of this endeavour has been the introduction of the world's inaugural Rainforest Alliance certified cashew.

Portfolio Overview as at 31/03/2024

Book value – Country & Rating Category



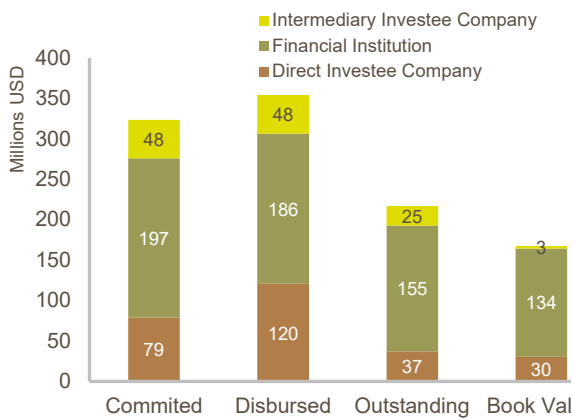
Transaction Geography (# of investees)



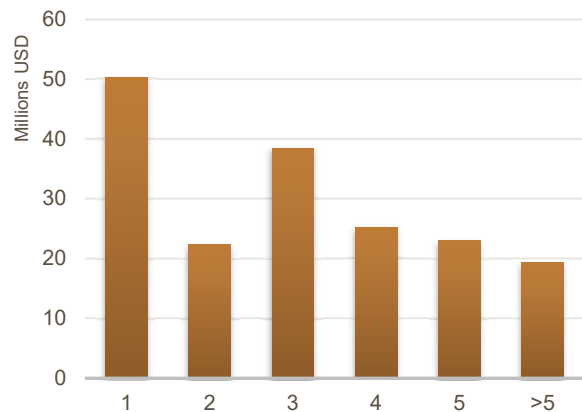
The country allocation of the investment is linked to the place where the legal residency of the investee/ the economic risk bearer is registered.

SSA: Sub-Sahara Africa
LDC: Least Developed Countries

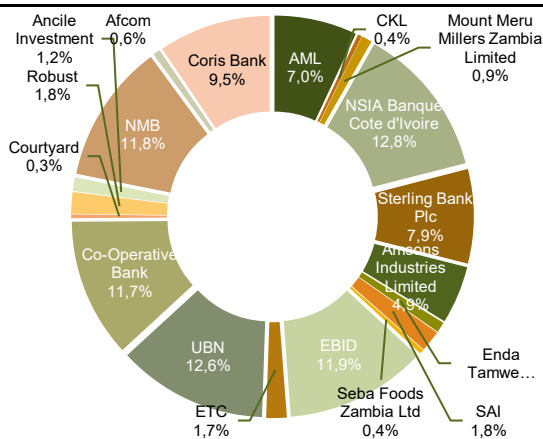
Type of Partner Institution



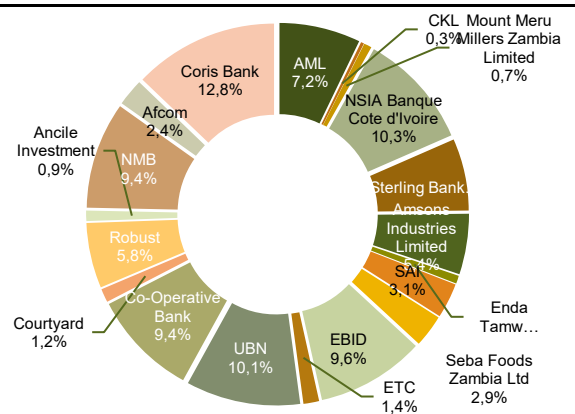
Maturities of the Portfolio (in years)



Partner Institution: Net Balance Exposure



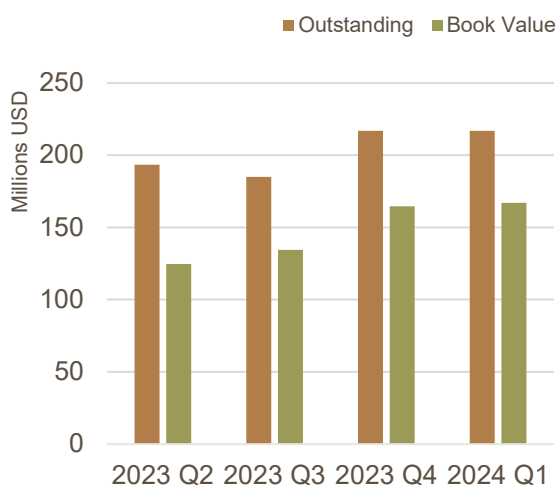
Partner Institution: Net Balance + Unused Commitment



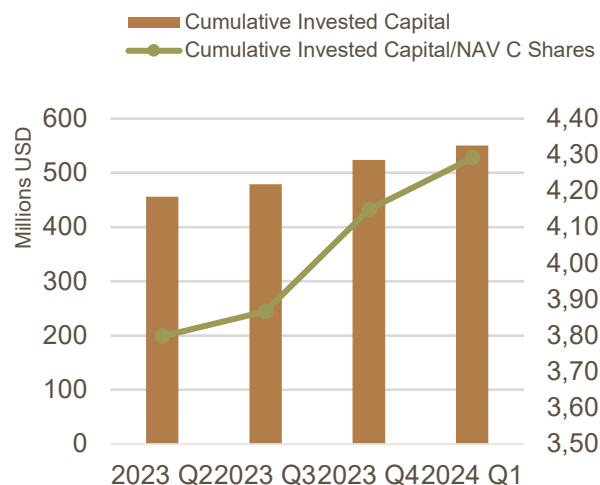
Provisioning Overview

Provisions on invested capital beginning Q1 2024	USD		52,360,577
Release of Provisions	USD	-	5,594,698
Increase of Provisions	USD	+	3,084,692
Write off	USD	-	-
Provisions on invested capital end of Q1 2024	USD	=	49,850,571
Net Movement during Q1 2024	USD	-	2,510,006

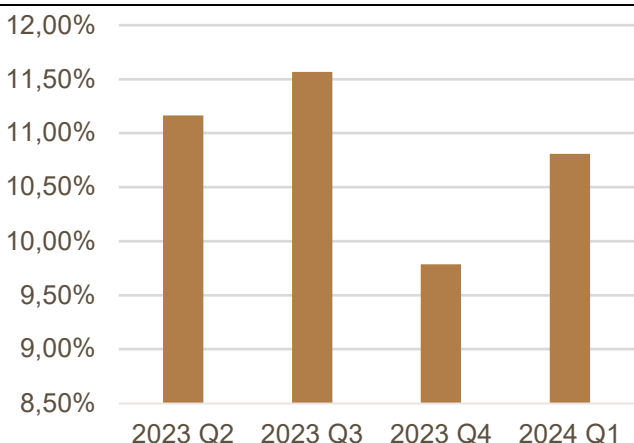
Investments Outstanding



Cumulative Invested Capital vs NAV C Shares

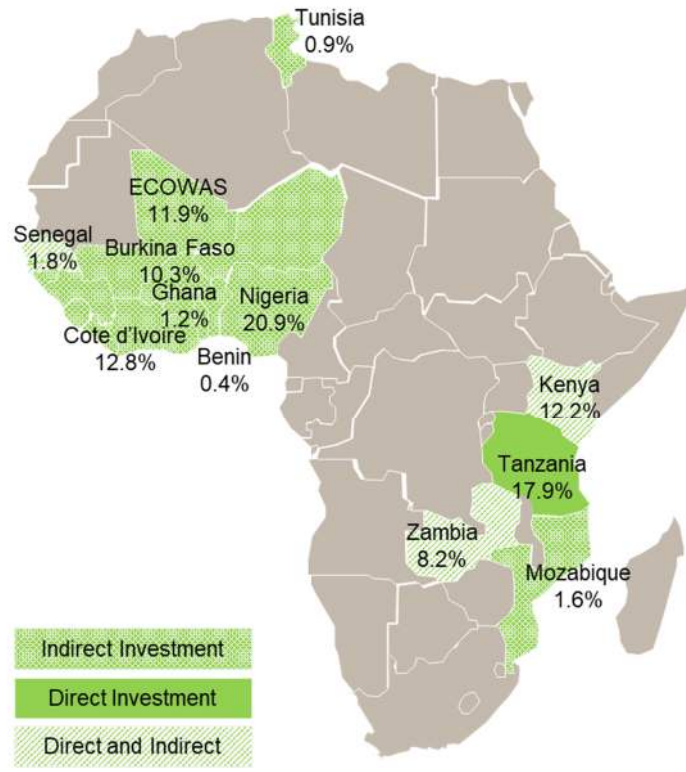


Gross Yield

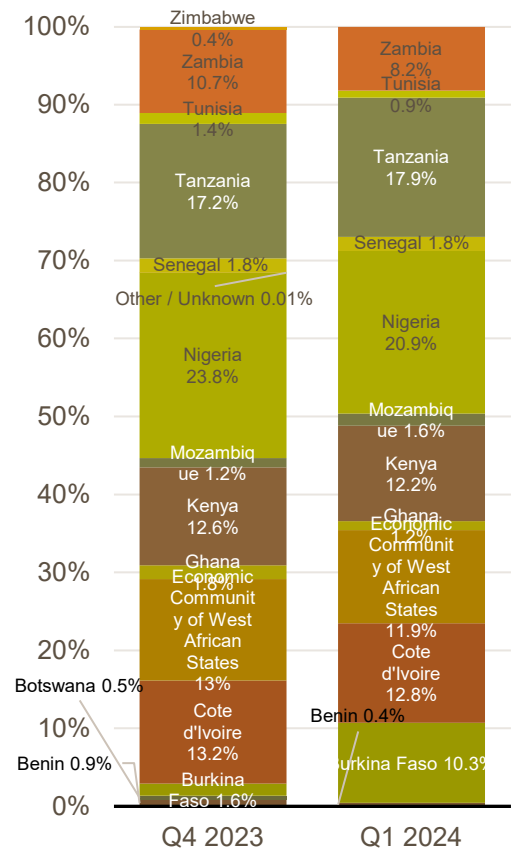


Regional Use of Funding (Data as of different dates)

Funding from AATIF is generally used by investees for their activities across the region. 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.



Data as of 31 March 2024

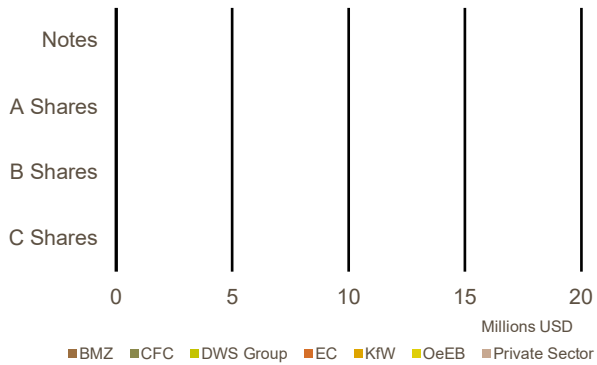


The "Use of Funding Allocation" applies the following methodology:

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.

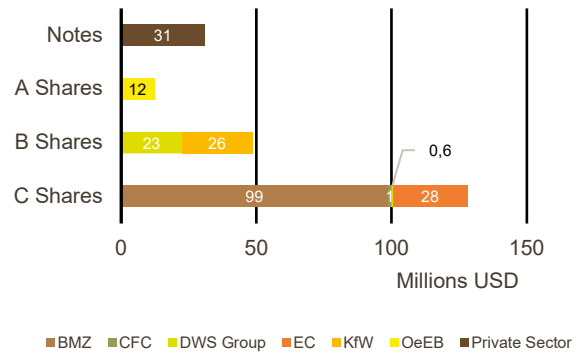
Investor Capital Structure as at 31/03/2024

Undrawn Commitments



Total amount of undrawn capital: USD 0

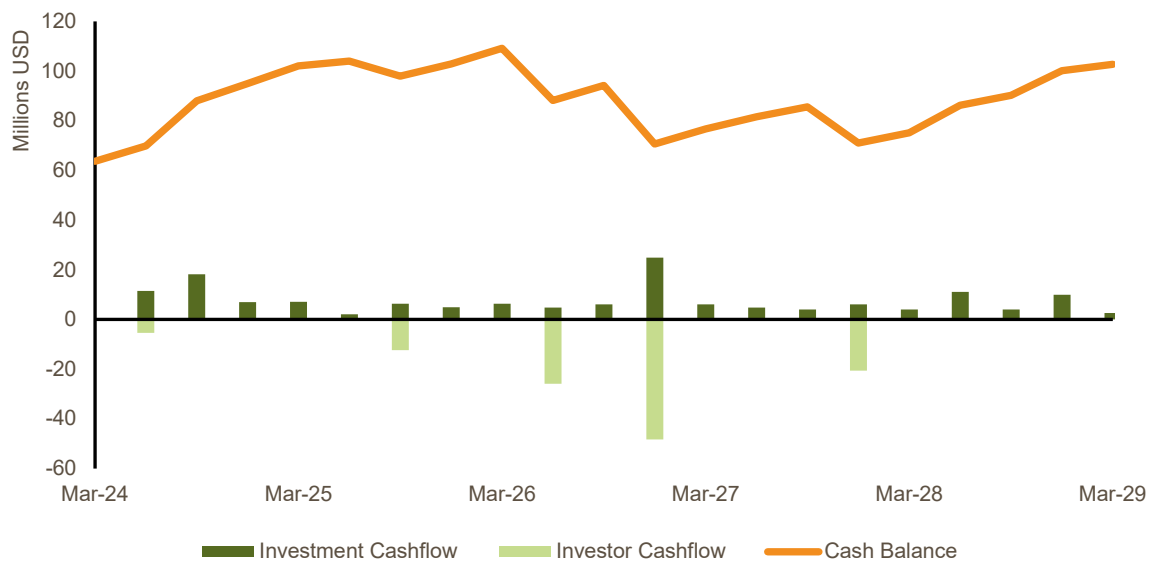
Net Asset Value (NAV) of Outstanding Shares



NAV of the Fund includes cash and other value elements

Asset-Liability Cash Flow Profile

Cash Flow Forecast as of 31/03/2024



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Initiator:



Collaboration Partners:



Investors:



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All statistics, data and values presented in this report, unless otherwise specified, are based on non-audited figures of the financial model and reporting tool of the Africa Agriculture and Trade Investment Fund. Care has been taken in preparing the financial model and the statistics presented in this report but no representation, warranty or undertaking (express or implied) is given or will be made and no responsibility or liability is or will be accepted by the Africa Agriculture and Trade Investment Fund or any of their respective officers, directors, employees, collaboration partners, service providers or agents in relation to or concerning the content, completeness or accuracy of any information, opinion or other matter contained in this report.

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