



# Quarterly Reporting Q2 2018



## AATIF Investment Updates

Chobe Agrivision Company		
	Country (use of funds):	Zambia
	Type of investment:	Wheat, maize and soy farm
	Use of Proceeds:	Irrigation equipment, land and ancillary equipment
	Outstanding AATIF investment:	USD 5.6m
	Financial close:	October 2011
	Tenor:	5 years + extended by additional 5 years

### Project Description

In October 2011, AATIF made an investment of USD 10m into the Zambian maize, wheat and soya bean farming operation Chobe Agrivision. AATIF’s investment supports the operations of Chobe Agrivision Mkushi farms by increasing its operational capacities thus enabling it to contribute to regional food security. On October 26 2015, Chobe Agrivision repaid a first tranche of the AATIF loan of 3 m USD reducing the AATIF exposure to 7m USD. In October 2016, the loan was extended by an additional 5 years. The first tranche of the extended facility of USD 1.4m was repaid according to schedule in October 2017.



### Recent Developments

**Project Update:** Agrivision is currently exploring to relocate parts of the existing irrigation equipment from Mkushi to its farm in the North-Western Province of Zambia. The measure is envisaged as sufficient access to water at Mkushi will likely remain a challenge in the future. Discussions with technical and financial advisors are ongoing to assess such relocation in detail.

**Social & Environmental Oversight:** In Q2 2018, the Agrivision Mkushi farms obtained the Global GAP certification. The certification demonstrates the company's commitment to applying Good Agricultural Practices <https://www.globalgap.org/de>. The compliance audit took place in May and the results were communicated to the company at the end of June. As a part of this process, Agrivision Zambia has hired a Certification Manager.

In Somawhe, the management team held a meeting with the Kasambamanyambi community and subsequently briefed the company's lawyer to prepare and finalize a sub-lease agreement with the community.

**Technical Assistance:** No material news.

---

### Global Agri-Development Company (Ghana) Ltd. (“GADCO”)



Country:	Ghana
Type of investment:	Rice farm and mill
Use of Proceeds	Land, rice mill, tractors and equipment
Outstanding AATIF investment:	USD 1.3m
Financial close:	June 2012
Tenor:	6 years

#### Project Description

In June 2012, AATIF provided a loan to GADCO, a Ghanaian rice producer. AATIF financed a rice mill as a first step for GADCO to develop an integrated value chain. GADCO however faced severe operational issues and was completely restructured in 2014/2015. Together with other co-lenders, AATIF accepted debt restructuring reducing the indebtedness of the company and allowing it a new start with a new management team. The farm consists of a nucleus which is surrounded by land used by smallholders to grow rice. Traditionally, rice production within Ghana suffered from the stigma of being considered low quality. Hence rice for retail use is imported. Since the take-over by the new management, GADCO developed its several brands under which rice from the nucleus farm and the community farmers is being sold in the local market. The benefit of the local mill being equipped with up-to-date equipment allowed the company to achieve off-take agreements subject to international quality standards. The local smallholder farmers have taken advantage of such agreement, to the benefit of all.



Rice Mill



Copa Connect Farmers

#### Recent Developments

**Project Update:** Gadco started 2018 with the new rice season. 132 hew hectare were planted and the last 146 ha were harvested with a yield of roughly 615 metric tons of gross paddy. In the Fievie Connect Program the minor season in 2017 counted 58 farmers farming a total of 72 ha which yielded roughly 383 metric tons of gross paddy. However the community faced some drainage problems during the rainy season which will hinder them to cultivate during the major season in 2018. Under the Copa Connect program 243 farmers enrolled in the scheme and jointly supplied 326 metric tons of gross paddy.

**Social & Environmental Oversight:** No material news.

**Technical Assistance:** For personal reasons, the Workshop Manager contracted in October 2017 by GADCO with support from the TA Facility has unexpectedly resigned in April 2018 and returned to Zambia. GADCO has already selected a new person who will commence his work in July 2018. The TA Facility will continue to co-finance the workshop manager position to further increase farm mechanization capacity.

### Wienco (Ghana) Ltd.



Country:	Ghana
Type of investment:	Intermediary input supplier
Outstanding AATIF investment:	EUR 9m and USD 6m
Financial close:	October 2013
Tenor:	3 years + extensions until 2019

### Project Description

In October 2013, AATIF disbursed a senior, secured loan to Wienco (Ghana) Ltd. (“WGL”), a Ghanaian agribusiness intermediary company. Wienco provides fertilizer and agro-chemicals as well as training in input application methods and business skills to smallholder farmers via three smallholder associations. These include the Cocoa Abrabopa scheme, the Masara N’Arziki maize smallholders’ association and Wienco’s own smallholder cotton growing scheme. AATIF’s financial commitment allows Wienco to significantly expand the scope of its smallholder operations.

### Recent Developments

**Project Update:** The existing marketing agency of cocoa in Ghana (Cocobod) has announced the creation of a new platform – the Ghana Cocoa Platform. The new platform is meant to incorporate the activities and views of all stakeholders, particularly the farmers, in the production, processing and export of cocoa beans across Ghana and secondly aimed at increasing local value addition to the cocoa that is exported from Ghana. The platform will be managed by Cocobod with UNDP acting as advisor on technical and organizational aspects of developing such a platform. The platform will be composed of four key bodies — the Platform Steering Committee (SC), Platform Plenary group, Platform Technical Committees and the Platform Coordination Unit (PCU). Similar to Wienco, the platform strives to boost sustainable production in Ghana’s cocoa sector for the benefit of all stakeholders.

**Social & Environmental Oversight:** The AATIF Compliance Advisor provided guidance to WIENCO on how to develop biodiversity and waste management plans for the company.

**Technical Assistance:** The draft baseline report for the WIENCO maize outgrower scheme, submitted in December 2017, is currently under a third-party peer review. The final maize baseline report is expected to be submitted in Q3 2018.

In Q2 the final feasibility study report for the introduction of climate smart lending products to WIENCO outgrower farmers was submitted and the findings were presented during a call with WIENCO, CAA and Masara in June 2018. The study has confirmed the economic viability of introducing climate smart lending tools to both maize and cocoa farmers, as well as the potential socio-environmental benefits to the farmers. The TA Facility Manager is currently discussing with the consultant and WIENCO on a potential pilot project to test the climate smart lending operations.

**Cape Concentrate Ltd.**



Country:	South Africa
Type of investment	Processing
Outstanding AATIF investment	USD 6.55m
Financial close	August 2014
Maturity	5 years

**Project Description**

Cape Concentrate is a South African company which was established in 2009 in the Eastern Cape province. The business plan proposed to process locally grown tomatoes into tomato paste for sale into the South African market as an import substitute. The loan from AATIF to Cape Concentrate is 100% provisioned subsequent to Cap Concentrate going through liquidation since December 2015. As secured creditor AATIF received in 2017 recoveries from the sale of the factory to Famous Brands. Famous Brands is a JSE listed South African company and Africa’s largest branded food service franchisor. It continues the tomato paste production and sources tomato supply from local farmers, thereby creating employment in an economically distressed area.

**Recent Developments**

**Project Update:** No major updates available while the Investment Manager continues pursuing action to recover the invested capital.

**Social & Environmental Oversight:** No ongoing activities.

**Technical Assistance:** No ongoing activities.

**Chase Bank**



Country:	Kenya
Type of investment	Financial Institution
Outstanding AATIF investment	USD 10m
Financial close	October 2012
Tenor	5 years

**Project Description**

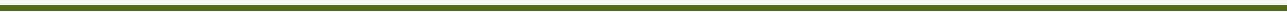
In October 2012, Chase Bank, a privately owned Kenyan bank, received funding under a five year senior loan facility in two tranches, totalling USD 10mn. On-lending activities of Chase Bank target investments along the entire agricultural value chain including input providers, farmers and off-takers, with contract farming schemes receiving special attention. Following a bank run by depositors of Chase Bank, on 07 April 2016, the Central Bank of Kenya placed Chase Bank under receivership (CBLR). On 6th October, 2017 CBK / KDIC publicly presented a non-binding offer by SBM Kenya Limited for the purchase of selected assets and liabilities of Chase Bank under a good bank – bad bank resolution concept.

**Recent Developments**

**Project Update:** On 17th April, 2018, lenders were informed by CBK/KDIC about the closing of the SBM transaction by the end of June 2018. On 6th July, 2018, the Central Bank of Kenya announced that SBM Bank (Kenya) Limited has commenced the acquisition of certain assets and assumption of certain liabilities of CBLR. This announcement followed CBK’s approval on June 13, 2018, for SBM Kenya to acquire certain assets and liabilities of CBLR as provided under Section 9 of the Banking Act and under the Central Bank Prudential Guidelines. Approval of this scheme was subsequently granted by the Cabinet Secretary, National Treasury on June 28, 2018, as provided under Section 9 of the Banking Act.

**Social & Environmental Oversight:** No ongoing activities.

**Technical Assistance:** No ongoing activities.



**Trade & Development Bank (“TDB”, formerly known as PTA Bank)**



Country:	Supranational
Type of investment:	financial institution
Outstanding AATIF investment:	USD 20m
Financial close:	September 2012
Maturity:	7 years

**Project Description**

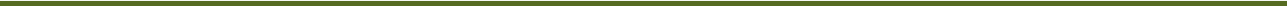
In September 2012, AATIF and PTA Bank signed a USD 30mn facility agreement. PTA Bank is a multilateral financial institution, owned by eighteen East African member states, the People’s Republic of China and the African Development Bank. The funding is being used by PTA Bank to expand its agricultural lending activities.

**Recent Developments**

**Project Update:** TDB is currently assessing internally their funding need in the agricultural sector and will inform the Investment Manager about their need for an extension of the collaboration.

**Social & Environmental Oversight:** No material news.

**Technical Assistance:** No ongoing activities.



**BancABC Holdings Ltd.**



Country:	East Africa (Mozambique, Tanzania, Zambia, Zimbabwe & Botswana)
Type of investment:	Financial Institution
Outstanding AATIF investment:	USD 20m
Financial close:	December 2013
Maturity:	5 years

**Project Description**

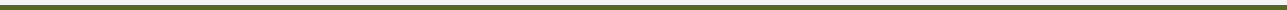
In December 2013, AATIF signed a USD 25mn risk sharing agreement with BancABC, a financial institution with its holding company based in Botswana and subsidiaries operating out of Zimbabwe, Zambia, Mozambique, Botswana and Tanzania. Originally, BancABC focused exclusively on wholesale banking. In 2008, the bank started to expand gradually into retail banking, including SME and consumer lending products. The AATIF facility will allow BancABC to increasingly step into transactions along the entire agricultural value chain and extend their maturities.

**Recent Developments**

**Project Update:** In Q2 2018 the AATIF investment committee agreed to extend the tenor of the currently outstanding facility of USD 20m by three and a half years. The facility is repayable in tranches until June 2022. The extension is subject to receiving a parental guarantee from the banks parent Atlas Mara. In June 2018 Atlas Mara provided a capital injection of USD 10m to BancABC Zambia (trading as Atlas Mara Zambia) allowing the Zambian subsidiary to be in compliance with the Zambian Central Banks capital requirement of Kwacha 520m. In 2012 the Zambian Central Bank imposed regulatory capital adequacy limits to strengthen the financial sector. The Central Bank requires foreign owned banks to not only meet a minimum capital adequacy ratios but in addition hold equity of >520m Kwacha or opt to become a local bank and have a local shareholding of 51%.

**Social & Environmental Oversight:** The AATIF Compliance Advisor and the BancABC Sustainability Officer started to revise the sub-loan reporting format, in order to streamline the bank’s reports.

**Technical Assistance:** In Q2, the BancABC Sustainability Officer continued to receive on-the-job training by the expert consultant financed by the TA Facility. Also during Q2, BancABC has appointed a staff member as Deputy Sustainability Specialist, who is also benefiting from the coaching activities.





**Export Trading Group (“ETG”)**



Country:	Pan Africa
Type of investment:	Intermediary
Outstanding AATIF investment:	USD 30m
Financial close:	November 2015
Maturity:	5 years

**Project Description**

In November 2015, AATIF entered into a USD 30mn facility agreement with Export Trading Group (“ETG”), a Pan-African integrated trading and processing company specializing in end-to-end agricultural supply chain management and headquartered in Mauritius. The objective of the facility is to support the development of the smallholder agriculture sector in Sub-Saharan Africa. ETG has offices across 40 countries in the world with significant presence across 26 African countries, buying crops from thousands of smallholder farmers without intermediaries and connecting them to global commodity markets, thereby contributing to sustainable employment and income security for local farmers as well as global food security. In addition, ETG provides smallholder farmers with training, agricultural expertise, farming equipment and farming inputs. The proceeds of AATIF’s facility will be used by ETG as long-term working capital for the export of crops and import of fertilizers as well as the financing of capital expenditures related to processing plants and warehouses.

**Recent Developments**

**Project Update:** The Investment Manager undertook a site visit of the company in June 2018 to review internal control mechanisms and discuss the company’s business strategy following the investment by the Japanese conglomerate Mitsui.

**Social & Environmental Oversight:** In May 2018, the AATIF Compliance Advisor had an introductory call with the new Sustainability Manager and agreed on next steps in terms of social and environmental reporting and monitoring as well as the development of a social and environmental capacity building strategy for ETG.

**Technical Assistance:** In Q2 the TAFM together with the AATIF Compliance Advisor have started coordinating with ETG and ETG Farmers’ Foundation the Rapid Appraisal baseline data collection that is expected to take place during Q3 2018.

**Guaranty Trust Bank (“GTB”)**



Country:	Nigeria
Type of investment:	Financial institution
Outstanding AATIF investment:	USD 20m
Financial close:	December 2016
Maturity:	7 years

**Project Description**

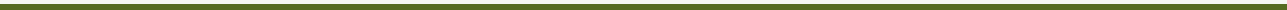
As part of a 7 year syndicated loan facility, AATIF granted a loan to GT Bank Nigeria for an amount of USD 20mn, which is earmarked for granting loans to Nigerian borrowers active in the agricultural value chain. GT Bank is Nigeria’s fourth largest financial institution by total assets with a market share of around 8-10% while it is one of the most advanced lenders from a technology standpoint. It started its activities in 1990 and currently employs more than 3,000 staff across Nigeria.

**Recent Developments**

**Project Update:** In April, Guaranty Trust Bank released its first quarter financial results for 2018. The Bank reported a 4% drop in interest income for Q1’2018, when compared to Q1’2017, due to a combination of 7.8% contraction in the Loan Book and 300bp decline in yield of Fixed Income Securities. The Loan Book decreased owing to increased payments of obligations as a result of high liquidity in the market. Notwithstanding this, the Bank continued to register 7.7% growth in net profit after tax to NGN44.7bn due to increase in non-interest income, decline in non-performing loans and cost cutting initiatives. Total Assets increased by 4.6% to NGN3.507trn while deposits from customers increased by 7.4% to NGN2.214trn. Credit metrics remained strong with capital adequacy ratio and Loans to Deposits ratio at 24.6% and 58.6%, respectively.

**Social & Environmental Oversight:** No material news.

**Technical Assistance:** No ongoing activities.



**Mybucks International**



Country for Use of Proceeds:	Uganda and Mozambique
Type of investment:	Financial institution
Outstanding AATIF investment:	USD 0
Outstanding AATIF commitment:	USD 5m
Financial close:	Not yet disbursed
Tenor:	2 years

**Project Description**

AATIF concluded a USD 5m facility to support the agricultural lending activities of the MyBucks subsidiaries in Uganda and Mozambique. MyBucks is a financial technology (“fintech”) services conglomerate that primarily delivers innovative and technology-driven solutions to unbanked and underbanked low and lower-middle income clients, predominantly in Sub-Saharan Africa.

In November 2015, MyBucks partnered with the international non-governmental organisation Opportunity International (“OI”) and took over six Opportunity International Subsidiaries in Africa. This not only allowed MyBucks to increase its client base, but will also enable it to bridge the gap between the worlds of virtual and traditional banking by enabling MyBucks to provide financial services to the most rural clients in a faster, more efficient and also less expensive manner.

AATIF funding provided to MyBucks shall be used to finance the agricultural lending activities of the recently acquired OI subsidiaries in Uganda and Mozambique, as the majority of their clients are active in the agricultural sector. This partnership will enable smallholder farmers to have access to technology-enhanced financial services to improve their livelihoods. It shall also give them a participatory stake in the technology development story similar to the innovation seen in other industries in the region. Furthermore, the USD 5 million senior lending facility will be supplemented with a robust technical assistance package. The package shall assist the company in developing and implementing a social and environmental management system. It shall further support measuring the transformational impact on smallholder farmers of MyBucks’ activity.

**Recent Developments**

**Project Update:** The loan has not been disbursed.

**Social & Environmental Oversight:** No material news.

**Technical Assistance:** No ongoing activities.



**Coopers-K Brands Kenya Ltd. “CKL”)**



Country:	Kenya
Type of investment:	Direct Investment Company
Purpose:	CAPEX financing for local production
Outstanding AATIF investment:	USD 583k
Financial close:	January 2018
Tenor:	7 years

**Project Description**

AATIF concluded a USD 4m facility to enable Coopers-K Brands Kenya Ltd (“CKL”) finance a new plant for minerals and nutritional supplements for livestock, thereby increasing local value addition.

CKL is a leading animal health and agricultural inputs company in Eastern Africa, and is the franchise distributor of the ‘Coopers’ range of products. CKL has delivered high quality products and solutions for livestock farming in Kenya since 1906 and has recently ventured into crop protection products to expand its product offering to farmers as well as capture more value from the markets it already serves. The goal of the company is to contribute to the transformation of the agricultural sector in Africa by developing and delivering innovative and affordable animal health and crop protection products within easy reach of every farmer in the markets where it has operations.

The key markets for CKL are Kenya, Uganda, Rwanda, Burundi and Tanzania with the company exploring to expand into other markets such as Ethiopia. Within Kenya, CKL has developed a sub-distributor model that ensures its products get to the end users i.e. farmers. This is done through a network of 13 Strategic Business Partners (regional distributors) who then wholesale the products to over 6,000 stockists that deliver products to farmers on a daily basis. The investment would be AATIF’s first investment into animal health and veterinary products hence diversifying the existing portfolio and expanding the fund’s profile with a company active in importation, production and distribution of the said products into the East African region. AATIF considers the investment in CKL as a strategic partnership in enabling the objective of the fund in fostering local value addition, increasing farmers’ productivity and incomes which further contributes to reduction in poverty.

**Recent Developments**

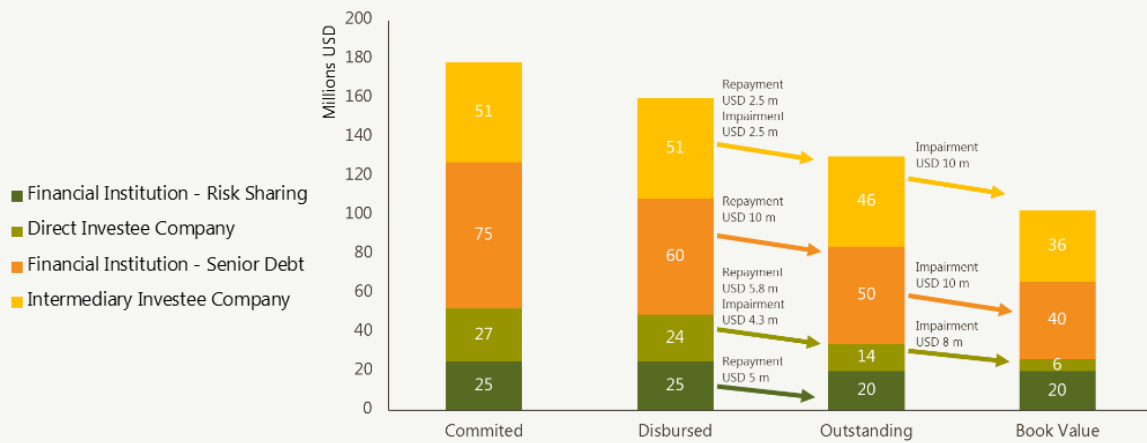
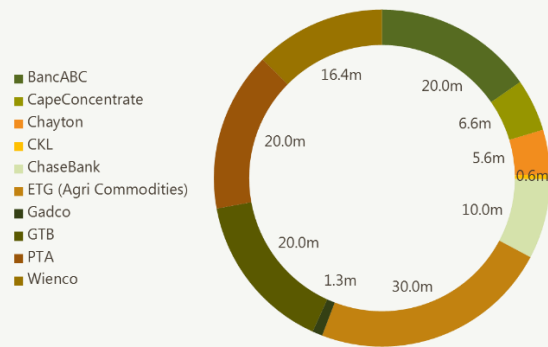
**Project Update:** Construction activities for the Project continue progressing according to plan with intention to reach completion in December 2018. The second drawdown occurred in July 2018 for payment of contractors and equipment. At the same time, CKL has embarked on a strategic review to develop a plan to strengthen the company’s position in the market and to prepare to optimize utilization of the additional capacity from the new plant. This will enable CKL to increase sales volumes and customer-reach while intensifying the developmental impact through increase in employment and support for smallholder farmers.

**Social & Environmental Oversight:** In Q2 the AATIF Compliance Advisor visited CKL together with the TAFM. The construction of the plant is underway and the company has taken measures to avoid negative impacts, in line with the social and environmental management plan prepared as part of the Environmental and Social Impact Assessment. These include installing screens to contain dust, placing barrier tapes around excavated areas, and having firefighting equipment and first aid kits available.

**Technical Assistance:** The TAFM undertook a visit to CKL to fine tune TA projects and is currently elaborating two project proposals to develop an internal impact framework and a market study to better understand its end-client and develop customer-intimacy based strategies.

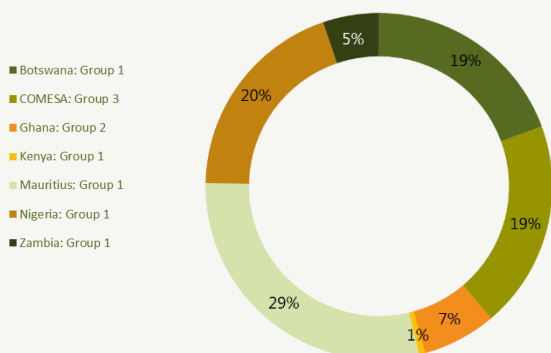


Portfolio Composition by Partner Institution (Outstanding)



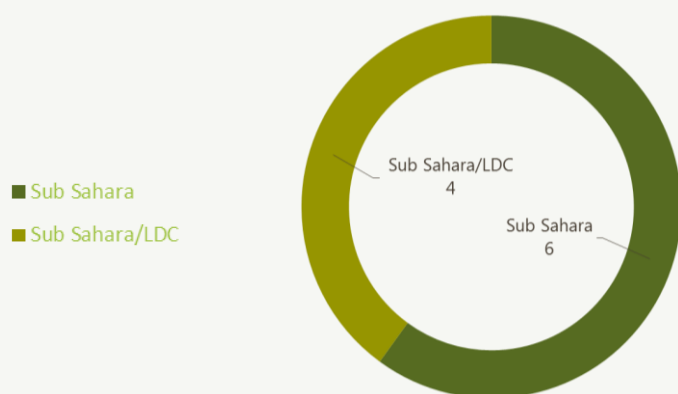
\* Balance of provision at the start of Q2 2018:  
 USD 22,022,665  
 Balance of provision at the end of Q2 2018:  
 USD 27,978,713  
 Movement during Q2 2018:  
 USD 5,956,048

Portfolio Composition by Country Groups (Outstanding)



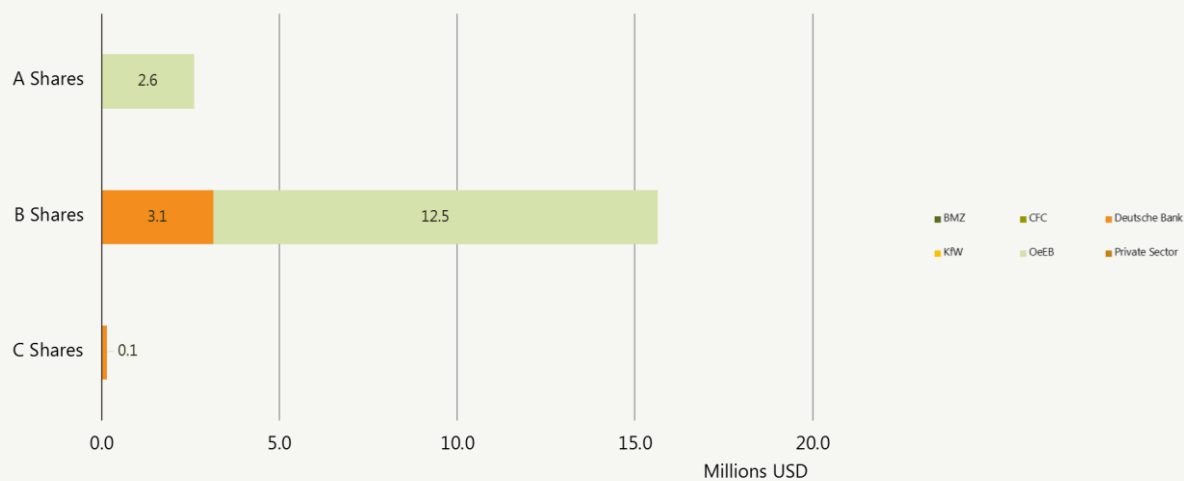
Group 1: Rating B/B1 or better  
 Group 2: Rating B-/B2 or worse  
 Group 3: Supranationals  
 The country allocation of the investment is linked to the place where the legal residency of the investee / the economic risk bearer is registered.

Portfolio Composition by LDC and Sub-Saharan Countries

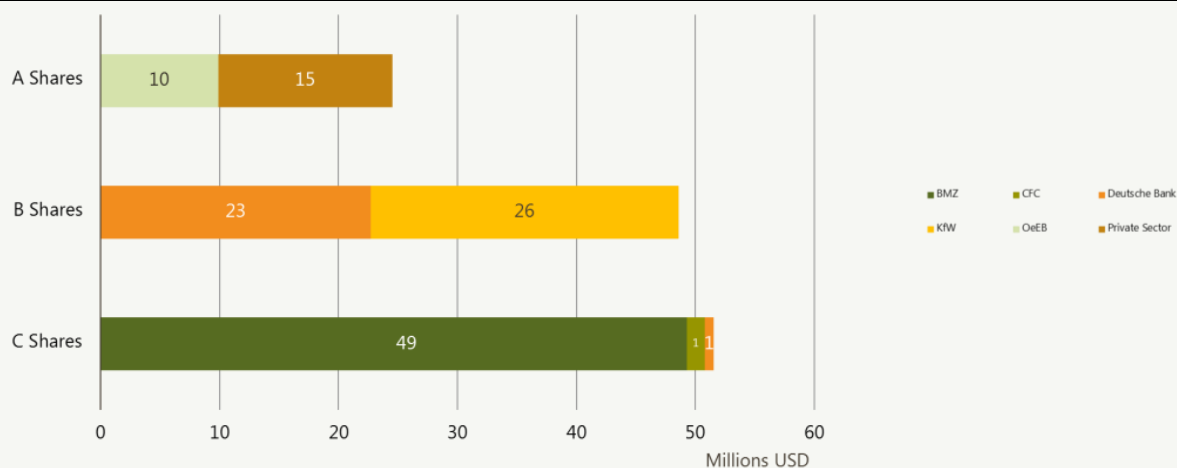


LDC: Least Developed Countries

Undrawn Commitments



NAV as at 30/06/2018



## Contact persons

### Fund

Africa Agriculture and Trade Investment Fund SICAV-SIF, S.A.  
31 Z.A. Bourmicht,  
L - 8070 Bertrange

### Investment Advisor

Michiel Adriaanse  
Alternatives | Sustainable Investments

Deutsche Bank AG, Filiale Amsterdam  
De Entree 99 - 197  
1101 HE Amsterdam  
The Netherlands

Phone +31 (20) 5554384  
Mobile +31 611530486  
Email [michiel.adriaanse@db.com](mailto:michiel.adriaanse@db.com)

Gabriele Krause-Zens  
Investment Specialist Alternatives

Deutsche Asset Management International GmbH  
Mainzer Landstraße 11 - 17  
60329 Frankfurt am Main  
Germany

Phone +49 69 910 - 40777  
Email [gabriele.krause-zens@dws.com](mailto:gabriele.krause-zens@dws.com)

### Custodian, Paying Agent, Account Bank

Citibank Europe plc, Luxembourg Branch  
Cindy Fuchs / Emilie Jacot  
Client and Investor Services Team,  
Transfer Agency, Luxembourg Fund Administration 31,  
Z.A Bourmicht, L - 8070 Bertrange, Luxembourg

Phone +352 45 14 14 207 or 316 (TA main line)  
Fax +352 45 14 14 332  
Email [cindy.fuchs@citi.com](mailto:cindy.fuchs@citi.com)

## Collaboration Partners and Selected Investors

### Initiator:



### Implementation Partners:



### Investors:



## Disclaimer

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.

## Imprint

Africa Agriculture and Trade  
Investment Fund  
31 Z.A. Bourmicht  
L-8070 Bertrange  
Grand Duchy of Luxembourg  
[www.aatif.lu](http://www.aatif.lu)  
[info@aatif.lu](mailto:info@aatif.lu)