

Quarterly Reporting Q3 2018



AATIF Investment Updates

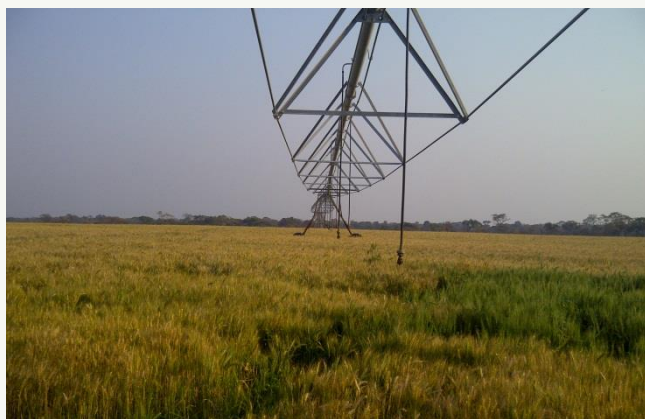
Chobe Agrivision Company



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 USD 3m reducing the AATIF exposure to USD 7m. 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: With the AATIF Board meeting taking place in Lusuaka in September 2018, the AATIF team used the opportunity to visit i.a. the Agrivision farming hubs in Mpongwe (Somawhe) and Mkushi. The AATIF Board together with a representative of the German Ministry for Economic Cooperation and Development, the Investment Manager, Compliance Advisor and Technical Assistance Facility Manager split into two teams, with each team travelling to one of the farming hubs. The AATIF team i.a. met with the farm managers and workers, the community, the District Commissioner and took a trip to the fields where wheat was being harvested and/or fields were being prepared for the upcoming soya summer cropping season. The visit reconfirmed that the drought of the preceding seasons still impacts water availability for Mkushi. The originally planned movement of the currently idle irrigation equipment from Mkushi to Somawhe has been postponed for the moment. The Agrivision management teams' focus at present is to determine alternative water availability compatible crop schedules.

Social & Environmental Oversight: During the visit to the Mkushi farm, the Compliance Advisor met with the District Commissioner, the local Labour Officer, and a foreman from the TAZARA Railway. The District Commissioner confirmed that the Government is determined to find an amicable solution to resolve the issue of illegal settlers residing at the Ngambwa railway siding and that he was to convene a meeting in Kaipiri Mposhi with the provincial government and TAZARA to resolve land allocation for the settlers in the following week. The meeting with the Labour Officer confirmed that no complaints had been filed from Agrivision employees.

In Somawhe, the process of finalizing a sub-lease agreement with one of the communities living close to the farm's dam is still ongoing. The Compliance Advisor met with three village headmen from these communities, who confirmed that there is a good relationship between them and the company.

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: During the second quarter 220 ha were planted on the nucleus farm. Produce from the previous season was processed at the mill and yielded 286 MT of rice and 133 MT of by-products (husk, bran and sortex). On the smallholder scheme, a total of 375 farmers (119 females/ 256 males) enrolled in Copa Connect. This season, for the first time, Copa Connect decided to support 91 farmers of rain fed areas, in Weta and around Ho. Registration took place between March and June in all Copa Connect operational areas: Aveyime, Weta, Asutsuare and around Ho. A total of 1,072.3 acres (428.9 ha) have been planted up to June.

Social & Environmental Oversight: Since the area and scale of farming reduced during the 2018 major season, GADCO laid off 31 workers in June 2018. GADCO involved the Labour Officer as well as Commission for Human Rights and Administrative Justice and discussed with each employee individually. The company expects to re-engage some of the dismissed workers once production increases.

Technical Assistance: The new Workshop Manager replacing the previous one commenced working at GADCO in July 2018. The TA Facility Manager will continue to follow-up the progress made to reduce downtime of farm machinery. The TA Facility Manager signed a contract with the consultancy company Research Support Services (RSS) Group, to undertake an Ex-post Rapid Appraisal of the GADCO investment. Data collection is expected to start in Q4/2018.

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: In Ghana the national marketing board for cocoa, Cocobod, is preparing the next cocoa season. It has completed a USD 1.3bn syndicated loan agreement to purchase cocoa beans in the 2018/19 season. Twenty different banks including Barclays, Stanbic and Societe Generalel have joined the agreement. The loan will support Cocobod to make upfront purchases for cocoa beans. Cocobod is targeting 900,000 metric tonnes of cocoa for the next season, having purchased 903,000 metric tonnes in the past season which is a strong increase from previous seasons which were largely below 800,000 metric tonnes.

Social & Environmental Oversight: No material news.

Technical Assistance: The baseline report for the WIENCO maize outgrower scheme has been finalized and was accepted in September 2018. Data collection for the cocoa outgrower scheme has been prepared and is scheduled for Q4/2018.



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
Tenor:	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 currently assesses internally their intended funding volumes 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: Rapid Appraisal baseline data collection for the TD Bank sub-loan to the Tanganda Tea Company has been completed in November 2016. The endline data collection will commence in Q1 2019.



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
Tenor:	5 years

Project Description

In December 2013, AATIF signed a USD 25m 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: The Bank reported a profit of USD 4m for the period ended 30 June 2018 (USD 2.4m 06/2017). Profitability was mainly driven by a decrease in the impairment charges and an increase in fee and commission income by 38.1%. In the course of Q3 2018, BancABC has intensified its search for strong agricultural partners with a focus on Zimbabwe, where it intends to build an agricultural center of excellence. Memoranda of Understanding have been signed with agribusinesses specialized in the sourcing, financing, logistical management and delivery of agricultural grain products and/or input provision. These agribusinesses have outreach to mostly medium scale emerging farmers. The partnership would allow to free cash for the agribusinesses while offering BancABC the opportunity to increase its agricultural sector stake. The intention is to use a ring-fenced scheme where the agribusiness partner is paying any procured off-take from its supplying farmers into a BancABC account thereby reducing the Banks risk of non-payment.

Social & Environmental Oversight: The bank has continued to build staff capacity on social and environmental management. With support from the consultant financed by the TA Facility, the bank's Sustainability Specialist and the Deputy Sustainability Specialist organized a workshop on Environmental and Social Risk Management in Lusaka (12-14th Sept 2018). The workshop counted 21 participants, including the bank's sustainability champions from Mozambique, Rwanda, Zimbabwe and Zambia, as well as relationship and credit staff from the Zambia operations.

Technical Assistance: The consultant continued to coach the Bank's Sustainability Specialist: During Q3 2018, a second joint E&S due diligence took place in Zambia as part of a workshop organised for the Bank's newly appointed S&E 'champions'. Two additional audits are scheduled for Q4/2018 in Rwanda and Zimbabwe.

Export Trading Group (“ETG”)



Country:	Pan Africa
Type of investment:	Intermediary
Outstanding AATIF investment:	USD 30m
Financial close:	November 2015
Tenor:	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: In Q1 of the financial year 2018/2019, ETG generated revenues of USD 778m with a net profit of USD 5.1m.

Social & Environmental Oversight: The company submitted the Annual Sustainability Report for the reporting period 2017/18 in September 2018. This year’s report focuses on empowering communities to grow along ETG business operations.

Technical Assistance: In Q3, the TAFM together with the AATIF Compliance Advisor and the contracted research company RSS, have coordinated with ETG and ETG Farmers’ Foundation the baseline data collection for the Rapid Appraisal to take place in Malawi during October 2018.

Guaranty Trust Bank (“GTB”)



Country:	Nigeria
Type of investment:	Financial institution
Outstanding AATIF investment:	USD 20m
Financial close:	December 2016
Tenor:	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: Guaranty Trust Bank decided to prepay the entire syndicated USD 50m loan, including the USD 20m AATIF participation, in July 2018. In 2018, the Nigerian macroeconomic climate improved following an upswing in oil prices reducing pressure on the Naira and USD liquidity, allowing GTB to reduce the funding drawn on in the course of 2015. While the Bank increased its agricultural portfolio during the last two years (in 2017 by 12%), AATIF’s developmental role has been primarily one to provide liquidity allowing continued business operations of a systemic relevant bank for the Nigerian market in a challenging macroeconomic environment.

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 continue as planned for the new plant with the intention to complete by December 2018 and then start the commercial operations in the first quarter of 2019. Once the plant is completed, CKL will benefit significantly given the current operational challenges facing the industry, which depends on the imports of inputs. Currently, the industry is often affected by supply interruptions caused by the logistical problems at the Kenyan ports and a closure of a number of inputs’ manufacturers in China due to non-compliance with environmental laws. All these have contributed to price increases in the market this year.

Social & Environmental Oversight: CKL submitted its first social and environmental report to the AATIF. This included information on safety, health and environment audits, training for staff, data on employment, accidents and grievances, as well as the implementation status of the corrective measures identified during the occupational safety and health audit that took place in 2017.

Technical Assistance: The TA Facility Manager has signed a contract with the consultant Research Support Services (RSS) Group to undertake the Rapid Appraisal for the CKL investment. The baseline data collection is scheduled for December 2018.

African Milling Company



Country:	Zambia
Type of investment:	Direct Investment Company
Purpose:	Working capital financing for local production
Committed AATIF investment:	USD 11m
Financial close:	August 2018
Tenor:	18 months

Project Description

In August 2018, AATIF concluded an USD 11m debt facility for African Milling Limited (“AML”) in Zambia to enable the Company to purchase maize and wheat for its milling operations in Lusaka. The senior debt facility includes a Working Capital (“WC”) Facility of USD 1m and a Collateral Management Agreement (“CMA”) Facility of USD 10m.

This innovative financing structure will enable AML to meet its working capital needs and free some of its capital to finance completion its CAPEX programme, which was stopped as the company had to divert its earnings to finance working capital in the past financial period. The investment will have notable developmental impact as AML purchases maize largely from smallholder farmers in Zambia.

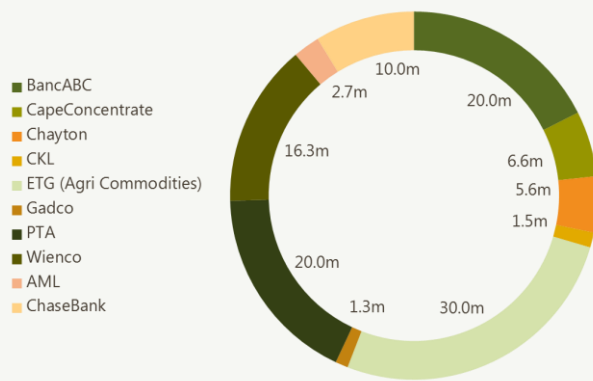
Recent Developments

Project Update: African Milling Limited started using the facility to purchase maize and wheat in August 2018. The company has already utilized over USD 3.9m of the USD 11m debt facility provided by AATIF. AML, like other millers, needs a CMA facility in order to purchase agricultural commodities from farmers at reasonable prices during the harvest season to avoid having to buy from commodity traders later at high prices. In addition, this enables the millers to provide food products at affordable prices to final consumers, which are usually low income households in Zambia and surrounding countries.

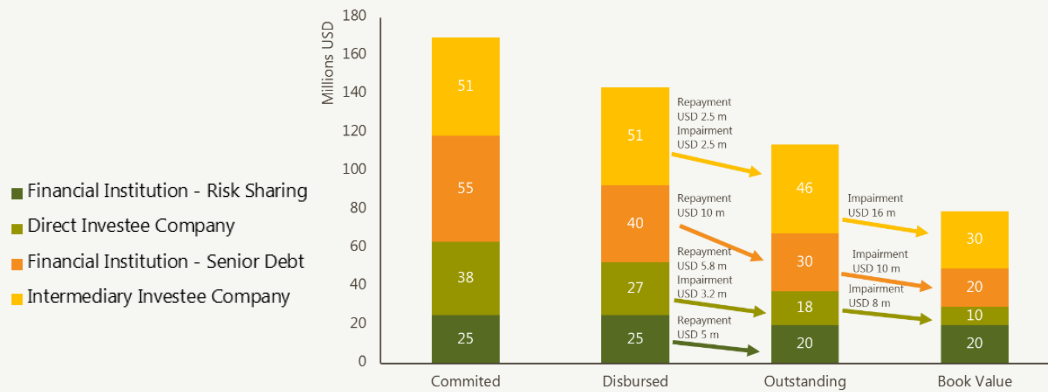
Social & Environmental Oversight: AML appointed an S&E contact person. The Compliance Advisor met the newly appointed person and determined a way forward towards addressing S&E gaps identified in the Social and Environmental Assessment Report which resulted from the due diligence visit.

Technical Assistance: No ongoing activities.

Portfolio Composition by Partner Institution (Outstanding)

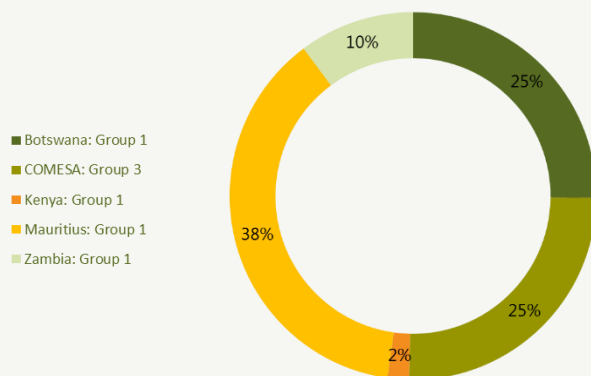


Portfolio Composition by Type of Partner Institution



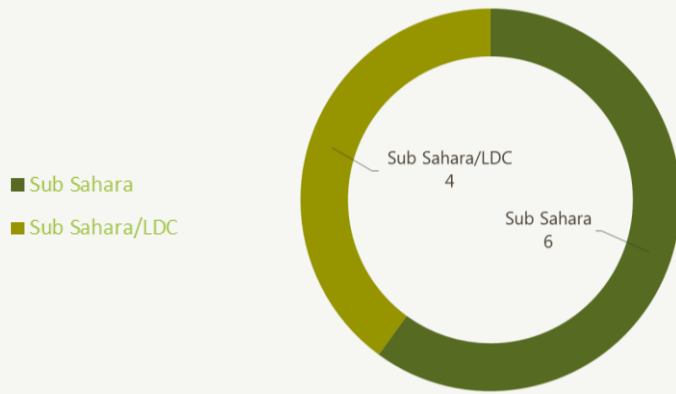
* Balance of provision at the start of Q3 2018:
 USD 27,978,713
 Balance of provision at the end of Q3 2018:
 USD 34,829,724
 Movement during Q3 2018:
 USD 6,851,011

Portfolio Composition by Country Groups (Outstanding)



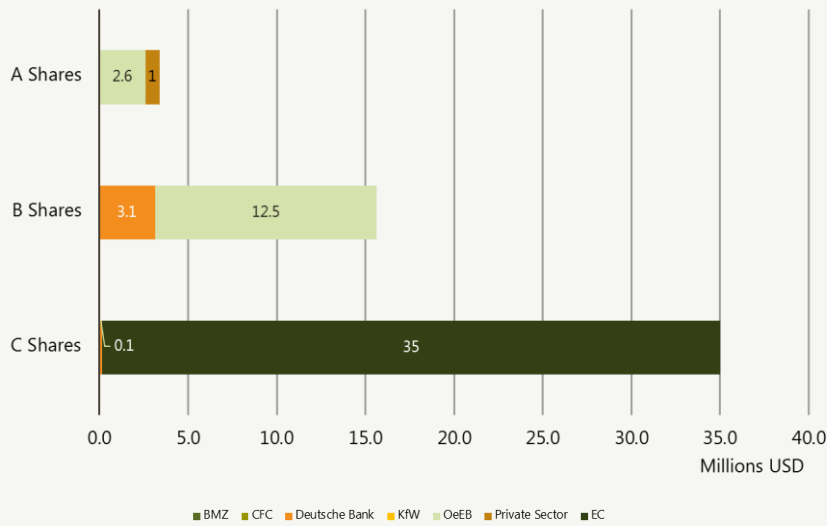
Group 1: Rating B/B1 or better
 Group 2: Rating B-/B2 or worse
 Group 3: Supranationals
 The country allocation of the investment is linked to the place where the legal residency of the investee / the economic risk bearer is registered.

Portfolio Composition by LDC and Sub-Saharan Countries

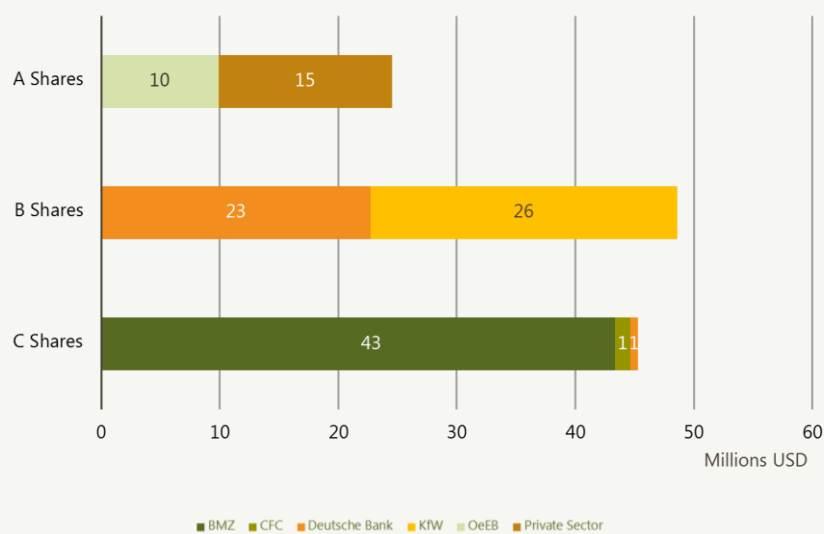


LDC: Least Developed Countries

Undrawn Commitments



NAV as at 30/09/2018



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Collaboration Partners and Selected Investors

Initiator:



Implementation Partners:



Investors:



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