

AATIF INVESTOR REPORTING

Report for the quarter ending 30/09/2020

Activity Report Q3 2020

Regional Developments

The story of 2020 is one with which everybody is familiar: one where a constantly moving world, brought together by globalisation and international cooperation, has been forced to grind to a near stand-still in the face of a global pandemic.

In an age where we may take modern medicine and our impressive technological advancements as a given, we have been forced into introspection as a society. We have been required to reflect deeply on what matters to us; from the social bonds that connect us, to the economic activities that sustain us, and beyond.

The world of impact investment has faced a stern examination because of this. Indeed, while UNCTAD – the UN’s conference on trade and development – forecast a decrease in global foreign direct investment (FDI) by up to 40% in 2020¹, the Global Impact Investing Network (GIIN) reports that impact investors are maintaining a generally positive outlook. According to the survey, 57% were unlikely to alter their commitments due to the pandemic, while 15% were likely to commit additional capital² to their impact investment activities.

While definitive conclusions may not be drawn easily from this – general sentiments about the pandemic are prone to revision with time – these reports do shine a light on the continued

importance of impact investment, a view that AATIF truly believes in.

It is precisely against this backdrop of uncertainty caused by COVID-19, as well as the economic aftermath it has brought in tow, that we purpose to reiterate our continued commitment to sustainable growth across the agriculture value chain in Africa.

Nations across Africa – and across the world – have begun the long journey towards resuscitating their economies, with agricultural systems already in motion too.

Ghana, for instance, has just entered its peak cocoa harvesting season. Demand for cocoa globally has remained consistent, with global consumption growing at an average of 3% per year over the last decade³. The West African economy is therefore primed to capitalise on these factors moving forward, a situation AATIF is monitoring keenly.

AATIF’s interest in the maize market in Zambia also means that the upcoming planting season from October remains yet another factor of significant interest for us and our portfolio companies, presenting a new avenue for cooperation in achieving sustainable growth and impact.



Finally, as we continue to chart this unfamiliar territory together with our Partner Institutions and you, our stakeholders, AATIF continues to prioritise African livelihoods as part of our commitment to Social & Environmental impact (see also Social & Environmental Review and Impact section).

New Investment Activities & Disbursements

AATIF is actively pursuing transactions and building its pipeline while acknowledging that the COVID-19 environment requires innovative ways of conducting due diligence. To gain a thorough understanding on the current situation of a potential investee, our investment and compliance advisors presently test videoconferencing in combination with on-site visits undertaken by local consultants. The experience so far has been positive, and we are convinced that while the way we do business has changed, it will not stop us as long as a second COVID-19 wave does not result in far reaching lockdowns.

During Q3 2020, AATIF’s Investment Committee approved an investment to directly support the West African cocoa sector by providing needed working capital to link an Ivorian cocoa processor to international value chains. The documentation for the transaction is still on-going.

The balance of transactions in the execution stage by the end of September stood at USD 6m.

¹ Press Release: Global foreign direct investment projected to fall 40% IN 2020.

² Global Impact Investment Network: Annual Investor Survey 2020.

³ Gro Intelligence - As Cocoa Harvest Begins, Risks Emerge from Major Producing Countries

Investments on which due diligence is on-going summed up to USD 96m spread over 10 opportunities as of Q3 quarter end.

Existing Investment Portfolio

AATIF provisions increased by USD 1.799m in Q3 2020. This is a result of (i) the USD depreciating against the EUR impacting provisioned EUR investments as well as (ii) standard IFRS 9 provisions in relation to new disbursements towards existing investments.

AATIF on August 18 disbursed a 2nd tranche of a TND equivalent to USD 1.18m towards Enda Tamweel in an effort to support the Tunisian MFI in the uncertain COVID-19 times.

At the same time, AATIF renewed its annual working capital and CMA facility with African Milling Zambia. Combined, the facilities sum to USD 11m. African Milling has since used the momentum of the Zambian wheat peak season to stock up on wheat.

Our investees continue to adapt to the new settings. Agrivision Zambia for instance, AATIF's first investment with two farming operations, one in Mkushi and the other in Mpongwe, has operationally had a good year, with some impressive yield results, despite 2020 being a challenging year with the effects of the 2019/20 drought and COVID-19. The Mkushi operation was slightly down on expected soya production but managed to achieve a great yield of 3.6 tons per ha on foundation maize seed production and 10.44 tons per ha on dryland commercial maize production. Whilst the impacts of the drought reduced the winter wheat cropping area in Mkushi, the farm managed to produce an average yield of 8.15 tons per ha - a significant improvement from 6.88 tons per ha in the prior season. The Mpongwe operation

produced a record winter wheat crop yield of 8.94 tons per ha – this being nearly 1.0 ton per ha up on its long term historical wheat yield.

Capital Raising Activities

While the value of C-Shares continue to be below the required 1/3 of Total Assets for Q3 2020, we expect to see the ratio to be re-established no later than 12/31/2020 with additional C-Shares subscriptions from the German Ministry for Economic Cooperation and Development and the European Commission.



Fund Performance & Liquidity

Investment activity was slowing down in the past 6 months as the market as well as ourselves had to determine the way forward in the new setting. We see demand picking up again, and as other financiers are still careful, the need of AATIF money is growing. With the comfort that additional C-Shares are subscribed in Q4, the investment activity is presently resuming full steam and we expect a busy Q4 2020 and Q1 2021 ahead of us.

Investment Restrictions

The value of C-Shares remains, as flagged above, below the target value of 1/3. However, AATIF is in the process of increasing the C-Shares cushion in Q4 2020.

The single obligor concentration limit related to the ETG investment remained also above the target value as of 30 September 2020. The current balance represents 15.2% of Total Assets as of 30 September 2020 against the set limit of 15%. We expect the limit to

be adhered to from Q4 2020 onwards.

Further details can be found in the "Portfolio Risk Summary" section.

Social & Environmental Review and Impact

In addition to continuous monitoring and providing support to Partner Institutions on social and environmental challenges related to the COVID-19 pandemic, AATIF improved its impact monitoring tools in Q3 2020.

As part of its ongoing effort to holistically assess the impact of investments, the Fund developed a new template for analysing self-reported data from investees. This template, supported by a set of indicators, breaks down the impact of Partner Institutions in seven dimensions: (i) primary agricultural production, (ii) outreach to producers; (iii) local processing; (iv) trade; (v) employment; (vi) environment and (vii) social and environmental management. This new template will allow AATIF to assess actual and potential areas of impact with more precision, as well as provide comparability across different investments and reporting periods. In the next quarter, AATIF will apply the template to its portfolio and pipeline companies to identify areas of improvement, with the goal of fully implementing the new approach in 2021.

In Q3, AATIF also launched a Rapid Appraisal of its investment in Amsons, a wheat processing company in Tanzania. Baseline data collection started in September 2020, focussing on company operations, and will be continued with a survey among wheat farmers supplying to Amsons. The baseline report will provide insights into the company's activities as well as the characteristics of the farmers. AATIF will use this information to

identify opportunities for expediting the impact of the investment.

Finally, as part of implementing a Supplemental Resettlement Plan which forms part of AATIF's undertakings in order to improve a legacy resettlement matter, Mount Meru Millers in Zambia has concluded the construction and official handover of houses to 15 families.

Technical Assistance (TA) Update

During Q3 2020 the mobile application CenteMPEX was launched and put in use for Centenary Bank in Uganda. The app facilitates access to banking services for SME agribusinesses and farmers; loans for first customers have already been admitted. The App Developer mPEX is now looking for Financial Institutions in neighbouring countries to integrate this app as an additional distribution channel.

Another TA project that came to an end successfully advised the Zambian miller AML on the expansion of its maize and wheat-based consumer product portfolio. This will allow AML to fully utilize its processing capacity, which was recently expanded through an AATIF loan.

At the end of Q3 2020 the TA Facility portfolio consists of 30 operational projects with several more interventions under development.

New TA activities which have recently commenced include two preparatory interventions to plan the expansion of raw material supplier outgrower schemes for AATIF Investees Mt. Meru and AML. Mt. Meru is interested in procuring more and better quality cotton from smallholders for its ginnery. The scheme, therefore, will look at possibilities to provide input such as seeds, training, and

extension services to targeted farmers. In addition, AML seeks to develop a relationship through training and capacity building with its thousands of smallholders who supply maize to their milling operations.

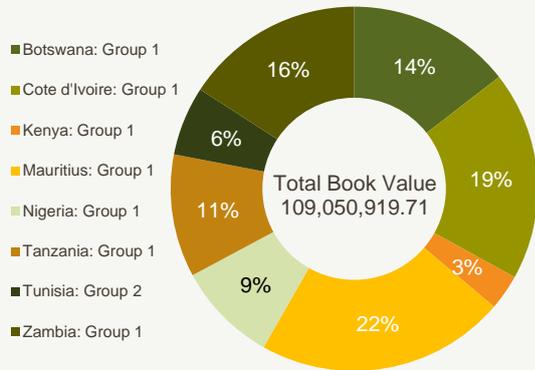
A similar undertaking for a smallholder outgrower scheme supplying wheat to the Tanzanian miller Amsons is already further advancing. After a TA-financed expert undertook a feasibility assessment of such an undertaking, the TA Facility is currently preparing a proposal to assist Amsons to set up the scheme as soon as the COVID-19 situation permits.



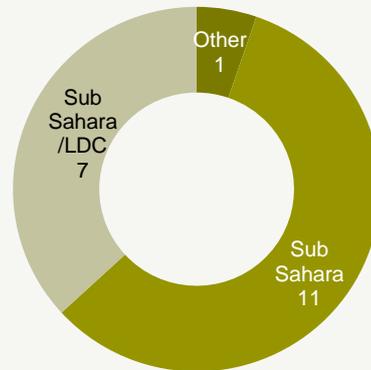
To study the effects of COVID-19 on smallholder farmers supplying AATIF investees with raw materials, a team of local consultants has taken up field work in several investee countries. Results will provide valuable information for the elaboration of appropriate responses and interventions of the AATIF TA Facility to mitigate adverse effects of the pandemic to this vulnerable group.

Portfolio Overview as at 30/09/2020

Book value – Country & Rating Category



Transaction Geography (# of investees)

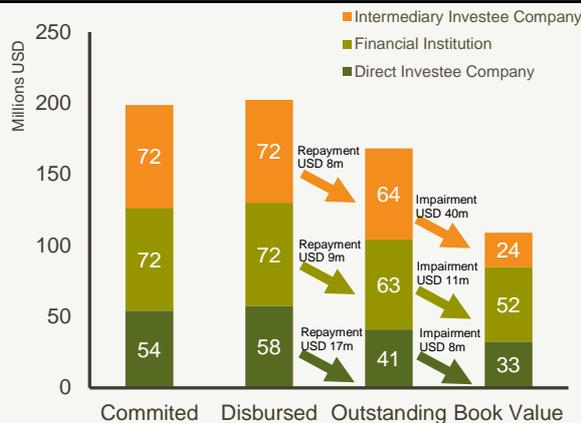


Group 1 and 2 allocation is performed based on a review of the country risks across the continent on a regular basis. Group 3 applies to Supranationals.

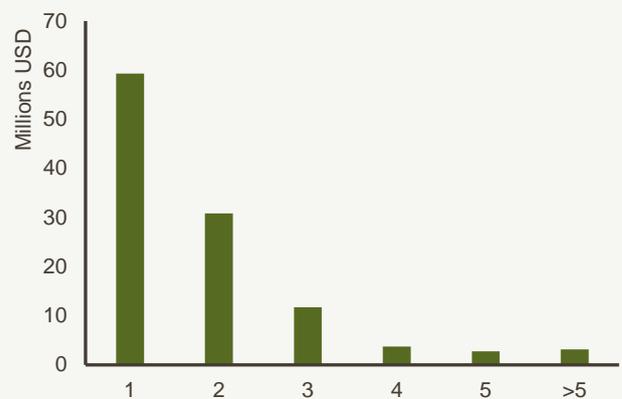
LDC: Least Developed Countries

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

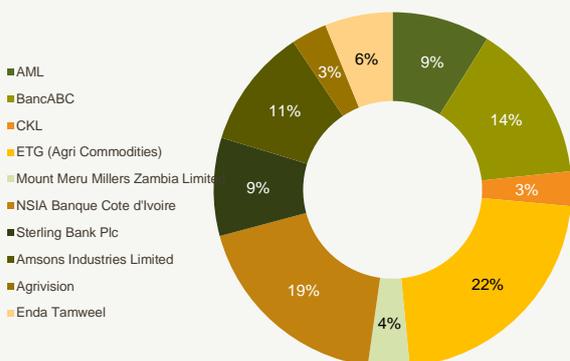
Type of Partner Institution



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 2020	USD	57,383,123
Release of Provisions	USD	-200,791
Increase of Provisions	USD	2,000,716
Write off	USD	0
Provisions on invested capital end of Q3 2020	USD	59,183,048
Movement during Q4 2019	USD	+1,799,925

Investments Outstanding



Cumulative Invested Capital vs Paid-In C Shares

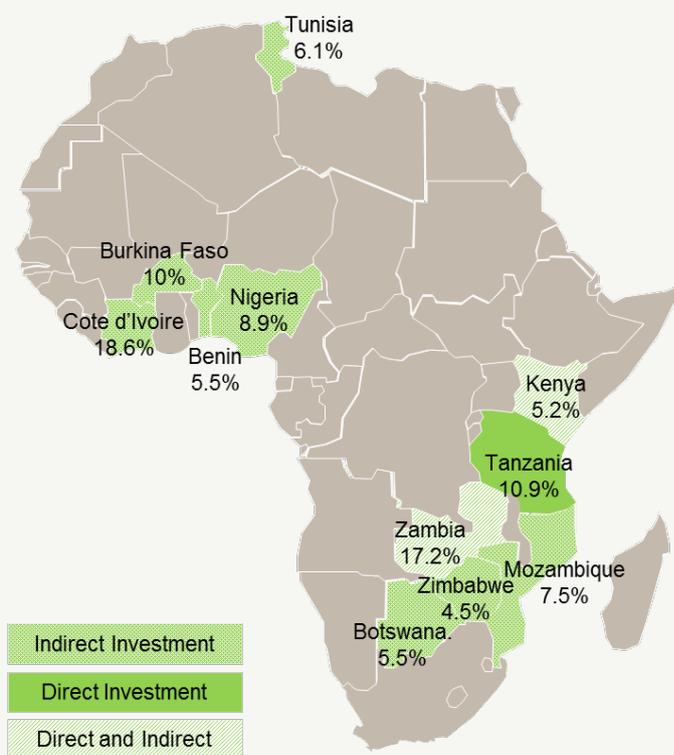


Gross Yield

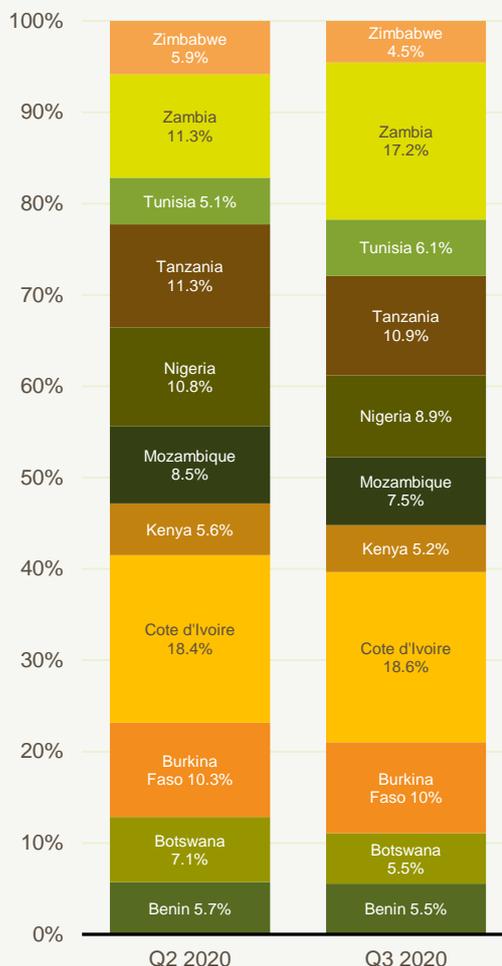


Regional Use of Funding (Data as of different dates)

Funding from AATIF is generally used by investees across the region of their activities. ETG as a trading company, for example, reports the use of funding from AATIF in accordance with its trading activities which constantly change. While loan documentation limits the regional use of funds to the African continent, the single country allocation changes over time. The methodology used by the IM to allocate the funding into the respective countries is explained below.



Data as of 30 September 2020

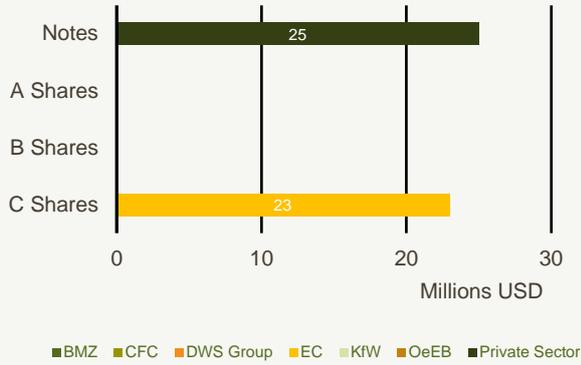


The "Use of Funding Allocation" applies the following methodology:

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.

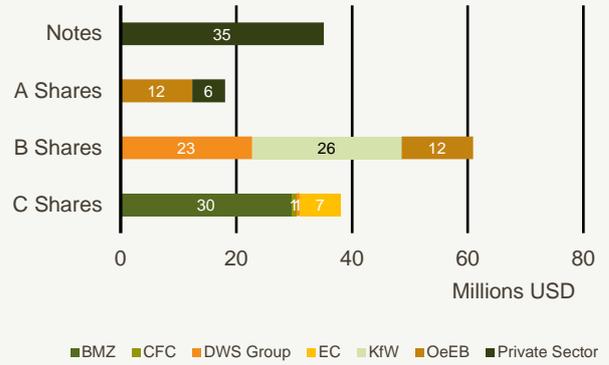
Investor Capital Structure as at 30/09/2020

Undrawn Commitments



Total amount of undrawn capital: USD 48m

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 30/09/2020



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Collaboration Partners and Selected Investors

Initiator:



Collaboration 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.

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