

AATIF INVESTOR REPORTING

Report for the quarter ending 30/06/2023



Activity Report Q2 2023

Quarterly Developments

The quarter brought some changes that we regard to be the beginning of improvements in Nigeria post elections. After a long time of significant pressure on the currency and severe shortages in the availability of hard currency as well as local liquidity shortages, Nigeria decided to allow its currency to float. Another bold decision was the long-awaited scrapping of the fuel subsidies. We believe that the decisions have been long overdue and could provide the needed flexibility to businesses and societies in their daily businesses and beyond.

Sovereign indebtedness along security issues in the SAHEL region dominated the news-flow within the quarter. From AATIF's perspective the symptoms around the security problems will continue produce negative news in the coming years. One should not overlook the fact that local governments are very engaged in the developments and there is sufficient awareness that the problems must be dealt with. We currently do not have a concrete concern for AATIF's exposure into the region but continue to monitor the developments closely.

Finally, the interest rate environment continues to put many businesses under severe pressure. We expect that we have to continue noting a depressed investment environment generally.

New Investment Activities & Disbursements

During the first quarter of the new financial year, AATIF disbursed USD 20m to Co-operative Bank of Kenya under a syndication

arranged by the German DEG (Deutsche Investitions- und Entwicklungsgesellschaft). The facility with a global amount of USD 100m, has a tenor of 7-years and is classified as Tier 2. The consortium was joined i.a. by Finnfund and Norfund. AATIF also started disbursement under the CMA facility with Robust International, supporting the company in procuring sesame in Mozambique. On 30 June 2023, AATIF made its first disbursement under the SAIF participation in Courtyard, a Nigerian trading company connecting cocoa, cashew and sesame farmers in Nigeria to the international market.

Existing Investment Portfolio

In Kenya, CKL Africa reported on general improvements in the general operating environment of the country, driven primarily by increased rainfall. This facilitated a subsequent increase in demand for their products from farmers in the region – who seek to capitalise on the upturn in weather conditions.

Concerns on the macroeconomic side still abide, with the country's new Finance Act coming into effect this quarter. The medium- to long-term effects of this Act are to be seen moving forward, with particular focus on the amendment of tax structures for manufacturers and importers.

Availability of the dollar is reported to have generally improved in the country, though there are still some challenges in access. Interest rates are also set to rise after a new directive from the governor of the central bank.

New to the AATIF investment portfolio, **Robust International** is currently executing a large-scale farmer outreach programme in Nigeria. The company is in the process of setting up a team of field officers for this, going village to village to gather information from farmers and simultaneously disseminating best farming practices to them. The main goals of this exercise are twofold:

1. Improving farming practices with climate-smart agriculture, resource efficiency, reducing emissions, and
2. Professionalising farmer organisation and streamlining sourcing channels.

The company has also reported a surge in demand for their sesame oil, while sales of beans and pulses to India have been insulated from macroeconomic factors due to the fact that they form a key part of the diets of the local populations.

In Zambia the maize buying season is ongoing, with African Milling Limited (AML) reporting having purchased around 35,000MT of maize and are targeting around 65,000MT. The company reported high maize prices, driven by high competition in the market from stock feed plants, other millers, and traders. Availability of the crop has also played a role in this, with the government's predictions of 3.2 million MT for the year seen as an overestimation of the reality currently unfolding. Alongside the FRA's high maize pricing, AML decided to introduce new products to the market to cater to each income group more effectively. This product differentiation

includes a product that mixes their breakfast product with their roller product, which has a higher nutritional profile, thereby making this staple product available to more Zambians. The company also introduced smaller packaging options for their products, allowing for a more affordable and accessible option for consumers.

The company has also engaged local wheat farmers, having secured commitments for about 30,000 MT of wheat, with the mill operating at around 50-60 percent capacity. On the bakery's operations, AML has successfully opened 11 outlets for bread and buns, while producing 150 bags of 50kg flour per day. The macroeconomic climate has also had a bearing on operations, with volatility of the dollar and kwacha continuing against the backdrop of the country's debt restructuring efforts.

AATIF was also able to have a final update from **Agrivision Zambia**. As the first and longest investment in our portfolio, the Fund is proud to have played a part in the helping the company increase local production and processing in the country, contributing to overall food security.

Fund Performance & Liquidity

The portfolio quality of investment remained stable, and the stability lead to a release in provisions that had been booked in accordance with IFRS9. The release of provisions contributed to the net profit the Fund could generate. The other factor that influenced the surplus is the interest income that has grown steadily along the reference rates. In turn, AATIF can further decrease the balance of the Target Dividend Deficiency ledger. We refer to the individual NAV statements that have been shared to investors and that detail the distributions that were made within the quarter.

Speaking about interest rates, AATIF has transitioned away from USD LIBOR and has transferred all USD linked investments to SOFR rates.

Social and Environmental Review

The AATIF and **UBN** concluded the diagnostic phase of a Technical Assistance project aiming at upgrading the bank's Social & Environmental Management System. Based on the diagnostic and the S&E undertakings agreed with AATIF, the bank now moves to developing and improving S&E tools followed by training of the bank's staff on using the new tools. The project is expected to be concluded in the second half of 2023.

Robust International joined the UN Global Compact in line with its sustainability ambitions, aligning with an increasing number of AATIF investees that have signed-up to the initiative. The company is also engaging with other development finance institutions who – like AATIF – focus on social and environmental performance management. In the context of these engagements, the company developed its farmer outreach and traceability programme in West Africa which it now plans to replicate in Mozambique.

In East Africa, CKL continued supporting employee welfare. For instance, the company held the employee awards ceremony where different employees who stood out were given recognition by their fellow employees and management. In addition, the company organised an awareness raising workshop with pension scheme providers on retirement benefits to sensitize workers.

Regarding AATIF investees in Zambia, Mount Meru published its first ESG newsletter in July 2023, which highlights the group's key achievements in terms of

environment, social and governance aspects. 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 last quarter in schools in Zambia and Tanzania.

Also in Zambia, Seba Foods obtained an eco-certification for its products processed from organically farmed soybean, which is grown by smallholder farmers in Zambia. The company targets to have engaged 8,000 smallholder farmers under its ongoing organic soybean programme by the end of 2023. Furthermore, AML completed the construction of new changing rooms in the last quarter and staff started accessing and using the facilities.

Impact Measurement

In the last quarter, the AATIF continued to make progress on a series of Rapid Appraisals, including for its investments in Financial Institutions. In Côte d'Ivoire and in Zimbabwe, the data collections at the level of the sub-loans made by FIs with AATIF proceeds took place in relation to investments in NSIA and BancABC, respectively. On the DIC portfolio, the baseline Rapid Appraisal for Vantage is nearing completion, while the endline Rapid Appraisal for AATIF's first investment – Agrivision in Zambia – is kicking-off in Q3 2023.

Technical Assistance (TA) Update

In Q2 2023, the TA Facility Manager (TAFM) launched an exciting new TA project with AATIF investee Union Bank of Nigeria (UBN). The project aims to upgrade the Bank's existing Social and Environmental Management System (SEMS), develop sector-specific guidance for the agricultural portfolio, and

undertake a social and environmental (S&E) capacity needs assessment to target areas for improvement. Following these initial steps, the Bank will also receive capacity development including provision of relevant training materials, training of trainers (ToT) and initial support for rolling out a training program. As of June 2023, the gap assessment is being finalised with support from the Bank.

Furthermore, in line with recent European Union (EU) policy changes regarding sustainability-related disclosures in the financial services sector, the TAFM is launching several new projects to support AATIF investees to map their scope 1, 2 and 3 greenhouse gas (GHG) emissions and position themselves within the Sustainable Finance Disclosure Regulation (SFDR).

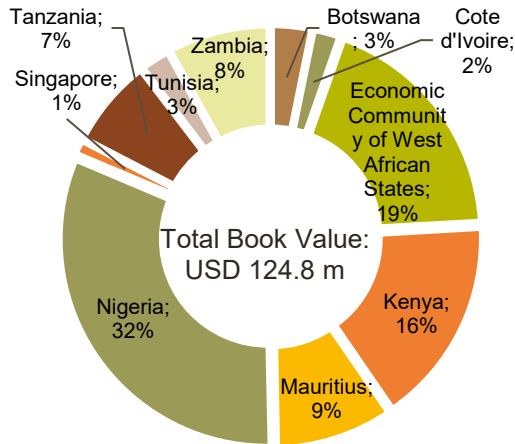
In Q2 2023, a new project was approved with NSIA Banque Cote d'Ivoire (NSIA) to support the Bank to map, measure and ultimately reduce its emissions, including those of its clients. The project will also ensure that NSIA is capacitated to comply with the new regulations and anticipate the implementation of the Taskforce for Climate-Related Financial Disclosures (TCFD) recommendations. The TAFM is currently tendering for an expert consultant to implement the project and expects to launch in Q3 2023.

In line with the objective of the Fund to foster value chain enhancement and contribute to the business growth of African farmers, the TAFM continued to support the establishment of an onion outgrower scheme in Senegal with AATIF investee SAF Ingrédients. In parallel with the construction of an onion dehydration plant supported by

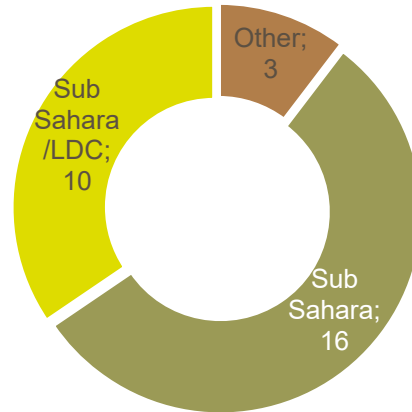
AATIF, the TA project aims to develop an onion sourcing model from smallholder and commercial farmers that will ensure local supply of onions to the company and provide the farmers with a reliable off-taker for their produce. Through the TA project, an Outgrower Manager, an Area Manager and two Extension Officers have been hired by end-Q2 2023. In addition, an expert consultant team has since undertaken an initial diagnostic report and will now design the approach for technical support to smallholder farmers and support the design of the sourcing model. The project continues to be operational throughout the rest of the year.

Portfolio Overview as at 30/06/2023

Book value – Country



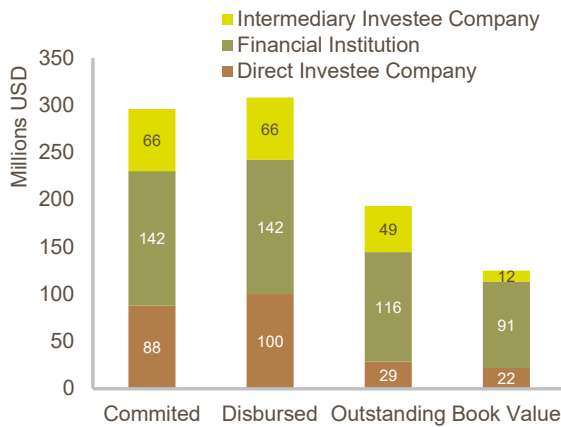
Transaction Geography (# of investees)



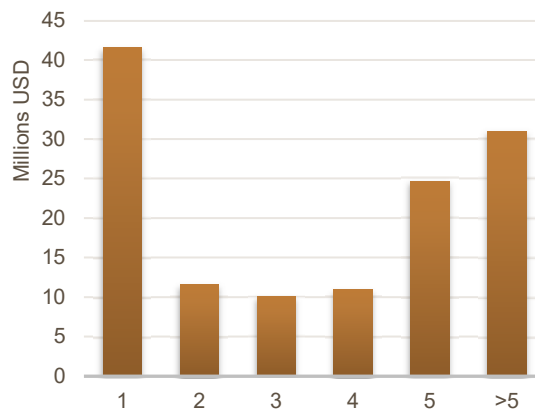
The country allocation of the investment is linked to the place where the legal residency of the investee / the economic risk bearer is registered.

SSA: Sub-Sahara Africa
LDC: Least Developed Countries

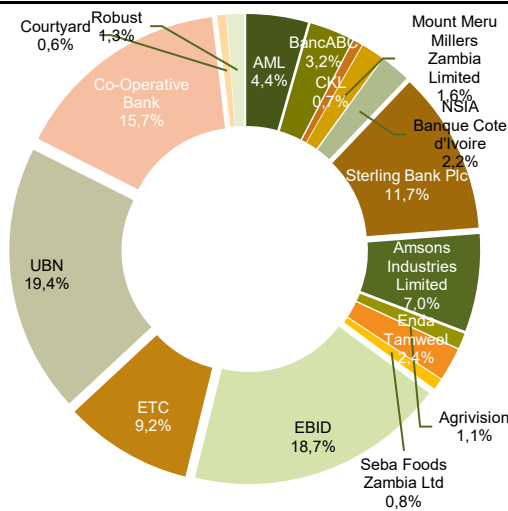
Type of Partner Institution



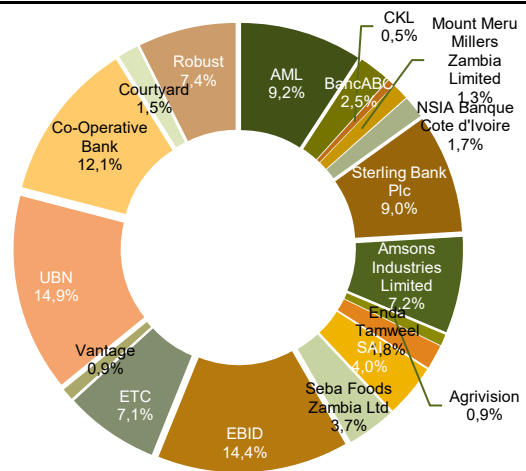
Maturities of the Portfolio (in years)



Partner Institution: Net Balance Exposure



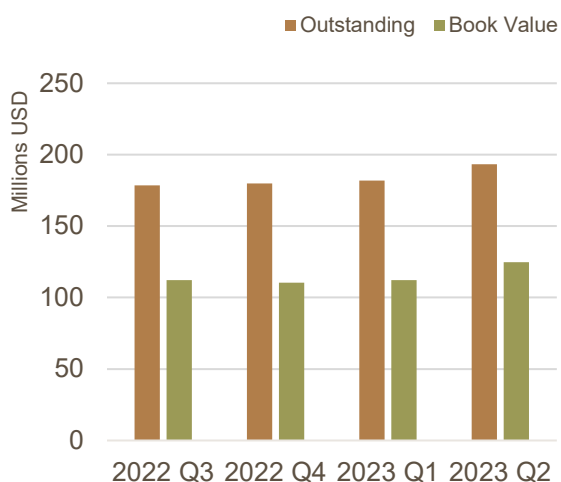
Partner Institution: Net Balance + Unuse Commitment



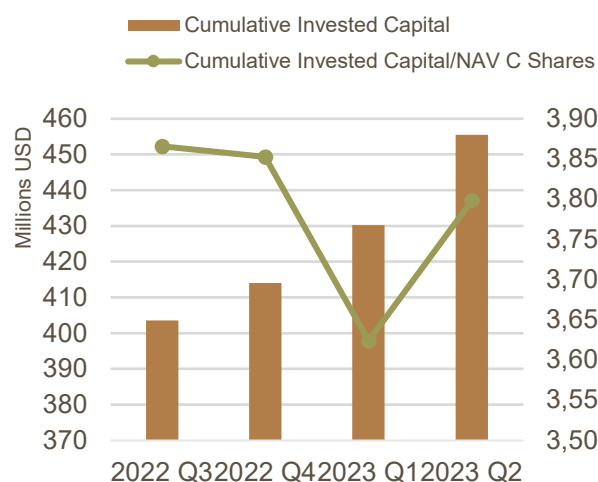
Provisioning Overview

Provisions on invested capital beginning Q2 2023	USD		69,668,470
Release of Provisions	USD	-	1,203,114
Increase of Provisions	USD	+	189,448
Write off	USD	-	0
Provisions on invested capital end of Q2 2023	USD	=	68,654,804
Net Movement during Q2 2023	USD	-	1,013,666

Investments Outstanding

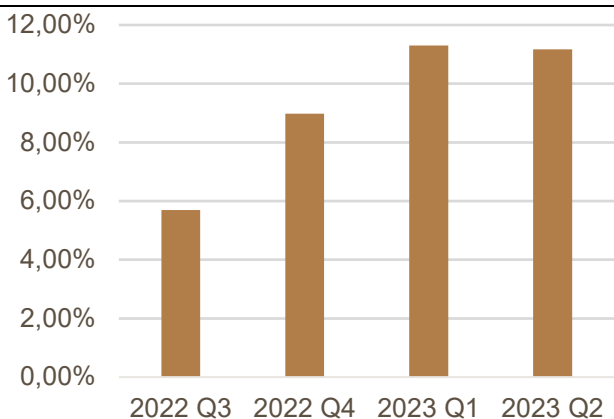


Cumulative Invested Capital vs NAV C Shares



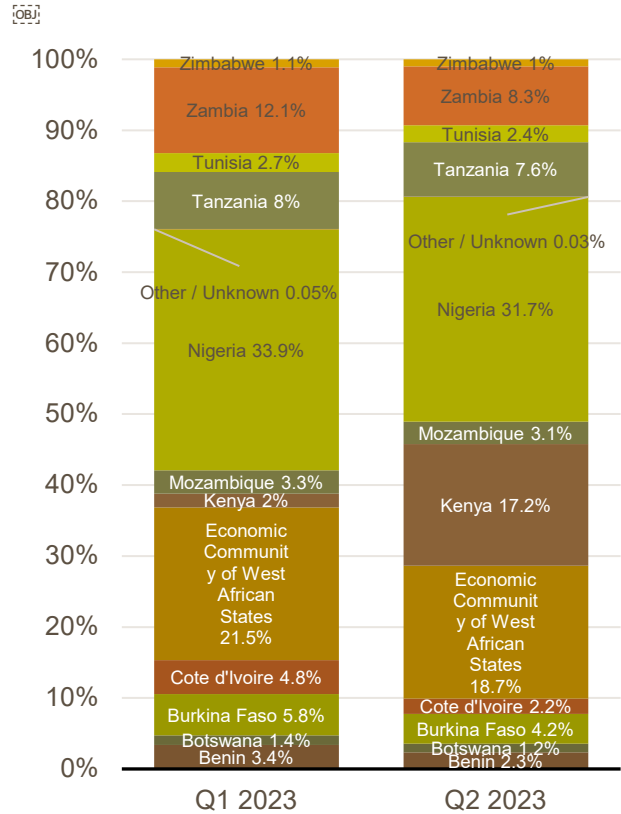
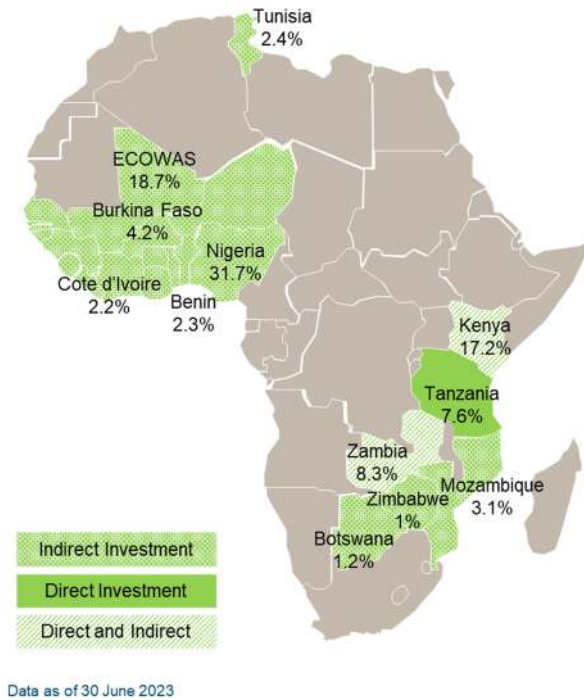
The ratio of cumulative invested Capital/NAV C-Shares decreased from 8x to 3x as AATIF raised additional C-Shares Q4 2020 for further growth of the Fund.

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.

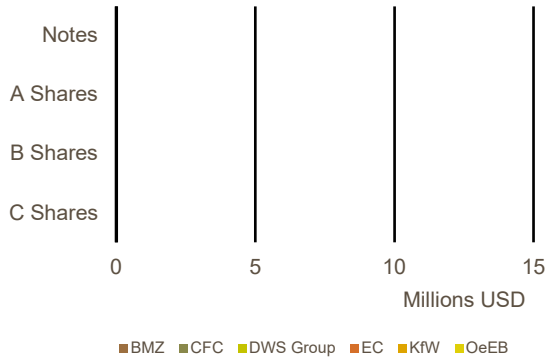


The "Use of Funding Allocation" applies the following methodology:

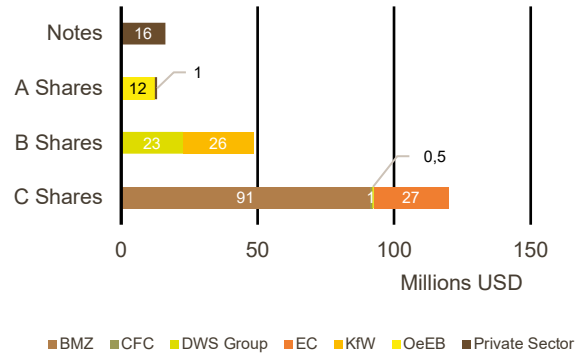
1. The net loan balance (after redemptions, provisions or write downs) is being used;
2. For direct investment companies (DICs), the country allocation is determined by the purpose of the loan;
3. For intermediary investment companies (IICs) and financial institutions (FIs), the country allocation is 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 30/06/2023

Undrawn Commitments



Net Asset Value (NAV) of Outstanding Shares

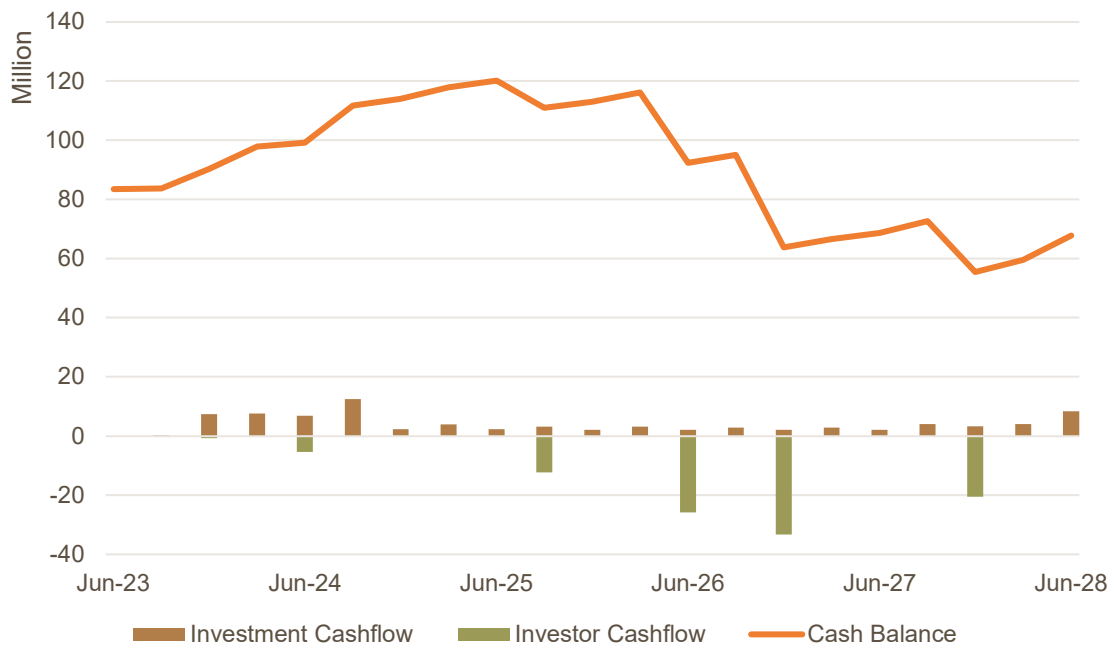


Total amount of undrawn capital: USD 0

NAV of the Fund includes cash and other value elements

Asset-Liability Cash Flow Profile

Cash Flow Forecast as of 30/06/2023



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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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