

Newsletter 5

March 2017

Dear shareholders and friends of Kampani,

Please find below a new update!

1) General Assembly – 1 June 2017

Using the same format as last year, the Board will report to you on **Thursday 1 June**. Once more, the King Baudouin Foundation is kind enough to host us.

Please make note of the following practical details:

- 1) 3pm: start formal General Assembly (for shareholder representatives **only**)
- 2) 4.30pm: start informal General Assembly (open to **everyone**)
- 3) 6pm: drinks and finger food

Address: Brederodestraat 21, 1000 Brussels

2) Construction started for our deal in Kenya

In the previous newsletter, I informed you about our deal in Kenya, with Vert Ltd. Founded in 2000, Vert is specialized in the sourcing, grading, packing and export of fresh vegetables: French beans, snow peas, baby corn, baby carrots, etc. In part thanks to the investment by Kampani, it is now able to diversify. It will start a new business line, namely the production of mango and passion fruit pulp for the local market. For this purpose, Vert has purchased a plot about an hour from Nairobi. The construction of the factory is now in full swing.

Pictures 1 and 2: construction of Vert factory in Machakos



The construction phase and the installation of the pulping machinery (acquired from an Italian manufacturer) is expected to be completed by the end of 2017.

The new Board of Vert is now also in place. Kampani will be represented by Mr. Masood Sharif. Mr. Masood lives in Nairobi and has many years of experience in social impact investing and private enterprise growth consulting.

3) Political risk in Burundi

Following Burundi's President's refusal to step down after 2 terms, international donors imposed sanctions. These sanctions start being felt and have sharply reduced the influx of foreign currency. This in turn has necessitated the Burundi national bank to tighten its control over capital flows, also affecting the way COCOCA secures its working capital.

For the past three seasons, Alterfin – with a guarantee from the King Baudouin Foundation – provided COCOCA with the needed liquidity. Per the new government measures, this is no longer allowed. Thanks to substantial efforts by COCOCA and the King Baudouin Foundation, a local bank will provide the working capital with a bank guarantee provided by ING Belgium. ING Belgium itself received a guarantee from the King Baudouin Foundation. Alterfin will continue monitoring COCOCA on behalf of the King Baudouin Foundation.

In summary, COCOCA continues to benefit from very strong support from a number of partners. Fortunately, this has allowed her to overcome the first major manifestation of the political risk.

4) Close to a deal in Guatemala

Kampani is looking to invest in FECEG, a specialty coffee producer and exporter from Guatemala. FECEG has already successfully expanded to organic honey production. It now wants to add another business line: the production of whole organic sugar cane (panela in Spanish).

It is in this context that Kampani may want to get involved. The Investment Committee of Kampani will normally be invited to provide its final go-ahead at the end of April. We are now in the final stages of the due diligence phase.

The social impact on smallholder farmers is expected to be high. The South-West of Guatemala (where FECEG works) is a mountainous region where the population is largely indigenous. People live off small-scale agriculture, livestock and small coffee cultivation. There is a shortage of farmland for the growing population and often the ground exhausted is by years of cultivation of corn and beans with chemical fertilizers and pesticides.

FECEG is a federation of small producers associations with 890 paying members, representing 1.934 producers (a member can have different members of the family that are producers). The members belong to four ethnic groups.

Wouter Vandersypen

Executive Director, Kampani NV

PS: If you would rather not receive this newsletter, just let me know.

Kampani is a social impact investment fund to unlock the potential of entrepreneurial farming in Africa, Asia and Latin America. Kampani is a pioneering way to fight poverty and promote development. It provides growth capital investments to the world's poor, but entrepreneurial, farming families organised in producer organisations.