

INVESTMENT MANAGER'S COMMENT

As of Q3 2017, REFFA was invested in 8 Partner Institutions (PIs) across 8 different countries (Cameroon, Democratic Republic of Congo, Ghana, Ivory Coast, Kenya, Senegal, Tanzania and Tunisia) mainly in Sub-Saharan Africa. The average exposure per institution stands at approximately USD 1.8 million.

During the 3rd quarter, the Fund disbursed for the first time in the Ivory Coast for USD 3.4 million. In the last quarter of 2017, 3 loans are expected to be disbursed with 2 new and 1 existing client in Cameroon, Tanzania, and Nigeria. During 2017, the Fund has been expanding to new countries in West Africa (e.g. Nigeria, Ivory Coast), Southern Africa (Namibia, Zimbabwe) as well as in Eastern Africa (Uganda), and these include both funding and technical assistance activities. Since 2013, the REFFA TAF portfolio has evolved to 34 projects with a total budget of EUR 2.63 million, and REFFA share of EUR 2.48 million across 11 countries in Africa.

Provisioning on one of the Fund's investee - Chase Bank Kenya - was increased over the quarter as the investee remained under receivership, bringing the total provisions to 80%. The central bank of Kenya announced that it had found a buyer for the FI with the expected closing date of the transaction being December 2017. However, this is unlikely to be completed due to the political uncertainty in the country.

Education Finance update

There was an increase in the number of active loan clients financed under REFFA's loan portfolio over this quarter: An increment in number of 15.8% (from 32,981 to 38,188) and an overall increase in the education portfolio volume of 31.9% (from USD 18.8 million to USD 24.9 million) between June 2017 and September 2017. This significant increment is attributed to the start of the academic year in most investees' countries with demand for school fee loans being at the highest. Enda Tamweel in Tunisia experienced the greatest growth of USD 4.7 million which was a 247% increase followed by ACEP Senegal that recorded 26.4% growth in volume to stand at USD 1.4 million. All investees recorded an increase in their education portfolio including Procredit Congo that recorded a 5.6% increase despite the difficult political environment in the country. For the period between September 2016 and September 2017, there has been a significant increase in the volume of school fee loans to families with salary and MSME income of USD 7.4 million. Loans to education providers also increased with USD 3.9 million during the same period.

On the Technical Assistance side, the Fund undertook a country study in Zimbabwe assessing the education sector dynamics, as well as the financing needs of education providers and private households.

Market update

Despite numerous political challenges, economic growth has broadly been stable for Sub-Saharan African countries supported by growth in agriculture and increase in commodity prices. In **Nigeria**, the economy exited the recession which begun in Q1 2016 and is now on a recovery trend. Improved oil prices continue to boost the foreign currency reserves.

The **Ghanaian** economic context is improving with a set of reforms implemented by the new government and as the Bank of Ghana is expected to continue its easing policy. The CFA Francs (XOF and XAF) have recovered against the USD (-3.3% over the quarter) helped by rising oil prices and reduced pressure on the EUR de-peg.

In **Cameroon** continued unrest in Anglophone areas and upcoming elections in 2018 pose a risk to the country's stability while in **Ivory Coast** low cocoa prices are likely to dampen the economic growth in the second half of 2017.

In **Congo DRC**, the political instability remains as presidential elections, initially scheduled in November 2016, have been postponed to December 2018.

The **Tanzania** shilling continued to experience depreciatory pressure as regulatory uncertainties continued to be observed with the latest changes being a compulsory government stake in mining projects, international arbitration banned as well as increased royalties and taxes.

In **Kenya**, the elections held in August 2017 were annulled by the Supreme Court and another election ordered within sixty days. Political uncertainty and increased potential of violence continue to place depreciatory pressure on the Kenyan shilling.

FUND FACTS

Net Asset Value (NAV) in USD	24,067,667
Total Assets in USD	24,507,306
Average exposure per PI in USD	1,899,729
Number of countries	8
Number of PIs	8
Number of loans outstanding	9
Portfolio as % of Total Assets	62%

PI = Partner Institution

ACTIVITY REPORT

Total new disbursements	
Since inception	23,321,985
Q3 2017	3,400,499
Number of loans disbursed	
Since inception	9
Q3 2017	1

PI FINANCIAL INDICATORS*

Asset growth (last 12 months)	25.91%
Portfolio growth (last 12 months)	19.88%
Return on assets (ROA) (last 12 months)	1.45%
Return on equity (ROE) (last 12 months)	5.84%
Portfolio at risk 30 days (PAR 30)	7.59%
Write-offs (last 12 months)	2.45%
Debt/equity ratio	5.40x
Debt/equity ratio (subdebt as equity)	4.80x

*Data based on the latest available data from MFIs in the portfolio
- includes some estimates by BlueOrchard

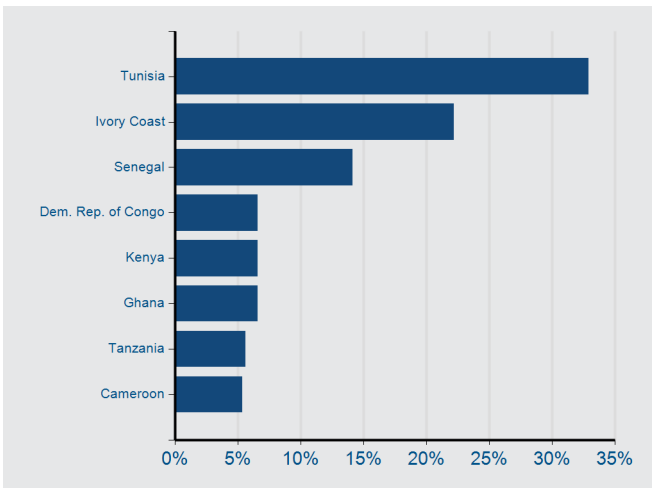
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance portfolio	24,860,435
Outreach as % of borrowers financed:	
Education providers	1.59%
Learners from families with salary income	44.57%
Learners from families with MSME income	53.84%
Students	0.00%
# of male borrowers	13,785
# of female borrowers	23,794
# of education providers	609
Average # of pupils in education providers financed	759
Utilization of loans by educational providers:	
Working capital	38.91%
Investment	57.96%
Overdraft	3.14%

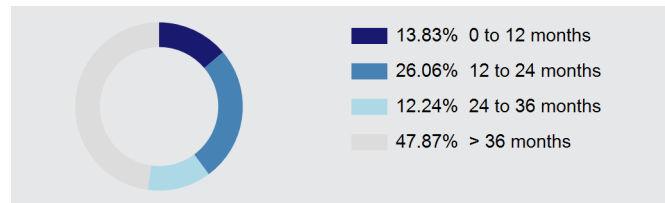
*Data based on the latest available data from MFIs in the portfolio
- includes some estimates by BlueOrchard

EXPOSURE

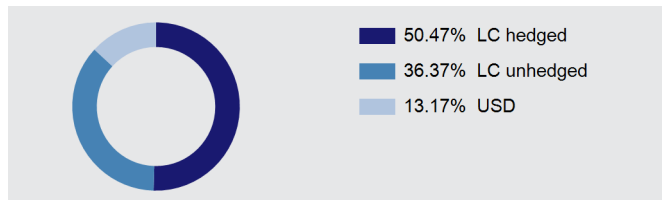
BY COUNTRY (AS % OF PI PORTFOLIO)



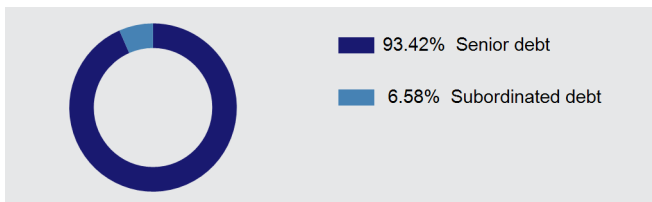
BY MATURITY (AS % OF PI PORTFOLIO)



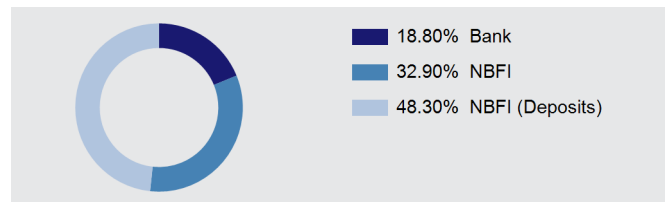
BY CURRENCY (AS % OF PI PORTFOLIO)



BY ASSET CLASS (AS % OF PI PORTFOLIO)



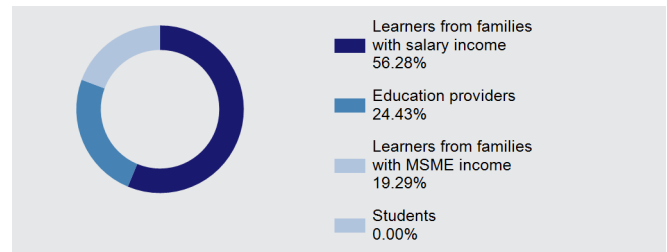
BY TYPE OF PI (AS % OF PI PORTFOLIO)



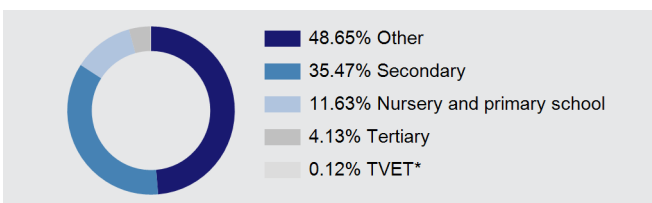
FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

Entity	Country	Percentage
ENDA TAMWEEL	Tunisia	32.90%
ADVANS CI	Ivory Coast	22.23%
ACEP SENEGAL	Senegal	14.14%
PROCREDIT BANK CONGO	Dem. Rep. of Congo	6.59%
ADVANS GHANA	Ghana	6.58%

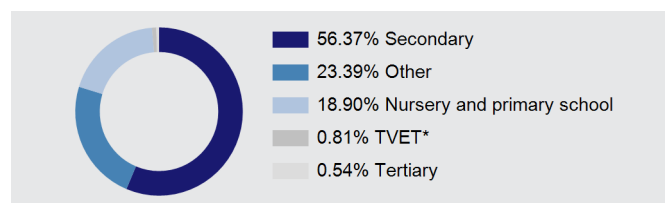
EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS



LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION



LOAN PORTFOLIO OUTSTANDING TO EDUCATION PROVIDERS BY LEVEL OF EDUCATION



*Technical Vocational Education and Training

For additional information, please contact:

BlueOrchard Finance Ltd.  investor@blueorchard.com  +41 44 441 55 51