

INVESTMENT MANAGER'S COMMENT

As of Q4 2017, REFFA was invested in 9 Partner Institutions (PIs) across 8 different countries mainly in Sub-Saharan Africa. The average exposure per institution decreased to slightly less than USD 1.8M. During the 4th quarter of 2017, the Fund disbursed almost USD 2.5M in Tanzania to a new investee. Over the year of 2017, the Fund has been expanding to new countries in Western Africa (e.g. Ivory Coast) and in Southern Africa, in terms of both funding and technical assistance activities. Since 2013, the REFFA Technical Assistance (TA) portfolio has evolved to 35 projects with a total budget of EUR 2.8M across 11 countries. The TA includes capacity building projects at the investee level, innovation TA projects, market studies, as well as projects focused on quality of education. In the first quarter of 2018, several loans in the pipeline are expected to be submitted to the REFFA Investment Committee for approval. This would expand the portfolio to new investees and up to two new countries. TA projects would be developed in parallel for both existing and new investees. Provisioning on one of the Fund's investee – Chase Bank Kenya – was further increased over the quarter as the investee remained under receivership, bringing the total provisions to 90%. As expected, Kenya's central bank did not complete the transaction with the new buyer of the FI at the firstly expected closing date (December 2017), due to political uncertainty in the country.

Education Finance update

During Q4-2017, REFFA gained a new exposure in Tanzania that led to a significant increase in the number of active loan clients financed between September 2017 and December 2017. There was a 34% increase in the number of client loans: from 38,188 to 51,035 and an overall increase in the education portfolio volume of 58% from USD 24.9M to USD 39.3M. Enda Tamweel in Tunisia experienced the greatest growth for the second consecutive quarter of USD 2.6M which equals 40%. Advans Cote d'Ivoire which joined REFFA in Q3-2017 posted a 24% increase in number of education loans. All other investees recorded a decline in their education portfolio in the last quarter of the calendar year due to a decline in demand for loans from education providers as most infrastructure projects will be carried out during the holidays in Q2. Between December 2016 and December 2017, there has been a significant increase in the volume of school fee loans to families with salary and MSME income of USD 10.6M. Loans to education providers increased by USD 3.7M during the same period. Student loans were reported for the first time at USD 4.2M.

Market update

In 2017, Sub-Saharan Africa recorded a 2.5% growth in real GDP. This was largely due to an increase in oil and metal prices, increasing investments as well as monetary easing in most countries after the tightening experienced in 2015 and 2016.

In **Nigeria**, the economy is slowly continuing to recover despite poor performances in the non-oil sectors. The multiple exchange rates continued to be in use and improved oil prices have boosted the country's foreign reserves by a 30% y-o-y between 2016 and 2017.

In **Ghana** continued economic growth was supported by an increase in oil production and prices as well as the accommodative monetary stance adopted by the central bank to encourage credit growth. The CFA Francs (XOF and XAF) remained relatively stable against the USD (-1.4% over the quarter) mainly due to a favourable macroeconomic context in the Euro zone.

In **Cameroon**, political instability continued to increase due to the upcoming elections and the unrest in Anglophone areas. However, the economy remained robust as new gas production is coming online.

In **Ivory Coast**, economic growth was less robust due to low prices of oil and cocoa. Additionally, tensions between the military and the police continue to pose a security threat to the country's stability.

In **Tanzania** regulatory uncertainties persisted and credit to the private sector remained low. The Shilling remained relatively stable during the quarter.

In **Kenya**, the prolonged election period came to an end as the second elections upheld by the Supreme Court took place in October 2017. This return to normality translated into a slight appreciation of the Kenyan Shilling which is expected to persist despite active political engagement between the government and the opposition.

In **Tunisia**, external imbalances, elevated inflation and social instability continue to persist putting a depreciatory pressure on the Dinar.

FUND FACTS

Net Asset Value (NAV) in USD	23,478,129
Total Assets in USD	23,759,878
Average exposure per PI in USD	1,778,011
Number of countries	8
Number of PIs	9
Number of loans outstanding	10
Portfolio as % of Total Assets	67%

PI = Partner Institution

ACTIVITY REPORT

Total new disbursements	
Since inception	25,787,125
Q4 2017	2,465,141
Number of loans disbursed	
Since inception	10
Q4 2017	1

PI FINANCIAL INDICATORS*

Asset growth (last 12 months)	27.32%
Portfolio growth (last 12 months)	21.13%
Return on assets (ROA) (last 12 months)	1.05%
Return on equity (ROE) (last 12 months)	4.31%
Portfolio at risk 30 days (PAR 30)	7.52%
Write-offs (last 12 months)	2.77%
Debt/equity ratio	5.18x
Debt/equity ratio (subdebt as equity)	4.89x

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

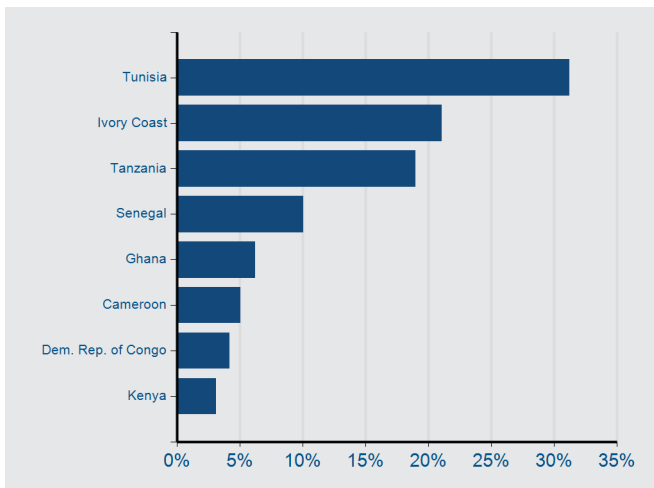
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance Portfolio	39,356,024
Volume in % of total education portfolio	
Education Providers	41%
Learners from families with salary income	32%
Learners from families with MSME income	16%
Students	11%
Outreach	
Education Providers	670
Learners from families with salary income	25,324
Learners from families with MSME income	21,547
Students	3,494
Male borrowers (number)	22,670
Female borrowers (number)	27,695
Male borrowers in % of portfolio to learners and students (volume)	57%
Female borrowers in % of portfolio to learners and students (volume)	43%
Average # of pupils in education providers financed	718
Utilization of loans by educational providers	
Working capital	45%
Investment	52%
Overdraft	3%

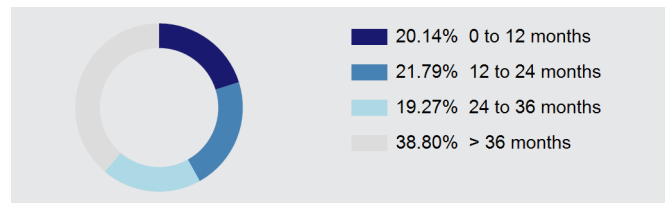
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EXPOSURE

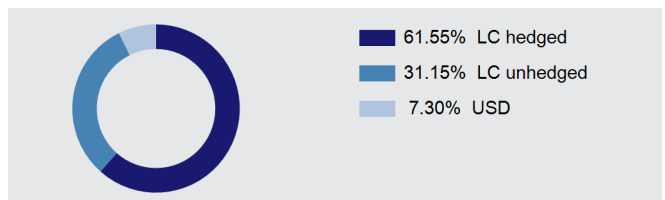
BY COUNTRY (AS % OF PI PORTFOLIO)



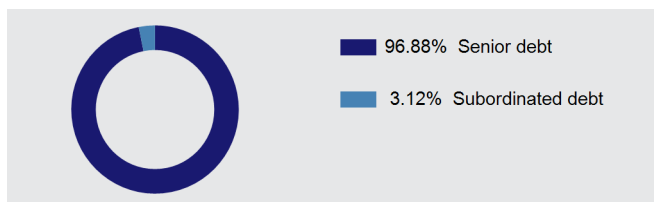
BY MATURITY (AS % OF PI PORTFOLIO)



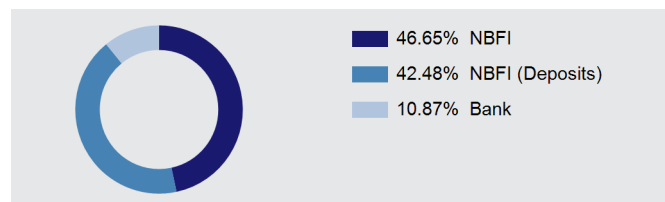
BY CURRENCY (AS % OF PI PORTFOLIO)



BY ASSET CLASS (AS % OF PI PORTFOLIO)



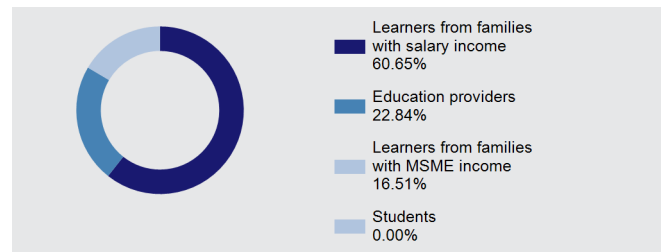
BY TYPE OF PI (AS % OF PI PORTFOLIO)



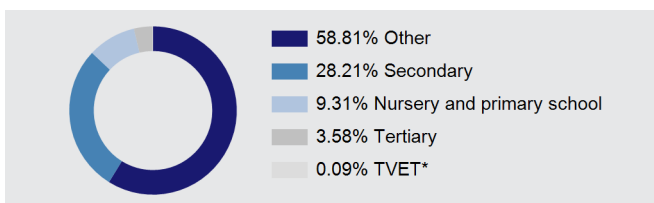
FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

Company	Country	Percentage
ENDA TAMWEEL	Tunisia	31.25%
ADVANS CI	Ivory Coast	21.08%
BAYPORT TANZANIA	Tanzania	15.41%
ACEP SENEGAL	Senegal	10.07%
ADVANS GHANA	Ghana	6.25%

EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS

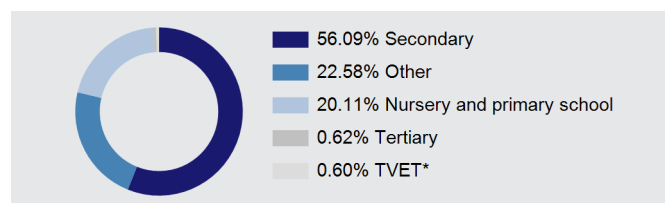


LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION



*Technical Vocational Education and Training

LOAN PORTFOLIO OUTSTANDING TO EDUCATION PROVIDERS BY LEVEL OF EDUCATION



Currency Tranche ISIN NAV/share

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