

INVESTMENT MANAGER'S COMMENT

As of 31 December 2018, REFFA financed 8 investees in 7 countries across Northern, Eastern and Western Africa. The average exposure per institution is approximately USD 3 million. During the last quarter the Fund has disbursed one loan in Zambia of USD 5.5 million adding a new investee as well as a new country to the portfolio. It is important to note that part of this transaction has been disbursed in unhedged local currency. This brings the total Fund disbursements during 2018 to USD 11 million. Bayport Zambia also increased the positive contribution to the education sector due to its large education portfolio size. In fact, REFFA's education portfolio has more than doubled thanks to this new portfolio investee from roughly USD 73 million in Q3 2018 to USD 163.5 million in Q4 2018. Concerning the Technical Assistance Facility, REFFA has been striving to reflect its mission of promoting good quality education that is affordable to low income families in facts and figures. Under the Technical Assistance Facility, a project was developed with the aim of putting in place a framework through which the Fund's investees shall be enabled to take documented account of education quality and affordability levels when assessing their clients. A consulting consortium was selected to implement this project and the assignment will start in 2019. The expected output is a reporting framework at investee level and according monitoring mechanism at Fund level.

Education Finance update

The total education finance portfolio experienced a significant increase (317%) for the period between December 2017 and December 2018, due to the additional new investees. The growth was vastly due to a large increment in loans to students, which were reported for the first time in Q4 2017 with the Bayport Tanzania exposure, and increased from USD 4.2 million in Q4 2017 to USD 50.7 million in Q4 2018. Loans to education providers decreased during the quarter following the repayment of Equity Bank Congo in December 2018, with whom REFFA is working for a new transaction to be disbursed in 2019. On the other hand, the latest disbursement to Bayport Zambia has significantly increased the Fund's outreach to learners with salary income from 63'140 in Q3 2018 to 124'727 in Q4 2018 (+97%), representing 65% of the total education portfolio in volume (USD).

Market update

In **Ghana**, annual GDP growth remains robust at 7% although showing signs of a slowdown. The 2019 Government Budget focuses on fiscal discipline and includes human capital investments in health and education. Solid monetary policies improved the country's sovereign credit rating by S&P, now at B. The Cedi's volatility persists, although depreciating by only 0.8% along Q4.

In **Zambia**, the debt situation remains fragile although the Zambian Kwacha showed signs of stabilization. In December, the Constitutional Court ruled in favor of President Lungu running for a third presidential mandate in 2021. The same President confirmed the government's commitment to protect the right to education of pregnant girls at the 73rd United Nations General Assembly in October.

In **Tunisia**, the economic growth (constant at 2.6% in Q4 2018) is considered to be below potential with Moody's revising its outlook negatively to a B2 rating. In November 2018, the Central Bank issued new regulations increasing pricing transparency in the interbank market. Austerity measures persist with nationwide strikes over low wages.

In **Ivory Coast**, the high GDP growth was maintained thanks to recovered cocoa prices. The October 2018 local elections saw the victory of the ruling party although weakened by the ruling coalition split.

In **Tanzania**, weaker economic growth (6.1% in Q4 2018) persisted with a widening fiscal deficit. A USD 300 million World Bank loan towards education programs is being delayed due to the regulation banning pregnant girls from returning to public schools. The current administration has faced international criticism on its restrictive stance on political freedom and freedom of expression.

In **Senegal**, improved business confidence, increased investments, and broad-based contributions from sectors including agriculture and services continue to underscore a GDP growth of 6.8% in 2018.

In **Cameroon**, increased natural gas production and oil prices continued to support economic growth. The re-election of President Paul Biya in October was highly contested by the opposition.

FUND FACTS

Net Asset Value (NAV) in USD	31,353,915
Total Assets in USD	33,041,186
Average exposure per PI in USD	3,016,593
Number of countries	7
Number of PIs	8
Number of loans outstanding	10
Portfolio as % of Total Assets	73%

PI = Partner Institution

The figures shown reflect the Fund portfolio net of provisioning amount. To date, REFFA has one loan in Kenya fully provisioned.

ACTIVITY REPORT

Total new disbursements	
Since inception	36,787,125
Q4 2018	7,000,000
Number of loans disbursed	
Since inception	14
Q4 2018	3

PI FINANCIAL INDICATORS*

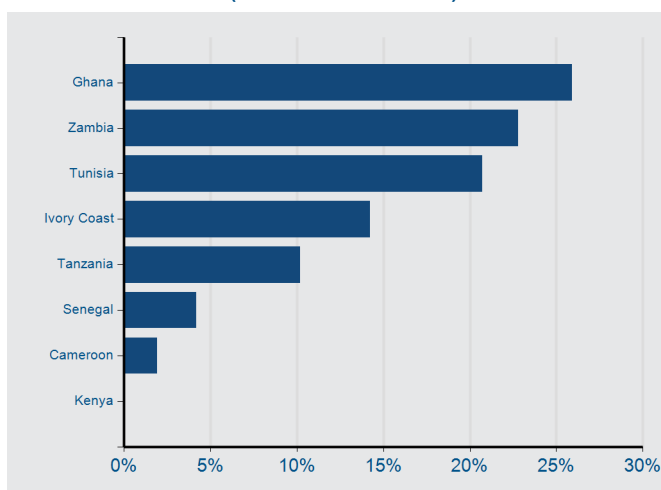
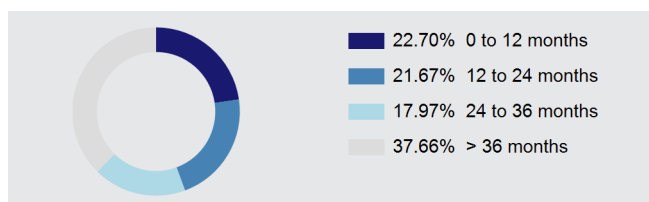
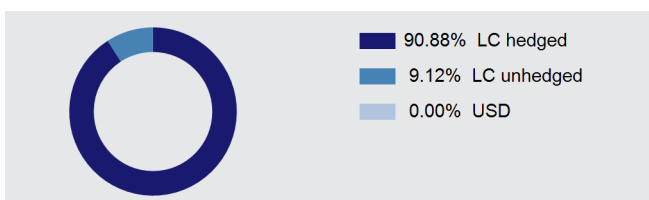
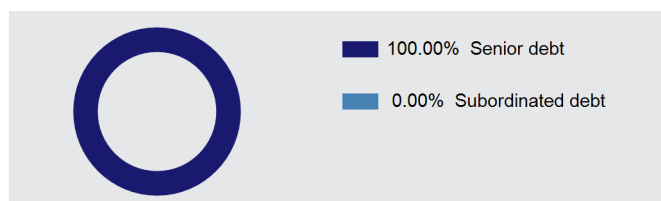
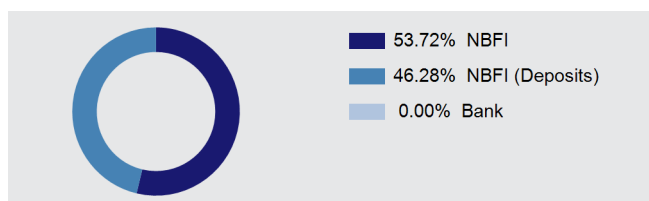
Asset growth (last 12 months)	14.82%
Portfolio growth (last 12 months)	21.18%
Return on assets (ROA) (last 12 months)	1.55%
Return on equity (ROE) (last 12 months)	4.56%
Portfolio at risk 30 days (PAR 30)	10.97%
Write-offs (last 12 months)	1.38%
Debt/equity ratio	4.29x
Debt/equity ratio (subdebt as equity)	2.40x

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

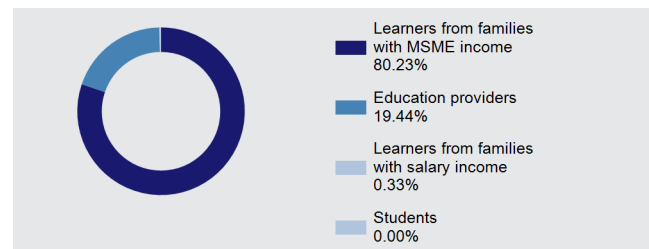
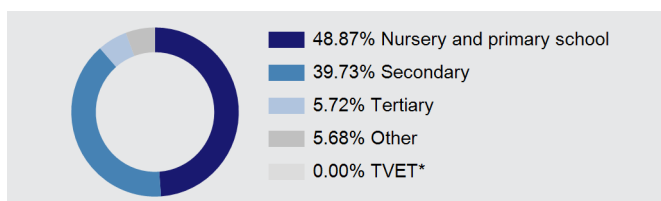
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance Portfolio	163,524,836
Volume in % of total education portfolio	
Education Providers	2%
Learners from families with salary income	65%
Learners from families with MSME income	2%
Students	31%
Outreach	
Education Providers	585
Learners from families with salary income	124,727
Learners from families with MSME income	21,530
Students	45,200
Male borrowers (number)	69,234
Female borrowers (number)	122,223
Male borrowers in % of portfolio to learners and students (volume)	51%
Female borrowers in % of portfolio to learners and students (volume)	49%
Average # of pupils in education providers financed	340
Utilization of loans by educational providers	
Working capital	2%
Investment	96%
Overdraft	2%

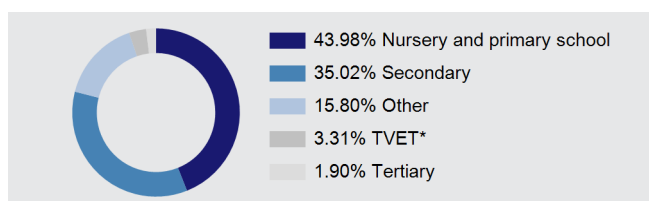
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EXPOSURE
BY COUNTRY (AS % OF PI PORTFOLIO)

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)

Position	Country	Percentage
BAYPORT GHANA	Ghana	22.79%
BAYPORT ZAMBIA	Zambia	22.79%
ENDA TAMWEEL	Tunisia	20.72%
ADVANS CI	Ivory Coast	14.24%
BAYPORT TANZANIA	Tanzania	10.21%

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
USD	Senior (A1)	LU1548990578	100,000.00
USD	Senior (A2)	LU1828991866	100,000.00
USD	Senior (A3)	na	0.00
USD	Mezzanine (B1)	LU1548990735	50,000.00
USD	Mezzanine (B2)	LU1829076188	50,000.00
USD	Mezzanine (B3)	LU1829076774	50,000.00
USD	Junior (C)	LU1548990818	21,653.42

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