Global Climate Partnership Fund

Quarterly Report

Q1 2019

Contact Information

Fund	Initiator and Lead Investor	Investment Manager
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Fund Activity

In Q1 2019, the GCPF Board of Directors approved the 2018 financial results which resulted in a complementary dividend for A Shareholders of 0.76% and for B Shareholders of 1.49%.

Q1 continued to be a very active quarter on the investment side. GCPF disbursed a total of USD 74.2m to nine Partner Institutions. The high volume of disbursements brought down the cash-level to roughly 5% of total assets. A fifth of the disbursements were Direct Investments, bringing their share in the portfolio up to 11%.

Three out of nine Partner Institutions have been new portfolio additions. On the Financial Institutions side, these were Banco Atlantida in El Salvador (financing solar PV and biogas projects) and Electronica Finance (machinery financing) in India. As for the Direct Investments, this was Roserve (wastewater treatment) in India. Further, the Fund made follow-on investments to: CiFi in Panama, Banco Davivienda in El Salvador, LOLC and Prasac in Cambodia and Acceso Crediticio in Peru. On the Direct Investments side, the Fund increased its exposure to Cleantech Solar in Singapore. The loans to the two Indian Partner Institutions were provided in local currency and were fully hedged whereas all the other loans were made in USD.

Ukreximbank in Ukraine fully repaid GCPF in March (USD 30m). Given that the operating environment in Ukraine had been very challenging in the last few years, it was decided not to renew the partnership for the moment. However, as Ukreximbank has been a good partner on the green lending side and, should the political and macroeconomic situation improve, the Fund may consider working with the institution again in the future.

In January, the GBP 18.5m (USD 23.4m) investment from BEIS, the UK’s Department for Business, Energy & Industrial Strategy, was accounted for. The additional junior cushion is important as it works as a leverage to attract additional private investors.

Q1 impairments under IFRS9 have slightly increased from 4.25% to 4.35% of the amortized cost portfolio excluding Chase Bank. Mobisol, which is facing liquidity issues and has filed for self-administered insolvency proceedings fell from Stage 2 into Stage 3, The USD 6m investment was provisioned at 36% which means provisions of USD 2.16m were built for this investment. Further, it was decided to stop accruing interest.

A Board of Directors meeting took place on March 28th in Luxembourg, the regular agenda points have been discussed. Furthermore, ERM, the firm that conducted an E&S audit on the Fund’s activities, presented the findings of the report. An executive summary will be shared with the shareholders in Q2.

In Q1, the TA Committee approved 15 new projects for about USD 0.6m. There were two key highlights among TA activities during this period. First, the report “Solar for Businesses in Sub-Saharan Africa” triggered a lot of interest. Bloomberg New Energy Finance (BNEF) was commissioned to analyze the potential of commercial and industrial (C&I) solar opportunities in the region and the key challenges that must be overcome to fully unlock solar’s potential. Second, the other highlight was GCPF’s participation at a hackathon. Over 48 hours, prototypes of different fintech solutions for reporting green projects were presented to the GCPF team. Promising ideas were identified and will be further discussed.

On the impact side, USD 61.4 m of sub-loans were disbursed and reported by the GCPF Partner Institutions in Q1 2019, which is for the second consecutive quarter the largest amount reported for any single quarter since inception of the Fund. Close to 40,000 projects were financed and 42MW renewable energy capacity reported. All renewable energy capacity reported was in PV projects ranging from small residential and commercial systems to larger grid connected power plants. Q1 2019 marked the first reporting of LOLC, having reported efficient three wheelers to replace commercial tuk-tuks. Several loans in buildings (mainly building insulations), industrial processes (energy efficient projects in various industries), agriculture (mainly tractors and power tillers) and transportation (mainly efficient cars and buses) have also been reported. The sub-loans reported this quarter save 32,626 tCO_2 per year, bringing the total lifetime reduction of CO_2 emissions of projects reported since inception to over 13.6 m tonnes, out of which GCPF funding saves 7.6 m tonnes.

Definitions

AuM (Assets under Management): Include NAV of A Shares, B Shares, C Shares, Notes at notional and accrued dividends

Bps: Basis points

DI: Direct Investment

EE: Energy Efficiency

E&S: Environmental and Social

FI: Financial Institution

IC: Investment Committee

IM: Investment Manager

Liabilities: Fees and other payables of the fund (including Notes)

NAV (Net Asset Value) of the Fund: Sum of the Net Asset Value of all A Shares, B Shares and C Shares issued by the Fund

PI: Partner Institution

PV: Photovoltaic

rA Leaders Fund: responsAbility SICAV (Lux) Micro and SME Finance Leaders

rA Mikro and KMU Fund: responsAbility SICAV (Lux) Mikro- und KMU- Finanz-Fonds

rA MSME Fund: responsAbility Micro and SME Finance Fund

RE: Renewable Energy

RMG: Ready-made garments

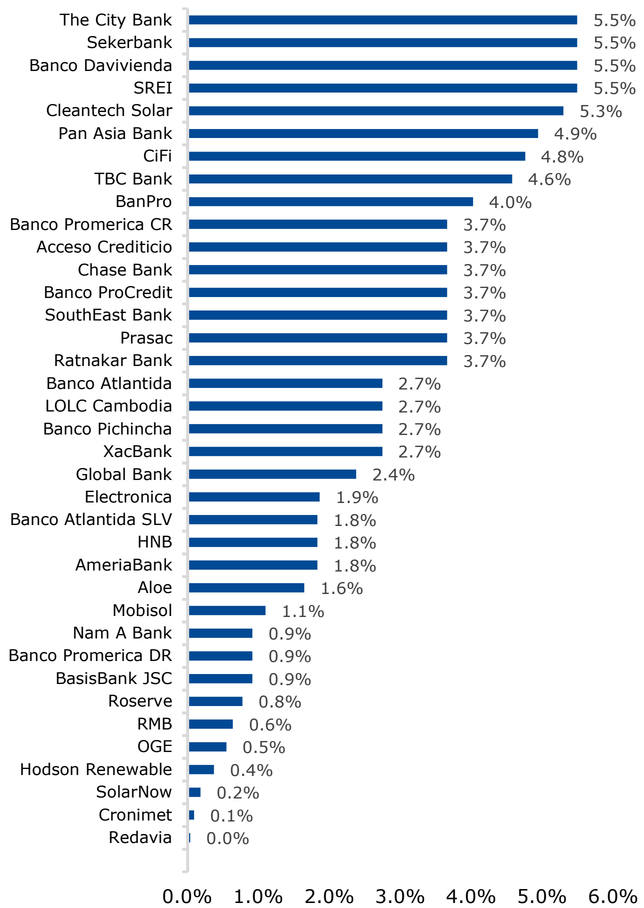
TA: Technical Assistance

Total Assets: Net invested volume (gross loans and advances to PIs minus provisions) plus unrealized gains on derivative financial instruments plus interest receivables plus other receivables and prepayments plus cash and cash equivalents

Key Portfolio Figures as of Q1 2019

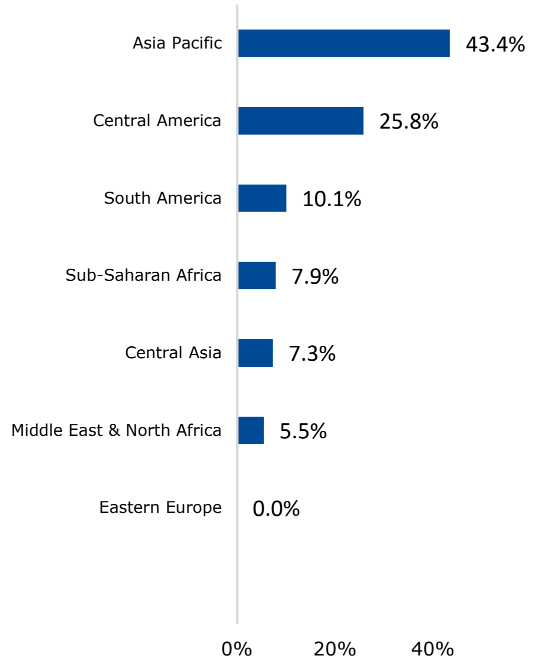
(in % of total invested portfolio)

Partner institutions allocation by outstanding amount[1]

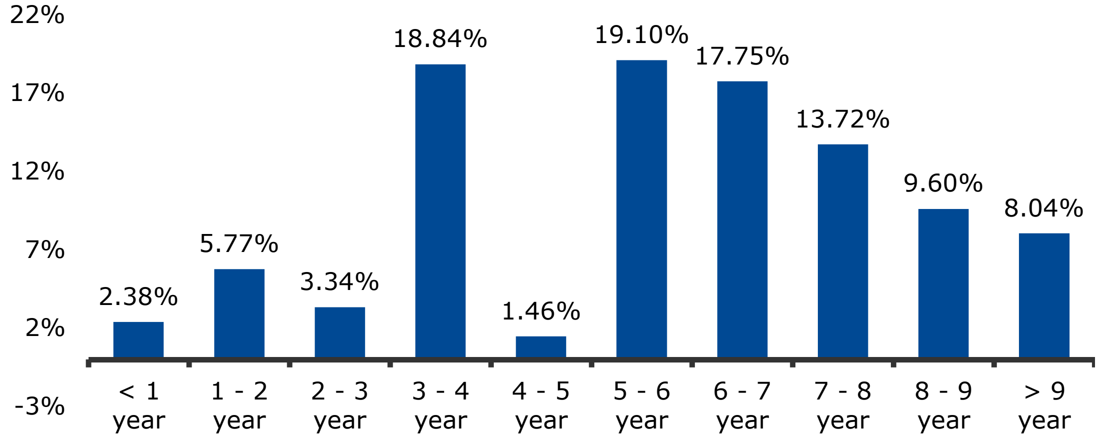


[1] Due to rounding, breakdown does not add up to 100%.

Geographical allocation by outstanding amount



Maturity of invested volume breakdown outstanding amount as of Q1 2019

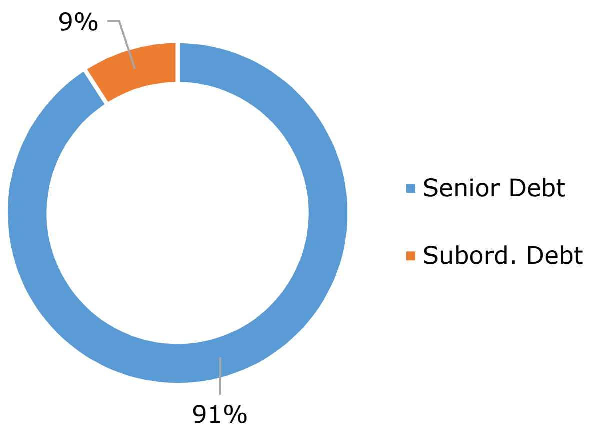


Average time to maturity	5.2 years

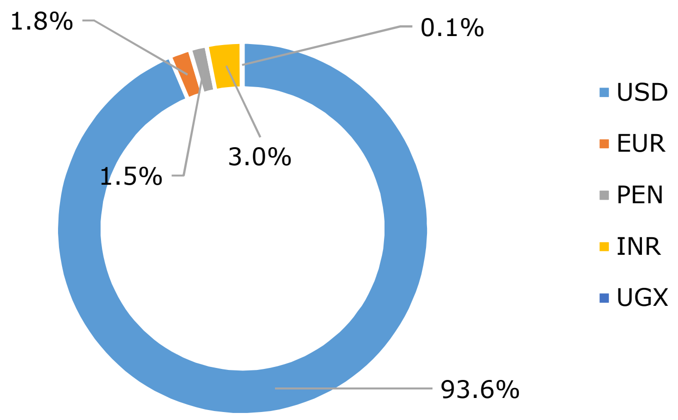
Asset Allocation	(in USD)	(in%)
Senior Debt[1]	457,019,204	83.9%
Subord. Debt[1]	49,483,704	9.1%
Cash[2]	31,233,369	5.7%
Other Assets[3]	7,258,523	1.3%
Total Assets[4]	**544,994,800**	**100.0%**

[1] Amounts net of provisions/impairments.
[2] Encompasses cash at banks and time deposits.
[3] Including interest receivables.
[4] Invested volume (net of provisions/impairments), cash, interest and other receivables.

Investment instrument allocation [1]



Currency in % of total invested portfolio



1 Excluding provisions/impairments.

2 Current Subordinated Debt exposure composed of AmeriaBank, TBC Bank and Banco Pichincha.

According to the SPPI test conducted by the IM the following PIs are classified under amortized cost

Financial Institutions	Internal Fund default rating[1]	Country	Country rating[2]	Currency	Outstanding amount (USD)	Outstanding amount (%)
Acceso Crediticio	B+	Peru	A-	USD	20,000,000	3.66%
AmeriaBank	B+	Armenia	B+	USD	9,998,685	1.83%
Banco Atlantida	BB	Honduras	B+	USD	15,000,000	2.74%
Banco Atlantida SLV	B	El Salvador	B-	USD	10,000,000	1.83%
Banco Davivienda	B	El Salvador	B-	USD	30,000,000	5.49%
Banco Pichincha	B+	Ecuador	B-	USD	15,000,000	2.74%
Banco ProCredit	B	Ecuador	B-	USD	20,000,000	3.66%
Banco Promerica CR	B+	Costa Rica	B+	USD	20,000,000	3.66%
Banco Promerica DR	BB-	Dominican Republic	BB-	USD	5,000,000	0.91%
BanPro	B	Nicaragua	B	USD	22,000,000	4.02%
BasisBank JSC	BB	Georgia	BB	USD	5,000,000	0.91%
Chase Bank[3]	C	Kenya	B	USD	20,000,000	3.66%
CiFi	BB-	Panama	BBB+	USD	26,000,000	4.76%
Electronica	BB	India	BBB	USD	10,177,599	1.86%
Global Bank	BB	Panama	BBB+	USD	13,000,000	2.38%
HNB	B	Sri Lanka	B	USD	10,000,000	1.83%
LOLC Cambodia	B	Cambodia	B	USD	15,000,000	2.74%
Nam A Bank	BB-	Vietnam	BB-	USD	5,000,000	0.91%
Pan Asia Bank	B	Sri Lanka	B	USD	27,000,000	4.94%
Prasac	B+	Cambodia	B	USD	20,000,000	3.66%
Ratnakar Bank	BB+	India	BBB	USD	20,000,000	3.66%
Sekerbank[4]	CCC+	Turkey	BB-	USD	30,000,000	5.49%
SouthEast Bank	B	Bangladesh	BB-	USD	20,000,000	3.66%
SREI	B+	India	BBB	USD	30,000,000	5.49%
TBC Bank	BB+	Georgia	BB	USD	25,000,000	4.57%
The City Bank	BB-	Bangladesh	BB-	USD	30,000,000	5.49%
XacBank	B-	Mongolia	B-	USD	15,000,000	2.74%
Total					**488,176,284**	**89.31%**

1 The Default Rating reflects the likelihood of default of an institution. It indicates the likelihood that a company may default with respect to all its financial obligations. Ratings based on Q4 2018 data.

2 Country rating source: Moodys.

3 Chase Bank is under Stage 3 of the IFRS 9 staging methodology, meaning a default event has occurred. Treatment of interest: under Stage 3 interest is not accruing.

4 Sekerbank is under Stage 2 of the IFRS 9 staging methodology, meaning that a significant deterioration in creditworthiness took place (rating fell two notches below the initial rating).

Direct Investments	Internal Fund default rating[1]	Country	Country rating[2]	Currency	Outstanding amount (USD)	Outstanding amount (%)
Cleantech Solar	BB-	Regional South-East Asia[3]	B	USD	28,950,000	5.30%
Cronimet	BB	South Africa	BBB-	USD	517,071	0.09%
Hodson Renewable	BB-	India	BBB	USD	2,030,506	0.37%
Mobisol	C	Tanzania	B+	USD	6,000,000	1.10%
OGE[4]	B+	Tanzania	B+	USD	3,000,000	0.55%
Redavia	B-	Ghana	B-	USD	206,000	0.04%
Roserve	BB-	India	BBB	USD	4,241,967	0.78%
SolarNow	B	Uganda	B	USD	1,000,000	0.18%
Total					**45,945,544**	**8.41%**

1 The Default Rating reflects the likelihood of default of an institution. It indicates the likelihood that a company may default with respect to all its financial obligations. Ratings based on Q4 2018 data.

2 Country rating source: Moodys.

3 Corporate loan to a Singapore holding company. Most of the underlying projects are in Cambodia, the Philippines, Malaysia, and Thailand. As most of the funds are used for projects in Cambodia, and to align the country risk methodology with the impairment model under IFRS 9, Cambodian country risk is shown

4 Legal exposure to OGE Mauritius but risk is in Tanzania (operating company).

5 Mobisol Bank is under Stage 3 of the IFRS 9 staging methodology, meaning a default event has occurred. Treatment of interest: under Stage 3 interest is not accruing.

According to the SPPI test conducted by the IM the following PIs are classified under fair value

Partner Institutions	Internal Fund default rating[1]	Country	Country rating[2]	Currency	Outstanding amount (USD)	Outstanding amount (%)
RMB[3]	n/a	South Africa	BB+	USD	-	0.00%
Aloe	BB-	Namibia	BB+	USD	8,995,000	1.65%
RMB	n/a	South Africa	BB+	USD	3,505,000	0.64%
Total					**12,500,000**	**2.29%**

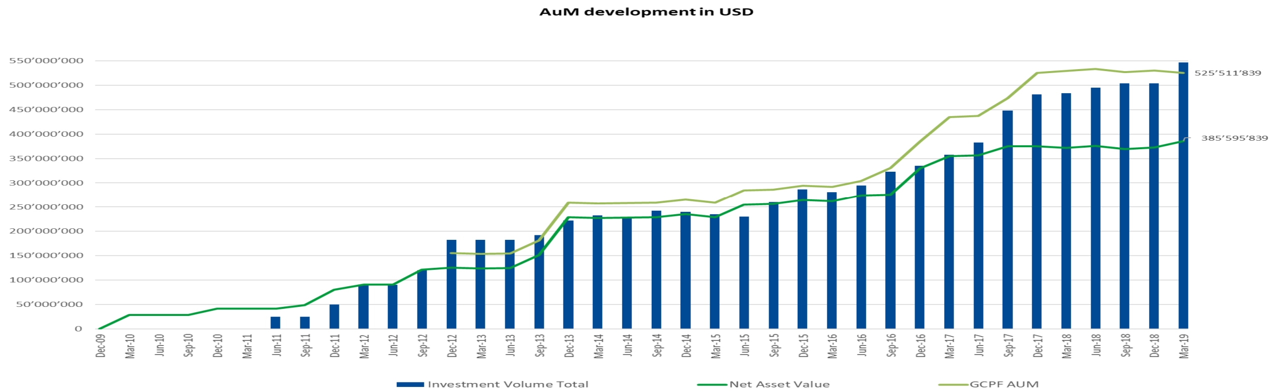
1 The Default Rating reflects the likelihood of default of an institution. It indicates the likelihood that a company may default with respect to all its financial obligations. Ratings based on Q4 2018 data.

2 Country rating source: Moodys.

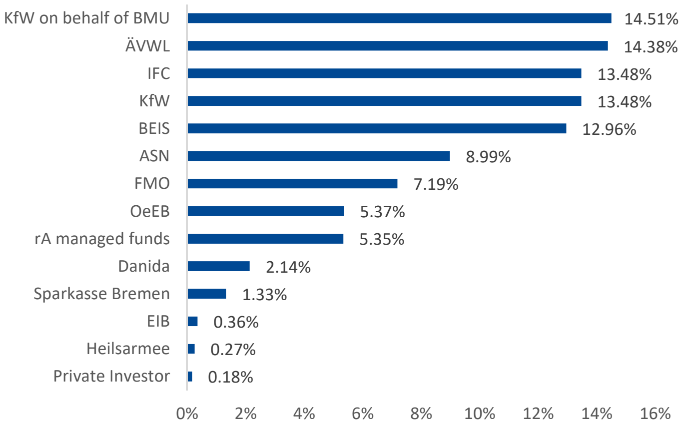
3 Legal exposure to RMB in South Africa but risk allocation is between Aloe Invest in Namibia and RMB in South Africa.

Funding Structure & Financial Performance

Assets under Management (AUM) of the Fund (USD)



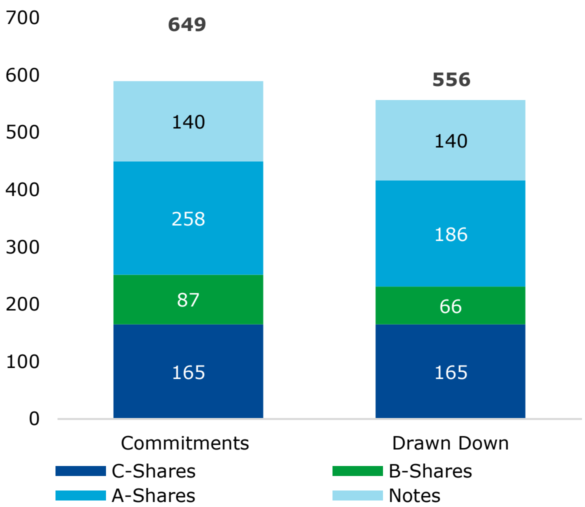
Subscribed capital by investor (%)



Note: In percentage of total drawn amount plus Notes at nominal.

* rA-managed Funds' subscribed capital: rA MSME Fund: 4.86%; rA Mikro and KMU Fund: 2.45%; rA Leaders Fund: 1.09%.

Funding split (USDm)



Note: Drawn Down: NAV excluding dividends;

C-Shares: excluding Target Return current year, provisions not accounted for.

Impact

1. Key impact figures - Summary

1.1. CO_2 emissions reduction and energy savings

	2015	2016	2017	2018	Q1 - 2019
Expected lifetime CO_2 emissions reductions from projects funded by GCPF, since inception (million tonnes)	4.21	8.39	10.17	12.81	13.57
Cumulative realized CO_2 emissions reduction (million t CO_2)[1]	0.413	0.772	1.221	1.717	1.838
Annual CO2 emissions reductions achieved (t CO_2/year)	189,913	393,275	454,977	578,041	610,667
Cumulative number of subloans since inception	33,814	48,106	53,404	74,253	78,189

[1]Figures updated upwards to include emissions reductions taking place when the equipment was already in place but the loan was not yet reported

1.2. CO_2 emissions reduction and energy savings proportional to GCPF funding

	2015	2016	2017	2018	Q1 - 2019
Expected lifetime CO_2 emissions reductions from projects funded by GCPF since inception (million tonnes)	3.18	5.38	6.22	7.11	7.58
Annual CO_2 emissions reductions achieved (t CO_2/year)	139,154	246,251	276,547	316,408	336,941

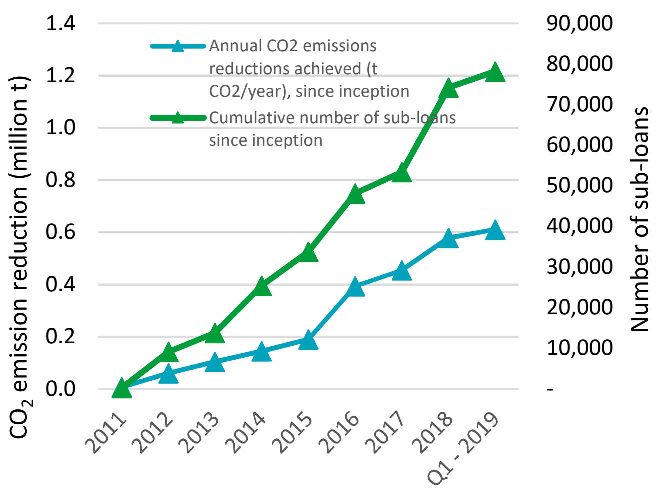
1.3. CO_2 emissions reductions and energy savings

	CO_2 emissions reductions (t CO2/year)	CO_2 emissions reductions[2] (%)	Energy Savings (MWh/year)	Energy Savings[3] (%)	Renewable Energy production (MWhyear)	Renewable energy capacity (MW)
Loans disbursed in Q1 - 2019	32,626	27%	20,488	21%	84,130	42
Loans disbursed since inception, living assets	610,667	45%	614,067	41%	1,108,831	380

[2]including RE production projects
[3]excluding RE production projects

2. Key impact figures - CO_2

2.1. Realized CO_2 emissions reductions and sub-loans

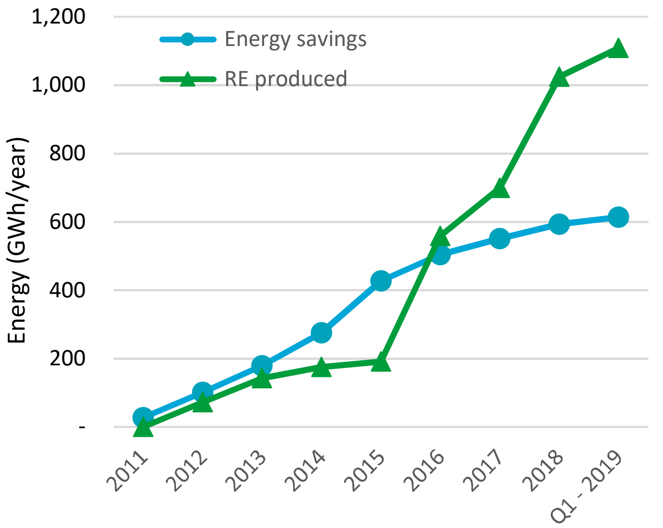


Q1 - 2019 Highlights

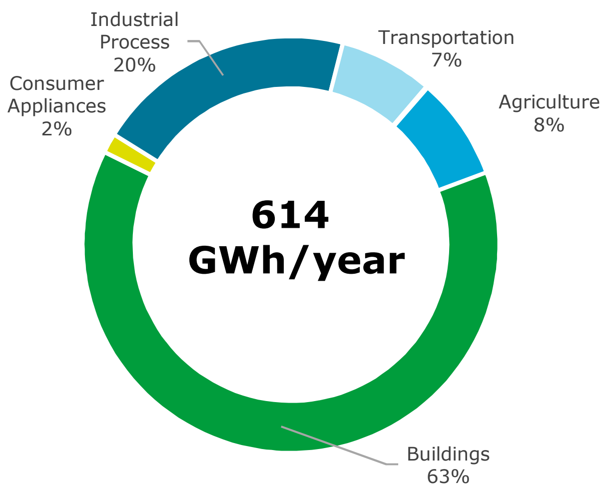
- 32,626 additional tonnes of CO_2 emissions reduced per year
- 121,259 t of additional realized CO_2 emissions reductions
- 3,937 new subloans
- 27% average CO_2 emissions reduction from projects reported during the quarter. The figure is lower than previous quarters given the larger share of EE projects reported

3. Key impact figures - Energy

3.1. Annual energy savings and RE produced (GWh/year)

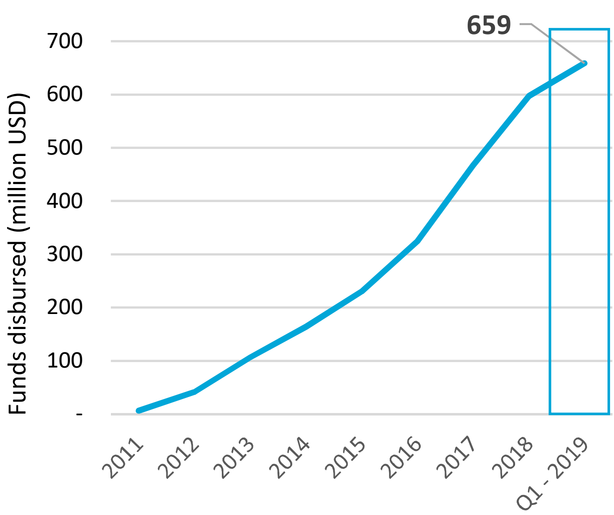


3.2. Annual energy savings by technology sector



4. Key impact figures - Financial

4.1. Disbursed sub-loans, since inception of fund (USD millions)



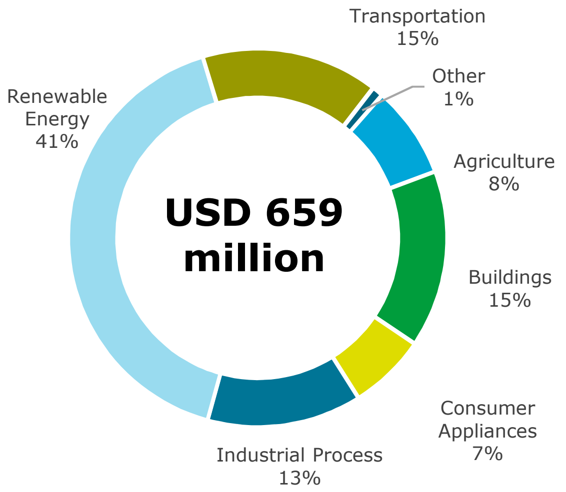
Q1 - 2019 Highlights

- ↓ 20,488 MWh/year of energy will be saved by the projects reported during the quarter
- ↑ 84,130 MWh/year of renewable energy will be produced by the new projects reported, mostly by the PV projects reported by Banco Davivienda and Cleantech
- ↑ +42 MW of new installed renewable energy capacity
- ↑ USD 61.4 million in new sub-loans
- ↑ 3,937 new sub-loans

  Largest projects were reported by Banco Davivienda (USD 22 million), additional tranche to an already reported biomass project by CIFI (USD 7.1 million)
- ↑ 95 USD/t CO_2 average investment efficiency of projects reported

Note: A decrease in the investment efficiency indicates a positive change.

4.2. On lent volumes % by technology, since inception



Fund Facts

Fund name	GCPF (Global Climate Partnership Fund SA)
Fund domicile and type	Luxembourg, SICAV-SIF, closed-end investment company
Regulation	As the Fund is managed in the public interest, it is exempt from the scope of the AIFM law pursuant to article 2(2) thereof
Investment Manager	responsAbility Investments AG, Zurich
Administrative and Domiciliary Agent	Banque de Luxembourg, Luxembourg
Custodian bank	Banque de Luxembourg, Luxembourg
Inception date	22 December 2009
Operation start	October 2010
Initiators	Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU) KfW Entwicklungsbank
Fund currency	USD
Distribution	Annually
Valuation (NAV calculation)	Quarterly (last calendar day of March, June, September and December)
Minimum subscription	USD equivalent of EUR 200,000 valued at the day of the subscription
Subscription/Commitment	At each closing (at the discretion of the Board of Directors), investors commit to subscribe or directly subscribe to a specific share class and/or the notes
Redemption of units	At maturity (all share classes have a defined maturity)
Term	Closed-ended fund with unlimited duration
Fees and Expenses p.a.	Direct operating expenses (approx. 0.5% of NAV) Investment manager fees and expenses (1.2% of invested assets, 1.0% for invested assets above USD 300m) Performance fees (up to 30% of the investment manager fees, decision by the Fund's Board of Directors) Technical Assistance facility contribution (up to 0.2% of performing portfolio, decision by the Fund's Board of Directors)

Classes	Notes	Class A Shares (senior)	Class B Shares (mezzanine)	Class C Shares (first loss)
Features	Floating rate interest rate of USD 6 months Libor plus a spread or fixed rate Duration: 3 - 7 years for each tranche	Target dividend plus a complementary dividend (if target dividend exceeded) Target dividend is USD 6 months Libor plus a spread agreed with the Board of Directors Duration: 5 – 15 years for each tranche	Target dividend plus a complementary dividend (if target dividend exceeded) Target dividend is USD 6 months Libor plus a spread agreed with the Board of Directors Duration: 6 – 15 years for each tranche	Target return: a fixed rate target return or floating rate target return p.a. set in the relevant commitment agreement and/or subscription form Duration: unlimited

Complaints
Any complaints to the Fund can be submitted either in written form to responsAbility Investments AG, Josefstrasse 59, 8005 Zurich, or electronically through complaints@gcpf.lu.

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