Global Climate Partnership Fund

Quarterly Report

Q2 2019

Contact Information

Fund	Initiator and Lead Investor	Investment Manager
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Fund Activity

In Q2, GCPF disbursed five loans totaling USD 23.2m which further reduced the cash-level as per end of June to around 4% of total assets. Year-to-date, GCPF has already disbursed USD 97.5m and is on good track to reach or exceed the disbursement target for 2019.

Two out of the five Partner Institutions have been new portfolio additions: Greenlight Planet (an energy access company incorporated in the US, but funding needed for its East African subsidiaries) on the Direct Investment side and TP Bank in Vietnam (on-lending to a solar power plant) on the Financial Institution side. Four out of five loans were Direct Investments which accounted for 57% of the total disbursement volume in Q2 and which brought the share of Direct Investments in the portfolio up to 12.4% (up to 18% to the Fund NAV). The other loans were made to the following existing institutions: Cleantech Solar in Singapore, Roserve in India and Redavia in Ghana. The loan to Roserve was made in Indian Rupees and was fully hedged against USD.

Repayments in Q2 were low at around USD 3m, essentially being amortizations from three different loans. Furthermore, in June, GCPF paid the target- and complementary dividends to the holders of A and B-Shares amounting to USD 12.5m. Semi-annual interest payments on the Notes that were paid out in June as well amounted to USD 3.6m. On the cash-inflow side, GCPF has received interest payments from Partner Institutions amounting to roughly USD 16m.

In terms of funding, GCPF has issued a Note of EUR 4m to Sparkasse Bremen, bringing their total investment in Notes to EUR 10m. The Note is fully hedged against USD in order for GCPF not to incur any FX risk. Further, GCPF has drawn USD 14m of A-Shares from OeEB's total commitment of USD 20m (the remaining commitment of USD 6m being B-Shares).

Two Partner Institutions experienced rating changes. Acceso Crediticio in Peru was upgraded from B+ to BB and Sekerbank in Turkey was downgraded from CCC+ to CCC. While Sekerbank remained in full compliance will all financial covenants in the facility agreement, the downgrade triggered provisions to go up from 34% of the loan to 44% of the loan, an absolute increase of USD 3m. This was by far the biggest change in terms of provisions and the total provisions as per end of Q2 were at 4.81% of the amortized cost portfolio, an increase of 0.46% compared to the previous quarter.

In June, both the Board of Directors meeting as well as the annual shareholders meeting were held in Tbilisi, Georgia, at the premises of the GCPF Partner Institution TBC Bank. The shareholders had the chance to exchange with the TBC Bank management and to receive first-hand information about the Mestiachala project, a Direct Investment pipeline transaction that will be co-financed by GCPF and TBC Bank.

In Q2, the TA Committee approved 10 new projects for about USD 0.2m. There were two key highlights among TA activities during this period. First, the GCPF Technology Workshop in Bangkok attracted more than 40 participants from current and potential Partner Institutions. During this 2.5-day workshop participants learnt about different strategies to grow their Green Lending portfolio thanks to new renewable or energy efficient technologies. Second, the GCPF Award ceremony took place in Tbilisi, Georgia and GCPF the GCPF Partner Institution PABC from Sri Lanka was awarded. With nine applications received, this represented the highest number of contestants so far and the jury also gave honourable mentions to three other Partner Institutions.

On the impact side, USD 81.6 m of sub-loans were disbursed and reported by the GCPF Partner Institutions in Q2 2019, which is for the third consecutive quarter the largest amount reported for any single quarter since inception of the Fund. Over 7,200 projects were financed and 140MW renewable energy capacity reported. This is a record quarter for the renewable capacity addition – utility scale solar PV projects have been reported by RBL Bank, TP Bank and NAM A Bank. For the two latter institutions, the projects marked also the start of reporting. The share of the Mestiachala HPP project financed by TBC Bank has been fully reported. The direct GCPF co-investment in this project will be reported, when the loan agreement will be finalized. Q2 marked also the first reporting quarter for Basis Bank in Georgia and Banco Atlantida El Salvador, having reported energy efficient projects in buildings and industrial processes. The new direct investment added, the Greenlight Planet solar home system distributor, has been estimated to finance over one million units with the Fund's financing. This translated in significant CO_2 savings given that the solar home systems are replacing pollutant kerosene lamps. The sub-loans reported this quarter will save 141,171 tCO_2 per year, bringing the total lifetime reduction of CO_2 emissions of projects reported since inception to over 17.4 m tonnes, out of which GCPF funding represents 9.3 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

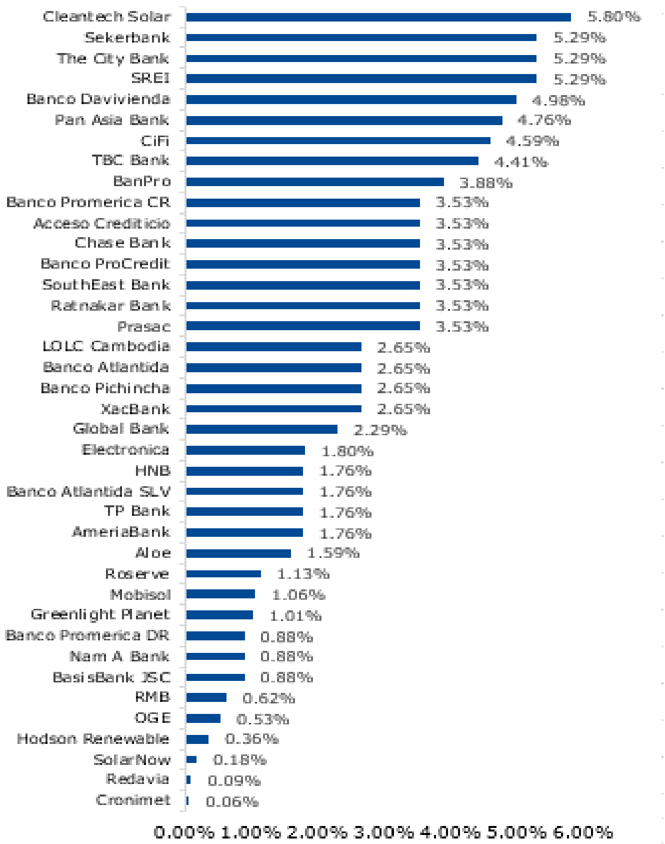
TA: Technical Assistance

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

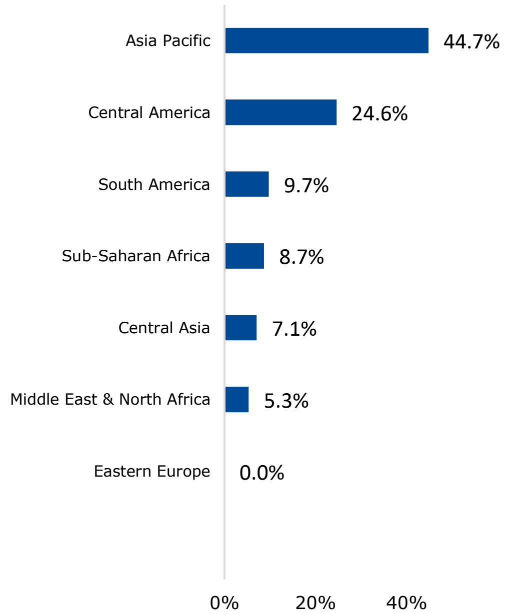
Key Portfolio Figures as of Q2 2019

(in % of total invested portfolio)

Partner institutions allocation by outstanding amount[1]

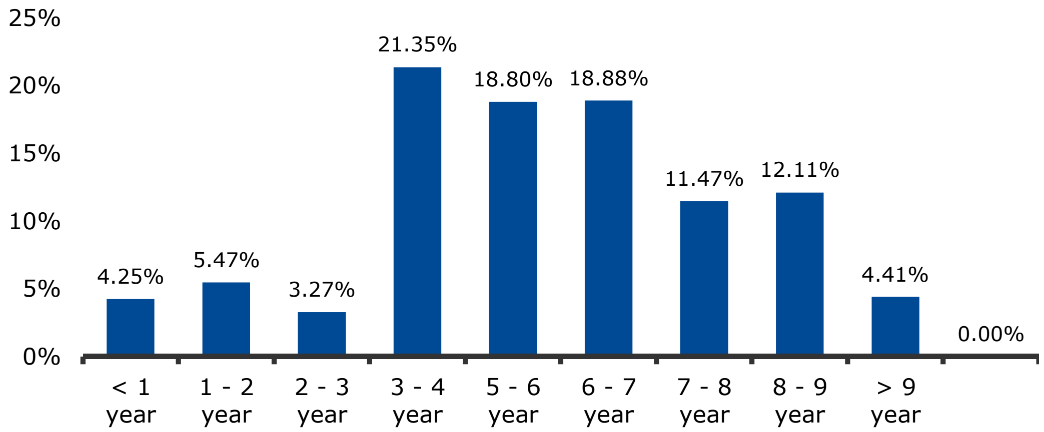


Geographical allocation by outstanding amount



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

Maturity of invested volume breakdown outstanding amount as of Q2 2019

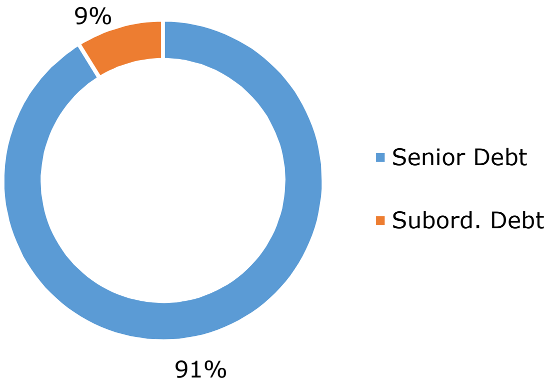


Average time to maturity	4.8 years

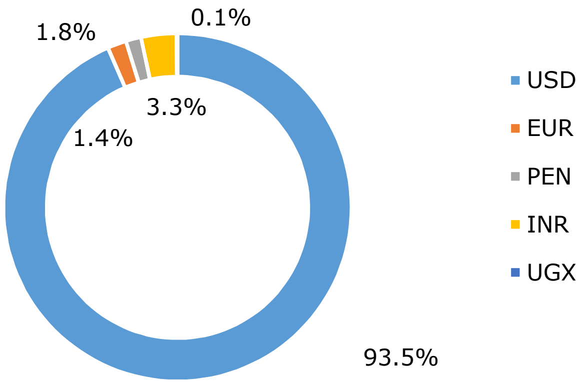
Asset Allocation	(in USD)	(in%)
Senior Debt[1]	474,694,999	86.6%
Subord. Debt[1]	49,458,577	9.0%
Cash[2]	26,626,979	4.9%
Other Assets[3]	-2,373,729	-0.4%
Total Assets[4]	**548,406,826**	**100.0%**

[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	BB	Peru	A-	USD	20,000,000	3.53%
AmeriaBank	B+	Armenia	B+	USD	9,998,685	1.76%
Banco Atlantida	BB	Honduras	B+	USD	15,000,000	2.65%
Banco Atlantida SLV	B	El Salvador	B-	USD	10,000,000	1.76%
Banco Davivienda	B	El Salvador	B-	USD	28,235,294	4.98%
Banco Pichincha	B+	Ecuador	B-	USD	15,000,000	2.65%
Banco ProCredit	B	Ecuador	B-	USD	20,000,000	3.53%
Banco Promerica CR	B+	Costa Rica	B+	USD	20,000,000	3.53%
Banco Promerica DR	BB-	Dominican Republic	BB-	USD	5,000,000	0.88%
BanPro	B	Nicaragua	B	USD	22,000,000	3.88%
BasisBank JSC	BB	Georgia	BB	USD	5,000,000	0.88%
Chase Bank[3]	C	Kenya	B	USD	20,000,000	3.53%
CiFi	BB-	Panama	BBB+	USD	26,000,000	4.59%
Electronica	BB	India	BBB	USD	10,177,599	1.80%
Global Bank	BB	Panama	BBB+	USD	13,000,000	2.29%
HNB	B	Sri Lanka	B	USD	10,000,000	1.76%
LOLC Cambodia	B	Cambodia	B	USD	15,000,000	2.65%
Nam A Bank	BB-	Vietnam	BB-	USD	5,000,000	0.88%
Pan Asia Bank	B	Sri Lanka	B	USD	27,000,000	4.76%
Prasac	B+	Cambodia	B	USD	20,000,000	3.53%
Ratnakar Bank	BB+	India	BBB	USD	20,000,000	3.53%
Sekerbank[4]	CCC	Turkey	B+	USD	30,000,000	5.29%
SouthEast Bank	B	Bangladesh	BB-	USD	20,000,000	3.53%
SREI	B+	India	BBB	USD	30,000,000	5.29%
TBC Bank	BB+	Georgia	BB	USD	25,000,000	4.41%
The City Bank	BB-	Bangladesh	BB-	USD	30,000,000	5.29%
TP Bank	B	Vietnam	BB-	USD	10,000,000	1.76%
XacBank	B-	Mongolia	B-	USD	15,000,000	2.65%
Total					**496,411,578**	**87.57%**

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 Q1 2019 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	32,900,000	5.80%
Cronimet	BB	South Africa	BBB-	USD	344,714	0.06%
Greenlight Planet	B	Regional Pan-Africa[6]	BBB	USD	5,750,000	1.01%
Hodson Renewable	BB-	India	BBB	USD	2,030,506	0.36%
Mobisol[5]	C	Tanzania	B+	USD	6,000,000	1.06%
OGE[4]	B+	Tanzania	B+	USD	3,000,000	0.53%
Redavia	B-	Ghana	B-	USD	520,000	0.09%
Roserve	BB-	India	BBB	USD	6,407,466	1.13%
SolarNow	B	Uganda	B	USD	1,000,000	0.18%
Total					**57,952,687**	**10.22%**

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 Q1 2019 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	1.59%
RMB	n/a	South Africa	BB+	USD	3,505,000	0.62%
Total					**12,500,000**	**2.21%**

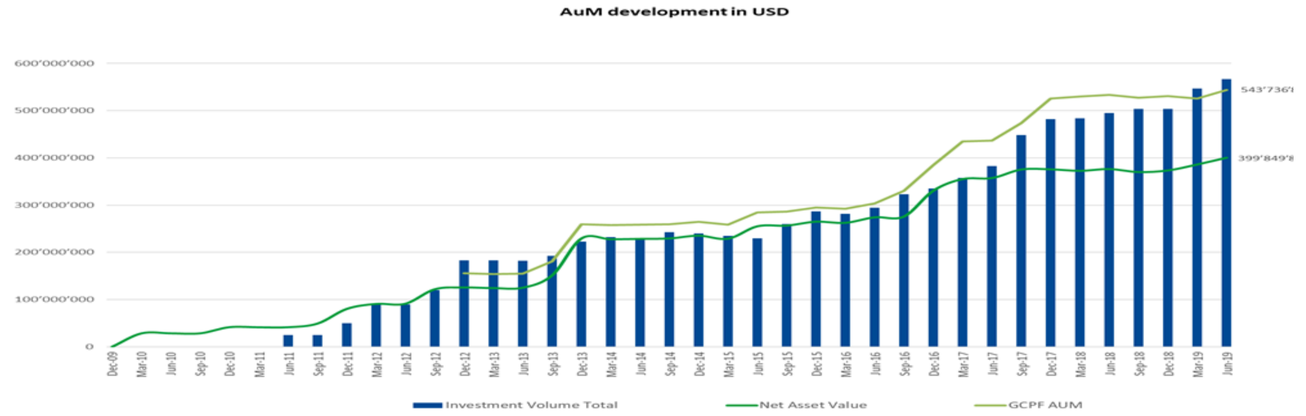
1 The Default Rating reflects the likelihood of default of an institution. It indicates the likelihood that a company may default with respect to all its financial obligations. Ratings based on Q1 2019 data.

2 Country rating source: Moodys.

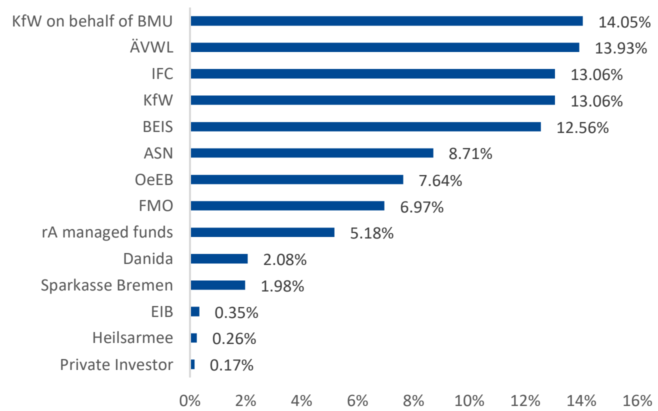
3 Legal exposure to RMB in South Africa but risk allocation is between Aloe Invest in Namibia and RMB in South Africa.

Funding Structure & Financial Performance

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

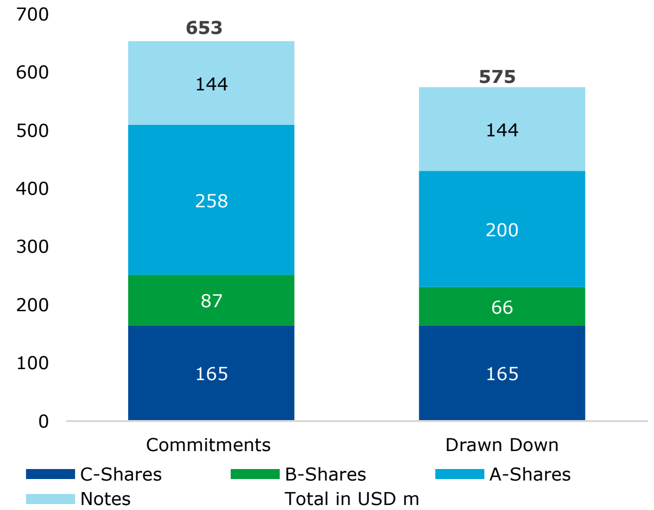


Subscribed capital by investor (%)



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: 2.4
* 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	Q2 - 2019
Expected lifetime CO_2 emissions reductions from projects funded by GCPF, since inception (million tonnes)	4.21	8.39	10.17	12.82	17.42
Cumulative realized CO_2 emissions reduction (million t CO_2)[1]	0.413	0.772	1.221	1.718	1.962
Annual CO2 emissions reductions achieved (t CO_2/year)	189,913	393,240	454,942	579,288	753,115
Cumulative number of subloans since inception	33,814	48,106	53,403	74,253	85,437

[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	Q2 - 2019
Expected lifetime CO_2 emissions reductions from projects funded by GCPF since inception (million tonnes)	3.18	5.38	6.22	7.12	9.32
Annual CO_2 emissions reductions achieved (t CO_2/year)	139,154	246,235	276,531	317,618	406,701

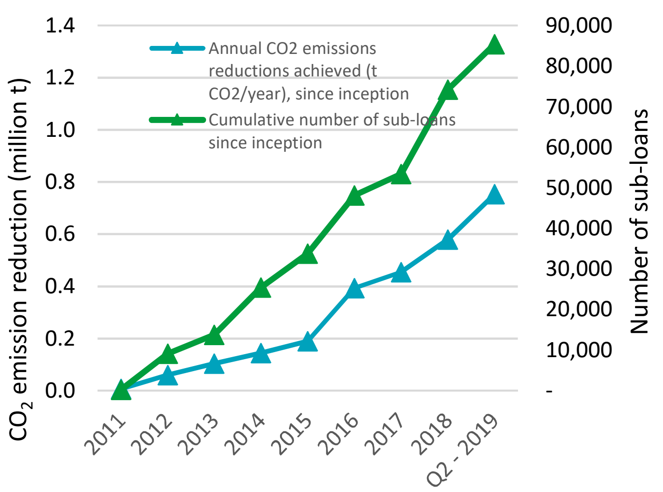
1.3. CO_2 emissions reductions and energy savings

	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 Q2 - 2019	141,171	42%	13,433	22%	532,543	140
Loans disbursed since inception, living assets	753,115	45%	627,445	40%	1,641,374	522

[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



Q2 - 2019 Highlights

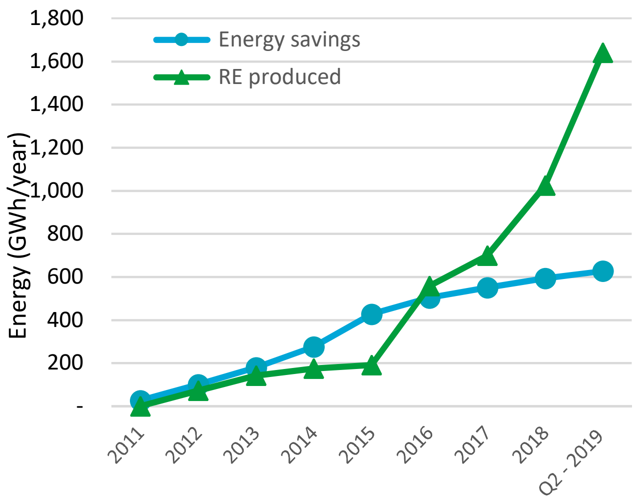
141,171 additional tonnes of CO2 emissions reduced per year

124,337 t of additional realized CO2 emissions reductions

42% average CO2 emissions reduction from projects reported during the quarter. The figure is higher than previous quarter given the larger share of RE projects reported.

3. Key impact figures - Energy

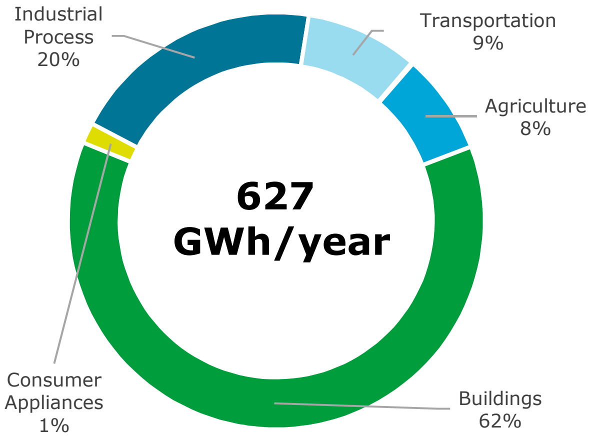
3.1. Annual energy savings and RE produced (GWh/year)



Q2 - 2019 Highlights

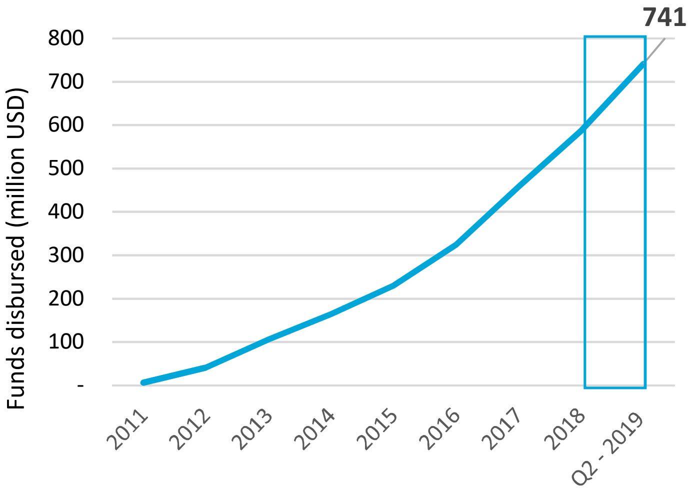
- ↓ 13,433 MWh/year of energy will be saved by the projects reported during the quarter
- ↑ 532,543 MWh/year of renewable energy will be produced by the new projects reported
- ↑ +140 MW of new installed renewable energy capacity

3.2. Annual energy savings by technology sector



4. Key impact figures - Financial

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

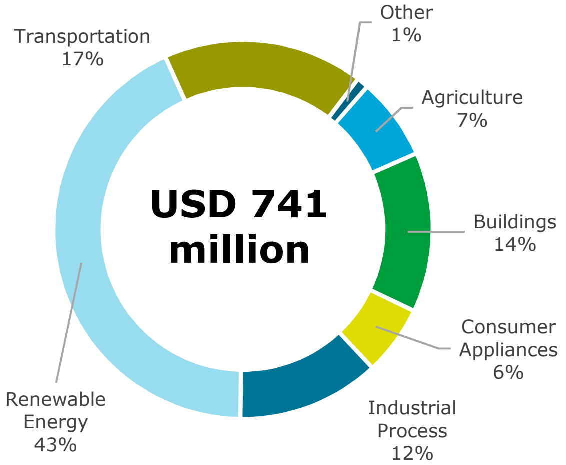


- ↑ USD 81.6 million in new sub-loans
- ↑ 7,227 new sub-loans

  Largest projects were reported by RBL Bank (USD 16 million) and TBC Bank (additional tranche of USD 13 million for Mestiachala project)
- ↓ 39 USD/t CO2 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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