



ANNUAL FINANCIAL REPORT

Stichting andgreen.fund
Annual Report for the year 2021

Stichting andgreen.fund
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce: 69175357

TABLE OF CONTENTS

01	BOARD'S REPORT	3
02	OTHER INFORMATION	9
03	FINANCIAL STATEMENTS	11
	BALANCE SHEET AS AT 31 DECEMBER 2021	11
	PROFIT AND LOSS ACCOUNT FOR THE YEAR 2021	12
	CASH FLOW STATEMENT FOR THE YEAR 2021	13
	NOTES TO THE FINANCIAL STATEMENTS	14
	NOTES TO THE BALANCE SHEET	22
	NOTES TO THE PROFIT AND LOSS ACCOUNT	28
04	INDEPENDENT AUDITOR'S REPORT	31

GENERAL

The board of the foundation (the “Board”) hereby presents the annual report of Stichting andgreen.fund (the “Fund”) for the year 1 January 2021 to 31 December 2021.

ACTIVITIES AND RESULTS

The Fund was incorporated on 11 July 2017 as an impact development fund. Its objective is to prove that financing inclusive, sustainable and deforestation-free commodity production can be commercially viable and replicable, thus strengthening the case for a new rural development paradigm that protects valuable forests and peat lands and promotes high-productivity agriculture. As at 31 December 2021, the portfolio comprised investments valued at USD 91,412,387.

During the year, activities and results of the Fund developed in line with expectations:

- The Net Asset Value of the Fund as at 31 December 2021 amounts to USD 836,254 (2020: USD 60,753).
- The result for the period 1 January 2021 to 31 December 2021 amounts to a profit of USD 775,501 (2020: USD 1,097,165 loss).
- On 07 January 2021, the Fund concluded one further new investment. It finalized a USD 30,000,000 10-year loan facility agreement with Marfrig Global Foods S.A. (“Marfrig”), the entire amount of which was disbursed on 23 March 2021. Marfrig is a Brazilian multinational corporation headquartered in Sao Paulo and is one of the three biggest meat producers in Brazil. It will be using the Fund’s financing to enable and implement a no - deforestation requirement across its entire supply chain in the Amazon and Cerrado biomes. This project’s objectives include full supply chain traceability; environmental and social (E&S) standards (including forest protection) that go beyond the Borrower’s legal requirements (including the Brazilian Forest Code) for purchasing cattle from direct and indirect suppliers (i.e., cattle ranchers); and promoting technical assistance to support the suppliers’ ability to comply. The Fund obtained funding for this investment from the capital drawn down from the Norwegian Ministry of Climate and Environment (“KLD”) amounting to NOK 300,000,000 (USD 35,321,128) which was received on 19 March 2021. These funds were available in the Fund’s cash and cash equivalents from when they were drawn down.

The Fund was exposed to currency risk during the year which resulted in a foreign currency gain of USD 2,944,615 (2020 loss of USD 1,565,626) mainly attributable to the NOK-denominated grant from KLD. This 2021 foreign currency gain was calculated using the change of the USD value of NOK 500 million from 1 January 2021 (NOK 8.571499 per USD) to 31 December 2021 (NOK 8.809728 per USD) and the change in the USD value of NOK 300 million from 19 March 2021 (NOK 8.537682 per USD) to 31 December 2021. The Fund had no exposure to interest rate risk as all financial instruments are held at amortized cost and the interest rates are fixed. Credit risk exposure related to the Fund’s borrowers continues to be monitored. A provision for impairment on the financial assets is applied amounting to USD 3,704,262 as at 31 December 2021 (31 December 2020: USD nil).

The Fund has maintained its equity position such that it meets its commitment to preserve contributors’ capital.

FUNDING AND CONTRIBUTIONS

The Fund raises capital from contributors that provide grants, redeemable grants and concessionary loans.

KLD has committed NOK 800,000,000 (USD 100,635,462 calculated using the prevailing spot rate as at the commitment date) to the Fund. The amount has been granted for a period of 5 years. KLD has contributed the primary contribution amount of NOK 250,000,000 on 5 December 2017, the second disbursement of NOK 250,000,000 on 29 October 2018 and the third disbursement of NOK 300,000,000 on 19 March 2021.

Unilever has committed USD 25,000,000 to the Fund which can be drawn down over a period of 5 years. The maximum annual funding amount as per the Contribution Agreement (the “Unilever Agreement”) is USD 5,000,000. Unilever’s obligation to pay amounts of the contribution will terminate at the end of the commitment period 31 December 2022, unless terminated earlier pursuant to the Unilever Agreement. The first annual funding amount of USD 5,000,000 was disbursed on 21 October 2020 in order to partially finance the investments followed by a second disbursement on 16 February 2021 amounting to USD 5,000,000 which was used to finance further investments. Each amount of USD 5,000,000 becomes due for repayment after 15 years from the date of the respective payment.

The UN Environment Programme (“UNEP”) has provided a redeemable grant of USD 1,925,000 to the Fund, in accordance with the Contribution Agreement (the “UNEP Agreement”). The duration of the UNEP Agreement shall remain in force until 31 December 2038 after the last obligation of the parties’ lapse, unless terminated earlier pursuant to the UNEP Agreement.

The Ford Foundation has provided a grant of USD 130,000 to the Fund in accordance with the grant letter dated 22 June 2021, which will be available over a one-year period beginning 01 July 2021, disbursement for which was received on 06 July 2021. The grant has been obtained to support technical assistance programs to develop inclusive, sustainable and deforestation-free commodity production that strengthens the case for a rural development paradigm that protects valuable forest and peat lands and supports high-productivity agriculture.

FUTURE OUTLOOK

The COVID-19 outbreak continued to deteriorate the global economy in 2021. The economy in 2021 gradually recovered with mostly positive expectations for 2022. The Board does not foresee any material change in activities over the coming year, particularly concerning investments, financing, operating costs, and result. Since the outbreak, the Fund has continued to pursue growth in the investment portfolio and contributions, albeit with due consideration of the impact of COVID-19 related circumstances on the Fund’s capital raising and investment selection processes. At the time of this report, the impact of the COVID-19 outbreak on the Fund has been limited and the circumstances in Indonesia, Brazil and Colombia continue to be monitored closely by Sail Ventures (Investment Manager), and particularly the Investment Directors living in each of those countries.

Regarding to the conflict between Ukraine and Russia, management considers the impact of the current situation, including possible non-compliance to sanction regulation, on the company’s investments to be remote and consequently there is no impact on the company’s 2021 financial statements.

A summary of the net assets attributable to the contributors as at 31 December 2021 is shown below:

GRANTS		
Funded	KLD	Total
Net assets attributable as at 1 January 2021	58,386,938	58,386,938
Change in contribution due to FX movements	(2,844,040)	(2,844,040)
Contributions during the year	35,321,128	35,321,128
Net result for the year	1,720,242	1,720,242
Net assets attributable to the contributors	92,584,268	92,584,268
Unfunded USD amount as of 31 December 2021 (1) (2)	-	-
Total funded and unfunded amount	92,584,268	92,584,268

REDEEMABLE GRANTS			
Funded	Unilever	UN Environment	Total
Net assets attributable as at 1 January 2021	5,000,000	1,930,437	6,930,437
Contributions during the year	5,000,000	-	5,000,000
Net result for the year	72,141	13,926	86,067
Net assets attributable to the contributors	10,072,141	1,944,363	12,016,504
Unfunded USD amount as of 31 December 2021 (2)	15,000,000	-	15,000,000
Total funded and unfunded amount	25,072,141	1,944,363	27,016,504

A summary of the net assets attributable to the contributors as at 31 December 2020 is shown below:

GRANTS		
Funded	KLD	Total
Net assets attributable as at 1 January 2020	57,997,299	57,997,299
Change in contribution due to FX movements	1,454,378	1,454,378
Net result for the year	(1,064,739)	(1,064,739)
Net assets attributable to the contributors	58,386,938	58,386,938
Unfunded USD amount as of 31 December 2020 (1) (2)	34,998,973	34,998,973
Total funded and unfunded amount	93,385,911	93,385,911

REDEEMABLE GRANTS			
Funded	Unilever	UN Environment	Total
Net assets attributable as at 1 January 2020	-	1,962,863	1,962,863
Contributions during the year	5,000,000	-	5,000,000
Net result for the year	-	(32,426)	(32,426)
Net assets attributable to the contributors	5,000,000	1,930,437	6,930,437
Unfunded USD amount as of 31 December 2020 (2)	20,000,000	-	20,000,000
Total funded and unfunded amount	25,000,000	1,930,437	26,930,437

(1) NOK denominated amount. The USD equivalent is approximated by translating at the NOK/USD exchange rate at the end of the period. The actual USD funded contribution was determined at the date that the unfunded commitment was paid.

(2) Unfunded amounts that are conditional.

TECHNICAL ASSISTANCE BUDGET

Following the resolution of the Board in the meeting of 20 June 2019, an amount of USD 1,000,000 from the contribution made by KLD has been set aside for a technical assistance budget (the "TA Budget") with effect from 1 July 2019. The purpose of the TA Budget is to support the development of the pipeline projects of the Fund, in close connection with the investment process, and as set out in the TA Guidelines of the Fund, which were also adopted during the Board meeting of 20 June 2019. Specifically, the TA Budget will be used to support potential borrowers to comply with the Fund's Environmental & Social Management System (ESMS) which is required in order to qualify for financing from the Fund. Areas eligible for support relate to:

- Complying with those Fund investment criteria which go well above the typical criteria of local or international financial institutions, and which create an entry barrier for the Fund's clients.
- Sharing 'first mover'-costs of industry and landscape transformation and inclusive business models (steering a client towards deforestation-free supply chains, sustainably managed landscapes or inclusive production models often incurs high upfront costs which can be prohibitive and therefore a real barrier to market transformation, particularly in settings where public goods are deficient, and the client has to compensate for this at its own cost).
- Generally, the support is limited to activities directly related to the Fund's investment process and excludes support for project development, institutional capacity building or skills development which are unrelated to the Fund's investment criteria.

BALANCE SHEET

In order to disclose the nature of the TA Budget, the following segregated Balance sheet has been disclosed:

	31 DECEMBER 2021 USD	31 DECEMBER 2020 USD
ASSETS		
Current Assets		
Cash and cash equivalents	975,301	955,055
Other current assets	(1,697)	
Total current assets	973,604	955,055
Total assets	973,604	955,055
EQUITY AND LIABILITIES		
Non-current liabilities		
Grants	1,130,000	1,000,000
Undistributed result	(156,396)	(46,211)
Total non-current liabilities	973,604	953,789
Current liabilities		
Accrued expenses and other liabilities	-	1,266
Total current liabilities	973,604	1,266
Total equity and liabilities	973,604	955,055

PROFIT AND LOSS ACCOUNT

In order to disclose the nature of the TA Budget, the following segregated Profit and loss account has been disclosed:

	2021 USD	2020 USD
General costs		
Advisory and Professional Fees	(49,176)	(7,946)
Bank Fees	(172)	(205)
Other Operating expenses	(54,668)	(1,319)
Total operating costs	(104,016)	(9,470)
Operating loss	(104,016)	(9,470)
Foreign currency result	208	-
Interest and similar income	-	3,392
Total financial income and expenditure	208	3,392
Net result	(103,808)	(6,078)

CASH FLOW STATEMENT

The statement of cash flows is presented in the direct method. The direct method was selected in recognition of the disclosure required by the primary audience for the Fund's financial statements. In order to disclose the nature of the TA Budget, the following segregated Cash flow statement has been disclosed:

	2021 USD	2020 USD
Cash flow from operating activities		
Operating expenses paid	(94,506)	(40,628)
Other interest received	-	3,392
Net cash provided by/(used in) operating activities	(94,506)	(37,236)
Cash flow from financing activities		
Capital contributions	130,000	-
Net cash provided by/(used in) financing activities	130,000	-
Cash and cash equivalents, movement during the period	35,494	(37,236)
Cash and cash equivalents at the beginning of the period	955,055	992,290
Cash and cash equivalents at the end of the period	990,549	955,055

SUBSEQUENT EVENTS

On 11 March 2022, the Fund invested COP 18,000,000,000 in AGROPECUARIA BAMBUSA S.A.S. ("HSJ") as per the agreement dated 31 December 2021. The first COP 18,000,000,000 disbursement to HSJ has paid on 11 March 2022.

On 15 March 2022, the Fund requested draw down from FMO with an amount of USD 25,000,000 in accordance with the Term Facility Agreement dated 5 March 2021. The payment was received on 22 March 2022.

On 31 March 2022, the Fund signed an agreement to provide USD 12,000,000 credit facility to PT HILTON DUTA LESTARI ("HDL"). The first USD 6,000,000 disbursement to HDL was paid on 18 May 2022.

On 13 April 2022, the Fund requested a draw down from FMO in the amount of USD 17,500,000 in accordance with the Concessional Debt Facility Agreement dated 25 November 2021. The payment was received on 22 April 2022.

On 12 May 2022, the Fund signed an agreement to provide USD 30,000,000 loan and guarantee agreement to FS Luxembourg S.À R.L. and FS Agrisolutions Indústria de Biocombustíveis Ltda (collectively, "FS"). The full USD 30,000,000 disbursement to FS was paid on 13 June 2022.

On 18 August 2022, all of the promissory notes issued by TLFF I PTE. LTD ("TLFF") were redeemed by TLFF and the full principal amount of USD 23,750,000 was repaid to the Fund together with all accrued and unpaid interest up to the redemption date.

Regarding to the conflict between Ukraine and Russia, management considers the impact of the current situation, including possible non-compliance to sanction regulation, on the company's investments to be remote and consequently there is no impact on the company's 2021 financial statements.

The Board is not aware of any other significant events that have occurred since the balance sheet date that were not included in the financial statements.

Amsterdam, 02 Dec 2022

BOARD

 Kleiterp, ND



 Oorthuizen, HJM

Salim, FSR

Martinez, C

OTHER INFORMATION

Details of the Fund's Board and other most relevant involved parties:

BOARD OF DIRECTORS

Mr Nanno Kleiterp, Chairperson
Ms Felia Salim
Mr Joost Oorthuizen
Ms Claudia Martínez Zuleta

INVESTMENT ADVISOR

Sail Ventures B.V.
Lange Voorhout 44,
2514 EG Den Haag, The Netherlands

ADVISORY BOARD

Ms Helen Clark, co-Chair
Mr Per Fredrik Ilsaas Pharo
Mr Bayu Krishnamurti
Ms Rosa Lemos de Sá
Mr Marc Engel

FUND ADMINISTRATOR

Intertrust (Netherlands) B.V.
Basisweg 10, 1043 AP Amsterdam,
The Netherlands

CREDIT COMMITTEE

Ms Agnes J. Safford, Chairperson
Mr Luiz Fernando Do Amaral
Ms Chimwemwe de Gaay Fortman
Mr Mark Eckstein

BOARD ADVISOR

Innpact S.á.r.l
5, rue Jean Bertels
1230 Luxembourg, Luxembourg

LEGAL COUNSEL

Simmons & Simmons LLP
Claude Debussylaan 247,
1082 MC Amsterdam, The Netherlands

AUDITOR

KPMG Accountants N.V.
Laan van Langerhuize 1,
1186 DS Amstelveen, The Netherlands

2.1 BOARD

The Fund is managed by the Board, which has general responsibility for all aspects of the administration and management of the Fund. The Board has decision-making powers for carrying out the objectives of the Fund and acts as the legal representative with the power to bind the Fund with respect to third parties. The members of the Board are appointed by the Advisory Board.

The Board meets at least once every quarter and ad hoc meetings are convened as required by the level of activities of the Fund. The meetings during 2021 were held on 19 February 2021, 20 May 2021, 07 September 2021 and 16 November 2021.

2.2 ADVISORY BOARD

The Advisory Board is comprised of persons nominated by the Fund's contributors, as well as technical experts and distinguished persons appointed by the Advisory Board itself. The Advisory Board provides binding advice to the Board on certain strategic matters as outlined in the Articles of Association of the Fund, including advice regarding the mission of the Fund and the jurisdictions in which the Fund can operate, and non-binding advice on other strategic issues upon request by the Board. The Advisory Board furthermore approves the dissolution of the Fund and the destination of any liquidation surplus as defined in the Articles.

The Advisory Board meets at least twice a year and ad hoc meetings are convened as required by the level of activities of the Fund. The meetings during 2021 were held on 21 May 2021 and 17 November 2021.

OTHER INFORMATION (CONTINUED)

2.3 CREDIT COMMITTEE

The Credit Committee is appointed by the Board and is responsible for making transaction recommendations to the Board based on proposals made by the Investment Advisor in accordance with the Fund's Lending Guidelines and other Fund documents.

The Credit Committee meets at least four times a year and ad hoc meetings can be convened by the Investment Advisor as required by the level of activities of the Fund. The meetings during 2021 were held on 04 February 2021, 11 May 2021, 06 July 2021, 12 November 2021 and 10 December 2021.

2.4 INVESTMENT ADVISOR

The Board appointed a specialized Investment Advisor, SAIL Ventures, as of 14 July 2017.

The Investment Advisor oversees the day-to-day business and operations related to the management of the Fund in accordance with the Fund's overall policies (in particular the Lending Guidelines, the Articles of Association, the Operations Memorandum and the ESMS) and resolutions of the Board.

The Investment Advisor is responsible for calculating and assessing the valuation (and any potential impairments) of the assets of the Fund for recommendation to the Board for its final approval, every calendar quarter.

2.5 BOARD ADVISOR

Innpact S.á.r.l was appointed Board Advisor by the Board on 14 July 2017.

The Board Advisor provides governance and operational support to the Board and the Advisory Board.

2.6 FUND ADMINISTRATOR

The Board appointed Intertrust as the Fund Administrator on 16 March 2018. The Fund Administrator provides accounting and reporting services, transaction services and domiciliation services as well as regulatory and compliance support to the Fund.

2.7 LEGAL COUNSEL

The Board appointed Simmons & Simmons as the Fund's legal counsel in the Netherlands on 9 September 2018. Simmons & Simmons provide advice and opinions on the Fund's constitutional documents and contributor agreements and ad-hoc advice and support to the Fund on VAT and other regulatory matters.

2.8 AUDITOR

KPMG Accountants N.V. has been re-appointed by the Board to perform an independent audit of the annual financial statements for the year 2021.

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2021

(Before appropriation of result)

	NOTE	31 DECEMBER 2021 USD	31 DECEMBER 2020 USD
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Investments	[1]	91,412,387	63,895,678
Total fixed assets		91,412,387	63,895,678
Current assets			
<i>Receivables</i>			
Other receivables	[2]	105,805	110,660
Other prepayments and accrued income	[3]	43,935	54,242
<i>Cash and cash equivalents</i>	[4]	15,683,031	4,043,017
Total current assets		15,832,771	4,207,919
Total assets		107,245,158	68,103,597
EQUITY AND LIABILITIES			
Equity			
	[5]		
Retained earnings		836,254	60,753
Total equity		836,254	60,753
Non-current liabilities			
Redeemable Grants	[6]	11,925,000	6,925,000
Grants	[7]	90,938,710	58,331,622
Long term loans	[8]	2,505,882	2,505,881
Total non-current liabilities		105,369,592	67,762,503
Current liabilities			
Accrued expenses and other liabilities	[9]	1,039,312	280,341
Total current liabilities		1,039,312	280,341
Total equity and liabilities		107,245,158	68,103,597

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2021

	NOTE	2021 USD	2020 USD
Investment interest income	[10]	5,477,881	2,813,547
Other income		130,183	-
General costs	[11]	(3,602,022)	(2,504,035)
Operating result		2,006,042	309,512
Other interest and similar income	[12]	9,799	167,965
Movement in provision for impairment	[13]	(2,780,241)	-
Foreign currency result	[14]	2,944,583	(1,565,626)
Interest and similar expenditure	[15]	(480,661)	(9,016)
Total financial result		(306,520)	(1,406,677)
Net result		1,699,522	(1,097,165)

CASH FLOW STATEMENT FOR THE YEAR 2021

	NOTE	2021 USD	2020 USD
Net cash provided by/(used in) operating activities			
Operating expenses paid	[3] [9]	(2,767,846)	(3,107,364)
Other financial charges	[15]	(349,583)	-
Other income		130,183	-
Investments made	[1]	(30,000,000)	(39,971,239)
Interest received	[12]	9,799	208,997
Interest received from investments	[1]	4,256,910	2,327,813
Interest and similar expenses paid	[15]	(74,826)	(3,135)
Net cash provided by/(used in) operating activities		(28,795,364)	(40,544,928)
Net cash provided by/(used in) financing activities			
Grants received	[7]	35,451,128	-
Redeemable grants received	[6]	5,000,000	5,000,000
Proceeds from loans	[8]	-	2,500,000
Net cash provided by/(used in) financing activities		40,451,128	7,500,000
Net cash flow		11,655,764	(33,044,928)
Exchange rate and translation differences on cash and cash equivalents		(15,750)	(2,357)
Total of increase (decrease) in cash and cash equivalents		11,640,014	(33,047,285)
Movement in cash and cash equivalents			
Cash and cash equivalents, beginning of period		4,043,017	37,090,302
Increase (decrease) cash and cash equivalents		11,640,014	(33,047,285)
Cash and cash equivalents, end of period	[4]	15,683,031	4,043,017

NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Stichting andgreen.fund (the “Fund”) is a Dutch foundation (“stichting”) that was incorporated under the laws of the Netherlands on 11 July 2017. The Fund’s statutory seat is in Amsterdam, the Netherlands, and the registered office address is at Basisweg 10, Amsterdam, the Netherlands.

The objective of the Fund is to prove that financing inclusive, sustainable and deforestation-free commodity production can be commercially viable and replicable, thus strengthening the case for a new inclusive rural development paradigm that protects valuable forests and peatlands and promotes high- productivity agriculture. The lending philosophy of the Fund is to demonstrate proof of concept for both public and private actors on how to provide for inclusive economic growth together with forest and peat protection (and potentially restoration) when financing the production of agricultural commodities that are sourced from tropical landscapes.

The Fund’s Investment Advisor is Sail Ventures B.V., a private limited company incorporated pursuant to the laws of the Netherlands, and the Fund’s Board Advisor is Inn pact S.á.r.l, a private limited company incorporated pursuant to the laws of Luxembourg.

BASIS OF PREPARATION

The financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and they comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in US dollar (USD). The functional currency of the Fund is USD, which the Board considers to reflect the primary economic environment in which the Fund operates. The Fund’s investing activities primarily take place in USD, and its material expenses are denominated and paid in USD.

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles. An asset is recognized on the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Fund and the asset has a cost price or value of which the amount can be measured reliably.

A liability is recognized on the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably.

An asset or liability is no longer recognized in the balance sheet, and thus derecognized, when a transaction results in all or substantially all rights to economic benefits, and all or substantially all of the risks, related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognized in the profit and loss account, taking into account any provisions related to the transaction.

Income is recognized in profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured reliably. Revenues and expenses are allocated to the respective periods to which they relate. Based on the prospectus of the Fund, the revenue of the fund will be mainly the interest income generated on investments. The interest income will be recognized when the interest is due based on the terms as stated in the investment agreements.

Based on article 396 of Book 2 of the Dutch Civil Code, the Fund applies exemptions to the presentation and disclosures in the Fund’s financial statements.

THE FUND

Stichting andgreen.fund has been registered with the Dutch Chamber of Commerce under file number 69175357.

The capital structure of the Fund is based on the principle that contributions can be made available by means of grants, redeemable grants and concessionary loans. Grants shall be subordinate to redeemable grants, redeemable grants shall be subordinate to all loans and to all other creditors of the Fund. Repayment of redeemable grants, upon the redemption event specified in the relevant contribution agreement, shall have priority over reclaimed grants if any, but shall be subordinate to payment of interest and capital to lenders as well as to all other creditors of the foundation. The means and income of the Fund are exclusively intended for the realization of the Fund's objective. Profits and income generated by the Fund from its activities will be retained by the Fund for investments and operations purposes, as agreed with the contributors.

GOING CONCERN

These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Fund will be able to realize its assets and discharge its liabilities in the normal course of business for at least the next 12 months.

DISCLOSURE OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

As from 1 January 2021 this accounting policy has changed with the implementation of an Expected Credit Loss (ECL) model. The Fund decided to implement the ECL model as application of the ECL model will improve the valuation of investments and recognition of impairments in the financial statements legal entities under Dutch GAAP can opt to account impairment of financial assets based on expected credit loss model under IFRS 9 (Financial instruments).

The impact of the change in accounting policy on the equity and on the financial assets at the beginning of the 2021 financial year was a decrease of USD 924,021 on both opening balances. The impact of the change in accounting policy on the 2021 result was the introduction of the Movement in provision for impairment item which resulted in a USD 2,780,241 negative impact on the 2021 Net result. Based on the change in accounting policy, at 31 December 2021 the cumulative impact on equity and on the financial assets was USD 3,704,262. In accordance with the accounting policy, there was no change to the prior year accounts.

FINANCIAL INSTRUMENTS

Financial instruments include primary financial instruments, such as receivables and liabilities. The principles of primary financial instruments is applied in the recognition per balance sheet item. Financial instruments are valued at amortized cost unless explained otherwise in the notes.

The Fund has no derivative financial instruments embedded in contracts.

ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

RISK MANAGEMENT

Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

The primary focus of the risk management of the Fund is focused on market risks (currency and interest rates) and credit risk:

Currency risk is the risk that the value of financial instruments fluctuates due to changes in foreign exchange rates. The Fund's investments are predominantly denominated in USD which is the Fund's functional currency. However, the Fund may extend loans in foreign currencies (currencies other than the Fund's functional currency, USD) which could lose value as a result of unfavorable foreign exchange movements. Where possible and cost-effective, the Fund may elect to retain funds in foreign currency and rotate funds into new transactions within the same currency zone in order to mitigate the impact of foreign currency fluctuations. The redeemable grants and the loan are denominated in USD, but the grant from KLD is denominated in NOK.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk primarily results from exposure to the volatility of interest rates. However, the Fund holds its investments to maturity and therefore it accounts for the investments at amortized cost and the interest rates are generally fixed, with no reference to a market rate, as was the case with the financial assets as at 31 December 2021 and 31 December 2020.

Credit risk is associated with the inability of the Fund's borrowers to act in a manner consistent with the terms and conditions of their contractual agreements with the Fund, resulting in a financial loss. The Fund runs the risk of any one or more of the borrowers defaulting on their borrowings from the Fund through non-payment of either interest and/or on their principal repayment. Credit risk is monitored on a regular basis through qualitative and quantitative assessment of each of the Fund's borrowers. The Fund performs intensive checks in order to pre-select potential borrowers. There is no significant credit risk associated with the cash at bank since the Fund maintains cash accounts Rabobank and Caceis, both large financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after adjustment of impairment on the financial assets as at 31 December 2021 and 31 December 2020.

At this time, the impact of the Covid-19 outbreak on the Fund has been limited. Management continues to monitor developments and will take necessary actions should the situation change.

FOREIGN CURRENCY RESULT

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency, are recognized in profit and loss in the period in which the exchange differences arise. Exempted from this are exchange differences on monetary items that are part of a net investment in a foreign operation. Non-monetary balance sheet items and equity, which are valued at cost or amortized cost and resulting from transactions in foreign currencies are translated at the rate prevailing on the date of the transaction.

	1 JANUARY 2021	31 DECEMBER 2021
The exchange rates used in the financial statements are:		
1 USD (US dollar) = EUR (euro)	0.818547	0.879045
1 USD (US dollar) = NOK (Norwegian krone)	8.571499	8.809728

FINANCIAL ASSETS

Financial assets are initially recognized at fair value. Subsequently, they are valued at amortized cost unless there has been a breach in the lending restrictions and eligibility criteria stipulated in the lending guidelines and other fund documents of an underlying project in the Fund's investment portfolio. If no premium or discount and transaction costs are applicable, the amortized cost is equal to the nominal value of the receivables, less a provision for impairment. The valuation of the Fund's investment portfolio is calculated by the Investment Advisor.

IMPAIRMENT

The Fund recognizes loss allowances for expected credit losses ("ECLs") on the financial assets measured at amortized cost.

The Fund measures loss allowances for stage 2 (underperforming) and stage 3 (non-performing) loans at an amount equal to lifetime ECLs, except for the following stage 1 (performing) loans, which are measured at 12-month ECLs: 1. financial assets that are determined to have low credit risk at the reporting date; 2. other financial assets for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking macroeconomic information.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade' (or the financial asset is considered to be 'investment grade' by the Fund's internal credit risk scorecard); the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and/or adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Fund assumes that the credit risk on a financial asset has increased significantly if the borrower is 30 days or more past due on financial payment (unless reasonable and supportable information is available demonstrating that the borrower can service its debt); if there has been a significant increase in credit risk according to the Fund's internal credit risk scorecard; or if a forbearance concession is granted or the contractual cash flows of a financial instrument are modified, and it is determined that the credit risk has increased significantly as a result.

Financial assets for which the credit risk has not increased significantly since initial recognition, or financial assets that have low credit risk at the reporting date, are classified as Stage 1 assets.

Financial assets for which the credit risk has increased significantly since initial recognition, and where credit risk is not considered low, are classified as Stage 2 assets.

Interest on stage 1 and stage 2 loans are based on gross carrying amount and interest on stage 3 is only based on net amounts (i.e. amortized cost less impaired amounts).

CREDIT QUALITY ANALYSIS

	2021				AT INVESTMENT			
	ECL STAGE	CARRYING AMOUNT*	COLLATERAL	CREDIT RATING	ECL STAGE	CARRYING AMOUNT**	COLLATERAL	CREDIT RATING
Promissory notes								
TLFF I PTE. LTD - Class B1a <i>Risk trigger point: Caa*</i>	2	19,776,263	11,865,758	B3	1	19,695,739	11,817,443	B2
TLFF I PTE. LTD - Class B1c <i>Risk trigger point: Caa</i>	2	3,741,366	2,244,820	B3	1	3,711,641	2,226,985	B2
Loans								
DHARMA SATYA NUSANTARA TBK <i>Risk trigger point: Caa</i>	1	30,305,000	-	Ba2	1	5,050,833	-	B2
AGROPECUÁRIA RONCADOR LTDA <i>Risk trigger point: B1</i>	1	10,144,854	5,500,407	Ba1	1	10,035,068	5,500,407	Ba1
MARFRIG GLOBAL FOODS S.A. <i>Risk trigger point: B2</i>	1	31,179,167	-	Ba2	1	30,033,333	-	Ba2
		95,146,650	19,610,985			68,526,614	19,544,835	

* The credit risk of the promissory notes - TLFF I PTE.LTD has been increased significantly since initial recognition due to the reasons 1. one notch downgrade of the fund's internal credit risk scorecard and 2. worsen financial position of the borrower. Therefore, the Fund decided to move the promissory notes - TLFF I PTE.LTD to stage 2 from stage 1.

** The carrying amount value is considered to be a reasonable approximation of the fair value. The carrying amounts of short-term receivables and payables are likely to approximate their fair values in a low-interest rate environment in which the effect of discounting is not material. In such cases, it is not necessary to disclose these instruments' fair values. However, the fair values of long-term liabilities and receivables carried at amortized cost are disclosed because the effect of discounting is expected to be material.

CREDIT-IMPAIRED FINANCIAL ASSETS

The Fund considers a financial asset to be 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract such as a default; or it is probable that the borrower will enter bankruptcy or other financial reorganization. Credit-impaired financial assets are classified as Stage 3 assets.

Movement from Stage 2 to Stage 3 is triggered by one or more of the following conditions: if the borrower is more than 90 days past due on financial payment; or if it is determined that the fund is unlikely to recover the contractual cash flows of the financial asset due to credit risk deterioration. Objective evidence of impairment includes, but is not limited to, observable data about the following events: bankruptcy, central bank intervention, distressed restructuring or any material adverse change in conditions or development that is likely to result in a diminished recovery of cash flows of that financial asset; or if a forbearance concession is granted due to financial difficulty of the borrower, where the Fund would not otherwise grant such concession, and the concession has a detrimental impact on the estimated future cash flows of the financial asset; or if it is determined that the borrower's poor performance on material Environmental & Social commitments and/or matters will have a detrimental impact on the timing or amount of estimated future cash flows of the financial asset.

MEASUREMENT OF ECLS

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset and measured on an individual basis.

Presentation of allowance for ECLs is in the statement of financial position. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The key inputs into the measurement of ECLs are the term structure of the variables: probability of default (PD), loss given default (LGD) and exposure at default (EAD) based on the financial and non-financial information, country risk, seniority level, GDP forecasts and collateral information.

The EAD represents the exposure at default in the event of a default. The EAD of a loan is its gross amortized amount at the time of default, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, scheduled by contract or otherwise, expected draw downs and accrued interest.

The LGD is the magnitude of the likely loss if there is a default. LGD is based on the difference between the contractual cash flows any future cash flows or collateral that the fund expects to receive in the case of a default. The collateral value is based on external valuations and a discount is applied based on credit market best practice. The discount includes both a liquidation discount and legal discount. As a final check, the use of external market data for LGD, which is based on Moody's recovery rate data, is considered as a sense check.

The PD is an estimate of the likelihood of default over a given time horizon, namely the contractual period over which the Fund is exposed to credit risk. The Fund implements the forecast GDP growth rates in the GDP-to-Default regression to incorporate forward-looking macroeconomic information.

The 12-month ECL and lifetime ECL are calculated using the EAD of a loan, the macro-adjusted PD and the LGD.

INCORPORATION OF FORWARD-LOOKING INFORMATION

The Fund uses global GDP figures in the GDP-to-Default regression, because (1) forecast GDP growth rates are used to incorporate forward-looking macroeconomic information, as required by IFRS; (2) default rate data is only available at a global level (because data is not available or robust enough on a country or regional level). Performing the regression at a global level enables one to perform a statistically significant regression as when performing a regression at a more granular level. A Probability-weighted Macro-adjusted Security PD is used as an input into the ECL calculation.

QUANTITATIVE INFORMATION OF ECL

	31 DECEMBER 2021			
	MACRO-ADJUSTED PD*	EAD	LGD	EIR*
TLFF I PTE. LTD - Class B1a	7.49%	19,776,263	40%	9.67%
TLFF I PTE. LTD - Class B1c	7.49%	3,741,366	40%	9.62%
DHARMA SATYA NUSANTARA TBK	0.82%	30,305,000	72%	6.22%
AGROPECUÁRIA RONCADOR LTDA	0.59%	10,114,854	46%	3.03%
MARFRIG GLOBAL FOODS S.A.	0.82%	31,179,167	72%	5.07%

* The company PD is adjusted by seniority of the instrument as well as the macro forward-looking factors, which then result the macro adjusted PD.

* Effective Interest Rate

WRITE-OFF FINANCIAL ASSETS

1. A write-offs is made when contractual cashflows are deemed to be non-collectible, when the fund has no reasonable prospects of recovery after, among others, enforcement of collateral or legal enforcement by means of lawsuits. Further more, a write-off is performed when a loan or other credit instrument is forgiven by the fund. Financial instruments are assessed on an individual basis depending on specific circumstances.
2. Write-offs are charged against previously booked impairments. If no specific impairment had been previously recognized, the write-off is included directly in the profit and loss account.

LOANS GRANTED AND PURCHASED BONDS

Any loans granted and purchased bonds, the financial assets with fixed or determinable payments, are measured at amortized cost as the Fund has the firm intention and the contractual and economic ability to hold it to maturity.

RECEIVABLES

Upon initial recognition, the receivables are recorded at fair value and subsequently valued at amortized cost. The fair value and amortized cost equal the nominal value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

CASH AND CASH EQUIVALENTS

Cash at bank and in hand is valued at nominal value and, insofar as not stated otherwise, is at the free disposal of the fund. Cash at bank and in hand relate to immediately due and payable withdrawal claims against credit institutions and cash resources. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date into there porting currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies. Cash and cash equivalents that are not readily available to the fund within 12 months are presented under financial fixed assets.

EQUITY

The equity of the Fund is limited to the net result and retained earnings. The net asset value of the Fund is allocated to the grant and redeemable grant contributors based on the waterfall model approved by the Board during 2019 and revised in 2021.

NON-CURRENT LIABILITIES

Grants and redeemable grants are classified as liabilities as the Fund has an obligation to repay an amount at a future date. The respective contribution agreements specify the timing and amount of this obligation. The grants and redeemable grants are initially recognized at fair value at the date that a capital call is issued to the contributor, and then subsequently measured at amortized cost. Transaction costs that are directly attributable to the acquisition or issue of a liability are included in the initial measurement. After initial recognition, non-current liabilities are measured at amortized cost. If no premium or discount or transaction costs are applicable, the amortized cost is equal to the nominal value of the liability.

CURRENT LIABILITIES

Current liabilities concern debts with a term of less than one year. Upon initial recognition, current liabilities are stated at fair value and then subsequently valued at the amortized cost. Transaction costs that are directly attributable to the acquisition or issue of a liability are included in the initial measurement. After initial recognition, current liabilities are measured at amortized cost. If no premium or discount or transaction costs are applicable, the amortized cost is equal to the nominal value of the liability.

CORPORATE INCOME TAX

In accordance with the tax ruling obtained from the Dutch tax authorities (as per article 900 of Book 7 of the Dutch Civil Code), the Fund is exempt from Dutch corporate income tax during the years 2017- 2021, provided that there is no material change of relevant law and/or the facts and circumstances as described in the tax ruling.

VAT

The Fund is not VAT exempt and therefore files VAT returns on a quarterly basis. The Fund does not provide any services within the European Union and therefore it is not required to levy VAT on the services which it provides, but can claim the input VAT, for which it is reimbursed.

INTEREST INCOME AND EXPENSE

Interest income is recognized in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognized in the period to which they belong. Premiums, discounts and redemption premiums are recognized as interest expense in the period to which they belong.

The allocation of these interest expenses and the interest income on the loan is the effective interest rate that is recognized in the profit and loss account. On the balance sheet, the amortized value of the debt(s) is recognized. The amounts of the premium that are not yet recognized in the profit and loss account and the redemption premiums already recognized in the profit and loss account, are recognized as an increase in debt(s) to which they relate. Amounts of the discount that are not yet recognized in the profit and loss account are recognized as a reduction of the debt(s) to which they relate.

INCOME AND EXPENSE RECOGNITION

Investment related interest income is recognized in the Income and expense recognition on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognized in the period to which they belong.

Other operating and non-investment related expenses and income are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

CASH FLOW

The cash flow statement is presented using the direct method.

CONTINGENT ASSETS AND LIABILITIES

Potential assets arising from events up to and including the balance sheet date, the existence of which depends on the occurrence or non-occurrence of one or more uncertain events in the future, without the legal entity being able to exercise decisive influence over them.

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity.

NOTES TO THE BALANCE SHEET

		31 DECEMBER 2021 USD	31 DECEMBER 2020 USD
ASSETS			
FIXED ASSETS			
Financial assets			
Investments [1]			
Promissory notes			
TLFF I PTE. LTD - Class B1a	(1)	16,743,751	19,748,864
TLFF I PTE. LTD - Class B1c	(2)	3,442,570	3,730,481
Loans			
DHARMA SATYA NUSANTARA TBK	(3)	30,135,135	30,305,000
AGROPECUÁRIA RONCADOR LTDA	(4)	10,088,447	10,111,333
MARFRIG GLOBAL FOODS S.A.	(5)	31,002,484	-
		<u>91,412,387</u>	<u>63,895,678</u>

The investments are valued at amortized cost less provision for ECL.

For the Promissory notes, an allowance is estimated based on lifetime expected credit losses. During the financial year, the Fund determined the credit risk of the Promissory notes to have increased significantly since initial recognition, indicated by an internal credit rating downgrade, considering past and current financial performance as well as future economic conditions expected, among other factors.

For the loans, an allowance is estimated based on 12-month expected credit losses. All loans have not had a significant increase in credit risk since initial recognition.

Due to the investments issued in USD, no sensitivity analysis has been performed for FX. As a result, there is no FX risk exposure.

(1) TLFF I PTE. LTD - Class B1a

Opening balance	19,748,864	19,719,059
Opening balance impact due to change in accounting principles ECL	(384,266)	-
Interest income	1,827,399	1,829,805
Interest received	(1,800,000)	(1,800,000)
Movement in provision for impairment	(2,648,246)	-
Closing balance	<u>16,743,751</u>	<u>19,748,864</u>

The promissory notes B1a were acquired on 26 February 2019. The notes mature on 23 February 2033 and bear a coupon of 9% per annum. The notes were purchased at a discount of USD 469,150. Amortization of the purchase discount is included in interest income.

(2) TLFF I PTE. LTD - Class B1c

Opening balance	3,730,481	3,719,645
Opening balance impact due to change in accounting principles ECL	(72,620)	-
Interest income	343,697	343,648
Interest received	(332,812)	(332,812)
Movement in provision for impairment	(226,176)	-
Closing balance	<u>3,442,570</u>	<u>3,730,481</u>

The promissory notes B1c were acquired on 26 February 2019. The notes mature on 23 February 2025 and bear a coupon of 8.875% per annum. The notes were purchased at a discount of USD 69,275. Amortization of the purchase discount is included in interest income.

	31 DECEMBER 2021 USD	31 DECEMBER 2020 USD
(3) DHARMA SATYA NUSANTARA TBK		
Opening balance	30,305,000	-
Opening balance impact due to change in accounting principles ECL	(455,835)	-
Loan disbursed - Facility A	-	5,000,000
Loan disbursed - Facility B	-	25,000,000
Interest income	1,825,001	500,000
Interest received	(1,825,000)	(195,000)
Movement in provision for impairment	285,969	-
Closing balance	30,135,135	30,305,000

The Facilities Agreement between the Fund and PT Dharma Staya Nusantara Tbk. (DSN), PT Dharma Intisawit Nugraha (DIN) and PT Karya Prima Agro Sejahtera (KPAS) was signed on 23 April 2020. The USD 5,000,000 Facility A was disbursed on 30 April 2020 and the USD 25,000,000 Facility B was disbursed on 21 October 2020. The facilities have a tenor of 10 years and bear interest at a rate of 6% per annum.

(4) AGROPECUÁRIA RONCADOR LTDA		
Opening balance	10,111,333	-
Opening balance impact due to change in accounting principles ECL	(11,300)	-
Loan disbursed	-	9,971,239
Interest income	302,618	140,094
Interest received	(299,097)	-
Movement in provision for impairment	(15,107)	-
Closing balance	10,088,447	10,111,333

The Loan and Guarantee Agreement between the Fund and Agropecuária Rencador Ltda. was signed on 30 April 2020 and the full loan amount of USD 10,000,000 was disbursed on 15 July 2020. The loan has a tenor of 8 years and bears interest at a rate of 2.95% per annum. The loan disbursed balance is net of capitalized transaction costs and fee income.

(5) MARFRIG GLOBAL FOODS S.A.		
Opening balance	-	-
Loan disbursed	30,000,000	-
Interest income	1,179,166	-
Movement in provision for impairment	(176,682)	-
Closing balance	31,002,484	-

The Loan and Guarantee Agreement between the Fund and Marfrig Global Foods S.A. was signed on 07 January 2021 and the full amount was disbursed on 23 March 2021. The loan has a tenor of 10 years and bears interest at a rate of 5% per annum.

PROVISION FOR IMPAIRMENT

		31 DECEMBER 2021 USD	31 DECEMBER 2020 USD
TLFF I PTE. LTD - Class B1a	(1)	(3,032,512)	-
TLFF I PTE. LTD - Class B1c	(2)	(298,796)	-
DHARMA SATYA NUSANTARA TBK	(3)	(169,866)	-
AGROPECUÁRIA RONCADOR LTDA	(4)	(26,407)	-
MARFRIG GLOBAL FOODS S.A.	(5)	(176,682)	-
		(3,704,263)	-
<i>(1) TLFF I PTE. LTD - Class B1a</i>			
Opening balance		-	-
Opening balance impact due to change in accounting principles ECL		(384,266)	-
Movement in provision for impairment		(2,648,246)	-
Closing balance		(3,032,512)	-
<i>(2) TLFF I PTE. LTD - Class B1c</i>			
Opening balance		-	-
Opening balance impact due to change in accounting principles ECL		(72,620)	-
Movement in provision for impairment		(226,176)	-
Closing balance		(298,796)	-
<i>(3) DHARMA SATYA NUSANTARA TBK</i>			
Opening balance		-	-
Opening balance impact due to change in accounting principles ECL		(455,835)	-
Movement in provision for impairment		285,969	-
Closing balance		(169,866)	-
<i>(4) AGROPECUÁRIA RONCADOR LTDA</i>			
Opening balance		-	-
Opening balance impact due to change in accounting principles ECL		(11,300)	-
Movement in provision for impairment		(15,107)	-
Closing balance		(26,407)	-
<i>(5) MARFRIG GLOBAL FOODS S.A.</i>			
Opening balance		-	-
Movement in provision for impairment		(176,682)	-
Closing balance		(176,682)	-

BREAKDOWN OF FINANCIAL ASSETS AS OF 31 DECEMBER 2021

	STAGE 1	STAGE 2	STAGE 3	TOTAL
Gross Amortized Value	71,599,020	23,517,629	Nil	95,116,649
Provision balance	(372,954)	(3,331,308)	Nil	(3,704,262)
Net Amortized Value	71,226,066	20,186,321	Nil	91,412,387

BREAKDOWN OF ECL PROVISION

				2021
	STAGE 1	STAGE 2	STAGE 3	TOTAL
Loans and promissory notes at amortized cost				
Balance at 1 January 2021	-	-	-	-
Opening balance impact due to change in accounting principles ECL	924,020	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(456,886)	456,886	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance*	(270,862)	2,874,422	-	-
New financial assets originated or purchased	176,682	-	-	-
Financial assets that have been derecognized	-	-	-	-
Unwind of discount	-	-	-	-
Write-offs	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Balance at 31 December 2021	372,954	3,331,308	-	3,704,262

* During the year, the ECL provisions for the Promissory notes, (TLFF I PTE.LTD – Class B1a and TLFF I PTE.LTD – Class B1C) and the loans, (DHARMA SATYA NUSANTARA TBK, AGROPECUÁRIA RONCADOR LTDA and MARFRIG GLOBAL FOODS S.A.) are re-measured on a quarterly basis.

* There have not been any write-offs yet.

	31 DECEMBER 2021	31 DECEMBER 2020
	USD	USD

CURRENT ASSETS

RECEIVABLES

Other receivables [2]

Value added tax receivable	105,805	110,660
	105,805	110,660

Other prepayments and accrued income [3]

Prepaid expenses	43,935	54,242
	43,935	54,242

Cash and cash equivalents [4]

Current account	1,683,031	4,043,017
Deposit account	14,000,000	-
	15,683,031	4,043,017

Cash and cash equivalents are freely at the disposal of the Fund. The Fund places excess cash in fixed term deposits until it is able to deploy these funds in investments. Fixed term deposit time periods are managed to coincide with likely deployment needs based on the progression of leads through the investment process.

EQUITY AND LIABILITIES**EQUITY [5]****Retained Earnings [5]**

Opening balance	60,753	1,157,918
Opening balance impact due to change in accounting principles ECL	(924,021)	-
Results for the year	1,699,522	(1,097,165)
Closing balance	836,254	60,753

NON-CURRENT LIABILITIES**Redeemable grants [6]**

Redeemable grants	11,925,000	6,925,000
	11,925,000	6,925,000

Unilever**UN Environment****Total****2021**

Contribution as at 1 January 2021	5,000,000	1,925,000	6,925,000
Contributions during the year	5,000,000	-	5,000,000
Closing balance	10,000,000	1,925,000	11,925,000

2020

Contribution as at 1 January 2020	-	1,925,000	1,925,000
Contributions during the year	5,000,000	-	5,000,000
Closing balance	5,000,000	1,925,000	6,925,000

Grants [7]

Grants	31 DECEMBER 2021	31 DECEMBER 2020
	90,938,710	58,331,622
	90,938,710	58,331,622

2021**KLD****Ford Foundation****Total**

Contribution as at 1 January 2021	58,331,622	-	58,331,622
Change in contribution due to FX movements	(2,844,040)	-	(2,844,040)
Contributions during the year	35,321,128	130,000	35,451,128
Closing balance	90,808,710	130,000	90,938,710

2020

Contribution as at 1 January 2020	56,877,244	-	56,877,244
Change in contribution due to FX movements	1,454,378	-	1,454,378
Closing balance	58,331,622	-	58,331,622

Long term loans [8]

Term Loan Facility	31 DECEMBER 2021	31 DECEMBER 2020
Interest accrued	2,500,000	2,500,000
Interest paid	79,896	5,881
	(74,014)	-
	2,505,882	2,505,881

The Fund received the term loan facility of USD 2,500,000 in 2020. The loan is repayable in 2032. There is no financial covenant applicable.

LIQUIDITY RISK

The Fund manages its liquidity, and its asset and liability matching, in accordance with its Liquidity Management Policy. In terms of the policy, the cash flow requirements of the Fund are managed in order to ensure that all of the Fund's financial commitments are met timeously; all of the Fund's expenses are duly paid when they all fall due; and the returns on cash balances are maximized through low risk short-term investments. The short term and the long term forecasts for the Fund's liquidity, and asset and liability matching, requirements are reviewed by the Board at each scheduled quarterly meeting.

The following are the overview of carrying amount of all liabilities at the reporting date and the cash outflow to meet each payment obligation in one year.

<u>31 DECEMBER 2021</u>	<u>TYPE</u>	<u>CARRYING AMOUNT</u> USD	<u>1 YEAR</u> USD
KLD	Grant	90,938,710	-
Ford Foundation	Grant	130,000	-
UN Environment	Redeemable Grant	1,925,000	-
Unilever	Redeemable Grant	10,000,000	-
HAPEP	Concessional loan	2,505,881	74,014

<u>31 DECEMBER 2020</u>	<u>TYPE</u>	<u>CARRYING AMOUNT</u> USD	<u>1 YEAR</u> USD
KLD	Grant	58,331,622	-
UN Environment	Redeemable Grant	1,925,000	-
Unilever	Redeemable Grant	5,000,000	-
HAPEP	Concessional loan	2,505,881	74,014

Due date of each liability:

1. UN Environment's redeemable grant is obligated to be repaid with 90 days of the repayment date (31 December 2037).
2. Unilever's redeemable grant: each funding amount shall become due for repayment to the contributor after 15 years from the date of the respective payment date for such funding amount. As of 31 December 2021, the USD 5 million received in 2020 will be due in 2035, and another USD 5 million received in 2021 will be due in 2036.
3. HAPEPE's concessional loan will be due in 2032.
4. KLD and Ford foundation is not applicable as they both are grant.

	<u>31 DECEMBER 2021</u> USD	<u>31 DECEMBER 2020</u> USD
--	--------------------------------	--------------------------------

CURRENT LIABILITIES

Accrued expenses and other liabilities [9]

Investment Advisor fee payable	468,750	-
Audit fee payable	50,959	81,320
Professional fee payable	317,610	-
Other payables	201,994	199,021
	<u>1,039,313</u>	<u>280,341</u>

NOTES TO THE PROFIT AND LOSS ACCOUNT

	2021 USD	2020 USD
Investment interest income [10]		
<i>Promissory notes</i>		
TLFF 1 PTE. LTD - Class B1a	1,827,399	1,829,805
TLFF 1 PTE. LTD - Class B1c	343,697	343,648
<i>Loans</i>		
DHARMA SATYA NUSANTARA TBK.	1,825,001	500,000
AGROPECUÁRIA RONCADOR LTDA	302,618	140,094
MARFRIG GLOBAL FOODS S.A.	1,179,166	-
	<u>5,477,881</u>	<u>2,813,547</u>

Investment interest income relates to the promissory notes and loans in which the Fund is invested.

General costs [11]		
Fund administration costs	67,533	62,333
Auditor's costs	87,916	75,329
Consulting fees (1)	386,468	257,463
Board Advisor fees (2)	107,287	133,076
Investment Advisor fees (3)	1,800,000	1,750,000
Other general and administrative expenses (4)	120,818	105,414
Board Remuneration (5)	110,000	110,000
Professional fees (6)	51,000	18,536
Bank charges	22,646	19,626
Insurance expenses	52,086	30,208
Performance fees (3)	317,610	-
VAT expense	150,067	(86,291)
Investment expenses	193,670	28,341
Legal fees	134,920	-
	<u>3,602,022</u>	<u>2,504,035</u>

NOTES:

(1) Consulting fees

Consulting fees include costs related to the Fund's jurisdictional eligibility criteria assessments, expert advice on tax, VAT, ESG and regulatory matters as requested on an ad hoc basis by the Fund.

(2) Board Advisor fees

As explained in section 2.5, the Board Advisor provides governance and operational support to the Board and the Advisory Board. The scope of work and respective budget of the Board Advisor is approved by the Board on an annual basis.

(3) Investment Advisor fees

As explained in section 2.4, the Investment Advisor is tasked with the day-to-day management of the Fund which includes identifying, structuring and negotiating loans, managing the investment pipeline, conducting due diligence and preparing borrower legal documentation, as well as providing ongoing investment and development performance monitoring and reporting.

In order to discharge its duties, the Investment Advisor has dedicated staff at its head office as well as in key Fund focus regions to engage potential or existing clients. Due to the nature of the investments and objectives of the Fund, potential investments are resource intensive and require thorough investigation by the Investment Advisor. Pre- investment periods can take up to 24 months of due diligence and require multiple trips to the site of the project. Having made a transaction, the Investment Advisor continues to actively engage and monitor clients' progress in achieving environmental and social targets/objectives, and where necessary serving on boards or sub-committees.

The Investment Advisor fee is based on the scope of the activities required to be performed by the Investment Advisor. Furthermore, the fee is structured to promote and maintain alignment of interests between the Investment Advisor and the Fund. Typically, the first years of a new Fund are used to build up to a sustainable portfolio, and the advisory fee for 2018, 2019 and 2020 (until December 2020) is a fixed fee of USD 1.75 million per annum, and in subsequent years, the advisory fee will be based on a fixed percentage of the amount of the total outstanding assets. It will be 2.0% per annum of the amount up to and including USD 250 million, 1.75% per annum of the amount up to and including USD 350 million, and 1.25% per annum of the amount exceeding USD 350 million. Over the Investment Advisory agreement term, the Investment Advisor may be eligible for an additional incentive payment in the event that the performance of the Fund outperforms a defined set of, mainly non-financial, targets set and agreed on a yearly basis with the Fund.

(4) Other general and administrative expenses

Other general and administrative expenses include costs related to the Fund's operations, including the costs of meetings and out-of-pocket expenses, marketing and fees related to the Fund's secure dataroom.

(5) Board Remuneration

The remuneration, and other terms of employment, for the members of the Board is determined by the Advisory Board. The remuneration is payable on a quarterly basis in relation to the attendance and preparation for meetings.

(6) Professional fees

Professional fees include recurring costs related to the management of the Fund, including remuneration to the Credit Committee that is payable on a quarterly basis in relation to the preparation for and attendance at Credit Committee meetings.

	2021 USD	2020 USD
Other interest and similar income [12]		
Interest received on deposits	9,799	167,965
	<u>9,799</u>	<u>167,965</u>
<i>Interest income consists of interest earned on the Fund's short-term interest-bearing accounts.</i>		
Movement in provision for impairment [13]		
<i>Promissory notes</i>		
TLFF I PTE. LTD - Class B1a TLFF I	2,648,246	-
PTE. LTD - Class B1c	226,176	-
<i>Loans</i>		
DHARMA SATYA NUSANTARA TBK.	(285,969)	-
MARFRIG GLOBAL FOODS S.A.	176,682	-
AGROPECUÁRIA RONCADOR LTDA	15,107	-
	<u>2,780,242</u>	<u>-</u>
Foreign currency result [14]		
FX change related to Grants	2,844,040	(1,454,378)
FX change related to Operations	100,543	(111,248)
Total	<u>2,944,583</u>	<u>(1,565,626)</u>

Given the nature of the Fund's global operations, it is exposed to foreign currency movements. This is due to the Fund using USD as its reporting currency while at times transacting in currencies other than the USD.

During the reporting period the Fund has been exposed to foreign currency movements in NOK and EUR.

Direct operating expenses of the Fund are partly in EUR and therefore the Fund keeps a limited balance in EUR on its accounts for those expenses.

The foreign currency position that the Fund holds in non-USD currencies may be open (i.e., unrealized) or closed (i.e. realized). Amounts invoiced to the Fund in a non-USD currency and paid at a later date will have a foreign currency movement. If this amount has been settled at the reporting date, it is considered closed and there is a realised foreign currency gain/loss. If it has yet to be settled at the reporting date, the Fund will have recognised an asset/liability at the reporting date and the position is open with foreign currency movements resulting in unrealised gains/losses.

The Fund does not hold any foreign currency hedging instruments.

Interest and similar expenses [15]

Negative interest on positive bank balance (1)	813	3,135
Interest on long term loan	74,015	5,881
Financing cost (2)	405,833	-
	<u>480,661</u>	<u>9,016</u>

(1) The interest was charged by Rabobank due to the negative interest rate on positive bank account.

(2) In March 2021 FMO made available a USD term facility (but not a revolving facility) in an aggregate amount of USD 25,000,000. In terms of the facility agreement, the Fund shall pay FMO a commitment fee in USD, computed at the rate of 1% per annum on the available facility, and a Front-End Fee equal to 1% of the facility amount and an annual monitoring fee of USD 10,000 per annum.

AVERAGE NUMBER OF EMPLOYEES

During the year ended 31 December 2021, the Fund did not employ any personnel (31 December 2020: nil).

RELATED PARTIES

The related parties include the Advisory Board, Board of Directors and Credit Committee.

During 2021, The members of Board of Directors received aggregate amount of USD 110,000 and the members of Credit Committee received aggregate amount of USD 51,000.

OFF-BALANCE-SHEET ITEMS - CONTINGENT ASSETS AND LIABILITIES

On 31 December 2021, the Fund entered into a loan agreement with AGROPECUARIA BAMBUSA S.A.S. ("HSJ") in accordance with which the Fund has committed a COP 30,000,000,000 loan to the borrower to be disbursed in 2 tranches of COP 18,000,000,000 and COP 12,000,000,000 each. The loan is recognised as a contingent liability as at 31 December 2021.

SUBSEQUENT EVENTS

On 11 March 2022, the Fund invested COP 18,000,000,000 in AGROPECUARIA BAMBUSA S.A.S. ("HSJ") as per the agreement dated 31 December 2021. The first COP 18,000,000,000 disbursement to HSJ has paid on 11 March 2022.

On 15 March 2022, the Fund requested drawdown from FMO with an amount of USD 25,000,000 in accordance with the Term Facility Agreement dated 5 March 2021. The payment was received on 22 March 2022.

On 31 March 2022, the Fund signed agreement to provide USD 12,000,000 credit facility to PT HILTON DUTA LESTARI ("HDL"). The first USD 6,000,000 disbursement to HDL was paid on 18 May 2022.

On 13 April 2022, the Fund requested a drawdown from FMO in the amount of USD 17,500,000 in accordance with the Concessional Debt Facility Agreement dated 25 November 2021. The payment was received on 22 April 2022.

On 12 May 2022, the Fund signed an agreement to provide USD 30,000,000 loan and guarantee agreement to FS Luxembourg S.À.R.L. and FS Agrisolutions Indústria de Biocombustíveis Ltda (collectively, "FS"). The full USD 30,000,000 disbursement to FS was paid on 13 June 2022.

On 18 August 2022, all of the promissory notes issued by TLFF I PTE. LTD ("TLFF") were redeemed by TLFF and the full principal amount of USD 23,750,000 was repaid to the Fund together with all accrued and unpaid interest up to the redemption date.

Regarding to the conflict between Ukraine and Russia, management considers the impact of the current situation, including possible non-compliance to sanction regulation, on the company's investments to be remote and consequently there is no impact on the company's 2021 financial statements.

The Board is not aware of any other significant events that have occurred since the balance sheet date that were not included in the financial statements.

Amsterdam, 02 Dec 2022

BOARD


Kleiterp, ND


Oorthuizen, HJM

Salim, FSR

Martinez, C



Independent auditor's report

To: the Board of Directors of Stichting andgreen.fund

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2021 of Stichting andgreen.fund, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting andgreen.fund as at 31 December 2021, and of its result for the year 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2021;
- 2 the profit and loss account for the year 2021;
- 3 the cash flow statement for the year 2021; and
- 4 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting andgreen.fund in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (VIO, Code of Ethics for Professional Accountants, a regulation with respect to Independence) and other relevant Independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

2193506/22X00185216AVN

Document to which the KPMG report (2193506/22X00185216AVN) dated 2 December 2022 also refers.

The Board of Directors is responsible for the preparation of the other information.

Description of the responsibilities for the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

2193506/22X00185216AVN

Document to which the KPMG report (2193506/22X00185216AVN) dated 2 December 2022 also refers.



- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 2 December 2022

KPMG Accountants N.V.

W.G. Bakker RA

2193300/22X001002 (RAVN)

Document to which the KPMG report (2193300/22X001002 (RAVN)) dated 2 December 2022 also refers.



info@andgreen.fund
www.andgreen.fund