

Prospectus

relating to Shares in

Investing for Development SICAV

Société d'investissement à Capital Variable, Luxembourg

FORESTRY AND CLIMATE CHANGE FUND

March 2020



**Forestry and Climate
Change Fund**

This is the Prospectus of Investing for Development SICAV, Forestry and Climate Change Fund.

Please contact the registered office if you are looking for the particulars of another Sub-Fund.

Important Information

This Prospectus comprises information relating to Investing for Development SICAV (the “Fund”), which is registered under Part II of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment. Such registration does not, however, imply approval by any Luxembourg authority of the contents of this prospectus (the “Prospectus”) or of the portfolio of assets held by the Fund. Any representation to the contrary is unauthorised and unlawful.

This Prospectus includes two sections: section I, containing the general provisions which are applicable to all Sub-Funds and section II, containing the Sub-Fund Particulars, detailing the specific provisions relating to each Sub-Fund.

The directors of the Fund (the “Directors”) are the persons responsible for the information contained in the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is at its date in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by or on behalf of, the Fund (the “Controller”) will be processed by the Controller in accordance with the Privacy Notice referred to in Section 13 “Data Protection” of the General Provisions of the Prospectus, a current version of which is available and can be accessed or obtained online at www.lmdf.lu/en/privacy and www.fccf.lu/en/privacy. Shareholders are informed that their personal data or information given in the Application Form, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of such Privacy Notice. Investors and any person contacting, or otherwise dealing directly or indirectly with the Controller are invited to read and carefully consider the Privacy Notice, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any Data directly or indirectly to the Controller.

The Fund draws the Investors’ attention to the fact that any Investor will only be able to fully exercise his/her/its investor rights directly against the Fund, notably the right to participate in general meetings of Shareholders, if the Investor is registered himself/herself/itself and in his/her/its own name in the register of Shareholders. In case where an Investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the Investor, as it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Fund, Investors are advised to take advice on their rights.

If you are in any doubt about the contents of the Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The most recent annual report and semi-annual report of the Fund are available, once published, at the registered office of the Fund and will be sent to Investors upon request. Such report or reports shall be deemed to form part of the Prospectus.

Statements made in the Prospectus are based on the law and practice currently in force in Luxembourg and are subject to changes therein.

No person has been authorised to give any information or to make any representations in connection with the offering of shares issued by the Fund (“Shares”) other than those contained in this Prospectus and the reports referred to above, and, if given or made, such information or representations must not be relied on as having been authorised by the Fund. The delivery of this Prospectus (whether or not accompanied by any report) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Fund have not changed since the date hereof. An amended or updated Prospectus shall be provided, if necessary, to reflect changes to the information contained herein.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Fund to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus may be translated into other languages. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text prevails to the extent permitted by the applicable laws or regulations, and all disputes as to the terms thereof are governed by, and construed in accordance with, the laws of Luxembourg.

The typical investor in the Fund is an individual or institution who has an interest in microfinance as an instrument for the advancement of marginalized populations in developing countries. The typical investor is aware that the Fund seeks dual objectives, social impact and financial return, and is willing to invest for the long term and accepts a possibly lower return on investment than available from purely return-oriented investment vehicles.

Investment in the Fund should be regarded as a long-term

investment. There can be no guarantee that the objective of the Fund will be achieved.

Before making an investment in the Fund, investors should consider carefully the information contained in the Prospectus and the KIID (as defined hereinafter), the latter being provided to investors prior to subscribing for Shares. Your attention is notably drawn to the Section 4 “Risk Factors and their Mitigation” and the risk sections of each specific section for each sub-fund (the “Sub-Fund Particulars”).

In addition, the Fund’s investments are subject to the risks inherent in all investments and there can be no assurances that appreciation will occur. It will be the policy of the Directors to maintain a diversified portfolio of investments so as to minimise risk.

Potential subscribers and purchasers of Shares in the Fund should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding and disposal of Shares in the Fund.

Potential subscribers should note that the structure of the Prospectus is made up of Section I which contains general provisions applicable to all Sub-Funds (as defined hereinafter) and the Fund as a whole, and of Section II which contains the provisions which are specific to each available Sub-Fund.

AIFM Law

The AIFMD 2011/61/EU of 8 June 2011 entered into force on 21 July 2011 and has been implemented into Luxembourg law by the law of 12 July 2013 (“AIFM Law”). The AIFM Directive seeks to regulate alternative investment fund managers (in this paragraph, “AIFM”) based in the EU or, under certain circumstances outside of the EU, and prohibits such managers from managing any alternative investment fund (in this paragraph, “AIF”) or marketing shares in such funds to EU investors unless authorization is granted to the AIFM. The AIFM Directive shall however not entirely apply to AIFMs, whether internally or externally managed within the meaning of the AIFM Directive, in so far as they manage portfolios of one or more AIFs whose assets under management, including any assets acquired through use of leverage, in total do not exceed a threshold of EUR 100 million. These AIFMs shall be subject to the regime of the registration with the CSSF and will mainly have to provide information on the different strategies of the

AIFs that they manage and regularly provide the CSSF with information on the main instruments in which they are trading, the principal exposures and most important concentrations of the AIFs that they manage.

The Fund is governed by Part II of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment and, as such, it automatically qualifies as an AIF.

The Fund is internally managed and will also be referred to as the AIFM in this document, where appropriate.

Considering the amount of assets under management, the Board of Directors has resolved to avail the AIFM of the above regime.

Therefore and pursuant to articles 3 (2) a) and 3 (3) of the AIFM Law, the AIFM is registered with the CSSF and does not need to be authorized by the CSSF as an AIFM.

It will be the responsibility of the Board of Directors to ensure that when the conditions set out above are no longer met, the Board of Directors will apply for authorization.

1933 Act and 1940 Act

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or registered or qualified under applicable state statutes and (except in a transaction which is exempt from registration under the 1933 Act and such applicable state statutes) none of the Shares may be offered or sold, directly or indirectly, in the United States of America or in any of its territories or possessions (the “United States”), or to any US Person or US taxable person regardless of location. In addition, the Fund has not been and will not be registered under the United States Investment Fund Act of 1940, as amended (the “1940 Act”) and Investors will not be entitled to the benefit of the 1940 Act.

The Fund will not knowingly offer or sell Shares to any Investor to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer or would result in the Fund being required to register under the 1940 Act. Shares may not be held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations. Each Investor must represent and warrant to the Fund that, among other things, he/she/it is able to acquire Shares without violating applicable laws. Power is reserved in the articles of association of the Fund (the “Articles”), to compulsorily redeem any Shares held directly or beneficially in contravention of these prohibitions.

FATCA

a) General rules and background

The Foreign Account Tax Compliance Act (“FATCA”), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US (“foreign financial institutions” or “FFIs”) to pass information about “Financial Accounts” held by “Specified US Persons”, directly or indirectly, to the US tax authorities, the Internal Revenue Service (“IRS”) on an annual basis.

A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement.

On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement (“IGA”) with the United States of America and a memorandum of understanding in respect thereof.

The Fund would hence have to comply with this Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the “FATCA Law”), in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA.

Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes (“FATCA reportable accounts”). Any such information on FATCA reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the Convention between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital, entered into in Luxembourg on 3 April 1996.

The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law, places upon it.

To ensure the Fund’s compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund may:

- i. request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder’s FATCA registration with the IRS or a corresponding exemption, in order to ascertain that Shareholder’s FATCA status;
- ii. report information concerning a Shareholder and his/her/its account holding in the Fund to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;
- iii. report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to Shareholders with FATCA status of a non-participating foreign financial institution;
- iv. deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- v. divulge any such personal information to any immediate payer of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

b) Restricted Fund

The Fund has elected to be classified as a Restricted Fund.

Under such “non reporting” status, the Fund does not need to register with the IRS or to report on any of its investors in Luxembourg, as long as investors in the Fund meet all required conditions under FATCA Rules.

The status of Restricted Fund is subject to strict limitations regarding the type of investors that are eligible to an investment in the Fund. Any Investor must therefore notify the Fund of any change relating to its FATCA status within 90 days of the date of this change.

Failure of investors to meet at all times the eligibility requirement according to the definition of “Restricted Fund” in the Glossary of Terms could result in the Fund losing its Restricted Fund status.

The Fund reserves the right to refuse any application for Shares if it would result from the information provided by a potential investor that it would not meet the eligibility criteria mentioned above.

Prevention of money laundering and terrorist financing

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism, the Grand-Ducal Regulation dated 1 February 2010, the CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements), obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from acts/ occurrences of money laundering and financing of terrorism. As a result of such provisions, the registrar and transfer agent of a Luxembourg UCI must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. Accordingly, the Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in the event of redemption, payment of redemption proceeds delayed. Neither the Fund nor the Registrar and Transfer Agent will be held responsible for said delay or for failure to process deals resulting from not providing documentation or providing incomplete documentation.

From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' ongoing due diligence obligations according to the relevant laws and regulations.

TABLE OF CONTENTS

Important Information	3
SECTION I: GENERAL PROVISIONS	9
DIRECTORY	10
GLOSSARY OF TERMS	10
1. Structure of the Fund	13
2. Investment objectives and policies	13
3. Investment restrictions	13
4. Risk factors and their mitigation	13
5. Shares	13
6. How to deal	14
7. Net Asset Value	14
8. Management and Administration of the Fund	16
9. Fees and Expenses	18
10. Dividend policy	18
11. Taxation in Luxembourg	18
12. General information	20
SECTION II: SUB-FUND PARTICULARS	25
FORESTRY AND CLIMATE CHANGE FUND	26
1. Name of the Sub-Fund	27
2. Investment Objectives of the Sub-Fund	27
3. Background	27
4. Investment Policy and Strategies	28
5. Investment Restrictions	29
6. Investments identification and monitoring procedure	30
7. Investment - Reinvestment - Follow-on Investment	31
8. Duration	31
9. Securities to be issued by the Sub-Fund	31
10. Shares - Dealing Process	34
11. Distribution	37
12. Calculation of Net Asset Value	37
13. Management Structure of the Sub-Fund	39
14. Risk Factors and Risk Mitigation	40
APPENDIX I SPECIAL INVESTMENT AND HEDGING TECHNIQUES AND INSTRUMENTS	44

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SECTION 1: GENERAL PROVISIONS

DIRECTORY

Registered Office

2, place de Metz
L-1930 Luxembourg

Board of Directors

Chair:

Mr Raymond Schadeck, Independent

Other members:

- Mr Patrick Losch, Independent Director
- Mr Michel Haas, Ministry of Finance
- Mr Michel Maquil, Appui au Développement Autonome (ADA)
- Ms Natalia Oskian (née Tchassovaia), Independent Director
- Mr Raoul Stefanetti, Banque Internationale à Luxembourg
- Mr Dzemal Tomic, Banque et Caisse d'Epargne de l'Etat
- Ms Monica Tiuba Nogueira, Independent Director
- Mr Kaspar Wansleben, Executive Director
- Ms Marie-Anne Marx, Directorate of Development Cooperation, Ministry of Foreign and European Affairs

Depositary, Paying and Domiciliation Agent

Banque et Caisse d'Epargne de l'Etat, Luxembourg
1, place de Metz
L-2954 Luxembourg

Administrative Agent and Registrar and Transfer Agent

European Fund Administration S.A.
2, rue d'Alsace
L-1017 Luxembourg

Approved Statutory Auditor

KPMG Luxembourg
société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Legal Advisors

Elvinger Hoss Prussen
société anonyme
2, Place Winston Churchill
L-1340 Luxembourg

GLOSSARY OF TERMS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

« Administrative Agent »	European Fund Administration S.A. (EFA).
« Application Form »	Document signed or to be signed by an Investor who desires to subscribe to Shares (Commitment Agreement for example).
« Approved Statutory Auditor »	KPMG Luxembourg
« Articles »	The articles of association of the Fund as amended from time to time.
« BCEE »	Banque et Caisse d'Epargne de l'Etat, Luxembourg.
« Board of Directors »	The board of directors of the Fund.
« Business Day »	A week day on which banks are normally open for business in Luxembourg.
« Class »	Each class of Shares within any Sub-Fund of the Fund.
« Depositary »	Banque et Caisse d'Epargne de l'Etat, Luxembourg (BCEE).
« Director »	Any director for the time being of the Fund.
« EFA »	European Fund Administration S.A.
« EU »	European Union.
« Euro » or « EUR » or « € »	The legal currency of the European Monetary Union.
« FATCA Rules »	Refers to the Intergovernmental Agreement (IGA) entered into between the Luxembourg and US governments on March 14, 2014, the Luxembourg law transposing the IGA, as well as, to the extent relevant, provisions of the US Foreign Account Tax Compliance.
« FFI »	Foreign Financial Institution.
« Fund »	Investing for Development SICAV.
« IGA »	Intergovernmental Agreement.
« Investor »	An investor who has made a commitment to subscribe, or has subscribed, to Shares.
« Key Investor Information Document »	In order to help investors understand the nature and the risks of investing in the relevant Sub-Fund, the Fund publishes a Key Investor Information

	Document (a «KIID») for each Share Class of each Sub-Fund, which contains the information required by applicable laws and regulations, notably in accordance with Commission Regulation (EU) n° 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website.		and liabilities within the Fund, having its own Net Asset Value and represented by one or more Classes, the features of which are specified in the relevant Sub-Fund Particulars in Section II of the Prospectus.
		«Sub-Fund Particulars»	The particular features of each Sub-Fund as disclosed in Section II of the Prospectus.
		«UCI»	Undertaking for collective investment, i.e. undertaking the sole objective of which is the collective investment in securities, financial instruments or other assets.
«Law»	The Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.	«US»	United States of America.
«Management»	Director or committee composed of persons (who are not necessarily Directors) in charge of the day-to-day management of the Fund.	«US Person»	The term «US Person» shall have the meaning as described in the US Securities Act of 1933 and in the Foreign Account Tax Compliance Act.
«Mémorial»	The <i>Mémorial C, Recueil des Sociétés et Associations</i> .	«USD»	United States dollars, the legal currency of the United States of America.
«Net Asset Value» or «NAV»	The net asset value of the Fund, a Sub-Fund, a Class or per Share as determined pursuant to Section 7 «Net Asset Value».	«Valuation Day»	Means the day as at which the NAV is determined, as detailed for each Sub-Fund, in the relevant Sub-Fund Particulars.
«NFFE»	Non-Financial Foreign Entity.		Words importing the singular shall, where the context permits, include the plural and vice versa.
«Prospectus»	This prospectus, being composed of Section I «General Provisions» and of Section II «Sub-Fund Particulars».		
«Restricted Fund»	An investment fund which in accordance with FATCA Rules is either: <ul style="list-style-type: none"> • sold through one of the following entities acting as nominee: <ul style="list-style-type: none"> - a reporting FFI - a non reporting FFI under an IGA - a Participating FFI - a registered deemed compliant FFI - a non-registering Local Bank or restricted distributor or • in relation to investors subscribing directly in the Fund (or through an intermediary which is not acting as a nominee), such investors may not be Specified U.S. Persons, non Participating FFIs or Passive NFFEs with one or more substantial owners or U.S. controlling person. 		
«Shares»	Any share in the Fund from any Class within any Sub-Fund subscribed by any Shareholder.		
«Shareholder(s)»	All or any of the shareholders of the Fund or of any Sub-Fund, as applicable.		
«Sub-Fund»	A specific portfolio of assets		

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1. Structure of the Fund

1. Structure of the Fund

The Fund is an open-ended investment company organised as a public limited company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and qualifies as a *société d'investissement* à capital variable (SICAV). The Fund is authorised as an undertaking for collective investment (“UCI”) under Part II of the Law.

The Fund was incorporated for an unlimited period under the name of Luxembourg Microfinance and Development Fund in Luxembourg on 7 October 2009. The capital of the Fund shall be equal at all times to the net assets of the Fund. The minimum capital of the Fund, as prescribed by law, is Euro 1,250,000. The Articles were deposited with the *Registre de Commerce et des Sociétés, Luxembourg* and were published in the *Mémorial* on 2 November 2009. The Articles have been amended on 16 May 2017. These amendments have been deposited with the *Registre de Commerce et des Sociétés, Luxembourg* and published in the *Recueil Electronique des Sociétés et Associations*.

The Fund is registered with the *Registre de Commerce et des Sociétés, Luxembourg* under number R.C.S. B 148826.

The Fund is an umbrella fund and as such may operate separate Sub-Funds, each of which is represented by one or more Classes of Shares. The Sub-Funds are distinguished by their specific investment policy or any other specific features disclosed in the relevant Sub-Fund Particulars.

The Fund constitutes a single legal entity. However, the assets of each Sub-Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Sub-Fund and the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

The Board of Directors may at any time resolve to set up new Sub-Funds and/or create within each Sub-Fund one or more Classes, in which case the Prospectus will be updated accordingly. The Board of Directors may also at any time resolve to close, temporarily or permanently, a Sub-Fund, or one or more Classes within a Sub-Fund, to further subscriptions.

The Shares of the Fund are currently not listed on a stock exchange. The Board of Directors reserves the right to list the Shares of one or several Sub-Funds or Classes in the future. In such event, the relevant Sub-Fund Particulars will be amended accordingly.

Under Luxembourg law and its Articles, the Fund is authorised

to issue an unlimited number of Shares, all of which are without par value.

The base currency of the Fund is the EUR and all the financial statements of the Fund will be presented in EUR.

2. Investment objectives and policies

The exclusive objective of the Fund is to place the funds available to it in securities of any kind and other permitted assets with the purpose of spreading investment risks and affording its Shareholders the results of the management of its portfolio.

Each Sub-Fund shall pursue a distinct investment policy and the investment restrictions may differ for each of them. The investment policy and, as the case may be, specific investment restrictions, are disclosed for each Sub-Fund in the relevant Sub-Fund Particulars.

3. Investment restrictions

Any investment restrictions applicable to each Sub-Fund are disclosed in the relevant Sub-Fund Particulars.

4. Risk factors and their mitigation

The investments of the Fund are subject to risks inherent in any investment. It cannot therefore be guaranteed that the investment objectives will be achieved.

Investors must therefore be aware that the value of their investment may fall as well as rise and that past performance is not a guide to future performances. Moreover, Investors may lose some or all of their investment.

Please refer to the relevant Sub-Fund Particulars listing the risk factors particularly applicable to each of the Sub-Funds.

5. Shares

Shares will be issued in registered form. Shareholders will receive a confirmation of their shareholding. Share certificates will only be issued upon request and at the expense of the Shareholder.

Under the conditions provided for by Luxembourg law, the Board may at its discretion decide to issue, in addition to Shares in registered form, Shares in dematerialised form.

Under the same conditions, holders of registered Shares may

also request the conversion of their Shares into dematerialised Shares. The costs resulting from the conversion of registered Shares at the request of their holders will be borne by the latter unless the Board decides that it is in the interests of the relevant Sub-Fund that these costs are borne by such Sub-Fund.

The inscription of the Shareholder's name in the register of Shareholders evidences his/her/its right of ownership of Shares.

Fractions of Shares up to three decimal places will be issued if so decided by the Board of Directors. Such fractions of Shares shall not be entitled to vote but shall be entitled to participate in the net assets and any distributions attributable to the relevant Class on a pro rata basis.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each Share of the Fund, irrespective of any Sub-Fund, is entitled to one vote at any general meeting of Shareholders, in compliance with Luxembourg law and the Articles.

Within each Sub-Fund, several Classes of Shares may be issued. More information is disclosed in the relevant Sub-Fund Particulars.

The Fund has elected to be treated as Restricted Fund under FATCA Rules, as further defined herein. This election involves a series of restrictions regarding the type of investors, and the circumstances under which such investors may qualify for an investment in the Fund.

Potential investors shall in particular refer to the definition of "Restricted Fund" in order to determine whether they may invest in Shares of the Fund. Investors are advised to consult their tax and legal counsel as necessary.

6. How to deal

6.1 Issue of shares

Shares will be issued and distributed in accordance with the provisions of the relevant Sub-Fund Particulars.

6.2 Redemption

The Articles provide that the Board of Directors, on behalf of the Fund, may compulsorily redeem the Shares held by any person, firm or corporate body, if in the opinion of the Fund such holding may be detrimental to the Fund, if it may result in a breach of any law or regulation whether Luxembourg or foreign, or if as a result thereof the Fund may become subject

to laws other than those of the Grand Duchy of Luxembourg (including but without limitation tax laws); specifically but without limitation the Fund may compulsorily redeem Shares held by any U.S. Person. For the avoidance of doubt, the Board of Directors may notably redeem Shares of any Investor not complying with the eligibility according to the definition of "Restricted Fund".

The redemptions of the Shares and the acceptance of any application for redemption is to be made in accordance with the relevant Sub-Fund Particulars, and contingent upon the satisfaction of any conditions (including any minimum redemption/subsorption and prior notice requirements) applicable to the Sub-Fund/Class from/into which the redemption is to be effected.

6.3 Conversion

The conversions of the Shares and the acceptance of any application for conversion is to be made in accordance with the relevant Sub-Fund Particulars, and contingent upon the satisfaction of any conditions (including any minimum redemption/subsorption and prior notice requirements) applicable to the Sub-Fund/Class from/into which the conversion is to be effected.

7. Net Asset Value

7.1 Valuation of Assets

The NAV of each Class of each Sub-Fund, determined as at the Valuation Day, and the conditions of valuation of the Assets of each Sub-Fund, are disclosed in the relevant Sub-Fund Particulars.

The NAV in respect of each Class of each Sub-Fund shall be expressed in the currency in which the Shares of such Class are denominated and shall be calculated as at any Valuation Day by dividing the net assets of each Class and/or Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such Class and/or Sub-Fund as at any such Valuation Day) by the total number of Shares in the relevant Class and/or Sub-Fund then outstanding. The NAV per Share may be rounded up or down to the nearest second decimal.

The Fund and its Administrative Agent will make all reasonable efforts to correctly assess the value of the underlying investments of each Sub-Fund based on the information made available to them at the time of determining such value. The Fund and its Administrative Agent intend to calculate the NAV as soon as possible once they have collected the information and data necessary to perform a reasonably

correct assessment of the value of the underlying investments of the relevant Sub-Fund. The NAV calculated on this basis will be binding upon the Fund and its Shareholders. However, if, since the time of determination of the NAV as at the relevant Valuation Day, there has been a substantial change in the valuation of the investments attributable to the relevant Sub-Fund, the Board of Directors may, in order to safeguard the interests of the Shareholders and of the Fund, cancel the first NAV and carry out a second valuation until any subscription, redemption or conversion has been processed on the basis of the NAV so determined. All subscription, redemption and conversion requests shall be treated on the basis of this second valuation.

The NAV is determined as at the applicable Valuation Day in accordance with the terms of each Sub-Fund Particulars, on the basis of the value of the underlying investments of the relevant Sub-Fund determined as follows:

- (a) Debt instruments not listed or dealt in on any stock exchange or any other regulated market that operates regularly, is recognized and open to the public will be valued at the nominal value plus accrued interest. Such value will be adjusted, if appropriate, to reflect e.g. major fluctuations in interest rates in the relevant markets or the appraisal of the Board of Directors on the creditworthiness of the relevant debt instrument. The Board of Directors will use its best endeavours to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments will be valued at their fair value as determined in good faith by the Board of Directors. If the Board of Directors believes that a deviation from this method of valuation may result in material dilution or other unfair results to Shareholders, the Board of Directors will take such corrective action, if any, as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.
- (b) Capital participations not listed or dealt in on any stock exchange or any other regulated market that operates regularly, is recognized and open to the public will be valued at their reasonably foreseeable sales price determined prudently and in good faith pursuant to procedures established by the Board of Directors.
- (c) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

(d) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.

(e) The value of assets dealt in on any other regulated market is based on the last available price.

(f) The value of units or shares in UCIs is based on their last-stated net asset value. Other valuation methods may be used to adjust the price of these units or shares if, in the opinion of the Fund, there have been changes in the value since the net asset value has been calculated or the valuation method used by the UCIs is not appropriate to reflect the fair value thereof.

(g) For assets that are not listed nor dealt in on any stock exchange or any other regulated market and which are not mentioned above or in the event that, for any assets, the price as determined pursuant to sub-paragraph (d) or (e) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at the rate of exchange ruling in Luxembourg as at the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion, may permit some other method of valuation to be used, if it considers that such valuation better reflects the fair value of any asset of the Fund.

The NAV and the issue, redemption and conversion prices for the Shares of each Class of each Sub-Fund may be obtained during business hours at the registered office of the Administrative Agent.

The NAV determined as at a Valuation Day will normally be available at the registered office of the Administrative Agent within 45 calendar days after that Valuation Day and in any case no later than the following Valuation Day.

7.2 Suspension of the Calculation of the Net Asset Value

In each Sub-Fund, the calculation of the NAV and the issue, redemption and conversion of Shares may be temporarily suspended:

- (a) during any period when any one of the stock exchanges or other principal markets on which a substantial portion of the assets of the Fund attributable to such Sub-Fund(s), from time to time, is quoted or dealt in is closed (otherwise than for ordinary holidays) or during which dealings therein are restricted or suspended provided that such restriction or suspension affects the valuation of the investments of the Fund attributable to such Sub-Fund(s) quoted thereon; or
- (b) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Board of Directors, or the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors, disposal or valuation of the assets held by the Fund attributable to such Sub-Fund(s) is not reasonably practicable without this being seriously detrimental to the interests of Shareholders, or if in the opinion of the Board of Directors the issue and, if applicable, redemption prices cannot fairly be calculated; or
- (c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the Fund attributable to such Sub-Fund(s) or the current prices or values on any stock exchanges or other markets in respect of the assets attributable to such Sub-Fund; or
- (d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund(s) or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of the Fund cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- (e) from the time of publication of a notice convening an extraordinary general meeting of Shareholders for the purpose of winding up the Fund or any Sub-Fund(s), or merging the Fund or any Sub-Fund(s), or informing the Shareholders of the decision of the Board of Directors to terminate or merge any Sub-Fund(s); or
- (f) when for any other reason, the prices of any investments owned by the Fund attributable to such Sub-Fund cannot be promptly or accurately ascertained; or
- (g) during any other circumstance where a failure to do so might result in the Fund, any of its Sub-Funds or its Shareholders incurring any liability, pecuniary disadvantages or any other detriment which the Fund, the Sub-Fund or its Shareholders might so otherwise not have

suffered; or

- (h) during any period when in the opinion of the Board of Directors there exist circumstances outside of the control of the Fund where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of the concerned Sub-Fund(s).

Notice of the beginning and of the end of any period of suspension shall be given by the Fund to all the Shareholders affected, i.e. having made an application for subscription, redemption, transfer or conversion of Shares for which the calculation of the NAV has been suspended.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the NAV in the relevant Sub-Fund, in which case Shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with as at the first applicable Valuation Day following the end of the period of suspension.

8. Management and Administration of the Fund

8.1 Board of Directors

The Board of Directors shall have the broadest powers to act in any circumstances on behalf of the Fund, subject to the powers assigned by law and the Articles to the general meeting of Shareholders.

The Board of Directors has been given power to administer and manage the Fund and to decide on its objectives and on the investment policy to be pursued by each Sub-Fund.

The Fund may indemnify any Director against expenses reasonably incurred by him/her/it in connection with any action, suit or proceeding to which he/she/it may be made a party by reason of him/her/it being or having been a director of the Fund, except in relation to matters as to which he/she/it shall be finally adjudged in such action, suit or proceeding to be liable of gross negligence or misconduct. The foregoing right of indemnification shall not exclude other rights to which he/she/it may be entitled.

8.2 Management

The Board of Directors may delegate the day-to-day management of the Fund to one of its members or to a committee composed of several persons who are not necessarily members of the Board of Directors (such director or committee is herein referred to as the "Management"). The Management shall notably be in charge of the financial

management of the Fund’s portfolio, risk management, reporting to Shareholders, relations with third parties such as supervisory authorities and external consultants, the organisation of internal administrative procedures and any other regular day-to-day tasks as delegated by the Board of Directors.

At the date of this Prospectus, the Board of Directors has delegated the day-to-day management of the Fund to Kaspar Wansleben. Kaspar Wansleben assumes as such a full time position. He is supported by a dedicated team of one or several persons (the “Support Team”). In consideration of the services rendered to the Fund, the Management and the Support Team are entitled to receive a fee as disclosed for each Sub-Fund in the relevant Sub-Fund Particulars.

The Board of Directors may further establish an investment committee for each Sub-Fund as set out in the relevant Sub-Fund Particulars.

8.3 Depositary and Domiciliation

BCEE has been appointed as the custodian of the assets of the Fund (the “Depositary”). The Depositary and the Fund may terminate the appointment of the Depositary at any time upon three months’ written notice. In the event of termination of the appointment of the Depositary, the Fund will use its best endeavours to appoint within two months of such termination, a new depositary who will assume the responsibilities and functions of the Depositary. Pending the appointment of a new depositary, the Depositary shall take all necessary steps to ensure good preservation of the interests of the Shareholders. After termination as aforesaid, the appointment of the Depositary shall continue thereafter for such period as may be necessary for the transfer of all assets of the Fund to the new depositary.

The Depositary shall assume its functions and responsibilities in accordance with the provisions of the Law.

8.4 Administrative Agent

By an agreement dated 7 October 2009 (the “Administrative Agreement”), the Fund has appointed EFA as administrative, registrar and transfer agent of the Fund.

As such, EFA is responsible for processing of the issue (registration), redemption, transfer and conversion of the Shares and settlement arrangements thereof, keeping the register of the Fund’s Shareholders, calculating the Net Asset Value per Share, maintaining the records, and other general administrative functions.

The Administrative Agreement is entered into for an unlimited

term and may be terminated by either party subject to a written notice of three months.

8.5 Distributors

The Board of Directors may designate one or several distributors to distribute or arrange for the distribution of Shares of the Sub-Funds, as disclosed in the relevant Sub-Fund Particulars.

Distributors shall abide by and enforce all the terms of this Prospectus including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Shares. Distributors shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients.

Any distributor(s) appointed to market and place the Shares of the Fund have the power to offer directly, or through any of their subsidiaries or group companies, nominee services for applicants purchasing Shares through them to the extent such distributor(s) are located in a FATF (Financial Action Task Force) Country and submitted to anti-money laundering regulations.

Applicants may elect, but are not obliged, to make use of such nominee service pursuant to which the nominee will hold Shares in its name for and on behalf of the applicants who shall be entitled at any time to claim direct title to the Shares and who, in order to empower the nominee to vote at any general meeting of Shareholders, shall provide the nominee with specific or general voting instructions to that effect. Applicants retain the ability to directly invest in the Fund without using a nominee service.

8.6 Auditor

KPMG Luxembourg has been appointed as Approved Statutory Auditor of the Fund and will audit the Fund’s annual financial statements.

8.7 Conflicts of Interest

The Directors, the Administrative Agent, the Depositary and the investment advisors may from time to time act as promoter, manager, investment manager, investment adviser(s), registrar, transfer agent, administrator, trustee, depositary, director or placing agent to, or be otherwise involved in, other UCIs which have similar investment objectives to those of the Fund or may otherwise provide discretionary fund management or ancillary administration or depositary services to investors with similar investment objectives to those of the Fund. It is, therefore, possible that any of them may, in the course of their business,

have potential conflicts of interests with the Fund. Each will at all times have regard in such event to its obligations to the Fund and they will endeavour to resolve such conflicts fairly.

In the event that any Director has a direct or indirect financial interest conflicting with that of the Fund in a transaction which has to be considered by the Board of Directors, that director shall be obliged to advise the Board of Directors and cause a record of his/her/its statement to be included in the minutes of the meeting. This Director may not deliberate or vote upon any such transaction.

At the next following general meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of the Fund.

9. Fees and Expenses

9.1 Depositary and Administrative Fees

The Depositary and Administrative Agents are entitled to receive out of the assets of the Fund fees calculated in accordance with normal banking practice in Luxembourg and payable periodically at a rate based on the average gross asset value of the Fund over the relevant period.

In addition, the Depositary and Administrative Agents are entitled to be reimbursed by the Fund for their reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents.

All the above charges are subject to review from time to time. For its duties as depositary, the Depositary's fees will be calculated by reference to a percentage of the average gross assets held on behalf of the Fund, subject to an annual minimum fee, and will be paid quarterly in arrears.

9.2 Other Fees and Expenses

The Fund also pays (a) the charges and expenses of advisers and Approved Statutory Auditor, (b) any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies, (d) allowances and reimbursable expenses, payable to the Directors, (e) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (f) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, as the case may be, (g) marketing and promotional expenses and (h) all other organisational and operating expenses, including

among others due diligence expenses.

9.3 Formation and launching expenses of additional Sub-Funds

The costs and expenses incurred in connection with the creation of a new Sub-Fund shall be written off over a period not exceeding five years against the assets of such Sub-Fund only and in such amounts each year as determined by the Board of Directors on an equitable basis.

10. Dividend policy

The primary investment objective of the Fund is to achieve long-term growth. The Fund's operating plan in general does not contemplate payment of dividends to Shareholders.

11. Taxation in Luxembourg

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Luxembourg.

11.1 The Fund

The Fund is not subject to taxation in Luxembourg on its income, profits or gains. The Fund is not subject to net wealth tax in Luxembourg.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares of the Fund.

As a matter of principle, the Fund is liable in Luxembourg to a subscription tax (*taxe d'abonnement*) at a rate of 0.05% per annum on its net asset value, such tax being payable quarterly and calculated on the basis of the total net assets of the Fund at the end of the relevant quarter. Classes of Shares held exclusively by institutional investors are subject to a reduced rate of 0.01%. Some Sub-Funds, in particular those, whose main objective is the investment in microfinance institutions,

are exempted from such a subscription tax; in accordance with article 175 of the Law. The tax status of each Sub-Fund is disclosed in the relevant Sub-Fund Particulars.

11.2 Withholding tax

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of the withholding tax rate.

Distributions made by the Fund as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

11.3 Taxation of the Shareholders

11.3.1 Luxembourg-resident individuals

Capital gains realised on the sale of the Shares by Luxembourg-resident individual Investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- the Shares are sold within 6 months from their subscription or purchase; or
- if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, of more than 10% of the share capital of the Fund.

Distributions received from the Fund will be subject to Luxembourg personal income tax.

Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*). An additional temporary income tax of 0,5% (*impôt d'équilibre budgétaire temporaire*) will be due for the year 2016 by Luxembourg individuals subject to the Luxembourg State social security scheme in relation to their professional and capital income.

11.3.2 Luxembourg-resident corporate

Luxembourg-resident corporate Investors will be subject to corporate taxation at the rate of 29.22% (in 2016 for entities having their registered office in Luxembourg-City) on capital

gains realized upon disposal of Shares and on the distributions received from the Fund.

Luxembourg-resident corporate Investors who benefit from a special tax regime, such as, for example, (i) UCIs subject to the Law, (ii) specialised investment funds subject to the law of 13 February 2007 on specialised investment funds ("SIF"), as amended, (iii) reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds ("RAIF") or (iv) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, as amended, are exempt from income tax in Luxembourg, but are instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realized thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg-resident corporate Investors except if the holder of the Shares is (i) a UCI subject to the Law, (ii) a vehicle governed by the law of 22 March 2004 on securitization, as amended, (iii) an investment company in risk capital subject to the law of 15 June 2004 on the investment company in risk capital, as amended, (iv) a SIF, (v) a RAIF or (vi) a family wealth management company subject to the law of 11 May 2007 related to family wealth management companies, as amended. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth exceeding EUR 500 million.

11.3.3 Non Luxembourg residents

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realized upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax.

11.4 Automatic Exchange of Information ("AEOI")

The Organisation for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive will apply for the first time by 30 September 2018 for the calendar year 2017, i.e. the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003, as amended (the "Savings

Directive”) will apply for one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (“CRS Law”). The CRS Law requires Luxembourg financial institutions to identify financial asset holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report the financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD’s multilateral competent authority agreement (“Multilateral Agreement”) to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors in the Fund may therefore be reported to the Luxembourg and other relevant tax authorities in accordance with applicable rules and regulations.

Investors should consult their professional advisers on the possible tax and other consequences with respect to the implementation of the CRS.

12. General information

12.1 Reports

The financial year of the Fund ends on 31 March in each year.

Audited financial statements of the Fund made up to 31 March in each year will be prepared in Euro and are made available at the Fund’s registered office to Shareholders within four months after 31 March of each year. Copies of the latest annual report will be sent to Shareholders free of charge on request.

In addition, unaudited semi-annual reports are also made available at the registered office of the Fund within two months after 30 September of each year.

12.2 Meetings of Shareholders

The annual general meeting of Shareholders of the Fund will be held at the registered office of the Fund, or at such other place in the municipality of the registered office, in the Grand Duchy of Luxembourg at any time but no later than within 6 months from the end of the previous financial year, as determined by the Board of Directors.

Notices of all general meetings, setting forth the agenda and specifying the time and place of the meeting and the conditions of admission thereto and referring to quorum and majority requirements, will be sent to Shareholders, at least 8 days prior to the meeting, in the conditions set forth in the Articles.

Under the conditions set forth in Luxembourg laws and regulations, any such notice may provide that the quorum and the majority at the related general meeting shall be determined according to the Shares issued and outstanding at a certain date and time before such general meeting (the “Record Date”), whereas the right of a Shareholder to attend a general meeting of Shareholders and to exercise the voting rights attaching to his/her/its Shares shall be determined by reference to the Shares held by this shareholder as at the Record Date.

The Articles make provision for meetings of Shareholders. Every Shareholder present in person or by proxy has the same number of votes as the number of Shares in the property of the Fund represented by the Shares of which he/she/it is the Shareholder. Voting in respect of fractions of Shares is not permitted.

12.3 Amendments to the Articles

Proceedings of any extraordinary general meeting called upon to resolve on amendments to the Articles shall not be valid unless at least one half of the capital is represented and the agenda indicates the proposed amendments to the Articles and, where applicable, the text of those which concern the objects or the form of the Fund. If the first of these conditions is not satisfied, a second meeting may be convened, in accordance with applicable law. The convening notice shall reproduce the agenda, indicating the date and results of the previous meeting. The proceedings of the second meeting shall be valid regardless of the proportion of the capital represented. At both meetings, resolutions shall be validly passed if they are passed by two-thirds of the votes cast.

12.4 Liquidation of the Fund

The Fund may at any time be dissolved by a resolution of the general meeting of Shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital of EUR 1,250,000.-, the question of the dissolution of the Fund shall be referred to a general meeting of Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide the dissolution by simple majority of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of Shareholders whenever the share capital falls below one-fourth of the minimum capital of EUR 1,250,000.-; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by Shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days as from ascertainment that the share capital has fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities and do not need to be Shareholders; the general meeting of Shareholders shall appoint them and determine their powers and their compensation.

The net proceeds of liquidation corresponding to each Class in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant Class in the relevant Sub-Fund in proportion to their holding of such Shares in such Class.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of Law, which specifies the steps to be taken to enable Shareholders to participate in the distribution(s) of the liquidation proceeds and provide for a deposit in escrow at the *Caisse de Consignation* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

12.5 Liquidation or Amalgamation of Sub-Funds

If the net assets of any Sub-Fund or Class fall below or do not reach an amount determined by the Board of Directors to

be the minimum level for such Sub-Fund or such Class to be operated in an economically efficient manner or if a change in the economic, monetary or political situation relating to the relevant Sub-Fund or Class would have material adverse consequences on the investments of that Sub-Fund or Class or otherwise justifies it or in order to proceed to an economic rationalization, the Board of Directors has the discretionary power to liquidate such Sub-Fund or Class by compulsory redemption of Shares of such Sub-Fund or Class at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) calculated as at the Valuation Day at which such a decision shall take effect. The decision to liquidate will be published by the Fund prior to the effective date of the liquidation and the publication will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors decides otherwise in the interests of, or in order to keep equal treatment between, the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charge (but taking into account actual realisation prices of investments and realisation expenses).

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a general meeting of Shareholders of any Sub-Fund or Class may, upon proposal from the Board of Directors, redeem all the Shares of such Sub-Fund or Class and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such a general meeting of Shareholders at which resolutions shall be adopted by simple majority of the votes cast.

Assets which could not be distributed to their beneficiaries upon the conclusion of the liquidation of a Sub-Fund or Class will be deposited with the *Caisse de Consignation* on behalf of such beneficiaries.

Upon the circumstances provided for under the first paragraph of this Section, the Board of Directors may decide to allocate the assets of any Sub-Fund or Class to those of another existing Sub-Fund or Class within the Fund or to another UCI, or to another Sub-Fund or Class within such other UCI (the “New Sub-Fund/Class”) and to re-designate the Shares of the Sub-Fund concerned as Shares of the New Sub-Fund/Class (following a split or consolidation, if necessary and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be notified to the Shareholders concerned (and, in addition, the notification will contain information in relation to the New Sub-Fund/Class), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to

request redemption or conversion of their Shares, free of charge, during such period. After such period, the decision commits the entirety of shareholders who have not used this possibility, provided however that, if the amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type (“*fonds commun de placement*”) or a foreign based undertaking for collective investment, such decision shall be binding only on the shareholders who are in favour of such amalgamation.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and liabilities attributable to any Sub-Fund or Class to another Sub-Fund or Class of the Fund or of another UCI may be decided upon by a general meeting of the Shareholders of the contributing Sub-Fund or Class for which there shall be no quorum requirements and which shall decide upon such an amalgamation by resolution adopted by simple majority of the votes cast, except when such amalgamation is to be implemented with a Luxembourg UCI of the contractual type (“*fonds commun de placement*”) or a foreign based UCI, in which case resolutions shall be binding only on the Shareholders of the contributing Sub-Fund or Class who have voted in favour of such amalgamation.

12.6 Historic Performance

The historic performance of each Sub-Fund will be published each year in the annual report of the Fund.

12.7 Documentation

A copy of the Articles, the KIID and the latest financial reports may be obtained without cost on request from the Fund. Copies of the material agreements mentioned in this Prospectus may be inspected during usual business hours on any Business Day at the registered office of the Fund.

12.8 Data Protection

The capitalised terms and other expressions used in this section headed Data Protection will have the meanings given to them in the Privacy Notice and in the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the “General Data Protection Regulation”).

The Fund (the “Controller”) processes information relating to several categories of identified or identifiable natural persons (including, in particular but not limited to, prospective or existing Investors, their beneficial owners and other natural persons related to prospective or existing Investors) who are

hereby referred to as the “Data Subjects”. This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controller directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the “Data”.

Detailed and up-to-date information regarding the processing of Data by the Controller is contained in a privacy notice (the “Privacy Notice”). Investors and any persons contacting, or otherwise dealing directly or indirectly with, the Controller or their service providers in relation to the Fund are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controller in general may be addressed to Ms Jennifer Urbain (jennifer@lmdf.lu / +352 274735 / Investing for Development SICAV, 2, place de Metz, L-1930 Luxembourg).

Obtaining and accessing the Privacy Notice

The Privacy Notice is available and can be accessed or obtained online at www.lmdf.lu/en/privacy or www.fccf.lu/en/privacy or by contacting the Controller at the before mentioned address. The Privacy Notice is available in both paper and e-format.

The Privacy Notice notably sets out and describes in more detail:

- the legal basis for processing the Data; and where applicable the categories of Data processed, from which source the Data originate, and the existence of automated decision-making, including profiling (if any);
- that Data will be disclosed to several categories of recipients; that certain of these recipients (the “Processors”) are processing the Data on behalf of the Controllers; that the Processors include most of the service providers of the Controllers; and that the Processors will act as processors on behalf of the Controllers and may also process Data as controllers for their own purposes;
- that Data will be processed by the Controllers and the Processors for several purposes (the “Purposes”) and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the Fund, (ii) enabling the Controllers and the Processors to perform their services for the Fund, and (iii) enabling the Controllers and the Processors to comply with legal, regulatory and/or tax (including FATCA/CRS) obligations;

- that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;
- that any communication (including telephone conversations) (i) may be recorded by the Controllers and the Processors and (ii) will be retained for a period of 10 years from the date of the recording;
- that Data will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;
- that failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the Fund;
- that Data Subjects have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

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SECTION II: SUB-FUND PARTICULARS

- *List of available Sub-Fund(s):*

LUXEMBOURG MICROFINANCE AND DEVELOPMENT FUND

FORESTRY AND CLIMATE CHANGE FUND

Unless otherwise indicated in the descriptions below, each Sub-Fund is subject to the general provisions as set out in Section I of this Prospectus.

Forestry and Climate Change Fund

Information contained in these Sub-Fund Particulars should be read in conjunction with the full text of the Prospectus dated December 2018.

Definitions

Actualisation Interest	has the meaning set out under section 10.4 of these Sub-Fund Particulars.
Advisory Agreement	has the meaning set out under section 13.3 of these Sub-Fund Particulars.
Class I Loss Coverage	has the meaning set out under section 9.1 of these Sub-Fund Particulars.
Class J Investment Period	has the meaning set out under section 10.4 of these Sub-Fund Particulars.
Class J NAV	has the meaning set out under section 9.1 of these Sub-Fund Particulars.
Class J Protected Value	has the meaning set out under section 9.1 of these Sub-Fund Particulars.
Closing	means any date determined by the Board of Directors, on which Commitment Agreements may be accepted by the Board of Directors.
Commitment Agreement	has the meaning set out under section 10.2 of these Sub-Fund Particulars.
Commitment Agreement Capital	means capital committed to an investment or potential investment in one or several SDF Investment Instruments and as determined by the Investment Committee from time to time in a recommendation to the Board.
Cure Period	has the meaning set out under section 10.5 of these Sub-Fund Particulars.
Currency Risks	has the meaning set out under section 12 of these Sub-Fund Particulars.
DCF	has the meaning set out under section 12 of these Sub-Fund Particulars.
Dealing Date	has the meaning set out under section 9.3 of these Sub-Fund Particulars.
Default Expenses	has the meaning set out under section 10.5 of these Sub-Fund Particulars.

Default Interest	has the meaning set out under section 10.5 of these Sub-Fund Particulars.
Defaulting Investor	has the meaning set out under section 10.5 of these Sub-Fund Particulars.
Default Redeemable Shares	has the meaning set out under section 10.5 of these Sub-Fund Particulars.
Drawdown Date	has the meaning set out under section 10.5 of these Sub-Fund Particulars.
Drawdown Notice	has the meaning set out under section 10.4 of these Sub-Fund Particulars.
Equalisation Amount	has the meaning set out under section 10.4 of these Sub-Fund Particulars.
FMV	has the meaning set out under section 12 of these Sub-Fund Particulars.
First Closing	means the date on which the first duly executed Commitment Agreements will have been received by the Fund.
Final Closing	has the meaning set out under section 10.3 of these Sub-Fund Particulars.
Follow-on Investments	means investments in an asset or project in which the Sub-Fund has already made an investment or in a related asset or project that are appropriate or necessary to preserve, enhance or grow the value of such asset or project.
Impairment	has the meaning set out under section 12 of these Sub-Fund Particulars.
Invested Capital	means any amount actually invested in a SDF Investment Instrument reduced by any partial disposal, reimbursement, write-off or write-down thereof.
Investment Adviser	has the meaning set out under section 13.3 of these Sub-Fund Particulars.
Investment Advisory Fee	has the meaning set out under section 13.3 of these Sub-Fund Particulars.
Investment Committee	has the meaning set out under section 13.2 of these Sub-Fund Particulars.
Management	has the meaning set out under section 13.1 of these Sub-Fund Particulars.
Maturity Date	has the meaning set out

	under section 9.3 of these Sub-Fund Particulars.
Non-Defaulting Investor	has the meaning set out under section 10.5 of these Sub-Fund Particulars.
Noteholder	has the meaning set out under section 9.3 of these Sub-Fund Particulars.
Notes	has the meaning set out under section 9.3 of these Sub-Fund Particulars.
Reallocated Class I NAV	has the meaning set out under section 9.1 of these Sub-Fund Particulars.
Redemption Notice	has the meaning set out under section 10.5 of these Sub-Fund Particulars.
SDF	has the meaning set out under section 2 of these Sub-Fund Particulars.
SDF Investment Instruments	has the meaning set out under section 1.4.3 of these Sub-Fund Particulars.
Sub-Fund	Means Forestry and Climate Change Fund.
Subsequent Closing	has the meaning set out under section 10.3 of these Sub-Fund Particulars.
Subsequent Closing Investor	means Investors which have entered into a Commitment Agreement or which have increased their Commitment at a Subsequent Closing.
TAP	has the meaning set out under section 2 of these Sub-Fund Particulars.
TAP Technical Committee	has the meaning set out under section 6.1 of these Sub-Fund Particulars.
Target Countries	has the meaning set out under section 4.1 of these Sub-Fund Particulars.
Term	has the meaning set out under section 8 of these Sub-Fund Particulars.
Total Commitments	has the meaning set out under section 10.2 of these Sub-Fund Particulars.
Undrawn Commitment	means the amount of a Shareholder's Commitment which the Board of Directors is still entitled to drawdown pursuant to the Commitment Agreement and the Prospectus.
Valuation Day	has the meaning set out under section 12 of these Sub-Fund Particulars.

1. Name of the Sub-Fund

Forestry and Climate Change Fund (hereinafter referred to in these Sub-Fund Particulars as the "**Sub-Fund**").

2. Investment Objectives of the Sub-Fund

The Sub-Fund aims at investing in a diversified portfolio of unlisted forestry management companies and forestry management operations of secondary and degraded forests ("**SDF**") by financing such entities via SDF Investment Instruments. The Sub-Fund aims at generating financial returns for the Shareholders of the Sub-Fund, aligned to different risk and return profiles of its investments in debt and equity. The Sub-Fund also seeks an environmental impact and in particular the mitigation of climate change through the sequestration and preservation of carbon in forest biomass. The Sub-Fund balances economic considerations with forestry management models adapted to the different ecological conditions of SDF to ensure the long-term sustainability of its interventions. The Sub-Fund aims at financing and developing entrepreneurial activities in the forestry sector and as such it will not acquire directly forests or land.

The actions of the Sub-Fund should contribute to climate change mitigation, adaptation to the consequences of climate change, the preservation of soil, the functioning of the hydrological cycle and the harbouring of biodiversity as well as strengthening local communities through increasing employment and self-employment opportunities.

3. Background

In October 2016, the Paris Agreement under the United Nations Framework Convention on Climate Change has entered into force calling for global and ambitious effort to combat climate change and adapt to its effects. The Paris Agreement's central aim is to keep global temperature rise well below 2 degrees Celsius compared to pre-industrial levels. It also calls for the mobilization of financing for the transition to a low carbon economy and climate-resilient development.

Tropical and subtropical forests play an important role in climate change. About one quarter of all carbon of the Earth's terrestrial biomass is stored in tropical and subtropical forests (UNEP). Deforestation and forest degradation contributes significantly to global greenhouse gas emissions. The Intergovernmental Panel on Climate Change (IPCC) estimated in their Fifth Assessment Report that forestry and other land use contributes 11% of annual anthropogenic greenhouse

gas emissions. The share of deforestation and agricultural sectors often constitutes the majority of emissions in tropical countries with high deforestation rates. In Nicaragua 82% of all greenhouse gas emissions in 2012 were caused by deforestation, forest degradation and the agricultural sector (World Resources Institute).

The New York Declaration on Forests called in 2014 to halve deforestation by 2020 and end it by 2030. The UN Reducing Emissions from Deforestation and Forest Degradation Programme (REDD+) recognizes the importance of forests for carbon sequestration.

Forests also provide numerous eco-system services and are generally considered an essential element for sustainable and healthy landscapes. Deforestation and other forms of land degradation are a source of significant international concern. The Bonn Challenge calls for the restoration of 150 million of the world's deforested and degraded lands by 2020 and 350 million hectares by 2030. Regional initiatives such as the 20x20 Initiative (restoration of 20 million hectares of degraded land by 2020 in Latin America) have translated an ambitious global agenda into national and sub-national objectives.

A particular aspect of the global forest landscape is the emergence of large areas of degraded and secondary forests. Secondary forests are forests which have been subject to significant disturbance, mostly caused by humans. The advance of agricultural frontiers in many tropical countries during the second half of the 20th century has left behind abandoned agricultural or pasture land. Secondary forests are forests which have regrown naturally on previously deforested land. Degraded forests are forests which have been subject to unsustainable exploitation over some period of time when the extraction and damage to the forest exceeds its natural capacity to regenerate.

The UN Food and Agricultural Organization (FAO) estimates that 74% of all forests worldwide are other naturally regenerated forests. The International Tropical Timber Organization (ITTO) estimates that at least 850 million hectares of degraded and secondary forests exist in the tropics.

Whereas mature natural forests have reached an equilibrium and do not produce significant amounts of additional biomass, secondary and degraded forests are young and growing forests which store substantial amounts of carbon in their biomass over time. Enabling the growth of these types of forests has a particularly large positive climate change mitigation impact.

The Forestry and Climate Change Fund's aim is to identify, develop and scale business models which create economic

value for secondary and degraded forests. The creation of income generating opportunities for local landowners from their forest will change the dynamics of deforestation and allow the secondary and degraded forests to grow. Sustainable management and harvesting of timber resources will generate income for shareholders, forest owners and local communities.

A Technical Assistance Programme (“**TAP**”) has been structured alongside the Sub-Fund and funded by the Luxembourg Development Cooperation. The TAP's objectives are to identify and support local forest management entities potentially eligible for an investment by the Sub-Fund. The TAP finances concept notes, pre-feasibility studies and investment proposals in view of future investments, as well as capacity building alongside the Sub-Fund's financial investments.

4. Investment Policy and Strategies

4.1 Geographical Scope

The Sub-Fund will invest primarily in Central American countries (the “**Target Countries**”) geographically comprised of the region from Southern Mexico to Panama.

4.2 Investment strategy

In order to achieve its objective, the Sub-fund may:

- finance SDF management entities, including companies developing activities based on the management of SDF;
- enter into partnerships with local land-owners controlling SDF;
- refinance intermediate entities engaged in the financing of SDF management; and
- invest in entities active in or developing activities based on the value chain of timber or non-timber forest products derived from SDF, for example entities involved in the transformation and commercialization of timber products.

Part of the economic value creation envisaged by the Sub-Fund is based on a careful selection of investments within a sector which is facing severe financing constraints. Through a focus on the most promising forests, investments should have the potential to be cash-flow positive within five years after the first investment. Criteria defined for the selection of investments are:

- A focus on the sustainable management of secondary and degraded forests in partnership with a variety of landowners (communities, medium sized owners, small forest owners). The Board of Directors intends to have the sustainability of management evidenced through certifications such as Forest Stewardship Council (FSC) certifications. Furthermore the Board of Directors will adopt and apply a set of environmental and social standards;
- A focus on economically sound projects. The Sub-Fund will invest in forestry companies and entities focusing on existing secondary and degraded forests, preferably aged 15 - 20 years so that operations can generate income quickly. The minimum potential size of operations is 1000 hectares, to ensure that overheads and development costs are economically in reasonable proportion to the forestry resources. Such size may often be achieved by grouping together smaller and medium sized forest owners. Forests should also have a species composition which has commercial value in today's markets and these markets should be accessible (distance, road infrastructure) at reasonable costs. Finally, there should be an existing local organizational structure and a certain level of administrative competence; and
- A focus on investments which have the potential for scale and which may serve as examples for others to follow.

The Sub-Fund will not acquire land directly. It will finance entities which enter into partnerships with landowners and communities who have proven tenure or use rights of secondary and degraded forests.

4.3 Investment Instruments

The Sub-Fund may invest in various types of investment instrument appropriate to each individual transaction (the “SDF Investment Instruments”), including but not limited to the following:

- Equity or quasi-equity instruments or convertible debt;
- Secured or unsecured senior or sub-ordinated debt instruments; and
- Guarantee or (re-)insurance contracts to reduce project, counterparty, political, natural or currency risks.

The Sub-Fund may invest up to 100% of its net assets in non-listed securities and may control or hold up to 100%

interest of a single investment.

The above list of SDF Investment Instruments is illustrative and does not prevent the Sub-Fund from investing in other SDF Investment Instruments such as convertible bonds or redeemable preference shares or equity options in the future. Such instruments can be used either on a stand-alone basis or combined, depending on the needs of the Sub-Fund's considerations.

On an ancillary and temporary basis, the Sub-Fund may hold liquid assets in cash, sight deposits, term deposits, money market instruments or other liquid investments. The Sub-Fund may also invest on an ancillary basis in equity of a provider of local currency hedging solutions, if access to hedging instruments is conditional upon making such investment.

The Sub-Fund may invest in such SDF Investment Instruments indirectly through investment subsidiaries, controlled by the Fund and generally wholly-owned by the Fund, if such structure is deemed by the Investment Committee to be within the best interest of the Sub-Fund, notably to benefit from double taxation treaties. The Board of Directors may, at its discretion and with a view to optimizing the target return of the Fund, decide to grant loans to investment subsidiaries in order to realise an investment or to acquire debt securities or other securities.

4.4 Currency exposure

The Sub-Fund may invest in local currencies other than the USD (the USD being the reference currency of the Sub-Fund) and take open exposure or contract derivative instruments to reduce or completely eliminate its exposure.

5. Investment Restrictions

The Fund shall generally invest in compliance with the principle of risk diversification in terms of exposure to a same issuer and in terms of geographical allocation.

In particular, the Sub-Fund may not:

- Invest more than 20% of the committed capital in financial instruments issued by the same issuer; nor
- Invest more than 40% of the committed capital in any single country.

5.1 Borrowings

The Sub-Fund does not intend to utilize long term cash borrowing for investment purposes, subject to the issuance

of Notes to investors, as described under the section “Notes” below. The Sub-Fund shall nonetheless have the power to borrow money on a short-term basis notably for the purposes of bridge financing, cash flow management and expense disbursements.

The Sub-Fund may give any guarantees or pledge any of its assets to secure the potential indebtedness of the Sub-Fund referred to under the above paragraph.

The Sub-Fund intends to issue Notes to investors notably to finance Follow-on Investments. The aggregate nominal value of the issued Notes shall not exceed 30% of the amount of Total Commitments to the Sub-Fund.

5.2 Environmental and Social Standards

The Sub-Fund will be subject to internal rules as to the respect of environmental and social standards. Such standards shall typically consider factors such as: (a) the principle of sustainability of the forest management approaches eligible for financing and potential external certification process thereon, (b) the consultation and consent process with local communities and (c) the application of appropriate health and safety standards and decent work and working conditions by investees.

5.3 Techniques and Instruments

For the purposes of mitigating the risks arising from its investment strategies, the Sub-Fund may further invest in (a) derivative instruments, including currency, country or interest rate hedging instruments such as debt swaps, forward or option contracts and similar risk management derivatives and (b) guarantees, insurances or re-insurance contracts to reduce project, political, natural or currency risks, within the limits set forth in Appendix I “*Special Investment and Hedging Techniques and Instruments*”.

6. Investments identification and monitoring procedure

6.1 Identification of investment and due diligence process

The investment process relies on an efficient collaboration between the Sub-Fund and the Technical Assistance Programme (**TAP**) with Lux-Development SA as administrator. The TAP works through a five-year three-step process which started at the end of 2015, involving the Sub-Fund’s investment adviser, Unique Forestry and Land Use GmbH (“**Unique**”) based in Freiburg, Germany, Lux-Development S.A., a group of regional consultants with diverse technical

skills and the Sub-Fund’s management. The TAP is governed by a Steering Committee including the Luxembourg Ministry of Foreign and European Affairs - Development Cooperation Directorate, Lux-Development S.A. and the Sub-Fund. The Steering Committee is assisted by a technical committee (the “**TAP Technical Committee**”) taking decisions on SDF projects.

- **Step 1 - Concept Notes**

Concept Notes are formulated by the project promoter and document the main features of the projects for an initial discussion and screening.

- **Step 2 - Pre-feasibility studies**

Pre-feasibility studies are conducted by Unique, the Investment Adviser, once a concept note is approved by the TAP Technical Committee. Pre-feasibility studies include a sampling of degraded or secondary forest, description of the legal and regulatory environment, the land tenure, the sylvicultural concept, business model, market prices, market access and commercialization, organization and legal form of the management entity and landowner, financial analysis (including a return estimate), impact analysis and description of the investment instrument.

- **Step 3 - Feasibility studies and investment proposals**

The feasibility study is conducted by Unique. The analysis expands in depth each of the dimensions of the pre-feasibility study. The output of this phase is a detailed investment proposal formulated by Unique, outlining the main risks and opportunities of the project, and submitted to the Sub-Fund’s Investment Committee.

The work of the TAP after the feasibility study focuses on the improvement of weaknesses identified during the process through training, capacity building and technical assistance.

- **Additional Step – Third party due diligence**

Depending on the project, the Sub-Fund may contract an independent entity or consultant to conduct additional due diligence on the investment proposal. This step is not financed by the TAP and is performed under the sole responsibility of the Sub-Fund.

- **Alternative Route for young investees**

In case the investee is a young company with a limited or no track-record, the Fund may deploy a small amount of venture capital to start operations,

often in combination with grant funding from the Technical Assistance Programme. The decision to invest higher amounts is based on a business plan established by the investee and reviewed by Unique in a feasibility study similar to step 3 above.

6.2 Monitoring process

The monitoring process is an essential element in the investment strategy of the Sub-Fund. Close follow-up of investments is important to ensure that entities are properly managed and fulfil their business objectives. The Sub-Fund's management team may be involved in the governance of investments and represent the Sub-Funds interests. An independent monitoring process is led by the Sub-Fund's Investment Adviser. During the Class J Investment Period, the Investment Adviser will normally visit each investment twice per year and follow key performance indicators regularly. After the end of the Class J Investment Period, the Investment Adviser may reduce the number of visits to one per year. The monitoring process is documented in a portfolio monitoring report submitted to the Sub-Fund every six months.

7. Investment – Reinvestment - Follow-on Investment

The Sub-Fund will select and acquire investments during the Class J Investment Period. The Sub-Fund may liquidate investments at any time and reinvest the proceeds during the Class J Investment Period. The Sub-Fund will not be allowed to draw Commitments in order to make new investments after the end of the Class J Investment Period.

The Sub-Fund shall be entitled to make Follow-on Investments, notably using the proceeds of the Note issuances, even after the end of the Class J Investment Period.

8. Duration

The Sub-Fund is established for a period of 15 years from the First Closing (the “Term”).

9. Securities to be issued by the Sub-Fund

The Sub-Fund presents a diversified and differentiated capital structure, encompassing the public sector, private institutions and private individuals.

Two Classes of Shares are currently offered in the Sub-Fund, namely Class I Shares and Class J Shares, each targeting different types of Investors, reflecting a different level of risk. In addition, the Sub-Fund may issue Notes. The two Classes of Shares and the Notes form one single portfolio for investment.

The Board of Directors may issue additional share classes and/or Notes with different risk and/or return characteristics at its sole discretion during the Term, in which case these Sub-Fund Particulars shall be updated accordingly.

9.1 Share Classes Risk profile

The two Classes of Shares offered at the date of this Prospectus correspond to a different level of risk as Class I Shares are subordinated to Class J Shares for which they provide risk coverage.

The risk coverage provided by Class I Shares will be structured as a capital protection mechanism whereby the net loss of Class J Shares (i.e. decrease of the Net Asset Value of Class J Shares (“**Class J NAV**”) below the sum of the subscription price of each Class J Share (the “**Class J Protected Value**”) shall be covered by Class I Shares by allocating to Class J Shares as at each Valuation Day a portion of the Net Asset Value otherwise attributable to Class I Shares (“**Reallocated Class I NAV**”), until the Class J NAV becomes equal to the Class J Protected Value or Class I NAV becomes nil. Such mechanism will be applied as at each Valuation Day. An account will be maintained of the total re-allocation of NAV from Class I Shares to Class J Shares (“**Class I Loss Coverage**”). As at each Valuation Day, if (i) the Class J NAV is greater than the Class J Protected Value and greater than the Class J NAV as at the previous Valuation Day; and (ii) Class I Loss Coverage is not nil, 50% of the amount of the difference between the Class J NAV and the Class J NAV at the previous Valuation Day, adjusted for subscription or redemptions of Class J Shares, shall be restored to Class I Shares as at such Valuation Day. Such mechanism shall be applied at each Valuation Day until the Class I Loss Coverage is nil.

9.2 Share Class features

Class I Shares features

- **Eligible Investors**
Public investors seeking a developmental impact and wanting to leverage their investment with resources from the private sector.
- **Denomination currency**
USD.
- **Initial subscription price**
USD 100 per Share.
- **Redemption**
Not redeemable at the request of the Shareholder.
- **Transferability**
Subject to Board of Directors' approval.
- **Risk profile**
Junior (as further described hereinabove in sub-section "*Risk Profile*" of section "Share Classes" of these Sub-Fund Particulars).

Class J Shares features

- **Eligible Investors**
Foundations, development finance institutions, other institutional investors and high net worth individuals.
- **Denomination currency**
USD.
- **Initial subscription price**
USD 100 per Share.
- **Redemption**
Not redeemable at the request of the Shareholder.
- **Transferability**
Subject to Board of Directors' approval.
- **Risk profile**
Senior (as further described hereinabove in paragraphs "*Risk Profile*" of section "Share Classes" of these Sub-Fund Particulars).
- **HNWI minimum Commitment**
High net worth individuals may subscribe for Class J Shares, subject to a minimum Commitment of USD 200,000.-.

9.3 Notes features

The Sub-Fund may issue notes (the “**Notes**”) having the following characteristics:

- **Reference Currency**
USD.
- **Subscribers**
High net worth individuals or institutional investors.
- **Nominal Value per Note**
USD 1,000.-.
- **Issuance**
The Notes may be issued by the Sub-Fund at the discretion of the Board of Directors.
- **Tranches**
Notes may be issued in various tranches bearing a different interest, either fixed or variable, as detailed below.
- **Maturity**
The Notes will have a maturity of eight (8) years from their date of issuance (the “**Maturity Date**”).
- **Early Redemption**
The Notes may be redeemed at the maturity of each Tranche of Notes every 6 months during two years preceding the Maturity Date (each a “**Dealing Date**”) after receipt by the Board of Directors of a completed redemption request from the relevant noteholder (the “**Noteholder**”) at least 10 Business Days prior to a Dealing Date.

The Board of Directors may also compulsorily, at its sole discretion, redeem all or part of the Notes on a pro rata basis within a same Tranche at any time before the Maturity Date.
- **Interest**
The Interest shall be either a fixed rate or a floating rate of 6 months Libor plus a spread which may vary from 1% to 2% depending on the Tranches.
- **Seniority**
Any Noteholder has a senior rank to any Shareholder, and a junior rank to any other creditor of the Sub-Fund.
- **Ratio to Shares**
The aggregate nominal value of the issued Notes shall not exceed 30% of the amount of Total Commitments to the Sub-Fund.

- **Limited Recourse**
Claims against the Sub-Fund by Noteholders and each other creditor relating to such Notes will be limited to the proceeds of such Notes, subject to the Sub-Fund not becoming insolvent as a result of any payment made by the Sub-Fund pursuant to a claim.
- **Non-petition**
No Noteholder will be able to petition for the proceeds of the liquidation of the Sub-Fund.
- **Transferability**
Notes may only be transferred upon prior written approval of the Board of Directors.
- **Governing law**
The issuance of Notes shall be made in accordance with Luxembourg law.
- **Interest Payments**
Annually.

10. Shares - Dealing Process

10.1 Target Size

The Sub-Fund aims to gather Total Commitments for an amount of USD 15-20 million. For the avoidance of doubt, the Board of Directors shall have discretion to accept Commitments above such target size.

10.2 Commitments

Investors shall invest in the Sub-Fund on the basis of commitments to subscribe for Shares (the “**Commitments**”) as set out below, the sum of all Commitments being the “**Total Commitments**”.

By entering into a commitment agreement (the “**Commitment Agreement**”), each investor commits irrevocably to meet the capital calls of the Board of Directors within the limits of the amount of its Commitment and to comply with the other provisions of the Prospectus, these Sub-Fund Particulars, the Articles and its Commitment Agreement. Any delay or default of payment will be penalized in accordance with sub-section “*Default on Drawdown*” of these Sub-Fund Particulars.

The Board of Directors is entitled to refuse, at its sole discretion, any request or commitment to subscribe for Shares. The Board of Directors shall have the power to impose such restrictions or measures as it may think necessary in order to avoid that any Share be acquired or held by (a) any person in breach of the laws and requirements of any country or governmental authority (including Luxembourg) or (b) any person in circumstances which in the opinion of the Board of Directors might result in the Sub-Fund incurring any liability to taxation or suffering any pecuniary disadvantage which it might not otherwise have incurred or suffered.

10.3 Closings

First Closing

The First Closing was held on 20 October 2017.

Subsequent Closings

After the First Closing and until the Final Closing (as defined below), the Board of Directors or its duly appointed delegate may decide to organise one or more subsequent Closings (each a “**Subsequent Closing**”).

Final Closing

The final Closing shall not be later than 18 months after the

First Closing (the “**Final Closing**”).

10.4 Drawdowns

Each Commitment will be drawn down in several instalments by the Board of Directors for the purpose of making investments, paying expenses, liabilities and obligations relating to the Sub-Fund, including repayment of any outstanding borrowings of the Sub-Fund, the Investment Advisory Fee (as defined hereafter) and other Sub-Fund obligations and liabilities (including for indemnification purposes) and establishing any appropriate reserves.

Class I Investors’ Commitments shall be entirely drawn down after the expiration of a four-year period starting on the First Closing (the “**Class I Investment Period**”).

The Board of Directors shall draw down Commitments pro rata from all Investors within the same Class at the same time based on the aggregate Commitments of that Class of Shares at the time of drawdown. The Board of Directors may however apply different schedules and different amounts for drawdowns with respect to each Class of Shares notably due to the fact that Class I Investors’ Commitments and Class J Investors’ Commitments are subject to different investment periods.

Class J Investors’ Commitments shall be entirely drawn down after the expiration of a five-year period starting on the First Closing (the “**Class J Investment Period**”).

For each Drawdown, the Board of Directors must send a notice (the “**Drawdown Notice**”) to each relevant Investor at least 20 Business Days before the relevant payment date. However, the Board of Directors shall be entitled to request payment in relation to a drawdown within a shorter notice period whenever specific circumstances justify such a shorter notice period, provided that such notice cannot be shorter than 5 Business Days.

Up to the Final Closing, Shares will be issued at the higher of (i) their respective initial subscription price (as set out in section “*Share Classes*” above) and (ii) the latest known NAV per Shares of the relevant Class. After the Final Closing, Shares will be issued at the latest known NAV per Shares of the relevant Class. For the avoidance of doubt, the Board of Directors may adjust the latest known NAV to account for any significant changes having occurred since the calculation of such NAV per Share, or decide the calculation of an ad hoc NAV per Share for the purpose of an issuance of Shares.

Investors having entered into a Commitment Agreement at a Subsequent Closing as well as Investors having increased their Commitment at such Subsequent Closing must make on

that Subsequent Closing:

- (i) a first payment equal to (the “**Equalisation Amount**”):

$$(A/B) \times C$$

where

A= the aggregate of all previous drawdowns from all existing Shareholders in the relevant Class

B= aggregate Commitments of the relevant class of Shares at the relevant Subsequent Closing (excluding Commitments accepted at that Closing)

C= the amount of the Commitment entered into by such Subsequent Closing Investor at that Subsequent Closing.

- (ii) an additional payment of an amount equal to four (4%) percent of the Equalisation Amount paid by the such Subsequent Closing Investor (the “**Actualisation Interest**”). Such amount shall be payable to the Sub-Fund and shall be paid in addition to the Commitment of such Subsequent Closing Investor.

10.5 Default on Drawdown

General Conditions

In the event that any Investor fails to advance to the Sub-Fund the portion of its Commitment specified in a Drawdown Notice on or before the date specified therein for such payment to be made (the “**Drawdown Date**”), the Board of Directors may give written notice to such Investor within the following three (3) Business Days specifying that:

- amount outstanding shall bear interest equal to 3-month Libor plus eight per cent (8%) *per annum* determined as at and occurring as from the Drawdown Date until the date on which such outstanding amount and interest thereon shall have been paid in full to the Sub-Fund and for the benefit thereof (the “**Default Interest**”);
- such Investor shall be liable to the Sub-Fund for all costs and expenses incurred by the Sub-Fund in connection with such default (the “**Default Expenses**”); and
- after ten (10) Business Days from the Drawdown Date, the rights of such Investor as referred to under points (i) and (ii) below, as well as its right to receive distributions pursuant to section “*Distribution*”, shall be suspended until the date on which such outstanding amount and interest thereon shall have been paid in full to the Sub-Fund.

In such a case, further calls may be made upon the other Investors (up to but not exceeding their respective Undrawn Commitments and *pro rata* to their respective Commitments) and/or the Sub-Fund may borrow to avoid liquidity gaps in accordance with the section “*Borrowings*” in order to make good the shortfall.

If however, the relevant Investor fails to pay in full the outstanding amount, the Default Expenses and the Default Interest accrued thereon, on or before the thirtieth (30th) calendar day following the Drawdown Date (the “**Cure Period**”), the Board of Directors may, without further notice, declare the relevant Investor a “**Defaulting Investor**” by written notice to be sent to the Defaulting Investor and (without prejudice to any other rights and remedies it may have pursuant to any applicable law to recover any damage incurred by the Sub-Fund) proceed as indicated in sub-sections. “*Transfer of the Shares of Defaulting Investors*” and “*Compulsory redemption of the Shares of Defaulting Investors*” below without further notice.

Without prejudice to the foregoing:

- (i) the Defaulting Investor shall no longer be entitled to vote and take any decision under the Prospectus (including the right to request a Shareholders’ meeting or a Shareholders written consent thereof, as well as the right to submit a voting proposal to other Shareholders), and its Shares shall not be considered for the purposes of determining the required majorities and quorum under this Prospectus, the Articles and applicable laws and regulations;
- (ii) the Defaulting Investor shall no longer be entitled to participate in the funding of any subsequent investment of the Sub-Fund; and
- (iii) the Defaulting Investor will lose its right to any distribution made or to be made by the Sub-Fund in accordance with the Prospectus and any such distribution rights shall be held by the Sub-Fund on behalf of the purchaser of the relevant Shares, subject to the right of the Board of Directors and the Sub-Fund to deduct therefrom any Default Expenses.

Transfer of the Shares of Defaulting Investors

Each Investor agrees, for the benefit of the Sub-Fund and of the other Investors thereof and for the case that it is declared a Defaulting Investor, to an irrevocable promise to sell (*promesse unilatérale de vente*) all its fully paid Shares (as registered in the register of Shareholders) to any of the other Investors of the Sub-Fund, at a price per Share equal to the lower of:

- thirty per cent (30%) of (x) the subscription price (excluding any Actualisation Interest) paid by the Defaulting Investor upon subscription at the time, reduced by (y) any distribution received by the Defaulting Investor with reference to each Share; and

- thirty per cent (30%) of the Net Asset Value of such Shares on the relevant transfer date;

provided that the aggregate price shall not in any case be lesser than one USD (\$ 1).

The sale process shall be brought to completion in accordance with the following procedure:

(i) the Board of Directors shall send a written notice of such default to the non-defaulting Investors (each a “**Non Defaulting Investor**”) offering the Shares of the Defaulting Investor on a pro-rata basis to the Non-Defaulting Investors based on their Commitments, and each Non Defaulting Investor shall then confirm in writing, by registered mail or facsimile, to the Defaulting Investor and to the Board of Directors, within fourteen (14) Business Days following the date of the notification received from the Board of Directors, their acceptance, or that they decline, to purchase such number of Shares as indicated in the relevant acceptance confirmation;

(ii) the sale and transfer of the Shares of the Defaulting Investor to the accepting Non-Defaulting Investor(s) shall be completed, and reflected as such by the Board of Directors in the register of the Shareholders pursuant to point (v) below, in proportion to the number of Shares held by each of the Investors confirming their acceptance to purchase the Shares from the Defaulting Investor, it being agreed and understood that by not confirming its (their) acceptance of the purchase, the relevant Investor(s) increase(s) the other Investors’ rights for the proportion of Shares which will not be acquired by such Investors on a pro rata basis;

(iii) the Investors agree that their acceptance to purchase such number of Shares as indicated in the acceptance confirmation shall necessarily imply that the relevant parties or assignee thereof automatically and irrevocably fully and completely assume their pro rata share of the Undrawn Commitments of the Defaulting Investor that remain outstanding towards the Sub-Fund on the relevant transfer date;

(iv) the purchasing Investor(s) shall pay to the Sub-Fund (pro rata, in respect of their acceptances) an amount equal to the outstanding amount due by the Defaulting Investor (excluding Default Interest and Default

Expenses);

(v) the transfer shall be reflected as such by the Board of Directors in the register of Shareholders only upon receipt by the Sub-Fund of the amount under point (iv) above.

Compulsory redemption of the Shares of Defaulting Investors

All Defaulting Investor’s Shares that are not purchased pursuant to the above sub-section “*Transfer of the Shares of Defaulting Investors*” within one hundred and twenty (120) Business Days from the expiration of the Cure Period are subject to a compulsory redemption by the Sub-Fund (the “**Default Redeemable Shares**”) in accordance with the following rules and procedure:

(i) after the expiration of the above 120-Business Day term, the Board of Directors will promptly send a notice (hereinafter called the “Redemption Notice”) to the Defaulting Investor; the Redemption Notice shall specify the Default Redeemable Shares to be redeemed, the price to be paid, and the date and place where the redemption price shall be payable. The Redemption Notice may be sent to the Defaulting Investor by registered mail to its last known address. The Defaulting Investor shall be obliged, without delay, to deliver to the Sub-Fund any Share certificate or certificates. From the close of business of the day specified in the Redemption Notice, the Defaulting Investor shall cease to be the owner of the Default Redeemable Shares and the relevant Share certificates shall be cancelled; and

(ii) the redemption price per Share will be calculated pursuant to sub-section “*Transfer of the Shares of Defaulting Investors*” above and will be payable only at the close of the liquidation of the Sub-Fund.

In the event that Shares are held by a Shareholder acting as a feeder vehicle or a nominee for more than one beneficial owner and in the case only one or some of these beneficial owners has defaulted, the Board of Directors reserves the right, upon receipt of satisfactory documentation as to the beneficial ownership of the Shares, to apply the above remedies only to the portion of the shareholding corresponding to the defaulting beneficial owner(s).

10.6 Redemption

The Sub-Fund is a closed-ended sub-fund. Accordingly, Shareholders are not entitled to request redemption of their Shares.

The Board of Directors may however redeem Shares (i)

whenever the Sub-Fund is making a distribution, or (ii) on a compulsory basis if a Shareholder (a) is in breach of the law or requirement of any country or governmental authority, (b) entails circumstances which in the opinion of the Board of Directors might result in the Sub-Fund incurring any tax liability or suffering any monetary charge which the Sub-Fund might not otherwise have incurred or suffered from or (c) does not comply or ceases to comply with any provision of the Prospectus, these Sub-Fund Particulars or the Articles.

Whenever the Sub-Fund redeems Shares for the purpose of making a distribution, the redemption price per Share shall be based on the most recent available Net Asset Value per Share of the relevant Class of Shares or the Net Asset Value that the Board of Directors calculates upon the redemption date if the Board of Directors determines that the Net Asset Value of the relevant Class of Shares has increased or decreased materially since the day the most recent available Net Asset Value has been calculated.

In the event of a compulsory redemption, the redemption price per Share will be equal to the latest available Net Asset Value per Share of the relevant Class redeemed and held by the relevant Shareholder, or the Net Asset Value that the Board of Directors may elect to calculate upon the redemption date, less any amount that would be necessary to indemnify the Sub-Fund for any costs or damages incurred by reason of such compulsory redemption. The Board of Directors shall determine at its sole discretion when payment of the redemption price will be due, provided that the payment shall occur at the latest at the date of the last distribution made to the Shareholders after the expiry of the Term of the Sub-Fund. The Sub-Fund may also redeem Shares in the event of a default of payment by a Shareholder in accordance with point (iv) of sub-section “*Default on Drawdown*” of these Sub-Fund Particulars.

The Shares redeemed by the Fund will be cancelled.

10.7 Transfer

Any Transfer of Shares shall be carried out in accordance with Luxembourg law and the Articles, and is subject to the prior approval of the Board of Directors.

11. Distribution

The Board of Directors may decide at its sole discretion to distribute dividends at any time, in accordance with the Prospectus and the Articles, out of realized income derived from the Sub-Fund’s investments (for the avoidance of doubt excluding capital gains as a result of the realization of an

investment) net of all interest and other sums payable under the Notes, fees and costs of the Sub-Fund.

The Board of Directors intends to make such dividend distributions once a year, as soon as practicable after the date of expiring of the Class J Investment Period.

12. Calculation of Net Asset Value

The NAV in respect of each Share Class of the Sub-Fund shall be calculated on the last calendar day of March and September (each being a “**Valuation Day**”).

The NAV is determined as at each Valuation Day in accordance with the principles set forth in the Articles and item 7. Net Asset Value of Section I. General Provisions of this Prospectus.

A specific valuation policy has been established, based on the above principles, which is available to investors upon request at the registered office of the Fund. A summary of such valuation policy is provided below.

12.1 Standard of value and valuation policy

The Board of Directors aims to base the valuation of the SDF Investment Instruments on the probable realisation value which shall be estimated with care and in good faith, in accordance with article 99 (5) of the Law.

12.2 Fair Market Value (the “FMV”) valuation methodologies

Financial instruments which are traded on a regulated market allow for measurement of their fair value through the availability of prices of recent transactions. SDF Investment Instruments are non-quoted, non-standardized instruments, and - in the absence of transactions therein in the immediate past - necessitate a valuation approach based on models and judgement to determine a probable realization value.

The choice of the methodology will be driven by the availability of the relevant information. There is no certainty that the FMV determined by the Fund using its valuation policy is equal to the sales price of an SDF Investment Instrument obtained in an arm’s length transaction with a third party. Please also refer to sub-section “Valuation and Operational risks” of section “Risk Factors and Risk Mitigation” of these Sub-Fund Particulars for details.

12.3 FMV of senior and subordinated debt instruments

SDF Investment Instruments in the form of senior or subordinated debt instruments take the form of a contract between the investee and the Sub-Fund with interest rate, repayment terms, pledges and other covenants negotiated for each transaction. Debt instruments may be backed-up by different forms of collateral, promissory notes or other guarantees.

Debt instruments provide for a certain separation between the value of the SDF Investment Instrument and changes to the value of an investee. The valuation of debt instruments is only indirectly influenced by the valuation of forest assets and the resulting valuation of an investee.

The Sub-Fund strives to negotiate an interest rate which reflects the risks and objectives of the investee while keeping the environmental and social impact objectives of the Sub-Fund in mind. The Sub-Fund will usually hold these loans to maturity.

In view of its objectives, the negotiated interest rate should represent an appropriate yield of the loan so that the nominal value of the loan plus accrued interest represents its fair value. The Sub-Fund needs to assess periodically whether a significant change in the environment, performance or financial position of the investee indicates that the loan instrument is impaired (an “**Impairment**”).

To assess Impairments, each investee being a counterparty to a SDF Investment Instrument in the form of debt, is monitored through the reporting of financial, operational data and key performance indicators, review of its activities, audit and other reports. The review specifically covers whether one or more events have occurred which will have a significant impact on the instrument’s future cash flows.

If the Sub-Fund concludes that there is evidence that a financial instrument is impaired, it will determine the impairment loss as the amount between the carrying amount (including accrued interest, commissions, where applicable) of the instrument prior to impairment and the probable realizable value. The Sub-Fund usually does not consider any reduction in value in the instruments that results from the depreciation of the investment currency vis-à-vis the US Dollar (“**Currency Risks**”) to be an Impairment, such reduction being accounted for as a realized or unrealized exchange loss.

The Sub-Fund may grant loans in US Dollar or the currencies of the Target Countries.

In case the Sub-Fund contracts currency hedging

instruments for SDF Investment Instruments in the form of debt, these are valued separately from the underlying loans. However, cross-currency swaps and currency forwards which are linked in notional, spot exchange rates, interest rates, maturities and other terms to any SDF Investment Instrument are valued considering the economic substance of the transaction. Such swaps and forwards are valued as at any Valuation Date using the spot exchange rate on the principal and accrued interest and not the forward curve to align the valuation to the approach for loans to counterparties described above.

Such valuation approach is changed if a credit risk materializes in the form of an Impairment. The part of the swap or forward notional then exceeding the valuation of the underlying loan is valued using a marked-to-market approach. Any material difference between the spot rate at which the swap or forward was contracted and the spot rate at which the loan was disbursed is amortized over the period until expiry of the swap or forward and recognized as interest income or expense.

12.4 FMV of equity and quasi-equity instruments

SDF Investment Instruments may take the form of equity participations in investees. The Sub-Fund may use different FMV methodologies in determining the fair value of the equity participation instruments:

- (i) Following the Sub-Fund’s acquisition and up to the first year of holding, the equity stake will be valued at cost, i.e. at the Sub-Fund’s acquisition price and without acquisition costs. A different valuation approach will be taken if material changes in the investee or in its operating environment occur during the first year following acquisition;
- (ii) After the first year of holding, the value of the equity stake will be estimated with reference to prices of equity transactions or issues of new shares involving the same investee within a reasonable time of the Valuation Date. Such time is determined by an assessment by the Fund as to whether material changes within the investee or in its operating environment have occurred since the date such transaction took place;
- (iii) If such transactions are not available or deemed not representative of fair value, the value of the equity stake should be estimated based on an income approach, using a discounted cash-flow model (“**DCF**”). The use of a DCF model requires the application of judgement and DCF models are likely to be sensitive to a number of critical variables:

- a. Harvesting plans and volumes that rely on forest inventories, the effects of silvicultural work and the growth rates of marketable timber species or comparable key business plan assumptions for investees active in the transformation of timber;
- b. Operational cost estimates which can be derived from the investees ongoing operations or from comparable companies operating in the same region;
- c. Timber and non-timber forest product market prices, which may vary depending on the quality, diameter of timber, the distance to market and might require appropriate adjustments;
- d. The discount rate with which cash-flows are discounted to their net present value and which are influenced by country, currency, industry and investee specific risks.

Whenever possible, valuations derived using one of the above methods are cross-checked by industry ratios contained in comparable transactions and ratios obtained from comparable quoted companies, if and when such data is available or become available in the future.

12.5 FMV of other assets

The value of the assets referred to under (c), (d), (e) and (g) of sub-section “Valuation of Assets” of item 7. Net Asset Value of Section I. General Provisions of this Prospectus should be determined in accordance with the principles set forth under such sub-section “*Valuation of Assets*” and the Articles.

13. Management Structure of the Sub-Fund

The Board of Directors is responsible for the definition of the investment policy and objectives of the Sub-Fund and of the overall supervision of the Sub-Fund’s management. In order to manage the Sub-Fund’s Portfolio, the Board of Directors has established an Investment Committee and appointed an Investment Adviser.

13.1 Management

As set out in the general part of the Prospectus, the Fund is managed by the Board of Directors which may delegate the day-to-day management of the Fund to one of its members or to a committee composed of several persons who are not necessarily members of the Board of Directors (such director or committee is herein referred to as the “**Management**”).

As set out in the general part of the Prospectus, the Management and the Support Team are entitled to receive a fee. With regards to this Sub-Fund, such fee shall be of a maximum of 2% of the Sub-Fund’s Total Commitments (each time excluding the Investment Advisory Fee). This fee shall

be inclusive of the Management’s and the Support Team’s wages, salaries, bonuses and benefits, but shall not comprise other organisational and operating expenses incurred by the Sub-Fund.

This fee may be paid in cash or, in whole or in part, by the issuance of Shares to the Management and the Support Team subject to and in the conditions set forth by the remuneration policy of the Fund.

13.2 Investment Committee

The Board of Directors shall set up an investment committee consisting of representatives of Investors in the Sub-Fund, sector experts and Directors of the Fund (the “**Investment Committee**”).

According to the terms of reference of the Investment Committee, decisions relating to the acquisition and disposal of investments as well as all other decisions relating to the management of the Sub-Fund’s portfolio shall be taken by the Investment Committee.

All decisions relating to the acquisition or disposal of investments will be taken by the Investment Committee on the basis of a proposal by the Investment Adviser. The Investment Committee may require the assistance of third-party service providers for the purpose of performing due diligence analysis of the proposals for investment of the Investment Adviser. Any cost arising from such due diligence process shall be borne by the Sub-Fund.

All decisions made by the Investment Committee will be made within the limits of the investment policy and objectives of the Sub-Fund, as defined by the Board of Directors.

The terms of reference of the Investment Committee shall be determined by the Board of Directors.

13.3 Investment Adviser

As at the date of the Prospectus, the Sub-Fund has appointed Unique Forestry and Land Use GmbH’s Forest Investment Unit, whose registered office is located at Freiburg, Germany, as “**Investment Adviser**” to provide notably the following services:

- (i) Presentation of investment and divestment proposals to the Sub-Fund;
- (ii) Assistance in the negotiation and structuring of investments and identification, negotiation and structuring of divestment opportunities;

- (iii) review, supervision and monitoring of investments and management of the Sub-Fund’s relationship with its target investments, including assistance and inputs to the valuation of certain assets;
- (iv) after the Class J Investment Period, close monitoring, negotiation and relations with other investors in case of investments facing significant challenges; and
- (v) representation of the Sub-Fund in relevant international events.

In consideration of the advisory services rendered to the Sub-Fund, the Investment Adviser is entitled to receive a fee (the “**Investment Advisory Fee**”) as follows:

- As from the second year following the entering into force of the Advisory Agreement, the Sub-Fund shall pay

- up to 2.2% p.a. (currently fixed at 2.0% p.a.) of the Committed Investment Capital, computed and payable at the end of each semester; plus
- during the Class J Investment Period, except for the first year, up to 0.8% of the Committed Investment Capital. The amount of remuneration in excess of 2% of the Committed Investment Capital shall be payable in Class J Shares of the Sub-Fund and contingent on reaching certain performance criteria established by the Board of Directors.

- As from the end of the first year following the end of the Class J Investment Period, the Sub-Fund shall pay the higher of:

- 1.5% p.a. of the Committed Investment Capital, computed and payable at the end of each semester; or
- a fixed minimum remuneration of USD 150,000 per annum.

14. Risk Factors and Risk Mitigation

Prospective Investors should consider risks which include, but are not limited to, business risk, natural risk, market and currency risks, political risk, impact and reputational risks, operational risk and risks linked to the valuation of illiquid and unlisted investments. The risks referred to below are not exhaustive and a financial adviser or other appropriate professional should be consulted for additional advice.

14.1 Business risks

The Sub-Fund will invest in entities with limited track record. There is significant risk that these entities will fail to develop

successful and scalable business models aligned with the Sub-Fund’s impact objectives.

The TAP’s work during the pre-investment phase and the extensive process of selection of the projects are important risk mitigation instruments. The TAP will enable a detailed and early identification of strengths and weaknesses of counterparties. The selection process assesses potential investments using criteria for economic and ecological viability. The Sub-Fund is likely to reject a substantial number of projects not meeting such criteria.

14.2 Natural risk

The business of entities in which the Sub-Fund invests relies on timber from SDF exposed to damage from fire, storms, landslides, fungi, pests or volcanos. SDF with diverse species and differentiated age structure may often be more risk resilient compared to even-aged plantations (particularly at a young age). However, damage from such natural events may impact the business prospects of investees.

A rigorous diversification of investments across different regions and countries is a primary risk mitigation tool. Most natural risks tend to have geographically limited impact and hence a diversified portfolio of investments across multiple sites should have a reduced risk profile. SDF also tend to be part of landscape mosaics where for example fire will spread less easily across different parts of the mosaic.

Insurance may be used as further risk mitigation instrument against some natural risks.

14.3 Market and Currency risk

The Sub-Fund is (indirectly) exposed to the risk of timber price volatility and demand trends impacting the ability of investees to effectively market their produce. Depending on the market structure, foreign exchange rate volatility may be a second and direct market risk for the Sub-Fund.

SDF normally contain varieties of species which should form a natural hedge against the price fluctuations of any one species. Harvesting can to some degree be timed to coincide with attractive market conditions or postponed if conditions are less favourable. Conditions in local markets (often the primary markets for many species) differ from conditions in export markets.

Diversification of investments in different countries provides some degree of risk mitigation against foreign exchange movements. Debt denominated in USD or granted with a currency hedge instrument further reduces the risk exposure of the Sub-Fund. Income of Investees denominated and retained

in USD from sales of timber forms a natural hedge against foreign currency risks arising from borrowing in USD.

14.4 Impact, ESG and reputational risks

The Sub-Fund may fail to achieve its theory of change and consequently may not generate the intended impact. A subsidiary key risk would be a lack of suitable projects and insufficient buy-in from local communities.

Further to the impact risk, the Sub-Fund is exposed to the measurement risk, whereby impact is defined and tracked inadequately. The Sub-Fund differentiates between social and environmental/climate impact.

The Sub-Fund is also exposed to the risk that investees do not comply with social, environmental and governance standards. The activities of the Sub-Fund may not lead to incremental carbon sequestration, reduced deforestation and development of functioning forest eco-systems.

Social impact risks may threaten the overall viability of projects if local communities are not confident that projects provide long term benefits. A close dialogue between forest owners, local communities, governments, local and regional institutions, NGOs and management entities has been an integral part of the concept formulation phase and is part of the objectives of the TAP. Incentive schemes such as land-lease, payment for forestry work and profit sharing schemes should also mitigate such risks. After the initial investment, the Sub-Fund – through its Investment Adviser – will closely monitor investments. Finally, the Sub-Fund applies an Environmental and Social Management System.

Impact monitoring includes monitoring of forest area and cover and the identification of unexpected changes. Monitoring of forests close to but not part of the projects may also provide indicators of land-use change and trends in each region. Forestry concepts include the objective that forest management leads to the development of SDF that resemble natural forests with high biodiversity and carbon stocks.

14.5 Risks of illegal timber

The cost structure of operations to produce and market certified, legal timber cannot compete with illegally harvested timber. In many local markets, prices for illegal timber are 30% and more below the price levels of legal timber and lead to lower prices for all market actors. Significant supply of illegal timber would threaten the economic viability of many projects.

In all of the Target Countries, governments are increasing their efforts to combat illegal extraction of timber, usually through strict control of timber transports and exports. A growing

number of clients also pay attention to certification and chains of custody which should make the marketing and sale of illegal timber more difficult.

14.6 Political, Regulatory and Country Risks

The forestry sector is a highly regulated sector in all Target Countries. Development of new forestry concepts rely on the interest and goodwill of local and national regulators. These administrations may have no or little interest in supporting such development.

Furthermore, in some countries the evidence of property rights through land registries may be incomplete or insufficient and lead to uncertainty around land tenures. Legal and judicial systems to resolve conflicts may be inadequate.

The Sub-Fund does not intend to acquire land which mitigates a key risk. The TAP's objectives are to interact and dialogue with local forest authorities to reach consensus on new forest management models. Finally, the Sub-Fund may insure its portfolio against certain political risks.

14.7 Valuation and Operational risks

The current climate finance and forestry sector is characterized by a scarcity of reliable and accessible market information. Only few forest entities in tropical countries are quoted on stock exchanges. A secondary market for assets is unorganized and a majority of transactions are private transactions, information on which is never publicly reported. It is important to note that no valuation methodology set forth in Section "Calculation of the Net Asset Value" of these Sub-Fund Particulars to calculate the FMV of the Sub-Fund's assets will yield a definitive determination of fair value as each asset involves unique factors. The valuation process requires the objective analysis of data, the application of experienced judgment, and discussion with the Investment Adviser and investees to yield a reasonable conclusion.

Non-quoted, non-standardized financial instruments are not traded on regulated markets. Valuations to determine the probable realization value of assets depend on estimates and assumptions and might be prone to errors. The Sub-Fund may have to use valuation methodologies based on income or cost approaches.

Operational risks are risks that the asset management is not executed correctly and control, fraud and other weaknesses lead to financial losses for the Sub-Fund. The Sub-Fund has established controls, rules and procedures to limit operational and valuation risks. The Sub-Fund also operates as a regulated structure subject to the segregation of duties.

15 Amendments to the Prospectus

Section I of this Prospectus.

Without the consent of the Shareholders, the Board of Directors may from time to time, and at its discretion, amend the Prospectus, subject to the prior approval of the Luxembourg supervisory authority, if those amendments are (i) to change the name of a Sub-Fund, (ii) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or under the Articles, (iii) to update any factual information such as but not limited to changes of investment process, (iv) to make a change that does not adversely affect the Shareholders in any material respect, (v) to reflect any change to the service providers used by the Fund, or (vi) to make any changes required by any change in applicable laws and regulations (including any additional guidance or interpretation thereof) and (vii) to make any changes that are necessary for the creation of a Sub-Fund or a Class.

Amendments to the Prospectus other than those described above may be made with the prior written approval of the Shareholders holding two-thirds of the Shares issued in the Sub-Fund; (i) provided, however, that any amendment to the Prospectus which relates to a Class shall only require the prior written approval of the Shareholders holding two-thirds of the Shares issued with respect to the relevant Class; (ii) provided further that any Shareholder who would have abstained from indicating in writing prior to the date indicated in the notice sent in this respect to the Shareholders by the Board of Directors, whether it agrees or disagrees with the contemplated amendments, would be deemed to have consented to such amendments, and (iii) provided finally that no changes that would materially impact the Noteholders may be made without the prior approval of two-thirds of the Noteholders.

Amendments to the Prospectus may also be made by decision of the general meeting of the Sub-Fund or the relevant Class, upon recommendation of the Board of Directors. In such case, quorum and majority requirements set forth under Clause 12.3 “Amendments to the Articles” of Section I of this Prospectus for amending the Articles, shall be applied *mutatis mutandis* at the level of the Sub-Fund or the relevant Class, for amending the Prospectus, provided that no changes that would materially impact the Noteholders may be made without the prior approval of two-thirds of the Noteholders.

For the avoidance of doubt, the Board of Directors may proceed to changes to the Prospectus without requiring the prior written consent of the Shareholders of the Sub-Fund or holding a general meeting of the Shareholders of the Sub-Fund in view of reflecting the changes made to the Articles in compliance with Clause 12.3 “Amendments to the Articles” of

APPENDIX I

APPENDIX I SPECIAL INVESTMENT AND HEDGING TECHNIQUES AND INSTRUMENTS

1. Techniques and Instruments related to Transferable Securities

For the purpose of hedging, efficient portfolio management, duration management or other risk management of the portfolio, the Fund may, for each Sub-Fund which refers to this Appendix I, use the following techniques and instruments relating to transferable securities:

(A) Transactions relating to Options on Transferable Securities

An option is the right to buy or sell a particular asset at a stated price at some date in the future within a particular period. The Fund may buy and sell call or put options on transferable securities provided that these options are traded on options exchanges or over-the-counter with broker-dealers who make markets in these options and who are first class financial institutions that specialize in these types of transactions and are participants in the over-the-counter markets.

The Fund shall further comply with the following rules:

(i) The total amount of premiums paid for the purchase of call and put options which are considered here, together with the total amount of premiums paid for the purchase of call and put options described under (B) b) below, may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.

(ii) The total commitment arising from (a) the sale of call and put options (excluding the sale of call options for which there is adequate cover) and (b) transactions for purposes other than hedging as referred to under (B) below, may not exceed, in respect of each Sub-Fund, at any time the NAV of such Sub-Fund. In this context, the commitment on call and put options sold is equal to the aggregate amount of the exercise prices of those options.

(iii) When selling call options, the Fund must hold either the underlying transferable securities, or matching call options or any other instruments (such as warrants) providing sufficient cover. The cover for call options sold may not be disposed of as long as the options exist unless they are covered in turn by matching options or other instruments used for the same purpose.

Notwithstanding the foregoing, the Fund may sell uncovered call options if the Fund is, at all times, able to

cover the positions taken on such sale and if the exercise prices of such options do not exceed 25% of the NAV of the relevant Sub-Fund.

(iv) When selling put options, the Fund must be covered during the full duration of the options by sufficient cash to pay for the transferable securities deliverable to the Fund by the counterparty on the exercise of the options.

(B) Transactions relating to Futures and Option Contracts relating to Financial Instruments

Dealing in financial futures is the trading in contracts related to the future value of transferable securities or other financial instruments. Except as regards interest rate swaps on a mutual agreement basis and options which may be traded as provided for under (A) hereabove, all transactions in financial futures may be made on a regulated market only.

Subject to the following conditions, such transactions may be made for hedging purposes and for other purposes.

a) Hedging

Hedging is designated to protect a known future commitment.

(i) As a global hedge against the risk of unfavourable stock market movements, the Fund may sell futures on stock market indices or other financial instruments on indices. For the same purpose, the Fund may sell call options or buy put options on stock market indices. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Fund's corresponding portfolios.

(ii) As a global hedge against interest rate fluctuations, the Fund may sell interest rate futures contracts. For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specializing in this type of transaction.

The total commitment relating to futures and option contracts on stock market indices may not exceed the total valuation of securities held by the relevant Sub-Fund in the market corresponding to each index. In the same way, the total commitment on interest rate futures contracts, option contracts on interest rates and interest rate swaps may not exceed the total valuation of the assets and liabilities to be hedged held by the relevant Sub-Fund in the currency corresponding to these contracts.

b) Trading

Trading is based on the forecasting of future movements in financial markets. In this context and apart from option contracts on transferable securities (See (A) above) and contracts relating to currencies (See 2. below), the Fund may, for a purpose other than hedging, buy and sell futures contracts and options contracts on any type of financial instrument provided that the total commitment arising on these purchase and sale transactions together with the total commitment arising on the sale of call and put options on transferable securities, in respect of each Sub-Fund, at no time exceeds the NAV of such Sub-Fund.

Sales of call options on transferable securities for which the Fund has sufficient cover are not included in the calculation of the total commitment referred to above.

In this context, the commitment arising on transactions which do not relate to options on transferable securities is defined as follows:

- the commitment arising on futures contracts is equal to the liquidation value of the net position of contracts relating to identical financial instruments (after netting between purchase and sale positions), without taking into account the respective maturities and
- the commitment relating to options bought and sold is equal to the sum of the exercise prices of those options representing the net sold position in respect of the same underlying asset, without taking into account the respective maturities.

The total of the premiums paid to acquire call and put options as described above, together with the total of the premiums paid to acquire call and put options on transferable securities as described under (A) above may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.

2. Currency Hedging

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Fund may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the-counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and future or current assets or liabilities to be hedged and implies that, in principle, transactions in a given currency (including a currency bearing a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant sub-fund - known as “Cross Hedging”) may not exceed the total valuation of such current and future assets and liabilities nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred. For the avoidance of doubt, future assets or liabilities shall mean assets or liabilities arising from binding contractual agreements such as future interest payments on loan contracts.

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**Forestry and Climate
Change Fund**

2, place de Metz // L-1930 Luxembourg // T: +352 27 47 35 // F: +352 27 47 35 72
info@fccf.lu // www.fccf.lu