



Triodos  Fair Share Fund
Annual Report 2008



Key figures

(amounts in euros)

	2008	2007	2006
Net asset value at year-end	59,323,456	36,899,538	24,162,987
Number of outstanding units	2,038,347	1,331,615	893,817
Income	3,435,793	2,160,154	1,504,474
Non-realised changes in value of investments	1,759,542	568,402	123,381
Expenses	1,532,085	893,299	615,463
Operating result	3,663,250	1,835,257	1,012,392
Exchange rate differences	-173,976	-279,999	-184,640
Result	3,489,274	1,555,258	827,752
Total expense ratio in %*	3.33	3.14	3.29
Social-ethically invested in %**	87.0	81.8	73.0
PER UNIT ON THE BASIS OF THE NUMBER OF OUTSTANDING UNITS***			
• Net asset value at year-end	29.10	27.71	27.03
• Result	2.11	1.48	1.17

Return on Triodos Fair Share Fund (including reinvestment of dividends and excluding tax advantages)

	1 year	3 years	5 years
Net asset value	7.5%	5.9%	5.3%

Source: vwdgroup

* The total expense ratio (TER) refers to the costs of an investment fund as a percentage of the average fund's assets in a fiscal year. It concerns the costs excluding the costs of investment transactions, interest costs and the costs that relate to the admission and resignation of participants in relation to the average net asset value.

** The percentage of social-ethically invested is calculated as follows: the volume of social-ethical investments inclusive of the balance of exchange rate differences on forward currency contracts is divided by the Fund's assets minus the operating result of the year under review. The operating result of the year under review comprises of the result adjusted for the non-realised value changes of investments.

*** The result per unit is determined on the basis of the average number of units issued during the period in question.

Triodos Fair Share Fund

ANNUAL REPORT 2008

IMPORTANT DATES IN 2009

Ex-dividend date	20 April 2009
Dividend payment date	22 April 2009
General Meeting of Participants	23 April 2009



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All the photos in this annual report are of clients of microfinance institutions in the Triodos Fair Share Fund portfolio.

INCA MAR

"MHOREC"
EVENTOS Y PIÑATAS
BRINDAMOS SERVICIO A
TODOS, ESTADOS
MESAS, SILLAS



PRINCESA 2.60

NORTEÑA (ARROZ) 2.20

VALLE I el Norte

2.40

FARAON 2.90

MIR RENDIDO

RICO RENDIDO 2.70

5 Lbs. L. REND 2.60

ARROZ FARAON

GLORIA

COCONUT

Vision and mission of Triodos Fair Share Fund

VISION

Triodos Fair Share Fund's vision is to develop microfinance into a fully-fledged, integral part of the financial sector in developing countries. The creation of an inclusive financial sector, a sector where the majority of people have access to financial services, will provide a sustainable basis for balanced social and economic development. Triodos Fair Share Fund believes that the sustainable profile of microfinance institutions distinguishes them from other financial institutions. This profile includes not only focusing on the profitability of the institutions but also on the social aspects – an inherent part of their mission – and on the potential impact of their business and credit operations on the environment and living conditions. Their large number of clients puts microfinance institutions in the unique position of being able to include care for the earth as a priority in their services. The range of products the microfinance institutions have enables them to advise their clients and offer them practical ways of taking the environment into consideration and thus of contributing to a truly sustainable society.

MISSION

Triodos Fair Share Fund intends to play a catalysing role in the development of the microfinance sector into a fully-fledged, integral part of the financial sector in developing countries. The Fund is actively involved in the development of microfinance institutions as a lender, investor or as a member of the Board of Directors. Triodos Bank represents sustainable banking and, by drawing on this experience, Triodos Fair Share Fund aims to add value to its investments. The Fund sees local funding, linked to local management and governance, as a sustainable alternative for foreign donors and investors. Its ultimate goal, therefore, is to become obsolete in the long run as an investor. The speed at which this can be realised differs from country to country. Until then, Triodos Fair Share Fund can make a significant contribution.

SOCIAL-ETHICAL INVESTMENTS

Triodos Fair Share Fund invests in microfinance institutions in developing countries and Eastern Europe through loans and equity investments. In addition, the Fund provides trade finance, to a limited extent, to certified organic or Fair Trade producers. Triodos Fair Share Fund was established in 2002 and has been awarded official status as a social-ethical investment fund. As such, the Fund is subject to the laws and regulations of social-ethical tax legislation. Triodos Fair Share Fund was at the inception of this legislation and was the first investment fund to be given the official status of social-ethical investment fund under this legislation. At least 70% of the Fund's assets is invested in projects recognised by the government as social-ethical and which also meet the sustainable investment criteria of Triodos Bank. The tax advantage for investors amounts to a maximum of 2.5% over and above the return on the Fund.

- ◀ Microfinance bank Mibanco in Peru has more than 361 thousand loan clients. José Antonio Ccencho Limache is one of them, and has been able to develop his business thanks to loans from Mibanco.



Report from the Supervisory Board

TO THE PARTICIPANTS IN TRIODOS FAIR SHARE FUND

We are pleased to present the 2008 Annual Report and Accounts of Triodos Fair Share Fund, consisting of the Manager's Annual Report, the Annual Accounts and other information. In accordance with the Terms and Conditions of Management and Custody, the annual accounts have been subjected to an external audit. The auditor's report issued by KPMG Accountants NV in respect of the Annual Accounts 2008 has been included under other information.

We have approved the Annual Report and Accounts. The financial year 2008 closed with a profit of EUR 3,489,274. The profit available for distribution as dividend is EUR 1,729,732. The Board has verified that the Manager has observed the Terms and Conditions of Management and Custody in carrying out its managerial duties during the year under review.

The Supervisory Board met twice in the reporting period. The Board looked at the development of the Fund, in particular at the investment policy and the projects being financed and at the developments worldwide in the microfinance sector. Furthermore, issues associated with supervision by the Netherlands Authority for the Financial Markets, the social-ethical investment legislation, the half-yearly report, the Annual Report and the Fund's budget were also discussed. The Supervisory Board is satisfied with the policy pursued and with the collaboration with the Manager.

At the General Meeting of Participants held on 24 April 2008, Ms Marleen van den Horst was reappointed as member of the Supervisory Board for a period of three years. In April 2009, Ms Corinne Heijn is due to step down by rotation. She is eligible for reappointment. The Supervisory Board will be expanded in 2009 and Messrs Peter Cornet and Pierre Aeby have been nominated as members. This will be discussed at the General Meeting of Participants on 23 April 2009.

Zeist, 26 March 2009

Paul Deiters (chairman)
Corinne Heijn
Marleen van den Horst

- ◀ In 2008, Triodos Fair Share Fund became a shareholder in Kashf Microfinance Bank in Pakistan. Kashf means 'miracle' in Pakistani and this is what this bank wants to realise for its clients.



Rene Alonso Vásquez Ramos is the 34-year-old owner of a printing business in Ahuachapán, El Salvador. Loans from microfinance institution Apoyo Integral have enabled him to buy new, modern equipment for his printing works. Because of this, he has been able to considerably expand his customer base. Microfinance institution Apoyo Integral is a newcomer in the Triodos Fair Share Fund portfolio. As one of the few institutions in El Salvador, it operates throughout the country and now has more than 37 thousand clients.

Manager's Annual Report

This is the sixth Annual Report of Triodos Fair Share Fund. Once more in 2008 many new participants invested in the Fund and the Fund's assets increased substantially from EUR 36.9 million to EUR 59.3 million. This represented a growth of 60.8% and is higher than the originally expected 35% growth to EUR 50 million. The number of participants rose from 2,564 to 4,006. Likewise, the Fund's investments grew substantially, by 83.4% to EUR 51.5 million. The investments comprised finance facilities (loans and equity investments) provided to microfinance institutions in developing countries and Eastern Europe.

The net asset value per unit rose in 2008 from EUR 27.71 to EUR 29.10. On the basis of net asset value, the return over the last year was 7.5%. The result is much better than the original forecast of 4%. This return is exclusive of any tax advantage, which can be as high as 2.5%, due to the social-ethical status of the Fund.

DEVELOPMENTS IN THE MICROFINANCE SECTOR

2008 was a turbulent year for the financial sector worldwide. The credit crunch, which started in the United States in 2007, was followed by an international financial crisis, in which many financial institutions ran into difficulty because they had packages of bad debts on their balance sheets. This did not apply to the microfinance institutions in which Triodos Fair Share Fund has invested. Nonetheless, the economies of the countries where these institutions are based are expected to be hit as a result of the global downturn in economic activity, although microfinance clients (and thus also the microfinance institutions) are traditionally less affected by such developments.

IMPACT OF THE FINANCIAL CRISIS FOR MICROFINANCE INSTITUTIONS

The causes of the current financial crisis crunch are becoming increasingly clear. First and foremost, it has to do with the role of money. Money was once the lubricant in the real economy, a means of exchange that facilitated transactions. But in recent decades, there have been increasing attempts to make money out of money through speculation and by the develop-

ment of complex financial products that people did not really understand, but which came with promises of high returns. Products that did not actually create any real value, but which generated risks, and for which fees were charged by intermediaries, advisers and investment bankers. The illusion that you can earn money with money has now been shattered. Mortgages and other loans were chopped up and repackaged in special investment instruments that were sold on to all sorts of investors around the world, so nobody knew who was lending money to whom any more. There was no longer any relationship between the lender and the borrower. The equilibrium between the financial world and the real economy became completely distorted. What does this mean for the future of banking in general, and for the microfinance sector in particular? The financial crisis shows just how important it is to have a reliable and transparent financial sector. Banks are essential for the healthy development of the economy, acting as an intermediary between savers and borrowers. That is the core function of a bank. For microfinance banks, this core function of banking is the reason for their existence.

In the developing countries in which Triodos Fair Share Fund invests, only a limited section of the population has access to financial services. The situation now unfolding in Western countries due to the financial crisis - a stagnating economy and companies running into difficulty because of limited access to credit - is the same situation companies and individuals in developing countries have always been faced with. The microfinance institutions Triodos Fair Share Fund finances are working to change this situation, by giving more clients access to the financial system and by offering them a wider range of financial services.

Microfinance institutions provide small loans to people so they can develop their own small businesses. Good microfinance institutions do this in a transparent and considered way. They know their clients and make sure their clients do not borrow too much. In addition, more and more microfinance institutions are giving poor people the opportunity to save. Being able to save is just as important as being able to obtain a loan. By being able to put their savings safely away in a bank, they are able to save up to pay

Triodos Bank



In September 2008, for the fifth year in a row, Triodos Investment Management hosted an international workshop welcoming representatives from microfinance institutions in Peru, Nicaragua, Uganda, Tanzania, Madagascar, The Gambia, India and Cambodia. Triodos Fair Share Fund is a shareholder in several of these institutions. The central themes of this workshop were international expansion, human resource management and banking on values.

their children's school fees, for example, or to create a buffer so they can overcome unexpected adversity, such as illness or a failed harvest. These basic financial services are crucial for the development of a local economy, and will allow poor people to improve their lives. The financial crisis has forced the world to re-examine what the role of a bank really should be. The Triodos Fair Share Fund mission has always centred on the core tasks of a bank: by acting as an intermediary between savers and lenders, the bank is a service provider to the community. Because of the financial crisis, this viewpoint is becoming more widely accepted, and in this context the institutions in which Triodos Fair Share Fund invests are exemplary banking institutions.

Despite the challenges posed by the financial crisis, the microfinance sector experienced positive development worldwide in 2008. Existing microfinance institutions, including the institutions in which Triodos Fair Share Fund invests, continued to grow vigorously, often by more than 20%. Generally speaking, the credit crunch and the financial crisis have not had a direct impact on most developing countries.

Indirectly, nonetheless, they will most likely be affected by:

- lower investments by international investors
- lower remittances of money from the Diaspora in developed countries (i.e. from family and friends)
- lower levels of development aid due to the pressure on budgets in developed countries.

Most developing countries have therefore already revised their forecasts for economic growth downwards. Experience has shown that bigger companies are hit harder in such situations than small-scale businesses. Consequently, microfinance institutions will also be relatively less affected by the financial crisis than commercial banks.

The most direct impact felt by microfinance institutions will probably be the pressure on currency exchange rates and the reduced availability of finance for the growth of their loan portfolios. For Triodos Fair Share Fund, this means the Fund must look more than ever before at the extent to which organisations have covered their currency risks, and the extent to which they are able to continue financing further growth themselves.

COUNTRY RISK

Unfortunately, several countries have been affected by increasing risk. After the Kenyan elections of 27 December 2007, there were serious riots that sadly left many dead. These riots also had an impact on the clients of banks in Kenya, including our partner K-Rep Bank. This was reflected in poorer results for this bank in 2008. In some countries, for example Nicaragua, but also in countries like Pakistan, politicians regularly make populist statements that undermine the microfinance sector. This has repercussions for the institutions in which Triodos Fair Share Fund invests, but they are generally able to handle these difficult situations effectively.

This year, Triodos Fair Share Fund became a shareholder in Kashf Microfinance Bank in Pakistan and ACLEDA Bank Lao in Laos, two countries with an above-average risk.

For Triodos Fair Share Fund, this means there is a higher level of risk attached to the finance provided in these countries. Nonetheless, it is precisely the institutions in these countries that Triodos Fair Share Fund wants to continue supporting so they in turn are able to continue financing their clients in these difficult times.

MARKET POSITION OF TRIODOS FAIR SHARE FUND

The banking expertise and the approach of Triodos Fair Share Fund are ideally suited for the needs of many microfinance institutions. This clearly sets the Fund apart from other investors in the microfinance sector, and the aim is to allow microfinance institutions to benefit from this added value in a variety of ways.

In 2008, Triodos Investment Management, the Triodos Fair Share Fund investment manager, was one of the first providers of capital in the sector to sign a code of conduct for protecting microfinance clients. The code of conduct describes the minimum level of service microfinance clients can expect from the institutions where they bank, including:

- an assessment of the client's repayment capacity to ensure they are not burdened by excessive debt
- transparent prices (including interest rates, commission, etc.)
- the collection of outstanding amounts in a way that is not intimidating, abusive or denigrating

- ethical principles for employees, including no corruption
 - a clear complaints procedure
 - respect for clients' privacy.
- Triodos Fair Share Fund has committed itself to these principles and applies them when selecting institutions for investment.

Another of Triodos Fair Share Fund's priorities is to promote mutual exchange of knowledge and expertise between the microfinance institutions worldwide. In September 2008, for the fifth year in succession, Triodos Investment Management organised an international workshop with representatives from various microfinance banks in Africa, Latin America, and Asia.

Participation in this workshop is by invitation only. The participants are senior managers and directors of microfinance institutions who can learn from each other and from the expert guest speakers. The open atmosphere provides a unique forum for discussing opportunities and challenges.

The three themes of this year's workshop were: international expansion, human resource management, and the recurring subject of *Triple Bottom Line banking*, banking with a balanced concern for *people, planet, and profit*.

International expansion is important for all microfinance institutions. They are often already undertaking it, considering it, or dealing with institutions from other countries operating in their home market. Leading microfinance banks, such as ACLEDA Bank in Cambodia and Mibanco in Peru, presented their plans and the reasons behind their expansion into neighbouring countries. Peter Blom, chairman of the board of Triodos Bank, spoke about the strategy in relation to the Triodos branches within Europe, and a partner of McKinsey & Company contributed to the discussion by comparing the expansion of Western banks with the situation in emerging markets.

The second theme was human resource management and the key factors within this for value-driven organisations, such as microfinance institutions and Triodos Bank. How can an organisational culture be created which is centred on the mission and values of the organisation, and which the employees are committed to? Due to increasing competition in the financial sector in developing countries, this has become

an important success factor. Microfinance institutions similar to Triodos Bank cannot, and do not want to, attract employees by offering the highest financial rewards. It is precisely their non-financial mission and organisational culture that has to be used as a force to attract and bind employees to microfinance institutions.

For the third theme, three microfinance institutions from Latin America - Banex from Nicaragua, Mibanco from Peru, and FFP FIE from Bolivia - presented a project for the development of a ScoreCard, which can be used to focus on target clients and measure the socio-economic development of these clients. Other microfinance institutions are following this project with a great deal of interest. The Transparency and Sustainability in Finance Project has provided support for this project. Similarly, it continues to assist the participating microfinance banks through the process of reporting in accordance with the guidelines of the Global Reporting Initiative (GRI), whereby the results are presented transparently in terms of financial, social, and environmental performance.

'Due in part to the assistance of the Transparency and Sustainability in Finance Project, Banex has now developed a Scorecard to measure our clients' social and economic development. We notice that this project is giving our staff, management and even our supervisory directors and shareholders an enormous boost, because it directly touches on what makes us different from other banks: apart from a financial return we want to make it clear what our social contribution is.'

Mr Gabriel Solórzano,
President and CEO of Banex in Nicaragua

Triodos Fair Share Fund moreover aims to create as much added value as possible, especially for those institutions in which it is a shareholder, by making an active contribution to the Board of Directors of these institutions. A senior employee of Triodos Bank represents Triodos Fair Share Fund as a director or deputy director on the Board of Directors, and is thus able to contribute Triodos Bank's specific knowledge and experience.

INVESTMENTS

The value of the Triodos Fair Share Fund investment portfolio increased by 83.4% to EUR 51.5 million (2007: EUR 28.1 million). The high quality of the investment portfolio is unchanged and, as in 2007, there was no need to make provisions.

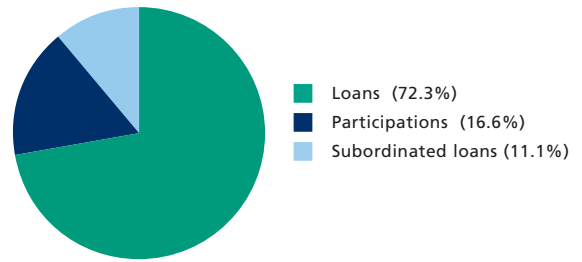
Triodos Fair Share Fund provided a total of 30 financial facilities in 2008. As at 31 December 2008, the Triodos Fair Share Fund portfolio consisted of 57 financial facilities to 27 micro-finance institutions. As at 31 December 2008, four additional financial facilities had been approved: one equity investment and three loans. The committed equity investment relates to an increase in the investment in ACLEDA Bank in Cambodia, which took effect in January 2009. The committed loans relate to loans to BRAC Southern Sudan, BRAC Tanzania and BRAC Uganda.

The tightening up of the regulations of the Social-ethical Investments Scheme on 17 February 2006 meant it was no longer possible to provide short-term finance to Fair Trade organisations. Triodos Fair Share Fund consequently provided no trade finance in 2008.

Triodos Fair Share Fund became a shareholder in two new microfinance banks in 2008: ACLEDA Bank Lao in Laos and Kashf Microfinance Bank in Pakistan. The Fund also increased its stake in ACLEDA Bank Cambodia, Tenger Financial Group LLC (formerly Xac-GE LLC) in Mongolia and in FFP FIE in Bolivia. All of the equity investments have developed well and the value of the equity investments in the portfolio has increased by 132.5% from almost EUR 3.7 million to almost EUR 8.6 million.

Triodos Fair Share Fund provided loans to a total of eight institutions in 2008 that were new to the Fund: Apoyo Integral in El Salvador, BRAC Africa Loan Fund for the benefit of BRAC Uganda, BRAC Tanzania and BRAC Southern Sudan, Centenary Bank in Uganda, ODEF Financiera in Honduras, Partner in Bosnia and Herzegovina and Small Enterprise Foundation in South Africa. Various loans were also provided to the Fund's established clients.

Investment distribution per finance type as at 31 December 2008



Although financing in Latin America still forms the largest part of the Triodos Fair Share Fund portfolio, the Fund has managed to achieve greater diversification in its spread across the regions in the last few years.



Although financing in Latin America still makes up the largest part of the Triodos Fair Share Fund portfolio, the fund has managed to achieve greater diversification in its spread across the regions in the last few years. This map of the world shows the Triodos Fair Share Fund portfolio as at 31 December 2008.

Geographic distribution

(amounts in euros)

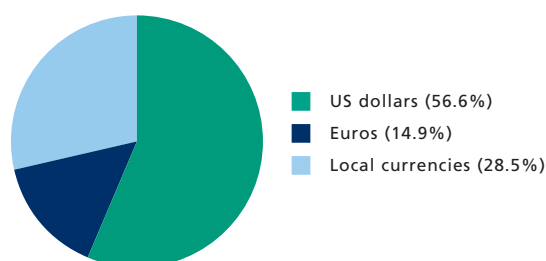
	2008		2007	
	Number	Fair value	Number	Fair value
Africa and Middle East	8	2,533,761	6	2,012,543
Latin America	28	26,241,657	21	12,486,518
Asia	8	8,684,352	5	4,178,640
Eastern Europe and Central Asia	13	14,070,300	11	9,417,103
	<u>57</u>	<u>51,530,070</u>	<u>43</u>	<u>28,094,804</u>

Various financial facilities were provided in local currencies in 2008, such as loans to Centenary Bank and FINCA Uganda in Ugandan shillings, to Edpyme Confianza, CREAM Arequipa and Financiera Edyficar in Peruvian nuevo soles, to ODEF Financiera in Honduran lempira and in South African rand to Small Enterprise Foundation. These loans were provided in local currency because the institutions in question have no income in 'hard' currency and would have difficulty carrying the currency risks of loans in euros or US dollars. Where possible, Triodos Fair Share Fund hedges the exchange rate risk by means of currency forward contracts. In those cases where this is not possible, the Fund tries to compensate for the risk of a possible devaluation of the local currency against the euro by charging a higher interest rate for these loans. The following local currencies were hedged in 2008: the Peruvian nuevo soles, the Kenyan shilling and the South African rand.

Likewise, the equity investments the Fund makes are usually in local currencies, such as the Laotian kip for ACLEDA Bank Lao in Laos, Bolivian bolivianos for FFP FIE, Pakistan rupees for Kashf Microfinance Bank, Peruvian nuevo soles for Mibanco and Mongolian tugrik for Tenger Financial Group LLC. These currency risks cannot be hedged, but expectations are that the increase in value of these equity investments will be more than sufficient to compensate for any devaluation.

Triodos Fair Share Fund has furthermore provided loans in euros and US dollars. The currency risks for finance in US dollars are always hedged by means of currency forward contracts.

Distribution per currency as at 31 December 2008



Triodos Fair Share Fund invests in microfinance institutions that are still in the process of development, having already withstood the first phase of growth, and that are mature and professional to a satisfactory level or have been set up under the management of a very experienced microfinance institution. The latter is true for ACLEDA Bank Lao in Laos, Kashf Microfinance Bank in Pakistan and BRAC Uganda, BRAC Tanzania and BRAC Southern Sudan. Besides this, Triodos Fair Share Fund prefers to invest in institutions regulated by the local central bank or other relevant authorities. Consequently, the number of young institutions financed by Triodos Fair Share Fund is relatively limited, but has increased in relation to 2007. In total, finance facilities were provided to five (in 2007: one) institutions less than five years' old: ACLEDA Bank Lao in Laos, Kashf Microfinance Bank in Pakistan, BRAC Uganda, BRAC Tanzania and BRAC Southern Sudan.

Overview of microfinance institutions financed by Triodos Fair Share Fund as at 31 December 2007 and 2008

Institution	Country	Number of loan clients	
		2008	2007
AccessBank	Azerbaijan	69,144	46,653
ACLEDA Bank	Cambodia	214,337	185,492
ACLEDA Bank Lao	Laos	253	*
Apoyo Integral	El Salvador	37,233	*
Banex	Nicaragua	41,248	45,887
BRAC Southern Sudan	Sudan	10,402	*
BRAC Tanzania	Tanzania	80,370	*
BRAC Uganda	Uganda	62,286	*
Centenary Bank	Uganda	92,611	*
Edpyme Confianza	Peru	59,042	47,557
Edpyme Crear Arequipa	Peru	52,338	35,869
Equity Bank Uganda	Uganda	56,148	29,604
FDL	Nicaragua	82,336	71,992
FFP FIE	Bolivia	103,584	88,641
Financiera Edyficar	Peru	180,885	137,018
Financiera FAMA	Nicaragua	37,296	38,723
Finca Ecuador	Ecuador	60,233	58,584
Finca Uganda	Uganda	49,503	45,313
Kashf Microfinance Bank	Pakistan	18,591	*
K-Rep Bank	Kenya	61,303	55,006
Mibanco	Peru	361,085	283,361
Mikrofin	Bosnia and Herzegovina	58,774	51,508
ODEF Financiera	Honduras	26,562	*
Partner	Bosnia and Herzegovina	63,593	*
FFP Prodem	Bolivia	109,113	85,690
Sathapana	Cambodia	37,159	26,048
Small Enterprise Foundation	South Africa	54,866	*
XacBank	Mongolia	62,295	54,270
Total		2,142,556	1,387,216

* Not financed in 2007

** Figures not available

Percentage of women		Portfolio (USD x 1,000)		Average loan (USD)	
2008	2007	2008	2007	2008	2007
21%	27%	166,731	114,537	2,411	2,455
58%	59%	463,354	315,074	2,162	1,699
40%	*	1,124	*	4,443	*
67%	*	56,933	*	1,529	*
51%	54%	132,919	125,398	3,222	2,733
100%	*	1,856	*	178	*
100%	*	8,064	*	100	*
100%	*	8,790	*	141	*
30%	*	151,490	*	1,636	*
49%	48%	85,847	62,262	1,454	1,309
52%	54%	61,160	46,392	1,169	1,293
58%	**	45,308	23,979	807	810
56%	57%	68,793	53,262	836	740
43%	78%	246,187	161,253	2,377	1,819
51%	54%	185,290	127,604	1,024	931
70%	73%	40,887	31,368	1,096	810
77%	91%	33,269	27,465	552	469
62%	79%	9,877	10,198	200	225
4%	*	6,705	*	361	*
44%	64%	79,395	80,946	361	1,472
55%	56%	781,090	499,502	2,181	1,763
35%	35%	164,410	142,956	2,797	2,775
61%	*	26,413	*	994	*
42%	*	131,707	*	2,071	*
51%	50%	240,794	166,580	2,207	1,944
73%	79%	37,596	22,455	1,012	862
99%	*	7,917	*	144	*
53%	57%	118,145	86,056	1,897	1,586
		<u>3,360,196</u>	<u>2,097,287</u>		

The Fund's five largest positions in percentages of the Fund's assets are:

ACLEDA Bank, Cambodia	10.18%
Mibanco, Peru	8.84%
AccessBank (formerly Micro Finance Bank of Azerbaijan), Azerbaijan	8.32%
Banex (formerly Findesa), Nicaragua	7.62%
Financiera Edyficar, Peru	7.44%

Triodos Fair Share Fund aims to keep individual investments to below 10% of the Fund's assets. Non-realised changes in value have pushed its stake in ACLEDA Bank in Cambodia just above this limit. The expected further growth of the Fund in 2009 will bring this investment back within this 10% margin.

The microfinance institutions in which Triodos Fair Share Fund invests generally developed very well in 2008 and once more experienced strong growth. The table on pages 16 and 17 shows the growth in the loan portfolio and the number of clients of these institutions, as well as the average loan size and the percentage of female clients.

As set out in the prospectus, and in accordance with the requirements of the Social-ethical Investment Scheme, Triodos Fair Share Fund aims to invest at least 70% of the Fund's assets in line with the Fund's objective. Furthermore, of the capital invested in projects, the Fund aims to invest between 20% and 40% in equity investments in microfinance institutions, between 40% and 60% in loans to microfinance institutions and no more than 20% in trade

finance. The Fund will retain at least 10% as liquid assets.

The table at the bottom of page 18 shows these ratios as at 31 December 2008 and 2007.

On 31 December 2008, similar to the situation at year-end 2007, the investment in loans to microfinance institutions was relatively higher than the equity investments.

FINANCIAL RESULTS

In 2008, the Fund's assets grew more strongly than had been expected in 2007, by as much as 60.8% from EUR 36.9 million to EUR 59.3 million. At the end of 2007 the forecast was for growth up to EUR 50 million by the end of 2008. The number of outstanding units at year-end was 2,038,347 (2007: 1,331,615). The number of participants went up by 56.2% from 2,565 to 4,006. The result for 2008 was EUR 3,489,274 (2007: EUR 1,555,258), of which EUR 1,729,732 will be distributed as dividend.

This result is higher than expected and was partly due to the excellent performance of the banks in which Triodos Fair Share Fund has been a shareholder for many years, such as Mibanco in Peru, FFP FIE in Bolivia, ACLEDA Bank in Cambodia and Tenger Financial Group LLC in Mongolia. Triodos Fair Share Fund received dividends amounting to EUR 164,245 in 2008 (2007: EUR 173,541).

The non-realised changes in value of equity investments amounted to EUR 1,920,326 (2007: 820,173).

Exchange rates were very volatile in 2008. The result includes a currency loss of EUR 173,976 (2007: a loss of EUR 279,999). This loss is made

	Actual		Target
	2008	2007	
Capital invested in projects/Fund assets	87%	76%	> 70%
Liquid assets/Fund assets	13%	19%	10 - 30%
Receivables plus intangible fixed assets minus short-term debts/Fund assets	0%	5%	
Equity investments/invested capital	17%	13%	20 - 40%
Subordinated loans and microfinance loans/invested capital	83%	87%	40 - 60%
Trade finance/invested capital	0%	0%	< 20%

up of a profit of EUR 38,243 (2007: a loss of EUR 52,200) on the loans Triodos Fair Share Fund invests in resulting from the revaluation of various local currencies against the euro and a loss of EUR 212,219 (2007: a loss of EUR 227,799) related to hedging foreign currencies.

Generally speaking, local currencies devalue. Triodos Fair Share Fund compensates for this by charging relatively higher interest rates on these loans (shown as 'income from investment in loans').

As at 31 December 2008, the net asset value per unit was EUR 29.10 (2007: EUR 27.71). On the basis of the net asset value, the return for 2008 was 7.5% (2007: 5.7%).

RETURN ON TRIODOS FAIR SHARE FUND

The return on Triodos Fair Share Fund is calculated on the basis of the net asset value of the Fund, including the reinvestment of dividend. The net asset value is the value of all a fund's assets, less any debts there may be. This is also called the equity of a fund. The return on Triodos Fair Share Fund was 7.5% (2007: 5.7%) for 2008. Investors in Triodos Fair Share Fund may be eligible for a tax advantage of up to 2.5% over and above the return on the Fund.

LIQUIDITY MANAGEMENT

Because of legal requirements, Triodos Fair Share Fund must keep at least 10% of the Fund's assets in liquidities. During the period under review, these liquidities were partly held in deposits and partly in a savings account with Rabobank and Triodos Bank under conditions in line with the market. In 2007, Triodos Fair Share Fund applied for a credit facility from Triodos Bank for a total amount of EUR 5.0 million. The Fund can make use of this credit facility if its short-term interest-bearing assets prove insufficient to meet certain obligations. Triodos Fair Share Fund did not make use of this stand-by facility in 2008.

STATEMENT BY THE MANAGER

Triodos Fair Share Fund is managed by Triodos Fonds Management bv. Triodos Fonds Management is licensed to act as a manager of investment funds by the Netherlands Authority for the Financial Markets. The manager is responsible for the correct management of the funds it

RETURN TRIODOS FAIR SHARE FUND

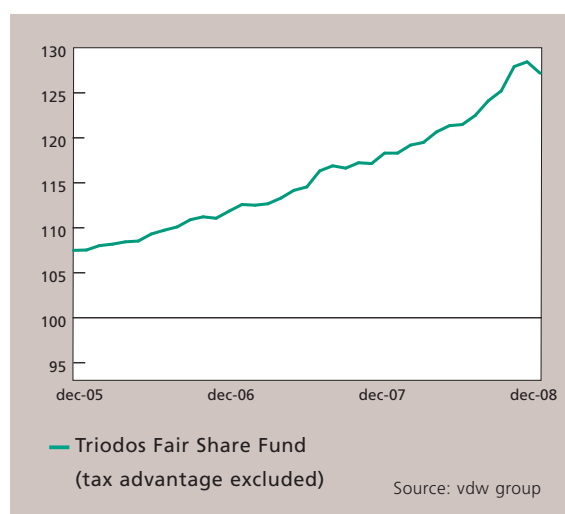
Return Triodos Fair Share Fund

(inclusive of reinvestment of dividend and exclusive of tax advantage)

	1 year	3 years	5 years
Net asset value	7.5%	5.9%	5.3%

Source: vdw group

Development return on investment Triodos Fair Share Fund



manages and should account for this in the annual report.

Triodos Fonds Management has officially outsourced the management of the investments to Triodos Investment Management bv. Both Triodos Investment Management and Triodos Fonds Management have a description of their operational management procedures, which was drawn up in accordance with the requirements of the Dutch Act on Financial Supervision (Wft) and the Dutch Decree on the Supervision of the Conduct of Business (Bbfo). The Manager reviewed this description in 2008 and amended it where necessary. During this review, the Manager came to the conclusion that the description of the operational management procedures, as referred to in article 121 of the Bgfo satisfied the requirements set out in the Wft and the associated regulations. During the last financial year, the Manager conducted an assessment of the various aspects

of its operational management by way of management reports, an internal audit and an external audit. The auditor's report as a result of the audit of the 2007 annual accounts was discussed with the Triodos Fair Share Fund Supervisory Board. The accountants' findings revealed no topics on which to recommend improvements. There is also an incident and complaints procedure. This did not produce any findings relevant to the context of this annual report. On the basis of the management information compiled for the financial year 2008 about the processes carried out, the internal control procedures that were part of this and from the specific audits that took place, the Manager concluded that the control procedures had been followed in accordance with the description.

As the manager of an investment fund, Triodos Fonds Management is obliged to publish the Principles of Fund Governance on its website as of 1 January 2009. These principles are a form of self-regulation containing the guidelines and practices indicated by the Dutch Fund and Asset Management Association (dufas). The aim of the principles is to provide further guidelines for the organisational set-up and the way retail and other fund manager's work. Triodos Fonds Management has followed these guidelines and formulated policy that can be found on the website www.triodos.nl.

In 2009, Triodos Fonds Management bv will merge with Triodos Investment Management bv. The organisational aspects of the merger were implemented as of 1 January 2009. The legal merger, after which the new entity will be known as Triodos Investment Management bv, will take place at the end of June 2009. To be able to implement the organisational merger in January, the managing directors of Triodos Investment Management, Ms Marilou van Golstein Brouwers and Mr Hans Schut, joined the board of Triodos Fonds Management, bringing its membership to four. The merger is an internal, organisational event within the Triodos Group and has no consequences for Triodos Fair Share Fund or the participants in the Fund.

MANAGEMENT COSTS

Management costs in 2008 amounted to 3.3% of the average assets of the Fund. By far the largest

item of expenditure was the management fee paid by Triodos Fair Share Fund to Triodos Fonds Management and Triodos Investment Management. Triodos Investment Management, responsible for the management of the investments, used this fee primarily to cover staff costs, including travelling expenses incurred in connection with providing new finance facilities and managing existing finance facilities. This management is generally quite intensive, especially the management of the Fund's investments. Trips frequently have to be made to the countries where the finance is provided. Apart from that, the management fee covers all the expenses associated with the administration and reporting obligations required by statutory regulations.

The total expense ratio (TER) indicates the costs of an investment fund as a percentage of the average assets of the Fund in one financial year. This relates to expenses in relation to the average net asset value, excluding the cost of investment transactions, interest rate expenses and the costs connected with the accession and withdrawal of participants. The Triodos Fair Share Fund TER was 3.33% in 2008 (2007: 3.14%). The increase compared to 2007 was specifically a consequence of the growth in marketing expenses. The Fund conducted a marketing campaign among private investors for the first time in 2008. This resulted in a substantial increase in the Fund's assets.

RISKS

Triodos Fair Share Fund has a relatively high risk profile due to the characteristics of the investments made by the Fund, which are described in detail in the Fund Prospectus. The risks can be divided into several categories. For a detailed description of these categories, please see the Prospectus. The main risk categories are:

CURRENCY RISK

At year-end 2008, 15% of the Triodos Fair Share Fund finance facilities were in local currency and had not been hedged with currency forward contracts (2007: 16%). The majority of the finance facilities are still provided in euros or US dollars, and the risk for the US dollar is hedged with currency forward contracts. For the spread across the various currencies, please see page 15.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will be unable to obtain the financial resources it needs to fulfil certain obligations. This risk is limited by investing at least 10% of its capital in interest-bearing assets, or arranging sufficient other guarantees. At year-end 2008 the interest-bearing assets amounted to 12.9% (2007: 19.0%).

In 2008, Triodos Fair Share Fund applied for a credit facility with the Triodos Bank for a total amount of EUR 5.0 million. The Fund can make use of this credit facility in the event that the short-term interest-bearing assets prove insufficient to meet certain requirements.

INTEREST RATE RISK

The return on investment of Triodos Fair Share Fund depends partly on developments in the capital market. Depending on the composition of the portfolio, a change in the interest rate on the capital market may either have a positive or negative effect on the results of Triodos Fair Share Fund. The Fund does not run any interest rate risk with respect to the valuation of its assets and liabilities.

RISK IN RELATION TO THE STATUS AS A SOCIAL-ETHICAL FUND

Because of its status as a social-ethical fund, Triodos Fair Share Fund has an obligation to invest at least 70% of its resources in social-ethical projects. If at any time it has less than 70% of its resources invested in social-ethical projects, taxes may be imposed. A permanent deficiency of social-ethical projects could lead to the loss of the Fund's social-ethical status, in which case the tax advantages for the participant would cease to apply. At year-end 2008, 87.0% of the Fund's capital was invested in social-ethical projects (2007: 81.8%).

CREDIT RISKS

COUNTRY RISK

Triodos Fair Share Fund invests in countries which sometimes have substantial political risks, countries that might be in an economic recession, with perhaps high and rapidly fluctuating inflation, countries that often have a poorly developed legal system, and where sometimes the standards for financial auditing and reporting are not always in line with internationally accepted standards. It is noticeable, however, that the microfinance institutions in

which Triodos Fair Share Fund invests, are often able to develop exceedingly well despite the difficult context of the country in question. Their performance is often even better than the 'ordinary' banks, on which such risk factors seem to have a greater impact. To limit the country risk, Triodos Fair Share Fund invests no more than 30% of its capital in one particular country. Please refer to page 15 for the spread across the different regions.

ORGANISATION RISK

The institutions and organisations in which Triodos Fair Share Fund invests are still relatively young and are generally growing rapidly. Although rapid growth is a positive factor in itself, it can also present certain risks. Moreover, these organisations and institutions sometimes encounter difficulties in attracting and keeping qualified staff and management. Triodos Fair Share Fund tries to limit the organisation risk as much as possible by primarily investing in microfinance institutions that are regulated by the relevant authorities in each specific country. Triodos Investment Management has a great deal of experience in the financing of similar organisations and institutions in developing countries and Eastern Europe, having managed Triodos-Doen and Hivos-Triodos Fund since 1994. This experience provides the Fund with a good basis for properly assessing the various risks referred to above, and to then take the appropriate investment decisions. Risk is further limited by structuring the loans and equity investments and by the conditions placed upon them.

CONCENTRATION RISK

The Triodos Fair Share Fund policy is to limit its investment in one organisation or institution to in principle a maximum of 10% of the Fund's capital. If adequate security is provided, for example in the form of bank guarantees, then an exception can be made to this rule. The Fund also has a policy of limiting its investments in one country to a maximum of 30% of the Fund's capital. For details of the five largest investments made by Triodos Fair Share Fund, please see page 18.

SOCIAL-ETHICAL INVESTMENTS

In 2004, Triodos Fair Share Fund was the first investment fund in the Netherlands to be awarded the official status of social-ethical investment

fund. In order to keep this status, the Fund must invest at least 70% of its capital in government-approved social-ethical projects in what are known as DAC-I countries (Development Assistance Countries). Triodos Fair Share Fund has succeeded in keeping this percentage over 70% in each of the last five years. At year-end 2008, the percentage of social-ethical investment was 87.0% (2007: 81.8%).

The regulation has a number of restrictions, including a limit on the project capital per institution of EUR 4,537,802. The Council for Social-Ethical Funds, a consultative body under the auspices of the Netherlands Bankers' Association (NvB), of which Triodos Fair Share Fund is also a member, has been discussing the matter with the Dutch Ministries of Development Cooperation and Finance to see if the regulations can be changed in places.

PROSPECTS

In light of the current economic situation the Fund faces more uncertainties with regard to the prospects than in previous years.

Triodos Fair Share Fund expects to be able to grow by 18% to EUR 70 million in 2009. The potential for growth will depend both on the interest of investors and the extent to which its investments qualify under the Social-Ethical

Investments Scheme. In the light of the credit crunch and current circumstances in the financial markets, the Manager expects interest rates to remain at least at the same level as in 2008. Competition remains fierce and currency exchange rates will probably remain volatile. Expectations are that return on investment in 2009 will be approximately the same as the five-year average of 5.3%. But this depends on the movement in value of equity investments and exchange rate results for unhedged local currencies. The rise in marketing and distribution costs will be compensated due to fixed costs being spread over a greater Fund aggregate. Expectations are that the total expense ratio will remain between 3.3% and 3.4%.

Zeist, 26 March 2009

The Manager

The Management Board of Triodos Fonds Management bv

Marilou van Golstein Brouwers

Diane Griffioen

Bas Rüter

Hans Schut

General information

OBJECTIVE

Triodos Fair Share Fund invests in microfinance institutions in developing countries and in Eastern Europe, through loans and equity investments in the share capital. New and small-scale enterprises in these countries often have no access to funding from conventional banks, and consequently these entrepreneurs have to rely on specialised microfinance institutions.

With a loan of less than one thousand euros, entrepreneurs can often double or even triple their business activities, and with that their income. For this reason, microfinance is often, and rightly, seen as a modern and efficient form of fighting poverty. Partly as a result of investments in microfinance institutions by Triodos Fair Share Fund, the range of micro-credit is growing enabling greater numbers of entrepreneurs to start up or further develop their businesses.

Triodos Fair Share Fund also provides the microfinance institutions it finances with the benefit of its banking experience and microfinance expertise. When it invests in the share capital of a microfinance institution, Triodos Fair Share Fund obtains a seat on the Board of Directors. This way, the Fund also contributes to proper governance of the microfinance institution and is closely involved in further developments. Triodos Fair Share Fund wishes to enable the public to invest in these positive developments and is still one of the few global investment funds to do so.

In addition to its investments in microfinance institutions, Triodos Fair Share Fund also provides – to a limited extent – trade finance to certified organic agricultural projects and to producers of certified Fair Trade products in developing countries. This mostly concerns the pre-financing of contracts with European or American importers. Thanks to Triodos Fair Share Fund financing, the farmers receive payment immediately upon delivery of their products, rather than having to wait for their cooperative to receive payment from the importers. Unfortunately, as a result of a change in the Social-ethical Investments Scheme, this financing is no longer covered by the Scheme, which

severely limits the amount of trade finance Triodos Fair Share Fund can undertake.

STRUCTURE

Triodos Fair Share Fund is an unlisted mutual fund, regulated by the Netherlands Authority for the Financial Markets within the framework of the Dutch Act on Financial Supervision. Triodos Fair Share Fund is managed by Triodos Fonds Management.

Triodos Fonds Management has entered into an agreement with Triodos Investment Management in which a number of management tasks, such as the investments, are delegated. Both companies are full subsidiaries of Triodos Bank nv. Triodos Investment Management has experience in the fields of microfinance and Fair Trade dating back to 1994 through its management of the Triodos-Doen Fund and the Hivos-Triodos Fund. Over the years, these two funds have financed dozens of microfinance institutions worldwide.

The Fund Manager is Ms Marilou van Golstein Brouwers, Managing Director of Triodos Investment Management. The Board of Directors of Triodos Fonds Management comprises Ms Marilou van Golstein Brouwers, Ms Diane Griffioen, Mr Bas Rüter and Mr Hans Schut. Triodos Fonds Management has a license from the Netherlands Authority for the Financial Markets. An independent Supervisory Board monitors such matters as the investment policy and advises the Manager. Members of the Supervisory Board are appointed by the General Meeting of Participants, on the recommendation of the Supervisory Board. The Supervisory Board comprises Mr Paul Deiters (chairman), Ms Corinne Heijn and Ms Marleen van den Horst.

Triodos Custody bv is the Custodian of Triodos Fair Share Fund's assets at the expense and risk of Triodos Fair Share Fund. The Board of Triodos Custody bv comprises Messrs Adri Dijkstra and Hann Verheijen. The shares in Triodos Custody bv are held by 'Stichting Administratiekantoor Triodos Custody' (Foundation for the Administration of Triodos Custody), which has issued one depositary receipt to Triodos Bank for each share. 'Stichting Administratiekantoor Triodos Custody' has voting rights attached to the shares and the right to appoint and dismiss

the Custodian's Board Members. 'Stichting Administratiekantoor Triodos Custody' is managed by independent people. This construction is intended to guarantee the independence of the Custodian from the Fund's Manager.

METHOD OF OPERATION

Triodos Fair Share Fund invests in microfinance institutions through loans and investment in the share capital. A number of financial facilities are provided in syndicate with Triodos-Doen and Hivos-Triodos Fund. This enables the client's need for finance to be met by a shared offering from two of the funds. Triodos Fair Share Fund provides finance mainly in euros or in other currencies for which the currency risk can be hedged by currency forward contracts. Exceptions to this include the equity investments in local currency, whose currency risk often cannot be hedged. In addition, a limited number of local currency loans were provided to African microfinance institutions. These institutions do not have any income in hard currency, making it difficult for them to bear the currency risk. Triodos Fair Share Fund tries to compensate for this risk by charging a higher interest rate on these loans.

TAX STATUS

CORPORATION TAX

Triodos Fair Share Fund has the tax status of an unlisted mutual fund for the application of corporation tax. This means that the Fund itself is not subject to corporation tax, but is fiscally transparent. For tax purposes, the Fund's assets and liabilities, as well as its income and expenditure, are directly attributable to the participants, in proportion to their participating interest in the Fund. This means that all proceeds, after deduction of expenses, must be paid to the participants in the form of a dividend within eight months of the end of the financial year.

DIVIDEND TAX

As a consequence of fiscal transparency, no dividend tax is withheld from the dividend payments the Fund makes to its participants.

SOCIAL-ETHICAL INVESTMENTS

Triodos Fair Share Fund has had the status of a social-ethical investment fund since 1 January 2004.

As a result, private investors in the Fund have a tax advantage comparable to that for so-called 'Green Investments'. Green investments and social-ethical investments together constitute the fiscal category 'Socially Responsible Investments' for income tax purposes. Socially responsible investments are exempt from the 1.2% investment tax (up to a maximum of EUR 54,223 per taxpayer in 2008) in Box iii. The investor will also receive a maximum tax discount of 1.3% on the exempted amount. The maximum amount per taxpayer applies to green and social-ethical investments combined.

SUSTAINABILITY REPORTING

In 2008, Triodos Fair Share Fonds was managed by Triodos Fonds Management BV, a full subsidiary of Triodos Bank NV.

All investment funds report separately on their financial performance in an annual report. The staff involved in the management of these funds are employed by Triodos Bank. The social and environmental impact of their activities is reported in Triodos Bank's 2008 annual report. The 2008 Annual Report of Triodos Bank is a full sustainability report, produced using the Global Reporting Initiative (GRI) sustainability reporting guidelines. The guidelines provide an internationally consistent format for information about a company's performance, particularly with regard to social and environmental issues. For reporting in 2008, Triodos Bank made use of the third generation of GRI guidelines published in October 2006 and the GRI Financial Services Sector Supplements 'Environmental Performance' and 'Social Performance', first published in November 2002. More information about the GRI and the guidelines can be found on www.globalreporting.org.

The aim of Triodos Fair Share Fund is to develop microfinance into a fully-fledged, integral part of the financial sector in developing countries and Eastern Europe. The biggest indirect impact of the Fund is on society and local communities, where it contributes to combating poverty by increasing access to financial services for the lowest income groups. Triodos Fair Share Fund encourages the microfinance institutions in which it is a shareholder to report according to GRI guidelines.

Further information on the social and environmental performance of Triodos Bank and its

investment funds can be found in the Triodos Bank Annual Report, which can be downloaded at www.triodos.com.

CLIMATE-NEUTRAL OPERATIONS

Triodos Bank is completely CO₂-neutral. The bank's policy focuses on reducing greenhouse gases in three stages. Firstly, the bank aims to take as many energy-saving measures as possible. Secondly, what cannot be saved is sourced where possible from sustainable sources. Thirdly, residual CO₂ emissions are compensated by buying CO₂ credits. Greenhouse gas emissions are calculated using the method detailed in the Greenhouse Gas Protocol, an initiative of the World Business Council for Sustainable Development and the World Resources Institute. Where possible, Triodos Bank avoids the use of volatile organic compounds and compounds that destroy the ozone layer.

The management of funds, including Triodos Fair Share Fund, that invest in developing countries, Eastern Europe and Central Asia, involves a lot of travelling, including intercontinental flights. This has a direct impact on the environment. In 2008, 66% of Triodos Bank's flight kilometres were related to the management of funds in developing countries. The resulting CO₂ emissions were fully compensated for.

For further information, please refer to the Prospectus for the Fund, which is available free of charge from Triodos Bank, or visit www.triodos.nl.



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Triodos Fair Share Fund

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◀ The treasurer of one of the Small Enterprise Foundation microcredit institution centres in South Africa counts the repayments on the loans. *Photo: Katie Butler de Wit.*

Balance Sheet as at 31 December 2008

Before appropriation of result
(amounts in euros)

	2008	2007
Investment		
Participations	8,557,506	3,679,922
Subordinated loans	5,714,286	3,053,953
Loans	37,258,279	21,360,929
	<u>51,530,071</u>	<u>28,094,804</u>
Receivables		
Other receivables and deferred assets	534,032	344,586
Other assets		
Currency forward contracts	146,845	1,730,428
Liquid assets	7,679,231	7,024,222
	<u>7,826,076</u>	<u>8,754,650</u>
Short-term debts	566,723	294,502
Result of receivables and other assets minus short-term debts	<u>7,793,385</u>	<u>8,804,734</u>
Result of assets minus short-term debts	<u>59,323,456</u>	<u>36,899,538</u>
Equity		
Participation capital	54,885,334	34,967,500
Revaluation reserve	1,217,651	398,578
Others reserves	-268,803	-21,798
Unappropriated result	3,489,274	1,555,258
	<u>59,323,456</u>	<u>36,899,538</u>

Profit and Loss Account for 2008

(amounts in euros)

	2008	2007
Income from investments		
in participations	164,245	173,541
in (subordinated) loans	3,130,322	1,848,128
	<u>3,294,567</u>	<u>2,021,669</u>
Non-realised changes in value of investments		
in participations	1,920,326	820,173
in subordinated loans	-204	12,484
in loans	-160,580	-264,255
	<u>1,759,542</u>	<u>568,402</u>
Other operating income		
Interest on liquid assets	141,226	138,485
	<u>141,226</u>	<u>138,485</u>
Total operating income	<u>5,195,335</u>	<u>2,728,556</u>
Operating expenses		
Management costs	1,517,685	858,947
Amortisation of intangible fixed assets	—	20,000
Other operating expenses	14,400	14,352
	<u>1,532,085</u>	<u>893,299</u>
Total operating expenses	<u>1,532,085</u>	<u>893,299</u>
Operating result	<u>3,663,250</u>	<u>1,835,257</u>
Exchange rate differences	-173,976	-279,999
Net result	<u><u>3,489,274</u></u>	<u><u>1,555,258</u></u>

Cash flow statement for 2008

(amounts in euros)

	2008	2007
Cash flow from investment activities		
Proceeds received from investments	3,135,849	2,228,776
Investments in participations	-2,924,390	-171,414
Investments in subordinated loans	-2,632,346	-1,855,687
Investments in loans	-14,898,167	-9,883,691
Management costs and operating expenses	-1,259,864	-769,816
Other revenues	110,499	137,335
Elimination of exchange rate differences	188,784	841
	<u>-18,279,635</u>	<u>-10,313,656</u>
Cash flow from financing activities		
Issue of participations	19,917,834	11,883,540
Dividend paid	-983,190	-702,216
	<u>18,934,644</u>	<u>11,181,324</u>
Movements in liquid assets	<u><u>655,009</u></u>	<u><u>867,668</u></u>

Notes to the Balance Sheet and the Profit and Loss Account

(amounts in euros)

GENERAL

Triodos Fair Share Fund was established on 9 December 2002 by means of the Terms & Conditions of Management and Custody deed. These Annual Accounts are for the Fund's sixth financial year.

Triodos Fair Share Fund is an unlisted mutual fund. In an unlisted mutual fund, the investors (participants) raise money, which is then invested on their behalf and at their risk by a Fund Manager. The Custodian, who acts on behalf of the participants and independently from the Fund Manager, keeps the investments and other assets belonging to the Fund in custody.

The Fund is not listed on any Stock Exchange. Registered units are issued by the Fund itself. Under normal circumstances, the Fund is willing to buy and sell units. Circumstances may occur which may cause the Manager to decide temporarily not to issue or buy back units. In order to comply to a certain extent with requests to buy back units, the Fund will invest at least 10% of its assets for this purpose in interest-bearing deposits, or provide sufficient other guarantees.

The Annual Accounts are prepared in accordance with the stipulations contained in Part 9, Book 2 of the Netherlands Civil Code and with due observance of the additional requirements according to the Dutch Act on Financial Supervision (Wft).

The original Annual Accounts are drawn up in the Dutch language. This document has been translated into English from the original version. In the event that differences occur between the English and the Dutch version, the Dutch version prevails.

ACCOUNTING PRINCIPLES

INVESTMENTS

Placements in foreign currency are quoted in euros, with due observance of the most recent currency exchange rates. Investments are valued at fair value, which is determined as follows:

Equity participation

Equity participation, being capital interests that do not serve the company's own long-term operations, is valued at the most recent stock exchange quotation if the participation involves securities quoted on an active stock exchange.

The fair value of equity participation that does not involve securities quoted on an active stock exchange, or that involves those without a regular market quotation, can be determined in various ways.

Firstly, on the basis of the most recent market quotation, taking into account recent market developments.

Secondly, by using the profitability value, return value and/or net asset value that may, whether or not in combination, be deemed relevant in connection with the purpose for which the investment is maintained. Finally, by using the market value of comparable investments for which there is an active market with a regular market quotation.

Loans provided

Loans provided are recorded at their nominal value, in euros, after deduction of any provisions in respect of anticipated non-recovery. Given the nature of the loans, the nominal value is deemed to be an approximation of their fair value.

OTHER ASSETS AND LIABILITIES

Other assets are valued against expected income, taking into account any provisions in respect of non-recovery in the case of receivables. Other liabilities are valued against expected payment.

REALISED AND NON-REALISED CHANGES IN VALUE

Realised and non-realised changes in the value of investments are incorporated into the profit and loss account. The part of the profit that relates to positive non-realised revaluation will not be issued to participants, but will be added to the revaluation reserve through profit appropriation. Negative revaluations will be charged to the other reserves through profit appropriation.

Changes in the provisions for expected irrecoverable loans will likewise be debited from or credited to the result.

EXCHANGE RATE RESULTS

Exchange rate losses and profits will be debited from or credited to the result.

EXCHANGE RATE DIFFERENCES

In order to cover exchange rate differences on, for example, us dollar loans, Peruvian nueva soles loans, Kenyan shilling loans and South African rand loans, currency forward contracts are concluded. Valuation occurs according to the latest currency exchange rates of the year under review. Results upon the conclusion of currency forward contracts are debited from or credited to the result during the term of the contracts.

PRINCIPLES FOR DETERMINATION OF PROFIT

The principle for the determination of profit is based on the attribution of income and expenditure to the relevant period. Income from payment of profit on equity participations is accounted for in the year in which they are made payable. Prepaid costs and costs still to be paid are taken into account when determining the expenses.

PURCHASE OF UNITS

Under normal circumstances, the Manager is prepared to purchase units at the repurchase price. The Manager is authorised, under Article 6 of the 'Voorwaarden van beheer en bewaring' (Conditions of Management and Custody), to determine the date and conditions of purchase. The Fund will invest at least 10% of its assets in interest-bearing funds or ensure other sufficient guarantees, so that the obligation to purchase and repay can be met, subject to legal conditions and the circumstances set out below, at the discretion of the Manager. There may be circumstances that lead the Manager to decide that Triodos Fair Share Fund will not purchase any units. As far as can be ascertained now, this will be the case if the Triodos Fair Share Fund liquid assets are not sufficient or if previously made obligations have already taken up these resources of the Fund. Such obligations also include liquid assets needed to pay dividends. In other cases where the Manager is of the opinion that a purchase could be harmful to the Fund or its participants, the decision can also be taken not to purchase units.

TAX STATUS

The Fund has the tax status of an unlisted mutual fund for the application of corporation tax. This means that the Fund is not subject to corporation tax, but that it is transparent for tax purposes. For tax purposes, the assets and liabilities, as well as the income and expenditure of the Fund, are directly attributed to the participants, in proportion to their capital stake in the Fund.

SOCIAL-ETHICAL INVESTMENT

Triodos Fair Share Fund has had the status of social-ethical investment fund since 1 January 2004. As a result, private investors in the Fund enjoy a tax benefit comparable to the so-called 'Green Investment' funds.

Notes to the Balance Sheet as at 31 December 2008

INVESTMENTS

Participations

	2008	2007
Position as at 1 January	3,679,922	2,810,633
Purchases	2,924,390	171,414
Revaluation	1,587,168	917,365
Revaluation as a result of exchange rate differences	366,026	-219,490
Position as at 31 December	8,557,506	3,679,922

The acquisition price in euros of the participations at the end of 2008 was EUR 5,556,187 (2007: EUR 2,631,797).

Subordinated loans

	2008	2007
Position as at 1 January	3,053,953	—
Subordinated loans provided	2,632,347	1,855,687
Transfer of loans to subordinated loans	—	1,382,647
Revaluation as a result of exchange rate differences	27,986	-184,381
Position as at 31 December	5,714,286	3,053,953

The acquisition price in euros of the subordinated loans at the end of 2008 was EUR 5,870,680 (2007: EUR 3,238,334). The average annual nominal interest rate on the loans at the end of 2008 was 8.89% (2007: 8.58%), The remaining terms of these loans varies between 27 and 120 months (2007: between 39 and 112 months).

The subordinated loans mainly relate to risk-bearing financial facilities without underlying mortgages or other securities.

Loans

	2008	2007
Position as at 1 January	21,360,929	14,329,883
Loans provided	20,057,699	14,184,666
Transfer of loans to subordinated loans	—	-1,382,647
Loans repaid	-5,159,532	-4,218,750
Revaluation as a result of exchange rate differences	999,183	-1,552,223
Position as at 31 December	37,258,279	21,360,929

The acquisition price in euros of the loans at the end of 2008 was EUR 37,725,891 (2007: EUR 23,535,819). The nominal annual average interest rate on the loans at the end of 2008 was 8.99% (2007: 8.79%). The remaining term of these loans varies between 0 and 61 months (2007: between 0 and 61 months).

The loans mainly relate to risk-bearing financial facilities without underlying mortgages or other securities.

RECEIVABLES

Other receivables and deferred assets

	31.12.2008	31.12.2007
Accrued interest on loans	472,285	315,706
Accrued interest on liquid assets	36,436	22,753
Accrued turnover tax	21,649	—
Miscellaneous	3,662	6,127
	<u>534,032</u>	<u>344,586</u>

OTHER ASSETS

Currency forward contracts

	31.12.2008	31.12.2007
EUR/USD receivable	43,145,050	19,652,395
Foreign currency payable	-43,379,685	-18,376,077
Exchange rate difference	-234,635	1,276,318
Transaction results	381,480	454,110
	<u>146,845</u>	<u>1,730,428</u>

	31.12.2008	31.12.2007
The term is spread as follows (EUR/USD receivable):		
Less than one year	2,760,739	3,424,605
One to five years	37,668,688	14,202,307
More than five years	2,715,623	2,025,483
	<u>43,145,050</u>	<u>19,652,395</u>
The term is spread as follows (foreign currency payable):		
Less than one year	2,678,571	3,053,953
One to five years	38,201,114	13,286,155
More than five years	2,500,000	2,035,969
	<u>43,379,685</u>	<u>18,376,077</u>

These other assets concern contracts in which Triodos Fair Share Fund undertakes to deliver the agreed foreign currency amounts (USD, KES, PEN and ZAR) on the agreed dates. The currency forward contracts were concluded to hedge the exchange rate risk on investments in foreign currency. All the contracts were concluded with Triodos Bank. At the end of 2008, the term of the currency forward contracts varied between 0 and 62 months (2007: between 0 and 63 months).

Liquid assets

	31.12.2008	31.12.2007
Triodos Bank current account (EUR)	338,393	2,106,948
Triodos Bank savings account (EUR)	41	1,574,191
Triodos Bank term deposit (EUR)	—	3,250,000
Rabobank current account (EUR)	9,705	22,503
Rabobank savings account (EUR)	7,198,902	—
Rabobank current account (USD)	132,190	70,580
	<u>7,679,231</u>	<u>7,024,222</u>

The balances of the current accounts and savings accounts can be withdrawn on demand.

The weighted average interest rate on the current accounts at the end of 2008 was 0.25% (2007: 0.35%). The weighted average interest rate on the savings accounts at the end of 2008 was 1.70% (2007: 1.70%).

Short-term debts

	31.12.2008	31.12.2007
Creditors	—	1,696
Current account affiliated parties	1,013	5,850
Management fee payable	359,961	224,454
Participations register commission payable	52,715	26,534
Marketing and publicity expenses payable	47,103	15,105
Costs payable	42,781	11,181
Miscellaneous	63,150	9,682
	<u>566,723</u>	<u>294,502</u>

EQUITY**Participation capital**

	2008	2007
Position as at 1 January	34,967,500	23,063,991
Units issued	23,004,482	13,370,257
Units repurchased	-3,086,648	-1,486,748
Release of the legal reserve	—	20,000
Position as at 31 December	<u>54,885,334</u>	<u>34,967,500</u>

Movements in the number of units:

	2008	2007
Position as at 1 January	1,331,615	893,817
Units issued	706,732	437,798
Units repurchased	-109,895	-54,883
Units of secondary offering	109,895	54,883
Position as at 31 December	<u>2,038,347</u>	<u>1,331,615</u>

Revaluation reserve

The revaluation reserve relates to the positive non-realised changes in value of the investments as at the balance sheet date at the end of the previous financial year.

The movements were as follows:

	2008	2007
Position as at 1 January	398,578	254,047
Transfers to and from: participations	820,173	202,987
investments minus hedging result of forward exchange transactions	<u>-1,100</u>	<u>-58,456</u>
Position as at 31 December	<u><u>1,217,651</u></u>	<u><u>398,578</u></u>

The specification of this item is as follows:

	2008	2007
Revaluation of participations	1,217,651	397,478
Revaluation of investments minus hedging result of forward exchange transactions	<u>—</u>	<u>1,100</u>
Position as at 31 December	<u><u>1,217,651</u></u>	<u><u>398,578</u></u>

Other reserves

This item includes the negative revaluations of investments and the completion reserve.

The movements of the negative revaluations of investments were as follows:

	31.12.2008	31.12.2007
Position as at 1 January	-25,968	-4,819
Negative revaluations of investments minus hedging result of forward exchange transactions	<u>-250,673</u>	<u>-21,149</u>
Position as at 31 December	<u><u>-276,641</u></u>	<u><u>-25,968</u></u>

The movements of the completion reserve were as follows:

	2008	2007
Position as at 1 January	4,170	2,016
Movements relating to payment of dividend	3,668	2,154
Position as at 31 December	7,838	4,170
Total of other reserves	-268,803	-21,798

Unappropriated result

This is the result for the financial year that has not yet been distributed.

The movements of the unappropriated result were as follows:

	2008	2007
Position as at 1 January	1,555,258	827,752
Dividend paid	-983,190	-702,216
Appropriated to the revaluation reserve	-819,073	-144,531
Appropriated to/withdrawn from the other reserve	247,005	18,995
Unappropriated result for the financial year	3,489,274	1,555,258
Position as at 31 December	3,489,274	1,555,258

OFF-BALANCE SHEET LIABILITIES

COMMITTED LOANS AND PARTICIPATIONS

Triodos Fair Share Fund has made commitments for one equity investment and three loans. The commitment for the equity investment amounts to USD 611,000. The commitments for the loans amount to a total of almost USD 2.7 million.

These committed loans are expected to be disbursed over the next three years.

CONTROL OF FINANCIAL RISKS

The financial risks are described in the Manager's Report on pages 20 and 21.

NOTES TO THE PROFIT AND LOSS ACCOUNT FOR 2008

(amounts in euros)

INCOME FROM INVESTMENTS

In participations

This relates to dividend received.

In loans and subordinated loans

This relates to interest on loans and fees for administrative costs.

OPERATING EXPENSES

Management costs

	2008	2007
Management fee	1,189,610	729,391
Auditor's fee	10,900	9,728
Advisory costs	6,975	4,638
Supervisor's costs	8,100	8,054
Publicity costs	31,980	24,929
Marketing costs	135,000	—
Transaction costs for participations	—	1,198
Insurance	2,160	2,140
Participation register commission	113,905	70,032
Custodian's costs	5,040	5,204
Other expenses	14,015	3,633
	<u>1,517,685</u>	<u>858,947</u>

Other operating expenses

	2008	2007
Cost of registration of participations	11,700	11,695
Custody fee	2,700	2,657
	<u>14,400</u>	<u>14,352</u>

REMUNERATION

Remuneration of the Board of Directors

Triodos Fair Share Fund does not employ any staff or any members of a Board of Directors.

Triodos Fair Share Fund is managed by Triodos Fonds Management BV for a quarterly fee of 0.625% of the Fund's assets, exclusive of the unappropriated result, with the exception of the non-realised changes in the value of investments. All the costs involved in managing Triodos Fair Share Fund are paid out of this fee, such as the cost of managing the investments, administration and IT costs.

The management fee for 2008 was EUR 1,189,610 (2007: EUR 729,391).

Remuneration of the Supervisory Board

(amounts in euros)

	2008	2007
Mr Paul Deiters	1,500	—
Ms Corinne Heijn	900	—
Ms Marleen van den Horst	900	—
	<u>3,300</u>	<u>—</u>

COST STRUCTURE

TRANSACTION COSTS

The costs with regard to the Fund's investment transactions, in the case of the provision of loans, are charged to the institution that receives a loan. If the Fund acquires equity participation, the costs involved in such transactions are shared between the institution in which the participation is made and the Fund. In this case, the transaction costs in question are directly accounted for in the result.

The transaction costs for 2008 amounted to EUR 0 (2007: EUR 1,198).

COMMISSION

In order to present new participations, Triodos Fair Share Fund employs the services of other financial institutions and intermediaries with whom distribution and remisier contracts are drawn up. Up until 1 February 2009, an annual commission of no more than 0.25% of the value of the participations issued was paid to the remisier or distributor in question. The commission paid in 2008 amounted to EUR 113,905 (2007: EUR 70,032).

From 1 February 2009, an annual fee of no more than 0.40% of the value of the participations issued by the remisier or distributor in question will be paid.

No other acquisition commission is paid.

COST OF ENTRY AND RESIGNATION

Triodos Fair Share Fund offers the opportunity to hold registered participations in which the Fund limits itself to the issue and repurchase of participations and no market is maintained.

The issue and repurchase price of new Triodos Fair Share Fund participations are based on their net asset value.

TOTAL EXPENSES

The Fund's total expenses in 2008 came to EUR 1,532,085 (2007: EUR 893,299). The total expenses exclusive of the cost of investment transactions and the costs related to the admission and resignation of participants that are covered by the surcharges and discounts in 2008 amounted to EUR 1,532,085 (2007: EUR 893,041).

Comparison of costs

(amounts in euros)

	Costs 2008	Costs in Prospectus
Management fee*	1,189,610	1,189,610
External auditor's fee	10,900	10,900
Supervisor's costs	8,100	8,100
Publicity costs	31,980	31,980
Marketing costs	135,000	135,000
Custodian's costs	5,040	5,040
Participation register commission**	113,905	113,905
Cost of registration of participations***	11,700	11,700
Custody fee****	2,700	2,700
Other fund costs	23,150	23,150

The costs are in line with the Prospectus.

* The quarterly management fee is 0.625% of the Fund's assets, exclusive of the unappropriated result, with the exception of the non-realised changes in the value of investments.

** The annual costs for the participation register commission in 2008 amounted to 0.25% of the value of the issued participations. From 1 February 2009, this percentage will be increased to 0.40%.

*** The registration costs for participations are indexed annually.

**** The custody fee is indexed annually.

EXPENSE RATIO

The expense ratio in 2008 was 3.33% (2007: 3.14%).

The total expense ratio (TER) refers to the cost of an investment fund as a percentage of the average of the Fund's assets in a financial year. It excludes the cost of investment transactions, interest costs and the costs associated with the admission and resignation of participants related to the average net asset value.

TURNOVER RATIO

The turnover ratio in 2008 was -3.36% (2007: 19.57%).

The turnover ratio relates to the total amount of all investment transactions minus the total amount of transactions in issued capital, related to the weighted average net asset value.

Triodos Fair Share Fund invests in equity and loans. The average term of equity participations is between seven and ten years, the term of the subordinated loans is a good two to ten years and the term of loans varies between one month and a good five years. Because of the specific nature of Triodos Fair Share Fund, the turnover ratio cannot really be compared to that of other investment funds.

AFFILIATED PARTIES

Triodos Fair Share Fund deals with the following legal entities:

- 1 Triodos Fonds Management BV has managed Triodos Fair Share Fund since 1 January 2008 and for this receives a quarterly fee of 0.625% of the Fund's assets, excluding the unappropriated result, with the exception of the non-realised changes in value of the investments.
- 2 Triodos Bank NV is the sole shareholder of Triodos Fonds Management BV.
- 3 Triodos Bank NV
 - Triodos Fair Share Fund has deposited part of its liquid assets with Triodos Bank at rates that are in line with the market.
 - Triodos Fair Share Fund concludes currency forward contracts with Triodos Bank at rates that are in line with the market.
 - Triodos Bank manages the register of participants and for this receives an annual fee of EUR 11,700. This sum is indexed annually.

- Triodos Bank has a distribution agreement with Triodos Fair Share Fund on the basis of which it receives an annual registration commission of 0.25% of the participations issued through Triodos Bank up until the end of January 2009. From 1 February 2009 this percentage will be increased to 0.40%.
- 4 Triodos Custody BV is the custodian of the Fund's assets at the expense and risk of Triodos Fair Share Fund. For this, Triodos Custody BV receives an annual custody fee of EUR 2,700. This sum is indexed annually.
- 5 The shares in Triodos Custody BV are held by Stichting Administratiekantoor Triodos Custody, which has issued one depositary receipt for each share it holds to Triodos Bank. Stichting Administratiekantoor Triodos Custody has voting rights commensurate with these shares and, as a result, the right to appoint and dismiss the Custodian's Board members. This construction guarantees the independence of the Custodian with respect to the Manager.
- 6 Together with Triodos-Doen and Hivos-Triodos Fonds, Triodos Fair Share Fund provides finance (syndicated loans) and participation that are managed by Triodos Investment Management BV.

OUTSOURCING OF CORE ACTIVITIES

Triodos Fair Share Fund has outsourced the following core activities:

- The management of the register of participants has been outsourced to Triodos Bank.
- The management of the investment portfolio was outsourced to Triodos Fonds Management BV on 1 January 2008. Triodos Fonds Management BV has entered into a service level agreement with Triodos Investment Management BV in which certain tasks, including the investments, are outsourced to Triodos Investment Management BV.

Zeist, 26 March 2009

Manager

Management Board of Triodos Fonds Management BV

Custodian

Management Board of Triodos Custody BV

Other information

(amounts in euros)

APPROPRIATION OF RESULT

The arrangement regarding the appropriation of the result according to clause 11.7 of the Terms and Conditions of Management and Custody is as follows:

During the term of the Fund, all income, after deduction of the expenses mentioned in clause 10 and less the additions to provisions and reserves that are deemed necessary by the Manager and the Custodian, will be fully distributed among the participants, proportionate to the number of units each of them holds.

Distributions will take place within one month of the Annual Accounts being approved, in a manner to be determined by the Manager. The participants will be notified of the amount of the payments, the composition of the payments and the manner of payment in line with clause 14 of the Terms and Conditions of the Fund.

The result available for distribution amounts to:

Result according to the profit and loss account for 2008	3,489,274
Non-realised value changes of investments	
To be deducted: Addition to the revaluation reserve	-1,994,672
To be added: Deduction from the other reserves	235,130
	-1,759,542
2008 result	1,729,732
Completion reserve	7,838
The amount available for distribution	1,737,570

PERSONAL INTERESTS

As at 31 December 2008, the members of the Supervisory Board, the Management Boards of the Manager and the Custodian and the Board of Management of Stichting Administratiekantoor Triodos Custody held no units in Triodos Fair Share Fund.

As at 31 December 2008, no options on participations, loans or guarantees had been provided to the members of the Supervisory Board, the Management Boards of the Manager and the Custodian or to the Board of Management of Stichting Administratiekantoor Triodos Custody.

As at 31 December 2008 or at any time during 2008, the members of the Supervisory Board, the Management Boards of the Manager and the Custodian or to the Board of Management of Stichting Administratiekantoor Triodos Custody had no personal interest in any investments made by Triodos Fair Share Fund.

VOTING POLICY AND VOTING RIGHTS

Triodos Fair Share Fund will exercise its right to vote whenever possible. The business principles of Triodos Bank and the interests of its participants and other stakeholders will determine the voting policy.

In 2008 Triodos Fair Share Fund was a shareholder in six institutions and made use of its voting rights at the various General and Extraordinary Meetings of Shareholders in these institutions.

KEY FIGURES

Please refer to the key figures on the inside of the cover page for a comparative overview of the net asset value, the number of outstanding units and the net asset value of each unit.

TO: THE GENERAL MEETING OF PARTICIPANTS AND THE SUPERVISORY BOARD OF TRIODOS FAIR SHARE FUND.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying annual accounts 2008 of Triodos Fair Share Fund, Zeist, which comprise the balance sheet as at 31 December 2008, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the annual accounts and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Act on Financial Supervision. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Triodos Fair Share Fund as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and Dutch Act on Financial Supervision.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the annual accounts as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 26 March 2009
KPMG ACCOUNTANTS N.V.

K. Oosterhof RA



Melita is one of the 55 thousand female clients of Small Enterprise Foundation in South Africa. A loan from Small Enterprise Foundation has enabled her to set up a shop where she sells things like bread, milk, soap and aspirin. Small Enterprise is mainly active in Limpopo, a province in the north-east of South Africa. This province is among the poorest areas of the country; more than 60% of the households live under the poverty line. In addition to providing loans to female entrepreneurs, Small Enterprise Foundation offers training around HIV/Aids. *Photo: Katie Butler de Wit.*

Comparative figures covering three years

The overview of comparative figures covering three years, given on pages 48 to 50, has been included because the Annual Report also forms a separate part of the Triodos Fair Share Fund Prospectus.

Balance sheet as at 31 December 2008

Before appropriation of result
(amounts in euros)

	2008	2007	2006
Investments			
Participations	8,557,506	3,679,922	2,810,633
Subordinated loans	5,714,286	3,053,953	—
Loans	37,258,279	21,360,929	14,329,883
	<u>51,530,071</u>	<u>28,094,804</u>	<u>17,140,516</u>
Receivables			
Other receivables and deferred assets	534,032	344,586	737,496
	<u>534,032</u>	<u>344,586</u>	<u>737,496</u>
Other assets			
Currency forward contracts	146,845	1,730,428	486,394
Intangible fixed assets	—	—	20,000
Liquid assets	7,679,231	7,024,222	6,156,554
	<u>7,826,076</u>	<u>8,754,650</u>	<u>6,662,948</u>
Short-term debts	<u>566,723</u>	<u>294,502</u>	<u>377,973</u>
Result of receivables and other assets minus short-term debts	<u>7,793,385</u>	<u>8,804,734</u>	<u>7,022,471</u>
Result of assets minus short-term debts	<u>59,323,456</u>	<u>36,899,538</u>	<u>24,162,987</u>
Equity			
Participation capital	54,885,334	34,967,500	23,063,991
Legal reserve	—	—	20,000
Revaluation reserve	1,217,651	398,578	254,047
Other reserves	-268,803	-21,798	-2,803
Unappropriated result	3,489,274	1,555,258	827,752
	<u>59,323,456</u>	<u>36,899,538</u>	<u>24,162,987</u>

Profit and loss account for 2008

(amounts in euros)

	2008	2007	2006
Income from investments			
• in participations	164,245	173,541	135,149
• in loans (including subordinated loans)	3,130,322	1,848,128	1,240,543
	<u>3,294,567</u>	<u>2,021,669</u>	<u>1,375,692</u>
Non-realised changes in value of investments			
• in participations	1,920,326	820,173	202,986
• in subordinated loans	-204	12,484	—
• in loans	-160,508	-264,255	-79,605
	<u>1,759,542</u>	<u>568,402</u>	<u>123,381</u>
Other operating results			
Interest on liquid assets	141,226	138,485	100,521
Other income	—	—	28,261
	<u>141,226</u>	<u>138,845</u>	<u>128,782</u>
Total operating income	<u>5,195,335</u>	<u>2,728,556</u>	<u>1,627,855</u>
Operating expenses			
Management costs	1,517,685	858,947	581,259
Amortisation of intangible fixed assets	—	20,000	20,000
Other operating expenses	14,400	14,352	14,204
	<u>1,532,085</u>	<u>893,299</u>	<u>615,463</u>
Operating result	<u>3,663,250</u>	<u>1,835,257</u>	<u>1,012,392</u>
Exchange rate differences	-173,976	-279,999	-184,640
Result	<u><u>3,489,274</u></u>	<u><u>1,555,258</u></u>	<u><u>827,752</u></u>

Cash flow statement for 2008

(amounts in euros)

	2008	2007	2006
Cash flow from investment activities			
Proceeds received from investments	3,135,849	2,228,776	1,013,187
Investments in participations	-2,924,390	-171,414	-1,355,903
Investments in subordinated loans	-2,632,346	-1,855,687	—
Investments in loans	-14,898,167	-9,883,691	-4,384,323
Management costs and operating expenses	-1,259,864	-769,816	-653,468
Other revenues	110,499	137,335	150,420
Elimination of exchange rate differences	188,783	841	-116,191
	<u>-18,279,636</u>	<u>-10,313,656</u>	<u>-5,346,278</u>
Cash flow from financing activities			
Issue of participations	19,917,834	11,883,540	8,047,757
Dividend paid	-983,189	-702,216	-429,589
	<u>18,934,645</u>	<u>11,181,324</u>	<u>7,618,168</u>
Cash flow	<u><u>665,009</u></u>	<u><u>867,668</u></u>	<u><u>2,271,890</u></u>

Project descriptions Triodos Fair Share Fund

PARTICIPATIONS

ACLEDA BANK PLC., CAMBODIA, WWW.ACLEDABANK.COM.KH

Despite the increasingly difficult economic and financial situation in Cambodia as a consequence of the global financial crisis, ACLEDA Bank performed well in 2008. Its total loan portfolio grew to USD 463 million with a total of 214 thousand active loan clients. The number of savings accounts increased from 185 thousand to 273 thousand. Net profit for 2008 is in line with the business plan. In 2008, the bank paid a dividend to its shareholders for the seventh consecutive year.

The most important milestone for ACLEDA Bank in 2008 was the opening of ACLEDA Bank Lao Ltd in the neighbouring country of Laos. ACLEDA Bank provided the senior managers, who are using their experience in microfinance in Cambodia to get this new initiative in Laos off the ground.

For the third consecutive year, ACLEDA Bank has drawn up its annual report in accordance with the GRI guidelines, presenting not only its financial results, but also its performance in terms of its social and environmental impact. In addition, the bank has appointed two environmental officers to carry out checks to ensure that loan clients satisfy the bank's environmental requirements. To reduce its own impact on the environment, the bank has set up a system to keep a check on the use of resources. In the space of three years, the bank has succeeded in significantly reducing its consumption of paper and water. Every year ACLEDA Bank conducts a survey among its clients to assess the effect of its credit services. The survey also reveals which percentage of the bank's clients live below the national poverty level.

A senior employee of Triodos Bank represents Triodos Fair Share Fund and Triodos-Doen on the Board of Directors.

ACLEDA BANK LAO LTD, LAOS

At strategic sessions over a number of years, ACLEDA Bank in Cambodia expressed its wish to expand its activities to neighbouring countries – where professional microfinance is still underdeveloped – and this became one of the bank's strategic objectives. In the summer of 2008, ACLEDA Bank Lao Ltd opened its doors to the public in the Laotian capital, Vientiane. Apart from ACLEDA Bank Cambodia, FMO, Triodos Fair Share Fund and Triodos-Doen are also the founding shareholders of this bank in the neighbouring country of Laos. The economy of Laos is similar to that of Cambodia, the country has a similar culture and there is a vast unmet demand for financial services at the lower end of the market. In its first year, ACLEDA Bank Lao has opened three provincial branches. These branches are in the capital, Vientiane, and in the southern provinces of Savannakhet and Pakse. ACLEDA Bank Lao aims to have a network of 34 branches throughout Laos in five years' time.

A senior employee of Triodos Bank represents Triodos Fair Share Fund and Triodos-Doen on the Board of Directors.

FONDO FINANCIERO PRIVADO PARA EL FOMENTO A INICIATIVAS ECONÓMICAS S.A., BOLIVIA, WWW.FFPFIE.CO.BO

Once again, Fondo Financiero Privado para el Fomento a Iniciativas Económicas S.A. (FFP FIE) generated considerable growth in 2008. Its loan portfolio increased by 53% to more than USD 246 million, while savings went up by 48% to almost USD 165 million. Despite the political and economic uncertainties in Bolivia in 2008, FFP FIE still managed to expand its network even further: with 69 branches and 64 distribution centres, 26 of which are in the countryside, FFP FIE now has a presence in all the country's provinces.

FFP FIE paid a dividend to its shareholders in 2008. Apart from reinvesting 80% of its share in the FFP FIE 2007 profit, Triodos Fair Share Fund, together with Hivos-Triodos Fonds and Triodos-Doen, also bought additional shares in FFP FIE in 2008 to ensure that there would be sufficient capital available for future growth.

FFP FIE published a separate annual report over 2007 in 2008 describing the social and environmental aspects of its operational management. This was one of the results of the *Transparency and Sustainability in Finance* project in which FFP FIE has participated in the last few years.

A senior employee of Triodos Bank represents Triodos Fair Share Fund, Hivos-Triodos Fonds and Triodos-Doen as deputy director on the Board of Directors.

KASHF MICROFINANCE BANK, PAKISTAN, WWW.KASHF.ORG

Triodos Fair Share Fund has become a shareholder in Kashf Microfinance Bank in Pakistan, together with Triodos-Doen. Kashf Microfinance Bank originated from the non-governmental organisation Kashf Foundation, which issues loans to more than 300,000 female entrepreneurs in Pakistan. Kashf Microfinance Bank has acquired a portion of the Kashf Foundation funds and will continue to build on the reputation, knowledge of the market and experience of Kashf Foundation. As a bank, it is able to offer a broader range of services, such as savings products and insurance. Kashf Microfinance Bank wants to be the foremost microfinance bank in Pakistan, serving lower income groups throughout the country, with the aim of constructing a prosperous and equal Pakistan free of poverty.

A senior employee of Triodos Bank represents Triodos Fair Share Fund and Triodos-Doen on the Board of Directors.

MIBANCO S.A., PERU, WWW.MIBANCO.COM.PE

Microfinance bank Mibanco in Peru offers a variety of loan products, savings accounts and current accounts. The bank not only provides working capital and investment loans to micro-entrepreneurs and small businesses as well as loans for improving their homes, but also current accounts, savings accounts and deposit accounts to private individuals. Groups of companies can also approach Mibanco, for example if a group of market stallholders want to collectively convert their open-air market into a shopping centre. Mibanco grew substantially in 2008. The number of loan clients increased from 283 thousand to 361 thousand and the loan portfolio grew from USD 500 million to USD 781 million. Mibanco added eight new branches to its network resulting in 89 branches throughout the country by the end of 2008. To increase its geographic spread, Mibanco opened two mobile branches (revamped buses) that drive to and fro between various small villages in remote areas.

Mibanco recognises the importance of its human capital and makes every effort to create a good working environment in which all employees can develop their talents and capacities. In 2008, in conjunction with a local business school, Mibanco set up a specialist three-month training programme for senior loan officers, aimed at amassing more knowledge about microfinance and at stimulating innovation from the lower echelons of the business right to the top. Once again, Mibanco paid its shareholders a dividend this year. Mibanco, together with Banex in Nicaragua and the FFP FIE in Bolivia, heads the LASOL project that aims for the integration of social impact on the total business model.

TENGER FINANCIAL GROUP LLC (FORMERLY XAC-GE LLC), MONGOLIA, WWW.XACBANK.MN

In 2008, Triodos Fair Share Fund and Triodos-Doen purchased additional shares in Tenger Financial Group LLC, the holding company that has a controlling interest in XacBank, XacLeasing and XacSecurity. This holding company has also invested in the Kirghiz microfinance institution, Mol Bulak Finance. This will enable Mol Bulak Finance to profit from the specific know-how Tenger Financial Group and XacBank in particular have acquired over the years. XacBank celebrated its tenth anniversary in 2008.

The bank's loan portfolio grew by 37% to USD 118 million. The bank now has 62 thousand loans clients whom it serves through its network of 74 branches.

XacBank is also a participant in the *Transparency and Sustainability in Finance* project. The bank published its first sustainability report in 2006 and went into the topic in even more depth in its 2007 report. Partly as a consequence of this, XacBank plans to increasingly position itself as a bank that is concerned with both social and environmental factors.

A senior employee of Triodos Bank represents Triodos Fair Share Fund and Triodos-Doen on the Board of Directors, which enables Triodos Bank to share its knowledge and expertise about sustainable banking.

LOANS

Triodos Fair Share Fund provided loans to the following microfinance institutions for the first time in 2008:

APOYO INTEGRAL S.A. DE C.V., EL SALVADOR, WWW.FUSAI.ORG.SV

Apoyo Integral had been a client of Triodos Investment Management microfinance funds for a number of years. In 2008, when the process of converting the institution into a regulated institution was coming to an end, Triodos Fair Share Fund stepped in and provided additional finance facilities to this prominent institution. Integral, whose original focus was on eastern El Salvador, has expanded its network of branches in recent years and is now one of the few microfinance institutions in El Salvador with national coverage. At the same time, Apoyo Integral now offers a broader range of products and its innovative loan products have led to its finance facilities being much more accessible for its clients. The combination of a broader network and a more extensive range of products has helped Apoyo Integral to become the fastest growing institution in El Salvador in the last two years, giving it access to more than 37 thousand clients.

BRAC AFRICA LOAN FUND, UGANDA, TANZANIA AND SOUTHERN SUDAN

In 2008, Triodos Fair Share Fund invested in BRAC Africa Loan Fund. BRAC is a development organisation based in Bangladesh that operates with the twofold objective of reducing poverty and emancipating the poor. BRAC Africa Loan Fund lends borrowed capital to stimulate microfinance among low-income groups in Tanzania, Uganda and Southern Sudan. BRAC Africa Loan Fund provides long-term loans in local currency that will enable it to expand its microfinance services to more than 700 thousand borrowers through a network of more than 200 branches in Uganda, Tanzania and Southern Sudan. The Fund obtains loans in US dollars from investors through a company specially set up for this purpose. The Triodos Fair Share Fund investment will be used for loans in local currency to BRAC Uganda, BRAC Tanzania and BRAC Southern Sudan over a seven-year period.

CENTENARY BANK, UGANDA, WWW.CENTENARYBANK.CO.UG

Its 92,611 loan clients (2007: 83,408), 729,378 savings clients (2007: 630,210) and 32 branches (2007: 27) make Centenary Bank the second largest bank in Uganda in terms of the scope of its services. Its easy access and relatively low rates have given Centenary Bank the reputation of being a bank for all Ugandans. Centenary Bank is the market leader in the microfinance sector in Uganda, and concentrates on the countryside. The bank has intensified its services to its clients and now more than half of its transactions are done electronically (banking by ATM, SMS telephone and internet banking). In 2008, Centenary Bank's loan portfolio grew faster than its deposits and that is why it has been financed by Triodos Fair Share Fund. The loan will enable Centenary Bank to continue expanding its microfinance portfolio.

ODEF FINANCIERA SA, HONDURAS, WWW.ODEF.ORG.HN

Organización de Desarrollo Empresarial Feminino OPDF (ODEF OPDF) became a client of Hivos-Triodos Fonds in 2006. In the following years the growth in loans characterised the development of this dynamic institution: 56% in 2006 and 81% in 2007. When ODEF OPDF began to convert itself into a regulated institution, Triodos Fair Share Fund stepped in to provide the additional finance facilities needed for future growth. The conversion was a success and ODEF OPDF became ODEF Financiera SA in July 2008. Approximately 27 thousand clients make use of the loan, savings and transfer services ODEF Financiera is now able to offer from its 27 service points spread around nine regions in Honduras.

MICROCREDIT FOUNDATION PARTNER, BOSNIA AND HERZEGOVINA, WWW.PARTNER.BA

The mission of Microcredit Foundation Partner (Partner) is to provide accessible financial services to micro-entrepreneurs and the inhabitants of Bosnia and Herzegovina, with an emphasis on the countryside. At the end of 2008, 65% of the loan portfolio was lent in the countryside. Partner's excellent marketing department enables the organisation to continually adjust its marketing strategy where necessary. Partner's strategy is based on a doorstep approach in order to get as close to clients as possible. Partner serves its 64,000 clients through its almost national network covering the north, the west and the central region.

SMALL ENTERPRISE FOUNDATION, SOUTH AFRICA, WWW.SEF.CO.ZA

Small Enterprise Foundation (SEF) was founded in 1992 and is based in the Limpopo province in the north-east of South Africa. Although commercial microcredit is on offer extensively throughout South Africa, it focuses only

marginally on the lowest incomes and is hardly ever available to the people who support themselves informally. SEF is unique in the fact that it can successfully provide loans to the poorest women in the villages and the countryside for productive purposes. The Foundation has strong ties with and focuses on its mission, and its strategy and target group fit well with the priorities of Triodos Fair Share Fund. SEF serves 55 thousand clients from 26 branches, and in 2008 it expanded its activities into the Eastern Cape Province, one of the poorest provinces of South Africa. The organisation actively measures its effect and penetration and cooperates with such organisations as the Rural AIDS and Development Action Research Programme (RADAR).

OTHER LOANS PROVIDED

In addition, Triodos Fair Share Fund provided loans, including subordinated loans, to the following microfinance institutions:

AccessBank (formerly Micro Finance Bank of Azerbaijan), Azerbaijan
Asociacion Fondo de Desarrollo Local, Nicaragua
Banex (formerly Findesa), Nicaragua
Edpyme Confianza, Peru
Edpyme CREAR Arequipa, Peru
Equity Bank Uganda (formerly Uganda Microfinance Ltd), Uganda
Financiera Edyficar, Peru
Finca Ecuador, Ecuador
Finca Uganda, Uganda
Mikrofin, Bosnia and Herzegovina
FFP Prodem, Bolivia
Sathapana Limited (formerly CEB), Cambodia

Personal data

SUPERVISORY BOARD

MR P.A.H.M. DEITERS (1952)

Paul Deiters was one of the founders of Halder Holdings BV, and became an independent consultant on 1 April 2007. Furthermore, he is a member of the supervisory board of Bever Zwerfspot Investments BV, a member of the executive board of Boehlen Packaging NV (Belgium), a member of the management board of Stichting Optas and chairman of the advisory board of Triodos Venture Capital Fund. Paul Deiters was first appointed in 2002 and reappointed in 2007. According to the rotation schedule, his second term of office is due to end in 2010. Paul Deiters has Dutch nationality and is not an investor in Triodos Fair Share Fund.

MS C. HEIJN (1957)

Corinne Heijn is the founder and managing director of UnitedSuccess, a worldwide network for female entrepreneurs, with a particular focus on developing countries. Furthermore, she is a member of the management board of Voices of Africa Media Foundation. Corinne Heijn was first appointed in 2002. According to the rotation schedule, her first term of office is due to end in 2009. Corinne Heijn has Dutch nationality is not an investor in Triodos Fair Share Fund.

MS M.H.J. VAN DEN HORST (1959)

Marleen van den Horst is a lawyer and a partner in the firm BarentsKrans NV in The Hague. Furthermore, she is chair of the Stichting WWB Nederland, a member of the supervisory board of Nierstichting Nederland, a member of the advisory board of Stichting Binnenstad Den Haag and a member of the management board of Stichting Briza. Marleen van den Horst was first appointed in 2002 and reappointed in 2008. According to the rotation schedule, her second term of office is due to end in 2011. Marleen van den Horst has Dutch nationality and is not an investor in Triodos Fair Share Fund.

THE MANAGER

Triodos Fonds Management BV
The Management Board of Triodos Fonds Management comprises:

MS M.H.G.E. VAN GOLSTEIN BROUWERS (1958)

As Managing Director of Triodos Investment Management BV and Triodos Fonds Management BV, Marilou van Golstein Brouwers is responsible for the internationally operating funds that invest in Emerging Markets (Latin America, Africa, Asia and Eastern Europe). These funds are active in the areas of microfinance and fair trade financing. Marilou van Golstein Brouwers is a member of the Board of Directors of Kashf Microfinance Bank in Pakistan, the Board of Trustees of Women's World Banking, the Board of the International Association of Microfinance Investors and she is a trustee of the Max Havelaar Stichting. In addition to this, she is also a trustee of Stichting Triodos Sustainable Trade Fund and Stichting Triodos Renewable Energy for Development Fund.

MS D. GRIFFIOEN CFA (1971)

Diane Griffioen is a member of the Management Board of Triodos Fonds Management BV. She is responsible for the sales, marketing and product management activities of Triodos Fonds Management and Triodos Investment Management.

MR J.S. RÜTER (1969)

Bas Rüter is a member of the Management Boards of Triodos Fonds Management BV and Triodos Real Estate Investment Management BV. At these legal entities, he is responsible for business development and other activities. In addition to this, he is also responsible for the investment funds that invest sustainably in stock exchanges worldwide as well as for Triodos Cultuurfonds and Triodos Vastgoedfonds. Bas Rüter is chairman of Beraad Groenfondsen of the Dutch Bankers' Association, member of the supervisory board of Sustainalytics BV and a member of the Board of Directors of Triodos Sustainable Trade Fund. Last but not least, he is a member of the supervisory board of the Natuur- en Milieufederatie Utrecht and the Netherlands Migration Institute.

MR J.F. SCHUT (1953)

Hans Schut is a member of the Management Boards of Triodos Investment Management BV and of Triodos Fonds Management BV. He is responsible for funds

that provide venture capital and for funds that invest in sustainable energy projects, in Europe and in developing countries. He is a trustee of Stichting Triodos Renewable Energy for Development Fund, supervisory director at NOAX BV and a member of the Board of Directors of SEKEM Holding in Egypt.

THE INVESTMENT MANAGER

Triodos Investment Management BV
Ms M.H.G.E. van Golstein Brouwers (1958)
Mr Hans Schut (1953)

THE CUSTODIAN

Triodos Custody BV
Mr A.G.J. Dijkstra (1955)
Mr J.M.F. Verheijen (1969)

Stichting Administratiekantoor Triodos Custody
Mr E. van Holthuijsen (1962)
Mr S. Holvast (1961)

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If you have any comments or questions about this report, please contact Triodos Bank on the above-mentioned contact details.

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This report can also be downloaded from www.triodos.com

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