

# *Triodos Fair Share Fund*

ANNUAL REPORT 2004



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## OBJECTIVE

Triodos Fair Share Fund invests in microfinance institutions in developing countries and in Central and Eastern Europe, through loans and equity investments. In these regions, new and small-scale enterprises often have no access to finance from conventional banks, and have to turn to specialised microfinance institutions. Microcredit is a modern and efficient form of combating poverty as small loans, often of less than one thousand euros, are capable of doubling or even tripling a business' turnover and can make a real difference to people's income. Thanks to investments in microfinance institutions by Triodos Fair Share Fund, the supply of microcredit is growing and more and more entrepreneurs can start or further develop their enterprise.

Triodos Fair Share Fund provides the microfinance institutions it finances with the benefit of its banking expertise and microfinance experience. When Triodos Fair Share Fund participates in the equity of microfinance institutions, the Fund will be represented on the Board of Directors by a senior co-worker of Triodos Bank, contributing to the governance of these microfinance banks.

Triodos Fair Share Fund also provides trade finance to certified organic or 'Fair Trade' producers. This mostly concerns the pre-financing of contracts with European or American importers. Thanks to Triodos Fair Share Fund finance, the farmers receive payment immediately upon delivery of their products, rather than waiting for payment from the importers in the West.

## STRUCTURE

Triodos Fair Share Fund is a closed mutual fund, regulated by 'De Nederlandsche Bank NV' (Dutch Central Bank) and the 'Autoriteit Financiële Markten' (Dutch Financial Markets Authority) within the framework of the Dutch Investment Institutions Supervision Act.

Triodos Fair Share Fund is managed by Triodos International Fund Management bv. Since 1994 Triodos International Fund Management has gained experience in the fields of microfinance and Fair Trade, through the management of the funds Triodos-Doen Foundation and Hivos-Triodos Fund Foundation. Through these two funds, tens of microfinance institutions worldwide have been financed.

The Management Board of Triodos International Fund Management bv has two members, Marilou van Golstein Brouwers and Hans Schut. An independent Supervisory Board supervises, among other things, the Fund's investment policy. The Supervisory Board also provides advice to the Manager. The members of the Supervisory Board are appointed by the General Meeting of Participants, on the recommendation of the Supervisory Board. The current members of the Supervisory Board are Paul Deiters (Chairman), Corinne Heijn and Marleen van den Horst.

Triodos Custody bv is the custodian of Triodos Fair Share Fund's assets. The members of the Management Board of Triodos Custody bv are Adri Dijkstra and Andreas Reigersman. Andreas Reigersman resigned as at 1 January 2005. Hann Verheijen is his intended successor. His appointment will be confirmed after approval by the 'Autoriteit Financiële Markten' (Dutch Financial Markets Authority).

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 the voting rights for the shares and the right to appoint and dismiss the Board Members of the Custodian. The management of the Administrative Office consists of independent persons. This structure aims to guarantee the independence of the Custodian towards the Fund's Manager.

## METHOD OF OPERATION

Triodos Fair Share Fund was founded in 2002 and its size is still limited. As a result, the Fund can only provide modest financing. For this reason the Fund has formed syndicates with both Triodos-Doen and Hivos-Triodos Fund to provide finance on a number of occasions. This way a client's need for finance can be met by a shared offering from two of the funds.

For the time being, Triodos Fair Share Fund provides financing in euros or in other currencies where the currency risk can be hedged by currency forward contracts. Exceptions to this are equity participations in local currency, of which in most cases currency risk cannot be hedged.

## TAX STATUS

### *Corporate income tax*

Triodos Fair Share Fund has the tax status of a closed mutual fund for the application of corporate income tax. This means that the Fund itself is not subjected to corporate income tax, but for tax purposes is transparent. For tax purposes the Fund's assets and liabilities, as well as its income and expenses, are directly attributed to the participants, in proportion to their capital participation in the Fund. This means that all proceeds, after deduction of the expenses, are paid in the form of a dividend to the participants within eight months of the end of the financial year.

### *Dividend tax*

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

### *Equity tax*

On account of the issue of new participations, the Fund owes an equity tax of 0.55% over the amount paid on the participations.

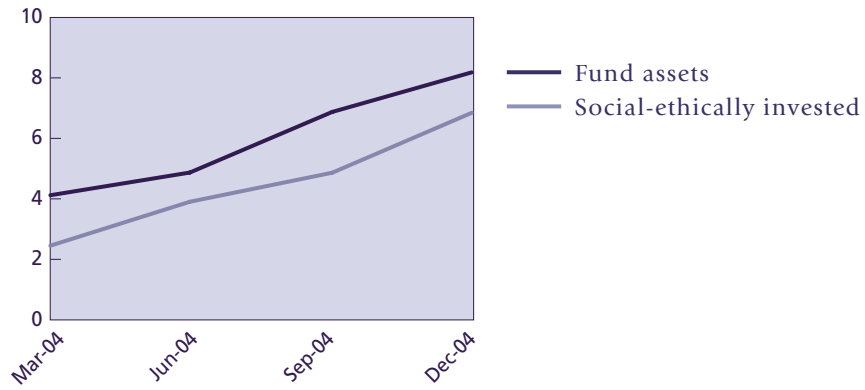
### *Social-ethical investments*

As from 1 January 2004, Triodos Fair Share Fund has achieved the status of social-ethical investment fund. As a result, private investors in the fund enjoy a tax benefit comparable to those available in The Netherlands for so-called 'green investments'. Green investments and social-ethical investments together constitute the fiscal category 'Social Investments' for Income tax purposes. Social Investments have been exempted from investment tax of 1.2% (up to a maximum of EUR 51,390 per tax subject in 2004) in Box III. The investor will also receive a tax discount of 1.3% over the exempted amount.

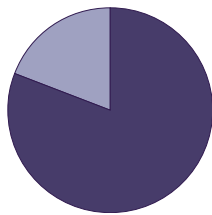
For additional information, please refer to the Fund's prospectus.

TRIODOS FAIR SHARE FUND

Development fund capital (x EUR 1.000.000)

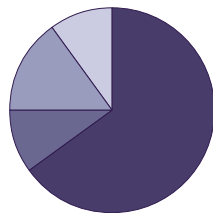


**Sector division**  
As at 31 December 2004



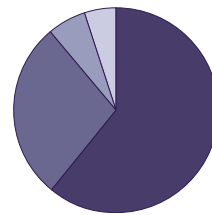
■ Microfinance	81%
■ Trade finance	19%

**Regional division**  
As at 31 December 2004



■ Latin America	65%
■ Africa	10%
■ Asia	15%
■ Eastern Europe	10%

**Currency division**  
As at 31 December 2004



■ us dollar	61%
■ Euro	28%
■ Mexican peso	6%
■ Peruvian sol	5%

# Key figures

Amounts in EUR

	31.12.2004	09.12.2002/ 31.12.2003
Net asset value at year-end	8,181,949	2,953,209
Number of outstanding participations	321,591	118,384
Income	398,514	170,235
Expenses	273,369	147,866
Operating result	125,145	22,369
Exchange rate differences	-/- 5,270	3,160
Net result	119,875	25,529
Expense ratio in %*	4.57	6.79

*Per participation on the basis of the number of outstanding participations (in EUR)\*\**

• Net asset value at year-end	25.44	24.95
• Net result	0.59	0.32

*Return Triodos Fair Share Fund*

	1 year
Net asset value	2.0%

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\* The expense ratio refers to the total expenses, exclusive of the expenses regarding the admission and resignation of participants that are covered by the surcharges and other charges received in relation to the average net asset value.

\*\* The result per participation is determined on the basis of the average number of participations during the period in question.

# *Report from the Supervisory Board to the participants*

We hereby present the 2004 Annual Report and Accounts of Triodos Fair Share Fund, consisting of the Manager's Annual Report, the Annual Accounts and additional information. In conformity 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 with respect to the Annual Accounts 2004 has been included under additional information.

We have approved the Annual Report and Accounts. The financial year 2004 closed with a profit of EUR 119,875.

The Board has verified that the Manager has carefully observed the Terms and Conditions of Management and Custody in carrying out its management duties during the year of reporting.

Zeist, 2 March 2005

For the Supervisory Board

Paul Deiters, *Chairman*

# *Manager's Annual Report*

## DEVELOPMENTS IN 2004

This is the second Annual Report of Triodos Fair Share Fund. In 2004 the Fund's assets increased strongly, from EUR 3 million to more than EUR 8 million, a growth of more than 177%. The investments of the Fund have also grown considerably, from EUR 1.7 million to EUR 6.4 million, an increase of more than 265%. The investments consist of finance to microfinance institutions (81%) in developing countries and Central and Eastern Europe and trade finance to certified organic or Fair Trade producers (19%).

The net asset value per participation rose in 2004 from EUR 24.95 to EUR 25.44. On the basis of the net asset value the return over the past year is 2%. The result is better than the original forecast. It is gratifying that in the first two years of its existence, the Fund, in spite of its still limited size and its relatively high risk profile, has succeeded in realising a return that lies within its long-term expectations of 2% to 4% as stated in the Fund's Prospectus.

In March 2004 the Dutch Government's regulation for social-ethical investing came into force, starting retrospectively from 1 January 2004. In April 2004 Triodos Fair Share Fund was the first investment fund in The Netherlands to officially receive social-ethical investment fund status.

Triodos Fair Share Fund aims to keep its investors well informed about the Fund's activities, doing so through a quarterly digital newsletter detailing the investments it has made. In October 2004 Triodos Bank organised an evening to inform people about Triodos Fair Share Fund. Many investors in the Fund attended the evening, where speakers from various microfinance institutions from Africa, Latin America and Asia talked about their own experiences with microfinance and its positive impact on the lives of thousands of people in developing countries. The Fund aims to organise such a meeting on an annual basis. This gives investors in the Fund the opportunity to hear how their money is used, directly from the organisations that benefit from it. It is also an opportunity to ask questions about, for instance, the impact of microfinance on the lives of entrepreneurs in developing countries.

The United Nations (UN) have proclaimed 2005 as the International Year of Microcredit. According to UN Secretary General Kofi Annan the Year underlines the importance of microfinance as an integral part of the joint efforts to achieve the Millennium Development Goals. One of those goals, to which all UN members are committed, is a fifty percent reduction in the number of people living below the poverty line of one US dollar a day. Microcredit is increasingly recognised as an effective instrument in the struggle against poverty worldwide. Over the last ten years, the number of people that have access to financial services and working capital in developing countries has grown considerably. However, the majority of entrepreneurs in the developing world still do not have access to basic financial services. By proclaiming 2005 as the Year of Microcredit, the UN hopes that working together, private individuals, banks, companies, governments and other organisations can make a considerable impact towards the further development of an inclusive and sustainable financial sector that works for the majority of people.

Triodos Fair Share Fund remains one of the few investment funds worldwide that offers the opportunity to invest in microcredit to the general public. As a consequence, investors in The Netherlands have the opportunity to directly support the UN International Year of Microcredit's objectives.

Triodos Bank is actively engaged in the UN Year of Microcredit, as Marilou van Golstein Brouwers, one of the Directors of Triodos International Fund Management bv, is one of the Advisors to the International Year of Microcredit. Other Dutch advisors include HRH Princess Máxima of The Netherlands and Diederik Laman Trip, former Chairman of the Board of ING Netherlands.

Through the International Year of Microcredit, the UN hopes to increase people's understanding of the benefits of microfinance. In The Netherlands this is expected to lead to an increasing interest in social-ethical investments, which in turn will increase interest in Triodos Fair Share Fund. In order to stimulate interest in the Fund, Triodos Bank will not charge any transaction costs to both existing and new investors in the Fund in 2005.

## FINANCE

In its second year, Triodos Fair Share Fund has provided 26 financial facilities, of which six were repaid before the end of 2004.

As at 31 December 2004, Triodos Fair Share Fund's portfolio consists of 24 financial facilities to nineteen organisations. In addition, one loan has been approved and partly disbursed. This is a trade finance facility to a Fair Trade coffee cooperative in Latin America. Apart from this, three applications for finance are currently being assessed.

The distribution of finance between the sectors Microfinance Institutions and Trade Finance to Fair Trade or certified organic organisations is as follows:

### Investments per sector

(amounts in EUR)

	31.12.2004		31.12.2003	
	Number	Fair value	Number	Fair value
<i>Sectors</i>				
Microfinance Institutions	11	5,138,578	5	1,355,777
Trade Finance	13	1,231,445	2	388,474
	<u>24</u>	<u>6,370,023</u>	<u>7</u>	<u>1,744,251</u>

In 2004 a number of new finance facilities were provided to microfinance institutions. Triodos Fair Share Fund has taken an equity participation in Mibanco in Peru, a successful microfinance bank. The two other funds that are under the management of Triodos International Fund Management bv – Triodos-Doen and Hivos-Triodos Fund – have already been shareholders in Mibanco since 2003. This is Triodos Fair Share Fund's second share participation. A senior Triodos Bank co-worker is member of the Board of Directors of Mibanco on behalf of the three funds and as such, actively contributes to the bank's further development.

In addition, the Fund has provided loans to Mikrofin in Bosnia and Herzegovina, FFP FIE and FFP Prodem in Bolivia, Findesa in Nicaragua, Compartamos in Mexico and Aleda Bank in Cambodia.

Various short-term trade finance facilities have been provided to Fair Trade coffee cooperatives in Peru, Bolivia, Nicaragua, Mexico and Cameroon. A trade finance facility has also been provided for the second time to Sekem, a biodynamic enterprise in Egypt that exports, among other things, vegetables, fruits and spices to European organic wholesalers.

**Investments per region**  
(amounts in EUR)

Regions	31.12.2004		31.12.2003	
	Number	Fair value	Number	Fair value
Africa	3	620,527	1	150,000
Asia	2	974,059	2	441,628
Latin America	17	4,125,437	4	1,152,623
Eastern Europe	2	650,000	—	—
	<u>24</u>	<u>6,370,023</u>	<u>7</u>	<u>1,744,251</u>

The majority of the investments occurs in Latin America. Triodos Fair Share Fund aims to achieve a more balanced regional distribution in due course. Until now, Triodos Fair Share Fund has provided financing in euros, us dollars, Peruvian soles and Mexican pesos. The currency exchange risks involved with finance in us dollars and Mexican pesos have been hedged by currency forward contracts.

**FINANCIAL RESULTS**

In 2004 the Fund's assets have increased, in line with the expectations stated last year, from EUR 3 million to more than EUR 8 million. The number of outstanding units of participations at the end of the year is 321,591 (2003: 118,384). The number of investors has increased from approximately 700 to more than 1,000. Investors in the Fund appear to be aware of the long-term nature of their investments, which is evidenced by the fact that almost no units of participations have been offered to the Fund for mediation.

The result over 2004 amounts to EUR 119,875 (period 9 December 2002 up to and including 31 December 2003: EUR 25,529).

As at 31 December 2004 the net asset value per unit of participation is EUR 25.44 (31 December 2003: EUR 24.95). Based on the net asset value, the return over the second financial year is 2.0% (first financial year: -0.2%).

As indicated in the prospectus, Triodos Fair Share Fund aims to invest at least 50 to 70% of its assets, in line with the Fund's objectives. The Fund aims to invest 20 to 40% of this in equity of microfinance institutions, 40 to 55% in loans to microfinance institutions and 20 to 25% in trade finance. The Fund will maintain a minimum amount of 10% as liquid assets.

On 31 December 2004 and 2003 these proportions were as follows:

	Realised		Target
	2004	2003	
Capital invested in projects/fund assets	78%	59%	50-70%
Liquid assets/fund assets	15%	33%	10-50%
Receivables plus intangible fixed assets minus short-term debts/fund assets	7%	8%	
Participations/invested capital	7%	14%	20-40%
Loans microfinance/invested capital	56%	64%	40-55%
Trade finance/invested capital	15%	22%	20-25%

As at 31 December 2004 relatively more loans than participations were provided to microfinance institutions, as was the case at the end of 2003. The main reason for this is that in practice it takes more time to arrange participations than loans. This situation should change as the Fund matures.

### **Risks**

Triodos Fair Share Fund has a high-risk profile due to the characteristics of the Fund's investments. This is described extensively in the Fund's Prospectus.

Various risk categories can be identified. The main categories are:

#### *Country risk*

Triodos Fair Share Fund invests in countries that may have high political risks, that may be economically unstable, often with a high or fluctuating inflation, that often have a moderately developed legal framework and where standards of auditing and financial reporting may not be in line with internationally accepted standards.

Despite these risks, the microfinance institutions that Triodos Fair Share Fund invests in often develop very favourably in the difficult context of the countries they operate in. Often better than the conventional banks operating in the same countries, which appear to be more affected by the risk factors mentioned above.

#### *Currency risk*

Finance provided by Triodos Fair Share Fund is currently mainly limited to euros or currencies for which the risk can be covered by means of currency forward contracts, such as the us dollar and Mexican peso. At the end of 2004 Triodos Fair Share Fund runs a currency risk on the participation in Peruvian soles in Mibanco s.a. in Peru. It is expected that the increase in value of the participation in Mibanco will compensate for any reduction in value of the Peruvian soles compared to the euro in due course, but there is no guarantee that this will be the case.

#### *Organisation risk*

The institutions and organisations that Triodos Fair Share Fund has invested in are in the early stages of their development, and as a rule experience strong growth. Although growth is itself a positive factor, certain risks are involved. These organisations and institutions sometimes experience difficulties in attracting and retaining qualified management and other staff. Triodos Fair Share Fund attempts to limit this risk as much as possible by investing mainly in microfinance institutions that have been regulated and are supervised by their country's relevant authorities. Trade finance is mainly provided to organisations that have already achieved a good track record and which already have an existing positive relationship with Triodos International Fund Management through the other funds under its management.

Through the management of the funds Triodos-Doen and Hivos-Triodos Fund, Triodos International Fund Management bv already has over ten years of experience providing finance to comparable organisations and institutions in developing countries and in Central and Eastern Europe. Based on this experience, Triodos International Fund Management bv is properly capable of assessing risk and taking subsequent investment decisions. Risk is further limited through the way that loans and participations are structured, and conditions placed upon them.

Triodos Fair Share Fund's policy is to invest, in principle, a maximum of ten percent of its assets in one organisation or institution, during the Fund's starting phase - until a capital of EUR 20 million is reached. This percentage can be higher if there are hard securities, for example in the form of bank guarantees. If the Fund's assets grow

to more than EUR 20 million, the maximum percentage will be restricted to 5%. It is also policy to limit investments in one country to a maximum of 20% of the Fund's assets.

### **Social-ethical investing**

At the beginning of March 2004 it was announced that the new social-ethical investment tax regulation came into force with retrospective effect from 1 January 2004. Prior to this, already in 2001 the Dutch Government's Tweede Kamer (Second Chamber) supplemented the Dutch Income Tax Act 2001 by means of an amendment containing an exemption for social-ethical investing. However, the regulation still had to be approved by the European Commission, which was finally granted in January 2004. This regulation can be compared to the present regulation for Green Investments in The Netherlands. It means that investors in social-ethical funds are exempted from the 1.2% tax on the return on their investment (in 2004 up to a maximum of EUR 51,390 per tax subject for Social Investments). In addition, investors receive an additional tax discount of 1.3%. This means investors receive a total net tax advantage of up to 2.5%.

In April 2004 Triodos Fair Share Fund was the first investment fund in The Netherlands to officially receive social-ethical investment fund status, with retroactive effect backdated to 1 January 2004. In order to subsequently retain this status, the Fund will have to invest a minimum of 70% of its capital in Government recognised social-ethical projects in Development Assistance-I (DAC-I) countries, or the world's 'real' developing countries. Most countries in Central and Eastern Europe do not fall in this category. This is despite of the fact that these counties have exceptionally large income differences between the rich and the poor and that microfinance institutions are also effective in combating poverty in these counties. When Triodos Fair Share Fund was established it pleaded to draw the line at 50% instead of 70%. This was partly due to the risks involved with the projects that the Fund invests in, which are much higher when compared to Green Investments, but also to allow investment in non-DAC-I countries. In 2002 the then Dutch State Secretary for Finance indicated that a preliminary period of two years will be used to see whether the 70% limit constitutes an obstacle in practice. If this is found to be the case, it may as yet be decided that a minimum of 50% is sufficient for a fund to meet the regulation criteria. For the time being, a transitional arrangement for two years applies up to and including 31 December 2005, according to which 50% is the minimum level. As at 31 December 2004 Triodos Fair Share Fund had invested 84% of its capital in social-ethical projects. This high percentage is mainly a consequence of the Fund's still limited size.

### **Prospects**

Triodos Fair Share Fund expects to grow to more than EUR 13 million in 2005. The growth opportunities will be mainly determined by the opportunities to invest in conformity with the social-ethical investing regulation. At the end of 2005 the transitional arrangement of two years will have ended and 70% of the capital must have been invested in social-ethical projects. A result of approximately EUR 230,000 is estimated. It is expected that the expense ratio will be further reduced and is estimated at 3.5%.

In view of the active role and involvement of Triodos International Fund Management bv in the UN Year of Microcredit there will be regular publications in 2005 about the importance of microfinance, and the opportunities it offers to help people in the developing world to become economically independent, and on the role that banks can play in the further development of the sector.

Zeist, 2 March 2005

*The Manager,*  
Triodos International Fund Management BV

Marilou van Golstein Brouwers  
Hans Schut

*Annual Accounts 2004  
of Triodos Fair Share Fund*

# Balance sheet as at 31 December 2004

Before appropriation of result (in EUR)

	2004	2003
<b>Investments</b>		
Participations	524,755	242,900
Loans	5,845,268	1,501,351
	<u>6,370,023</u>	<u>1,744,251</u>
<b>Receivables</b>		
Other receivables and deferred assets	637,315	217,727
	<u>637,315</u>	<u>217,727</u>
<b>Other assets</b>		
Intangible fixed assets	60,000	80,000
Liquid assets	1,203,225	971,713
	<u>1,263,225</u>	<u>1,051,713</u>
<b>Short-term debts</b>	88,614	60,482
	<u>88,614</u>	<u>60,482</u>
<b>Result of receivables and other assets minus short-term debts</b>	<u>1,811,926</u>	<u>1,208,958</u>
<b>Result of assets minus short-term debts</b>	<u>8,181,949</u>	<u>2,953,209</u>
<b>Equity</b>		
Participation capital	7,976,545	2,847,680
Legal reserve	60,000	80,000
Revaluation reserve	47,238	—
Other reserve	-/- 21,709	—
Unappropriated profit current financial year	119,875	25,529
	<u>8,181,949</u>	<u>2,953,209</u>

# Profit and loss account for 2004

(in EUR)

	2004	09.12.2002/ 31.12.2003
<b>Income from investments</b>		
- in participations	12,620	–
- in loans	329,404	85,405
	<u>342,024</u>	<u>85,405</u>
<b>Non-realised value changes of investments</b>		
- in participations	9,638	44,172
- in loans	-/- 954	3,066
	<u>8,684</u>	<u>47,238</u>
<b>Other operating income</b>		
Surcharge charged upon issue of participations	28,650	16,286
Interest on liquid assets	19,156	21,306
	<u>47,806</u>	<u>37,592</u>
<b>Total of operating income</b>	<u>398,514</u>	<u>170,235</u>
<b>Operating expenses</b>		
Management costs	208,500	95,693
Amortization intangible fixed assets	20,000	20,000
Other operating expenses	44,869	32,173
	<u>273,369</u>	<u>147,866</u>
<b>Operating result</b>	<u>125,145</u>	<u>22,369</u>
Exchange rate differences	-/- 5,270	3,160
<b>Net result</b>	<u>119,875</u>	<u>25,529</u>

# Cash flow statement 2004

(in EUR)

	2004	09.12.2002/ 31.12.2003
<b>Cash flow from investment activities</b>		
Received proceeds from investments	245,810	69,978
Investments in intangible fixed assets	—	-/- 100,000
Investments in participations	-/- 285,946	-/- 214,935
Investments in loans	-/- 4,713,784	-/- 1,640,239
Management costs and operating expenses	-/- 225,239	-/- 67,384
Other revenues	-/- 275,567	-/- 164,708
Elimination exchange rate differences	377,373	161,321
	<u>-/- 4,877,353</u>	<u>-/- 1,955,967</u>
<b>Cash flow from financing activities</b>		
Issue of participations	<u>5,108,865</u>	<u>2,927,680</u>
<b>Cash flow</b>	<u><u>231,512</u></u>	<u><u>971,713</u></u>

# Notes

to the Balance sheet and Profit and loss account (amounts in EUR)

## GENERAL

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

Triodos Fair Share Fund is a closed mutual fund. In the case of a closed mutual fund the investors (participants) raise money that is then invested for their account and risk by a Manager. The investments and other assets belonging to the Fund are kept in custody by the Custodian, who is independent of the Manager, for the account of the participants.

The Fund has not been listed on any stock exchange. Participations registered in name are issued by the Fund itself. In normal circumstances the Fund is willing to buy and sell participations. Circumstances may occur in which the Manager may decide to not issue or buy participations for the time being. In order to be able to comply with requests to repurchase participations to a certain extent, the Fund will invest a minimum of 10% of its assets for this purpose in interest-bearing deposits, or provide sufficient other guarantees.

### Change in accounting principles

As at 1 January 2004, the presentation of the non-realised value changes of investments in the profit and loss account and in the equity has been changed. As a consequence, differences in the non-realised value changes of investments are processed into the profit and loss account and are credited or, as the case may be, debited to the revaluation reserve through the return appropriation.

The comparative figures have been adjusted accordingly. This system change has no influence on the equity and the investment result.

## ACCOUNTING PRINCIPLES

Placements in foreign currency are recorded in euros with due observance of the currency exchange rates most recently known.

Investments are valued at their fair value. The fair value is determined as follows.

Participations, being capital interests which do not serve own long-term activities are valued against the most recently known stock exchange quotation if the participations are securities listed on an active stock exchange.

The fair value of participations that are not securities listed on an active stock exchange, or that have no regular market quotation, can be determined in various ways. Firstly, this is on the basis of the most recent market quotation, taking market developments that have occurred in the meantime into account. Secondly, by using the profitability value, return value and/or net asset value, that may, whether or not in mutual 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 are recorded at their nominal value in euros after deduction of any provision in respect of anticipated non-recovery. Given the nature of the loans the nominal value is deemed to be an approximation of the fair value. Movements in the loans provision are debited or credited to the result.

Other assets and liabilities are recorded at nominal value after deduction of any provision in respect of anticipated non-recovery.  
 Foundation costs paid are amortized over a period of five years. Exchange rate losses and exchange rate profits will be debited or credited respectively to the result.

In order to cover exchange rate differences on us dollar and Mexican peso loans currency forward contracts are concluded. Valuation occurs against the latest currency exchange rates. Results upon the conclusion of currency forward contracts are debited or credited to the result during the term of the contract.

#### PRINCIPLES FOR DETERMINATION OF PROFIT

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

#### TAX STATUS

The Fund has the tax status of a closed mutual fund for application of corporate income tax. This means that the Fund itself is not subjected to corporate income tax, but for tax purposes is transparent. For tax purposes, the assets and liabilities, as well as the income and expenses of the Fund, are directly attributed to the participants in proportion to their capital participation in the Fund.

#### Social-ethical investing

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

#### BALANCE SHEET AS AT 31 DECEMBER 2004

##### Investments

For a specification by sector of the investment portfolio reference is made to the overview on page 10.

Participations	2004	2003
Position upon the start of the period	242,900	—
Purchase	285,946	214,935
Revaluation	14,472	44,172
Revaluation as a consequence of exchange rate differences	-/- 18,563	-/- 16,207
Position as at 31 December	<u>524,755</u>	<u>242,900</u>

This concerns one participation of the amount of USD 250,000 (2003: USD 250,000) and one participation of the amount of PEN 1,269,181 (2003: nil). The conversion rates used at the end of 2004 are 0.7323 (2003: 0.79491) and 0.2230, respectively (2003: not applicable).

<b>Loans</b>	<b>2004</b>	<b>2003</b>
Position upon the start of the period	1,501,351	—
Loans provided	6,047,236	2,433,474
Loans repaid	-/- 1,333,452	-/- 793,235
Revaluation as a consequence of exchange rate differences	-/- 369,867	-/- 138,888
Position as at 31 December	<u>5,845,268</u>	<u>1,501,351</u>

The nominal value of the loans is at the end of 2004 EUR 1,808,211, USD 5,000,000 and MXN 5,706,000 (2003: EUR 150,000 and USD 1,700,000). The nominal interest percentage on these loans as at 31 December 2004 is on average 8.65% (2003: 8.63%) a year. The maximum remaining term of these loans varies from 2 to 33 months (2003: 5 to 17 months). The conversion rate for the us dollar used at the end of 2004 is 0.7323 (2003: 0.79491) and for the Mexican peso 0.06579.

The loans concern specifically risk bearing finance not based on any mortgage or other securities, with the exception of one loan of USD 1,000,000 for 50% of which Stichting Hivos is acting as a guarantor.

<b>Receivables</b>	<b>2004</b>	<b>2003</b>
<i>Other receivables and deferred assets</i>		
Receivables regarding loans	—	35,175
Accrued interest on loans	111,613	15,426
Accrued interest on liquid assets	16,856	20,936
Exchange rate differences for currency forward contracts	507,062	146,190
Miscellaneous	1,784	—
	<u>637,315</u>	<u>217,727</u>

<b>Other assets</b>	<b>2004</b>	<b>2003</b>
---------------------	-------------	-------------

*Intangible fixed assets*

This concerns the costs of the foundation of Triodos Fair Share Fund.

Position upon the start of the period	80,000	—
Foundation costs paid	—	100,000
Amortizations	-/- 20,000	-/- 20,000
Position as at 31 December 2004	<u>60,000</u>	<u>80,000</u>

*Liquid assets*

Triodos Bank current account (EUR)	187,956	153,703
Triodos Bank savings account (EUR)	1,014,522	806,813
Rabobank current account (EUR)	50	361
Rabobank current account (USD)	697	10,836
	<u>1,203,225</u>	<u>971,713</u>

The liquid assets are immediately callable. The weighed average interest percentage on the liquid assets is 1.52%.

<b>Short-term debts</b>	<b>2004</b>	<b>2003</b>
Creditors	83	—
Current account Triodos Bank NV	150	—
Pre-received interest of loans	—	4,355
Results currency forward contracts to be amortized	—	12,831
Management fee payable	50,578	18,362
Participation register commission payable	4,623	1,707
Costs payable	19,457	13,364
Equity tax	3,797	623
Miscellaneous	9,926	9,240
	<u>88,614</u>	<u>60,482</u>

Up to and including 31 December 2004, an overdraft facility of the amount of EUR 425,000 could be made available by Triodos Bank NV in Zeist at the request of Triodos Fair Share Fund. The receivables are pledged by way of security for this facility.

#### Equity

<i>Participation capital</i>	<b>2004</b>	<b>2003</b>
Position upon the start of the period	2,847,680	—
Movements as a result of issue and repurchase of participations, on balance	5,108,865	2,927,680
Addition to the legal reserve	—	-/- 100,000
Release of the legal reserve	20,000	20,000
	<u>7,976,545</u>	<u>2,847,680</u>
Position as at 31 December	<u>7,976,545</u>	<u>2,847,680</u>

The legal reserve has been made in connection with capitalised foundation costs.

Mutations in the number of participations:	<b>2004</b>	<b>2003</b>
Position upon the start of the period	118,384	—
Participations issued	203,207	118,384
Participations repurchased	-/- 1,524	-/- 1,194
Participations of secondary offering	1,524	1,194
	<u>321,591</u>	<u>118,384</u>
Position as at 31 December	<u>321,591</u>	<u>118,384</u>

#### *Revaluation reserve*

The revaluation reserve concerns the unrealised valuation differences of the investments as at the balance sheet date.

	2004	2003
Position upon the start of the period	—	—
Revaluation participations	44,172	—
Revaluation investments less coverage result forward exchange transactions	3,066	—
	<u>47,238</u>	<u>—</u>
Position as at 31 December	<u>47,238</u>	<u>—</u>

#### *Other reserve*

Concerns the result over the period 9 December 2002 up to and including 31 December 2003.

	2004	2003
Position upon the start of the period	—	—
Operating result previous financial year	-/- 21,709	—
	<u>-/- 21,709</u>	<u>—</u>
Position as at 31 December	<u>-/- 21,709</u>	<u>—</u>

#### **Off-balance sheet liabilities**

##### *Committed loans*

Triodos Fair Share Fund has made one commitment for trade finance. The first tranche of this loan has already been disbursed, the remainder of the amount of USD 200,000 will be paid at the beginning of 2005 (2003: USD 600,000 and EUR 250,000).

##### *Currency forward contracts*

This concerns contracts in which Triodos Fair Share Fund commits itself to deliver the USD and MXN amounts on an agreed timescale. All contracts have been concluded with Triodos Bank and Rabobank. At the end of 2004 currency forward contracts had been concluded with Triodos Bank for USD 5,000,000 and MXN 5,706,000 (2003: USD 1,994,250) and with Rabobank for USD 250,000 (2003: nil).

#### **Control of financial risks**

The financial risks have been described in the Manager's report. In the following they are mentioned once again.

##### *Country risk*

Triodos Fair Share Fund invests in countries that may have high political risks, that may be economically unstable - often with a high or fluctuating inflation, that often have a moderately developed legal framework and where standards of accounting and financial reporting may not be in line with internationally recognised standards.

Despite these risks, the microfinance institutions that Triodos Fair Share Fund invests in often develop very favourably in the difficult context of the countries they operate in. Often better than the conventional banks operating in the same countries, which appear to be more affected by the risk factors mentioned above.

#### *Currency risk*

Finance provided by Triodos Fair Share Fund is currently mainly limited to euros or currencies for which the risk can be covered by means of currency forward contracts, such as the us dollar and Mexican peso. At the end of 2004 Triodos Fair Share Fund runs a currency risk on the participation in Peruvian soles in Mibanco s.a. in Peru. It is expected that the increase in value of the participation in Mibanco will compensate for any reduction in value of the Peruvian soles compared to the euro in due course, but there is no guarantee that this will be the case.

#### *Organisation risk*

The institutions and organisations that Triodos Fair Share Fund has invested in are in the early stages of their development, and as a rule experience strong growth. Although growth is itself a positive factor, certain risks are involved. These organisations and institutions sometimes experience difficulties in attracting and retaining qualified management and other staff. Triodos Fair Share Fund attempts to limit this risk as much as possible by investing mainly in microfinance institutions that have been regulated and are supervised by their country's relevant authorities. Trade finance is mainly provided to organisations that have already achieved a good track record and which already have an existing positive relationship with Triodos International Fund Management through the other funds under its management.

Through the management of the funds Triodos-Doen and Hivos-Triodos Fund Triodos International Fund Management bv already has over ten years of experience providing finance to comparable organisations and institutions in developing countries and in Central and Eastern Europe. Based on this experience, Triodos International Fund Management bv is properly capable of assessing risk and taking subsequent investment decisions. Risk is further limited through the way that loans and participations are structured, and conditions placed upon them.

Triodos Fair Share Fund's policy is to invest, in principle, a maximum of ten percent of its assets in one organisation or institution, during the Fund's starting phase – until a capital of EUR 20 million is reached. If there are hard securities, for example in the form of bank guarantees, this may be detracted from. If the Fund's assets grow to more than EUR 20 million, this will be restricted to five percent. It is also policy to limit investments in one country to a maximum of 20% of the Fund's assets.

## PROFIT AND LOSS ACCOUNT FOR 2004

### Income from investments in participations

This concerns dividend received.

### Income from investments in loans

This concerns interest income on loans and fees for administrative costs.

### Operating expenses

	2004	09.12.2002/ 31.12.2003
<i>Management costs</i>		
Management fee	149,712	56,575
Supervisor's costs	6,949	11,655
Costs of advice and auditing	7,237	6,000
Publicity costs	25,994	12,035
Insurance	2,331	2,145
Participation register commission	12,898	4,923
Other expenses	3,379	2,360
	<u>208,500</u>	<u>95,693</u>

	2004	09.12.2002/ 31.12.2003
<i>Other operating expenses</i>		
Equity tax	28,463	16,108
Costs of registration of participations in name	13,369	13,090
Custody fee	3,037	2,975
	<u>44,869</u>	<u>32,173</u>

### Remuneration Management Board

Triodos Fair Share Fund does not employ any employees or any Members of the Management Board.

Triodos Fair Share Fund is managed by Triodos International Fund Management bv against a quarterly fee of 0.625% of the Fund's assets exclusive of the unappropriated result and the other reserve. From that fee all managements costs of Triodos Fair Share Fund such as the management costs of the investments, the administrative and IT costs are paid.

The management fee over 2004 amounts to EUR 149,712 (2003: EUR 56,575).

### Remuneration Supervisory Board

The members of the Supervisory Board did not receive any attendance fees or allowances for expenses in respect of the year 2004.

## COST STRUCTURE

### Costs of admission and resignation

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

The price of issue of new participations Triodos Fair Share Fund has been based on their net asset value plus a surcharge of 0.55%. That surcharge is paid to the tax authorities in the form of equity tax.

The repurchase price of participations Triodos Fair Share Fund has been based on their net asset value.

The receipts of Triodos Fair Share Fund with respect to the surcharge upon admission have been accounted for in the profit and loss account under the item other operating results.

The expenses of Triodos Fair Share Fund with respect to the equity tax have been accounted for under the item other operating expenses.

#### *Total expenses*

The total expenses of the Fund over 2004 amount to EUR 273,369 (over the period 9 December 2002 up to and including 31 December 2003: EUR 147,866).

The total expenses exclusive of the expenses regarding the admission and resignation of participants that are covered by the surcharges and other charges received amount to EUR 244,906 (2003: EUR 131,758).

#### *Expense ratio*

The expense ratio in 2004 amounts to 4.57% (in the period 9 December 2002 up to and including 31 December 2003: 6.79%).

The expense ratio refers to the total expenses exclusive of the expenses regarding the admission and resignation of participants that are covered by the surcharges and other charges received in relation to the average net asset value.

## AFFILIATED PARTIES

Triodos Fair Share Fund is related to the following legal entities:

1. Triodos Holding NV is the sole shareholder of Triodos International Fund Management BV.
2. Triodos Bank NV
  - Triodos Fair Share Fund has deposited a large part of its liquid assets with Triodos Bank against market rates.
  - An overdraft facility has been made available by Triodos Bank against market rates.
  - Triodos Fair Share Fund concludes currency forward contracts with Triodos Bank against market rates.
  - Triodos Bank manages the register of participants and receives an annual fee of EUR 13,369 for this. The amount will be indexed every year.
  - Triodos Bank has concluded a distribution agreement with Triodos Fair Share Fund on the basis whereof an annual file commission of 0.25% of the participations subscribed through Triodos Bank is paid.
3. Triodos International Fund Management BV carries out the management of Triodos Fair Share Fund for which it receives a quarterly management fee of 0.625% of the fund assets, exclusive of the result of the current financial year.
4. Triodos Custody BV is the custodian of the fund assets at the account and risk of Triodos Fair Share Fund for which it receives an annual custody fee of EUR 3,037. The amount will be indexed every year.

5. The shares in Triodos Custody bv are held by the Stichting Administratiekantoor Triodos Custody, that has issued one depositary receipt to Triodos Bank for each share. Stichting Administratiekantoor Triodos Custody has the voting rights for the shares and as a result also the right to appoint and dismiss the Board Members of the Custodian. By this construction it is aimed at to guarantee the independence of the Custodian towards the Manager.

#### OUTSOURCING OF CORE ACTIVITIES

The following core activities have been outsourced by Triodos Fair Share Fund:

- the management of the register of shareholders has been outsourced to Triodos Bank.
- the management of the investment portfolio has been outsourced to Triodos International Fund Management bv.

Zeist, 2 March 2005

*Manager,*  
Triodos International Fund  
Management bv

Marilou van Golstein Brouwers  
Hans Schut

*Custodian,*  
Triodos Custody bv

Adri Dijkstra  
Andreas Reigersman (until 1 January 2005)

# Other information

(in EUR)

## 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 to the participants in proportion to the number of participations held by each of them.

Distributions will take place within one month from the approval of the Annual Accounts in a manner to be determined by the Manager. Interim payments may also occur. The amount of payments, the composition of the payments and the manner of payment will be notified to the participants in conformity with clause 14 of the Terms and Conditions of the Fund.

The profit available for distribution amounts to:

Result with respect to the period from 9 December 2002 up to and including 31 December	-/- 21,709
Result conform the profit and loss account over 2004	119,875
To be deducted: Addition to the revaluation reserve	-/- 8,684
	<hr/>
	89,482
	<hr/> <hr/>

## PERSONAL INTERESTS

As at 31 December 2004 the members of the Supervisory Board, the Board of Directors of the manager and the custodian and the Board of Management of Stichting Administratiekantoor Triodos Custody did not hold any participations in Triodos Fair Share Fund.

As at 31 December 2004 no options on participations, loans or guarantees have been provided to the members of the Supervisory Board, the Board of Directors of the manager and the custodian and the Board of Management of Stichting Administratiekantoor Triodos Custody.

As at 31 December 2004 or any moment during 2004 the members of the Supervisory Board, the Board of Directors of the manager and the custodian and the Board of Management of Stichting Administratiekantoor Triodos Custody have not had any personal interest in any investment of Triodos Fair Share Fund.

## MAJOR INVESTOR

In as far as is known, Triodos Fair Share Fund has one major investor, in the sense that Triodos Holding NV is the sole shareholder of Triodos International Fund Management BV, the Manager of Triodos Fair Share Fund. Triodos Holding NV does not hold any participations in Triodos Fair Share Fund. In as far as is known, Triodos Fair Share Fund did not carry out any transactions with major investors in the sense of clause 1 paragraph F of the Dutch Investment Institutions Supervision Decree during 2004.

## PROSPECTUS

Although the Annual Report also is a separate part of the prospectus of Triodos Fair Share Fund, the Annual Report on 2004 does not contain any overview with comparative figures of three years since the Fund as yet only has a history of two years.

## AUDITOR'S REPORT

### *Introduction*

We have audited the 2004 Annual Accounts of Triodos Fair Share Fund in Zeist as included in this report on page 15 up to and including 29. The Annual Accounts are the responsibility of the Fund Manager. Our responsibility is to express an opinion on these Annual Accounts based on our audit.

### *Scope*

We conducted our audit in accordance with auditing standards generally accepted in The Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Annual Accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Fund Manager, as well as evaluating the overall presentation in the Annual Accounts. We believe that our audit provides a reasonable basis for our opinion.

### *Opinion*

In our opinion, the Annual Accounts give a true and fair view of the financial position as at 31 December 2004 and of the result over 2004 in accordance with the accounting principles generally accepted in The Netherlands, and comply with the legal provisions regarding annual accounts as included in Title 9 Book 2 of the Dutch Civil Code and in the Dutch Investment Institutions Supervision Act.

Utrecht, 2 March 2005

KPMG Accountants NV

# *Project descriptions Triodos Fair Share Fund*

## MICROFINANCE

### *ACLEDA Bank Plc., Cambodia (participation and loan)*

ACLEDA Bank worked with a full banking license for the first time in 2004. The acquisition of this license, made possible by a capital injection including from Triodos Fair Share Fund, has increased the Cambodian people's confidence in the bank, resulting in a strong growth in savings. In many remote areas of Cambodia ACLEDA Bank is often the only bank to offer basic savings accounts for individuals. In 2004 the Bank increased its loan portfolio by more than 60%. Since the demand for microcredit and loans still surpasses the growth in savings, Triodos Fair Share Fund provided a loan in 2004 to meet this demand, in syndication with Triodos-Doen and the ASN-Novib Fund.

As a result of the positive development of the ACLEDA Bank in 2004, on the basis of the provisional annual figures of the Bank, the value of Triodos Fair Share Fund's participation increased by EUR 14,472. The Bank also paid a dividend to its shareholders in June 2004.

Apart from finance, Triodos Fair Share Fund contributes to the governance of ACLEDA Bank, as a senior Triodos Bank co-worker is a member of the Bank's Board of Directors.

### *Banco del Pichincha CA and/or Credi Fe Desarrollo Microempresarial S.A., Ecuador (loan)*

Through its subsidiary Credi Fe, Banco del Pichincha is the first large bank in Ecuador to offer financial services to small-scale entrepreneurs. Although the social aspect was of primary importance at the time of the incorporation of Credi Fe, the Bank has also proven that microfinance can be a profitable activity. Credi Fe has succeeded in making optimal use of Banco del Pichincha's extensive office network. This led to a strong increase of the microcredit portfolio in 2004. In the future the Bank's offices offer excellent opportunities for further growth in the services offered to micro-entrepreneurs, particularly in the more remote areas of Ecuador. In syndication with the funds Triodos-Doen and Hivos-Triodos Fund, Triodos Fair Share Fund has provided a loan to Banco del Pichincha and Credi Fe so that they have a stable source of finance available for their microcredit programme.

### *Banco Solidario S.A., Ecuador (loan)*

Banco Solidario was established in 1995 by a number of progressive bankers and businessmen in Ecuador. The Bank started as a traditional bank, with the aim to reinvest profits from the banking business into building up a microcredit programme. At a later stage the Bank applied itself increasingly directly to microcredit. Although the Ecuadorian banking system has suffered a serious financial crisis on two occasions since the Bank's formation, Banco Solidario succeeded in realising its intentions. In spite of the strongly increasing competition, some of which comes from larger banks, Banco Solidario is the largest provider of microcredit in Ecuador. It is the Bank's philosophy to offer small-scale enterprises as broad a package of financial services as possible, equal to the services offered to larger companies. A loan from Triodos Fair Share Fund supports the Bank in this.

### *FFP FIE S.A., Bolivia (loan)*

FIE is a successful, regulated microfinance institution in Bolivia targeting entrepreneurs active in small-scale production workshops, commerce and services in urban areas. In 2004 FIE realised considerable growth in its loan portfolio and local deposits. FIE has a partnership relationship with the NGO Pro Mujer to offer the opportunity to save with a regulated financial institution to women with a low

income. In 2004 a loan from Triodos Fair Share Fund, in syndication with Triodos-Doen, made further growth of FIE's loan portfolio possible.

*Financiera Compartamos S.A., Mexico (loans)*

Financiera Compartamos is the only institution in Mexico to provide credit to female small-scale entrepreneurs in rural areas across the country. This occurs mainly through the village banking method, where women form groups, to act as guarantors for each other and ensure timely repayment of the loans. In 2004 Compartamos introduced a new growth model, in order to maintain the high growth achieved in the past into the future. In addition, Compartamos succeeded in reducing the costs of finance during 2004 by issuing debt instruments on the Mexican capital market. Triodos Fair Share Fund has two outstanding loans that were provided to Compartamos. One of these was provided in 2004 in syndication with Triodos-Doen in Mexican pesos, to limit the exchange rate risk for Compartamos. Triodos Fair Share Fund has covered the exchange rate risk by means of a currency forward contract.

*Financiera Nicaragüense de Desarrollo S.A. (Findesa), Nicaragua (loan)*

Findesa is a rapidly growing microfinance organisation with a rural network of offices in Nicaragua. Every year the network is extended by new branch offices, in particular in rural areas. Findesa specialises in providing long-term credits, in order to meet their client's finance needs. Findesa positions itself between the traditional banks and NGOs specialised in microcredit. In particular it targets small-scale entrepreneurs that have no access to loans from banks, and that do not benefit from the often short-term loans offered by NGOs. In November 2003 three foreign parties jointly became shareholders of Findesa, in order to contribute to the institution's development. These are the Inter American Development Bank, Hivos-Triodos Fund and a fund managed by the Canadian Des Jardins cooperative bank. In 2004 Triodos Fair Share Fund provided two loans to Findesa. One loan was provided in a syndicate with Triodos-Doen and Hivos-Triodos Fund and another in a syndicate with Triodos-Doen. Through these loans Findesa was able to finance its rapid growth.

*Mibanco S.A., Peru (participation)*

Mibanco is a private microfinance bank in Peru, based in Lima, which targets small-scale entrepreneurs and low-income groups. Mibanco supplies various loan and savings products, including working capital, mortgages and investment loans. In 2004 Mibanco was awarded as the bank with the most creative product, called MiCasa. The MiCasa loans allow small-scale entrepreneurs to finance renovations to their existing houses and/or workshops. Meanwhile Mibanco provides loans to more than 110,000 small-scale entrepreneurs and an increasing part of the loan portfolio is financed through savings. Apart from this, Mibanco has succeeded in realising access to the local capital market and the Bank has recently launched a programme of local certificates of deposits. In December 2004 Triodos Fair Share Fund became shareholder of Mibanco and it is represented, jointly with Triodos-Doen and Hivos-Triodos Fund, on the Board of Directors by a senior Triodos Bank co-worker.

*Mikrofin, Bosnia & Herzegovina (loan)*

Mikrofin is a microcredit organisation that was founded in 1997. Mikrofin has developed a portfolio of 25 million US dollars and more than 13,000 clients in Northern Bosnia & Herzegovina. In a competitive market Mikrofin distinguishes itself as an extremely efficient organisation, with a devoted management and staff and customised credit products. Mikrofin's excellent track record qualified the organisation for two loans from Triodos Fair Share Fund in 2004.

*FFP Prodem s.A., Bolivia (loan)*

Prodem is a successful, regulated microfinance institution in Bolivia with an extensive network of offices in rural areas. In 2004 Prodem has experienced growth in both its loan portfolio and in savings. In addition, Prodem is increasingly strengthening its position in the field of the transfer of funds within Bolivia. In 2004 Triodos Fair Share Fund provided, in a syndicate with Triodos-Doen, a loan to Prodem to finance the extension of its portfolio.

TRADE FINANCE TO ORGANIC OR FAIR TRADE CERTIFIED ORGANISATIONS

*CECOCAFEN, Nicaragua (loan)*

Central de Cooperativas Cafetaleras del Norte (CECOCAFEN) is a group of certified Fair Trade coffee cooperatives in Nicaragua. CECOCAFEN was founded in 1997 with the aim of producing, processing and trading its members' coffee on the international market. Now eleven producers organisations are members of CECOCAFEN. During the past season CECOCAFEN succeeded in selling their coffee of an average price of USD 1.01 a pound, compared to the an average world market price fluctuated around USD 0.70. In 2004 a trade finance loan was paid to CECOCAFEN. The loan from Triodos Fair Share Fund was provided to prefinance a number of export contracts with American buyers. As a result of the loan from Triodos Fair Share Fund the farmers don't have to wait for their money, but instead are paid immediately for their coffee.

*Central de Cooperativas Agrarias Cafetaleras (COCLA), Peru (loan)*

In 2004 a trade finance loan was provided to the Peruvian organisation of cooperatives of coffee farmers COCLA for the second time. With this money COCLA buys the next season's coffee harvest in advance from its members in the Quillabamba valley in the south of Peru. The farmers get paid as soon as they deliver their coffee. Apart from the coffee exports, COCLA offers a number of additional services to its members in the fields of education, product diversification and quality control.

*Sekem Group, Egypt (loans)*

Sekem is a producer of biodynamically grown vegetables, fruits, herbs and spices and cotton. The herbs and spices are mainly processed into tea, medicine and natural care products, and the cotton into fabric and clothes. Apart from those economic activities, Sekem initiates many social and cultural activities. Its employees can make use of the Group's own educational facilities and health care. In addition, frequent cultural events are organised. For this unique integration of economic, social and cultural activities, Sekem was awarded the Right Livelihood Award in 2003, better known as the Alternative Nobel Prize. In 2004 Triodos Fair Share Fund provided trade finance loans to Sekem for the benefit of the export of the biodynamically grown herbs, spices, French beans and oranges.

*A. van Weely bv for the benefit of Fair Trade producers organisations in Mexico, Guatemala and Cameroon (loan)*

Van Weely is an importer of certified Fair Trade and organic coffee from Latin America and Africa. In the first quarter of 2004, Triodos Fair Share Fund provided a loan to Van Weely that was used to provide trade finance to various Fair Trade producers' organisations in Mexico, Guatemala and Cameroon. Trade finance ensures that the organisations are able to buy coffee from their members and to pay them immediately. Meanwhile Van Weely has built up long-term trade relationships and is willing to conclude contracts for an entire season. This makes the producers less dependent on changes in the market and allows them to make long-term plans and investments.

# *Personal data*

## THE MANAGER

Triodos International Fund Management BV  
Marilou van Golstein Brouwers  
Hans Schut

## THE CUSTODIAN

Triodos Custody BV  
Adri Dijkstra  
Andreas Reigersman (until 1 January 2005)

Stichting Administratiekantoor Triodos Custody  
Albert Hollander (until 5 May 2004)  
Gels Versteegh  
Sebastiaan Holvast (starting from 2 August 2004)

## SUPERVISORY BOARD

Paul Deiters, Chairman  
Corinne Heijn  
Marleen van den Horst

## TRIODOS BANK NV

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*Lay-out*  
Vocking in Vorm, Utrecht

*Printing*  
Pascal, Utrecht

*Paper*  
Biotop 3

