



Triodos Fair Share Fund

Annual Report 2010

08

Microfinance

is the provision of financial services to low-income people in developing countries. An inclusive financial sector, where the majority of people have access to financial services, provides a sustainable basis for balanced socio-economic development.

Triodos Fair Share Fund Annual Report 2010

Information for participants

General Meeting of Participants 14 April 2011

Ex-dividend date 18 April 2011

Date of dividend payment 21 April 2011

Triodos Fair Share Fund is managed by Triodos Investment Management, which is wholly-owned by Triodos Bank.

Key figures

amounts in euros	2010	2009	2008	2007	2006
Net asset value at year-end	93,474,745	81,594,463	59,323,456	36,899,538	24,162,987
Number of outstanding participations at year-end	2,919,116	2,576,162	2,038,347	1,331,615	893,817
Income	5,256,534	4,400,448	3,435,793	2,160,154	1,504,474
Realised changes in the value of investments	2,922,422	760,538	–	–	–
Unrealised changes in the value of investments	-1,083,137	4,882,793	1,759,542	568,402	123,381
Expenses	2,431,979	1,967,970	1,532,085	893,299	615,463
Operating result	4,663,840	8,075,809	3,663,250	1,835,257	1,012,392
Foreign exchange differences	-618,307	-199,557	-173,976	-279,999	-184,640
Result	4,045,533	7,876,252	3,489,274	1,555,258	827,752
Total expense ratio (TER)*	2.92%	3.05%	3.33%	3.14%	3.29%
Social-ethically invested capital**	78.1%	72.9%	87.0%	81.8%	73.0%

Per participation

amounts in euros	2010	2009	2008	2007	2006
Net asset value at year-end	32.02	31.67	29.10	27.71	27.03
Result***	1.53	3.59	2.11	1.48	1.17

Return on Triodos Fair Share Fund (including reinvestment of dividend and excluding tax advantage)

	1 year	3-year average	5-year average	average since inception
Return	4.8%	8.1%	6.9%	5.1%

Source: vwd group

* The total expense ratio reflects the costs of an investment fund as a percentage of the weighted average of the fund's net asset value in the period under review. These costs do not include the cost of investment transactions, interest expenses and expenses associated with the entry and withdrawal of participants in the context of the average net asset value.

** The percentage of social-ethically invested is calculated as follows: the volume of social-ethical investments including the balance of foreign exchange differences on forward foreign exchange contracts is divided by the total assets.

*** The result per participation is determined on the basis of the average number of participations issued during the period under review.

Contents

Page

Vision and mission Triodos Fair Share Fund	6
Report of the Supervisory Board	7
Manager's Annual Report	8
General information	28
Annual Accounts Triodos Fair Share Fund	30
Other information	48
Supervisory Board	51
The Manager and Custodian	52
Triodos Fair Share Fund portfolio	53
Colophon	58

Vision and mission

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. This is the only way of embedding broad access to credit and other financial services in society, creating a sustainable basis for balanced socio-economic development in which the lower income strata of society can also participate. Triodos Fair Share Fund believes that the individual identity and sustainable profile of microfinance institutions (MFIs) distinguishes them from other financial institutions. This sustainability is viewed not only from the perspective of the institutions' profitability, but also from their impact on the environment and their natural surroundings. Their large number of clients puts MFIs in the unique position of being able to include care for the earth as a priority in their services. They are able to advise their clients and offer them practical ways, through their range of products, 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 MFIs as a finance provider or investor and as a supervisory manager. 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 to 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 achieved differs from country to country. Until then, Triodos Fair Share Fund can make a significant contribution.

Social-ethical investments

Triodos Fair Share Fund finances MFIs in developing countries and Eastern Europe through loans and investments in the share capital. In addition, Triodos Fair Share Fund provides limited financing for certified organic agricultural projects and local 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 the social-ethical tax scheme in the Netherlands. Triodos Fair Share Fund was at the inception of this scheme and was the first investment fund to be officially awarded the status of social-ethical investment institution under this scheme. At least 70% of the fund's total assets are invested in projects recognised by the government as social-ethical and which also meet the sustainable investment criteria of Triodos Bank. The tax advantage to investors in 2010 amounts to a maximum of 2.5% over and above the return on the fund. From 2011, this will be gradually reduced over a four-year period to a maximum of 1.2% in 2014.

78.1%

**total assets
at year-end 2010
social-ethically
invested**

Report of the Supervisory Board.

To the participants of Triodos Fair Share Fund

We are pleased to present the 2010 Annual Report and annual 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 audit. The auditors' report, issued by KPMG Accountants NV in respect of the annual accounts 2010, has been included under other information.

We will therefore submit the Annual Report and the annual accounts to the General Meeting of Participants for its approval. The financial year 2010 closed with a profit of EUR 4,045,533. Of this, EUR 2,474,519 is proposed as dividend. The Board has verified that the Manager has carefully 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, particularly its investment policy and the projects being financed, and at worldwide developments in the microfinance sector. Furthermore, issues associated with supervision by the Netherlands Authority for the Financial Markets, the Social-ethical Investment Scheme, the half-yearly report, the Annual Report and the fund's budget were also discussed. The Board is satisfied with the policy pursued and with the collaboration with the Manager. The Board would like to express its appreciation of the fund's performance and its active role in a turbulent year for the microfinance sector.

During the General Meeting of Participants held on 22 April 2010, Ms Maartje van Putten was appointed as a member of the Supervisory Board for a period of three years and Ms Corinne Heijn stepped down. Ms Marleen van der Horst is scheduled to step down and is eligible for reappointment. Her reappointment will be discussed at the General Meeting of Participants on 14 April 2011. The nomination of Ms Jacqueline Rijdsijk as a member of the Supervisory Board will also be proposed.

Zeist, the Netherlands, 21 March 2011

Pierre Aeby
Peter Cornet
Maartje van Putten
Marleen van den Horst (interim Chair)

Manager's Annual Report.

This is the eighth Annual Report of Triodos Fair Share Fund. 2010 was a turbulent year in the microfinance sector with both positive and negative developments. Many existing and new participants invested in the fund in the past year. As a result, the fund's assets grew by 14.6% to EUR 93.5 million. This growth of EUR 11.9 million is higher than the growth of EUR 8.4 million to a total of EUR 90 million that the fund had anticipated for 2010. The number of participants rose from 5,081 to 5,635. Likewise, there was a strong increase in the fund's investments, by 22.6%, to EUR 74.1 million. Investments consist of finance facilities (loans and participations) to microfinance institutions (MFIs) in Africa, Asia, Latin America and Eastern Europe.

The net asset value per participation rose in 2010 from EUR 31.67 to EUR 32.02. Based on the net asset value, the return for the past year was 4.8%. The result is in line with last year's forecast, in other words, positive but lower than the five-year average as of year-end 2009. It is gratifying that, despite its very high risk profile, the fund has been able to generate an average return of 6.9% a year over the last five years. 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 (for the purposes of the tax return for 2010).

EUR 93.5 million

**fund's assets
at year-end 2010**

The strong growth of the fund's assets in the second half of 2009 continued through the first month of 2010. As a social-ethical investment institution, Triodos Fair Share Fund must invest at least 70% of its total assets in projects recognised by the Dutch government as being social-ethical.

This lower limit came into view in early 2010, as the strong growth of the fund's assets exceeded the speed of growth of the finance facilities it granted to MFIs. For that reason, the Manager decided at the end of January 2010 to temporarily stop issuing any new participations. The fund's portfolio grew in the course of the year, as did the need among existing and new MFIs for finance facilities. The Manager therefore expected to be able to reopen Triodos Fair Share Fund in the autumn for the issuance of new participations. However, the draft Coalition Agreement presented in the Netherlands on 30 September 2010 changed things somewhat. In it, the future Dutch government announced it would be abandoning the 1.3% tax credit for green, social-ethical and cultural investments, and investments in venture capital as of 1 January 2011. The immediate abolition of the 1.3% tax credit would result in the disappearance of the greater part of the up to 2.5% tax advantage that funds, including Triodos Fair Share Fund, offer. Because of the uncertainty this caused among investors, the Manager of Triodos Fair Share Fund decided to suspend not only the issuance of participations in the fund but also their purchase as of 1 October 2010. Once the consequences of this plan became sufficiently clear, both the purchase and the issuance of participations were resumed on 15 October 2010.

Triodos Bank, in conjunction with other financial institutions represented in the Dutch Banking Association's 'Beraad Groenfondsen' and the 'Beraad Sociaal-ethische Beleggingsfondsen', is working to draw politicians' attention to the added value for society of the tax incentive for green, social-ethical and cultural investments. Partly due to these efforts, the Dutch government has decided to apply a transition scheme. The 1.3% tax deduction will now be gradually phased out over a period of four years. Investors retain their exemption from the 1.2% investment tax.

These developments meant that for the greater part of 2010, Triodos Fair Share Fund issued no new participations and did not conduct its planned promotional campaign. Despite all this, the fund's assets still rose by EUR 11.9 million.

Developments in the microfinance sector

2010 was an unsettled year full of contrasts for the microfinance sector. News of positive developments and growth figures alternated with critical reports about high interest rates and overindebtedness among microfinance clients. And the recurring question was: has financial gain become more important to the sector than sustainable development? A significant positive development was that more people from low income groups in developing countries gained access to microfinance. Added to that, many MFIs further expanded their range of services, including savings and insurance services, and a large number of MFIs are increasingly focusing on small and medium-sized enterprises (SME). Access to these services is essential to ensure balanced socio-economic development in which the lower income strata of society can also participate. This growth mainly took place in the second half of the year and should be viewed in the light of the sustained economic growth in many developing countries. The quality of the loan portfolios in a large number of countries stabilised or improved in 2010. This provides a good basis for further growth and development.

Nonetheless, the microfinance sector found itself under pressure in 2010. In Andhra Pradesh, one of India's 28 states, local politicians accused MFIs of granting credit on the basis of unclear procedures, high interest rates and unethical collection practices. These accusations led to considerable commotion in national and international media and forced the local government to decide to implement very restrictive regulations and legislation. This had a paralysing effect on the services provided by the MFIs and on the sector. The turbulent growth the microfinance sector in India has experienced in the last few years has put MFIs' systems, staff and capital under great pressure. This pressure was intensified by the vast array of comparable standard products that were available to the same clients. Credit methods are often not geared to the needs of the client and overindebtedness is a major problem. The latter indicates the importance of having a

well-functioning credit bureau that records all loans. Building up a good infrastructure is essential to be able to steer the fast growth of microfinance in the right direction. Such infrastructure not only requires a credit bureau, but also effective supervision by a central bank, an independent regulator who supervises MFIs' practices, and an ombudsman to whom microfinance clients can turn if they have complaints. Another issue was that investors paid high prices for shares in MFIs on the basis of high growth projections. This put enormous pressure on institutions to generate the growth that had been promised. In itself, growth is good and necessary for achieving greater efficiency, which can lead to institutions charging lower interest rates to their clients. But there is a major risk that growth and the pursuit of as high a profit as possible becomes an end in itself. Growth and profit then become the major priority. The mission and social objectives are pushed into the background.

The sector found itself under pressure in a number of other countries, too. MFIs in Nicaragua and Pakistan again had a difficult year following problems in 2009 when activists and politicians, often as part of their election rhetoric, urged creditors not to repay their loans. Many MFIs were confronted with deterioration in their loan portfolios as a result. The situation for many MFIs in Nicaragua has now stabilised and there has been an improvement in Pakistan.

These developments give all players in the sector a clear signal that transparent services, balanced growth and effective regulation and supervision are extremely important to ensure the healthy and sustainable development of the microfinance sector. It draws players back to the very heart of microfinance: offering financial services responsibly and transparently to people on low incomes, in a way that enables them to improve their living conditions. This core issue has always been and will remain Triodos Fair Share Fund's basic principle as a values-driven investor. The fund focuses on MFIs that pursue balanced growth and profit as well as having their social mission and objectives firmly embedded in the organisation. Product diversification is also

important, in which MFIs bring their lending operations into line with their clients' personal situation and ability to repay the loan. In addition, clients are in great need of ways of saving, transferring money and taking out insurance. Microfinance cannot be viewed in isolation. The aim is for microfinance to develop to become a valuable and integrated part of the financial sector in developing countries. This will establish broad access to financial products and services for all strata of the population. An important step for MFIs is their transformation into banks with a full licence. This gives institutions the opportunity to further expand their services, for example to SMEs, a sector that creates many jobs, or by providing mortgages for low income groups. A large number of MFIs in the Triodos Fair Share Fund portfolio has already completed or started this transformation process.

Overindebtedness: a major concern

Overindebtedness among clients of MFIs is a major concern and an important theme for Triodos Fair Share Fund in its contacts with and assessment of MFIs. It is part of the risk and sustainability analysis carried out by the fund. Triodos Fair Share Fund is moreover taking an active role in drawing attention to this topic and supports such initiatives as Microfinance Transparency and the Client Protection Principles.

Microfinance Transparency is a global initiative to offer countries individual, clear and explicit lists of effective interest rates that MFIs charge when providing loans (www.mftransparency.org). The Client Protection Principles are an ethical code for the entire sector that includes the provision that a client may not be financed if repayment is beyond his or her capabilities. Triodos Fair Share Fund stimulates MFIs to sign up to this code (www.smartcampaign.org).



To further analyse the problem of overindebtedness, Triodos Investment Management, the manager of Triodos Fair Share Fund, in conjunction with the Council for Microfinance Equity Funds and responsAbility Social Investments AG took the initiative in 2010 to investigate the extent of overindebtedness in a number of markets. This study is an important first step to establish an early warning index to help prevent further overindebtedness crises in

microfinance markets. The research was carried out by the University of Zurich and published in January 2011. The entire study and the Executive Summary can be downloaded from www.triodos.com/microfinance.

KENYA WOMEN FINANCE TRUST DTM

Over 400,000 enterprising women make use of the financial services on offer from Kenya Women Finance Trust DTM. One of them is Susan Maina, who is responsible for a household of 12 people. When Susan received her first loan, she spent it on having a water pipe put in to her house. She also bought seed to grow tomatoes, carrots and onions. She has been able to expand her small business further and has had a well drilled beside her house.



Principles for Investors in Inclusive Finance

In early 2010, a group of investors that included Triodos Investment Management and HRH Princesa Máxima of the Netherlands, in her capacity as the UN Secretary-General's Special Advocate for Inclusive Finance for Development, took the initiative to set up Principles for Investors in Inclusive Finance. The motive for drawing up these Principles for Investors in Inclusive Finance (of which microfinance forms a part) is for them to contribute to the embedding of socially responsible investment in this sector. The Principles were developed by a broad group of investors in conjunction with UNPRI (United Nations Principles for Responsible Investment Initiative) and in close consultation with CGAP (the Consultative Group to Assist the Poor) and other players in the sector. The Principles were launched in The Hague, the Netherlands, on 27 January 2011 at a meeting organised by the Dutch Ministry of Foreign Affairs. An initial group of 41 international investors signed the Principles, committing themselves to the provision of fair, transparent and responsible financial services to low income groups in developing countries. More information about the Principles can be found at www.unpir.org/piif.

Added value of Triodos Fair Share Fund

The banking knowhow and approach offered by Triodos Fair Share Fund correspond closely to the needs of many MFIs. Members of MFI Boards are regularly invited to make working visits to Triodos Bank specifically to share sustainable banking expertise. As such, the fund clearly distinguishes

itself from other investors in the microfinance sector. The aim is to put this added value to use in several ways.

Active role as a shareholder

Triodos Fair Share Fund intends adding as much value as possible, in particular to those institutions in which it is a shareholder, by making an active contribution to the Boards of these institutions. A senior officer from Triodos Bank has a seat on the Board of Directors as Director or as Alternate Director, which enables him or her to contribute the specific knowledge and experience present in Triodos Bank.

Strategy, Stakeholders and SME

Members of MFI Boards from 14 countries in Latin America, Africa and Asia met in Zeist, the Netherlands in September 2010 for the annual workshop. These MFIs are part of the Triodos microfinance funds' portfolio. Participants shared their visions and experience of providing services to SMEs and of how providing finance facilities in this sector can strengthen these institutions' missions. They also discussed the role of shareholders and which aspects are important to ensure that the right shareholders and other finance providers are chosen. Donors and socially responsible investors still play a major role in microfinance, but the number of profit-driven investors has risen in recent years. The risk is then that making a profit becomes the principal goal and that the institution's social mission and vision fades into the background. The participants presented cases highlighting the behaviour of

Key observations microfinance portfolio Triodos Fair Share Fund

	2010	2009
Number of loan clients reached by the MFIs in the fund's portfolio	5,580,536	2,575,847
Average loan amount	EUR 1,026	EUR 1,155
Percentage of female loan clients	65%	58%
Percentage of rural loan clients	49%	41%
Number of savings clients reached by the MFIs in the fund's portfolio	4,660,378	3,395,611

various finance providers in difficult times and in times of rapid growth, and the importance of having partners with a long-term perspective.

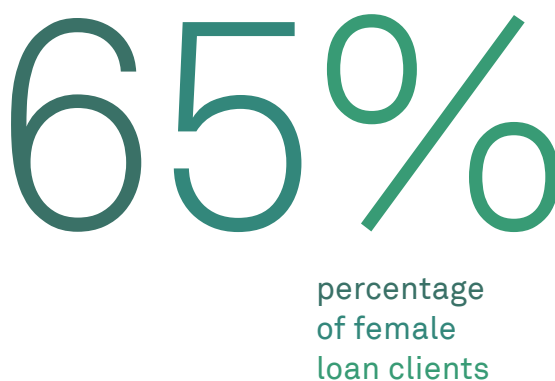
Global Alliance for Banking on Values

The Global Alliance for Banking on Values was set up in March 2009 by a number of leading international and successful sustainable banks. United in the Global Alliance, these banks want to share their many years' experience of responsible and sustainable banking with others. It provides a platform from which to draw the attention of a broad international public to these sustainable banks' successful banking model. Three of Triodos Fair Share Fund's clients are also members of the Global Alliance: Mibanco in Peru, XacBank in Mongolia and BRAC Bank in Bangladesh. Its 2010 annual conference took place in Dhaka, Bangladesh, with BRAC Bank as the host. Mibanco will take on this role in 2011 when the Global Alliance meets in Lima, Peru.

Sustainability Management System

As a global pioneer of sustainable banking, Triodos Bank symbolises banking that encompasses a stable balance between people, planet and profit. This Triple Bottom Line philosophy is also the driving force for Triodos Fair Share Fund's investment policy. The fund provides finance facilities for those institutions that pursue this balance and want to develop further. These are institutions whose activities put them close to the people, root them in the real economy, strengthen the community and are transparent. The mission and social objectives of the MFIs and the way they are embedded in the organisation are also a very important topic of discussion during visits to and contacts with these institutions and their clients. Triodos Investment Management has developed a Sustainability Management System to effectively and precisely unveil and analyse this aspect, and to assess MFIs' attitude to overindebtedness and transparency. This system tracks the standards and guidelines drawn up by the CGAP Social Performance Task Force (www.sptf.info). This is a consultative body made up of a large number of players in the microfinance sector, in which

Triodos Investment Management plays an active role.



The Sustainable Management System clarifies MFIs' social and environmental performance. A number of indicators have been included for each MFI in the table on pages 14 and 15, such as the number of loan and savings clients, the average loan, the percentage of female clients and the percentage of rural clients. The table at the bottom of page 12 shows this at fund level.

Apart from this, the system provides information about the supply and diversity of an MFI's products, the sectors in which the MFI's loan clients are active, what the institution is doing to prevent their clients from becoming over-indebted and whether the MFI specifically focuses on the environment as a theme, by for instance offering loans to purchase a solar panel.

The Sustainability Management System was developed further in 2010 enabling MFIs to now be classified by their sustainability. This classification emerges by evaluating MFIs on four dimensions:

1. products and services;
2. responsible banking;
3. environment and
4. social responsibility.

The score indicates the extent to which the MFI has a clear vision and objective for each of these dimensions, how far these are embedded in processes and systems and how this is expressed in their day-to-day operations. This sustainability

Overview of microfinance institutions financed by Triodos Fair Share Fund
as at 31 December 2010 and 2009

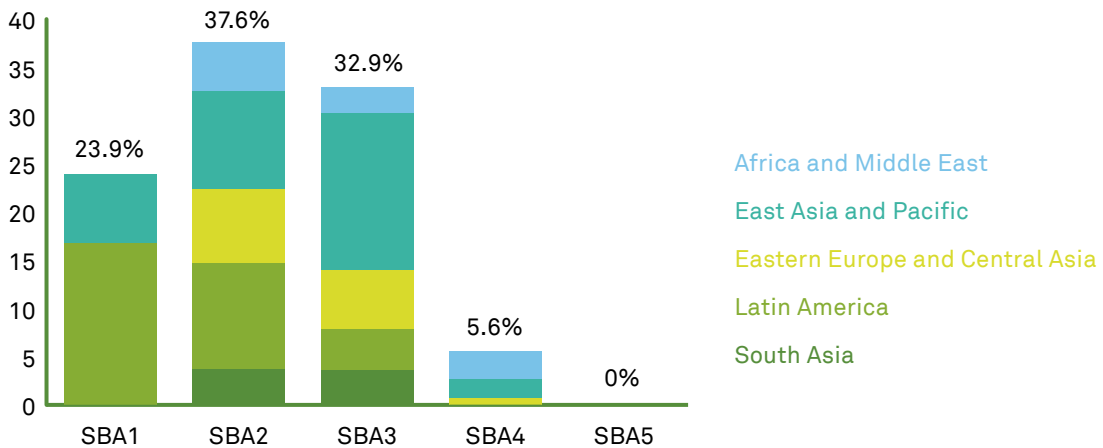
Institution	Country	Number of loan clients		Percentage of women	
		2010	2009	2010	2009
AccessBank	Azerbaijan	120,147	97,695	27%	26%
ACLEDA Bank	Cambodia	265,937	247,987	55%	56%
ACLEDA Bank Lao	Laos	6,961	4,071	54%	55%
Apoyo Integral	El Salvador	45,256	29,477	60%	63%
Banco Ademi	Dominican Republic	103,181	***	41%	***
Banco FIE	Bolivia	146,816	124,657	55%	56%
Bank Sahabat Purba Danarta	Indonesia	151,589	***	73%	***
Bhartiya Samruddhi Finance	India	1,721,427	***	73%	***
BRAC Bank	Bangladesh	36,655	***	9%	***
BRAC Southern Sudan	Sudan	18,498	14,247	100%	100%
BRAC Tanzania	Tanzania	119,116	89,818	98%	99%
BRAC Uganda	Uganda	107,686	103,489	98%	99%
Centenary Bank	Uganda	97,434	104,906	30%	24%
Credo	Georgia	43,172	***	42%	***
Delta Brac Housing Finance Corporation	Bangladesh	13,985	***	14%	***
D-MIRO	Ecuador	36,463	***	62%	***
Equity Bank Uganda	Uganda	****	56,000	****	50%
FDL	Nicaragua	67,095	76,689	57%	56%
FFP Prodem	Bolivia	108,876	104,569	47%	47%
Financiera Confianza	Peru	75,534	71,898	53%	51%
Financiera Crear	Peru	87,076	79,124	50%	50%
Financiera Edyficar	Peru	284,825	212,389	49%	50%
Financiera FAMA	Nicaragua	26,237	25,941	72%	69%
FINCA Azerbaijan	Azerbaijan	97,819	***	34%	***
FINCA Ecuador	Ecuador	51,488	53,334	75%	75%
FINCA Uganda	Uganda	****	45,135	****	66%
FMM Popayán	Colombia	352,592	293,079	67%	69%
IMON	Tajikistan	28,900	***	38%	***
KASHF Microfinance Bank	Pakistan	17,338	14,148	3%	3%
Kenya Women Finance Trust DTM	Kenya	416,813	***	100%	***
LOLC Micro Credit	Sri Lanka	45,094	22,758	44%	20%
Mibanco	Peru	394,915	344,342	54%	54%
Mikrofin	Bosnia and Herzegovina	****	50,454	****	34%
Partner	Bosnia and Herzegovina	39,620	54,572	42%	43%
PRASAC Microfinance Institution	Cambodia	112,872	***	60%	***
Prizma Mikro	Bosnia and Herzegovina	54,495	49,186	60%	64%
Sathapana	Cambodia	43,565	36,228	67%	70%
Small Enterprise Foundation	South Africa	69,333	62,133	99%	99%
TenGer Financial Group	Mongolia	86,760	83,592	57%	53%
Visión Banco	Paraguay	84,966	***	38%	***
Total		<u>5,580,536</u>	<u>2,551,918</u>		

* Not applicable ** No data available *** Not financed in 2009 **** Loan repaid in 2010

Loan portfolio (€ x 1,000)		Average loan (€)		% of clients in rural areas		Number of savings clients	
2010	2009	2010	2009	2010	2009	2010	2009
254,157	207,153	2,111	2,116	12%	25%	152,991	114,507
556,758	373,776	2,094	1,507	86%	86%	703,151	603,224
14,977	8,366	2,152	2,055	30%	30%	11,521	7,653
55,685	41,272	1,230	1,400	51%	45%	*	*
143,905	***	1,393	***	4%	***	136,916	***
311,983	217,736	2,125	1,747	0%	0%	461,591	372,710
39,277	***	259	***	22%	***	44,895	***
271,158	***	157	***	91%	***	*	***
894,679	***	5,619	***	27%	***	586,573	***
1,534	1,304	83	92	**	**	*	*
12,741	7,332	107	82	63%	61%	*	*
10,612	9,983	99	96	**	77%	*	*
128,354	131,323	1,156	1,202	66%	67%	731,191	840,746
24,958	***	578	***	57%	***	*	***
205,534	***	14,673	***	0%	***	8,757	***
22,307	***	612	***	0%	***	*	***
****	32,982	****	589	****	60%	****	350,000
46,384	48,154	691	628	71%	73%	*	*
274,877	207,673	2,525	1,986	55%	54%	585,972	497,217
100,628	76,717	1,327	1,063	14%	12%	10,016	*
97,916	73,793	1,122	930	0%	0%	*	*
266,631	173,571	933	814	0%	0%	1,717	3,318
17,379	20,793	662	802	0%	0%	*	*
62,913	***	643	***	58%	***	*	***
20,006	17,410	389	326	30%	30%	34,348	14,789
****	8,356	****	185	****	44%	****	80,758
205,708	141,824	583	484	18%	16%	*	*
25,699	***	889	***	55%	***	*	***
4,064	3,506	234	248	0%	0%	89,027	43,592
119,623	***	287	***	71%	***	426,066	***
41,911	19,654	929	864	89%	80%	*	*
969,692	734,565	2,412	2,104	12%	14%	384,680	267,044
****	108,403	****	2,119	****	20%	****	*
48,524	68,462	1,225	1,255	78%	73%	*	*
78,722	***	697	***	94%	***	1,864	***
47,109	43,445	864	883	47%	46%	*	*
43,192	27,560	991	761	44%	44%	32,414	22,871
13,095	8,447	189	136	94%	100%	*	*
197,481	95,361	2,252	1,131	37%	53%	178,002	142,089
249,353	***	2,893	***	15%	***	78,686	***
<u>5,879,525</u>	<u>2,908,919</u>					<u>4,660,378</u>	<u>3,360,518</u>

Sustainability score for Triodos Fair Share Fund portfolio

in millions of euros



score is a major element in the investment decisions Triodos Fair Share Fund makes. It also offers opportunities for continuing to work with the MFIs on their sustainable financial services to achieve a stable balance between people, planet and profit.

The Sustainability Management System has five categories (SBA: Sustainable Banking Assessment) defined as follows:

- SBA 1: Excellent, the MFI has a score that is 80% of the maximum score or higher;
- SBA 2: Good, the MFI has a score between 60% and 80% of the maximum score;
- SBA 3: Average, the MFI has a score between 40% and 60% of the maximum score;
- SBA 4: Below average, the MFI has a score between 20% and 40% of the maximum score and
- SBA 5: Poor, the MFI has a score lower than 20% of the maximum score.

The histogram above shows the MFIs in the Triodos Fair Share Fund portfolio, distributed over the five categories and the different regions. In terms of volume (euros), Triodos Fair Share Fund has invested 24% in category SBA 1 (the highest score) and only 6% and 0% in the categories SBA 4 and SBA 5 (the lowest score).

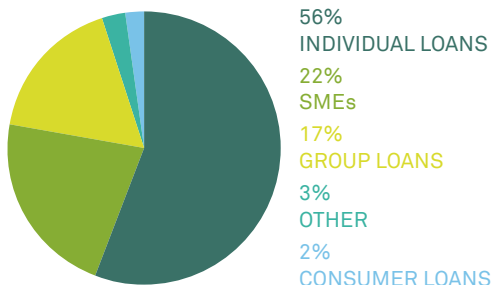
Apart from this, the system provides information about the supply and diversity of an MFI's

products, the sectors in which the MFI's loan clients are active, what the institution is doing to prevent their clients from becoming overindebted and whether the MFI specifically focuses on the environment as a theme, by for instance offering loans to purchase a solar panel. The following applies to the MFIs in the Triodos Fair Share Fund portfolio:

Product diversification

A diversified supply of credit products is important to be able to respond effectively to the client's specific situation. Of the MFIs in the Triodos Fair Share Fund portfolio, 92% provide several credit products. The spread is shown on the following page.

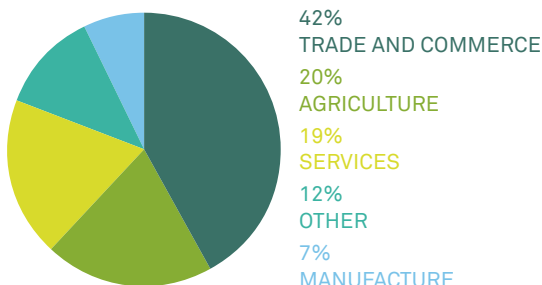
Lending methodologies



In addition, clients are in great need of ways of saving, transferring money and taking out insurance. In Triodos Fair Share Fund:

- 54% of the MFIs in the portfolio offer savings products;
- 63% of the MFIs in the portfolio offer micro-insurance and
- 51% of the MFIs in the portfolio have a diversified product supply, including mobile banking, payment services and bank cards.

Sectors



Environment

- 70% of the MFIs develop activities to protect the environment;
- 38% of the MFIs grant finance facilities for green projects and
- 51% of the MFIs pursue an active policy to limit the impact of their own organisation on the environment.

The activities the MFIs are initiating to make care for the environment a priority are still in their infancy, but the intention is certainly there.

Overindebtedness

- 60% of the MFIs have signed the Client Protection Principles and all MFIs have sufficient or many measures in place to limit the risk of indebtedness.

The Triodos microfinance funds, including Triodos Fair Share Fund, received the CGAP MIV ESG award in October 2010 in recognition of the way they integrate environmental, social and governance (ESG) factors in their investment decisions and in particular the way in which the relationship with the MFIs is used to emphasise the importance of this and to actively help to devise solutions. CGAP (Consultative Group to Assist the Poor) introduced this award to put the worldwide 'best in class' investors in the microfinance sector in the spotlight.

Investments

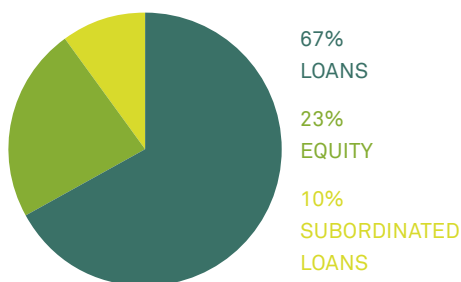
The volume of the Triodos Fair Share Fund investment portfolio has increased by 22.6% to EUR 74.1 million (2009: EUR 60.5 million). The quality of the investment portfolio is still good, although a provision has been made for one MFI. The section on risks on page 36 provides more information on this.

Triodos Fair Share Fund made 34 disbursements in 2010 (2009: 15). As at 31 December 2010, the Triodos Fair Share Fund portfolio comprised 54 financing facilities and seven participations to 38 MFIs in 25 countries (2009: 29 MFIs in 17 countries). As at 31 December, another five loans and two participations had been committed. The committed loans relate to financing facilities for Financiera Crear in Peru, Centenary Bank in Uganda, PRASAC Microfinance Institution in Cambodia, IMON in Tajikistan and Commercial Leasing in Sri Lanka. The participations are an extension of the investment in KASHF Microfinance bank in Pakistan and an investment in an MFI in Colombia.

The tightening up of the Social-ethical Investment Scheme on 17 February 2006 means that it is no longer possible to grant short-term loans to Fair Trade organisations. In line with this, Triodos Fair Share Fund again provided no trade finance in 2010.

Triodos Fair Share Fund reduced its stake in ACLEDA Bank in Cambodia in 2010 by selling part of its participation. Triodos Fair Share Fund has taken a new participation in Bhartiya Samruddhi Finance in India and has extended its participation in ACLEDA Bank Lao in Laos. In general, the participations have developed well and the value of the participations in the portfolio, including purchases and sales, increased by 20.0% from EUR 15.0 million to EUR 18.0 million. As described under Developments in the microfinance sector, the situation in India is difficult, which makes the future value growth of the participation in Bhartiya Samruddhi Finance uncertain.

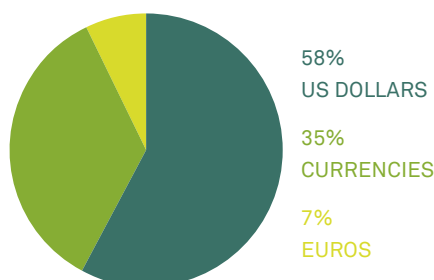
Breakdown by type of financing facility as at 31 December 2010



Triodos Fair Share Fund issued loans to a total of 11 institutions new to the fund in 2010: FINCA Azerbaijan in Azerbaijan, PRASAC Microfinance Institution in Cambodia, Bank Sahabat Purba Danarta in Indonesia, Kenya Women Finance Trust DTM in Kenya, Visión Banco in Paraguay, Credo in Georgia, D-MIRO in Ecuador, Banco Ademi in the Dominican Republic, IMON in Tajikistan and BRAC Bank and Delta Brac Housing Finance in Bangladesh. Paraguay, Georgia, the Dominican Republic, Indonesia, India, Tajikistan, Bangladesh and Kenya were new countries for the fund in 2010.

Although financing facilities in Latin America still form the major part of the Triodos Fair Share Fund portfolio, the fund has achieved further diversification in its regional spread in recent years. All the regions have grown, but Asia is growing faster, making this region now almost as big as Latin America. The table on page 19 shows a list of the investments per region.

Breakdown by currency as at 31 December 2010



Finance facilities were granted in local currency to nine MFIs in 2010:

- Centenary Bank in Ugandan shilling;
- Financiera Crear in Peruvian nuevo sol;
- Bank Sahabat Purba Danarta in Indonesian rupiah;
- Kenya Women Finance Trust DTM in Kenyan shilling;
- Visión Banco in Paraguayan guarani;
- Banco Ademi in Dominican pesos;
- BRAC Bank and Delta Brac Housing Finance in Bangladeshi taka and
- IMON in Tajikistan somoni

These finance facilities were issued in local currency because the institutions in questions have no income in hard currency and would have difficulty bearing the exchange rate risk of loans in euros or US dollars. Where possible, Triodos Fair Share Fund hedges the exchange rate risk with forward foreign exchange contracts. In cases where this is not possible, the fund tries to compensate for the risk of a possible devaluation of local currency against the euro by charging a higher interest rate on these loans. In 2010 the following local currencies were hedged: Peruvian nuevo sol, Kenyan shilling and South African rand. The equity participations the fund takes are usually likewise in local currency, such as the Laotian kip at ACLEDA Bank Lao, Pakistani rupees at KASHF Microfinance Bank, Indian rupees at Bhartiya Samruddhi Finance, Peruvian nuevo soles at Mibanco and Mongolian tugrik at Tenger Financial Group LLC. The exchange rate risks cannot be hedged, but it is expected that the increase in value of these participations will be

sufficient to compensate for any devaluations. Triodos Fair Share Fund has also provided loans in euros and US dollars. The exchange rate risks of financing facilities in US dollars are always hedged by means of forward foreign exchange contracts.

Triodos Fair Share Fund invests in MFIs that are still in the process of development, having already withstood the first phase of growth and achieved sufficient maturity and professionalism, or that have been set up under the management of a MFI with vast experience. Besides this, Triodos Fair Share Fund prefers to invest in institutions regulated by the local central bank or other relevant authorities. This makes the number of young institutions financed by Triodos Fair Share Fund relatively limited. In total, financing facilities were granted to seven (in 2009: six) institutions younger than five years old: ACLEDA Bank Lao, KASHF Microfinance Bank, BRAC Uganda, BRAC Tanzania, BRAC Southern Sudan, Bank Sahabat Purba Danarta and LOLC Micro Credit.

Triodos Fair Share Fund aims to keep individual investments below 10% of the fund's assets. It is possible that more than 10% of the fund's assets is invested in one organisation or institution as a result of the revaluation of participations.

Revaluations brought the share in ACLEDA Bank in Cambodia above this margin in November 2009. The Manager reduced Triodos Fair Share Fund's stake by selling part of its participation in 2010. Further revaluations mean that the stake in ACLEDA Bank has still not fallen to below 10% of the fund's assets.

The MFIs in which Triodos Fair Share Fund invests generally developed well in 2010, given the challenging circumstances. The table on pages 14 and 15 shows how the loan portfolio and the number of clients in these institutions have developed. The table also shows the average loan, the number of savings clients, the percentage of female clients and the percentage of rural clients reached.

Five largest positions

(in percentages of the fund's assets)

ACLEDA Bank, Cambodia	12.1%
TenGer Financial Group, Mongolia	6.5%
Mibanco, Peru	5.8%
Financiera Crear, Peru	4.8%
AccessBank, Azerbaijan	4.4%

Investments by region

(amounts in euros)	2010		2009	
	number	Outstanding value	number	Outstanding value
Latin America	25	29,467,476	23	26,913,859
East Asia and Pacific	15	24,167,093	10	18,912,442
Eastern Europe and Central Asia	7	11,205,906	9	9,816,667
South Asia	6	8,128,711	2	1,226,691
Africa and the Middle East	8	5,495,392	8	5,030,432
	<u>61</u>	<u>78,464,578</u>	<u>52</u>	<u>61,900,091</u>

MICROFINANCE PORTFOLIO
TRIODOS FAIR SHARE FUND

31 DECEMBER 2010

BOSNIA AND
HERZEGOVINA ●
Partner
Prizma Mikro



DOMINICAN
REPUBLIC ●
Banco Ademi

EL SALVADOR ●
Apoyo Integral

NICARAGUA ●
FAMA
FDL

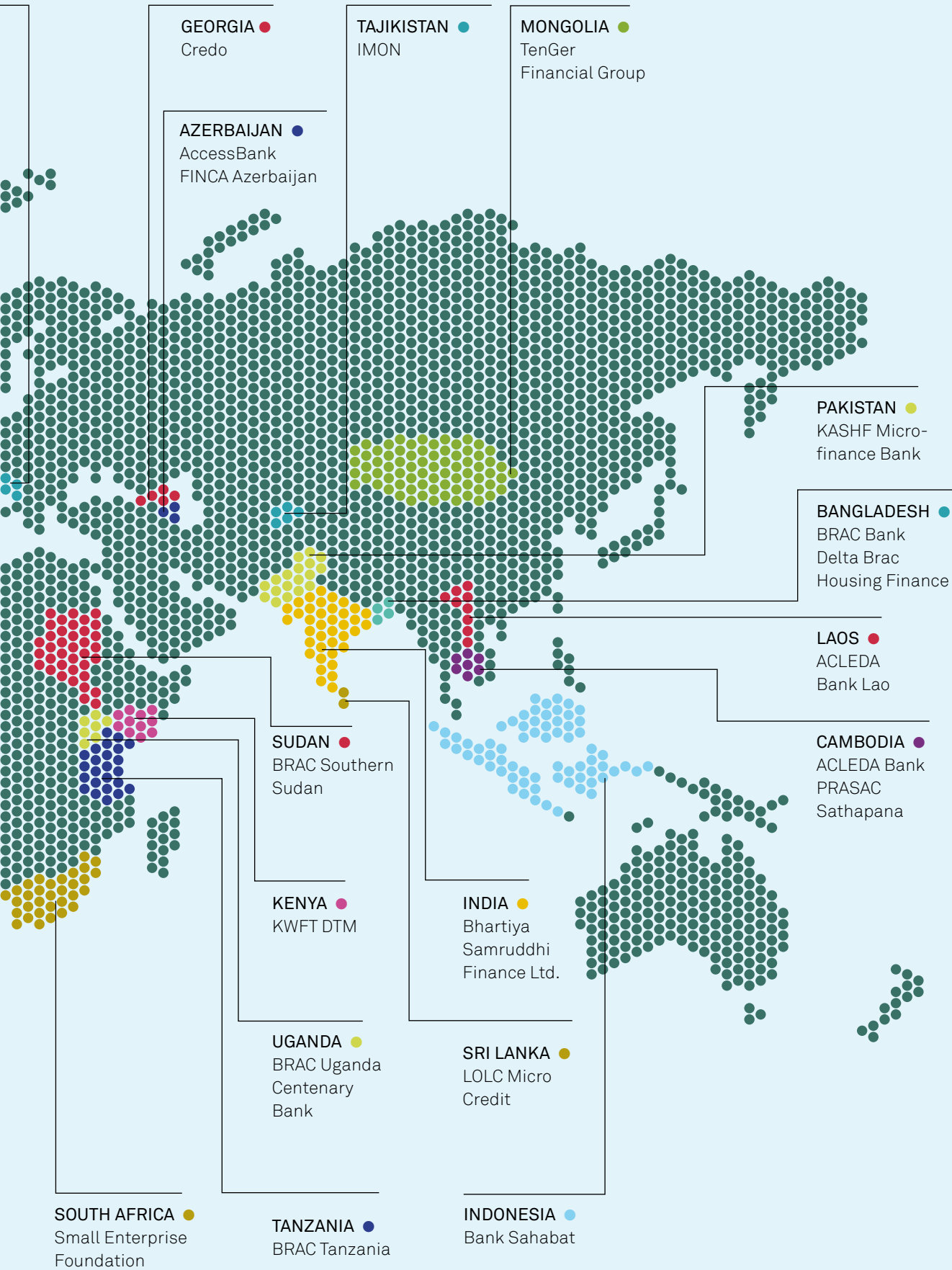
COLOMBIA ●
FMM Popayán

ECUADOR ●
D-MIRO
FINCA Ecuador

PERU ●
Financiera Confianza
Financiera Crear
Financiera Edyficar
Mibanco

BOLIVIA ●
Banco FIE
FFP Prodem

PARAGUAY ●
Visión Banco



Realised ratios versus target in 2010 and 2009

(amounts in euros)	Realised		Target
	2010	2009	
Capital/fund's assets invested in projects	79%	74%	>70%
Liquid assets/fund's assets	21%	26%	10-30%
Participations/fund's assets	19%	18%	15-40%
Subordinated loans and microfinance loans/fund's assets	60%	56%	40-75%
Trade finance/fund's assets	0%	0%	< 20%

As set out in the prospectus and in accordance with the Social-ethical Investment Scheme, Triodos Fair Share Fund aims to invest at least 70% of its total assets in line with its objective. Furthermore, of the fund's assets invested in projects, the fund aims to invest between 15% and 40% in participations in MFIs, between 40% and 75% in loans to MFIs and no more than 20% in trade finance. The fund will retain at least 10% as liquid assets. The table above shows these ratios as at 31 December 2010 and 2009.

On 31 December 2010, as at year-end 2009, relatively more loans than equity participations were outstanding.

Financial results

The fund's assets grew stronger in 2010 than had been expected in 2009: by EUR 11.9 million to EUR 93.5 million. Growth to EUR 90 million by year-end 2010 had been assumed at year-end 2009. The number of outstanding participations per year at the end of the year was 2.9 million (2009: 2.6 million). The number of participants increased by 10.9%, from 5,081 to 5,635. The result for 2010 was

EUR 4,045,533 (2009: 7,876,252), of which EUR 2,474,519 will be distributed as dividend.

Return

The return on Triodos Fair Share Fund is calculated based on the net asset value of the fund, including the reinvestment of dividend. The net asset value is the value of all the assets in a fund, less any debts. This is also called a Fund's equity. The return on Triodos Fair Share Fund was 4.8% in 2010 (2009: 12.0%). Investors in Triodos Fair Share Fund may be eligible for a tax benefit in 2010 of up to 2.5% over and above the return on the fund.

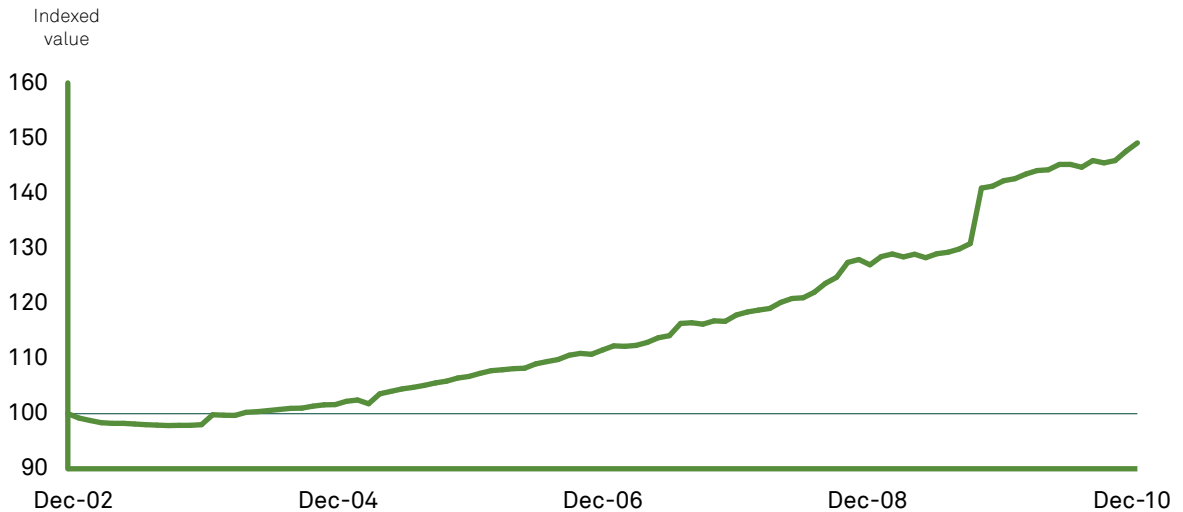
The return in 2010 of 4.8% is within the margin of fluctuation expressed in last year's outlook: positive, but lower than the five-year average at year-end 2009. The return on Triodos Fair Share Fund consists largely of realised interest income on subordinated and other loans. This return is relatively stable. Income from investments in subordinated and other loans amounted to EUR 4,678,881 in 2010 (2009: EUR 4,153,250). The increase is in line with the growth in the loan portfolio. Besides this, Triodos Fair Share Fund

Return on Triodos Fair Share Fund (including reinvestment of dividend and excluding tax advantage)

	1 year	3-year average	5-year average	average since inception
Return	4.8%	8.1%	6.9%	5.1%

Source:vwd group

Evolution of returns since inception



received a return from participations through realised income in the form of dividends from MFIs in which the fund participates, and from the sale of part of a participation. Triodos Fair Share Fund sold part of one of its participations in 2010, generating EUR 2,922,422 (2009: EUR 760,538). In addition, the fund received EUR 257,534 in dividend from MFIs it participates in (2009: EUR 65,520). The unrealised changes in value of investments in participations amounted to EUR 223,913 in 2010 (2009: EUR 6,390,541). This sum is explained by an increase in the revaluations of participations of EUR 3,146,335 (2009: EUR 7,151,079) while the sale of part of a participation led to the generation of part of the unrealised revaluation. This led to a decrease of EUR 2,922,422 (2009: EUR 760,538).

Exchange rates can also affect the return. Generally speaking, local currencies devalue. Triodos Fair Share Fund partly compensates for this by charging a relatively high interest rate on these loans. The fund also takes devaluation into account when determining the expected return on a participation. This year, the contribution of foreign exchange differences to the profit was a loss of EUR 618,307 (2009: -199,557). A final factor that affects return is the provision for credit risks. This is the risk that a loan will not be repaid. Triodos Fair Share Fund increased the provision for

one of the institutions this year. This resulted in a negative contribution to the result. The addition of the provision was EUR -1,133,652 in 2010 (2009: EUR -1,475,694), bringing it to a total of EUR -2,609,346.

Expenses amounted to EUR 2,431,979 in 2010 (2009: EUR 1,967,970). The largest item is the management fee, which has risen to EUR 2,013,738 (2009: EUR 1,633,948), which is in line with the increase in the fund's assets.

Liquidity management

To comply with legal requirements, Triodos Fair Share Fund must keep at least 10.0% of the fund's assets in liquidities. The fund started the year with 26.0% in liquidities and on 31 December 2010, the liquidities were 21.0% of the fund's assets. During the period under review, these liquidities were held partly in deposits and partly in savings accounts at Rabobank and Triodos Bank under market-compliant conditions. Triodos Fair Share Fund maintains a credit facility at Triodos Bank of EUR 9.0 million. The fund can make use of this if its liquid assets are insufficient for it to meet certain obligations. Triodos Fair Share Fund did not make use of this stand-by facility in 2010.

Risks

Triodos Fair Share Fund invests its participants' funds on behalf of these participants. In order to ensure that they are as well informed as possible, the risks Triodos Fair Share Fund is exposed to are described in the prospectus and in the Financial Information Leaflet for the fund. Every year, the Manager and the Custodian account for the way in which these risks have been dealt with during the year under review in the notes to the annual accounts. The principal risks are described briefly below.

Credit risk

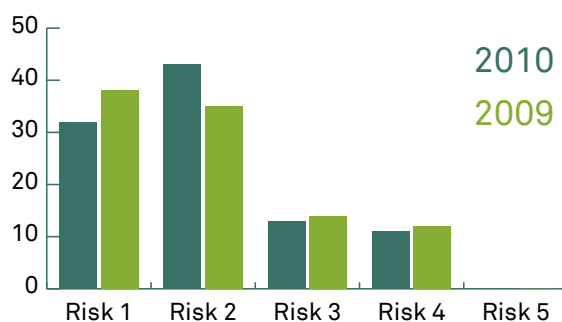
The quality of the loan portfolios of the MFIs Triodos Fair Share Fund finances is generally good and slightly improved. This means that the credit risk for the fund has decreased slightly compared to 2009.

Triodos Fair Share Fund classifies all the MFIs it finances into risk categories. This is done on the basis of a risk analysis. The histogram in the next column shows the volume of the portfolio for each risk category as a percentage of the total. Risk category 1 represents the lowest risk and Risk category 5 the highest. The fund has no risk-bearing investments in the category with the highest risk. Its investments in Risk category 3 and Risk category 4 have decreased fractionally. One of the loans in Risk category 4 was paid off at the beginning of 2011. There has been a definite increase in the volume of investments in Risk category 2. The decrease in Risk category 1 is due to one major investment that no longer meets the criteria of Risk category 1.

The finance facilities for one MFI are completely provided for and amount to 2.8% of the fund's assets as at 31 December 2010. The full provision means that Triodos Fair Share Fund no longer runs any risk as regards this MFI.

Triodos Fair Share Fund tracks the quality of its investment portfolio by paying a visit to the MFIs at least once a year. Regular contact is also maintained and the institutions report on their full financial data and a number of important indicators at least once a quarter. This frequency

Percentage of the investment portfolio (in volume) by risk category



can be increased to monthly reporting if circumstances so dictate. The loan contracts include covenants for a number of indicators in the form of a binding agreement. If the MFI breaches the covenant, this is a significant first warning signal that the institution's situation is deteriorating. As at 31 December 2010, MFIs that make up 17.0% of the volume of the investment portfolio were no longer meeting all the binding agreements (year-end 2009: 20.7%). In extreme cases, Triodos Fair Share Fund has the right to withdraw loans if a covenant is breached. Each institution's situation is carefully analysed. In none of the cases is there an immediate threat to the continuity of the institutions.

Country risk and political risk

Country risk remained as high as in 2010. Apart from the high risks that accompany developing countries in general, this risk also involves political interventions and regulation that stand in the way of the healthy development of the sector, as well as the lack of good regulation (the situation in India described under Developments in the microfinance sector is one example).

Sector risk

The arrival of a number of new investors who are more interested in short-term gains has increased the risk that MFIs see generating as high a profit as possible as an end in itself. High growth expectations can lead to overindebtedness among

microfinance clients. The mission and social objectives of the MFIs are then pushed into the background. More and more publicity is being given to bad practices in the microfinance sector, such as excessive interest rates that bear no relation to the costs incurred, and overindebtedness. Triodos Fair Share Fund considers these aspects carefully when making investment decisions. The Sustainable Management System that clarifies MFIs' social and environmental performance is an important instrument in this process. Triodos Fair Share Fund also takes an active part in discussions on this topic with MFIs and other players in the sector and has contributed to research into overindebtedness that was published early in 2011.

Currency risk

Triodos Fair Share Fund's investments and the payments made to the fund by the institutions in which these investments are made are mostly made in local currencies. The USD currency risk attached to investments in US dollars is hedged by means of forward foreign exchange contracts. In principle, the currency risk attached to investments in local currencies is not hedged, unless there are opportunities to enter into forward foreign exchange transactions. At year-end 2010, 23.4% of the Triodos Fair Share Fund's outstanding finance facilities are in local currencies and not hedged by means of forward foreign exchange contracts (2009: 13,0%).

Concentration risk

With a portfolio of 38 MFIs, Triodos Fair Share Fund is well diversified. One of the MFIs represents 12.1% of the fund's assets. The Manager sold part of this participation in 2010, thus reducing the

Vconcentration risk. The fund aims to bring this to below 10.0%. Because Triodos Fair Share Fund invests in illiquid investments, this is a process that takes time and cannot be immediately achieved.

Risk with regard to legislation and regulations

Apart from the financial return on the fund, participants enjoy a tax advantage. This tax advantage for the participant partly depends on the fiscal scheme applied to income tax on assets held in socially responsible investments. In 2010, despite the periodical consultations between Triodos Bank and other financial institutions and the Dutch government to ensure the continuation and optimum operation of the scheme, the arrival of the new government produced an unexpected change in this scheme. Initially, the new government proposed reducing the tax advantage from a maximum of 2.5% to 1.2% in one go as of 1 January 2011. Due in part to the active consultations Triodos Bank and other sustainable financial institutions conducted with politicians, the government and the Senate and House of Representatives of the Dutch Parliament, the government abandoned this proposal and will now phase out this advantage gradually. The tax advantage for investors who are eligible for it is shown in the table below.

Triodos Bank will continue to lobby the Dutch parliament in The Hague for the best possible scheme. To do this, the bank is working in conjunction with other financial institutions represented in the Netherlands Bankers' Association's consultation groups on green and social-ethical investment funds, 'Beraad Groenfondsen' and 'Beraad Sociaal-ethische Beleggingsfondsen'.

Tax advantage for private investors in the Netherlands

Year	2010	2011	2012	2013	2014 onwards
'Vrijstelling vermogensrendementsheffing' (exemption investment tax)	1.2%	1.2%	1.2%	1.2%	1.2%
'Heffingskorting' (tax deduction)	1.3%	1.0%	0.7%	0.4%	0.0%
Maximum total tax advantage	<u>2.5%</u>	<u>2.2%</u>	<u>1.9%</u>	<u>1.6%</u>	<u>1.2%</u>

Risk in relation to status as a social-ethical investment institution

On the basis of its status as a social-ethical investment fund, Triodos Fair Share Fund is obliged to invest at least 70% of its funds in social-ethical projects. If at any time the fund has less than 70% of its funds invested in approved projects, this can lead to taxes being imposed on Triodos Fair Share Fund. A consistent shortfall in social-ethical projects could lead to the loss of its status of social-ethical fund, which would mean that the tax advantages for participants would cease to exist. The fund will do its best to prevent such a situation from occurring. In connection with this risk, and in order to remain above the legal requirement of having at least 70% invested in social-ethical investments, the Manager of the fund had to decide to temporarily stop issuing new participations at the end of January 2010. The considerable increase in interest from investors in Triodos Fair Share Fund in the second half of 2009 and the first month of 2010 exceeded the rate of growth of the finance facilities that had been granted or were due to be granted. The fund resumed trading in participations on 15 October 2010. On 31 December 2010, Triodos Fair Share Fund had 78.1% (year-end 2009: 72.9%) invested in social-ethical projects.

Marketability risk

Situations may occur in which Triodos Fair Share Fund is forced to cease buying back or issuing participations for a longer period. This could mean that participations in the fund cannot be bought or sold for a considerable time. This risk was considerable in 2010. At the end of January 2010, the Manager was forced to cease issuing participations for a considerable time, while in October 2010, the repurchasing of participations ceased for two weeks for the reasons outlined above. The Manager particularly regrets that she had to temporarily suspend the repurchasing of participations on 1 October 2010, due to the new government's political intentions. It meant that participants were temporarily unable to liquidate their investments. The Manager shall do her best to avoid such a situation but could be forced into it

again in the future due to circumstances beyond her control. Investors should be aware of this.

Statement by the manager

Triodos Fair Share Fund is managed by Triodos Investment Management BV. Triodos Investment 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 under management and is required to account for this in the annual report.

Triodos Investment Management is in possession of a description of 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 (Bgfo). The Manager reviewed this description in 2010 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 assessed various aspects of operational management by means of management reports, an internal audit and an external audit. The auditor's report produced following the external audit of the annual accounts for 2009 was discussed with the Triodos Fair Share Fund Supervisory Board. Besides this, there is also a procedure for dealing with incidents and complaints. It did not produce any findings relevant in the context of this annual report. On the basis of the management information compiled for the financial year 2010 about the processes performed and the internal control measures that formed part of this, as well as the results of the specific audits that took place, the Manager concluded that the control procedures had been followed in accordance with the description.

As an investment fund manager, Triodos Investment Management has been obliged to publish Principles of Fund Governance on its

website since 1 January 2010. These principles are a form of self-regulation and contain guidelines and best practices drawn up by the Dutch Fund and Asset Management Association (DUFAS). The aim of the principles is to provide more detailed guidelines for the organisational structure and the way retail and other fund managers work. Triodos Investment Management has followed these guidelines and formulated policy that can be found on the website www.triodos.nl.

Management costs

The most significant cost item by far is the management fee Triodos Fair Share Fund pays to Triodos Investment Management, which manages the fund. Triodos Investment Management uses the fee to cover staff costs, including travelling expenses incurred in the process of granting new financing facilities and managing existing financing facilities. This management is generally rather intensive, especially the management of participations. Trips frequently have to be made to the countries where the finance facilities are provided. Apart from that, the management fee covers all the expenses associated with keeping accounting records and with meeting reporting obligations required by statutory regulations.

The total expense ratio (TER) reflects the costs of an investment fund as a percentage of the weighted average assets of the fund in the period under review. These costs do not include the cost of investment transactions, interest expenses or expenses related to the entry and withdrawal of participants. The Triodos Fair Share Fund TER amounted to 2.92% in 2010 (2009: 3.05%). The decrease with regard to 2009 was mainly due to lower marketing expenses. Besides this, there is a scale effect, since fixed expenses are now borne by the fund's greater assets. Marketing costs in 2009 and 2010 were lower than budgeted. According to the prospectus, expenses may not exceed 0.25% of the fund's assets. As a result, the TER in the next few years could be a little higher than in 2010.

Outlook

Triodos Fair Share Fund intends and is able to play a role as an investor in the further sustainable development of the microfinance sector. In so doing, the fund puts the interests of microfinance clients at the core. This is the only way to achieve a sustainable long term return.

The prospects for 2011 are cautiously positive. MFIs' loan portfolios are expected to show slight growth but regional disparities will remain substantial. The greatest growth is expected in Asia, although the situation in India in this continent is still very uncertain. Triodos Fair Share Fund will follow developments in that country closely and will actively contribute to the discussion on how microfinance can be organised responsibly and transparently. Triodos Fair Share Fund expects to be able to grow to at least EUR 100 million in 2011, and if there is sufficient interest from investors, the fund's assets could grow further to EUR 110 million. The Manager expects interest rates to remain under pressure in 2011 and the return on loans to be a little lower than in 2010. Competition remains fierce and exchange rates will probably remain volatile. The return in 2011 is expected to be positive, but is estimated to be slightly lower than the five-year average of 6.9%, since exceptionally good returns were attained in 2008 and 2009. Nevertheless, this partly depends on changes in valuation of equity participations, any provisions and currency exchange results on unhedged local currencies. In addition, the tax advantage of up to 2.2% in 2011 will supplement the fund's return. The TER is expected to be between 2.9% and 3.1% in 2011.

Zeist, the Netherlands, 21 March 2011

The Manager

The Board of Management of Triodos Investment Management BV
Marilou van Golstein Brouwers
Bas Rüter

General information.

Structure

Triodos Fair Share Fund is an unlisted mutual fund. Triodos Fair Share Fund is managed by Triodos Investment Management BV. Triodos Investment Management is licensed under the Dutch Act on Financial Supervision (Wft). The Netherlands Authority for the Financial Markets acts as the regulator. The Board of Management of Triodos Investment Management comprises Ms Marilou van Golstein Brouwers and Mr Bas Rüter.

An independent Supervisory Board monitors 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 Pierre Aeby, Mr Peter Cornet, Ms Marleen van den Horst and Ms Maartje van Putten.

Triodos Custody BV is the custodian of the fund's assets on behalf of Triodos Fair Share Fund. The Board of Management of Triodos Custody comprises Messrs Adri Dijkstra and Hann Verheijen. Triodos Custody shares are held by 'Stichting Administratiekantoor Triodos Custody' (Triodos Custody Trust Office), which has issued one depository receipt for each share to Triodos Bank. Stichting Administratiekantoor Triodos Custody has voting rights attached to the shares, which, among other things, give it the right to appoint and dismiss the Custodian's Board members. The members of the Board of the Trust Office are independent. This construction is intended to guarantee the independence of the Custodian with respect to the Manager.

Tax status

Corporation tax

Triodos Fair Share Fund has the fiscal status of an unlisted mutual fund for the purpose of corporation tax. This means that Triodos Fair Share 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.

Dividend tax

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

Social-ethical investments

Triodos Fair Share Fund has had the status of a social-ethical investment institution since 1 January 2004. As a result, private investors in the fund have a tax advantage comparable to that for '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 ('vrijstelling vermogensrendementsheffing') (up to a maximum of EUR 55,145 per taxpayer in 2010) in Box III. Investors also receive a maximum tax deduction ('heffingskorting') of 1.3% over the exempted amount. The maximum amount per tax payer applies to green and socially responsible investments combined. The Dutch Tax Plan 2011 contains a proposal for phasing out this tax credit. The tax credit amounts to 1.0% in 2011, 0.7% in 2012, 0.4% in 2013 and will cease to exist entirely in 2014.

Sustainability reporting

Triodos Fair Share Fund is managed by Triodos Investment Management, a wholly-owned subsidiary of Triodos Bank NV. All investment funds report separately on their results in an annual report. The Triodos Investment Management staff involved in managing the funds are employed by Triodos Bank. All aspects of social policy, including remuneration policy are reported on in the Triodos Bank Annual Report 2010. The Triodos Bank annual report is a comprehensive sustainability report and is produced according to the guidelines of the Global Reporting Initiative (GRI). These guidelines provide an internationally consistent format for information about a company's performance, particularly with regard to social and environmental issues. For its 2010 report, Triodos Bank has made use of the third generation of guidelines, published by GRI in October 2006, as well as the latest version of the

GRI Financial Services Sector Supplements,

published in 2008. More information about GRI and the guidelines can be found at 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 greatest indirect impact of the fund is on society and on the local communities where it contributes towards combatting poverty by using its investment policy to increase access to financial services for the lowest income groups. Triodos Fair Share Fund encourages the MFIs 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 on-line annual report (www.triodos.com).

Climate-neutral operations

Triodos Bank is completely CO₂ neutral. The bank's policy is to reduce greenhouse gases, by taking a three-step approach – firstly to take energy-saving measures where possible, secondly, what cannot be saved, is sourced where possible from sustainable sources and thirdly, residual CO₂ emissions are compensated for by buying CO₂ credits. The CO₂ emissions in 2010 will be compensated through sustainable forestry projects (50%) and emission-reduction projects (50%). Where possible, Triodos Bank avoids the use of volatile organic compounds and compounds that destroy the ozone layer.

The management of funds that operate worldwide, including Triodos Fair Share Fund, involves a lot of travelling, including intercontinental flights. This has a direct impact on the environment. The resulting CO₂ emissions are fully compensated for.

Annual accounts 2010

Triodos Fair Share Fund.

Page

Balance sheet as at 31 December 2010	31
Profit and loss account for 2010	32
Cash flow statement for 2010	33
Notes to the Balance Sheet and Profit and Loss Account	34

Balance sheet as at 31 December 2010.

before profit appropriation (in euros)	Note*	2010	2009
Investments	1		
Participations		18,042,280	15,032,322
Subordinated loans		7,838,528	5,555,555
Loans		52,583,770	41,312,214
Provision for loans		-2,609,346	-1,475,694
Forward foreign exchange contracts	2	-1,730,123	53,941
		<u>74,125,109</u>	<u>60,478,338</u>
Receivables			
Other receivables, prepayments and accrued income	3	776,464	524,669
Other assets			
Liquid assets	4	19,533,831	21,500,548
Short-term debts	5	960,659	909,092
Result of receivables and other assets minus short-term debts		<u>19,349,636</u>	<u>21,116,125</u>
Result of assets minus short-term debts		<u>93,474,745</u>	<u>81,594,463</u>
Equity			
Participation capital	6	81,833,422	71,009,116
Revaluation reserve	7	9,672,455	3,212,323
Other reserves	8	-2,076,665	-503,228
Unappropriated result	9	4,045,533	7,876,252
		<u>93,474,745</u>	<u>81,594,463</u>

* see notes to the Balance Sheet, starting on page 38.

Profit and loss account for 2010.

(in euros)	Note*	2010	2009
Income from investments			
in participations	10	257,534	65,520
in (subordinated) loans	11	4,678,881	4,153,250
		<u>4,936,415</u>	<u>4,218,770</u>
Realised changes in the value of investments			
in participations	12	<u>2,922,422</u>	<u>760,538</u>
Unrealised changes in the value of investments			
in participations	13	223,913	6,390,541
in subordinated loans	14	106,599	–
in loans	14	-1,413,649	-1,507,748
		<u>-1,083,137</u>	<u>4,882,793</u>
Other operating income			
Interest on liquid assets		317,056	181,301
Other income		3,063	377
		<u>320,119</u>	<u>181,678</u>
Total of operating income		<u>7,095,819</u>	<u>10,043,779</u>
Operating expenses			
Management costs	15	2,426,879	1,958,203
Other operating expenses	16	5,100	9,767
Total of operating expenses		<u>2,431,979</u>	<u>1,967,970</u>
Operating result		<u>4,663,840</u>	<u>8,075,809</u>
Foreign exchange differences		-618,307	-199,557
Result		<u><u>4,045,533</u></u>	<u><u>7,876,252</u></u>

* see notes to the Profit and loss account, starting on page 43.

Cash flow statement for 2010.

(in euros)	2010	2009
Cash flow from investment activities		
Income received from investments	7,612,887	5,041,330
Investments in participations	-1,613,930	-19,831
Investments in subordinated loans	-1,884,262	–
Investments in loans	-9,198,824	-4,160,257
Management costs and operating expenses	-2,380,412	-1,625,601
Other revenues	314,274	129,018
Elimination of foreign exchange differences	-2,651,199	61,902
	<u>-9,801,466</u>	<u>-573,439</u>
Cash flow from financing activities		
Issue of participations	10,824,306	16,123,783
Dividend paid	-2,989,557	-1,729,027
	<u>7,834,749</u>	<u>14,394,756</u>
Movements in liquid assets	<u><u>-1,966,717</u></u>	<u><u>13,821,317</u></u>

Notes to the balance sheet and the profit and loss account.

General

Triodos Fair Share Fund was established on 9 December 2002 by means of the Terms and Conditions of Management and Custody deed. These annual accounts are for the fund's eighth financial year. Triodos Fair Share Fund is an unlisted mutual fund. In an unlisted mutual fund, the investors - the participants - raise money which is then invested on their behalf 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.

Triodos Fair Share Fund is not listed on any Stock Exchange. Registered participations are issued by the fund itself. Under normal circumstances, Triodos Fair Share Fund is willing to buy and sell participations. Circumstances may occur which may cause the Manager to decide temporarily not to issue or buy back any participations. In order to be able to comply to a certain extent with requests to repurchase participations, Triodos Fair Share Fund will invest a minimum of 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 Dutch Civil Code and with due observance of the additional requirements of the Dutch Act on Financial Supervision (Wft).

Triodos Fair Share Fund is managed by Triodos Investment Management. Triodos Investment Management was granted a licence on 14 July 2006 in accordance with section 5 of the Dutch Act on the Supervision of Collective Investment Schemes, allowing it to act as a manager of investment institutions. From 1 January 2007, a licence granted on the grounds of section 5 of this Act became based on section 2:67 of the Dutch Act on Financial Supervision. In the interests of investors, investment institutions must meet requirements relating to managers' expertise and reliability, financial guarantees, business practice and the provision of information to participants, the general public and the regulator. The Netherlands Authority for the Financial Markets acts as the regulator.

The Custodian of Triodos Fair Share Fund is Triodos Custody.

Accounting principles

Investments 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:

Participations

Participations, which are equity interests that do not serve the fund's long-term operations, are valued at the most recent stock exchange quotation in the year under review if the participations involve securities quoted on an active stock exchange. The fair value of participations that do not involve securities quoted on an active stock exchange or that do not have a regular market quotation can be determined in various ways: firstly, on the basis of the most recent market quotation, taking new market developments into account; secondly, by using the profitability value, return value and/or net asset value, individually or in combination, which may be deemed relevant in connection with the purpose for which the investment is maintained; or thirdly, by using the market value of comparable investments for which there is an active market with regular market quotations.

Loans

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

Value of other assets and liabilities

Other assets are carried at income expected, taking account, in the case of receivables, of a possible provision for non-recovery. Other liabilities are carried at payments expected.

Revaluations

Movements as a result of (un)realised revaluations of investments are recorded in the profit and loss account. That part of the profit that relates to positive unrealised revaluation will be added by way of profit appropriation to the revaluation reserve. Negative revaluations are debited from the other reserves by way of profit appropriation. Movements in the provisions for anticipated non-recovery of loans are likewise debited from or credited to the result.

Exchange rate results

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

Foreign exchange differences

Forward foreign exchange contracts have been concluded in order to hedge exchange rate differences on loans in US dollars, Kenyan shillings, Peruvian nueva soles and South African rand. These are valued at the last known exchange rates in the year under review. Results upon the conclusion of forward foreign exchange contracts are debited or credited to the result over the lifetime of the contract.

Principles for determining the result

The principle for determining the result is based on the attribution of income and expenditure to the relevant period. 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 when determining the expenses.

Managing financial risks

The use of financial derivatives and other financial instruments involves various financial risks. The policy pursued by the Manager of Triodos Fair Share Fund with respect to these risks is set out below.

Currency risk

At year-end 2010, 23.4% of the Triodos Fair Share Fund financing facilities had been issued in local currency not hedged by means of forward foreign exchange contracts (2009: 13.0%). The majority of the financing facilities are still issued in euros or US dollars, with the US dollar risk being hedged by means of forward foreign exchange contracts. A breakdown of the various currencies is given on page 18.

Credit risk

Triodos Fair Share Fund issues financing facilities that are almost exclusively risk-bearing and are generally not backed by mortgage or other collateral. It is Triodos Fair Share Fund's policy, in principle, to invest no more than 10.0% of the fund's assets in a single organisation or institution. A situation arose in one of the institutions financed by Triodos Fair Share Fund in 2010, which led to a provision being made of 2.8% of the fund's assets (2009: 1.8%). An extensive explanation of the credit risk is reported on page 24.

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 capital market interest rate may have either a positive or a negative effect on the results of Triodos Fair Share Fund. Triodos Fair Share Fund does not run any interest rate risk with regard to the valuation of its assets and liabilities.

Concentration risk

It is Triodos Fair Share Fund's policy, in principle, to invest no more than 10.0% of the fund's assets in one organisation or institution. If firm security is provided, for instance in the form of bank guarantees, then an exception can be made to this rule. Triodos Fair Share Fund also has a policy of limiting its investments in a country to a maximum of 30.0% of the fund's assets. Details of Triodos Fair Share Fund's five largest investments are given on page 19.

Tax status

Triodos Fair Share Fund has the tax status of an unlisted mutual fund for corporation tax purposes. 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.

Since 1 January 2004, Triodos Fair Share Fund has had the status of social-ethical investment fund as provided for in section 5.5 of the Dutch Personal Income Tax Act 2001. This Act states that social-ethical investments are exempt from the investment tax in Box III (1.2%) up to a maximum of EUR 55,145 per taxpayer or EUR 110,290 jointly for partners and married couples (2010 amounts). Apart from the investment tax exemption, an annual income tax deduction of 1.3% of the exempted amount also applied in 2010. The Dutch Tax Plan 2011 contains a proposal for phasing out this tax credit. The tax credit will amount to 1.0% in 2011, 0.7% in 2012, 0.4% in 2013 and will cease to exist entirely in 2014.

Notes to the balance sheet as at 31 December 2010

1. Development of investments

Please refer to the list on page 18 for a breakdown of types of financing facilities in the investment portfolio.

Movements in investments in the financial year 2010 were as follows:

	Participations	Sub-ordinated loans	Loans	Provision for loans	Forward foreign exchange	Total
Position as at 01.01.2010	15,032,322	5,555,555	41,312,214	-1,475,694	53,941	60,478,338
Investments	2,627,732	1,884,262	26,120,295	-1,120,390	21,622,076	51,133,975
Desinvestments	- 904,318	-	-16,921,471	-	-20,907,602	-38,733,391
Revaluation	500,482	-	-	-	-	500,482
Revaluation as a result of foreign exchange differences	786,062	398,711	2,072,732	-13,262	-2,498,538	745,705
Position as at 31.12.2010	<u>18,042,280</u>	<u>7,838,528</u>	<u>52,583,770</u>	<u>-2,609,346</u>	<u>-1,730,123</u>	<u>74,125,109</u>

Movements in investments in the financial year 2009 were as follows:

	Participations	Sub-ordinated loans	Loans	Provision for loans	Forward foreign exchange	Total
Position as at 01.01.2009	8,557,506	5,714,286	37,258,279	-	146,845	51,676,916
Investments	718,968	-	11,966,809	-1,435,811	20,143,983	31,393,949
Desinvestments	-699,137	-	-7,806,553	-	-20,067,445	-28,573,135
Revaluation	6,753,768	-	-	-	-	6,753,768
Revaluation as a result of foreign exchange differences	-298,783	-158,731	-106,321	-39,883	-169,442	-773,160
Position as at 31.12.2009	<u>15,032,322</u>	<u>5,555,555</u>	<u>41,312,214</u>	<u>-1,475,694</u>	<u>53,941</u>	<u>60,478,338</u>

The acquisition price of the participations at year-end 2010 was EUR 7,299,433 (2009: EUR 5,576,018).

The acquisition price of the subordinated loans at year-end 2010 was EUR 7,754,942 (2009: EUR 5,870,680). The average annual nominal interest rate on the subordinated loans at year-end 2010 was 8.89% (2009: 8.89%). This is excluding the loan of EUR 1,884,262 granted in December 2010. This loan will bear interest from January 2011. The remaining terms of these loans vary from 27 to 96 months (2009: from 39 to 108 months). These are mainly risk-bearing finance facilities not backed by mortgage or other collateral.

The acquisition price of the loans at year-end 2010 was EUR 51,072,688 (2009: EUR 41,479,268).
The average annual nominal interest rate on the loans at year-end 2010 was 8.38% (2009: 9.16%).
The remaining terms of these loans vary between 1 and 60 months (2009: between 1 and 49 months).
These are mainly risk-bearing finance facilities not backed by mortgage or other collateral.

2. Forward foreign exchange contracts

	2010	2009
EUR/USD receivable	57,165,102	55,620,719
Foreign currency payable	-59,393,459	-55,827,976
Foreign exchange differences	-2,228,357	-207,257
Transaction result	498,234	261,198
	<u>-1,730,123</u>	<u>53,941</u>

The term is spread as follows (EUR/USD receivable):

	2010	2009
Shorter than one year	13,743,619	26,610,897
One to five years	43,421,483	29,009,822
	<u>57,165,102</u>	<u>55,620,719</u>

The term is spread as follows (foreign currency payable):

	2010	2009
Shorter than one year	14,492,464	26,981,344
One to five years	44,900,995	28,846,632
	<u>59,393,459</u>	<u>55,827,976</u>

These are contracts in which Triodos Fair Share Fund undertakes to deliver the agreed amounts in foreign currency (year-end 2010: USD, KES, PEN and ZAR) on the agreed dates. These forward foreign exchange contracts were closed to hedge the exchange rate risk of investments in foreign currency. The counterparty for all the contracts is Triodos Bank. The term of the forward foreign exchange contracts at year-end 2010 varied between 0 and 38 months (2009: between 0 and 49 months).

Receivables

3. Other receivables, prepayments and accrued income

	2010	2009
Interest due on loans	658,352	412,403
Interest due on liquid assets	106,717	104,227
VAT due	8,156	5,382
Miscellaneous	3,239	2,657
	<u>776,464</u>	<u>524,669</u>

Other assets

4. Liquid assets

	2010	2009
Triodos Bank current account (EUR)	390,869	2,602,176
Triodos Bank savings account (EUR)	910,192	10
Rabobank current account (EUR)	94,225	1,572
Rabobank savings account (EUR)	17,692,648	18,394,852
Rabobank current account (USD)	445,897	501,938
	<u>19,533,831</u>	<u>21,500,548</u>

The balances of the current accounts and the savings accounts can be withdrawn on demand. The weighted average interest rate on current accounts at year-end 2010 was 0.0% (2009: 0.0%). The weighted average interest rate on savings accounts at year-end 2010 was 1.58% (2009: 1.67%).

5. Short term debts

	2010	2009
Current accounts with affiliated parties	35,989	3,147
Management fee payable	552,163	491,239
Commission payable for participations register	115,295	84,356
Marketing and publicity expenses payable	38,586	58,920
General expenses payable	29,939	30,904
Suspense account items	188,687	240,526
	<u>960,659</u>	<u>909,092</u>

Equity

6. Participation capital

	2010	2009
Position as at 1 January	71,009,116	54,885,334
Participations issued	15,377,365	20,825,264
Participations repurchased	-4,553,059	-4,701,482
Position as at 31 December	<u>81,833,422</u>	<u>71,009,116</u>

Movements in the number of participations:

	2010	2009
Position as at 1 January	2,576,162	2,038,347
Participations issued	342,954	537,815
Participations repurchased	-144,807	-160,318
Participations reissued	144,807	160,318
Position as at 31 December	<u>2,919,116</u>	<u>2,576,162</u>

7. Revaluation reserve

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

	2010	2009
Position as at 1 January	3,212,323	1,217,651
Transfers to and from:		
- participations	6,507,886	1,924,965
- investments less hedging result forward foreign exchange transactions	-47,754	69,707
Position as at 31 December	<u>9,672,455</u>	<u>3,212,323</u>

The specification of this item is as follows:

	2010	2009
Revaluation of participations	9,650,502	3,142,616
Revaluation of investments less hedging result of forward foreign exchange transactions	21,953	69,707
Position as at 31 December	<u>9,672,455</u>	<u>3,212,323</u>

8. Other reserves

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

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

	2010	2009
Position as at 1 January	-511,771	-276,641
Negative revaluations		
- participations	-117,345	-4,639
- investments less hedging result forward foreign exchange transactions	-1,459,994	-230,491
Position as at 31 December	<u>-2,089,110</u>	<u>-511,771</u>
The movements of the rounding reserve were as follows:		
Position as at 1 January	8,543	7,838
Movements relating to payment of dividend	3,902	705
Position as at 31 December	<u>12,445</u>	<u>8,543</u>
Total other reserves	<u>-2,076,665</u>	<u>-503,228</u>

9. Unappropriated result

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

	2010	2009
Position as at 1 January	7,876,252	3,489,274
Dividend paid	-2,989,557	-1,729,027
Credited to the revaluation reserve	-6,460,132	-1,994,672
Transferred to/from the other reserve	1,573,437	234,425
Unappropriated result for the financial year	4,045,533	7,876,252
Position as at 31 December	<u>4,045,533</u>	<u>7,876,252</u>

The proposal for result appropriation is given on page 49.

Off-balance sheet liabilities

Committed loans and participations

Triodos Fair Share Fund has made commitments for two participations and five loans. The commitments for the participations amount to PKR 37.5 million (EUR 0.3 million) and USD 2.0 million (EUR 1.5 million). The loan commitments amount to EUR 3.0 million, PEN 3.7 million (EUR 1.0 million), TJS 6.7 million (EUR 1.1 million), UGX 1.4 billion (EUR 0.5 million) and USD 1.3 million (EUR 0.9 million). These are expected to be paid in the coming year.

Notes to the profit and loss account for 2010

Income from investments

10. In participations

This relates to dividend received.

11. In loans and subordinated loans

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

12. Realised changes in the value of investments

This relates to the profit on the sale of participations.

Unrealised changes in the value of investments

13. In participations

These are exchange gains and losses on shares and movements in foreign exchange.

14. In loans and subordinated loans

This relates to movements in foreign exchange and provisions for uncollectable debts.

Operating expenses

15. Management costs

	2010	2009
Management fee	2,013,738	1,633,948
Auditor's fee	14,620	12,517
Consultancy costs	16,613	17,685
Supervisor's expenses	7,533	-6,373
Publicity costs	45,332	34,000
Marketing costs	8,131	50,000
Supervisory Board remuneration	3,300	4,050
Insurance	–	-2,517
Commission	272,257	190,333
Custodian's expenses	6,201	4,889
Other expenses	39,154	19,671
	<u>2,426,879</u>	<u>1,958,203</u>

16. Other operating expenses

	2010	2009
Registration costs for participations	-1,700	5,000
Custody fee	2,800	2,767
Fee for activities related to the General Meeting of Participants	4,000	2,000
	<u>5,100</u>	<u>9,767</u>

Management fee

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 Investment Management for a quarterly fee of 0.625% of the fund's assets, excluding the unappropriated result, with the exception of the unrealised changes in value of the investments. All the costs of managing Triodos Fair Share Fund are paid out of this fee, such as the cost of managing the investments, keeping the accounts and IT costs. The management fee in 2010 amounted to EUR 2,013,738 (2009: EUR 1,633,948).

Supervisory Board remuneration

	2010	2009
Pierre Aeby*	–	–
Peter Cornet	900	900
Paul Deiters	–	750
Corinne Heijn	300	900
Marleen van den Horst	1,500	1,500
Maartje van Putten	600	–
	<u>3,300</u>	<u>4,050</u>

* Members employed by Triodos Bank receive no fee.

Cost structure

Transaction costs

When loans are granted, any costs in connection with the fund's investment transactions are charged to the institution that receives a credit facility. If Triodos Fair Share Fund acquires equity participations, the costs connected with this transaction are shared between the institution in which the participation is being made and the fund. In this case, the transaction costs involved are directly chargeable to the result. There were no transaction costs in 2010.

Commission

Triodos Fair Share Fund concludes distribution agreements with financial institutions and intermediaries as a means of procuring new participations. Up to 1 February 2009, these distributors were paid an annual commission of up to 0.25% of the value of the participations the distributor in question issued. As of 1 February 2009, these distributors are paid an annual commission of up to 0.40% of the value of the participations the distributor in question issues. The commission paid in 2010 amounted to EUR 272,257 (2009: EUR 190,333).

No other commissions for procurement were paid.

Cost of entry and withdrawal

Triodos Fair Share Fund incurs no charges when it issues or repurchases its own participations. No margin is therefore applied to their net asset value. Triodos Fair Share Fund's distributors may set their own fee.

Total expenses

The fund's total expenses in 2010 amounted to EUR 2,431,979 (2008: EUR 1,967,970).

Comparison of costs

	expenses 2010	expenses prospectus
Management fee*	2,013,738	2,013,738
External auditor's fee	14,620	14,620
Supervisor's expenses	7,533	7,533
Publicity expenses	45,332	45,332
Marketing costs	8,131	8,131
Custodian's expenses	6,201	6,201
Commission**	272,257	272,257
Registration costs for registered participations***	-1,700	-1,700
Custody fee****	2,800	2,800
Other fund costs	63,067	63,067

The costs are within the guidelines set by the prospectus.

* The management fee paid at the end of each quarter is 0.625% of the fund's assets, excluding the unappropriated result for the current financial year, with the exception of the unrealised changes in value of investments.

** The annual commission costs in 2010, referred to in the prospectus in force on 31 December, amounted to a maximum of 0.40% of the value of the participations issued.

*** The registration cost for registered participations is index-linked annually.

**** The custody fee is index-linked annually.

Auditor's fee

The auditor's fee comprises EUR 13,000 for auditing the annual accounts and EUR 1,620 in costs relating to assignments associated with the audit (audit of prospectus). The auditor performed no consultancy tasks.

Total expense ratio

The total expense ratio in 2010 was 2.92% (2009: 3.05%).

The total expense ratio (TER) reflects the costs of an investment fund as a percentage of the weighted average assets of the fund in the period under review. These costs do not include the cost of investment transactions, interest expenses and expenses associated with the entry and withdrawal of participants related to the average net asset value.

Turnover ratio

The turnover ratio in 2010 was 33.3% (2009: -6.7%).

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

Triodos Fair Share Fund invests in equity participations and loans. The average term of equity participations is between seven and ten years, while the term of subordinated loans ranges from just over three years to nine years and the term of loans varies from one month to over four years. The specific nature of Triodos Fair Share Fund means that the turnover ratio cannot really be compared to that of other investment funds.

Related parties

Triodos Fair Share Fund deals with the following legal entities:

1 Triodos Investment Management BV

- Triodos Investment Management BV has managed Triodos Fair Share Fund since 2008 and for this it receives a quarterly fee of 0.625% of the fund's assets, excluding the unappropriated result with the exception of the unrealised changes in value of investments.
- Triodos Investment Management BV keeps the Triodos Custody BV accounts, for which it received a fee of EUR 6,201 from Triodos Fair Share Fund in 2010.

2 Triodos Bank NV

- Triodos Bank NV is the sole shareholder in Triodos Investment Management BV.
- Triodos Fair Share Fund has deposited a portion of its liquid assets with Triodos Bank NV at market-compliant rates.
- Triodos Fair Share Fund concludes forward foreign exchange contracts with Triodos Bank NV at rates in line with the market.
- Triodos Bank NV manages the register of participants and for this it received a fee of EUR 5,000 in 2010. This fee is index-linked annually.
- Triodos Bank NV carries out various activities for the General Meeting of Participants and for this it received a fee of EUR 2,000 in 2010. This fee is index-linked annually.
- Triodos Bank NV has a distribution agreement with Triodos Fair Share Fund, on the basis of which it receives an annual commission of up to 0.40% of the participations issued through Triodos Bank NV.
- Triodos Fair Share Fund has a stand-by facility at Triodos Bank NV under market-compliant conditions and rates.

3 Triodos Custody BV is the custodian of the fund's assets on behalf of Triodos Fair Share Fund, for which it receives an annual custody fee of EUR 2,800. The fee is index-linked annually.

4 Triodos Custody BV shares are held by 'Stichting Administratiekantoor Triodos Custody' (Triodos Custody Trust Office), which has issued one depository receipt for each share to Triodos Bank NV. Stichting Administratiekantoor Triodos Custody has voting rights attached to the shares, which, among other things, give it the right to appoint and dismiss the Custodian's Board members. This construction guarantees the independence of the Custodian with respect to the Manager.

5 Together with Triodos-Doen, Hivos-Triodos Fund and Triodos SICAV II-Triodos Microfinance Fund, Triodos Fair Share Fund provides finance facilities (syndicated loans). Triodos Investment Management acts as the syndicate leader in this.

6 Together with Triodos-Doen, Hivos-Triodos Fund and Triodos SICAV II-Triodos Microfinance Fund, Triodos Fair Share Fund takes out equity investments. These parties jointly appoint a Director for the Board of Directors.

7 Triodos Fair Share Fund grants loans to financial institutions previously financed by Triodos-Doen and/or Hivos-Triodos Fund. Agreements can be made to have cash flows channeled between the funds. This saves transaction costs and leads to a more favourable middle price.

8 In 2010, Triodos Fair Share Fund sold part of a participation to Triodos SICAV II-Triodos Microfinance Fund. Both Funds are managed by Triodos Investment Management BV. The agreement for this

transaction was entered into in 2009 and the selling price was set on the basis of an independent valuation.

Outsourcing of core activities

Triodos Fair Share Fund has outsourced the following core activities:

- The management of the participants' register has been outsourced to Triodos Bank NV.
- Maintenance of the market by way of the Triodos Investor Giro System has been outsourced to Triodos Bank NV.

Zeist, the Netherlands, 21 March 2011

The Manager

The Board of Management of Triodos Investment Management BV

Marilou van Golstein Brouwers

Bas Rüter

Custodian

The Board of Management of Triodos Custody BV

Adri Dijkstra

Hann Verheijen

Other information.

Appropriation of result

The arrangement regarding appropriation of the result according to article 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 costs referred to in clause 10 and less the additions to provisions and reserves deemed necessary by the Manager and the Custodian, will be fully distributed to the participants in proportion to the number of participations each of them holds.

Distribution will take place within one month of the annual accounts being approved, or in the interim, in a manner to be determined by the Manager. The participants will be informed of the amount of the distributions, their composition and the manner of payment in line with clause 14 of the Terms and Conditions of the fund. The Manager proposes to the General Meeting of Participants that the result be distributed to the participants in its entirety.

The result available for distribution over 2010 amounts to:

	2010
Result according to the Profit and Loss Account for 2010	4,045,533
Unrealised changes in the value of investments	
Minus: Additions to the revaluation reserve	-1,011,163
Plus: Withdrawn from the revaluation reserve	21,953
Minus: Credited to the other reserves	-106,599
Plus: Withdrawn from the other reserves	2,178,946
Minus: Credited to the general reserve	-2,654,151
	-1,571,014
Distributable result over 2010	2,474,519
Rounding reserve	12,445
The result available for distribution amounts to:	<u>2,486,964</u>

Interests of members of the Supervisory Board, the Manager and the Custodian

As at 31 December 2010, or at any moment during 2010, the members of the Supervisory Board, the Boards of Management of the Manager and the Custodian and the Board of the Stichting Administratiekantoor Triodos Custody had no personal interest in a Triodos Fair Share Fund investment.

Post balance sheet events

To date, no events have occurred since the balance sheet date that would provide further information at the balance sheet date.

Participation holding

As at 31 December 2010, the members of the Supervisory Board, the Boards of Management of the Manager and the Custodian and the Board of the Stichting Administratiekantoor Triodos Custody held no Triodos Fair Share Fund participations.

As at 31 December 2010, the members of the Supervisory Board, the Boards of Management of the Manager and the Custodian and the Board of the Stichting Administratiekantoor Triodos Custody had not been granted any options on participations, loans or guarantees.

Voting policy and voting behaviour

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, in principle, determine the fund's voting policy.

Triodos Fair Share Fund held shares in seven institutions in 2010 and it made use of its voting rights at these institutions' various General and Extraordinary Meetings of Shareholders.

Key figures

Please refer to the key figures on the inside cover for a comparative statement of the net asset value, the number of outstanding participations and the net asset value of each participation.

Independent auditor's report

To: The General Meeting of Participants and the Supervisory Board of Triodos Fair Share Fund Report on the financial statements

We have audited the financial statements 2010 included in this Annual Report of Triodos Fair Share Fund of Zeist, the Netherlands. These financial statements comprise the balance sheet as at 31 December 2010 and the profit and loss account for 2010 together with the related notes, which include a statement of the accounting policies and other notes.

Management's responsibility

The Manager of the fund is responsible for the preparation and fair presentation of the annual financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Act on Financial Supervision, and for the preparation of the Manager's Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Manager is responsible for such internal control it deems necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair preparation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances. These risk assessments are not for the purpose of expressing an opinion on the effectiveness of the fund's internal control, however. An audit also includes evaluating the appropriateness of the accounting policies used for financial reporting and the reasonableness of accounting estimates made by the Manager of the fund, as well as evaluating the overall presentation of the annual financial statements.

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 financial statements present a true and fair view of the financial position of Triodos Fair Share Fund as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Manager's report, to the extent we can assess, has been prepared in accordance with Part 9 Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Manager's report, to the extent we can assess, is consistent with the annual financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, the Netherlands, 21 March 2011

KPMG Accountants N.V.

K. Oosterhof RA

Supervisory Board.

Mr P. Aeby (1956)

Pierre Aeby is a member of the Board of Management (CFO) of Triodos Bank NV. As such, he also holds a number of other positions at Triodos Bank, including that of member of the Board of the Luxembourg funds Triodos SICAV I and Triodos SICAV II. Pierre Aeby was appointed for the first time in 2009. According to the rotation schedule, his first term of office will end in 2013. Pierre Aeby has Belgian nationality and is not an investor in Triodos Fair Share Fund.

Mr P.A.A.M. Cornet (1948)

Peter Cornet is the managing director of Cornet Consultancy and a partner at Philip Sidney. He is also a member of the board of the Pension Fund of De Nederlandsche Bank, treasurer of the cultural education foundation, Stichting Cultureel Onderwijs Woerden and chairman of the Begeleidingscommissie Landelijk Informatiesysteem Schulden. Peter Cornet was appointed for the first time in 2009. According to the rotation schedule, his first term of office will end in 2013. Peter Cornet has Dutch nationality and 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 partner in the firm BarentsKrans NV in The Hague. She is moreover a member of the Supervisory Board of the 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 appointed for the first time in 2002 and then reappointed in 2008. According to the rotation schedule, her second term of office will end in 2011. Marleen van den Horst has Dutch nationality and is not an investor in Triodos Fair Share Fund.

Ms M.J.A. van Putten (1951)

Maartje van Putten is Managing Director of Global Accountability BV and a member of the Independent Review Mechanism of the African Development Bank and senior advisor for the complaints mechanism of the European Investment Bank. She is furthermore Vice Chairman of the European Centre for Development Policy Management, Supervisory Director for the Royal Tropical Institute, a member of the Supervisory Board of the Dutch Tuberculosis Fund and chairs the Advisory Committee on Central and Eastern Europe for the Skanfonds. She was appointed for the first time in 2010. Maartje van Putten has Dutch nationality and is not an investor in Triodos Fair Share Fund.

The Manager and Custodian.

Triodos Fair Share Fund is managed by Triodos Investment Management. The Board of Management of Triodos Investment Management comprises:

Ms. M.H.G.E. van Golstein Brouwers (1958)

As managing director of Triodos Investment Management BV, Marilou van Golstein Brouwers holds ultimate responsibility, together with Bas Rüter, for Triodos Investment Management BV. Marilou van Golstein Brouwers is a member of the Board of Trustees of Women's World Banking, a member of the Board of Directors of Triodos SICAV II and chairs the Board of Directors of SBI Ltd. In addition to this, she is a member of the boards of Max Havelaar Stichting, Stichting Triodos Sustainable Trade Fund and Stichting Triodos Renewable Energy for Development Fund.

Mr J.S. Rüter (1969)

As managing director of Triodos Investment Management BV, Bas Rüter holds ultimate responsibility, together with Marilou van Golstein Brouwers, for Triodos Investment Management BV. In addition to this, Bas Rüter is managing director of Triodos Real Estate Investment Management BV, a member of the Board of Directors of the Luxembourg fund Triodos SICAV I, a member of the supervisory board of Sustainalytics BV and a member of the board of Stichting Triodos Sustainable Trade Fund. Last but not least, he is a member of the supervisory board of the Natuur- en Milieufederatie Utrecht.

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)

Visiting address

Triodos Fair Share Fund
Nieuweroordweg 1
PO Box 55
3700 AB Zeist, the Netherlands
Telephone +31 (0)30 693 65 11
(information & advice)
Telephone +31 (0)30 693 65 00 (general)
www.triodos.nl
www.triodos.com

Project descriptions

Triodos Fair Share Fund.

ACLEDA Bank Plc., Cambodia,
www.acledabank.com.kh

ACLEDA bank offers an extensive range of financial products and services to small independent traders and small and medium-sized enterprises. Following a difficult year in 2009 due to the global financial crisis, ACLEDA Bank's activities again demonstrated strong growth in 2010. At year-end 2010, the bank had 265,937 loan clients and 703,151 clients with savings accounts. Small and medium-sized enterprises form the fastest growing segment within the bank's portfolio. These enterprises are the key drivers in the creation of new jobs in Cambodia. In 2010, ACLEDA Bank launched a new product, banking by mobile phone, which will further increase access to financial services for business people and private individuals. ACLEDA Bank regularly conducts a survey among its customers to assess the impact of its credit services. The survey also shows the percentage of the bank's customers that has seen an increase in their standard of living as a result of the bank's extension of credit. A senior officer from Triodos Bank represents Triodos Fair Share Fund, Triodos-Doen and Triodos Microfinance Fund on the Board of Directors.

ACLEDA Bank Lao Ltd., Laos,
www.acledabank.com.kh/la/eng

ACLEDA Bank Lao offers a range of financial services and products to small and medium-sized enterprises in Laos. Following rapid growth in the number of its branches and clients in 2008 and 2009, 2010 has been a year of consolidation. The bank focused this year on improving the quality of its loan portfolio and on further strengthening the capabilities of its staff. ACLEDA Bank Lao launched ATMs in 2010 for its clients, which numbered 6,961 loans clients and 11,521 clients with savings accounts at year-end 2010. There is great demand in Laos' expanding economy for financial services at the lower end of the market. ACLEDA Bank is using this to its advantage and plans to further expand its network of branches over the next few years. A senior officer from Triodos Bank represents Triodos Fair Share Fund and Triodos-Doen on the Board of Directors.

Bhartiya Samruddhi Finance Ltd., India,
www.basixindia.com

By extending its capital in March 2010, Bhartiya Samruddhi Finance Ltd (BSFL) was able to prolong its fast growth of recent years. BSFL has now extended credit to 1.7 million clients. Over 800,000 clients receive technical support for their agricultural activities and over three million clients have some form of insurance through BSFL. More than 70% of its clients are women in the lower income groups. With over 30% of its loans focusing on agriculture and stock breeding, BSFL makes an important contribution to development, particularly in rural areas of India. BSFL is active in almost all 28 Indian states. BSFL was not alone in undergoing fast growth. Several institutions in India have generated enormous growth in the last few years. This sometimes uncontrolled growth in a young sector without effective regulation or a basic infrastructure, such as a credit bureau, has in certain cases resulted in overindebtedness and the use of inadmissible collection practices. In Andhra Pradesh, an important state for microfinance, this led to the adoption of legislation that severely limits MFIs in the conduct of their normal activities. MFIs may, for instance, no longer collect debts on a weekly basis and they are forbidden from making contact with clients outside public areas. The MFIs active in Andhra Pradesh have been severely affected by these measures. BSFL, too, encountered problems in collecting debts on outstanding loans in Andhra Pradesh in the last few months of the year. The law has moreover produced uncertainty in the sector, which is making investors and providers of loans adopt a wait and see attitude. This will undoubtedly put pressure on the further development of BSFL in 2011 too, and in the microfinance sector in general. A senior officer represents Triodos Fair Share Fund, Hivos-Triodos Fund and Triodos Microfinance Fund on the Board of Directors.

KASHF Microfinance Bank Ltd, Pakistan,
www.kmfbank.com

KASHF Microfinance Bank Ltd. was launched in 2008 with the ambition to grow to become the foremost microfinance bank in Pakistan. Given the political unrest in Pakistan, the circumstances

under which the bank is operating are challenging. Despite this, the bank succeeded in increasing the number of its loan clients to 17,338 in 2010. The number of savings clients also increased to 89,027. KASHF Microfinance Bank has a very ambitious and experienced management team that aspires to further expand the bank's market position over the next few years with the aim of contributing to Pakistan's socio-economic development. The risk remains high at this young institution. The bank will have to attract new capital in 2011. Triodos Fair Share Fund intends to contribute, on the condition that other investors do so too. Triodos Fair Share Fund and Triodos-Doen are among the founding shareholders of KASHF Microfinance Bank.

Mibanco S.A., Peru,
www.mibanco.com.pe

Mibanco is a successful microfinance bank in Peru that plays an innovative role in the Latin American microfinance sector. The bank issues working capital and loans to micro-entrepreneurs and small and medium-sized businesses. Besides this, it provides current accounts, savings and deposit accounts as well as insurance products. In 2010, Mibanco further expanded its loan portfolio to clients in rural areas and its agricultural loans. At year-end 2010, Mibanco had 394,315 loan clients and 384,680 savings clients, whom it reaches through a network of branches. In 2010, Mibanco set up a Social Asset Management department with the aim of making the bank's social mission measurable. Mibanco is a member of the group of leading, international banks that set up the Global Alliance for Banking on Values in 2009. United in the Global Alliance, these banks want to share their many years' experience of responsible and sustainable banking with others. It provides a platform from which to draw the attention of a broad international public to these sustainable banks' successful banking model. Mibanco is very active in the Global Alliance and will host its annual conference in 2011 when it is held in Lima, Peru.

Tenger Financial Group LLC, Mongolia,
www.xacbank.mn

Tenger Financial Group LLC is the holding company that has a majority interest in XacBank, XacLeasing and XacSecurity. XacBank provides a whole range of financial services to micro-entrepreneurs and small and medium-sized enterprises. The bank operates both in the capital Ulanbataar and in remote areas of Mongolia. At year-end 2010, XacBank had 86,760 loan clients and 178,002 savings clients, through a national network of branches. XacBank positions itself as a bank that devotes attention to social and environmental factors. It plays an innovative role by offering green products. Examples of these are loans for purchasing solar panels and energy-efficient ovens. Triodos Fair Share Fund and Triodos-Doen are shareholders in Tenger Financial Group LLC.

New loan clients

Banco ADEMI, Dominican Republic,
www.bancoademi.com.do

Since its foundation in the 1980s, Banco ADEMI has developed from a non-governmental organisation to a bank with a broad range of financial services. The bank is currently the market leader in the Dominican microfinance sector and has a national network of 44 branches. By developing new loan products for rural areas, Banco ADEMI wants to offer low income groups and farmers access to affordable financial services too. The bank currently has more than 100,000 loan clients.

PT. Bank Sahabat Purba Danarta, Indonesia

Bank Sahabat Purba Danarta (Bank Sahabat) is a fast-growing microfinance bank with its head office in Semarang, Central Java. Bank Sahabat wants its activities to promote further growth in the market for micro-entrepreneurs and thus contribute to the socioeconomic development of the country. At year-end 2010, the bank had over 150,000 clients, 70% of whom were women. Apart from group and individual loans and savings products, the bank also offers courses in health

and financial education. The loan from Triodos Fair Share Fund will enable Bank Sahabat to expand its activities further.

BRAC Bank Ltd, Bangladesh,
www.bracbank.com

BRAC Bank Ltd in Bangladesh has been operating since 2001, focusing its services on small and medium-sized enterprises. Access to credit provision is often difficult or limited for this sector. BRAC NGO, which mainly serves micro-entrepreneurs, is a majority shareholder in BRAC Bank. To increase its capital, BRAC Bank has decided to issue a convertible subordinated bond in local currency. Triodos Fair Share Fund, together with Triodos Microfinance Fund, the Dutch development bank FMO and the Norwegian Norfund, is one of the first foreign investors in the bond. Their investment will stimulate the development of small and medium-sized enterprises in Bangladesh. BRAC Bank has calculated that, since its foundation, it has created some one million jobs by granting credit to small and medium-sized enterprises.

VF Credo LLC, Georgia,
www.credo.ge

VF Credo LLC (Credo) was set up in 1997 by World Vision as Georgia's Entrepreneurs Fund with the mission of offering financial services to micro-businesses and independent entrepreneurs who had no access to the regular banking system. As such, Credo focuses on small-scale farmers and refugees from such areas as Abkhazia and South Ossetia. And successfully, as its network of 16 branches enables Credo to reach a large proportion of its target group quickly. Since 2010, Credo has been offering life assurance with its loans to prevent families from having to bear the costs should the creditor die. In future, the institution will also look at insurance to cover crop failures. Credo has grown to become the largest non-banking microfinance institution in Georgia, with over 43,000 clients.

Delta Brac Housing Finance Corporation Ltd,
Bangladesh, www.deltabrac.com

Delta Brac Housing Finance Corporation Ltd (Delta Brac) is a non-banking financial institution in Bangladesh that grants mortgage loans. As such, the listed institution focuses on the urban middle class who have difficulty obtaining or cannot obtain mortgage loans from commercial banks. The loans in granted in Taka, the local currency, and have an average period to maturity of ten years. Providing mortgages with a long period to maturity is very difficult in Bangladesh, as in many other developing countries, because there are no savings products available with a long period to maturity. The loan Triodos Fair Share Fund has granted Delta Brac in local currency provides it with a solid base from which to further expand its mortgage loan portfolio. This makes the fund one of the first of Delta Brac's foreign finance providers.

D-MIRO, Ecuador,
www.d-miro.org

The Norwegian non-governmental organisation, Mission Alliance, began lending operations in the city of Guayaquil in the south of Ecuador in 1997. Ten years later, microfinance institution D-MIRO was established to further expand the credit programme. The institution currently offers credit products through a network of 13 branches in a number of southern provinces. D-MIRO focuses on the poorest groups in the population. The bank licence the institution was granted in 2010 will enable D-MIRO to also offer savings products to its clients in 2011.

FINCA Azerbaijan, Azerbaijan,
www.villagebanking.org

FINCA Azerbaijan is one of the leading MFIs in Azerbaijan. Since 1998, the institution has been able to build up a broad client base of over 97,000 clients, more than half of whom live in rural areas. Women make up one-third of its clients. In providing group and individual loans, FINCA Azerbaijan is helping to raise its clients' living standards. Many of them are refugees within their own country and can only access financial services through institutions such as FINCA

Azerbaijan. The loan provided by Triodos Fair Share Fund will enable FINCA Azerbaijan to further expand its loan portfolio.

LLC MLO IMON International, Tajikistan,
www.imon.tj

Tajikistan is one of the poorest countries of the former Soviet Union. A significant proportion of its seven million inhabitants has no or only limited access to financial services. LLC MLO IMON International (IMON) has undertaken to provide a growing number of people access to these financial services. The institution has grown to become the largest microfinance institution in the country, serving some 30,000 clients, 38% of whom are women. Two-thirds of its clients live in rural areas. The institution wants to continue focusing on female entrepreneurs in the more remote areas in the coming years too. The loan provided by Triodos Fair Share Fund, issued in local currency, will support IMON's ambition in this regard.

Kenya Women Finance Trust DTM, Kenya,
<http://kwftdtm.com>

Kenya Women Finance Trust (KWFT), a member of the Women's World Banking network, was founded in 1982 on the initiative of a group of motivated Kenyan women. Their vision and ambition: to set up a financial institution exclusively for women from low income groups. Thirty years later, KWFT has grown to become one of the largest MFIs in the country. Over 400,000 enterprising women make use of the financial services on offer from KWFT. In 2010, KWFT completed the transformation process to become a Deposit-Taking Microfinance Institution (DTM). This means that the institution has received a licence from the central bank enabling it to offer savings products. By year-end 2010, 426,066 women were making use of this facility. Triodos Fair Share Fund and Triodos Microfinance Fund have granted KWFT DTM a loan in local currency to enable the institution to grow further.

PRASAC Microfinance Institution, Cambodia,
www.prasac.com/kh

PRASAC Microfinance Institution (PRASAC) primarily aims its services at rural areas in Cambodia. PRASAC serves more than 100,000 clients with loans from 18 branches and 91 sub branches in 24 provinces in the country. The institution has begun the procedure to obtain a licence that will enable it to offer savings products as well. PRASAC is expected to be granted this licence in 2011. PRASAC has a strong focus on developing innovative products. For example, it finances biogas installations for small farmers, giving them access to renewable energy. With the loans it receives from Triodos Fair Share Fund and Triodos Microfinance Fund, PRASAC can offer a growing number of people access to a whole range of financial services.

Visión Banco, Paraguay,
www.visionbanco.com

Visión Banco is the first specialist microfinance bank in Paraguay. The bank offers a broad package of products and services, including loans for small businesses, savings products and current accounts. By year-end 2010, Visión Banco had more than 84,000 clients. The bank has an extensive national network of branches, which it intends to expand further in the next few years, including to more remote areas. Triodos-Doen, Triodos Fair Share Fund and Triodos Microfinance Fund have granted Visión Banco a syndicated loan to assist its loan portfolio to grow further.

Existing credit customers

Africa

BRAC Southern Sudan, Sudan
BRAC Uganda, Uganda
BRAC Tanzania, Tanzania
Centenary Bank, Uganda
Small Enterprise Foundation, South Africa

Eastern Europe & Central Asia

AccessBank, Azerbaijan
Partner, Bosnia and Herzegovina
Prizma Mikro, Bosnia and Herzegovina
XacBank, Mongolia

Asia

ACLEDA Bank, Cambodia
Sathapana Limited, Cambodia
LOLC MicroCredit, Sri Lanka

Latin America

Apoyo Integral, El Salvador
Banex, Nicaragua
FAMA, Peru
FDL, Nicaragua
FFP FIE, Bolivia
FFP Prodem, Bolivia
Financiera Confianza, Peru
Financiera Crear, Peru
Financiera Edyficar, Peru
FINCA Ecuador, Ecuador
Fundación Mundo Mujer Popayán, Colombia
Mibanco, Peru

Colophon

Triodos Fair Share Fund Annual Report 2010

Circulation

500 copies

Published

May 2011

Text

Triodos Investment Management, Zeist, the Netherlands

Photography

The photos have been provided by the individual microfinance institutions.

Graphic design

Michael Nash Associates, London

Layout

Vocking in Vorm, Utrecht, the Netherlands

Studio van Waert, Westbroek, the Netherlands

Printing

Drukkerij Pascal, Utrecht, the Netherlands

If you have any comments or questions about this report, please contact Triodos Investment Management BV by sending an email to microfinance@triodos.com.

This report is an English translation of the Dutch Annual Report for the financial year 2010.

This report can be downloaded from: www.triodos.nl

