The Power of Collaboration

Community-driven forest conservation efforts in Guatemala

Audited annual report as at 31 March 2023

Forestry and Climate Change Fund

In collaboration with

For clarification purposes: The information presented in this report refers only to Investing for Development SICAV and its sub-fund, the Forestry and Climate Change Fund (FCCF), unless otherwise explicitly stated. The Luxembourg Microfinance and Development Fund (LMDF) sub-fund is not covered by this report.

Contents

Page

4 FCCF's Theory of Change

5 FCCF in numbers

7 Central America investment map

8 Report of the Board of Directors to the shareholders

10 Management report

14 Risk report

16 The Power of Collaboration: Bio-Itzá and Forestal Naj-Ché

18 Report of the réviseur d'entreprise agréé

20 Statutory information

22 Audited financial statements

- 22 // 1 Statement of net assets
- 24 // 2 Statement of operations and other changes in net assets
- 26 // 3 Statistical information
- 28 // 4 Statement of investments and other net assets
- 30 // 5 Statement of investments by investee and type
- 31 // 6 Statement of investments by instrument type
- 32 // 7 Geographical breakdown of investments
- 32 // 8 Evolution of NAV
- 33 // 9 Notes to the audited financial statements

FCCF's Theory of Change

	Natural Capital	Value Chains	Equity & Inclusion
Baseline	SDF* are not sufficiently valued economically, leading to deforestation and degradation, particularly for young SDF	The lack of markets and demand for SDF wood, including lesser known species and lesser qualities, inhibits their sustainable management	Small and medium forest owners, local and indigenous communities lack fair access to formal forest value chains
Input	Investment and mobilisation of finance for entities providing financial and technical resources for sustainable management and restoration of SDF	Investments in processing industries and commercialisation and financing of equipment for the transformation of wood from SDF	Technical assistance and investment policies focused on benefit sharing and fair sourcing along the value chain
Output	Investees have access to financial and technical resources for sustainable management and restoration of SDF	Investees market products based on wood from SDF Investees commit to use lesser-known and lesser quality wood	Fair sourcing policies are implemented by investees Investees provide decent, inclusive employment
Outcome	SDF of local forest owners are under management and deforestation rates are reduced. Active management improves forest growth, biodiversity value, species composition and carbon stocks	Sustainable value chains for SDF wood develop. Value chains finance the sustainable management of SDF and renumerate forest owners in line with opportunity costs	The value generation in the SDF value chain is distributed, fairly, including to small and medium forest owners & local and indigenous communities The share of women in the investee workforce increases
Impact	SDF become permanent natural forests with high biodiversity and significant carbon stocks	The sustainable management of SDF is a scalable, economically attractive land use option sustained by wood as a valued material	Socio-economic opportunities provided by an inclusive SDF sector lead to cohesive and resilient rural communities

*SDF: Secondary and Degraded Forests

FCCF in Numbers

As at 31 March 2023

Fund Profile

USD 10.9m
Total net assets

USD 14.8m
Capital committed by investors

10
Partners financed

4
Countries

Natural Capital

USD 3.0m
Committed to sustainable forest management

11,925 ha
Area of SDF secured for management

45,925 tCO_2
Sequestration of greenhouse gases (cummulative)

3xFSC
Forest management certification achieved

Value Chains

USD 6.1m
Committed to value chain companies

34,965 m^3
Roundwood volume processed to date

USD 2.5m
Group revenue to date

29
Lesser-known species commercialised

5xFSC
Chain of custody certification

Equity & Inclusion

116
Jobs created

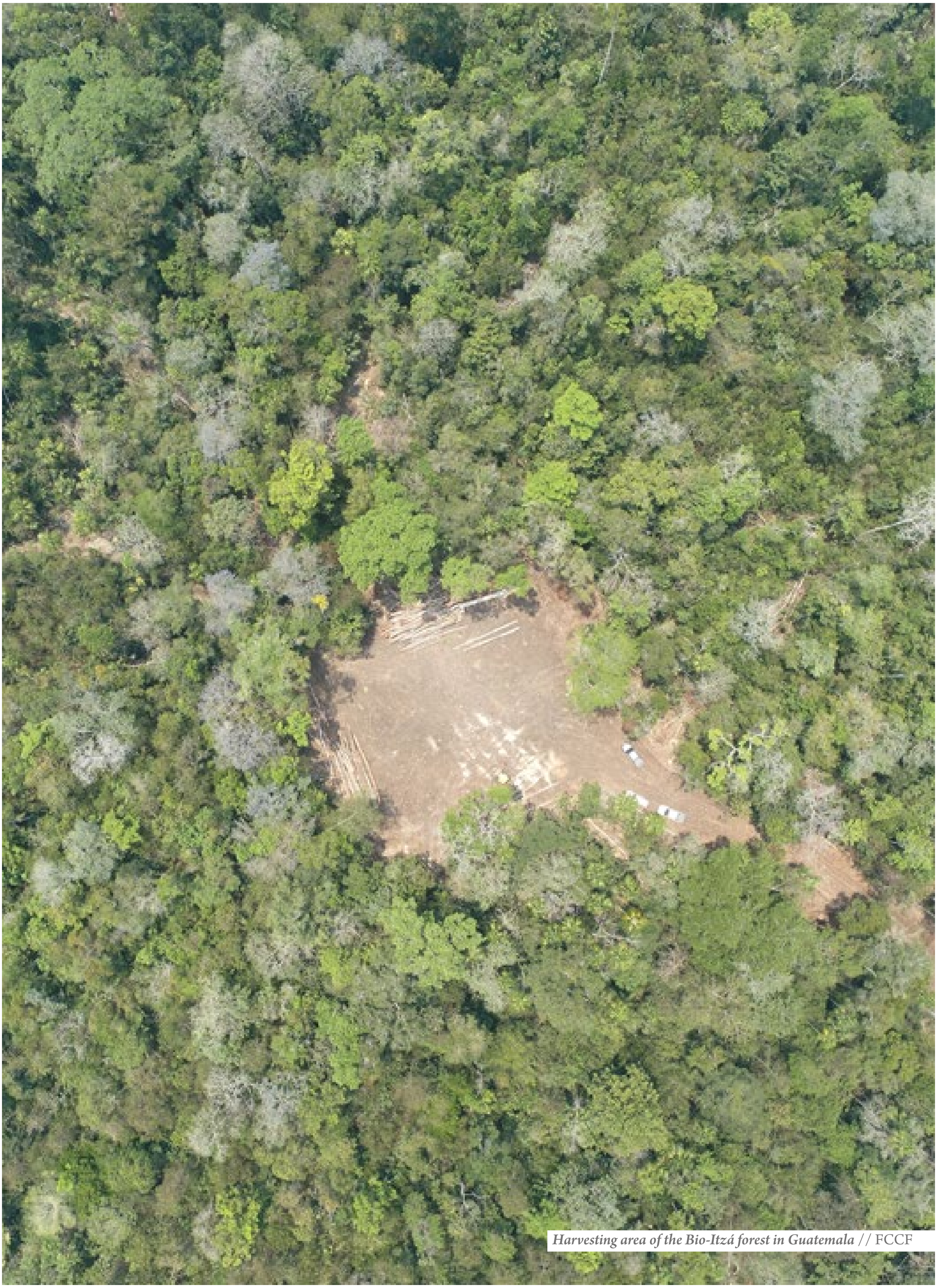
75%
Of people employed from the communities

8
Landowners FCCF invested in

16%
Of employees are women

8
Communities directly and / or indirectly impacted

Note: The figures stated in this section of the report relate to information received from investees as at 31 December 2022 and are largely based on unaudited information.

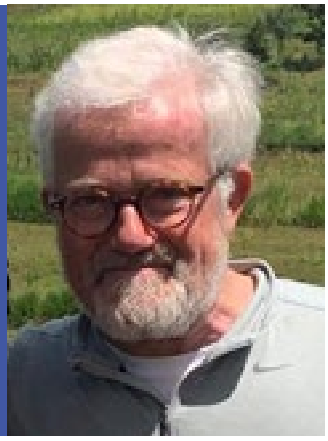


Harvesting area of the Bio-Itzá forest in Guatemala // FCCF

Central America investment map

*Investments discontinued

Report of the Board of Directors



The Board of Directors of the Forestry and Climate Change Fund (FCCF) is pleased to report on the financial year ended on March 31st, 2023.

The investment period of the Fund ended in October 2022 and FCCF does not have the ability anymore to make new investments. This marks the end of the due diligence phase and the fine-tuning of the investment strategy. The Fund's last Investment Committee meeting in October 2022 approved an investment for Belize, but which has not yet been finalised with the proposed partners.

FCCF continued its growth with USD 7.2m in investments made since inception, a 30% increase compared to the end of March 2022. The total net assets of USD 10.9m remained mostly stable (compared to USD 10.4m at the end of March 2022) following the complete draw-down of the remaining Class J commitments.

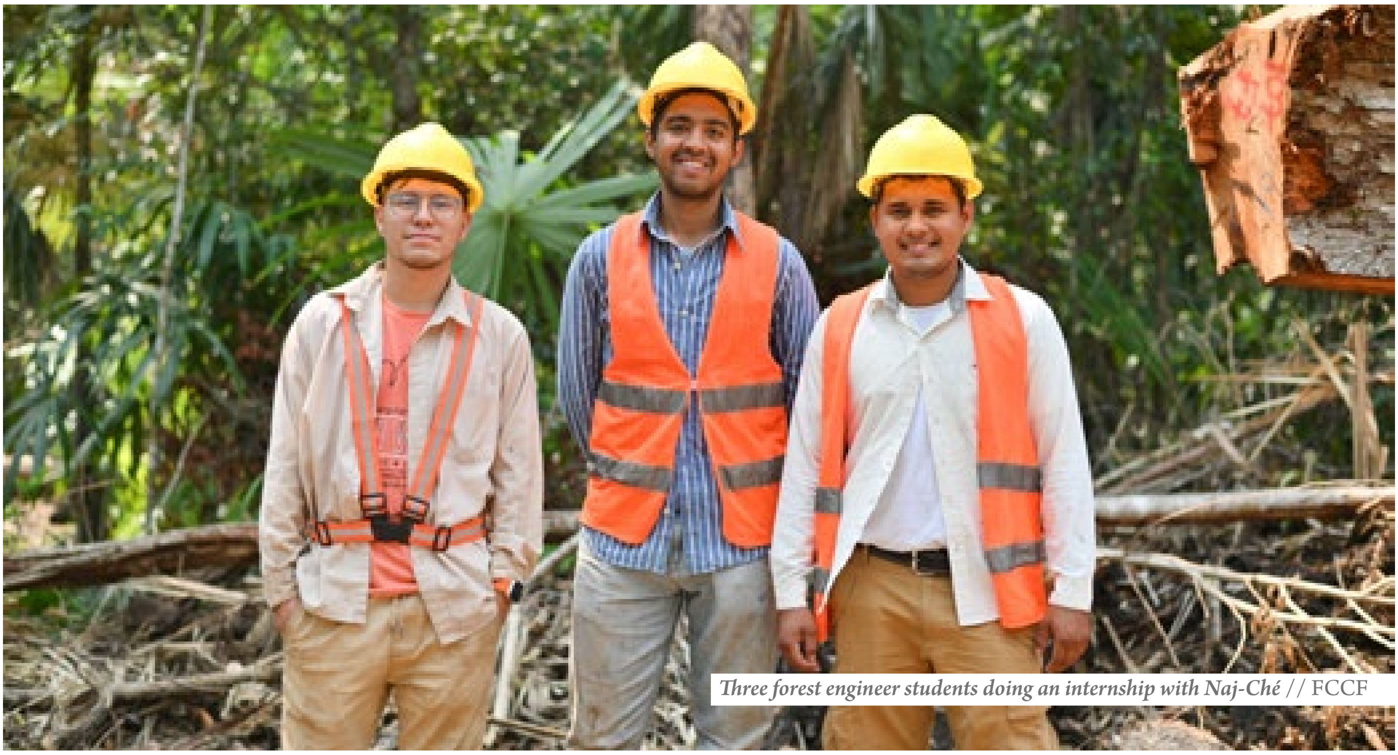
We are glad to share that during the reporting year, we have seen the successful completion of a forest community loan product cycle. The community and the Fund are discussing next steps.

The Board has selected and retained unique land use GmbH (Unique) as the investment adviser to FCCF. Unique has developed a sound monitoring and reporting framework for the Fund, which also demonstrates the natural capital, value chain and social impacts of the financed projects. Unique and our management team are spending the necessary time on the ground and in investee governance bodies to develop the trusting relationship required for a constructive and efficient cooperation.

The Board has established the following committees whose role is to support and make recommendations to the Board, or take decisions within certain limits determined by the Board, in their areas of activity:

- The **Investment Committee**, which has nine members, is authorised, within the limits of the investment policy and objectives of the Sub-Fund as defined by the Board of Directors, to decide upon the acquisition or disposal of investments on the basis of a proposal by the Investment Adviser, and to take all other decisions relating to the management of the Sub-Fund's portfolio.

- The **Risk Committee**, which has five members, provides direction, advice and oversight with regard to FCCF's risk management and reporting framework, including risk policies, processes and controls.



Three forest engineer students doing an internship with Naj-Ché // FCCF

- The **Marketing Committee,** which is currently undergoing a restructuring to consider the strategic distribution focus of the Sub-Fund.
- The **Employment Committee**, which has three members, reviews the objectives, performance and remuneration of management.
- The **Appointments Committee**, which has three members, assists the Board in ensuring that its composition is aligned with the objectives of the Fund.

The members of the Board do not receive any remuneration as directors, apart from the reimbursement of expenses incurred for Fund business and approved in advance by the Board.

"Forestry is not only a sustainable source of timber and non-timber forest products, but also a means of conserving biodiversity, mitigating climate change, and providing ecosystem services such as water regulation and soil conservation. Financing sustainable forestry is not only an investment in the future of our planet, but also an investment in the well-being of local communities and the long-term viability of the forestry sector." - Maria Helena Semedo, Deputy Director-General of the Food and Agriculture Organization of the United Nations (FAO).

The Board wished to thank its shareholders for their continued support and looks forward to meeting you at the AGM on July 3rd, 2023.

The Board of Directors
June 27th, 2023

Raymond Schadeck
Chairman

Management report

Dear Shareholder,

In this report the Forestry and Climate Change Fund (FCCF) reports on the financial year ended on March 31st, 2023.

// Ending of the investment period

The Fund ended its investment period end of October 2022. This is an important milestone as it ends the ability of the Fund to make new investments and hence closes the due diligence phase and the fine-tuning of the investment strategy as new investments are made. In its last Investment Committee ("IC") meeting, a final and 11th investment was approved for Belize which has not yet been finalised in the legal structuring as at the reporting date.

During the financial year, the Fund made one new investment with a loan approved and disbursed to Conjunto Predial S.P.R. de R.L., a community-owned forest company located within the Ejido Nuevo Becal in Campeche, Southern Mexico. This is the second investment made under the community forest credit methodology and allows the forest dependent community to acquire machinery to lessen their dependence on third party service providers and increase their income. Conjunto Predial's work is closely aligned to FCCF's objective of restoring degraded and secondary forests. The community has developed and implemented an innovative forest management model focused on establishing regeneration of overexploited high value species (mainly mahogany) through active gap management.

The loan equivalent to USD 146,000 is also the first loan denominated in local currency as the community sells exclusively to the local market. The Fund does not hedge the exposure but charges a margin over its target return in USD deducted from the historic volatility of the currency. We believe the relationship with Conjunto Predial will evolve and lead to additional investments.

The financial year also saw the first successful completion of an investment. The Cooperativa Carmelita repaid the Fund's loan in full end of December 2022 and successfully closed this first community loan cycle. Discussions over possible next steps with the community are ongoing, yet the financial success of the forestry operation financed by FCCF implies that Carmelita does not require new working capital loans for the moment.

// Investees moving from concept to reality

The past years have been enormously volatile. The start-up period of many investees has been marked by Covid-19 disruptions, big movements in timber prices and transport costs and supply chain disruptions. In this volatile environment, the Fund's partners had to move from concept or seed stage to revenue generation and confirmation of the business plans.

How do we start to evaluate success during this stage? One indication is to follow the Fund's theory of change and the evolution of key performance indicators chosen to measure progress. Compared to one year ago, the Fund:

- Saw a substantial increase in forests under management from 3,100 ha to 11,925 ha, leading to the sequestration of 45,925 tons of CO_2 to date;

- Value chains saw increase in volumes sold, notably by the community forestry operations. Almost 35,000 m^3 of 29 species have been marketed;

- Eight communities and eigth small and medium sized forest owners benefit from FCCF's financing. A total of 116 jobs have been created, 16% of which are occupied by women and 75% by the local community.

These figures show that there is significant progress in moving from concepts to reality. But this progress has not been universal among investees. In the case of In The Woods by Fundecor S.A. ("ITW"), the Fund's IC and the company's Board deemed the path towards financial sustainability as too steep and decided to close the operation during the financial year, generating a financial loss of USD 650,000 to the Fund.

The increased disclosure of investee valuations at the end of March 2023 indicates which partners are in difficulty (detailed in section 5 of the financial statements). The valuation approach relies on forward looking financial projections and in some cases such information may be hard to update in volatile market environments and for smaller companies in a growth phase. We also believe that the valuations will only reflect know-how acquired with a time lag.

// Financial results

The Fund continued its growth with USD 7.2m in investments made to date, an increase of 30% over the USD 5.5m end of March 2022. Total net assets remained largely stable at USD 10.9m (compared to USD 10.4m end of March 2022), after the full draw-down of the remaining Class J commitments.

The Fund continues to close the gap between the financial income from the portfolio and total costs, with USD 540k in total income during the first six months and USD 618k in total costs.

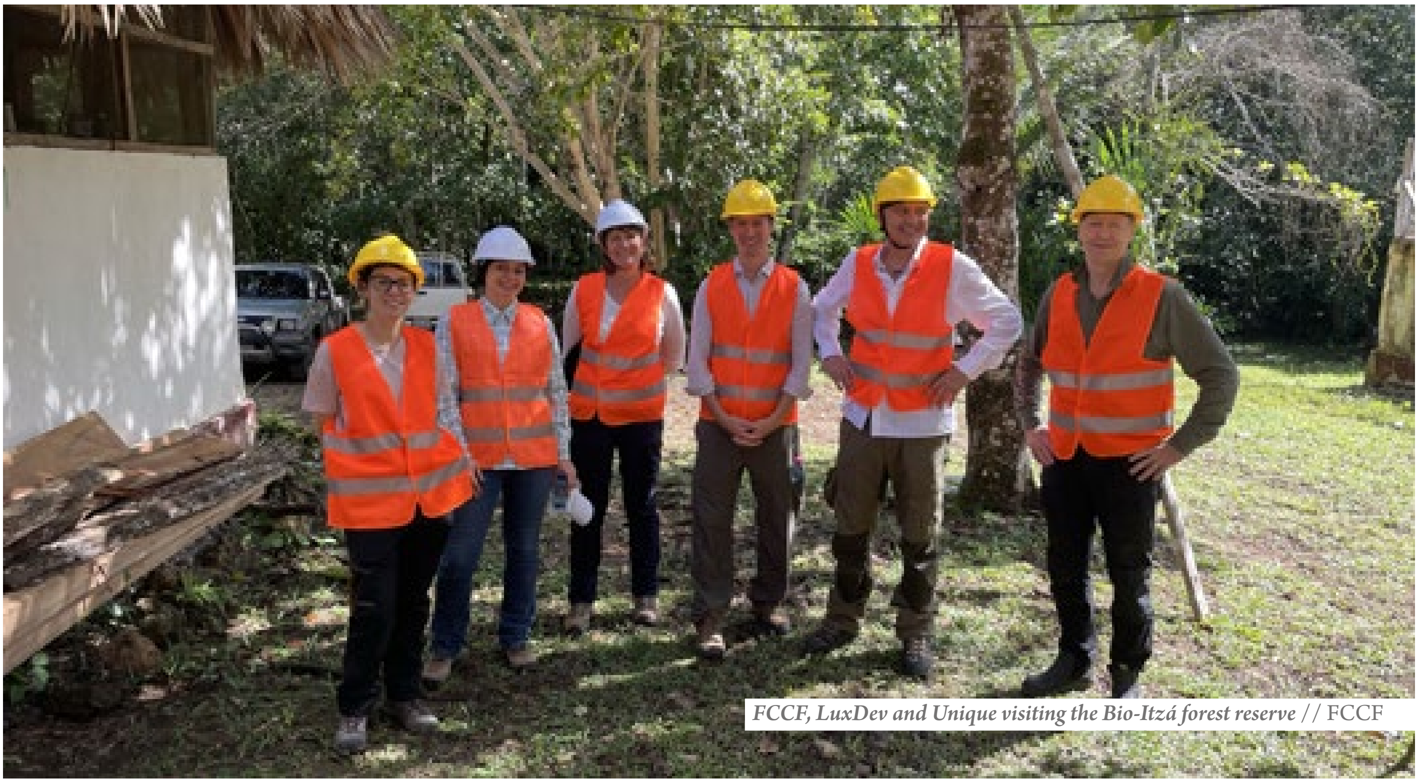
The net variation in unrealised losses, detailed above, has reduced to a loss of USD 0.8m (compared to USD 1.1m loss during the previous financial year). This leads to a loss on operations of USD 0.9m, mainly driven by the valuations.

As the Fund has reached the end of the investment period, management and advisory charges will start to decrease. Yet the Fund's investees require a certain level of active management, notably through a role on the board of directors of investees which we believe continues to be in the Fund's shareholders' interest.

In line with the Fund's waterfall, Class I shares absorb the loss to protect the initial investment value of Class J shares and end the financial year with a NAV per share of USD 41.80 whereas Class J shares NAV is USD 100.00.

// Outlook

On the one side, the Fund has gone through a difficult period having observed a severe and negative evolution of several investees, including the closure of In The Woods by Fundecor. At the same time, other investees have developed to the point of requiring additional investments to scale their functioning business models. The Fund retains significant cash on the development and scaling of successful investees.



FCCF, LuxDev and Unique visiting the Bio-Itzá forest reserve // FCCF

The community credit product is a significant development, giving FCCF a tool and methodology to engage with communities playing a vital role in the protection of tropical forests. During the reporting year, the investment in Conjunto Predial illustrates the appeal of the product and significant impact potential.

We always knew that the journey we embarked on was not going to be easy. As this report clearly illustrates, both the challenges but also the opportunities are becoming increasingly visible. We would like to believe that this confirms that we are on the right track to realising our mission.

As always, we welcome your questions and comments,

Kaspar Wansleben
Executive Director

Risk report

For the year 2022/23, the Risk Committee was convened 3 times, mainly to take action on workout cases and to discuss the evolution of geopolitical, economic, and environmental risks that directly or indirectly influence the Fund. Although credit risk is the main focus for the Committee, their remit also includes market, operational, country, liquidity, distribution, and regulatory risks.

// Credit risks

In the forestry sector, recovery from the COVID impact is underway, however, challenges in global supply chains, timber prices volatility, and inflation have added pressure to this recovery. These challenges have come at a time when most of the Fund's partners were in their start-up period, hence resulting in a significant impact on their business and growth evolution. This means that several partners show higher credit risks and lower valuations. In accordance with the Fund's Valuation Guidelines, the Fund has made additional impairments during the year of USD 808k, totalling impairments of USD 2.0m, representing 28% of the total invested.

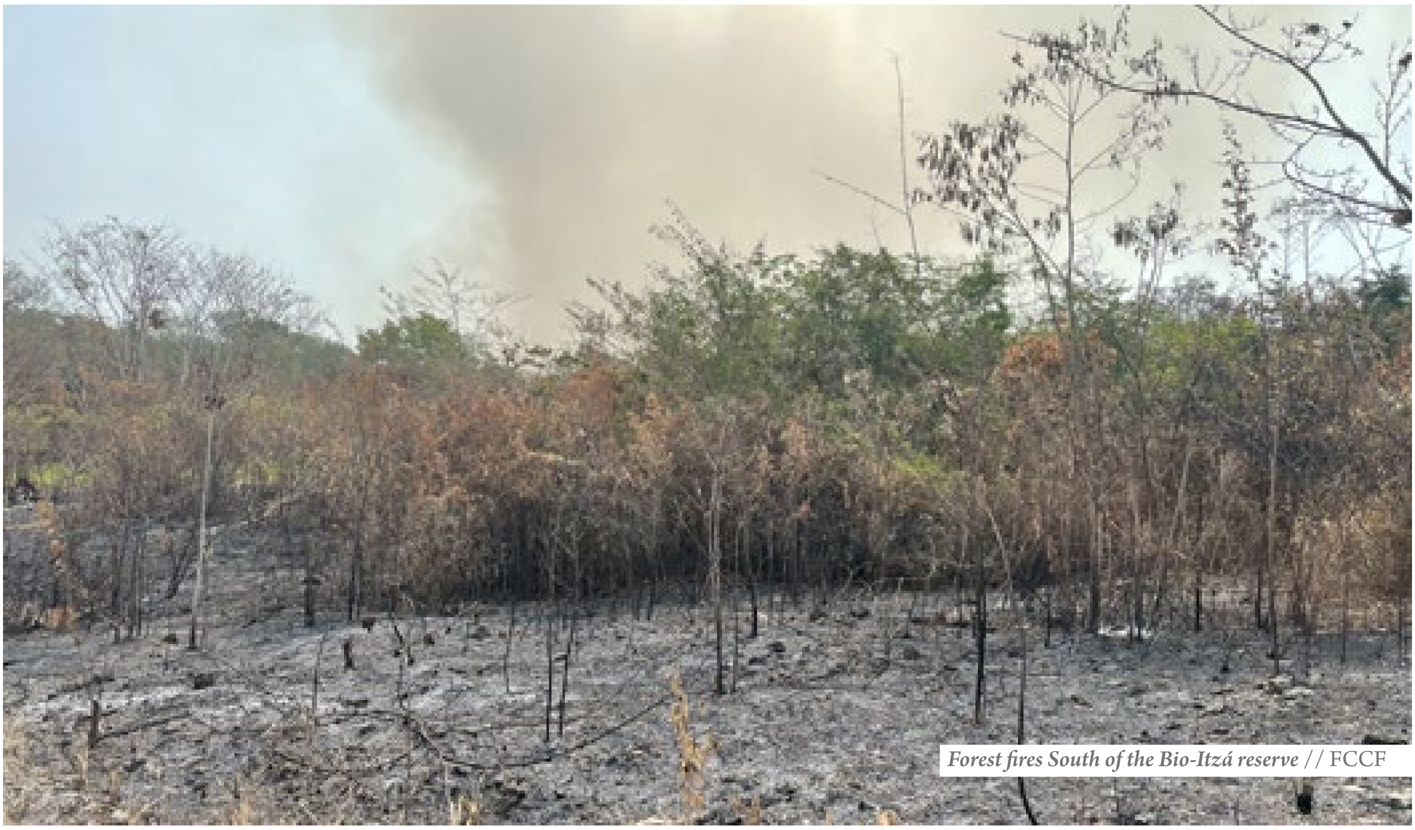
The largest impairment by investees amounts to USD 656k in relation to outstanding loans and equity of In the Woods by Fundecor S.A.. This company focuses on the commercialisation of timber and products from lesser-known local species in Costa Rica. During the year, the company faced sever difficulties to scale its business to a meaningful level that could ensure its "going-concern" resulting in the dissolution of the company and the transfer of the remaining viable assets to partially net its liabilities with the Fund.

Fundecor Bosques S.A., an investee focused on forest management and primary transformation, and initially conceived as a supply partner to In the Woods by Fundecor S.A., has also been affected. During the year, the company received further working capital funding to scale its operations and develop alternative commercialisation channels, independent from In the Woods by Fundecor S.A.. Based on the Funds' Valuation Guidelines, the Fund has provisioned a total impairment of USD 568k against outstanding loans and equity.

Operaciones Forestales Sostenibles S.A. has seen similar challenges. Facing difficulties to scale the business under previous management, a new CEO was appointed and the Fund took full ownership of the company. This has allowed the Fund to have greater autonomy to take the actions required to reduce operating costs and develop a turnaround plan including alternative sources of revenues from forest management services. Based on the Funds' Valuation Guidelines, the Fund has provisioned a total impairment of USD 421k against outstanding loans and equity.

Izabal Wood Company, focused on wood transformation, value chain and commercialisation, has also seen delays in its business plan. The company has been able to consolidate its wood transformation operations and has received additional funding to ramp up its functioning business model. The Fund has impaired a total amount of USD 240k.

Following the challenges Nicaragua is facing, the Fund's first investment in the country in Simplemente Madera Marketplace S.A.,



Forest fires South of the Bio-Itzá reserve // FCCF

continues to focus solely on selling the remaining stock of wood. The Fund has fully provisioned the outstanding loan of USD 156k and written off the equity.

FCCF continues to fully impair its investment of USD 21k in Fundación Naturaleza para la Vida, owing to the uncertainty inherent in the position.

The Fund has also finalised the restructuring agreement for its loans to BluWood in Costa Rica. In 2022, a new management was appointed and the Fund took full ownership of the company. This allowed the Fund to develop a new business plan and pursue a turn-around. Based on the Funds' Valuation Guidelines, the Fund has booked an unrealised gain of USD 250k on the equity of the company.

// Country risks

FCCF has a limited geographical remit and has increased its diversification with Mexico as a new country with one investment materialised in August 2022. The Fund's highest exposure continues to be Costa Rica, where the holding constitutes 26% of the NAV. Meanwhile, holdings in Guatemala total 22% of the NAV.

We look forward to receiving your thoughts and comments.

Yours faithfully,

Alejandro Vazquez Ortega
Head of Risk

The Power of Collaboration
Bio-Itzá and Forestal Naj-Ché

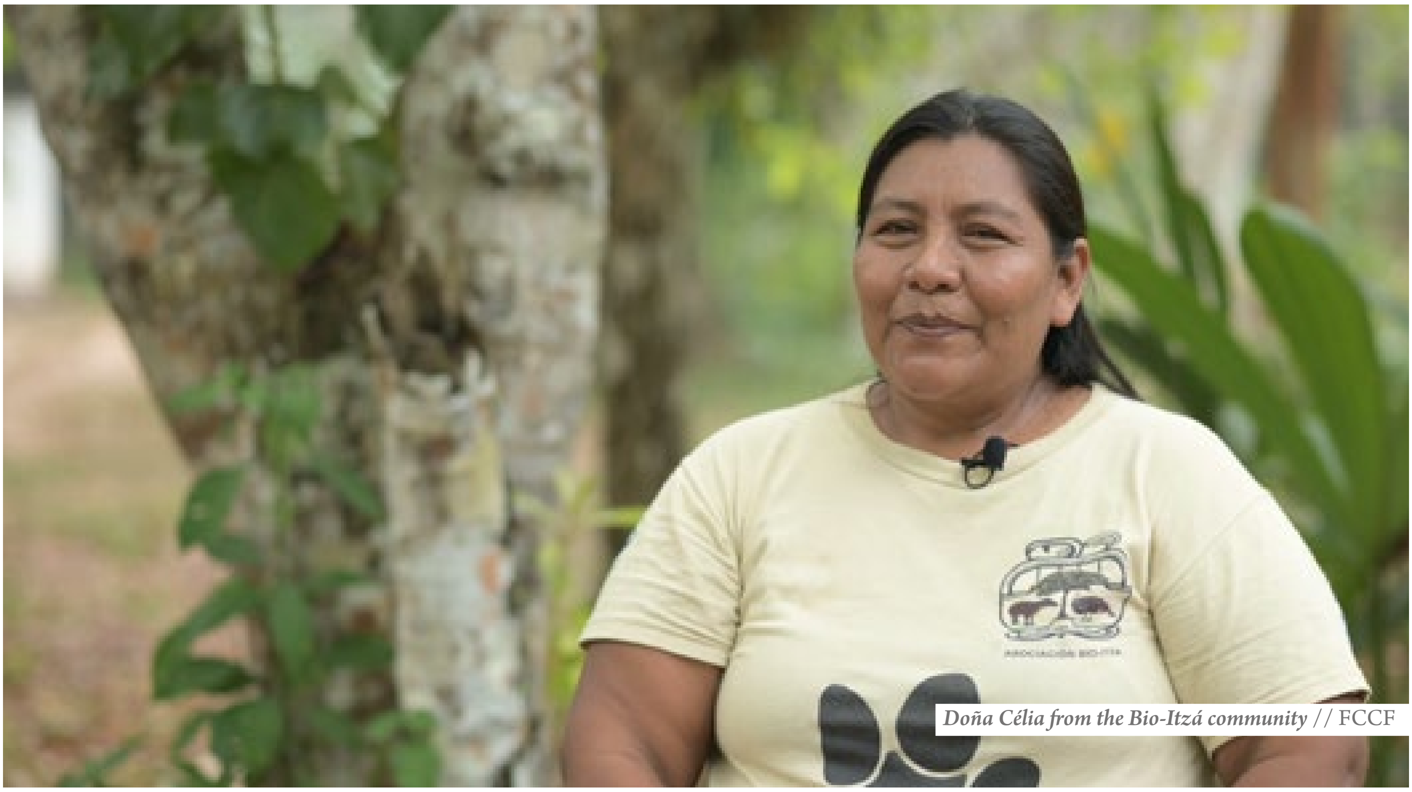
In this edition, we are looking at the inspiring story of the Bio-Itzá Community and Forestal Naj-Ché in Guatemala, two organisations working together to promote sustainable forest management in Guatemala.
Nestled in a quiet village surrounded by tropical forests and Mayan ruins, Bio-Itzá is operated by local, community-minded indigenous people of Mayan descent who hold on to the knowledge of their ancestors, the ancient Maya Itzá people, as well as the natural ecosystem around them.

Forestal Naj-Ché, on the other hand, is dedicated to developing a sustainable forest sector in Northern Guatemala, specifically in the department of Petén, by increasing the financial, socio-economic, and environmental value of private and communal-owned secondary or degraded forests. Their goal is to generate added value to timber products and to motivate long-term restoration of the secondary and degraded forests in the region.

But what was the background that led them to manage and take care of the forest and that has culminated in their very first harvest stage? Well, it all started with the aim to rescue the Maya Itzá language. This is when they realised that they have a very strong link to nature. With this in mind, a committee was formed and a request for a forest area from the municipality for administration was done. The community recognised the importance of protecting the forest for future generations. The reserve was created in 1991, followed by the formation of an association in 1996 to strengthen conservation efforts. The main aim of the community was to pass on the knowledge they had to future generations, regarding the conservation of the forests as well as its use for medicinal purposes. Unfortunately, they were suffering from the lack of finances, the pressure of deforestation and wood theft. This led them, in 2020, to consider the use of the forest as an alternative with the aim of improving the quality of life of families and generating resources to conserve the reserve.

The first harvest of the forest is significant for Bio-Itzá, as it establishes an alliance and a long-term relationship to develop a sustainable project that generates income for the community. Giving added value to the wood allows for increased economic benefits and conservation of the degraded secondary forests. Financial income had also become a necessity and the community needed support. This is when the collaboration with Forestal Naj-Ché started with as mission to do business in the long term with the community.

It's great to see how involved the community is in the Bio-Itzá project. Naj-Ché formed a very strong and transparent partnership with the community, and decisions are always made together. The community is involved in all the activities, including logging and forest management. They even promote exchanges of experience between communities so that others can adopt the Bio-Itzá system. With the use of timber, the community hopes to pay off the association's debts and back pay, finance conservation and surveillance,



Doña Célia from the Bio-Itzá community // FCCF

and allow smaller trees to grow by freeing the needed space for them to develop to their full potential. It's amazing to see how the community is working together to create a sustainable project that benefits everyone!

"The partnership between Bio-Itzá and Forestal Naj-Ché is a testament to the power of collaboration and community-driven conservation efforts."

For the community it is also very important to implement sustainable practices in the post-harvest of the forest, as they have mixed emotions towards the forest and natural environment that must be taken into account. Bio-Itzá decided to use wood as a way to obtain income to pay debts and conservation resources. Naj-Ché has been very supportive of their efforts to help with their project, which was a huge boost to their spirits.

The community has reacted positively to Naj-Ché's proposal and to their staff as well, which is very important. Naj-Ché has not only supported them with the management of the harvest in the forest but also managing the sale of the wood to secure a fair price for it, besides providing training and guidance. This additional knowledge and experience has benefitted the community and strengthened their relationship with Naj-Ché. This knowledge allows them to carry out silvicultural practices and manage the forest properly, by themselves, in the future. The relationship with this two entities is a long-lasting partnership that goes beyond this specific project as it also serves as an example for other communities in Guatemala.

Report of the réviseur d'entreprises agréé

To the Shareholders of
Investing for Development SICAV
Forestry and Climate Change Fund
39, rue Glesener
L-1631 Luxembourg

Report of the réviseur d'entreprises agréé

Opinion
We have audited the financial statements of Forestry and Climate Change Fund (the "Sub-Fund"), a sub-fund of Investing for Development SICAV ("the Fund"), which comprise the statement of net assets and the statement of investments and other net assets as at 31 March 2023, the statement of operations and the statement of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Forestry and Climate Change Fund as at 31 March 2023 and of the result of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion
We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter
Without qualifying our opinion, we draw your attention to the fact that the Sub-Fund does not constitute a separate legal entity.

Other information
The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of Board of Directors of the Fund and Those Charged with Governance for the financial statements
The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements

relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund’s and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund’s financial reporting process.

Responsibilities of the “Réviseur d’Entreprises agréé” for the audit of the financial statements
The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- —
  Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d'entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d'entreprises agréé”. However, future events or conditions may cause the Fund or any of its sub-funds (except for the sub-fund(s) where a decision or an intention to close exists) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Luxembourg, 27 June 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Pia Schanz
Partner

Statutory information

Registered Office
39, rue Glesener
L-1631 Luxembourg

Trade Register Number
R.C.S. Luxembourg B 148.826

Board of Directors and Committees

Chair

Raymond Schadeck	Independent

Members

Ernstine Kornelis (until 31/08/2022)	Development Cooperation Department, Ministry of Foreign and European Affairs (MAEE)
Geneviève Hengen (from 21/09/2022)	Development Cooperation Department, Ministry of Foreign and European Affairs (MAEE)
Michel Haas (until 31/12/2022)	Ministry of Finance
Christina Pinto (from 16/03/2023)	Ministry of Finance
Patrick Losch	ADA - Appui au Développement Autonome
Michel Maquil	Independent
Natalia Oskian	Independent
Olivier Goemans	Banque Internationale à Luxembourg (BIL)
Monica Tiuba	Independent
Dzemal Tomic	Banque et Caisse d'Épargne de l'État (BCEE)
Kaspar Wansleben	Executive Director

Investment Committee FCCF*
Peter Carter - Independent, Committee Chair
Jennifer de Nijs - Ministry of Finance
Renaud Durand - Foyer Group
Georges Gehl - Ministry for the Environment
Patrick Losch - ADA
Marcos Saldaña - Independent
Monica Tiuba - Independent
Frank Wolter - Independent
Kaspar Wansleben - Executive Director

Risk Committee
Dzemal Tomic - BCEE, Committee Chair
Raymond Schadeck - Independent
Yves Speeckaert - Independent
Jane Wilkinson - Independent
Apricot Wilson - Head of Risk (until 15/08/2022)
Alejandro Vazquez Ortega - Head of Risk (from 15/09/2022)

Appointments Committee
Ernstine Kornelis - MAEE, Committee Chair (until 31/08/2022)
Geneviève Hengen - MAEE (from 21/09/2022)
Michel Haas - Ministry of Finance (until 31/12/2022)
Christina Pinto - Ministry of Finance (from 16/03/2023)
Raymond Schadeck - Independent

Forest landscape of the Izabal region in Guatemala // FCCF

Employment Committee

Michel Haas - Ministry of Finance, Committee Chair (until 31/12/2022)
Christina Pinto - Ministry of Finance (from 16/03/2023)
Raymond Schadeck - Independent
Dzemal Tomic - BCEE

Investment Adviser

UNIQUE land use GmbH
Schnewlinstr. 10
D-79098 Freiburg

Administrator of the Technical Assistance Programme

Lux-Development S.A.
B.P. 2273
L-1022 Luxembourg

Depositary and Paying Agent

Banque et Caisse d'Épargne de l'État
1, place de Metz
L-2954 Luxembourg

Administrative Agent, Registrar and Transfer Agent

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

Auditors

KPMG Audit S.à r.l.
39, Avenue John F. Kennedy
L-1855 Luxembourg

Legal Advisers

Elvinger Hoss Prussen
2, place Winston Churchill
L-1340 Luxembourg

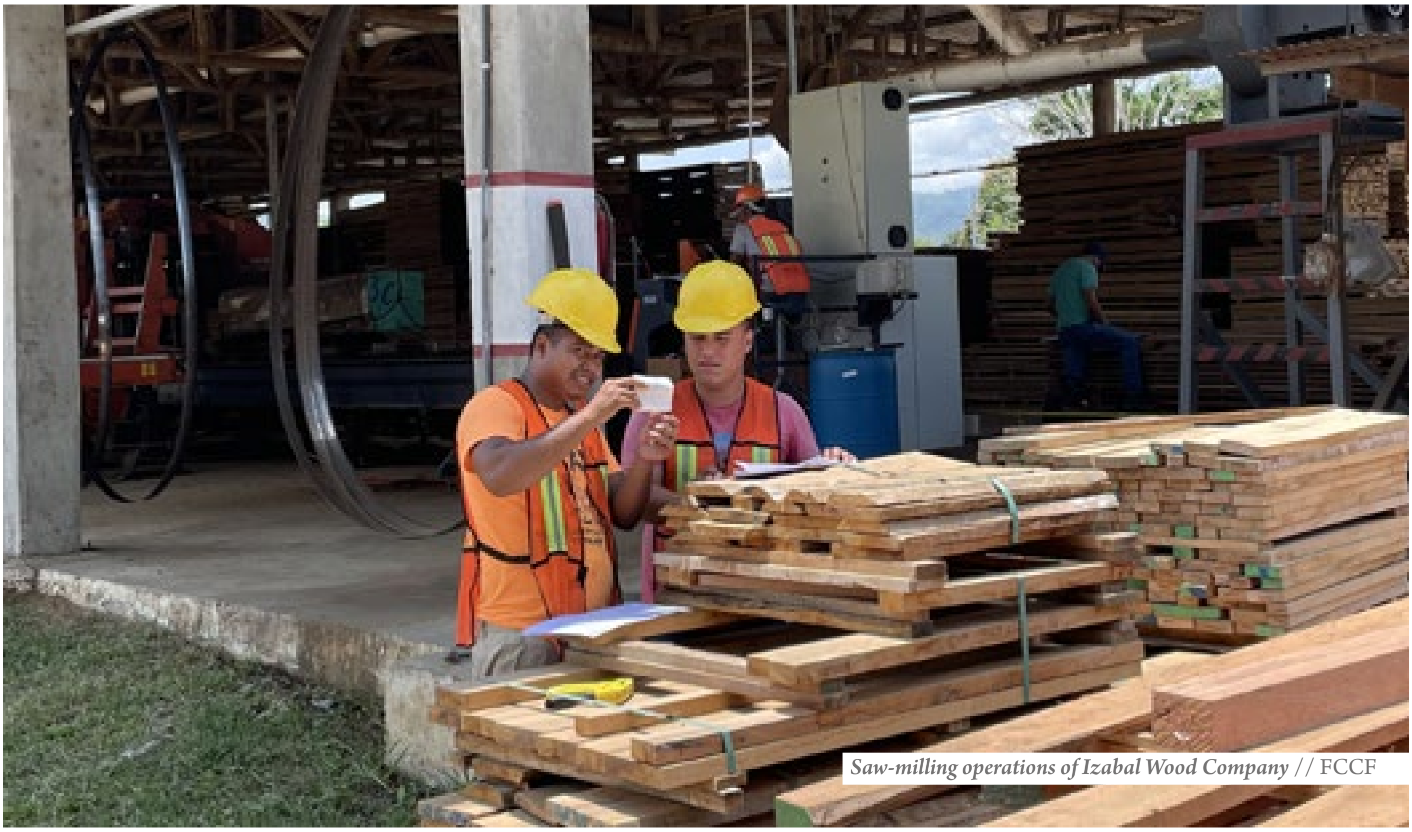
*A separate investment committee has been constituted for LMDF

Audited financial statements

// 1 Statement of net assets

as at 31 March 2023

Assets	Notes	USD
Shares (and equity-type securities)	6, 12	473,159
Loan agreements	6, 12	4,748,594
Cash and savings at banks		5,415,695
Interest receivable on portfolio		139,948
Interest receivable on bank accounts and term deposits		4,539
Receivable on matured investments		216,726
Other receivables & assets	7	36,686
Total assets		**11,035,347**



Saw-milling operations of Izabal Wood Company // FCCF

Liabilities	Notes	USD
Accrued expenses	7	168,666
Other payables and liabilites	7	1,173
Total liabilities		**169,839**
Net assets at the end of the year		**10,865,508**
I Class shares outstanding		96,972.129
Net asset value per I Class share		41.80
J Class shares outstanding		68,118.241
Net asset value per J Class share		100.00

// 2 Statement of operations and other changes in net assets

from 1 April 2022 to 31 March 2023

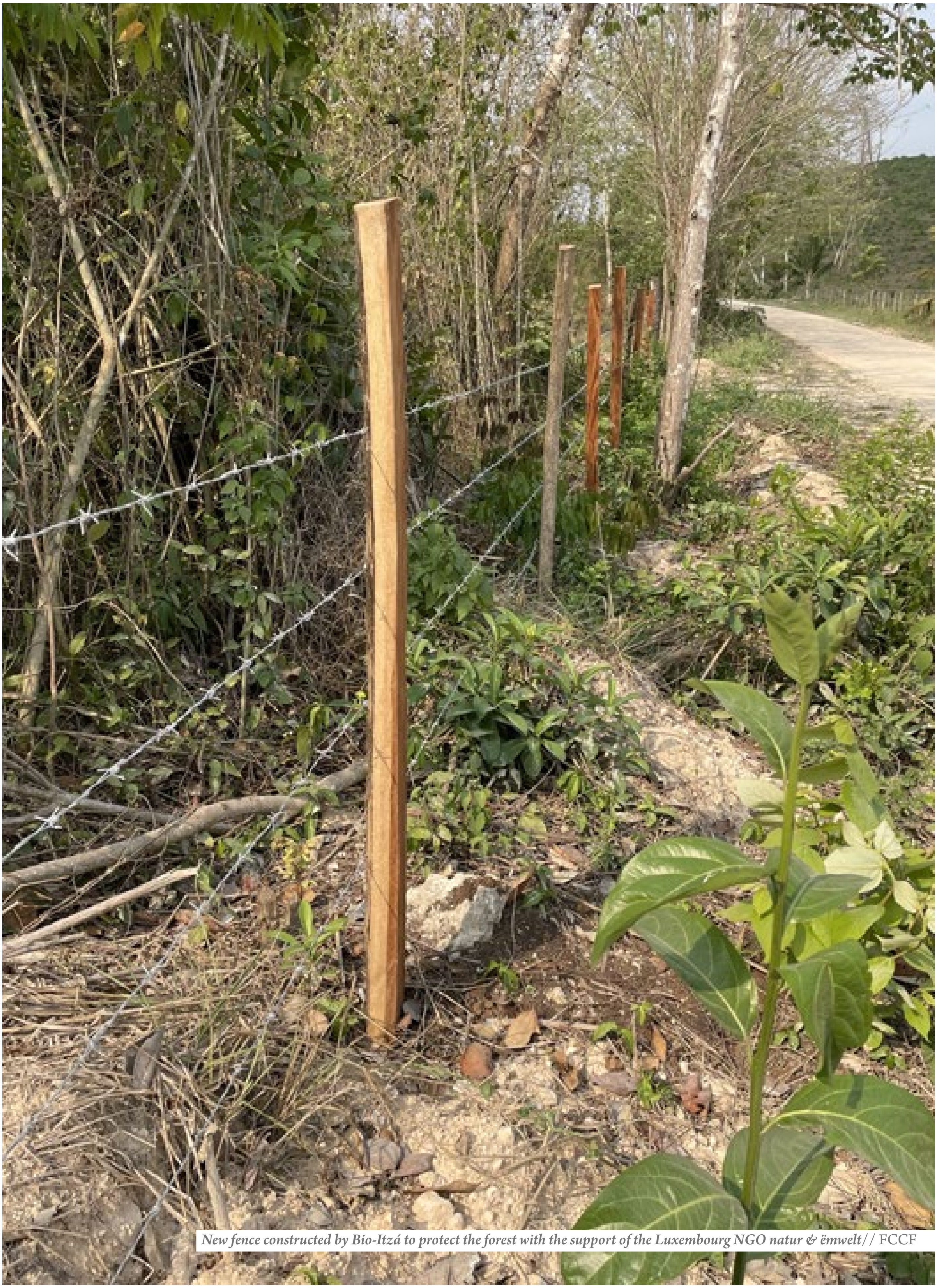
Income	Notes	USD
Interest on loan agreements		420,679
Interest on term deposit		4,539
Interest on current account		111,940
Other income		3,222
Total income		**540,379**
Expenses		
Fund management costs		
Salary and wages of fund management	3	83,316
Travel and representation fees		39,445
Rent and information technology fees		9,569
Total fund management costs		**132,330**
Advisory fees	3	193,248
Sub-advisory fees	3	82,650
Legal fees		48,407
Depreciation charges (formation expenses)	5	23,007
Audit fees		49,238
Custodian fees		26,558
Other administration costs	8	18,110
Central administration costs		38,104
Banking charges and other fees		2,899
Subscription tax	4	3,270
Interest on bank accounts		228
Total expenses		**618,049**
Net investment income		(77,670)

Net realised gain/(loss)	Notes	USD
On investments		-
On foreign exchange transactions		(3,487)
Realised result		**(3,487)**
Net variation of the unrealised gain/(loss)		
On investment portfolio		
Variation of impairment on loans	6	(837,787)
Variation of valuation of equity investments	6	29,311
Variation due to changes in the foreign exchange rate		15,402
Total variation on investment portfolio		**(793,074)**
On foreign exchange transactions		-
Unrealised result		**(793,074)**
Result of operations		**(874,231)**
Subscriptions		1,259,210
Redemptions		-
Total changes in net assets		**384,978**
Total net assets at the beginning of the year		**10,480,530**
Total net assets at the end of the year		**10,865,508**

// 3 Statistical information

as at 31 March 2023

Total net assets	USD
As at 31/03/2023	10,865,508
Number of I Class shares	
Outstanding at the beginning of the year	96,972.129
Issued during the year	-
Redeemed during the year	-
Outstanding at the end of the year	**96,972.129**
Net asset value per I Class share	
As at 31/03/2023	41.80
Number of J Class shares	
Outstanding at the beginning of the year	55,526.141
Issued during the year	12,592.101
Redeemed during the year	-
Outstanding at the end of the year	**68,118.241**
Net asset value per J Class share	
As at 31/03/2023	100.00



New fence constructed by Bio-Itzá to protect the forest with the support of the Luxembourg NGO natur & ëmwelt// FCCF

// 4 Statement of investments and other net assets

Instrument // Partners	Note	Country	Maturity	Ccy	Quantity // Nominal value	Cost price (in ccy)	Cost price (in USD)	Total value (in USD)	% of Commited Capital*
Financial instruments not admitted to an official stock-exchange listing nor dealt in on another regulated market									
Shares and equity-type securities									
Simplemente Madera Marketplace S.A.	6, 12	Nicaragua		NIO	25,398	2,540,000	81,386	0	0.0%
BluWood Industries S.A.	6	Costa Rica		USD	200,000	213,000	213,000	462,210	3.1%
Operaciones Forestales Sostenibles S.A.	6	Costa Rica		USD	180,237	180,237	180,237	0	0.0%
Izabal Wood Company S.A.	6	Guatemala		GTQ	400	40,000	5,216	0	0.0%
Forestal Naj-Ché S.A.	6	Guatemala		USD	150,000	149,980	149,980	10,949	0.1%
Fundecor Bosques S.A.	6	Costa Rica		USD	147,000	147,000	147,000	0	0.0%
In The Woods by Fundecor S.A.	6	Costa Rica		USD	205,800	205,800	205,800	0	0.0%
Sub-total							**982,620**	**473,159**	**3.2%**
Loan agreements									
Operaciones Forestales Sostenibles Working Capital 1	6	Costa Rica	30/04/22	USD	50,000	50,000	50,000	53,419	0.4%
In The Woods Working Capital 1	6	Costa Rica	29/04/22	USD	100,000	100,000	100,000	16,750	0.1%
In The Woods Working Capital 2	6	Costa Rica	28/10/22	USD	100,000	100,000	100,000	0	0.0%
Izabal Wood Company Subordinated Loan 1	6	Guatemala	28/04/23	USD	140,271	140,271	140,271	0	0.0%
Fundación Naturaleza Para la Vida Forest Owner Loan 1	6	Guatemala	31/12/30	USD	20,767	20,767	20,767	0	0.0%
Simplemente Madera Working Capital 1	6, 12	Nicaragua	18/08/19	USD	156,000	156,000	156,000	0	0.0%
Izabal Wood Company Machinery Loan 1	6	Guatemala	30/04/30	USD	170,000	170,000	170,000	175,633	1.2%
In The Woods Capex Loan 1	6	Costa Rica	30/04/26	USD	99,640	99,640	99,640	32,270	0.2%
Fundecor Bosques Machinery Loan 1	6	Costa Rica	30/04/32	USD	200,000	200,000	200,000	208,806	1.4%
Operaciones Forestales Sostenibles Working Capital 2	6	Costa Rica	30/10/22	USD	55,000	55,000	55,000	11,886	0.1%
Izabal Wood Company Machinery Loan 2	6	Guatemala	30/10/26	USD	330,000	330,000	330,000	340,935	2.3%
In The Woods Working Capital 4	6	Costa Rica	30/10/22	USD	120,000	120,000	120,000	0	0.0%
Operaciones Forestales Sostenibles Working Capital 3	6	Costa Rica	30/10/22	USD	30,000	30,000	30,000	0	0.0%
Operaciones Forestales Sostenibles Working Capital 4	6	Costa Rica	28/04/23	USD	40,000	40,000	40,000	0	0.0%
Izabal Wood Company Infrastructure Loan	6	Guatemala	30/04/26	USD	100,000	100,000	100,000	103,283	0.7%
Operaciones Forestales Sostenibles Working Capital 5	6	Costa Rica	28/10/22	USD	30,000	30,000	30,000	0	0.0%
In The Woods Working Capital 5	6	Costa Rica	28/10/22	USD	80,000	80,000	80,000	0	0.0%
Fundecor Bosques Working Capital 1	6	Costa Rica	30/10/23	USD	250,000	250,000	250,000	0	0.0%
Operaciones Forestales Sostenibles Working Capital 6	6	Costa Rica	28/10/22	USD	45,000	45,000	45,000	0	0.0%
Operaciones Forestales Sostenibles Forest Management 1	6	Costa Rica	28/10/22	USD	50,000	50,000	50,000	51,711	0.3%
Izabal Wood Company Machinery Loan 3	6	Guatemala	29/10/27	USD	65,000	65,000	65,000	67,362	0.5%
Izabal Wood Company Subordinated Loan 2	6	Guatemala	30/10/25	USD	107,186	107,186	107,186	17,651	0.1%
Forestal Naj-Ché Working Capital 1	6	Guatemala	28/06/23	USD	200,000	200,000	200,000	201,561	1.4%
Forestal Naj-Ché Forest Management 1	6	Guatemala	28/10/27	USD	150,000	150,000	150,000	155,133	1.0%

Instrument // Partners	Note	Country	Maturity	Ccy	Nominal value	Cost price (in ccy)	Cost price (in USD)	Total value (in USD)	% of Committed Capital
Fundecor Bosques Forest Management 1	6	Costa Rica	30/06/23	USD	310,000	310,000	310,000	141,179	1.0%
Operaciones Forestales Sostenibles Working Capital 7	6	Costa Rica	31/10/23	USD	30,000	30,000	30,000	0	0.0%
BluWood Industries Consolidated Capex Loan	6	Costa Rica	30/05/31	USD	1,753,076	1,753,076	1,753,076	1,793,796	12.1%
Conjunto Predial Capex Loan 1		Mexico	29/10/27	MXN	2,584,674	2,584,674	127,760	146,622	1.0%
Izabal Wood Company Working Capital 3	6	Guatemala	29/10/27	USD	610,000	610,000	610,000	633,189	4.3%
Izabal Wood Company Forest Management 2	6	Guatemala	30/10/28	USD	350,000	350,000	350,000	361,978	2.4%
Forestal Naj-Ché Forest Management 2	6	Guatemala	29/10/27	USD	170,000	170,000	170,000	172,720	1.2%
Forestal Naj-Ché Machinery Loan 1	6	Guatemala	30/01/30	USD	140,000	140,000	140,000	143,653	1.0%
BluWood Industries Consolidated Working Capital 1	6	Costa Rica	29/10/27	USD	58,000	58,000	58,000	59,005	0.4%
Operaciones Forestales Sostenibles Working Capital 8	6	Costa Rica	30/10/24	USD	20,000	20,000	20,000	0	0.0%
Sub-total							**6,257,700**	**4,888,542**	**30.2%**
Total financial instruments								**5,361,701**	**36.2%**
Cash at banks, term deposits and savings accounts								**5,415,695**	**36.5%**
Other net assets / liabilities								**88,112**	**0.6%**
Total Net Assets								**10,865,508**	**73.3%**

* Total Committed Capital as at the end of the year amounts to USD 14,830,865. The % of Committed Capital can be converted to % of Net Assets by multiplying it by 1.36495.

// 5 Statement of investments by investee and type

Investee	Note	Instrument type	Cost Price (in USD)	Total Value (in USD)	Difference (in USD)	% of Committed Capital**
BluWood Industries S.A.						
	6	Equity	213,000	462,210	249,210	3.1%
	6	Capex Loan	1,753,076	1,793,796	40,720	12.1%
	6	Working Capital	58,000	59,005	1,005	0.4%
Sub-total*			**2,024,076**	**2,315,011**	**290,935**	**15.6%**
Izabal Wood Company S.A.						
	6	Equity	5,216	-	(5,216)	0.0%
	6	Subordinated loan	247,457	17,651	(229,806)	0.1%
	6	Natural Capital Loan	350,000	361,978	11,978	2.4%
	6	Capex Loan	665,000	687,213	22,213	4.6%
	6	Working Capital	610,000	633,189	23,189	4.3%
Sub-total*			**1,877,673**	**1,700,030**	**(177,643)**	**11.5%**
Fundecor Bosques S.A.						
	6	Equity	147,000	-	(147,000)	0.0%
	6	Natural Capital Loan	310,000	141,179	(168,821)	1.0%
	6	Capex Loan	200,000	208,806	8,806	1.4%
	6	Working Capital	250,000	-	(250,000)	0.0%
Sub-total*			**907,000**	**349,985**	**(557,015)**	**2.4%**
Forestal Naj-Ché S.A.						
	6	Equity	149,980	10,949	(139,031)	0.1%
	6	Natural Capital Loan	320,000	327,853	7,853	2.2%
	6	Capex Loan	140,000	143,653	3,653	1.0%
	6	Working Capital	200,000	201,561	1,561	1.4%
Sub-total*			**809,980**	**684,016**	**(125,964)**	**4.6%**
Operaciones Forestales Sostenibles S.A.						
	6	Equity	180,237	-	(180,237)	0.0%
	6	Natural Capital Loan	50,000	51,711	1,711	0.3%
	6	Working Capital	300,000	65,305	(234,695)	0.4%
Sub-total*			**530,237**	**117,016**	**(413,221)**	**0.8%**
Conjunto Predial Agrosilvicultores de Nuevo Becal, S.P.R. DE R.L.						
		Capex Loan	127,760	146,622	18,862	1.0%
Sub-total*			**127,760**	**146,622**	**18,862**	**1.0%**
In The Woods by Fundecor S.A.						
	6	Equity	205,800	-	(205,800)	0.0%
	6	Capex Loan	99,640	32,270	(67,370)	0.2%
	6	Working Capital	400,000	16,750	(383,250)	0.1%
Sub-total*			**705,440**	**49,020**	**(656,420)**	**0.3%**

Investee	Note	Instrument type	Cost Price (in USD)	Total Value (in USD)	Difference (in USD)	% of Committed Capital**
Simplemente Madera Marketplace S.A.						
	6, 12	1. Equity	81,386	-	(81,386)	0.0%
	6, 12	5. Working Capital	156,000	-	(156,000)	0.0%
Sub-total*			**237,386**	**-**	**(237,386)**	**0.0%**
Fundación Naturaleza Para la Vida						
	6	Natural Capital Loan	20,767	-	(20,767)	0.0%
Sub-total*			**20,767**	**-**	**(20,767)**	**0.0%**
Total*			**7,240,320**	**5,361,701**	**(1,878,619)**	**36.2%**

* Any difference with the sub-totals or sub-totals and the sum is due to the rounding of the figures to zero decimals.
** Total Committed Capital as at the end of the year amounts to USD 14,830,865. The % of Committed Capital can be converted to % of Net Assets by multiplying it by 1.36495.

// 6 Statement of investments by instrument type

Type of Instrument	Cost Price (in USD)	Total Value (in USD)	Difference (in USD)	% of Committed Capital*
Equity	982,620	473,159	(509,461)	3.2%
Subordinated loan	247,457	17,651	(229,806)	0.1%
Natural Capital Loan	1,050,767	882,721	(168,046)	6.0%
Capex Loan	2,985,476	3,012,360	26,883	20.3%
Working Capital	1,974,000	975,810	(998,190)	6.6%
Total	**7,240,320**	**5,361,701**	**(1,878,619)**	**36.2%**

* Total Committed Capital as at the end of the year amounts to USD 14,830,865. The % of Committed Capital can be converted to % of Net Assets by multiplying it by 1.36495.

The instruments by type in which FCCF invests are classified as follows:

- **Equity:** Common or Preferred Shares in entites engaged in secondary and degraded forest management activities.
- **Subordinated Loan:** Unsecured subordinated loan instruments with or without convertible options with specific conditions.
- **Natural Capital Loan:** Unsecured or Secured loan instruments used to finance forest management activities and forest owners requirements.
- **Capex Loan:** Secured loan instruments to finance Property, Plant and Equipment (PPE), supply chain infrastructure and harvesting vehicles.
- **Working Capital Loan:** Unsecured or Secured loan instruments to finance corporate and working capital needs of investees.

Logs marked for tracability // FCCF

// 7 Geographical breakdown of investments

Country	Note	Cost Price (in USD)	Total Value (in USD)	% of Committed Capital**
Costa Rica		4,166,753	2,831,033	19.1%
Guatemala		2,708,420	2,384,046	16.1%
Mexico		127,760	146,622	1.0%
Nicaragua	12	237,386	-	0.0%
Total*		**7,240,320**	**5,361,701**	**36.2%**

* Any difference with the sub-totals or sub-totals and the sum is due to the rounding of the figures to zero decimals.
** Total Committed Capital as at the end of the year amounts to USD 14,830,865. The % of Committed Capital can be converted to % of Net Assets by multiplying it by 1.36495.

// 8 Evolution of NAV

	NAV/Share as at 31 March 2023 in USD	NAV/Share as at 31 March 2022 in USD	NAV/Share as at 31 March 2021 in USD	Initial subscription price in USD
Class I Shares	41.80	50.82	65.28	100.00
Class J Shares	100.00	100.00	100.00	100.00
Total Net Assets	10,865,508	10,480,530	7,069.779	2,062,375

	Performance financial period 2022 - 23	Performance financial year 2021 - 22	Performance financial year 2020 - 21	Performance since inception
Class I Shares	(17.7%)	(22.2%)	(3.7)%	(58.2%)
Class J Shares*	0.0%	0.0%	0.0%	0.0%

* J Class Shares were issued for the first time on 1 April 2019

// 9 Notes to the audited financial statements

as at 31 March 2023

GENERAL INFORMATION

/ A Structure of the SICAV
The Forestry and Climate Change Fund (the "FCCF" or "Fund") is a compartment of Investing for Development SICAV (the "SICAV").

The SICAV is an investment company organised as a public limited company (société anonyme) under the laws of the Grand Duchy of Luxembourg and qualified as a "société d'investissement à capital variable" (SICAV). The SICAV is internally managed and has been registered on 31 January 2014 by the CSSF as an Alternative Investment Fund Manager ("AIFM") falling under the de minimus rule of Article 3 of the Luxembourg law of 12 July 2013 ("AIFM Law").

The SICAV was incorporated in Luxembourg on 7 October 2009 with an initial capital of EUR 31,000 divided into 1,240 fully paid-up shares with no par value. The capital of the SICAV is equal at all times to its net assets. The Articles were published in the Mémorial on 2 November 2009 and the SICAV is registered under trade register number L.B.R. B 148826. The SICAV is incorporated for an unlimited period.

The SICAV is an umbrella fund and as such may operate separate Sub-Funds, each of which is represented by one or more classes of shares (each, a "Class"). The Sub-Funds are distinguished by their specific investment policy or any other specific features. As at 31 March 2023, the SICAV had two Sub-Funds, the Forestry and Climate Change Fund and the Luxembourg Microfinance and Development Fund.

/ B Structure of the FCCF
The Fund is authorised as an undertaking for collective investment ("UCI") under Part II of the law of 17 December 2010 relating to undertakings for collective investment (the "Law"). The Fund is a closed-ended fund with commitments to subscribe shares from a limited number of shareholders. The Fund was launched on 20 October 2017.

The Fund has accepted commitments for two classes of shares, namely Class I shares and Class J shares, each targeting different types of investors and evidencing a different level of risk. The Fund may accept commitments during an 18-months period following its launch.

The base currency of the Fund is the U.S. dollar and the financial statements of the Fund are presented in U.S. dollar. The financial year of the Fund ends on 31 March of each year.

Copies of the Articles, Prospectus, the latest financial reports and the latest annual report may be obtained without cost on request from the Fund.

Copies of the material agreements mentioned in the Prospectus may be reviewed during normal business hours on any business day at the registered office of the Fund.

/ C Investment Objective
The Fund aims at investing in a diversified portfolio of unlisted forestry management companies and operations for secondary and degraded forests (SDF). The Fund seeks a triple bottom-line: environmental impact, social progress and financial returns. The Fund seeks in particular to mitigate climate change through the sequestration and preservation of carbon in forest biomass. The Fund balances economic considerations with forest management models adapted to the different ecological conditions of secondary and degraded forests to ensure long-term sustainability of its interventions. The Fund aims at financing and developing entrepreneurial activities in the forest sector and as such will not acquire directly forests or land.

The Fund invests in equity or quasi-equity instruments including convertible debt, secured and unsecured senior or sub-ordinated debt instruments and guarantees.

The Fund invests primarily in Central American countries.

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

/ A Presentation of Financial Statements
The financial statements are prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds.

/ B Valuation of Financial Instruments

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

The choice of a valuation methodology will be driven by the availability of the relevant information. There is no certainty that the fair market value determined by the Fund using its valuation policy is equal to the sales price of an investment obtained in an arm's length transaction with a third party.

Debt instruments valued at nominal value of the loan plus accrued interest represents its fair value except in case of major changes in the interest rate environment and in case of impairments. The Fund assesses periodically whether a significant change in the environment, performance or financial position of the investee indicates that the loan instrument is impaired. To assess impairments of debt instruments, each investee is monitored through the financial, and operational reporting data and key performance indicators, the review of its activities and audit, and other reports. The review specifically covers whether one or more events have occurred which will have a significant impact on the instrument's future cash flows.

If the Fund concludes that there is evidence that a financial instrument is impaired, it will determine the impairment loss as the amount between the carrying amount (including accrued interest, commissions, where applicable) of the instrument prior to impairment and the probable realisable value. The Fund usually does not consider any reduction in value in the instruments that results from the depreciation of the investment currency vis-à-vis the U.S. dollar to be an impairment, such reduction being accounted for as a realised or unrealised exchange loss.

In case the Fund contracts currency hedging instruments, these are valued separately from the underlying loans. However, cross-currency swaps and currency forwards which are linked in notional, spot exchange rates, interest rates, maturities and other terms to any investment are valued considering the economic substance of the transaction.

For investments in the form of equity participations the Fund may use different fair market value methodologies in determining the fair value:

(i) Following the Fund's acquisition and up to the first year of holding, the equity stake will be valued at cost, i.e. at the Fund's acquisition price and without acquisition costs. A different valuation approach will be taken if material changes in the investee or in its operating environment occur during the first year following acquisition;

(ii) After the first year of holding, the value of the equity stake will be estimated with reference to prices of equity transactions or issues of new shares involving the same investee within a reasonable time of the Valuation Date. Such time is determined by an assessment by the Fund as to whether material changes within the investee or in its operating environment have occurred since the date such transaction took place;

(iii) If such transactions are not available or deemed not representative of fair value, the value of the equity stake should be estimated based on an income approach, using a discounted cash-flow model ("DCF"). The use of a DCF model requires the application of judgement and DCF models are likely to be sensitive to a number of critical variables.

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

/ C Allocation of Net Asset Value Among Share Classes

The two Classes of Shares offered by the Fund correspond to different levels of risk, as Class I Shares are subordinated to Class J Shares for which they provide risk coverage.

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

/ D Dividends

The Board of Directors may decide at its sole discretion to distribute dividends at any time, in accordance with the Prospectus and the Articles, out of realised income derived from the Fund's investments (for the avoidance of doubt excluding capital gains as a result of the realisation of an investment) net of all interest and other sums payable. The Board of Directors intends to make such dividend distributions once a year, as soon as practicable after the completion of the Class J Investment Period.

NOTE 2
SHARES AND NOTES

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

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

The Board of Directors may issue additional share classes and/or Notes with different risk and/or return characteristics at its sole discretion.

Class I shares:
Class I shares are reserved for Public investors seeking a developmental impact and wanting to leverage their investment with resources from the private sector.

- Risk profile: Junior

Class J shares:
Class J shares are aimed at Foundations, development finance institutions, other institutional investors and high net worth individuals. The minimum commitment amount for Class J shares is USD 200,000.

- Risk profile: Senior

Notes:
The Fund may issue Notes aimed at High Net Worth Individuals and institutional investors in one or several tranches with a nominal value per Note of USD 1,000, a maximum eight-year maturity and an interest rate equal to USD 6 month LIBOR plus 1% - 2% plus an additional performance dependent annual return between 2% and 4%. The aggregate notional value of Notes issues shall not exceed 30% of the committed share capital of the Fund.

- Risk profile: Senior to shareholders

NOTE 3
ADVISORY FEES AND MANAGEMENT/ TEAM REMUNERATION

/ A Advisory fees
On 20 October 2017, the Fund concluded an investment advisory agreement with UNIQUE land use GmbH, located in Freiburg, Germany.

The investment advisory agreement has been modified with effective date 1 March 2020. The modification mainly concerns the base of the remuneration of the adviser, which was amended from invested capital to capital committed to projects.

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

- Up to one year after the end of the Class J Investment Period (as defined in the Prospectus) 2.0% p.a. of the Committed Investment Capital, computed and payable at the end of each semester; plus
- During the Class J Investment Period up to 0.8% of the Committed Investment Capital as a variable advisory fee compensating the performance of the Investment Adviser. The amount of remuneration in excess of 2% of the Committed Investment Capital shall be payable in Class J Shares of the Sub-Fund and is contingent on reaching certain performance criteria established by the Board of Directors.
- Starting one year after the end of the Class J Investment Period (22/10/2023), 1.5% of the Committed Investment Capital until the end of the Fund’s life.

Total investment advisory fees amount, for the year ended on 31st March 2023, to USD 193,248 or 1.3% of total commitments of the Fund.

/ B Management/team remuneration
The Management and the Support Team are entitled to receive a fee of a maximum of 2% of the Sub-Fund’s Committed Capital, except for the first two years following the Initial Closing date where this fee shall be a maximum of 2% of Total Commitments (each time excluding the Investment Advisory fee). This fee shall be inclusive of the Management's and the Support Team’s wages, salaries, bonuses and benefits, but shall not comprise other organisational and operating expenses incurred by the Fund.

During the reporting year, management's and the support team's wages, salaries, bonuses and benefits amounted to 0.9% of the Fund's Total Commitments. Combined with the sub-advisory costs, the fees amount to 1.4% of the Fund's Total Commitments.

NOTE 4
SUBSCRIPTION DUTY

The Fund is governed by Luxembourg tax law.
The Fund is liable to pay a subscription tax ("Taxe d'Abonnement") in Luxembourg at a rate of 0.05% per annum on its net asset value, such tax being payable quarterly and calculated based on the total net assets of the Fund at the end of the relevant quarter. Classes of Shares held exclusively by institutional investors are subject to a reduced rate of 0.01%.

NOTE 5
FORMATION EXPENSES

As at 31 March 2023, the formation expenses are composed as follows (in USD):

Formation expenses:	
At the beginning of the year	162,204
Additions during the year	-
At the end of the year	**162,204**
Amortisation of formation expenses:	
Total amortisation at the beginning of the year	(139,197)
Amortisation during the year	(23,007)
Total amortisation at the end of the year	**(162,204)**
Net book value at the end of the year	**-**
Expenses linked to formation expenses	-
Amortisation for the year	(23,007)
Total expenses of the year	**(23,007)**

NOTE 6
REALISED AND UNREALISED GAINS/(LOSSES) AND IMPAIRMENTS OF FINANCIAL INSTRUMENTS

In application to the principles described in Note 1 of the valuation principles, the financial instruments are valued and tested for impairment twice annually.

The valuation process is based on Unique's semi-annual monitoring report and the latest business projections received from investees. Business plans of investees are assessed by the Fund for accuracy and reasonableness. Based on these elements, the Fund projects free cashflow to the firm ("FCFF"). FCFF are discounted using the Weighted Average Cost of Capital ("WACC"), to determine each investee's Enterprise Value ("EV"). If feasible, valuation is cross-checked using other valuation methods. The Fund will judge the pertinence of the different other valuation methods to determine the weighted average EV. Enterprise Values are then compared with and allocated to the outstanding financial instruments – equity and debt - in order of seniority. A strong impairment indication is presumed if the investee's EV is less than the total notional value of all debt instruments. If the EV is greater than the notional value of debt, the part of the EV exceeding the notional value of all debt instruments is allocated to the equity and the proportional holding of each shareholder, allowing for a fair valuation of the Fund's equity participations. If feasible, valuation cross-checks using other methods are also conducted.

The Fund has made a full impairment provision on the amount of Simplemente Madera Sawmills Marketplace (Nicaragua), primarily driven by the uncertainty in the recoverability of its debt. The Fund made impairment provisions of 91%, 55%, 68% on total debt amounts to In The Woods by Fundecor S.A., Fundecor Bosques S.A.,and Operaciones Forestales Sostenibles respectively. The Fund also made a 100% impairment provision on the subordinated loan to Izabal Wood Company S.A.. These impairments are caused by the challenges the investees are currently facing to develop their business models. The Fund has also made a full provision for its outstanding debt with Fundación Naturaleza para la Vida (Guatemala), in accordance with the uncertainty of a process to transfer this debt to another entity.

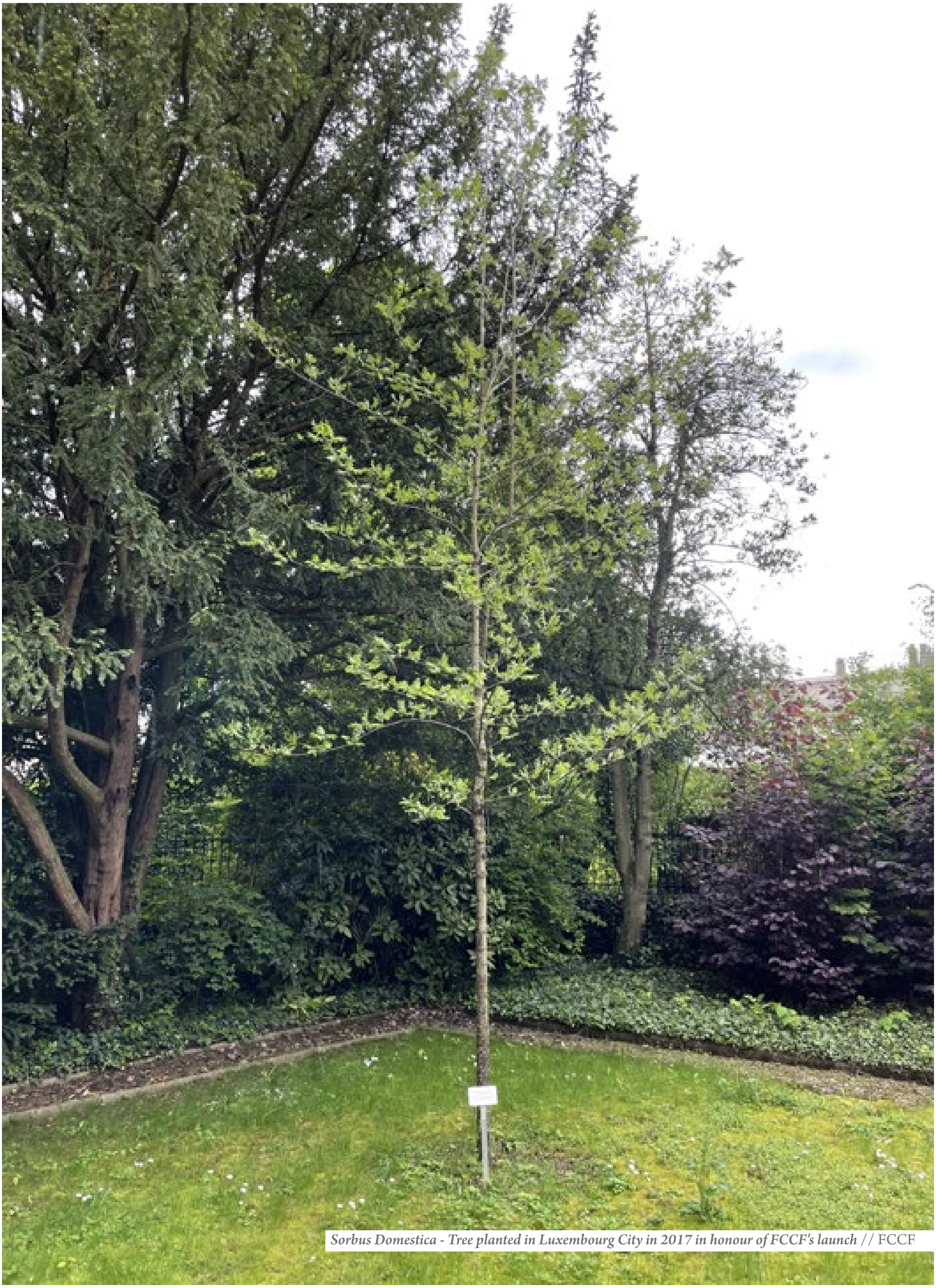
In terms of equity, the Fund has recognised unrealised gains of USD 249,210 from the BluWood equity investment and a total of USD 758,671 in unrealised losses linked to equity positions with other investees.

As at 31 March 2023, the realised and unrealised gains/(losses) and impairments of financial instruments are composed as follows (in USD):

Variation of impairments of loans	3103/2023	31/03/2022
Fundación Naturaleza Para la Vida	(20,767)	(20,767)
Simplemente Madera Marketplace S.A.	(156,000)	(146,000)
In The Woods by Fundecor S.A.	0	(69,092)
In The Woods by Fundecor S.A.	(67,370)	(99,640)
Operaciones Forestales Sostenibles S.A.	(45,535)	(6,222)
In The Woods by Fundecor S.A.	(120,000)	(120,000)
Operaciones Forestales Sostenibles S.A.	(30,000)	(30,000)
Operaciones Forestales Sostenibles S.A.	(40,000)	(40,000)
Operaciones Forestales Sostenibles S.A.	(30,000)	(30,000)
In The Woods by Fundecor S.A.	(80,000)	(80,000)
Operaciones Forestales Sostenibles S.A.	(45,000)	(45,000)
In The Woods by Fundecor S.A.	(83,250)	-
In The Woods by Fundecor S.A.	(100,000)	-
Fundecor Bosques S.A.	(250,000)	-
Izabal Wood Company S.A.	(95,496)	-
Fundecor Bosques S.A.	(170,819)	-
Izabal Wood Company S.A.	(140,271)	-
Operaciones Forestales Sostenibles S.A.	(30,000)	-
Operaciones Forestales Sostenibles S.A.	(20,000)	-
Sub-total	**(1,524,508)**	**(686,721)**
Net variation of impairments on loans	(837,787)	(572,474)

Variation of unrealised gains/(losses) of equity-type securities	31/03/2023	31/03/2022
Simplemente Madera Marketplace S.A. (Equity)	(81,386)	(81,386)
Bluwood Industries S.A. (Equity)	249,210	(85,327)
In The Woods by Fundecor S.A. (Equity)	(205,800)	(205,800)
Operaciones Forestales Sostenibles S.A. (Equity)	(180,237)	(75,000)
Izabal Wood Company S.A. (Equity)	(5,216)	14,660
Fundecor Bosques S.A. (Equity)	(147,000)	(105,919)
Forestal Naj-Ché S.A. (Equity)	(139,031)	0
Sub-total	**(509,461)**	**(538,772)**
Net variation of impairments on equity	29,311	(491,218)

No write-offs of financial instruments were recognised during the reporting year.



Sorbus Domestica - Tree planted in Luxembourg City in 2017 in honour of FCCF's launch // FCCF

NOTE 7
DETAILS OF EXPENSES, ACCRUED CHARGES AND OTHER ASSETS

As at the reporting date, accrued and payable expenses consisted of the following (in USD):

Advisory fees	96,335
Audit fees	32,598
Administration fees	28,942
Custodian fees	4,042
Transfer agency fees	3,448
FATCA fees	2,226
Securities transaction fees	1,461
Subscription Duty	1,048
Fees on VAT serv	542
Domiciliation fees	473
Salaries and wages paid	(2,448)
Total	168,666

As at the reporting date, the other payable and liabilities consisted of the following (in USD):

Communication expenses	489
Representation fees	684
Total	1,173

As at the reporting date, other assets consisted of the following (in USD):

Good and Service Tax	32,500
Receivable	2,678
CSSF Tax	1,508
Total	36,686

NOTE 8
OTHER ADMINISTRATION COSTS

As at the reporting date, the other administration costs consisted of the following (in USD):

Communication fees	6,421
CSSF Tax	3,853
Consultancy fees	2,578
Other fees	2,527
Post & communication	1,365
Taxes and VAT receivable	1,022
Membership fees	344
Total	18,110

NOTE 9
FOREIGN EXCHANGE RATES

The principal exchange rates rounded to two decimals applied at the reporting date are as follows:

1 USD =	0.92	Euro
1 USD =	36.57	Nicaraguan Córdoba
1 USD =	7.80	Guatemalan Quetzal
1 USD =	18.05	Mexican Peso

NOTE 10
STAFF

The SICAV employed three full-time staff, one part-time staff member plus one consultant at the reporting year ended on 31 March 2023. The Fund's Board of Directors adopted a Remuneration Policy for the fixed and variable remuneration of the Fund's staff, and which is available for public consultation on the website www. fccf.lu or at the registered office of the Fund.

During the reporting year, the Board of Directors decided on a target time allocation of 20% of the working time of staff to the Forestry and Climate Change Fund.

NOTE 11
COMMITMENTS OF SHAREHOLDERS FOR SHARE SUBSCRIPTION

As at the reporting date, the Fund has no outstanding commitments of shareholders for share subscriptions.

NOTE 12
POSITIONS IN HIGH RISKS OR MONITORED JURISDICTIONS

As at the reporting date, no country in FCCF's portfolio is part of the jurisdictions included in FATF's list of High Risk or Monitored Jurisdictions or the EU List of High Risk countries.

NOTE 13
RELATED PARTY TRANSACTIONS

The Fund considers each shareholder controlling 20% or more of total voting rights or any entity forming part of the key management of the Fund, including its directors, as a related party. During the reporting year, the Fund conducted the following material transactions with related parties, excluding subscription of shares and commitments to subscribe for shares in the future:

- The Fund sub-leases an office and contracts services in the “Maison de la Microfinance”, a building leased by Appui au Développement Autonome asbl (ADA) - investment adviser to the other Sub-Fund, Luxembourg Microfinance and Development Fund at 39, rue Glesener, L-1631 Luxembourg. IforD's Board of Directors estimate the rent to correspond to a rent agreed in an arm's length transaction with an unrelated party.

NOTE 14
SUBSCRIPTION AGREEMENTS WITH DIRECTORS

Two directors have signed subscription agreements: one on October 20th 2017 and one on 19th February 2019. Their shares have been drawn down in line with commitments from other Class J Shareholders, with the first commitment calls occurring on 1st April 2019.

NOTE 15
SUBSEQUENT EVENTS BETWEEN THE YEAR-END UNTIL 27 JUNE 2023

In May 2023, the Fund invested USD 192k in working capital for Izabal Wood Company and USD 180k in working capital for Forestal Naj-Ché to support both companies in their harvesting operations for the season 2023-2024.

In February 2022, and due to the de-minimis size limit, the Board of Directors appointed BIL Manage Invest S.A. (BMI) as external Alternative Investment Fund Manager (AIFM). In May 2023, BMI received license approval from the CSSF to manage microfinance Funds and therefore, onboarding of the AIFM and the formalisation of procedures are ongoing.

Imprint

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