Adding value to wood in Costa Rica

Building a greener future & stronger community with quality wood products

Semi-annual unaudited report as at 30 September 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

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 30 September 2023

Fund Profile	Natural Capital
USD 10.3m Total net assets	USD 4.7m Committed to sustainable forest management
USD 14.8m Capital committed by investors	10,370 ha Area of SDF secured for management
11 Partners financed	77,294 tCO_2 Sequestration of greenhouse gases (cummulative)
4 Countries	3xFSC Forest management certification achieved

Value Chains	Equity & Inclusion
USD 5.6m Committed to value chain companies	113 Jobs created
38,077 m^3 Roundwood volume processed to date	81% Of people employed from the communities
USD 3.9m Group revenue to date	8 Landowners FCCF invested in
29 Lesser-known species commercialised	15% Of employees are women
5xFSC Chain of custody certification	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 30 June 2023 and are largely based on unaudited information.

Woodpecker processes Teak and other woods from certified FSC® plantations // FCCF

Central America investment map

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 period started on April 1st, 2023 and ended on September 30th, 2023.

FCCF went through a lot of changes! Our investment period ended in October 2022 and now we're focusing on helping our investees succeed. This hasn't been easy with all the inflation, political challenges, and construction slowdown. One of our investees, BluWood Industries in Costa Rica, went through a major restructuring. A new company called Woodpecker was created and it is all about producing high-quality wood products. We decided to focus this report on them and interviewed José María Torra, their CEO.

FCCF continued its growth with USD 8.7m in investments made since inception, a 21% increase compared to the end of March 2023. The total net assets of USD 10.4m remained mostly stable (compared to USD 10.9m at the end of March 2023). All the commitments from shareholders have been fully drawn down.

During the last six months, FCCF's forest management area stabilised from 11,925 ha to 10,370 ha due to loan repayment and project development in Guatemala and Mexico. The Fund's climate impact reached 77,294 tons of CO_2e, and we prioritise the development of value chains and creation of jobs in local communities.

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.

Logs marked for traceability // FCCF

- The **Marketing Committee,** which has four members, oversees the marketing strategy including the development of the shareholder base 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 Board agreed to constitute a committee of nine members dedicated to assessing the strategy of the FCCF Sub-Fund and a possible successor Fund now that its investment period has ended.

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.

"Forest conservation is not just about protecting trees; it's about safeguarding the intricate web of life that depends on them. Local communities play a crucial role in this effort, as they are the stewards of these forests, with their deep knowledge and connection to the land." - Dr. Jane Goodall, Primatologist and Conservationist.

The Board wished to thank its shareholders for their continued support.

The Board of Directors
November 30th, 2023

Raymond Schadeck
Chairman

Management report

Dear Shareholder,

In this report the Forestry and Climate Change Fund (FCCF or Fund) reports on the financial period for the six month ended on September 30th, 2023.

// Focus on developing investees

The Fund ended its investment period end of October 2022. The focus of the management team and the investment adviser is on the successful development of investees, in a challenging context marked by high levels of inflation, turbulent political environments and a marked cooling off of the construction sector in countries such as the US.

In this context, the Fund, together with its investees and local co-investors had to make difficult decisions. FCCF's investment in BluWood Industries S.A., Costa Rica saw an extensive restructuring involving the replacement of the senior management team and local equity holder and the split into a real estate holding company and the creation of a new company, Woodpecker de Nandayuré S.A. (Woodpecker). This report features Woodpecker which is dedicated to excellency in wood products, based on a strong production standards and efficiency.

The Fund accepted that such processes start with pragmatic solutions. In the case of Woodpecker this implies to work with Teak sourced from local plantation, which is not aligned to FCCF's theory in change on natural capital but builds know-how and establishes examples of how to build succesful value chains and market linkages essential to the success of all of FCCF's investees in the long term.

FCCF, together with its local partner Fundecor, Costa Rica, took the difficult decision that the operations of the jointly owned company, Fundecor Bosques S.A. are not viable in their present form and need to be restructured or closed down.

FCCF also collaborated with Lux-Development S.A. in the conception and structuring of a new phase of the Technical Assistance Programme (TAP) to assist investees in this difficult environment. The programme is to receive seed funding from the Luxembourg Development Corporation and is expected to launch later in 2023.

// Substantial scale in reach

As an impact fund, we provide an update on the key performance indicators (KPIs) linked to our Theory of Change, featured at the beginning of this report. Compared to six months ago, the Fund:

- Saw a stabilisation of forests under management from 11,925 ha to 10,370 ha, mainly caused by the repayment of the loan by the Coop. Carmelita in Guatemala and the corresponding reduction of forest management area accountable to the FCCF. Going forward we see very significant increase in scale from projects of current investees under development in Guatemala and Mexico. The Fund's climate mitigation impact lags the expansion of the forest management area and is a cumulative 77,294 tons of CO2e to end of June 2023.

- As outlined above, the development of value chains to connect forests and wood to markets remains a priority in the Fund's actions in the this and the next financial year.

- Eight communities and eight small and medium sized forest owners benefit from FCCF's financing. A total of 113 jobs have been created, 15% of which are occupied by women and 81% by the local community.

The disclosure of valuations at the end of September 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 8.7m in investments made to date, an increase of 21% over the USD 7.2m end of March 2023. Total net assets remained largely stable at USD 10.4m (compared to USD 10.9m end of March 2023), with all shareholder commitments other than Notes fully drawn down.

The Fund has achieved important progress in terms of sustainability with financial income from the portfolio of USD 420k exceeding total costs of USD 283k.

The net variation in unrealised losses has reduced to a loss of USD 0.6m (compared to USD 0.8m loss during the previous financial year). This leads to a loss on operations of USD 0.5m, mainly driven by the valuations. As the Fund has reached the end of the investment period, management and advisory charges have decreased and will continue to decrease further in the coming months (notably through a further reduction in advisory fees). Yet the Fund's investees require an 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 woodpecker bird symbolises new opportunities, creativity, optimism, courage, motivation, […] protection, and discernment. // FCCF

the financial year with a NAV per share of USD 36.57 whereas Class J shares NAV is USD 100.00.

// Outlook

On the one side, the Fund has gone through a difficult period. The restructuring of BluWood into Woodpecker and the difficult decisions regarding Fundecor Bosques are evidence of that. Yet the Fund retains close to USD 4m in liquid assets ready to scale successful investees.

The community credit product is an interesting development by aligning closely the Fund's impact objectives with a standardised financial product which can be deployed at a larger scale. FCCF's Strategy Committee is reviewing the future of this programme in the coming months.

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.

Kaspar Wansleben
Executive Director

Risk report

The Fund's Risk Committee oversees the various risks the Fund faces. Although credit risk is the main focus of the Committee, their remit also includes market, operational, country, liquidity, distribution, regulatory, and ESG risks. During the first half of the year 2023/24, the Committee was consulted to take action on one credit matter regarding Fundecor Bosques.

Overall, the Fund continues to face uncertain sentiment in the Forestry sector due to contained economic growth impacting the construction sector, heightened interest rates, persistent inflation levels, increased geopolitical risks, and market volatility.

// Credit risks

In the forestry sector, economic growth is a major indicator of demand for tropical wood products because of its impact on housing, construction activity, and consumer spending, all of which have flow-on effects on demand for wood-based products. The latest economic outlook from the International Monetary Fund ("IMF") forecasts global growth to slow from 3.5% in 2022 to 2.9% in 2024, well below the historical average of 3.8%. Most importantly, the Tropical Timber consumer countries' GDP growth is estimated to drop to 2.7%, significantly affecting the forecast Timber demand. In addition, high interest rates and inflation, plus volatilities on global supply chains contribute to the added pressure seen recently. These sectorial challenges have come at a time when most of the Fund's partners remain in their start-up/ ramp-up stage, 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 period of USD 650k, for a total impairment of USD 2.7m, representing 31% of the total invested.

The largest impairment by investee amounts to USD 658k in relation to outstanding loans and equity of In the Woods by Fundecor S.A., Costa Rica. This company focused on the commercialisation of timber and products from lesser-known local species in Costa Rica. During the past year, the company faced severe difficulties in scaling 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. The company is now in a voluntary liquidation process, with recoverability values mainly expected from the remaining inventory of timber products.

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 by the challenges in the sector. As a consequence of these challenges, the company struggled to achieve meaningful sales urging management to stop the milling operations outsourced with a local partner. This has resulted in a compensation liability towards the local partner and the consequent resolution by the management to initiate a voluntary liquidation. Based on the Funds' Valuation Guidelines, the Fund has estimated the recoverability values of Fundecor Bosques from the CAPEX investments and the remaining inventory of timber products; resulting in a total impairment of USD 600k.

Operaciones Forestales Sostenibles S.A. (Costa Rica) has seen similar challenges. Facing difficulties in scaling the business, the company has managed 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 540k against outstanding loans and equity.

Forestal Naj-Ché S.A. is dedicated to the development of a sustainable forest sector involving private and communal-owned secondary or degraded forests in the department of Petén in Northern Guatemala. The first project of the company suffered a 6-month delay due to the short summer dry season of 2022. Although the project has undergone the first harvesting stage, the initial delay and the consequent extra costs incurred translate into a total impairment of USD 447k.

Izabal Wood Company (Guatemala) 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 234k.

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

In relation to BluWood, in Costa Rica., the turnaround business plan is underway with

Through FCCF's investments, 113 jobs have been created, 15% of which are occupied by women and 81% by the local community // FCCF

the new venture Woodpecker de Nandayuré S.A. which launched its operations in summer 2023. This has allowed BluWood to remain the owner of the buildings and land of the industrial site in Guanacaste, while Woodpecker pursues the wood transformation and commercialisation operations. Based on the Funds' Valuation Guidelines, the Fund has booked an unrealised gain of USD 52k on the equity of the company.

// Country risks

At the end of September 2023, FCCF remained actively invested in Costa Rica, Guatemala and Mexico, The Fund's highest exposure continues to be Costa Rica, where the holding constitutes 33% of the net assets, compared to 26% in the previous semester. Meanwhile, holdings in Guatemala and Mexico represent 25% and 1.4% of net assets respectively.

As of 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.

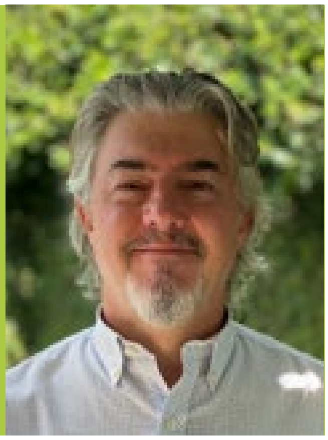
We look forward to receiving your thoughts and comments.

Yours faithfully,

Alejandro Vazquez Ortega
Head of Risk

4 Questions to

José María Torra, CEO of Woodpecker de Nandayuré S.A.



Woodpecker is a new company that just started this summer. What's its vision and first milestones?

Woodpecker's vision is all about sustainability and production excellence. We're committed to adding value to wood while ensuring minimal impact on the environment. Costa Rica, with its rich biodiversity and environmental consciousness, provides an ideal setting for our operations. We're dedicated to crafting high-quality wood products using ecofriendly practices and creating quality work opportunities in rural areas. Our goal is to become a symbol of responsible manufacturing and contribute to the global push for sustainable business practices.

In terms of milestones, we've already achieved Forest Stewardship Council (FSC) certification, which affirms our commitment to responsible forestry management. We're also excited to see that our product strategy and value proposition have been well received in the domestic market, and we're already expanding our focus to exports. Additionally, we're working on a system to enhance efficiency, reduce waste, and increase yields and performance at our factory in the rural area, which has 42 full time employees. We're thrilled with the progress we've made in the first few months and are looking forward to fostering relationships with forest owners, the community, and our customers as we continue to grow.

How do you position yourself in a volatile time in wood markets going through a rollercoaster of high and low prices recently due to the US economy, China, logistics challenges, energy prices, labour shortages, near-shoring...?

Woodpecker is well-positioned in volatile markets due to our specialisation in processing hard tropical woods. We've observed significant fluctuations in pine prices and freight costs in the past two years, mainly due to pandemic-related supply chain disruptions. However, both are now stabilising close to pre-pandemic levels. Many corporations have learned from this experience and are reevaluating their supply chains, with a focus on flexibility and near-shoring options. That's where Woodpecker comes in. We are a trusted, professional, FSC® certified wood product supplier based in Costa Rica, a stable country with convenient shipping transit to the US and EU. By manufacturing our products where the wood grows, we minimise transportation costs and CO_2 emissions. Sustainability is a key aspect of our approach. Shipping logs across the globe and then re-exporting finished goods is simply not sustainable. Our market segments include builders, furniture manufacturers, and DIY centres, serving both domestic and international markets. This diversified approach allows us to adapt to changing demands effectively.

What does Woodpecker do and plans to do to foster inclusion of the local community and development of the region?

We value the local community's role in our success at Woodpecker. To promote inclusion and contribute to the region's development, we plan to expand various initiatives:

- **Job creation:** Our main goal is to create jobs for local residents, strengthening the workforce and reducing unemployment, ultimately benefiting families in the region.

- **Training and skill development:** We're discussion investing in training programs for local employees, equipping them with skills for roles at Woodpecker and other related industries.

- **Environmental Stewardship:** Our commitment to sustainable forestry practices not only ensures responsible sourcing but also contributes to the preservation of the local environment.

We just started and we are already changing the scenography of the area surrounding our factory, before extending our engagement with the community by supporting education, investing in infrastructure, developing local suppliers, and creating business partnerships. Perhaps the best program will be YURE, an initiative that involves the collaboration between Woodpecker and the community to manufacture wood home utensils and home products.

Woodpecker wants to be more than just a successful wood manufacturing company. We strive to be an essential part of the Nandayuré community's social and economic fabric.

FCCF aims to restore forests in Central America by focusing on natural forest species. Woodpecker primarily works with Teak from plantations. Do you see an interest in incorporating other species and what are the challenges associated with that?

We share the FSC ® vision for sustainable wood management and as our factory is in the core of Teak production in Costa Rica, it makes sense for us to align with that vision. To expand our impact to more Mid-Pacific areas, we're interested in incorporating species that can overcome the transportation challenges we face in reaching the factory.

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

Geneviève Hengen	Development Cooperation Department, Ministry of Foreign and European Affairs (MAEE)
Christina Pinto	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
Lennart Duschinger - Ministry of Finance (until 27/06/2023)
Pierre Oberlé - Ministry of Finance (from 27/06/2023)
Renaud Durand - Foyer Group
Georges Gehl - Ministry for the Environment
Patrick Losch - ADA
Marcos Saldaña - Independent (until 27/06/2023)
Monica Tiuba - Independent (until 27/06/2023)
Frank Wolter - Independent (until 27/06/2023)
Kaspar Wansleben - Executive Director

Appointments Committee
Geneviève Hengen - MAEE
Christina Pinto - Ministry of Finance
Raymond Schadeck - Independent

Marketing Committee
Natalia Oskian - Independent
Alice Martinou - BGL BNP Paribas
Apricot Wilson - Independent
Manon Loison - Independent

Risk Committee
Dzemal Tomic - BCEE, Committee Chair
Raymond Schadeck - Independent
Yves Speeckaert - Independent
Jane Wilkinson - Independent
Alejandro Vazquez Ortega - Head of Risk

Strategy Committee
Peter Carter - Independent, Committee Chair
Jenny 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

One of FCCF's priorities is to develop value chains to connect forests and wood to markets // FCCF

Employment Committee
Christina Pinto - Ministry of Finance
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

Unaudited financial statements

// 1 Statement of net assets

as at 30 September 2023

Assets	Notes	USD
Shares (and equity-type securities)	6, 12	977,848
Loan agreements	6, 12	5,029,126
Cash and savings at banks		3,862,747
Interest receivable on portfolio		241,752
Interest receivable on bank accounts and term deposits		4,083
Receivable on matured investments		344,666
Other receivables & assets	7	51,974
Total assets		**10,512,196**

Woodpecker is dedicated to excellency in wood products, based on strong production standards and efficiency // FCCF

Liabilities	Notes	USD
Accrued expenses	7	151,014
Other payables and liabilites	7	3,456
Total liabilities		**154,470**
Net assets at the end of the period		**10,357,726**
I Class shares outstanding		96,972.129
Net asset value per I Class share		36.57
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 2023 to 30 September 2023

Income	Notes	USD
Interest on loan agreements		316,653
Interest on term deposit		72,003
Interest on current account		31,415
Total income		**420,071**
Expenses		
Fund management costs		
Salary and wages of fund management	3	44,043
Travel and representation fees		16,394
Rent and information technology fees		9,892
Total fund management costs		**70,329**
Advisory fees	3	108,917
Sub-advisory fees	3	21,036
Legal fees		17,912
Custodian fees		19,528
Central administration costs		18,910
Banking charges and other fees		1,636
Audit fees		17,656
Other administration costs	8	4,047
Subscription tax	4	1,600
Total expenses		**281,571**
Net investment income		**138,500**

Net realised gain/(loss)	Notes	USD
On investments		-
On foreign exchange contracts		-
On foreign exchange transactions		(742)
Realised result		**(742)**
Net variation of the unrealised gain/(loss)		
On investment portfolio		
Variation of impairment on loans	6	(316,582)
Variation of valuation of equity investments	6	(332,961)
Variation due to changes in the foreign exchange rate		4,002
Total variation on investment portfolio		**(645,540)**
On foreign exchange transactions		-
Unrealised result		**(645,540)**
Result of operations		**(507,782)**
Subscriptions		-
Redemptions		-
Total changes in net assets		**(507,782)**
Total net assets at the beginning of the year		**10,865,508**
Total net assets at the end of the year period		**10,357,726**

// 3 Statistical information

as at 30 September 2023

Total net assets	USD
As at 30/09/2023	10,357,726
Number of I Class shares	
Outstanding at the beginning of the year	96,972.129
Issued during the period	-
Redeemed during the period	-
Outstanding at the end of the period	**96,972.129**
Net asset value per I Class share	
As at 30/09/2023	36.57
Number of J Class shares	
Outstanding at the beginning of the year	68,118.241
Issued during the period	-
Redeemed during the period	-
Outstanding at the end of the period	**68,118.241**
Net asset value per J Class share	
As at 30/09/2023	100.00

Woodpecker directly employs 35 people // 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									
Woodpecker de Nandayuré S.A.		Costa Rica		USD	712,650	712,650	712,650	712,650	4.8%
BluWood Industries S.A.	6	Costa Rica		USD	200,000	213,000	213,000	265,198	1.8%
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	275,000	274,980	274,980	0	0.0%
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%
Simplemente Madera Marketplace S.A.	6	Nicaragua		NIO	25,398	2,540,000	81,386	0	0.0%
Sub-total							**1,820,270**	**977,848**	**6.6%**
Loan agreements									
BluWood Industries Consolidated Capex Loan	6	Costa Rica	30/05/31	USD	1,460,426	1,460,426	1,460,426	1,516,657	10.2%
Izabal Wood Company Working Capital 3	6	Guatemala	29/10/27	USD	610,000	610,000	610,000	639,683	4.3%
Izabal Wood Company Forest Management 2	6	Guatemala	30/10/28	USD	350,000	350,000	350,000	362,056	2.4%
Izabal Wood Company Machinery Loan 2	6	Guatemala	30/10/26	USD	330,000	330,000	330,000	345,998	2.3%
Forestal Naj-Ché Working Capital 1	6	Guatemala	28/06/23	USD	380,000	380,000	380,000	223,589	1.5%
Fundecor Bosques Machinery Loan 1	6	Costa Rica	30/04/32	USD	200,000	200,000	200,000	208,864	1.4%
Izabal Wood Company Working Capital 3	6	Guatemala	29/10/27	USD	192,000	192,000	192,000	199,715	1.3%
Izabal Wood Company Machinery Loan 1	6	Guatemala	30/04/30	USD	170,000	170,000	170,000	178,242	1.2%
Forestal Naj-Ché Forest Management 2	6	Guatemala	29/10/27	USD	170,000	170,000	170,000	175,856	1.2%
Forestal Naj-Ché Forest Management 1	6	Guatemala	28/10/27	USD	150,000	150,000	150,000	155,167	1.0%
BluWood Industries Consolidated Working Capital 1	6	Costa Rica	29/10/27	USD	140,000	140,000	140,000	143,978	1.0%
Forestal Naj-Ché Machinery Loan 1	6	Guatemala	30/01/30	USD	140,000	140,000	140,000	142,606	1.0%
Conjunto Predial Capex Loan 1		Mexico	29/10/27	MXN	2,384,639	2,384,639	117,873	140,815	0.9%
Fundecor Bosques Forest Management 1	6	Costa Rica	30/06/23	USD	310,000	310,000	310,000	114,136	0.8%
Izabal Wood Company Infrastructure Loan	6	Guatemala	30/04/26	USD	100,000	100,000	100,000	104,896	0.7%
BluWood Industries Consolidated Working Capital 1	6	Costa Rica	29/10/27	USD	100,000	100,000	100,000	104,167	0.7%
Woodpecker de Nandayuré S.A.		Costa Rica	30/04/24	USD	100,000	100,000	100,000	101,350	0.7%
Woodpecker de Nandayuré S.A.		Costa Rica	30/04/24	USD	100,000	100,000	100,000	100,575	0.7%
Izabal Wood Company Machinery Loan 3	6	Guatemala	29/10/27	USD	65,000	65,000	65,000	68,183	0.5%
Operaciones Forestales Sostenibles Forest Management 2	6	Costa Rica	30/10/24	USD	100,000	100,000	100,000	67,256	0.5%
Operaciones Forestales Sostenibles Forest Management 1	6	Costa Rica	28/10/22	USD	50,000	50,000	50,000	53,744	0.4%
In The Woods Capex Loan 1	6	Costa Rica	29/04/22	USD	100,000	100,000	100,000	49,000	0.3%
Izabal Wood Company Subordinated Loan 2	6	Guatemala	30/10/25	USD	114,231	114,231	114,231	41,227	0.3%

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 Working Capital 1	6	Costa Rica	30/10/23	USD	250,000	250,000	250,000	11,702	0.1%
Izabal Wood Company Subordinated Loan 1	6	Guatemala	30/04/23	USD	149,490	149,490	149,490	8,259	0.1%
Operaciones Forestales Sostenibles Working Capital 9	6	Costa Rica	30/04/26	USD	275,386	275,386	275,386	5,464	0.0%
In The Woods Working Capital 1	6	Costa Rica	30/04/26	USD	99,640	99,640	99,640	1,841	0.0%
Operaciones Forestales Sostenibles Working Capital 7	6	Costa Rica	31/10/23	USD	30,000	30,000	30,000	1,404	0.0%
Operaciones Forestales Sostenibles Working Capital 8	6	Costa Rica	30/10/24	USD	20,000	20,000	20,000	1,301	0.0%
In The Woods Working Capital 4	6	Costa Rica	30/10/22	USD	120,000	120,000	120,000	1,158	0.0%
In The Woods Working Capital 5	6	Costa Rica	28/10/22	USD	80,000	80,000	80,000	1,009	0.0%
In The Woods Working Capital 2	6	Costa Rica	28/10/22	USD	100,000	100,000	100,000	978	0.0%
Simplemente Madera Working Capital 1	6	Nicaragua	18/08/19	USD	156,000	156,000	156,000	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%
Sub-total							6,850,812	5,270,878	35.5%
Total financial instruments								6,248,726	42.13%
Cash at banks, term deposits and savings accounts								3,862,747	26.0%
Other net assets / liabilities								246,253	1.7%
Total Net Assets								**10,357,726**	**69.8%**

* 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 multip-lying it by 1.43186.

// 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	265,198	52,198	1.8%
	6	Capex Loan	1,460,426	1,516,657	56,231	10.2%
	6	Working Capital	240,000	248,145	8,145	1.7%
Sub-total*			**1,913,426**	**2,030,000**	**116,574**	**13.7%**
Izabal Wood Company S.A.						
	6	Equity	5,216	-	(5,216)	0.0%
	6	Subordinated loan	263,720	49,486	(214,234)	0.3%
	6	Natural Capital Loan	350,000	362,056	12,056	2.4%
	6	Capex Loan	665,000	697,319	32,319	4.7%
	6	Working Capital	802,000	839,398	37,398	5.7%
Sub-total*			**2,085,936**	**1,948,259**	**(137,677)**	**13.1%**
Woodpecker de Nandayuré S.A.						
		Equity	712,650	712,650	-	4.8%
		Working Capital	200,000	201,925	1,925	1.4%
Sub-total*			**912,650**	**914,575**	**1,925**	**6.2%**
Forestal Naj-Ché S.A.						
	6	Equity	274,980	-	(274,980)	0.0%
	6	Natural Capital Loan	320,000	331,022	11,022	2.2%
	6	Capex Loan	140,000	142,606	2,606	1.0%
	6	Working Capital	380,000	223,589	(156,411)	1.5%
Sub-total*			**1,114,980**	**697,218**	**(417,762)**	**4.7%**
Fundecor Bosques S.A.						
	6	Equity	147,000	-	(147,000)	0.0%
	6	Natural Capital Loan	310,000	114,136	(195,864)	0.8%
	6	Capex Loan	200,000	208,864	8,864	1.4%
	6	Working Capital	250,000	11,702	(238,298)	0.1%
Sub-total*			**907,000**	**334,702**	**(572,298)**	**2.3%**
Conjunto Predial Agrosilvicultores de Nuevo Becal, S.P.R. DE R.L.						
		Capex Loan	117,873	140,815	22,943	0.9%
Sub-total*			**117,873**	**140,815**	**22,943**	**0.9%**
Operaciones Forestales Sostenibles S.A.						
	6	Equity	180,237	0	(180,237)	0.0%
	6	Natural Capital Loan	150,000	121,000	(29,000)	0.8%
	6	Working Capital	325,386	8,169	(317,217)	0.1%
Sub-total*			**655,623**	**129,170**	**(526,454)**	**0.9%**

Investee	Note	Instrument type	Cost Price (in USD)	Total Value (in USD)	Difference (in USD)	% of Committed Capital**
In The Woods by Fundecor S.A.						
	6	Equity	205,800	-	(205,800)	0.0%
	6	Capex Loan	100,000	49,000	(51,000)	0.3%
	6	Working Capital	399,640	4,987	(394,653)	0.0%
Sub-total*			**705,440**	**53,987**	**(651,453)**	**0.4%**
Simplemente Madera Marketplace S.A.						
	6	1. Equity	81,386	-	(81,386)	0.0%
	6	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*			**8,671,081**	**6,248,726**	**(2,422,355)**	**42.1%**

* 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 1.43186.

// 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	1,820,270	977,848	(842,422)	6.59%
Subordinated loan	263,720	49,486	(214,234)	0.33%
Natural Capital Loan	1,150,767	928,214	(222,553)	6.26%
Capex Loan	2,683,299	2,755,261	71,963	18.58%
Working Capital	2,753,026	1,537,916	(1,215,110)	10.37%
Total	**8,671,081**	**6,248,726**	**(2,422,355)**	**42.13%**

* 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 1.43186.

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.

Team meeting at Woodpecker // FCCF

// 7 Geographical breakdown of investments

Country	Note	Cost Price (in USD)	Total Value (in USD)	% of Committed Capital**
Costa Rica		5,094,139	3,462,434	23.3%
Guatemala		3,221,683	2,645,477	17.8%
Mexico		117,873	140,815	0.9%
Nicaragua		237,386	-	0.0%
Total*		**8,671,081**	**6,248,726**	**42.1%**

* 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 1.43186.

// 8 Evolution of NAV

	NAV/Share as at 30 September 2023 in USD	NAV/Share as at 31 March 2023 in USD	NAV/Share as at 31 March 2022 in USD	Initial subscription price in USD
Class I Shares	36.57	41.80	50.82	100.00
Class J Shares	100.00	100.00	100.00	100.00
Total Net Assets	10,357,726	10,865,508	10,480,530	

	Performance financial period 2023 - 24	Performance financial year 2022 - 23	Performance financial year 2021 - 22	Performance since inception
Class I Shares	(12.5%)	(17.7%)	(22.2%)	(63.4%)
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 unaudited financial statements

as at 30 September 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 30 September 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 period ended on 30th September 2023, to USD 108,917 or 0.7% 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 period, management's and the support team's wages, salaries, bonuses and benefits amounted to 0.5% of the Fund's Total Commitments. Combined with the sub-advisory costs, the fees amount to 0.6% 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

The formation expenses of a total of USD 162,204 have been fully amortised by the end of 31/03/2023. No further amortisation expense has been recorded for the period reported.

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 per year.

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 89%, 56%, 73%, and 17% on total debt amounts to In The Woods by Fundecor S.A., Fundecor Bosques S.A., Operaciones Forestales Sostenibles, and Forestal Naj-Ché S.A. respectively. The Fund also made an 81% impairment provision on the subordinated loan to Izabal Wood Company S.A.. These impairments are caused by the challenges the investees are currently facing in developing 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 52,198 from the BluWood equity investment and a total of USD 894,620 in unrealised losses linked to equity positions with other investees.

As at 30 September 2023, the realised and unrealised gains/(losses) and impairments of financial instruments are composed as follows (in USD):

Variation of impairments of loans	30/09/2023	31/03/2023
Fundación Naturaleza Para la Vida	(20,767)	(20,767)
Simplemente Madera Marketplace S.A.	(156,000)	(156,000)
In The Woods by Fundecor S.A.	-	-
In The Woods by Fundecor S.A.	(99,640)	(67,370)
Operaciones Forestales Sostenibles S.A.	-	(45,535)
In The Woods by Fundecor S.A.	(120,000)	(120,000)
Operaciones Forestales Sostenibles S.A.	-	(30,000)
Operaciones Forestales Sostenibles S.A.	-	(40,000)
Operaciones Forestales Sostenibles S.A.	-	(30,000)
In The Woods by Fundecor S.A.	(80,000)	(80,000)
Operaciones Forestales Sostenibles S.A.	-	(45,000)
In The Woods by Fundecor S.A.	(52,262)	(83,250)
In The Woods by Fundecor S.A.	(100,000)	(100,000)
Fundecor Bosques S.A.	(250,000)	(250,000)
Izabal Wood Company S.A.	(79,397)	(95,496)
Fundecor Bosques S.A.	(202,202)	(170,819)
Izabal Wood Company S.A.	(149,490)	(140,271)
Operaciones Forestales Sostenibles S.A.	(30,000)	(30,000)
Operaciones Forestales Sostenibles S.A.	(20,000)	(20,000)
Forestal Naj-Ché S.A.	(171,955)	-
Operaciones Forestales Sostenibles S.A.	(33,991)	-
Operaciones Forestales Sostenibles S.A.	(275,386)	-
Sub-total	**(1,841,089)**	**(1,524,508)**
Net variation of impairments on loans	(316,582)	(837,787)

Variation of unrealised gains/(losses) of equity-type securities	30/09/2023	31/03/2023
Simplemente Madera Marketplace S.A. (Equity)	(81,386)	(81,386)
Bluwood Industries S.A. (Equity)	52,198	249,210
In The Woods by Fundecor S.A. (Equity)	(205,800)	(205,800)
Operaciones Forestales Sostenibles S.A. (Equity)	(180,237)	(180,237)
Izabal Wood Company S.A. (Equity)	(5,216)	(5,216)
Fundecor Bosques S.A. (Equity)	(147,000)	(147,000)
Forestal Naj-Ché S.A. (Equity)	(274,980)	(139,031)
Sub-total	**(842,421)**	**(509,460)**
Net variation of impairments on equity	(332,961)	(509,460)

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

Wood is a symbol of renewal and the cycle of life, where plants find their roots // 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	103,842
Audit fees	19,140
Administration fees	15,078
Custodian fees	6,319
Salaries and wages paid	2,207
Transfer agency fees	1,424
Subscription Duty	908
Securities transaction fees	683
Correspond.charges	516
Domiciliation fees	461
Legal fees	301
Fees on VAT serv	135
Total	151,014

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

Communication expenses	610
Representation fees	2,846
Total	3,456

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

Good and Service Tax	32,955
Interest receivables from Bank account in USD	15,856
Receivables and Other Assets	2,609
CSSF Tax	490
Interest receivables from Bank account in EUR	64
Total	51,974

NOTE 8
OTHER ADMINISTRATION COSTS

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

Communications fees	1,393
CSSF Tax	979
Post & Communication	862
Consultancy fees	600
Fees on VAT serv	138
Other fees	74
Total	4,047

NOTE 9
FOREIGN EXCHANGE RATES

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

1 USD =	0.94	Euro
1 USD =	36.59	Nicaraguan Córdoba
1 USD =	7.86	Guatemalan Quetzal
1 USD =	17.37	Mexican Peso

NOTE 10
STAFF

The SICAV employed three full-time staff, one part-time staff member plus one consultant at the reporting period ended on 30 September 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 period, 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 30 NOVEMBER 2023

In October 2023, the Fund invested USD 100k in working capital for Woodpecker de Nandayuré S.A. and in November 2023, USD 35k in working capital to Izabal Wood Company to support both companies in their operations for the period 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

Conception and Layout : FCCF // Jennifer Popescu-Urbain

Forestry and Climate Change Fund

39, rue Glesener /// L-1631 Luxembourg
T.: +352 27 47 35 /// F.: +352 27 47 35 72 /// info@fccf.lu /// www.fccf.lu