



SUSTAINABILITY – FINANCE – REAL ECONOMIES SICAV-SIF

Public limited liability company (*société anonyme*) qualifying as
investment company with variable capital – specialised investment fund
(*société d'investissement à capital variable – fonds d'investissement spécialisé*)
under the laws of the Grand Duchy of Luxembourg

OFFERING MEMORANDUM

March 2021

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DISCLAIMER

Sustainability – Finance – Real Economies SICAV-SIF ("**SFRE**") is reserved for Eligible Investors that have made their own assessment of the conditions of their participation in SFRE on the basis of the Offering Memorandum and the Articles. Accordingly, it is the responsibility of participating investors, especially those that may hold a minority interest in SFRE, to determine whether their rights and obligations as shareholders are suitable for them.

Only those particular representations and warranties, if any, which are made in the Offering Memorandum, subject to such limitations and restrictions as may be agreed, shall have any legal effect.

The Offering Memorandum does not purport to be all-inclusive or to contain all the information that a prospective investor may desire in evaluating SFRE. Prospective investors should conduct their own investigation and analysis of the business, data and property described herein, and should also inform themselves about and observe any legal and/or regulatory requirements which may be applicable to their proposed investment. Any person interested in subscribing for Shares in SFRE is recommended to seek its own legal, regulatory, tax, accounting and financial advice.

No person has been authorised to give any information other than that contained in the Offering Memorandum, or to make any representation in connection with the Shares other than the representations described in the Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorised by SFRE.

Nothing contained within the Offering Memorandum is or should be relied upon as a promise or representation as to the future.

The investment in Shares described in the Offering Memorandum involves a certain degree of risk. Each prospective investor should proceed on the assumption that it must bear the economic risk of investment in SFRE for an indefinite period and be able to withstand a total loss of its investment.

Capitalised terms, if not otherwise defined in the Offering Memorandum, will have the meanings given to them in the Articles.

COUNTRY SPECIFIC INFORMATION AND DISCLAIMER

This Offering Memorandum may, in certain jurisdictions, be supplemented with separate country-specific information and disclaimers. Investors in such jurisdictions should, in addition to the content of the Offering Memorandum, carefully consider such specific information and disclaimers, if any, before subscribing for Shares. In particular, the attention of the investors is drawn to the risk warnings contained in this Offering Memorandum (including any schedules thereto) and the investor confirms that he understands and agrees to bear the risk referred to therein.

NOTICE TO RECIPIENTS IN AUSTRALIA

The offer of the Shares made by way of this Offering Memorandum is made in circumstances under which no disclosure is required under Chapter 6D or Chapter 7 (as the case may be) of the Corporations Act 2001 (Cth) ("**Australian Corporations Act**"). Nothing in this Offering Memorandum purports to be an offer to a person to whom disclosure would be required under

Chapter 6D or Chapter 7 of the Australian Corporations Act. In addition, SFRE is not a registered scheme, as defined in the Australian Corporations Act, and this Offering Memorandum will not be lodged with the Australian Securities and Investments Commission.

Nothing contained in this Offering Memorandum constitutes investment, legal, business, tax or other advice. In particular, the information in this Offering Memorandum does not take into account your investment objectives, financial situation or particular needs. In making an investment decision, you must rely on your own examination of the Shares and terms of the offering, including the merits and risks involved, with the assistance of your professional adviser.

NOTICE TO RECIPIENTS IN CANADA

Restricted Offering of Eligible Foreign Securities

This Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence.

SFRE was formed under the laws of Luxembourg, is not a reporting issuer in any jurisdiction in Canada, has its head office outside of Canada and all of its executive officers and directors are ordinarily resident outside of Canada. The distribution of Shares is being made primarily outside Canada and is being made in Canada only on a private placement basis to residents of British Columbia, Saskatchewan and Manitoba (the "**Canadian Jurisdictions**").

Prospectus and Registration Exemptions

SFRE is distributing the Shares in reliance on section 2.3 (the "**Accredited Investor Exemption**") of National Instrument 45-106 *Prospectus Exemptions*, of the Canadian Securities Administrators ("**NI 45-106**") and section 8.18 (the "**International Dealer Exemption**") of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, of the Canadian Securities Administrators ("**NI 31-103**"). Accordingly, the distribution of Shares is exempt from the requirements in the Canadian Jurisdictions that SFRE prepare, file and obtain a receipt for a prospectus from, and that any placement agent (the "**Dealer**") be registered with, the relevant securities regulatory authorities.

Limited Disclosure

The offering of Shares in Canada is being made solely by this Offering Memorandum and any decision to purchase Shares should be based solely on the information contained in this Offering Memorandum. This Offering Memorandum does not contain all of the information that would be available to a prospective purchaser that a prospectus would provide. No person has been authorised to give any information or to make any representations concerning the offering other than those contained in this Offering Memorandum. Any forward-looking information included or incorporated by reference herein may not be accompanied by the

disclosure and explanations that would be required of a Canadian issuer under Canadian securities legislation.

Purchasers' Deemed Representations, Acknowledgements and Covenants

By virtue of placing an order to purchase or subscribing for Shares, each purchaser in the Canadian Jurisdictions will be deemed to represent and acknowledge to SFRE and the Dealer that such purchaser: (a) is (i) an "accredited investor" as defined in section 1.1 of NI 45-106 (other than an individual or a person described in paragraph (m) of such definition that was created or is used solely to purchase or hold securities as an accredited investor), and (ii) a "permitted client" as defined in section 1.1 of NI 31-103; (b) is purchasing Shares as principal for investment purposes and not with a view to re-sale or further distribution, is resident in a Canadian Jurisdiction and is not a U.S. person as defined in Rule 902 of Regulation S under the U.S. *Securities Act of 1933*; and (c) has been notified by the Dealer through whom it is placing such order or subscribing of all of the matters referred to in section 8.18(4)(b) of NI 31-103. Such purchaser will be deemed to covenant in favour of SFRE, the AIFM and the Dealer to provide all information reasonably requested by SFRE, the AIFM and the Dealer to assist SFRE and the Dealer to determine that the purchaser is an "accredited investor" and a "permitted client", and the categories within the definitions of such terms that the purchaser meets.

SFRE and the Dealer are relying on the foregoing representations and acknowledgements as the basis for the availability of the Accredited Investor Exemption from the prospectus requirement and the International Dealer Exemption from the registration requirement referred to above.

Notice from Dealer

The Dealer has its head office and principal place of business outside Canada and is relying on the International Dealer Exemption in section 8.18 of NI 31-103 from the dealer registration requirement in the Canadian Jurisdictions in connection with the distribution of Shares to purchasers in the Canadian Jurisdictions. In accordance with section 8.18(4)(b) of NI 31-103, the Dealer hereby notifies purchasers in the Canadian Jurisdictions that: (a) it is not registered in the Canadian Jurisdictions in respect of activities for which the International Dealer Exemption is being relied upon; (b) it is resident outside of Canada and not resident in any of the Canadian Jurisdictions; and (c) all or substantially all of its assets are located outside of Canada. As a result, Canadian purchasers may have difficulty enforcing their legal rights against it. The Dealer's jurisdiction of residence is London, the United Kingdom, and the names and addresses of the agents for service of process in the Canadian Jurisdictions for which it is relying on the International Dealer Exemption are as set out below:

British Columbia

Borden Ladner Gervais LLP
1200 Waterfront Centre, 200 Burrard Street
Vancouver, British Columbia V7X 1T2
Attention: Jason Brooks

Saskatchewan

MLT Aikins LLP
1500 Hill Center I, 1874 Scarth Street
Regina, Saskatchewan S4P 4E9
Attention: Aaron Runge

Manitoba

MLT Aikins LLP
360 Main Street, 30th Floor
Winnipeg, Manitoba R3C 4G1
Attention: Richard L. Yaffe

Personal Information Consent

Each purchaser in a Canadian Jurisdiction, by placing an order to purchase Shares:

(a) will be deemed to have represented to SFRE, the AIFM and the Dealer that such purchaser has been notified by SFRE: (i) that SFRE is required to deliver to the securities regulators in the Canadian Jurisdictions, being the British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan and The Manitoba Securities Commission (the "**Regulators**"), certain personal information ("**personal information**") pertaining to the purchaser as required to be disclosed in Schedule 1 and / or Schedule 2 attached to Form 45-106F1 (including its name, address, telephone number, the number and price of Shares purchased, details of the prospectus exemption relied on and whether it is a registrant), which is required to be filed by SFRE under NI 45-106 with the Regulators, and may become available to the public in accordance with the requirements of applicable laws; (ii) that the personal information will be delivered to the Regulators in accordance with NI 45-106; (iii) that such personal information is being collected by the Regulators under the authority granted in securities legislation; (iv) that the personal information is being collected for the purposes of the administration and enforcement of the securities legislation of the Canadian Jurisdictions; and (v) that the public officials of the Regulators who can answer questions about their indirect collection of the personal information are as follows:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: 604 899-6854
Toll free in Canada: 1 800 373-6393
Facsimile: 604 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

Financial and Consumer Affairs Authority of Saskatchewan

Suite 601 - 1919 Saskatchewan Drive

Regina, Saskatchewan S4P 4H2

Telephone: (306) 787-5842

Facsimile: (306) 787-5899

Public official contact regarding indirect collection of information: Director

The Manitoba Securities Commission

500 – 400 St. Mary Avenue

Winnipeg, Manitoba R3C 4K5

Telephone: 204 945-2561

Toll free in Manitoba 1 800 655-5244

Facsimile: 204 945-0330

Public official contact regarding indirect collection of information: Director

and

(b) will be deemed to have authorised the indirect collection of personal information by the Regulators and other securities regulatory authorities, and to have consented to such disclosure of personal information.

Special Canadian Resale Restrictions

The distribution of Shares in Canada is being made on a private placement basis. SFRE is not a reporting issuer in any province or territory in Canada, the Shares are not listed on any stock exchange in Canada, SFRE does not intend to become a reporting issuer or to list the Shares on any stock exchange in Canada and, as noted above, the Shares are subject to restrictions on transfer contained in the constituting documents of SFRE. As there is no market for the Shares in Canada, it may be difficult or even impossible for a purchaser to sell them. Any resale of Shares must be made in accordance with applicable securities legislation, which may require resales to be made: (a) in accordance with exemptions from registration and prospectus requirements, including those pertaining to resales outside Canada; or (b) pursuant to a prior written order or ruling of the relevant securities regulatory authority; or (c) pursuant to a prospectus for which a final receipt is issued by the relevant securities regulatory authority. Purchasers in Canada are advised to seek legal advice prior to any resale of the Shares.

No Canadian Taxation Disclosure

Any discussion of taxation and related matters contained in this Offering Memorandum does not address Canadian tax considerations. Purchasers in Canada should consult with their own legal and tax advisers with respect to the tax consequences of an investment in the Shares in their particular circumstances and with respect to the eligibility of the Shares for investment by such purchasers under relevant Canadian legislation and regulations.

Statutory Rights in the Event of Misrepresentation

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the

purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. The rights described herein are in addition to and without derogation from any other right the purchaser may have at law.

Neither the delivery of this Offering Memorandum at any time nor the acceptance of any subscription for an investment in SFRE will under any circumstances imply that the information contained in this Offering Memorandum is correct as at any time after the date of this Offering Memorandum.

INFORMATION FOR INVESTORS IN THE EEA (OTHER THAN LUXEMBOURG)

When marketing Shares in any territory of the EEA (other than Luxembourg) to professional investors that are domiciled or have a registered office in the EEA, the AIFM intends to utilise the marketing passport made available under the provisions of the AIFM Directive. Shares of the Fund may only be marketed pursuant to such passport and only to professional investors (as defined in the AIFM Directive) in those territories of the EEA in respect of which the passport has been obtained.

NOTICE TO RECIPIENTS IN THE UNITED STATES

The Shares offered hereby have not been approved or disapproved by any securities regulatory authority of any State in the United States or by the United States Securities and Exchange Commission (the "**SEC**"), nor has any authority or commission passed on the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Shares have not been and will not be registered under the laws of any jurisdiction, including in the United States under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws or the laws of any other jurisdiction. The Shares will be offered and sold outside of the United States in accordance with Regulation S under the Securities Act. The Shares will be sold in the United States and to U.S. Persons (as defined, for the purposes of this section, in Rule 902 of Regulation S promulgated under the Securities Act) in reliance on the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. The Shares will be offered and sold for investment purposes only in the United States to U.S. Persons on a limited basis and subject to the condition that such purchasers make certain representations to SFRE which are intended to satisfy the requirements imposed by U.S. law on SFRE, which require that any U.S. Person that is offered and sold the Shares meets certain sophistication requirements and that SFRE not engage in a public offering of its Shares in the United States.

SFRE has not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**1940 Act**"), in reliance on one or more exclusions or exemptions therefrom. Therefore, SFRE will not be subject to the provisions of the 1940 Act designed to protect investment company shareholders. SFRE does not intend to register as an investment company in reliance on Section 3(c)(7) of the 1940 Act (or if such exclusion is not available, one or more other exclusions or exemptions), and will offer and sell the Shares only to U.S. Persons who are (i) "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act and (ii) "qualified purchasers" as the term is defined under Section 2(a)(51) of the 1940 Act and Rule 2a51-1 thereunder. Each prospective U.S. investor will be required to make representations as to the foregoing and, among other

things, to represent that it is purchasing its Shares for its own account for investment purposes and not for resale or distribution. To ensure that these requirements are maintained, SFRE may compulsorily redeem Shares owned by U.S. Persons.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and any applicable state, foreign and other securities laws, pursuant to registration or exemption therefrom and only if the transfer otherwise complies with the transfer restrictions and other requirements contained in this Offering Memorandum. The transferability of Shares will be further restricted by the terms of SFRE. Prospective investors should be aware that they may be required to bear the financial risks of any investment in SFRE for an indefinite period of time. Any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law. In the absence of such exemption or transaction, each applicant for Shares will be required to certify that it is not a U.S. Person.

Neither the AIFM nor any Portfolio Manager (unless otherwise indicated in the Special Section) are registered with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

Securities Act and "Blue Sky" Matters

The offering of Shares to U.S. Persons is intended to constitute a private placement under Regulation D under the Securities Act. Accordingly, Shares will not be registered under the Securities Act and, as a result, will be subject to restrictions on transfer thereunder. Shares will be offered and sold only to U.S. Persons who are "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act. In addition, under Section 18(a) of the Securities Act and/or exemptions under various state securities or "blue sky" laws available in connection with the offer and sale of securities to sophisticated investors, the Shares will not be registered under state securities laws.

Restrictions in Certain Jurisdictions in the United States

United States – Florida

The Florida Securities Act provides, where sales are made to five or more persons in Florida, that any sale made pursuant to subsection 517.061(11) of the Florida Securities Act shall be voidable by such Florida purchaser either within three days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer, or an escrow agent, or within three days after the availability of that privilege is communicated to such purchaser, whichever occurs later.

Investors in Other U.S. States

In making any investment decision, investors must rely on their own examination of SFRE and the terms of the offering, including the merits and risks involved. The Shares have not been recommended by, or registered with, any U.S. Federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum or any other information provided or made available to investors. Any representation to the contrary is a criminal offense.

The Shares are subject to restrictions on transferability and resale and may not be transferred to or resold except as permitted (i) under the Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom and (ii) by the terms and conditions of this Offering Memorandum. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

DIRECTORY

Fund

Sustainability – Finance – Real Economies SICAV-SIF
11-13, Boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

Board of Directors of SFRE

- (i) Vincent Siciliano (Chairman of the Board and proposed by the Mission Shareholder)
- (ii) Paul Christensen
- (iii) Angelica Ortiz de Haas
- (iv) Garry Pieters

Alternative Investment Fund Manager and Distributor

Triodos Investment Management B.V.
Registered office:
Nieuweroordweg 1
3704 EC Zeist
The Netherlands
Postal address:
P.O. Box 55
3700 AB Zeist
The Netherlands

Depository, Administrator as well as Domiciliation and Corporate Agent

RBC Investor Services Bank S.A.
14, Porte de France
L-4360 Esch-sur-Alzette
Grand Duchy of Luxembourg

Legal Advisor as to Luxembourg Law

Clifford Chance
10, boulevard G.D. Charlotte
L-1330 Luxembourg
Grand Duchy of Luxembourg

Auditor

PricewaterhouseCoopers, *Société Coopérative*
2, rue Gerhard Mercator
L-2182 Luxembourg
Grand Duchy of Luxembourg

DEFINITIONS

Capitalised terms in the Offering Memorandum shall have the meanings given to them in the below definitions. Definitions used solely in the Special Section are embedded in the relevant section of the Special Section.

"**1940 Act**" means the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

"**Accounting Currency**" means the US Dollar.

"**Administration Agency Agreement**" shall have the meaning ascribed to it in section 7.2 of the General Section.

"**Administrator**" means RBC Investor Services Bank S.A., in its capacity as central administration agent, registrar and transfer agent, or such other entity that may subsequently be appointed in such capacity.

"**Advisers Act**" means the U.S. Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder.

"**Advisory Committee**" shall have the meaning ascribed to it in section 4.6.4 of the General Section.

"**Affiliate**" means, in relation to any Person, any Person directly or indirectly controlling, controlled by, or under control with, such Person.

"**AIFM Agreement**" means the agreement entered into between SFRE and the AIFM whereby SFRE appoints the AIFM to act as SFRE's alternative investment fund manager in accordance with the provisions of the AIFM Law to perform certain management functions, including, but not limited to, portfolio management and risk management.

"**AIFM Directive**" means the European directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers and amending directive 2003/41/EC and 2009/65/EC and regulations (EC) No1060/2009 and (EU) No 1095/2010.

"**AIFM Law**" means Dutch Act on Financial Supervision (*Wet financieel toezicht* or *Wft*).

"**AIFM Regulation**" means the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

"**Alternative Investment Fund**" or "**AIF**" means an alternative investment fund within the meaning of the AIFM Law.

"**Alternative Investment Fund Manager**" or "**AIFM**" means Triodos Investment Management B.V., a limited liability company incorporated on 12 December 2000 and existing under the laws of the Netherlands, authorised and supervised by the Netherlands Authority for the Financial Markets, the Dutch authority (or its successor) in charge of the supervision of the conduct of the financial markets in the Netherlands, qualifying as an alternative investment fund manager within the meaning of the AIFM Law and acting in such capacity for SFRE.

"**Articles**" means the articles of incorporation of SFRE.

"**Auditor**" means PricewaterhouseCoopers, *Société Coopérative*, in its capacity as auditor of SFRE and qualifying as an independent auditor (*réviseur d'entreprises agréé*), or such other entity that may subsequently be appointed in such capacity.

"**Benefit Plan Investor**" means any (i) "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA, (ii) "plan" as defined in and subject to Section 4975 of the Code and (iii) entity whose underlying assets include, or are deemed to include under the Plan Asset Regulation or otherwise for purposes of Title I of ERISA or Section 4975 of the Code, "plan assets" by reason of such an employee benefit plan's or plan's investment in such entity.

"**Board**" means the board of directors of SFRE.

"**Business Day**" means a day on which the banks are open for business for the full day in Luxembourg (excluding Saturdays, Sundays and public holidays).

"**Circular 07/309**" means the CSSF circular 07/309 of 3 August 2007 relating to the risk-spreading in the context of specialised investment funds, as amended or replaced from time to time.

"**Class**" means any class of Shares that may be available within any single Compartment, the assets of which shall be commonly invested, but which may carry different features.

"**Closing**" means a date determined by the Board on which Commitment Agreements and/or Subscription Forms in relation to the issuance of Shares in the relevant Compartment may be accepted by the Board.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Commitment**" means the maximum amount of capital committed by an Investor to subscribe for Shares in the relevant Compartment (whether for a consideration in kind or in cash), which an Investor has undertaken towards SFRE pursuant to the terms of a Commitment Agreement.

"**Commitment Agreement**" means, if applicable in respect of a Compartment, the commitment agreement for Shares that an investor executes and pursuant to which such investor is admitted to SFRE and adheres to the terms of SFRE.

"**Commitment Period**" means the period during which Commitments may be drawn down by the Board as determined for each Compartment, if applicable, in the Special Section.

"**Compartment**" means any compartment of SFRE. Where the context so requires, the term 'Compartment' shall mean the Board or the AIFM, as the case may be, acting on behalf of a particular Compartment.

"**Complainant**" means all natural or legal persons who submitted a complaint with SFRE.

"**Controlling Person**" means a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of an entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any "affiliate" within the meaning of paragraph (f)(3) of the Plan Asset Regulation of such person).

"CSSF" means the Luxembourg supervisory authority for the financial sector, the *Commission de Surveillance du Secteur Financier*, or any successor authority from time to time.

"**Defaulting Investor**" means an Investor declared as such by the Board in accordance with the Special Section and its Commitment Agreement.

"**Depository**" means RBC Investor Services Bank S.A., in its capacity as such, or such other credit institution within the meaning of the Luxembourg law of 5 April 1993 relating to the financial sector, as amended from time to time, that may subsequently be appointed as depository of SFRE.

"**Depository Bank and Paying Agent Agreement**" shall have the meaning ascribed to it in section 7.1 of the General Section.

"**Director**" means any member of the Board.

"**Domiciliary and Corporate Agency Agreement**" shall have the meaning ascribed to it in section 7.3 of the General Section.

"**Domiciliation Agent**" means RBC Investor Services Bank S.A. in its capacity as domiciliation and corporate agent of SFRE.

"**Drawdown**" means, in respect of a particular Compartment, the drawing of all or part of the Commitments by the Board pursuant to the terms of a Funding Notice.

"**EEA**" means the European Economic Area.

"**Eligible Investor**" means any Person, which is not a Prohibited Person and (A) qualifies as a Well-Informed Investor; (B) in the case of a Person located in the EEA qualifies as a professional investor in accordance with Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments; and (C) in the case of a U.S. Person is (i) "accredited investor" as defined in Rule 501(a) under Regulation D of the Securities Act and (ii) "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act and Rule 2a51-1 thereunder.

"**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

"**Financial Stability Board**" means the organisation established in April 2009 to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies, bringing together national authorities responsible for financial stability in significant international financial centres, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts.

"**First Compartment**" means Sustainability – Finance – Real Economies SICAV-SIF – 1/2014, the first Compartment of SFRE.

"**Funding Notice**" means, in respect of a particular Compartment, a notice whereby the Board informs the relevant Investors of a Drawdown and requests such relevant Investors to pay to the Compartment a portion of their Uncalled Commitments against issue of Shares.

"**GABV**" means the Global Alliance for Banking on Values, a Dutch *stichting* (foundation) established as of 17 December 2009.

"**GABV Board**" has the meaning ascribed to it in section 5.1 of the General Section.

"**General Section**" means the general section of the Offering Memorandum, setting out the general characteristics of SFRE, to the extent the Special Section does not derogate thereto.

"**GSIFI**" or "**Global Systemically Important Financial Institution**" means a global systemically important financial institution as defined by the Financial Stability Board.

"**IFRS**" means the International Financial Reporting Standards issued by the International Accounting Standards Board, as the same may be amended from time to time.

"**Indemnified Parties**" has the meaning ascribed to it in section 4.12 of the General Section.

"**Initial Closing**" means the first Closing as determined by the Board in respect of a particular Compartment, on which Commitment Agreements and/or Subscription Forms have been accepted by the Board.

"**Investee SFI**" means an SFI in which SFRE is invested.

"**Investment Committee**" shall have the meaning ascribed to in section 4.6.3 of the General Section.

"**Investment Scorecard**" means the values-based banking scorecard that has been developed by the GABV to assess banking sustainability and by which eligibility of an investment for the First Compartment must be assessed.

"**Investor**" means an Eligible Investor, whose Commitment Agreement and/or Subscription Form has been accepted by the Board and such term includes, where appropriate a Shareholder; for the sake of clarity, an "Investor" who has not yet been subject to a Drawdown is not yet a Shareholder.

"**IRS**" means the U.S. Internal Revenue Service.

"**Law of 10 August 1915**" means the Luxembourg law of 10 August 1915 relating to commercial companies, as amended or replaced from time to time.

"**Law of 13 February 2007**" means the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended or replaced from time to time.

"**Law of 12 July 2013**" means the Luxembourg law of 12 July 2013 relating to alternative investment fund managers, as the same may be amended from time to time.

"**LBR**" means the Luxembourg *Registre de Commerce et des Sociétés*.

"**Mission Share**" means the share identified as such in the Special Section.

"**Mission Shareholder**" means the holder of any Mission Shares issued.

"**NAV**" means the net asset value, as determined in accordance with the Articles.

"**Offering Memorandum**" means the present offering memorandum of SFRE, as amended or supplemented from time to time.

"**Organisational Expenses**" are the expenses described in section 4.11.1 of the General Section.

"**Person**" means any individual, corporation, limited liability company, trust, partnership, estate, unincorporated association or other legal entity.

"**Plan Asset Regulation**" means the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA.

"**Portfolio Manager**" means any Person to which the AIFM has delegated, under its own responsibility and at its own cost, the portfolio management function for one or more Compartments.

"**Principles of Sustainable Banking**" are the principles of sustainable banking as described in section 5.2 of the General Section.

"**Prohibited Person**" means any person, firm, corporation, limited liability company, trust, partnership, estate or other corporate body (i) which, in the sole opinion of the Board, the holding of Shares by that person, firm, corporation, limited liability company, trust, partnership, estate or other corporate body may be detrimental to the interests of the existing Shareholders or of SFRE, if it may result in a breach of any law or regulation, whether Luxembourg or otherwise, or if as a result thereof SFRE may become exposed to tax or other regulatory disadvantages, fines or penalties that it would not have otherwise incurred; (ii) which does not meet the definition of Eligible Investor.

"**Reference Currency**" means the currency in which the NAV of each Compartment and/or Class is calculated, as specified in the Special Section.

"**Registrar and Transfer Agent**" means RBC Investor Services Bank S.A., in its capacity as registrar and transfer agent, or such other entity that may subsequently be appointed in such capacity.

"**RESA**" means the central electronic platform of official publication for companies and associations (*Recueil électronique des sociétés et associations*).

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**SFDR**" means the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

"**SFI**" or "**Sustainability-focused Financial Institution**" means a sustainability-focused financial institution as further described in section 2 of the General Section. SFI is also known as Values-based Bank and these definitions are interchangeable.

"**SFRE**" means Sustainability – Finance – Real Economies SICAV-SIF, a Luxembourg public limited liability company (*société anonyme*) qualifying as an investment company with

variable capital – specialised investment fund (*société d'investissement à capital variable – fonds d'investissement spécialisé*) established under the provisions of the Law of 13 February 2007, registered with the LBR under company number B 192.267 and having its registered office at 11-13, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. For the purpose of the Offering Memorandum, "**SFRE**" shall also mean, where applicable, the Board or the AIFM acting on behalf of SFRE and, as the case may be, in relation to a particular Compartment.

"**Share**" means a share in the capital of SFRE, including the Mission Share.

"**Shareholder**" means a holder of one or more Shares, including the Mission Shareholder.

"**Special Section**" means the special section of the Offering Memorandum setting out the specifics of each Compartment.

"**Subscription Form**" means, if applicable in respect of a Compartment, a form signed by an investor by which it subscribes for Shares and pursuant to which such investors are admitted to SFRE and adhere to the terms of SFRE.

"**Subsequent Closing**" means any Closing occurring after the Initial Closing.

"**Subsidiary**" means any company, partnership or entity,

- (a) which is controlled by SFRE; or
- (b) in which SFRE holds directly or indirectly more than a 50% ownership interest of the share capital; and
- (c) which in either case meets the following conditions:
 - (i) it does not have any principal activity other than directly or indirectly the holding of investments which qualify as such under the investment objective of SFRE as set out in section 3 of the General Section; and
 - (ii) to the extent required under applicable accounting rules and regulations, such subsidiary is consolidated in the annual accounts of SFRE;

any of the above mentioned local or foreign companies, partnerships or entities shall be deemed to be "controlled" by SFRE if (i) SFRE holds in aggregate, directly or indirectly, more than 50% of the voting rights in such entity or controls more than 50% of the voting rights pursuant to an agreement with other shareholders or (ii) the majority managers or board members of such entity are members of the board of directors of SFRE, the AIFM or the relevant Portfolio Manager in its capacity as portfolio manager of the relevant Compartment, except to the extent that this is not practicable for tax or regulatory reasons or (iii) SFRE has the right to appoint or remove a majority of the members of the managing body of that entity.

"**Uncalled Commitments**" means the portion of a Compartment's Commitments that has not been drawn down.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"U.S. Person" means a United States citizen or Person resident or incorporated in the United States, and/or other natural or legal Person the income and/or returns of which, regardless of origin, are subject to U.S. income tax, as well as a Person who is considered to be a U.S. person pursuant to Rule 902 of Regulation S of the Securities Act.

"Valuation Day" means the last Business Day of each calendar quarter and/or any other Business Day as the Board may determine in respect of each Class of each relevant Compartment for the purposes of calculating the NAV per Share.

"Well-Informed Investor" means any investor who qualifies as well-informed investor in accordance with the provisions of article 2 of the Law of 13 February 2007 and in particular:

- (a) institutional investors;
- (b) professional investors; and
- (c) any other person or entity which fulfils the following conditions:
 - (i) it declares in writing that it adheres to the status of well-informed investor and invests a minimum of EUR 125,000 or the equivalent in another currency in SFRE; or
 - (ii) it declares in writing that it adheres to the status of well-informed investor and provides an assessment made by a credit institution within the meaning of Directive 2006/48/EC, by an investment firm within the meaning of Directive 2014/65/EU, or by a management company within the meaning of Directive 2009/65/EC, certifying its expertise, experience and knowledge in adequately appraising an investment in SFRE.

GENERAL SECTION

This General Section of the Offering Memorandum in principle applies to all Compartments set up under SFRE. The specific features of the various Compartments are set forth in the Special Section of the Offering Memorandum, which may derogate from the General Section.

1. EXECUTIVE SUMMARY

The GABV has initiated the establishment of SFRE, which is dedicated to investing patient capital to support the responsible growth in number and size of SFIs with the characteristics as described in this section and section 2 of the General Section below. SFIs are committed to delivering client-centred, long-term financial products and services that provide social, environmental and sustainable financial returns while also supporting the real economy. Investees of SFRE may be either GABV members or non-members.

The GABV believes that SFIs not only use responsible banking practices to serve real economies, but that such SFIs can also combine strong prudential capital ratios with financial returns which are both reasonable for the nature of their businesses and relatively consistent over time. Many SFIs have demonstrated decades of such performance. In many cases, moreover, they have increased their activity during the present downturn in certain countries, expanding their lending to small and growing businesses in particular.

The GABV therefore believes that SFIs provide a distinctive value proposition and that an investment in SFRE provides its investors with an opportunity to participate in and support this successful and distinctive banking model.

SFRE has been established as an investment company with variable capital – specialised investment fund ("SICAV-SIF") with unlimited duration to enable the vehicle to be a long-term investor, partner and supporter of the growth of SFIs. SFRE has an umbrella structure and may consist of several Compartments with differing investment strategies (such as use of different investment instruments or different regional focuses) under the same umbrella company – while always following the overarching objective of supporting SFIs while achieving attractive returns to Shareholders (as defined below). As a consequence of SFRE being established as an umbrella structure, this Offering Memorandum features a General Section setting out the general characteristics of SFRE and subsequently a Special Section for each Compartment setting out the specific characteristics of such Compartment; it being understood that the Special Section may deviate from the General Section.

The GABV will hold a Mission Share in each Compartment, which provides the GABV with the right to propose one Director, who has certain approval rights enabling the GABV to protect the purpose of SFRE. Such approval rights include, amongst others, alterations to an investment strategy, the establishment of a new Compartment, alterations to the independent member composition of an investment committee or the appointment of a Portfolio Manager.

SFRE is governed by a Board which has the exclusive power to administer and manage SFRE and to determine the investment strategy, the investment policy and the investment restrictions applicable to SFRE and the Compartments, as well as the course

of conduct of the management and business affairs of SFRE. The Board has appointed the AIFM as SFRE's designated alternative investment fund manager to perform the portfolio and risk management functions for SFRE and each Compartment, provided that some of these functions may be delegated under the responsibility of the AIFM. This arrangement, in combination with the Mission Share, permits SFRE to be led by a team of experienced professionals and experts which the GABV believes will allow for SFRE's affairs to be managed in alignment with the investment objective and will protect and enhance the integrity of purpose of Investee SFIs while supporting their growth.

2. MARKET ENVIRONMENT AND OPPORTUNITY / CONTEXT FOR SFRE

The Global Alliance for Banking on Values, whose activities and membership are described in section 5.1 of the General Section, believes, as initiator of SFRE, that SFIs provide a value proposition which is distinctive, and has established SFRE with a view to providing an opportunity for pooled investments in SFIs.

SFIs are committed to delivering client-centred, long-term financial products and services that provide social, environmental and sustainable financial returns while also supporting the real economy, i.e. supporting economic activities that generate goods and services, as opposed to a financial economy concerned predominantly with activities in the financial markets.

SFIs typically provide a full suite of individual and business financial services including lending and deposits for consumer and business clients. In respect specifically of finance focused on human needs, typical sectors served by SFIs include (but are not limited to):

2.1.1 Economic resilience

- (a) Lending and deposit products for small and medium sized enterprises and/or individuals (typically focused on un(der)banked clients as well as entrepreneurs with a strong focus on female borrowers)
- (b) Agriculture – rural and agriculture finance, organic farming and food production
- (c) Affordable housing – sustainable/eco home and office construction and renovation, social housing (e.g. elderly, handicapped), housing microfinance

2.1.2 Environmental protection

- (a) Green industries – energy efficiency, clean technology, green consumer products, alternative energy, renewable energy, real estate retrofits, waste and water management

2.1.3 Social empowerment

- (a) Educational/cultural activities – schools, theatres, museums

- (b) Other – healthcare, social services for excluded populations (e.g. youth, ethnic minorities, immigrants, etc.)

Committed to providing a broad range of banking services to the real economy over the long-term, SFIs serve a powerful role as stewards of successful, equitable capitalism.

Evidence of the performance has been described in reports of research undertaken by the GABV since 2011. The GABV examined the financial profiles and performance of SFIs (comprised of GABV member banks) and compared these with those of GSIFI as defined by the Financial Stability Board.¹

The GABV believes that by establishing a source of capital through SFRE, it can provide access to:

- (i) An attractive value proposition to investors interested in supporting a return to sustainable financing models;
- (ii) Reasonable and stable financial returns to such investors; and
- (iii) Measurable non-financial returns linked to the Principles of Sustainable Banking, in particular the effects of focusing on meeting human and real economy needs.

The GABV also believes that by establishing SFRE it can help to protect and enhance the integrity of purpose of Investee SFIs while supporting their growth.

3. INVESTMENT OBJECTIVE

3.1 General

SFRE's investment objective is to support the growth of SFIs, which operate in conformity with the Principles of Sustainable Banking (see section 5.2 of the General Section), by investing in their capital. SFRE intends to achieve attractive returns from such investments and other eligible assets under the Law of 13 February 2007, for the benefit of its Shareholders while reducing investment risks through diversification.

3.2 Sustainability

SFRE invest in socially and ecologically sustainable sectors that promote positive change. They provide finance to SFI's that seek, through their activity, to benefit people and the environment.

Embedding sustainability in SFRE's investment process consists of the following steps:

- Initial screening: the mission and strategy of the potential Investee SFI, the sustainability-focused financial institution, is screened to ensure alignment with the vision and mission on sustainability of the AIFM;

¹ For more information: www.financialstabilityboard.org.

- Due diligence: the AIFM performs an in-depth and risk-based analysis of the potential Investee SFI during the due diligence phase, preferably onsite. In addition to financial and risk analysis, the sustainability approach of the potential Investee SFI is assessed;
- Investment decision: the investment decision of the AIFM is based on a thorough assessment of the due diligence's findings and analyses of the Investee SFI's financial, risk and sustainability performance aspects. Sustainability aspects indicators may differ from compartment to compartment, and can be found in the Special Section.
- Monitoring: Investee SFIs are obliged to submit social and/or environmental indicator reports on a regular basis, together with their financials;
- Reporting: to live up our commitment as a responsible and transparent investor, the AIFM regularly publishes information on SFRE's investment activities in monthly, quarterly and annual reports.
The compartment(s) of SFRE also report(s) on sustainability indicators. The performance of such indicators is a consequence of the investment strategy and not a result of targeting specific indicator results.

4. STRUCTURE

4.1 General

SFRE has been incorporated in the Grand Duchy of Luxembourg on 18 November 2014 and for an unlimited duration as a public limited liability company (*société anonyme*) qualifying as an investment company with variable capital – specialised investment fund (*société d'investissement à capital variable – fonds d'investissement spécialisé*) governed by the Law of 13 February 2007. SFRE qualifies as an externally managed AIF under the AIFM Law. The Articles have been deposited with the LBR under the number B 192.267. According to the Law of 10 August 1915, SFRE shall be managed by the Board. The Board has in its turn appointed the AIFM to perform the portfolio management and risk management of SFRE, provided that the AIFM may make certain delegations in this respect, as further set out in section 4.6.2 of the General Section.

Neither the AIFM nor any Portfolio Manager is registered as an investment adviser with the SEC under the Advisers Act, and accordingly, the protections of such registration and related regulations will not be available to any Compartment or any Investor.

4.2 Compartments

SFRE is set up with an umbrella structure and may consist of several Compartments. A separate portfolio of assets is maintained for each Compartment and is invested in accordance with the investment policy and restrictions applicable to that Compartment. SFRE is a single legal entity. However, *vis-à-vis* creditors, each Compartment is solely liable for the debts, commitments and liabilities relating to that Compartment. Between Shareholders, each Compartment is regarded as being separate from the others.

Each Compartment is more fully detailed hereafter under the Special Section.

The Board may, at any time and in its discretion, decide to create additional Compartments whose investment policies and restrictions, risk profile, duration

(including limited duration) and exit strategies or other features may differ from those of the Compartments then existing and, in such cases, this Offering Memorandum will be updated accordingly.

4.3 Share Capital

The minimum share capital of SFRE is the USD equivalent of EUR 1,250,000 and must be reached within 12 months after the authorisation of SFRE by the CSSF.

Due to the fact that SFRE has a variable capital, the share capital of SFRE is at all times equal to its NAV.

All Shares are issued in uncertificated registered form only and will be fully paid-up upon issue. Each Share entitles its holder to one vote at any general meeting of Shareholders, in compliance with Luxembourg law and the Articles.

The Shares have not been, and will not be, registered under the Securities Act, and SFRE has not been, and will not be, registered under the 1940 Act. The Shares may not be offered or sold, directly or indirectly, to any U.S. Person (as such term is defined in Rule 902 of Regulation S under the Securities Act), unless such offer or sale would not trigger the registration of the Shares under the Securities Act or of SFRE under the 1940 Act.

Shares are issued without par value. One or more different Classes of Shares shall be issued for each Compartment. The register of the Shareholders is conclusive evidence of ownership of the Shares and SFRE will treat the registered owner of a Share as the legal owner thereof.

In respect of each Compartment, a Mission Share will be issued to the Mission Shareholder, which is the GABV. The Mission Shareholder's aim is to ensure that the general purpose and focus of SFRE as set out herein are preserved. Accordingly, the Mission Shareholder is given specific rights such as the entitlement to have a minimum of one Director appointed out of a list proposed by it and the Special Section may, in respect of each Compartment, set out other specific rights. Other than the Mission Share(s), no Shares carry any preferential or pre-emptive rights.

Upon issue, Shares are entitled to participate equally in the profits and dividends of the Compartment attributable to the relevant Class, if any, as well as in the liquidation proceeds of the Compartment attributable to the relevant Class, if any.

SFRE may issue fractions of Shares to the nearest one hundredth of a Share, the relevant Compartment being entitled to receive the residuals of the adjustment. Fractions of Shares are entitled to participate pro rata in the distributions and the allocation of the liquidation proceeds, but carry no voting rights.

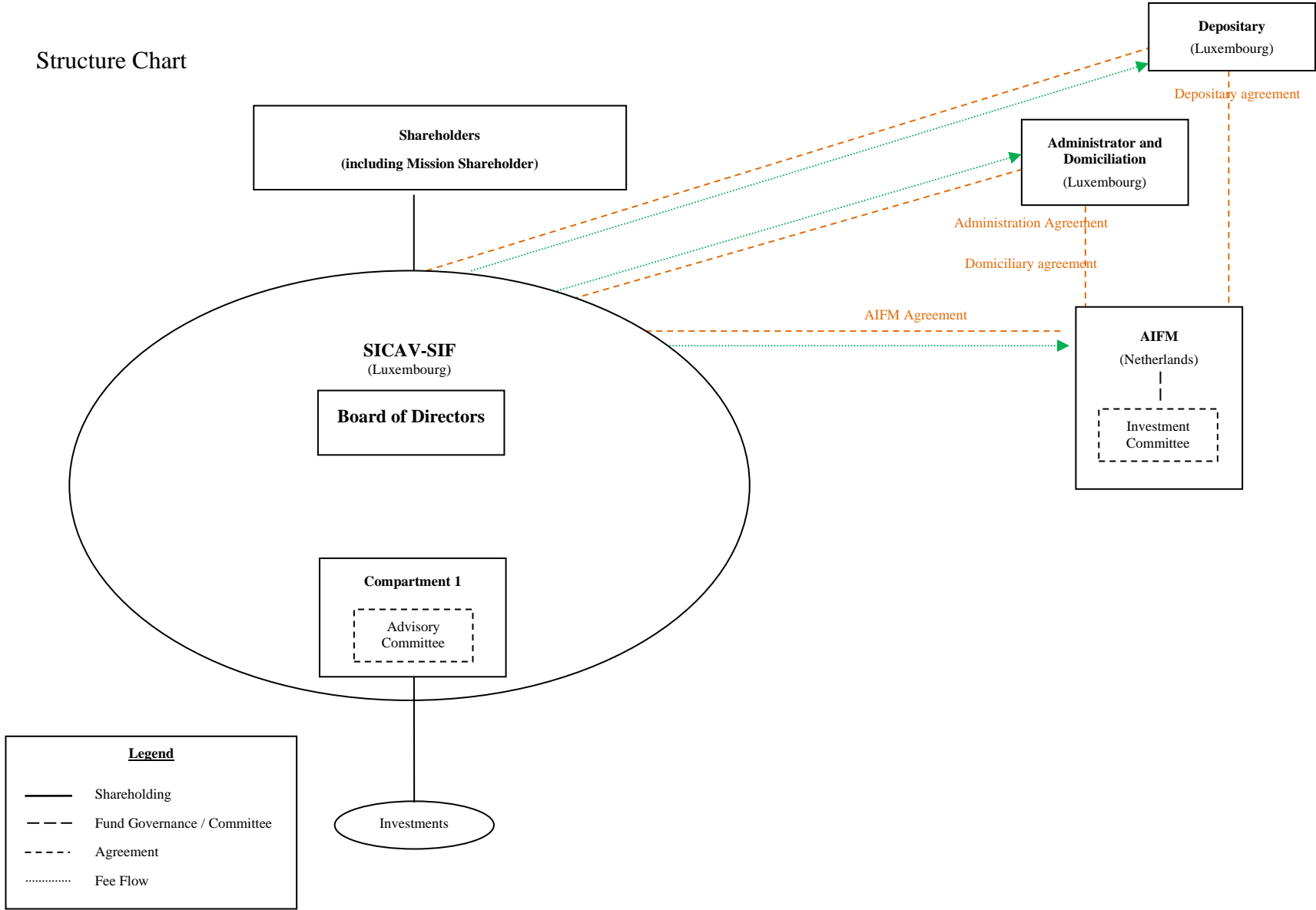
4.4 Acceptance of Documents

The signing of a Subscription Form or Commitment Agreement by an Investor to subscribe for Shares in SFRE constitutes the Investor's acceptance of the terms of the Articles and the Offering Memorandum.

In the event of any inconsistency between the Offering Memorandum and the Articles, the Articles shall prevail.

The Articles may be amended by the general meeting of Shareholders at any time in accordance with Luxembourg law and the Articles.

4.5 Structure Chart



4.6 Governance

4.6.1 Board

The Board has the exclusive power to administer and manage SFRE and to determine the investment strategy, the investment policy and the investment restrictions applicable to SFRE and the Compartments, as well as the course of conduct of the management and business affairs of SFRE, in compliance with the Articles and the Offering Memorandum, and any applicable laws and regulations. It is envisaged for the Board to meet at least quarterly. All powers not expressly reserved by law or by the Articles to the Shareholders rest with the Board.

As noted in section 4.3 of the General Section above, a minimum of one Director will be appointed out of a list proposed by the Mission Shareholder.

The Board shall be comprised of three to seven persons. The Board is currently composed of the following persons:

- (i) Vincent Siciliano (proposed by the Mission Shareholder)
- (ii) Paul Christensen (Chairman)
- (iii) Angelica Ortiz de Haas
- (iv) Garry Pieters

Although in principle decisions of the Board are taken by a simple majority vote, in case of equality of votes, the chairman shall have a casting vote. Furthermore, the favourable vote of the Director proposed by the Mission Shareholder is required in respect of any decisions in relation to:

- (i) any alteration to the investment strategy, the investment policy and the investment restrictions of SFRE or a Compartment, as set out in this Offering Memorandum;
- (ii) establishment and/or liquidation of a Compartment;
- (iii) proposal (but, for the avoidance of doubt, not approval of) for voluntary liquidation of SFRE (unless this is requested by Shareholders holding 10% of the corporate capital);
- (iv) Investment Scorecard developments and modifications (where applicable), including for the avoidance of doubt any changes to the minimum score set in respect of a Compartment;
- (v) alterations to the independent member composition of an Investment Committee; and
- (vi) the Board's proposal for the appointment and the removal of the AIFM and a Compartment's Portfolio Manager, should the AIFM intend to

delegate that function (unless the AIFM decides to remove a Portfolio Manager with immediate effect in the best interest of Investors).

The Directors' short biographies are shown below:

Vincent Siciliano, Director. Vincent Siciliano is the past President and CEO of New Resource Bank which served values-driven companies and organisations working to achieve well-being for our community and the planet. Mr. Siciliano currently serves on the Board of Directors of the Ken Blanchard Center for Faith Walk Leadership and is also a board member for RSF Social Finance. He began his banking career in the Bank of America's International Division and has previously served as president or CEO to a number of San Diego financial institutions. Mr. Siciliano is a graduate of Stanford University and earned a master's degree in environmental planning from the University of California at Berkeley. He currently serves as catalyst and strategic coach for organizations seeking to move to the next level of impact.

Paul Christensen, Director. In addition to his role as Director, Professor Christensen is Chairperson of the SFRE Investment Committee. Professor Christensen is a Clinical Professor of Finance at the Kellogg School of Management at Northwestern University where he teaches courses in microfinance, financial inclusion and international business. Professor Christensen joined Kellogg in 2008, served as Associate Dean and Executive Director for Global Programs from 2011-2014, and currently serves as Associate Dean for Executive Education. Prior to Kellogg, Mr. Christensen was the President of ShoreCap Management, Ltd., a pioneering fund manager which invested in development financial institutions in emerging markets throughout Africa, Asia and Eastern Europe. He remains a limited partner and advisor to Equator Capital Partners, LLC, a successor fund management company, where he also sits on the investment committee. Earlier in his career, Mr. Christensen was an Associate and Engagement Manager for the consulting firm, McKinsey and Company, where he focused on operations performance, organisational effectiveness and strategic planning for clients in the financial services, manufacturing, petroleum, and electric utility industries. Mr. Christensen received an MBA with distinction from Cornell University and a Bachelor of Arts, economics, summa cum laude and Phi Beta Kappa, from Dartmouth College.

Angelica Ortiz de Haas, Director. Ms. Ortiz de Haas has 20 years of experience in the financial sector. She is Manager Financial Institutions Europe, Central Asia, Middle East and North Africa. From 2011 until 2015 she was Manager Sustainability Development at FMO, the Dutch development bank, where her role was to engage with internal and external stakeholders on innovation and corporate strategy to transform sustainability into business opportunities. Ms. Ortiz de Haas started her career in 1994 in Latin America in the banking and stock brokerage business, out of which 5 years with BBVA. In 2002, she joined FMO where she worked on project and structured finance transactions in Asia for several years. Thereafter, she joined the FMO management team to set up FMO's back and mid-office on the road to obtaining FMO's banking license. Angelica received her MBA at Erasmus University from the Rotterdam School of Management in the Netherlands.

Garry Pieters, Director. Garry Pieters is an ILA (*Institut Luxembourgeois des Administrateurs*)-certified director. In addition to his role as Director, he oversees the handling of complaints. Mr. Pieters has over 30 years of experience in the field of finance and asset management. Early 2010; he joined The Directors' Office as a Partner and has several mandates as an independent director and/or conducting officer for a number of Luxembourg funds and management companies. He is also Chair of the Board of Directors of Triodos SICAVI and Triodos SICAVII. Prior to this he spent 22 years with ING where he was responsible for business development of ING's Fiduciary Pension Services. In 2002 he became the Executive Vice President at an ING asset management joint-venture in South Korea. Late in 1999 he set up an asset management joint-venture for ING in Singapore at which he was Chief Executive Officer and Chief Investment Officer. In 1996 he became the general manager of ING Investment Luxembourg. He began his career (1982) in foreign exchange, commodities and money-markets trading after which he became a portfolio manager of fixed income and money market funds at (what is now) ING.

4.6.2 AIFM

Pursuant to the AIFM Agreement, the Board has appointed the AIFM as SFRE's designated alternative investment fund manager within the meaning of the AIFM Law, *inter alia* to perform for SFRE and each Compartment:

- portfolio management;
- risk management (including liquidity management);
- independent valuation of SFRE;
- marketing and distribution of SFRE globally;
- investor relations of SFRE globally except;
- certain general support functions,

provided that some of these functions may however be delegated, under the responsibility of the AIFM, to a third party. The AIFM Agreement sets out more detail on the delegated functions. Additionally, the AIFM may, from time to time and at its own cost, appoint one or more placement agents to assist the AIFM in the marketing of the Fund.

The AIFM will manage SFRE in accordance with the AIFM Agreement, the Offering Memorandum, the Articles and applicable Dutch and Luxembourg laws and regulations in the exclusive interest of the Investors. It is empowered, subject to the rules as further set out hereafter, to exercise all the rights attached directly or indirectly to the assets of SFRE.

The AIFM is not registered as an investment adviser with the SEC under the Advisers Act, and accordingly, the protections of such registration and related regulations will not be applicable to SFRE or any Investor with respect to the AIFM. SFRE anticipates that any alternative investment fund manager

subsequently appointed, similarly, will not be registered as an investment adviser pursuant to the Advisers Act.

Any delegation by the AIFM of any of its functions will be performed in compliance with the provisions of the Law of 13 February 2007 and the AIFM Law.

In order to cover potential liability risks resulting from the AIFM's activities, the AIFM has its additional own funds which are appropriate to cover potential liability risks arising from professional negligence.

Other than as otherwise explicitly set out herein, where the AIFM or the directors of the AIFM are referred to in the Offering Memorandum as taking any action, it shall be understood that the AIFM will be taking action in its own name and on behalf of SFRE.

4.6.3 Investment Committee

In respect of each Compartment, an investment committee (each an "**Investment Committee**") will be established and its functioning and composition will be set out in the Special Section.

4.6.4 Advisory Committee

In respect of each Compartment, an advisory committee (each an "**Advisory Committee**") may be established and its functioning and composition will be set out in the Special Section.

4.6.5 General Meeting of Shareholders

Any properly constituted meeting of Shareholders of SFRE shall represent the entire body of Shareholders of SFRE for the purposes of the meeting.

The general meeting of the Shareholders shall be presented with the reports of the Board and the Auditor for the relevant financial year and will deliberate and decide on the matters which are reserved to it by the Articles or Luxembourg law, including the following:

- (i) appointment and revocation of the Directors and the Auditor;
- (ii) approval of the audited annual accounts for the relevant financial year;
- (iii) allocation of results and each Compartment's dividend distributions;
- (iv) discharge of the Board with respect to the performance of its duties for the relevant financial year;
- (v) amendments to the Articles; and
- (vi) liquidation of SFRE.

Items (i) to (iv) including shall require a majority of the votes cast, irrespective of the number of Shares represented at the meeting. The quorum and majority requirements for other items shall be set out in the Articles and the Law of 10 August 1915.

The annual general meeting of Shareholders is held at the registered office of SFRE or at any other location in the Grand Duchy of Luxembourg at a place specified in the notice convening the meeting, on the first Thursday of June each year (unless such date is not a Business Day, in which case the meeting will take place on the next Business Day) at 14:00 (Luxembourg time).

Other general meetings of Shareholders may be called by any two Directors, who will do so if requested by Shareholders holding a minimum of 10% of SFRE's share capital and will be held in the Grand Duchy of Luxembourg at a place specified in the notice convening the meeting.

Notices of all general meetings are sent by registered mail by the Administrator to all Shareholders at their registered address at least twenty (20) calendar days prior to such meeting. Such notice will indicate the time and place of such meeting and the conditions of admission thereto, will contain the agenda and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities at such meeting. To the extent required by Luxembourg law, further notices will be published in the RESA and in one or more Luxembourg newspapers. If all the Shareholders are present or represented at a general meeting of the Shareholders and if they state that they have been informed of the agenda of the meeting, the Shareholders can waive all convening requirements and formalities.

Each Share entitles the holder thereof to one vote and resolutions will be adopted by a simple majority vote, without there being any quorum requirements unless otherwise set out in the Articles of Incorporation or the Law of 10 August 1915.

Resolutions of the general meetings of Shareholders will apply to SFRE as a whole and to all Shareholders of SFRE, provided that any amendment affecting the rights attached to the Shares of any Compartment(s) and the rights of the holders of such Shares may further be submitted to a prior vote of the Shareholders of the relevant Compartment(s) as far as the Shareholders of the Compartment(s) in question are present or represented.

The Articles provide that the Shareholders of a Compartment or Class issued in respect of any Compartment may hold, at any time, general meetings to decide on any matters, which relate exclusively to such Compartment or Class. Resolutions at a general meeting of Shareholders of a Compartment or Class are passed in accordance with the Law of 10 August 1915 and the Articles. Moreover, any resolution of the general meeting of Shareholders of SFRE, affecting the rights of the Shareholders of any Compartment or Class vis-à-vis the rights of the Shareholders of any other Compartment or Class shall be subject to a resolution of the general meeting of Shareholders of such Compartment or Class in compliance with Law of 10 August 1915.

4.7 Duration and Termination

SFRE has been established for an unlimited duration.

SFRE may at any time be dissolved by a resolution of a general meeting of Shareholders as per the procedures set out in the Law of 10 August 1915 and the Articles.

4.8 Amendments to Documents

4.8.1 Amendments to Offering Memorandum

The Offering Memorandum may be amended from time to time by the Board, at its discretion, subject to prior approval of the contemplated changes by the Luxembourg supervisory authority and, to the extent it is concerned, the AIFM.

In particular, the Board may amend the Offering Memorandum and the AIFM Agreement, without the approval of Investors, to (i) make any change that is necessary or desirable to cure any ambiguity or to correct or supplement any provision of the Offering Memorandum and/or the AIFM Agreement that would otherwise be inconsistent with any other provision of any other of SFRE's documents, (ii) make any change that is necessary or desirable to update any information contained in the Offering Memorandum, (iii) make a change that is necessary or desirable to satisfy any applicable requirements, conditions or guidelines contained in any opinion, directive, order, statute, rule or regulation of any governmental entity to the extent that such changes are made in a manner which minimises any adverse effect on the Investors, and (iv) launch a new Compartment.

However, no amendment to the Offering Memorandum may increase any Investor's Commitment, reduce its part of the distributions, or decrease the percentage of Investors required to amend SFRE's documents in any manner, without the unanimous written consent of all the concerned Compartments' Investors.

Amendments to the Offering Memorandum other than those described above will necessitate the written consent of Investors holding two-thirds of the concerned Compartments' aggregate funded Commitments, Uncalled Commitments and the subscribed amounts (in case of Subscription Form), all on the basis of their respective nominal value.

4.8.2 Amendments to Articles

The Articles may only be amended by an extraordinary general meeting of the Shareholders in accordance with the provisions of the Articles and the Law of 10 August 1915² and subject to prior approval of the contemplated changes by the Luxembourg supervisory authority.

² Such an extraordinary general meeting requires a quorum of half of the capital of SFRE. However, if this quorum is not satisfied, a second meeting may be convened and shall validly deliberate regardless of the proportion of the capital represented. At both meetings, resolutions, in order to be adopted, must be carried

4.9 Accounting

4.9.1 Accounting Year

SFRE's financial year ends on 31 December of each year.

4.9.2 Accounting Currency

SFRE's currency of consolidation is the Accounting Currency, namely US Dollar.

4.9.3 Accounting Standards

SFRE's accounts are established under IFRS.

4.10 Valuation and NAV Calculation

4.10.1 Valuation Function

The AIFM performs the valuation of the assets on each Valuation Day in accordance with the appropriate and consistent procedures that the AIFM established and shall maintain, so that a proper and independent valuation of the assets of SFRE can be performed in accordance with the Articles.

Assets will be estimated at fair value in accordance with the IFRS definition of fair value. Fair value, as defined in accordance with IFRS 13 is "*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*".

4.10.2 NAV Calculation

The NAV per Share will be calculated by the Administrator in the applicable Reference Currency, based on the asset values determined by the AIFM.

The NAV is calculated by the Administrator on any Valuation Day in accordance with IFRS, the Articles and each respective Compartment's valuation policies and procedures and will become available within 7 Business Days after the Valuation Day.

The NAV per Share of each Class in each Compartment on any Valuation Day is determined by dividing the value of the total assets of that Compartment properly allocable to such Class less the liabilities of such Compartment properly allocable to such Class by the total number of Shares of such Class outstanding on such Valuation Day.

The NAV per Share is calculated up to two (2) decimal places.

by a majority of at least two thirds of the votes cast (for the avoidance of doubt, votes cast shall not include votes attached to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or invalid vote).

If, at any time other than each Valuation Day, the AIFM believes that the most recent NAV per Share does not continue to fairly represent the actual NAV per Share of the Compartment concerned, including as a result of a significant event with respect to any investment held by such Compartment, the AIFM, in its discretion and as it deems appropriate and/or necessary, may instruct the Administrator to recalculate the NAV per Share based on new interim valuations it provides.

In determining the NAV per Share, income and expenditure are treated as accruing daily.

The total NAV of SFRE will be equal to the difference between the gross assets (including the fair value of the assets owned by SFRE and its Subsidiaries) and the liabilities of SFRE based on accounts prepared in accordance with IFRS.

The valuation of the assets and the NAV calculation is reviewed annually by the Auditor and disclosed in the notes to the annual audited financial statements.

With respect to the protection of Shareholders and in case of a NAV calculation error and the correction of the consequences resulting from non-compliance with the investment rules applicable to SFRE, SFRE intends to comply with the principles and rules set out in Circular CSSF 02/77, as amended or restated from time to time, subject to the different tolerance threshold applicable for NAV calculation errors in the Special Section for each relevant Compartment.

4.11 Fees and Expenses

The below mentioned fees and expenses are allocated, directly or indirectly, to the Compartments and within Compartments to Classes to which they are attributable. Such allocation may be made among Compartments and Classes *pro rata* to their respective net assets or in a fair, equitable and reasonable manner determined by the Board, provided that each Class in each Compartment will bear its own fees and expenses which are directly and exclusively attributable to it. Set-up costs of a new Compartment will be allocated to such new Compartment and re-funded upon the launch of such new Compartment.

4.11.1 Organisational Expenses

All costs and expenses associated with the formation of SFRE and the First Compartment, including establishment, legal and closing costs of SFRE, professional and consulting fees, research costs, printing costs and travel expenses, accounting, marketing, third party expenses and other expenses, were borne by the First Compartment.

4.11.2 General Expenses

SFRE's relevant Compartment(s) will bear the following charges and expenses (to the extent applicable):

- (a) operating expenses including all taxes, duties, stamp duties, governmental and similar charges, CSSF fees, commissions, foreign exchange costs, bank charges, registration fees relating to investments,

insurance and security costs, directors and officers insurance, and expenses of the issue and redemption of Shares;

- (b) operating expenses of the members of the Board including, but not limited to, any agreed remuneration and reasonable travel expenses and out-of-pocket expenses;
- (c) operating expenses of the members of any Investment Committee including, but not limited to, any agreed remuneration (of independent Investment Committee members) and reasonable travel expenses and out-of-pocket expenses;
- (d) reasonable out-of-pocket expenses of the Depositary and any sub-custodian, the Administrator, any distributors and permanent representatives in places of registration of SFRE and any external legal counsel for SFRE plus any applicable value added taxes, to the extent these are not born by the respective party as set out in their agreement with SFRE;
- (e) documented out-of-pocket expenses relating to fundraising and investor relations of the AIFM and of any Director or the Mission Shareholder;
- (f) reasonable, documented expenses incurred by the AIFM under its portfolio management responsibilities shall be paid by SFRE and include, but are not limited to: legal transaction advice, transaction exit advice and external valuations in relation to investment exits, filing, brokerage/custodians, accounting, purchase of third party research reports or postage fees incurred in evaluating, structuring, negotiating, purchasing or selling investments, costs relating to foreign exchange contracts and service providers, out-of-pocket travel and other expenses reasonably related to the purchase, monitoring, sale or transmittal of SFRE's assets (for the avoidance of doubt, all such expenses relating only to post-preliminary term sheet assessment);
- (g) usual brokerage and other transaction fees and expenses (including, without limitation, legal, accounting, surveyor's and other professional fees) incurred on transactions with respect to the acquisition or disposal or proposed acquisition or disposal of assets and related expenses in connection with the acquisition or disposal of assets, irrespective whether the transactions have materialised or not;
- (h) annual license fee for the Investment Scorecard and reasonable costs incurred by the AIFM in the consideration of changes and further development of the Investment Scorecard;
- (i) reporting and publishing expenses, including the cost of preparing and/or filing of the Articles and all other documents concerning SFRE, including the Offering Memorandum and explanatory memoranda and registration statements with all authorities having jurisdiction over SFRE or the offering of Shares; the cost of preparing and distributing annual and all other periodic and non-periodic reports and such other

reports or documents as may be required under the applicable laws or regulations of the above-cited authorities and the costs and expenses of local representatives appointed in compliance with the requirements of such authorities;

- (j) the cost of convening general meetings of Shareholders;
- (k) to the extent not covered by insurance, if any, all costs related to any court litigation and out of court litigation involving SFRE, directly or indirectly, as approved by the Board;
- (l) the costs of preparing, printing and distributing all valuations, statements, accounts and performance and investment reports;
- (m) the Auditor's fees and expenses, including for the review of the annual valuation, as well as any ongoing tax expenses (such as in relation to tax filings) that are not comprised in any of the service provider fees;
- (n) the costs of amending and supplementing the Articles, the Offering Memorandum, the agreements and documents relating to SFRE and all similar administrative charges;
- (o) costs incurred to enable SFRE to comply with legislation and official requirements and any fees and expenses involved in registering and maintaining the registration of SFRE with any governmental agencies; and
- (p) all other costs and expenses in connection with the operations or administration of SFRE and the portfolio incurred to procure the achievement of the investment strategy and the investment policy.

Where appropriate, the charges and expenses borne by SFRE may be charged to the Subsidiaries, if any.

The AIFM and any Portfolio Manager will be responsible for the routine expenses associated with their own functioning and operations, including but not limited to overhead, rent, salaries and associated employee benefits, and any other costs and expenses that were agreed to be borne by them under their respective agreements.

4.11.3 Fees of the AIFM

The AIFM will be entitled to an annual Management Fee payable quarterly in arrears in respect of the First Compartment which is equal to:

- 2.0% of the NAV, however such NAV excluding cash, cash equivalents and liquidity investments in excess of 20% of the NAV; plus
- 0.5% of such excluded cash, cash equivalents and liquidity investments for the portion above 20% of the NAV, if any.

4.11.4 Fees of other Service Providers

The Depositary, the Administrator and other agents that act in relation to SFRE or a Compartment, as applicable, shall be entitled to such fees as shall be determined from time to time and calculated in accordance with usual market practices in Luxembourg for the provision of similar services.

SFRE may, from time to time, appoint one or more placement agents, provided that any fees and/or expenses paid by SFRE to such placement agents do not, in aggregate, exceed USD 50,000.- per annum.

4.12 Indemnification

The below mentioned indemnifications are allocated, directly or indirectly, to the Compartments and within Compartments to Classes to which they are attributable. Such allocation may be made among Compartments and Classes *pro rata* to their respective net assets or in a fair, equitable and reasonable manner determined by the Board, provided that each Class in each Compartment will bear its indemnifications which are directly and exclusively attributable to it.

As far as permitted by Luxembourg law, SFRE shall be entitled to indemnify, pay, protect and hold harmless the AIFM, a Portfolio Manager, the Depositary and Administrator and any of their respective Affiliates, shareholders, officers, directors, managers, agents as well as representatives and the members of an Investment Committee and the Board (collectively, the "**Indemnified Parties**") from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, proceedings, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, all reasonable costs and expenses of attorneys, defence, appeal and settlement of any and all suits, actions or proceedings instituted or threatened against the Indemnified Parties or SFRE) and all costs of investigation in connection therewith which may be imposed on, incurred by, or asserted against the Indemnified Parties, SFRE or in any way relating to or arising out of, or alleged to relate to or arise out of, any action or inaction on the part of SFRE, on the part of the Indemnified Parties when acting on behalf of SFRE or on the part of any agents when acting on behalf of SFRE.

However, SFRE shall not be liable to any Indemnified Party for any portion of the abovementioned liabilities, obligations, losses, damages, penalties, actions, judgments, suits, proceedings, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, all reasonable costs and expenses of attorneys, defence, appeal and settlement of any and all suits, actions or proceedings instituted or threatened against SFRE and all costs of investigation in connection, therewith asserted against SFRE) which result from such Indemnified Party's fraud, gross negligence, wilful misconduct or bad faith.

In any action, suit or proceeding against SFRE, or any Indemnified Party relating to or arising, or alleged to relate to or arise, out of any such action or non-action, the Indemnified Parties shall have the right to employ, at the expense of SFRE, counsel of the Indemnified Parties' choice, which counsel shall be reasonably satisfactory to SFRE, in such action, suit or proceeding.

If an Indemnified Party is determined by a court of first instance, or otherwise as per the applicable agreement in place with the Indemnified Party, to have committed a fraud, gross negligence, wilful misconduct or bad faith, it will then have to reimburse all the expenses paid by SFRE on its behalf under the preceding paragraph.

Pursuant to the Commitment Agreement or Subscription Form, each Investor agrees to indemnify and hold harmless SFRE from and against all losses, liabilities, actions, proceedings, claims, costs, charges, expenses or damages incurred or sustained by SFRE due to or arising out of (a) a breach of or any inaccuracy in representations, declarations, warranties and covenants made by such Investor in the Commitment Agreement or Subscription Form or (b) the disposition or transfer of its Shares contrary to such representations, declarations, warranties and covenants, or to any applicable law and regulations, and (c) any action, suit or proceeding based upon (i) the claim said representations, declarations, warranties and covenants were inaccurate or misleading or otherwise cause for obtaining damages or redress from SFRE under any laws, or (ii) the disposition or transfer of such Investor's Shares or Uncalled Commitment or any part thereof.

4.13 Distributions

The Board will establish a distribution policy for each Compartment.

The meeting of Shareholders shall decide on dividends and the appropriation of distributable assets upon proposal from the Board, provided that the net assets of SFRE shall not fall below EUR 1,250,000.- or the equivalent thereof in any other currency. The Board may distribute interim dividends within the limits provided by law. There will be no distribution in-kind without prior approval of the relevant Shareholder(s).

Dividends which are not claimed within five (5) years of their payment date will be foreclosed for their respective beneficiaries and will return to SFRE.

4.14 Reporting

The Board will provide Investors with an annual audited financial report pertaining to SFRE (comprising dedicated sections per Compartment) and the annual Investment Scorecards. In addition, Shareholders will be provided, if applicable in respect of a given Compartment, with quarterly unaudited financial reports and valuation reports with respect to such Compartment's performance, including the Compartment's NAV.

Copies of the following documents may be delivered in electronic version without cost to interested Investors at their request and may be inspected free of charge during usual business hours on any Business Day at the registered office of SFRE:

- (i) Offering Memorandum;
- (ii) Articles;
- (iii) AIFM Agreement;
- (iv) Depositary Bank and Paying Agent Agreement;
- (v) Administration Agency Agreement;

- (vi) Domiciliary and Corporate Agency Agreement;
- (vii) the agreement with the Portfolio Manager, if any (only to the Investors of the relevant Compartment);
- (viii) the relevant Investor's Subscription Form and/or Commitment Agreement;
- (ix) the AIFM's conflict of interest policy for SFRE; and
- (x) annual Investment Scorecards and annual report(s) including social and environmental reports, if any (only to the Investors of the relevant Compartment).

4.15 Prevention of Money Laundering

Pursuant to the Luxembourg laws and regulations, and notably the laws of 12 November 2004, as amended from time to time, relating to the fight against money-laundering and the financing of terrorism as well as the regulations and the circulars of the CSSF, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering purposes.

Measures aimed towards the prevention of money laundering, as provided by the Luxembourg laws of 12 November 2004, as amended from time to time, relating to the fight against money-laundering and the financing of terrorism and the circulars of the CSSF, may require a detailed verification of a prospective Investor's identity.

In accordance with the Luxembourg laws of 12 November 2004, as amended from time to time, as well as CSSF circulars applicable to the fight against money laundering, the implementation of those identification procedures and, where applicable, the performance of the detailed verification are under the supervision and responsibility of the Administrator, itself under the ultimate responsibility of the AIFM. In respect of all prospective investors subscribing for Shares through a distributor or any sub-distributor or nominee appointed by such distributor in accordance with the terms of its distribution agreement, those identification procedures shall be implemented and, where applicable, the detailed verification shall be performed by such distributor.

Such delegation may only apply if the intermediary referred to above is verified as a regulated financial institution located in a country recognised by the Administrator as having anti-money laundering regulations equivalent to those under Luxembourg law.

The Board, the AIFM and the Administrator reserve the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Board may refuse to accept the application and neither the Board nor SFRE will be liable for any interest, costs or compensation. Similarly, when Shares are issued, they cannot be redeemed or converted until full details of registration and anti-money laundering documents have been completed.

The Board reserves the right to reject an application, for any reason, in whole or in part in which event the application monies or any balance thereof will be returned without unnecessary delay to the applicant by transfer to the applicant's designated account or

by post at the applicant's risk, provided the identity of the applicant can be properly verified pursuant to Luxembourg anti-money laundering regulations. In such event, neither SFRE nor the Board will be liable for any interest, costs or compensation.

Failure to provide proper documentation may result in the withholding of redemption proceeds by SFRE.

Any information provided in this context is collected for anti-money laundering compliance purposes only.

SFRE and the AIFM may release information about Investors and, if applicable, any underlying beneficial owner(s), to the appropriate governmental or regulatory authorities if SFRE or the AIFM, in their reasonable discretion, determines that such release is required by law.

4.16 Data Protection

SFRE and the AIFM, acting as joint controllers, as well as their service providers, will hold and process Investors' personal data in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) and with any implementing legislation applicable to them.

Further information is available in the Data Protection Notice attached to this Offering Memorandum as Schedule 1 The Data Protection Notice provides individuals whose personal data (as this term is defined in the GDPR) are processed by SFRE and the AIFM, as well as their service providers, with all legally required information regarding the personal data processed about them, including the reasons for which their personal data are processed and their rights in relation to such processing.

Where the Investor is a financial institution, acting in its capacity as financial intermediary on behalf of one or more Investors, or where the Investor is a corporate or legal entity, the Investor undertakes and agrees that in case it has provided personal data on any individual (such as authorized representatives, beneficial owners, employees or other individuals) to SFRE, the AIFM and their service providers, it will provide the Data Protection Notice to such individuals.

The Investor who shares personal data with SFRE and the AIFM shall indemnify and hold SFRE and the AIFM harmless for and against all direct and indirect damages and financial consequences arising from any breach of this warranty.

4.17 Specific Information for Tax Purposes

Investors and each of their transferees shall furnish (including by way of updates) to SFRE, or any third party designated by SFRE (a "**Designated Third Party**"), in such form and at such time as is reasonably requested by SFRE or any Designated Third Party (including by way of electronic certification) any information, representations, waivers and forms relating to the Investor (or the Investor's direct or indirect owners or account holders) as shall reasonably be requested by SFRE or the Designated Third Party to assist it in obtaining any exemption, reduction or refund of any withholding or other taxes imposed by any taxing authority or other governmental agency (including

withholding taxes imposed pursuant to the Hiring Incentives to Restore Employment Act of 2010, or any similar or successor legislation or intergovernmental agreement, or any agreement entered into pursuant to any such legislation or intergovernmental agreement) upon SFRE, amounts paid to SFRE, or amounts allocable or distributable by SFRE to such Investors or transferees. In the event that Investors or any of their transferees fail to furnish such information, representations, waivers or forms to SFRE or the Designated Third Party, SFRE or the Designated Third Party shall have full authority to take any and all of the following actions: (i) withhold any taxes required to be withheld pursuant to any applicable legislation, regulations, rules or agreements; (ii) redeem such Investors' or transferees' Shares and terminate their Commitment, if any, and (iii) form and operate an investment vehicle organised in the United States that is treated as a "domestic partnership" for purposes of section 7701 of the Internal Revenue Code of 1986, as amended and transfer such Investors' or transferees' participation to such investment vehicle. If requested by SFRE or the Designated Third Party, Investors or transferees shall execute any and all documents, opinions, instruments and certificates as SFRE or the Designated Third Party shall have reasonably requested or that are otherwise required to effectuate the foregoing. Investors grant to SFRE or the Designated Third Party a power of attorney, coupled with an interest, to execute any such documents, opinions, instruments or certificates on behalf of the Investors, if Investors fail to do so.

SFRE or the Designated Third Party may disclose information regarding any Investor (including any information provided by the Investor pursuant to the above paragraph) to any person to whom information is required or requested to be disclosed by any taxing authority or other governmental agency including transfers to jurisdictions which do not have strict data protection or similar laws, to enable SFRE to comply with any applicable law or regulation or agreement with a governmental authority.

Investors waive all rights they may have under applicable bank secrecy, data protection and similar legislation that would otherwise prohibit any such disclosure and warrant that each person whose information it provides (or has provided) to SFRE or the Designated Third Party has been given such information, and has given such consent, as may be necessary to permit the collection, processing, disclosure, transfer and reporting of their information as set out in the first paragraph of section 4.17 and this paragraph.

SFRE or the Designated Third Party may enter into agreements, the case being on behalf of SFRE, with any applicable taxing authority (including any agreement entered into pursuant to the Hiring Incentives to Restore Employment Act of 2010, or any similar or successor legislation or intergovernmental agreement) to the extent it determines such an agreement is in the best interest of SFRE and its Investors.

4.18 Complaints handling

SFRE has a complaints handling policy, which is available upon request from SFRE. The policy is applicable to complaints in relation to SFRE and its Compartments. SFRE has appointed a Complaints Handling Officer, who is responsible for implementation of the complaints handling policy.

Complaints are expected to be filed in writing to the attention of the Complaints Handling Officer with the reference "Complaint Filing" at the following address or e-mail:

Sustainability – Finance – Real Economies
Attention: Complaints Handling Officer
11-13, Boulevard de la Foire
L-1528 Luxembourg
Grand-Duché de Luxembourg
E-mail address: TriodosIM@triodos.com

Complainants will be able to file Complaints in English as well as in Dutch.

The following information shall be provided to ensure a prompt handling of the complaint:

- Identity and contact details of the Complainant;
- Reason of the complaint and the resulting alleged damage or loss in relation thereof;
- Where necessary, copies of any documentation supporting the complaint.

The Complaints Handling Officer must send an acknowledgment of receipt in writing within (10) ten business days of receipt of the complaint, unless the answer itself is provided to the Complainant within this period.

If the Complainant did not obtain an answer or a satisfactory answer from the Complaints Handling Officer, it shall be given the opportunity to raise the Complaint up to the Board, without prejudice to the below paragraph. In this respect, the Complaints Handling Officer shall indicate to the Complainant the means to contact the Board to escalate his/her complaint.

Where the complaint handling at the level of the Complaints Handling Officer did not result in a satisfactory answer for the Complainant, the Complaints Handling Officer shall:

- Provide the Complainant with a full explanation of its position regarding the complaint;
- Inform the Complainant, on paper or by way of another durable medium, of the existence of the out-of-court complaint resolution procedure before the CSSF and send a copy of the relevant CSSF regulation or the reference of the CSSF website;
- Indicate to the Complainant the different means to contact the CSSF to file a request; and
- Inform the Complainant, on paper or by way of another durable medium, that s/he can file a request with the CSSF and that, in this case, his/her request with the CSSF must be filed with the CSSF within one (1) year after the filing of the initial complaint with SFRE.

5. MISSION SHAREHOLDER

5.1 The GABV

The Global Alliance for Banking on Values was founded in 2009 and brings together a group of banks committed to using finance to serve human needs and the needs of real economies and to build a more environmentally sustainable future.

The GABV is registered as a Dutch non-profit foundation ("*stichting*") governed by a management board (referenced to as the "**GABV Board**"). The GABV Board is self-selecting but is endorsed by the members at their annual general meeting held in March of each year.

The GABV comprises 62 (as of February 2020) financial institutions and 16 (as of February 2020) strategic partners operating in countries across Asia, Africa, Australia, Latin America, North America and Europe. Collectively the GABV serves more than 67 million customers, holds over USD 200 billion of combined assets under management, and is supported by more than 76,000 co-workers. GABV membership is open to all regulated financial institutions that have banking models consistent with GABV principles, as outlined below.

The daily activities of the GABV are conducted by a secretariat function based in the Netherlands funded through membership fees and additional contributions from members. Details on the activities of the GABV and its members can be found at www.gabv.org.

Apart from the Mission Share held by the GABV and a license fee for use of the Investment Scorecard there will be no formal relationship between the GABV and SFRE. However, the non-financial resources developed by the GABV in its work and access to the GABV network can be expected to be an informal resource for SFRE and Investee SFIs.

5.2 Principles of Sustainable Banking

For the vast majority of banking institutions, the driver of business decisions is exclusively or primarily the profitability of the services provided, with issues of whether such decisions enhance sustainable economic, individual and community development being secondary considerations, if considered at all. For the GABV members, business decisions start with the identification of a human need to be met and then determining how to meet that need on a profitable basis. It is this difference in primary motivation (human needs rather than profitability), together with the principles of implementing the provision of finance to meet the needs identified, that defines the unique value proposition of the GABV's banking model.

The GABV's "**Principles of Sustainable Banking**" are:

Principle 1. Triple bottom line approach at the heart of the business model.

Sustainable banks integrate this approach by focusing simultaneously on people, planet and prosperity. Products and services are designed and developed to meet the needs of people and safeguard the environment; generating reasonable profit is recognised as an essential requirement of sustainable banking but is not a stand-alone objective. Importantly, sustainable banks embrace an intentional approach to triple-bottom-line business – they don't just avoid doing harm, they actively use finance to do good.

Principle 2. Grounded in communities, serving the real economy and enabling new business models to meet the needs of both.

Sustainable banks serve the communities in which they work. They meet the financial needs of these geographic and sector-based communities by financing sustainable enterprise in productive economies.

Principle 3. Long-term relationships with clients and a direct understanding of their economic activities and the risks involved.

Sustainable banks establish strong relationships with their clients and are directly involved in understanding and analysing their economic activities and assisting them to become more sustainable themselves. Proper risk analysis is used at product origination so that indirect risk management tools are neither adopted as a substitute for fundamental analysis nor traded for their own sake.

Principle 4. Long-term, self-sustaining, and resilient to outside disruptions.

Sustainable banks adopt a long-term perspective to make sure they can maintain their operations and be resilient in the face of external disruptions. At the same time they recognise that no bank, or its clients, is entirely immune to such disruptions.

Principle 5. Transparent and inclusive governance.

Sustainable banks maintain a high degree of transparency and inclusiveness in governance and reporting. In this context, inclusiveness means an active relationship with a bank's extended stakeholder community, and not only its shareholders or management.

Principle 6. All of these principles embedded in the culture of the bank.

Sustainable banks seek to embed these principles in the culture of their institutions so that they are routinely used in decision-making at all levels. Recognising that the process of embedding these values requires deliberate effort, these banks develop human resources policies that reflect their values-based approach (including innovative incentive and evaluation systems for staff) and develop stakeholder-oriented practices to encourage sustainable business models. These banks also have specific reporting frameworks to demonstrate their financial and non-financial impact.

6. **AIFM**

6.1 Description

Triodos Investment Management B.V. is a Netherlands domiciled authorised alternative investment fund manager and is authorised to manage AIFs. The AIFM is subject to the supervision of the Netherlands Authority for the Financial Markets (AFM) and, as it concerns prudential supervision, is subject to supervision of the Dutch Central Bank (DNB). The AIFM is a wholly owned subsidiary of Triodos Bank N.V., which is a fully licensed bank, regulated and registered by the Dutch Central Bank, with branches in the Netherlands (Zeist), Belgium (Brussels), the United Kingdom (Bristol), Spain (Madrid) and Germany (Frankfurt).

The business and investment activities of Triodos Investment Management are managed out of its headquarters in Zeist, the Netherlands.

6.2 Track Record

Triodos Microfinance Fund

- Luxembourg SICAV; open ended.
- Inception: February 2009.
- AuM: EUR 465,04 million per 31 March 2020.
- Objective: Aims to offer investors a financially and socially sound investment in financial inclusion, thereby contributing to an accessible, well-functioning and inclusive financial sector in developing countries and emerging economies, which empowers people and businesses to achieve their goals and aspirations, and fuels social and economic development.
- Target countries: Developing countries and emerging economies.
- Investors: Institutional investors and qualified investors.
- Instruments: Senior debt (mixture of local and hard currencies, with a target of investing up to 55-60% of the fund's assets in senior debt); equity (minority position, primarily in local currency with a target of investing 20-25% of the fund's assets in equity); subordinated debt, convertible debt (primarily in local currency, with a target of investing up to 15% of the fund's assets in subordinated/convertible debt).
- Historical return as per 31 March 2020: 3-years average 1,38%, 5-years average 1,97%, 10-years average 4,32%.

Triodos Fair Share Fund

- Dutch mutual fund; open ended.
- Inception: December 2002.
- AuM: EUR 367,27 million per 31 March 2020.
- Objective: Aims to invest capital in institutions and projects in developing countries and emerging markets, which contribute to the development of a sustainable financial sector that is accessible to all sections of the population, with a view to achieving a balanced social and financial return in the long term. Triodos Fair Share Fund achieves this objective through direct and indirect investments in the inclusive financial sector, mainly focused on microfinance and SME finance.
- Target countries: Developing countries and emerging economies.

- Investors: Dutch individual (retail) investors.
- Instruments: Senior debt (mixture of local and hard currencies with a target of investing 40-75% of the fund's assets in senior, subordinated, and convertible debt); equity (minority position, primarily in local currency with a target of investing 15-20% of the fund's assets in equity); subordinated debt, convertible debt (primarily in local currency).
- Historical return as per 31 March 2020: 3-years average 0,90%, 5-years average 1,74%, 10-years average 4,02%.

6.3 Responsibilities

6.3.1 The AIFM is responsible for the portfolio management and exercising the risk management function in respect of SFRE. In addition, the AIFM's duties include valuation of the assets and distribution, investor relations and other support functions. In the performance of its duties and obligations, the AIFM will observe and comply with the provisions of the Articles and this Offering Memorandum as well as with any proper instruction not conflicting with its duties, obligations or any compelling requirements. The AIFM is also responsible for ensuring its compliance with the AIFM Directive, the AIFM Regulation and the AIFM Law. The AIFM will perform its duties and obligations in accordance with good industry practice thanks in particular to the use of qualified and adapted staff as well as appropriate tools and techniques. In accordance with the AIFM Law and the AIFM Agreement, the AIFM may delegate certain functions with respect to these duties to third parties. Notwithstanding any delegation, the AIFM shall remain liable to SFRE for the proper performance of the portfolio management, risk management, valuation, distribution, investor relations and other support functions.

6.3.2 Risk Management

The AIFM has implemented a permanent independent and integral risk management system throughout the organisation in order to adequately monitor and manage the risks related to each Compartment. This risk management system comprises of a risk management framework, based on the COSO framework for integral risk management, policies and procedures designed in accordance with Dutch regulations and best market practices.

The risk management framework describes amongst others the roles and responsibilities of the risk management function, the risk governance (three lines of defence model) at the AIFM level and alternative investment fund level and the risk management process to identify, measure, mitigate, monitor, report and evaluate all relevant risks related to the investments of each Compartment.

The risk profile of each Compartment shall correspond to the size, portfolio structure, investment strategy, leverage specified for each Compartment in the Special Section. The Compartments may, for the purpose of hedging, use spot and forward currency exchange contracts and other currency hedging instruments.

The AIFM, or in certain cases the AIFM together with the relevant delegate, employs appropriate liquidity management methods and adopts procedures which enable it to monitor the liquidity risk of each Compartment. The AIFM ensures that, for each Compartment it manages, the investment and financing strategy, the liquidity profile, the distribution policy and the redemption policy are consistent with liquidity needs. The AIFM will regularly conduct stress tests, under normal and exceptional liquidity conditions, which enable it to assess the liquidity risk of SFRE and monitor the liquidity risk of SFRE accordingly.

The permanent risk management function is responsible for the implementation and execution of the risk management process and policies and serves as a risk consultant. The risk management function is functionally and hierarchically separated from the portfolio management function.

The AIFM law requires that SFRE's exposure is calculated by the AIFM in accordance with two cumulative methods: the "gross method" and the "commitment method". The gross method gives the overall exposure of SFRE whereas the commitment method gives insight in the hedging and netting techniques used by the AIFM.

The leverage effect is determined by the AIFM Directive as being any method by which the AIFM increases the exposure of SFRE and each Compartment whether through borrowing of cash or securities leverage embedded in derivative positions or by any other means. The leverage creates risks for SFRE.

The leverage is controlled on a frequent basis and shall not exceed such thresholds as further described in each Special Section, using both the "gross method" and the "commitment method" in accordance with the AIFM Law. The "gross method" gives the overall exposure of the Compartment whereas the commitment method gives insight in the hedging and netting techniques used by the AIFM.

6.3.3 Fair Treatment of Investors

The AIFM ensures a fair treatment of the Investors and, whenever an Investor obtains preferential treatment, a description of that preferential treatment, the type(s) of investors who obtain such treatment and, where relevant, their legal or economic links with SFRE and/or the AIFM will be disclosed.

The Investors acknowledge the treatment of the Mission Shareholder as initiator of SFRE.

6.3.4 Liability

In accordance with the AIFM Agreement and to the extent permitted by Luxembourg law and the AIFM Rules, the AIFM shall not, in the absence of fraud, wilful misconduct, bad faith or gross negligence on its part, be liable to SFRE or the Shareholders for any loss or damage which they may sustain or suffer as a result of its duties under the AIFM Agreement.

To the extent permitted by Luxembourg law and the rules formed by (a) the AIFMD, (b) the AIFM Regulation, (c) any binding guideline or other delegated act and regulation issued from time to time by the European Union relevant authorities pursuant to (a) and (b), and (c) any national laws and regulations which (i) are taken in relation to (or transposing any of) the foregoing, the AIFM shall not be liable for:

- any indirect, incidental, consequential or special loss or damage (including loss or profits or business) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such claim may be brought;
- any acts or omissions made prior to the Effective Date by the AIFM, SFRE or any of their service providers;
- any damage (whether material, reputational, financial or otherwise) or material disadvantage resulting from any wrongful act or omission, prior to the Effective Date and incurred by the departing alternative investment fund manager, SFRE, their respective service providers or by the Investors.

6.4 Removal

The AIFM Agreement is entered into for an unlimited duration and may be terminated by either thereto by giving the other parties six (6) months' written notice. In certain cases and subject to certain conditions as set out in the AIFM Agreement, termination is possible with immediate effect.

7. RELATED PARTIES

7.1 Depositary Bank and Paying Agent

SFRE has appointed RBC Investor Services Bank S.A., having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, as the depositary of SFRE with responsibility for:

- a) safekeeping of the assets;
- b) oversight;
- c) cash flow monitoring; and
- d) paying agent function,

pursuant to the Law of 13 February 2007 and the Law of 12 July 2013 as well as the depositary bank and paying agent agreement signed on 10 August 2018, with effective date of 20 August 2018 and entered into between SFRE and RBC Investor Services Bank S.A. (the "**Depositary Bank and Paying Agent Agreement**").

RBC Investor Services Bank S.A. is registered with the LBR under number B 47192 and was incorporated in 1994 under the name "First European Transfer Agent". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5

April 1993 on the financial services sector and specialises in custody, fund administration and related services.

The Depositary Bank and Paying Agent Agreement may be terminated at any time by either SFRE or the Depositary upon 90 days' prior written notice addressed to the other party. Notwithstanding the foregoing, the Depositary Bank and Paying Agent Agreement may also be terminated in accordance with the provisions of the Depositary Bank and Paying Agent Agreement.

7.1.1 Safekeeping of the assets

(a) General

The Depositary is responsible in accordance with the Luxembourg laws and regulations, the Law of 12 July 2013 and the Depositary Bank and Paying Agent Agreement for the safekeeping of the financial instruments that can be held in custody and for the record keeping and verification of ownership of the other assets. In normal circumstances, the majority of the assets of SFRE qualify as "other assets" within the meaning of article 21(8)b of the AIFMD.

(b) Delegation

The Depositary is further authorised to delegate its safekeeping duties under the Law of 12 July 2013 to sub-custodians and to open accounts with such sub-custodians, provided that (i) such delegation is in accordance with, and subject to compliance with, the conditions set out in the applicable Luxembourg laws; and (ii) the Depositary will exercise all due skill, care and diligence in the selection, appointment, periodic review and ongoing monitoring of its sub-custodians.

(c) Discharge of liability

The Depositary may in certain circumstances and in accordance with article 19(13) of the Law of 12 July 2013, discharge itself of liability. In the event where certain financial instruments are required by a foreign local law or regulation to be held in custody by a local entity, and no local entity satisfies the delegation requirements in accordance with Article 19 (11) d) (ii) of the Law of 12 July 2013, the Depositary may nonetheless discharge itself of liability provided that specific conditions in accordance with Article 19 (14) of the Law of 12 July 2013 and the Depositary Bank and Paying Agent Agreement are met.

7.1.2 Oversight

The Depositary will, in accordance with the Law of 13 February 2007, the Law of 12 July 2013, the AIFM Regulation and the Depositary Bank and Paying Agent Agreement:

- a) ensure that the sale, issue, re-purchase, redemption and cancellation of Shares of SFRE are carried out in accordance with applicable national laws, the Offering Memorandum and the Articles;

- b) ensure that the value of the Shares of SFRE is calculated in accordance with applicable national laws, the Offering Memorandum the Articles and the procedures laid down in Article 19 of the AIFM Directive;
- c) carry out the instructions of the AIFM, unless they conflict with applicable national laws, the Offering Memorandum and the Articles;
- d) ensure that, in transactions involving the assets of SFRE, any consideration is remitted to SFRE within the usual time limits; and
- e) ensure that the income of SFRE is applied in accordance with applicable national laws, the Offering Memorandum and the Articles.

7.1.3 Cash flow monitoring

The Depositary is required under the AIFM Law, the AIFM Regulation and with the Depositary Bank and Paying Agent Agreement to perform certain cash flow monitoring duties as follows:

- a) reconcile all cash flow movements and perform such a reconciliation on a daily basis;
- b) identify cash flows, which are in its reasonable opinion, significant, and in particular those which could be inconsistent with SFRE's operations. The Depositary will perform its review using the previous Business Day end-of-day records;
- c) ensure that all bank accounts in SFRE structure are in name of SFRE or in the name of the AIFM on behalf of SFRE;
- d) ensure that the relevant banks are EU credit institutions or equivalent; and
- e) ensure that the monies paid by the Shareholders have been received and booked in cash accounts and booked in either Cash Accounts or Third Party Accounts (as such terms are defined in the Depositary Bank and Paying Agent Agreement).

7.1.4 Paying Agent

RBC Investor Services Bank S.A. also acts as Paying Agent for SFRE pursuant to the Depositary Bank and Paying Agent Agreement. The Paying Agent is responsible for receiving payments for subscriptions of Shares and depositing such payments in SFRE's bank accounts opened with the Depositary and distributing income and dividends to the Shareholders. The Paying Agent shall make payment of proceeds from the repurchase of Shares from time to time.

7.2 Administration Agent

Pursuant to an administration agency agreement signed on 10 August 2018, with effect as of 20 August 2018 (the "**Administration Agency Agreement**"), RBC Investor Services Bank S.A. has been appointed as central administration and registrar and

transfer agent of SFRE. This agreement is made for an unlimited duration and may be terminated by either party giving a minimum of 90 days' notice. It may further be terminated forthwith by SFRE when it is in the interests of the Shareholders.

The Administrator, in its capacity as central administration agent, is responsible, *inter alia*, for the bookkeeping and maintenance of all accounts of SFRE, the calculation and disclosure of the NAV and NAV per share, the compilation of the shareholder reporting and the general administration of SFRE as further described in the Administration Agency Agreement.

The Administrator, in its capacity as registrar and transfer agent, is responsible for handling the processing of registration, conversion, transfer and redemption of the Shares, complying with anti-money laundering provisions as required by the Luxembourg legislation and dealing with transfers or redemptions of Shares, in each case in accordance with the Articles, and in connection therewith, safekeeping of the register of the Shareholders, the mailing of statements, reports, notices and other documents to the Shareholders.

With the exception of 'cause' as described in the Administration Agency Agreement, either party may voluntarily terminate such agreement without cause upon giving to the other party three (3) months' written notice.

7.3 Domiciliary and Corporate Agent

SFRE has appointed RBC Investor Services Bank S.A., *société anonyme* registered in Luxembourg, as domiciliation agent, pursuant to a domiciliary and corporate agency agreement signed on 10 August 2018, with effect as of 20 August 2018 (the "**Domiciliary and Corporate Agency Agreement**"). RBC Investor Services Bank S.A. shall also handle the convening of shareholder meetings as well as of meetings of the Board.

The domiciliation agent is appointed pursuant to the Domiciliary and Corporate Agency Agreement, under which either party may terminate such agreement by giving no less than ninety (90) days' notice in writing to the other party and immediately by notice in writing should a party become subject to insolvency proceedings, be in breach of a material provision of the agreement, or if so required by applicable laws or by competent authority.

The domiciliation agent is responsible for the domiciliation of SFRE, the maintenance of records and other general domiciliation functions as more fully described in the Domiciliary and Corporate Agency Agreement.

7.4 Auditor

SFRE has appointed PricewaterhouseCoopers, *société coopérative* as independent auditor.

PricewaterhouseCoopers is set up as a cooperative company (*société cooperative*) under the laws of Luxembourg, registered with the LBR under company number B 65.477 and having its registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg.

The independent auditor verifies that the annual accounts of SFRE and the NAV present a true and fair view of SFRE's financial situation and that the management report is in agreement with the accounts. The auditor further reviews the year-end independent valuation performed by the AIFM.

8. TAX CONSIDERATIONS

The following section is a short summary of certain important Luxembourg taxation principles that may be or become relevant with respect to SFRE.

This section does not purport to be a complete summary of tax law and practice currently applicable in Luxembourg and does not contain any statement with respect to the tax treatment of an investment in SFRE in any other jurisdiction.

Furthermore, this section does not address the taxation of SFRE in any other jurisdiction or the taxation of any legal entity, partnership or undertakings for collective investment without legal personality in which SFRE holds an interest.

Prospective investors are advised to consult their own professional tax advisers in respect of the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling Shares under the laws of their country of citizenship, residence, domicile or incorporation.

The following summary is based on laws, regulations and practice currently applicable in the Grand Duchy of Luxembourg at the date of this Offering Memorandum and is subject to changes therein, possibly with retroactive effect.

8.1 Luxembourg Investment Company with Variable Capital

Under present Luxembourg law and administrative practice, a Luxembourg investment company with variable capital (*société d'investissement à capital variable* or "SICAV") or any of its compartments is not liable for any Luxembourg corporate income tax, municipal business tax, and net wealth tax. A Luxembourg SICAV subject to the Law of 13 February 2007 is however liable in Luxembourg to a subscription tax of in principle 0.01% per annum computed on its net assets, such tax being payable quarterly on the basis of the value of the aggregate assets of such SICAV or compartment at the end of the relevant calendar quarter.

The value of assets represented by units and shares held in other undertakings for collective investments is however exempt from subscription tax provided such units or shares have already been subject to this tax. No other stamp duty or other tax is payable in Luxembourg on the issue of shares by a Luxembourg SICAV.

A Luxembourg SICAV is liable for a flat registration duty of EUR 75 to be paid upon incorporation and upon future modification (if any) of its articles of incorporation.

Dividends and interest, if any, received by a Luxembourg SICAV or any of its compartments from investments may be subject to taxes and/or withholding taxes in the countries concerned at varying rates, such (withholding) taxes usually not being recoverable. A Luxembourg SICAV may be liable to certain other foreign taxes.

8.2 Shareholders of a Luxembourg SICAV

The shareholders of a Luxembourg SICAV are not liable to any taxation in Luxembourg in relation to the holding, sale, redemption or transfer of the shares of such SICAV (except for those domiciled, resident or having a permanent establishment in Luxembourg).

Luxembourg generally does not levy any withholding tax on (i) interest paid by a Luxembourg SICAV or (ii) dividend distributions made by a Luxembourg SICAV or (iii) payments made upon redemption/refund/sales of its shares by a Luxembourg SICAV (or any of its compartments).

8.3 Common Reporting Standard

The Organisation for Economic Co-operation and Development has developed a global standard for the annual automatic exchange of financial information between tax authorities (the "**CRS**"). The CRS has been implemented into Luxembourg domestic law via the law dated 18 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU (the "**CRS Law**"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in an EU Member State other than Luxembourg or in a country listed in a Grand-Ducal regulation.

The CRS Law will impose obligations on SFRE and its investors assuming SFRE is regarded as a reporting Financial Institution under the CRS Law. Under this perspective, SFRE will be required to conduct due diligence and obtain (among other things) confirmation of the tax residency (through the issuance of self-certifications forms by the investors), tax identification number and CRS classification of the investors in order to fulfil its own legal obligations pursuant to the CRS Law.

Each investor shall furnish (including by way of updates) to SFRE, or any third party designated by SFRE (a "**Designated Third Party**"), in such form and at such time as is reasonably requested by SFRE (including by way of electronic certification) any information, representations, waivers and forms relating to the investors (or the investors' controlling person, if relevant) as shall reasonably be requested by SFRE or the Designated Third Party to assist it in complying with the relevant CRS requirements.

In case of subscription for Shares, SFRE, or any Designated Third Party, may request a self-certification form issued by the investors in order to accept the said subscriptions.

Investors should contact their own tax advisers regarding the application of CRS to their particular circumstances.

8.4 Reporting of Information

Each Investor shall provide in a timely manner any information, form, disclosure, certification or documentation ("**Tax Information**") that SFRE and/or the AIFM may reasonably request in writing in order to maintain appropriate records and/or report such information as may be required to be reported to the Luxembourg tax authorities or any

other tax or competent authority (the "**Tax Reporting Regimes**") in order to comply with:

- a) the FATCA provisions; or
- b) the CRS provisions; or
- c) the European Union Council Directive 2011/16/EU (the "**DAC**"), as amended; or
- d) the Multilateral Competent Authority Agreement on the automatic exchange of financial account information signed by Luxembourg on 29 October 2014; or
- e) the ATAD and ATAD 2; or
- f) any law, rule or regulation pursuant to or implementing any of the FATCA, the DAC, the CRS, the ATAD, the ATAD 2 or any other regime requiring the exchange of Tax Information the AIFM and/or SFRE deem reasonably necessary for the conduct of SFRE's affairs.

The Investors shall use all reasonable endeavours to promptly provide to the AIFM and/or SFRE such Tax Information that may reasonably be requested by the AIFM and/or SFRE in order for SFRE to comply with any applicable or future legal, or regulatory or tax requirements pursuant to this section.

Each Investor further agrees to update or replace any such Tax Information promptly to the extent such Investor is aware of any changes to any of the Tax Information it has provided, or that such Tax Information has become obsolete. In addition, each Investor shall take such actions as the AIFM and/or SFRE may request in order to enable any relevant entity to comply with any Tax Information requirements or mitigate any taxation and hereby authorizes each relevant entity to take such actions as it determines are needed in order to enable any relevant entity to comply with any Tax Information requirements or mitigate any taxation (including but not limited to the disclosure of personal data).

An Investor shall indemnify the AIFM, SFRE and the other investors for all loss, costs, expenses, damages, claims and/or requests (including, but not limited to, any withholding tax, penalties or interest borne by SFRE and/or the other Investors) arising as a result of such Investor's failure to comply with any of the requirements set out in this section, or any requests of the AIFM and/or SFRE under this section, in a timely manner.

If requested by the AIFM and/or SFRE, the Investor shall promptly execute any and all documents or take such other actions as the AIFM and/or SFRE may require pursuant to this section.

8.5 Tax Liability

Irrespective of the application of the "Reporting of Information" paragraphs above, in the event that SFRE, the AIFM or any of their associates incurs a liability for any tax whether directly or indirectly, as a result of the participation of a particular Investor (or particular Investors) in SFRE, the AIFM may, in its absolute discretion, determine that

an amount equal to such tax liability shall be treated as an amount that has been allocated and distributed to such Investor (in which case such deemed allocation and distribution will be made between the relevant Investor(s) on an appropriate pro rata basis, as the AIFM may determine in its absolute discretion).

The AIFM will give notice of such deemed allocation and distribution to the relevant Investor (or Investors).

In the event where the AIFM did not or would not be able to proceed to the deemed allocation and distribution of a tax liability as described above, the amount equal to the tax liability determined by the AIFM must be repaid by the relevant Investor(s) to SFRE when so requested by the AIFM.

9. U.S. REGULATORY AND TAX MATTERS

Prospective investors are advised to consult their own professional tax advisers in respect of the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling Shares under U.S. laws.

9.1 In General

The following discussion summarises certain U.S. federal income tax ("**U.S. Tax**") consequences of an investment in SFRE. The discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations, administrative rulings, court cases, and other applicable law, all of which are subject to change, possibly with retroactive effect. The discussion does not address all of the U.S. Tax consequences of an investment in SFRE, since these depend upon each particular Shareholder's situation. In addition, the discussion does not address any other federal, state, local or non-U.S. tax consequences of an investment in SFRE, other than those described in this summary. Prospective investors are urged to consult with their own tax advisors before making an investment in SFRE.

For the purposes of this discussion, a "**U.S. Shareholder**" is a Shareholder that is a U.S. Person. For purposes of this discussion, a "U.S. Person" is (i) an individual who is a citizen of the United States or is treated as a resident of the United States for U.S. Tax purposes; (ii) a corporation or partnership that is either created or organised in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that is subject to the supervision of a court within the United States and the control of one or more U.S. Persons. A "**U.S. Taxable Shareholder**" is a U.S. Shareholder that is not otherwise exempt (as described below). A "**Non-U.S. Shareholder**" is a Shareholder that is not a U.S. Person.

If an entity classified for U.S. Tax purposes as a partnership holds Shares in SFRE, the tax treatment of a partner of such partnership generally will depend upon the status of the partner and the activities of such partnership. Accordingly, the discussion of the taxation of U.S. Shareholders and Non-U.S. Shareholders does not apply to Shareholders that are classified for U.S. Tax purposes as partnerships. Each partnership (and its partners) contemplating an investment in SFRE should consult its own tax advisor.

9.2 Taxation of SFRE

SFRE intends to be classified for U.S. Tax purposes as an association taxable as a corporation and not as a partnership.

SFRE does not expect (though no assurance can be given) that it will be treated as engaged in a trade or business within the United States or recognise income effectively connected with a trade or business within the United States for U.S. Tax purposes ("**ECI**"). In the event SFRE is considered to be engaged in a trade or business in the United States, SFRE would be subject to U.S. Tax (and possibly state and local income tax) on income effectively connected with such trade or business in the United States on a net basis, and would be required to file U.S. Tax returns (and possibly state and local tax returns) with regard to such income. The U.S. federal "branch profits tax" may apply to earnings and profits attributable to such effectively connected income.

Even if SFRE is not engaged in a trade or business within the United States, SFRE will be subject to U.S. Tax on any gain from the disposition of a "United States real property interest" (a "**USRPI**"), including stock of a "United States real property holding corporation" (a "**USRPHC**"), and would be required to file U.S. Tax returns (and possibly state and local tax returns) with regard to such income. The U.S. federal "branch profits tax" may apply to earnings and profits attributable to any such gain, but will not apply to earnings and profits attributable to gain from the disposition of stock of a USRPHC.

SFRE generally will be subject to a U.S. federal withholding tax of 30% on certain items of U.S. source income that are not effectively connected with a U.S. trade or business (e.g., dividends, certain items of interest, rents and royalties).

9.3 Non-U.S. Shareholders

A Non-U.S. Shareholder generally will not be subject to U.S. Tax with respect to its investment in SFRE unless (i) its investment in SFRE is effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business within the United States or (ii) the Non-U.S. Shareholder is an individual present in the United States for 183 days or more in a taxable year and certain other conditions are met.

Non-U.S. Shareholders may be required to make certain certifications to SFRE as to the beneficial ownership of their Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on distributions from SFRE.

9.4 U.S. Tax-Exempt Shareholders

A U.S. Shareholder that is exempt from taxation under Section 501 of the Code (a "**U.S. Tax-Exempt Shareholder**") generally will be exempt from U.S. Tax on certain categories of income, such as dividends, interest, capital gains and similar income realised from securities investment or trading activity. This type of income is exempt even if it is realised from securities trading activity which constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("**UBTI**") of a U.S. Tax-Exempt Shareholder. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes

income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the U.S. Tax-Exempt Shareholder's exempt purpose or function. UBTI also includes (i) income derived by a U.S. Tax-Exempt Shareholder from debt-financed property and (ii) gains derived by a U.S. Tax-Exempt Shareholder from the disposition of debt-financed property.

Income or gain realised by a U.S. Tax-Exempt Shareholder in respect of its Shares in SFRE generally should not be taxable as UBTI, provided that the U.S. Tax-Exempt Shareholder does not use borrowed funds constituting "acquisition indebtedness" in connection with its acquisition of an interest in SFRE. As discussed in greater detail below, SFRE expects to be classified for U.S. Tax purposes as a "passive foreign investment company" (a "**PFIC**"). However, unless dividends paid by SFRE to a U.S. Tax-Exempt Shareholder are characterised as UBTI, the PFIC rules will not apply to the U.S. Tax-Exempt Shareholder's Shares in SFRE. In addition, even if SFRE is a CFC (as defined below), in general, any earnings and profits of SFRE that are deemed to be distributed under the rules for 10% Holders (defined below) in a CFC should not be treated as UBTI (except in the case of certain insurance income), unless the U.S. Tax-Exempt Shareholder incurs debt to finance its purchase of Shares.

U.S. Tax-Exempt Shareholders are urged to consult their tax advisors concerning the U.S. Tax and other tax consequences of an investment in SFRE, including U.S. federal excise tax considerations for U.S. Tax-Exempt Shareholders that are "private foundations". There are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in SFRE. Charitable remainder trusts should consult their own tax advisors concerning the U.S. Tax consequences of such an investment on their beneficiaries.

9.5 U.S. Taxable Shareholders

As discussed above, SFRE intends to be classified for U.S. Tax purposes as a corporation and expects to be treated as a PFIC. In general, a non-U.S. entity classified for U.S. Tax purposes as a corporation will be treated as a PFIC for a taxable year if at least (i) 75% of its gross income for such taxable year is in the form of "passive income" or (ii) 50% of the average quarterly value of its assets for such taxable year produce or are held for the production of passive income. Passive income includes, among other things, dividends, capital gains, interest, rents and royalties not treated as earned in connection with the active conduct of a trade or business. However, passive income does not include dividends, interest, rents and royalties derived from certain related persons, to the extent such amounts are allocable to income of such related person which is not passive income. Also, for purposes of determining whether a non-U.S. corporation is treated as a PFIC, the non-U.S. corporation will be treated as holding its proportionate share of the assets of any other corporation, and receiving directly its proportionate share of the income of any other corporation, in which the non-U.S. corporation holds a direct or indirect stockholding of at least 25% by value. If a non-U.S. corporation is treated as a PFIC with respect to a U.S. Taxable Shareholder for any taxable year, the non-U.S. corporation generally will be treated as a PFIC with respect to such U.S. Taxable Shareholder for all subsequent taxable years in which the U.S. Taxable Shareholder holds a direct or indirect interest in the non-U.S. corporation, regardless of whether the non-U.S. corporation would be treated as a PFIC for such taxable year under the income and asset tests described above.

A U.S. Taxable Shareholder holding a direct or indirect interest in a PFIC will be subject to special tax rules with respect to (i) "excess distributions" received in respect of its interest in the PFIC and (ii) any gain realized from a sale or other disposition of its interest in the PFIC (including a pledge or a sale of the interest in the PFIC). Excess distributions are distributions received from a PFIC in a taxable year that are greater than 125% of the PFIC's average annual distributions during the shorter of the three preceding taxable years or the U.S. Taxable Shareholder's holding period for the PFIC shares.

Under these special tax rules, (i) the excess distribution or gain will be allocated over the U.S. Taxable Shareholder's holding period for its interest in the PFIC, (ii) the amount allocated to the current taxable year will be subject to tax as ordinary income, and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year, and an interest charge (at the rate generally applicable to underpayments of tax due in such year) will be imposed on the tax attributable to each such year. The U.S. Taxable Shareholder will not be eligible for the preferential individual U.S. Tax rates on "qualified dividend income" with respect to PFIC distributions. In addition, a U.S. Taxable Shareholder will be required to file additional information with the IRS in respect of its interest in the PFIC.

An election (a "**QEF Election**") can be made by a U.S. Taxable Shareholder that would avoid the treatment of excess distributions and gains described above. If a timely QEF election is made by a U.S. Taxable Shareholder, the U.S. Taxable Shareholder generally will be required in each taxable year to take into account: (i) its pro rata share of the PFIC's ordinary earnings as ordinary income; and (ii) its pro rata share of the PFIC's net capital gain as long-term capital gain, in each case, whether or not such amounts are distributed by the PFIC to the U.S. Taxable Shareholder. SFRE will provide any requesting U.S. Taxable Shareholders with "PFIC Annual Information Statements" to enable such U.S. Taxable Shareholders to make and maintain QEF Elections with respect to SFRE and will also use commercially reasonable efforts (i) to determine whether any Investee SFI is a PFIC, and if so, (ii) to provide such U.S. Taxable Shareholders with "PFIC Annual Information Statements" to enable such U.S. Taxable Shareholders to make and maintain QEF Elections with respect to such Investee SFI, provided that if any expense arises out of such request, such expense shall be carried by the requesting U.S. Taxable Shareholder. No assurances can be provided, however, that SFRE will be able to obtain the information necessary to determine whether any Investee SFI is a PFIC, or to provide requesting U.S. Taxable Shareholders with "PFIC Annual Information Statements" with respect to such Investee SFI.

Special rules apply to U.S. Persons who own, directly or indirectly and applying certain attribution rules, 10% or more of the total combined voting power or value of shares of all classes of stock (each, a "**10% Holder**") of a non-U.S. corporation that is a "controlled foreign corporation" (a "**CFC**"). A non-U.S. corporation generally will be a CFC if 10% Holders collectively own more than 50% of the total combined voting power or total value of the corporation's stock during any taxable year. 10% Holders of a CFC are required to include in taxable income (as a deemed dividend) for U.S. Tax purposes the 10% Holders' allocable share of the "subpart F income" of the CFC. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, gains from the sale of securities and income from certain

transactions with related parties. If SFRE is a CFC, any amounts so included in the taxable income of a U.S. Taxable Shareholder that is treated as a 10% Holder of SFRE will decrease the amount of taxable gain (or increase the amount of tax loss) recognised by the U.S. Taxable Shareholder on a sale or other disposition by the U.S. Taxable Shareholder of its Shares in SFRE. In addition, any gain realised by such U.S. Taxable Shareholder upon disposition of Shares in SFRE may be required to be treated as ordinary income. If SFRE is treated as a CFC with respect to a U.S. Taxable Shareholder, it will not be treated as a PFIC with respect to the U.S. Taxable Shareholder.

9.6 Certain Reporting Requirements for U.S. Shareholders

Any U.S. Person owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares of a non-U.S. corporation such as SFRE will likely be required to file an information return with the IRS containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. In addition, a U.S. Person that transfers cash to a non-U.S. corporation will likely be required to report the transfer to the IRS if (i) immediately after the transfer, such U.S. Person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of such corporation or (ii) the amount of cash transferred by such U.S. Person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds USD 100,000.

Furthermore, certain U.S. Shareholders may have to file IRS Form 8886 ("**Reportable Transaction Disclosure Statement**") with their U.S. Tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the IRS if SFRE engages in certain "reportable transactions". Under certain circumstances, the IRS may designate a transaction as a reportable transaction after the close of the year in which SFRE participated in the transaction, in which case the reporting U.S. Shareholder may have to file Form 8886 with respect to that transaction 90 days after the Service makes the designation. U.S. Shareholders required to file this report include (i) a U.S. Shareholder if SFRE is treated as a CFC and such U.S. Shareholder is a 10% Holder with respect to SFRE, and (ii) a U.S. Shareholder that holds a 10% or greater interest in a non-U.S. corporation that is a PFIC and that has made a QEF election with respect to the PFIC. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the IRS at its request. Moreover, if a U.S. Shareholder recognises a loss upon a disposition of Shares in SFRE, such loss could constitute a "reportable transaction" for such U.S. Shareholder, and such U.S. Shareholder would be required to file Form 8886. A significant penalty is imposed on taxpayers who fail to make the required disclosure. The penalty is generally USD 10,000 for natural persons and USD 50,000 for other persons (increased to USD 100,000 and USD 200,000, respectively, if the reportable transaction is a "listed" transaction).

In addition, U.S. Shareholders may be subject to substantial penalties if they fail to comply with certain other special information reporting requirements with respect to their investment in SFRE. Potential U.S. Shareholders should consult their own tax advisors regarding such reporting requirements.

9.7 Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding unless (i) the recipient establishes that it is an exempt recipient, or (ii) in the case of backup withholding, the recipient provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. A Non-U.S. Shareholder generally will establish itself as an exempt recipient by providing a properly completed and executed IRS Form W-8.

The amount of any backup withholding from a payment to a Shareholder will be allowed as a credit against the Shareholder's U.S. Tax liability and may entitle the Shareholder to a refund, provided that the required information is timely furnished to the IRS.

9.8 Foreign Account Tax Compliance

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act (commonly known as "**FATCA**") generally impose a reporting regime and potentially a 30% withholding tax with respect to (i) certain U.S. source income (including dividends and interest) ("**Withholdable Payments**") and (ii) a portion of certain non-U.S. source payments from non-U.S. entities that have entered into FFI Agreements (as defined below) to the extent attributable to Withholdable Payments ("**Passthru Payments**"). As a general matter, the rules are designed to require U.S. Persons' direct and indirect ownership of non-U.S. accounts and non-US entities to be reported to the IRS. The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership.

Generally, the rules will subject all Withholdable Payments and Passthru Payments received by SFRE to 30% withholding tax (including the share that is allocable to Non-U.S. Shareholders) unless SFRE enters into an agreement with the IRS (a "**FFI Agreement**") or complies with the terms of an applicable intergovernmental agreement (an "**IGA**"). Under an FFI Agreement or an applicable IGA, SFRE generally will be required to provide information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the rules, including, information regarding its direct and indirect U.S. accountholders.

The governments of Luxembourg and the United States have entered into an IGA regarding FATCA. Provided SFRE adheres to any applicable terms of the IGA, SFRE would not be subject to withholding or generally required to withhold amounts on payments it makes under FATCA. Additionally, SFRE will not have to enter into an FFI agreement with the IRS and instead is required to obtain information regarding accountholders and report such information to the Luxembourg government, which, in turn, would report such information to the IRS.

Each prospective Shareholder should consult its own tax advisor regarding the requirements under FATCA with respect to its own situation.

9.9 Possible Legislative or Regulatory Actions

U.S. federal income tax laws and regulations, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to an investment in SFRE may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal tax laws could adversely affect an investment in SFRE.

The Tax Cuts and Jobs Act (the "TCJA"), signed into law on December 22, 2017, makes significant changes to U.S. federal income tax laws applicable to businesses and their owners. Regulations implementing certain of these rules have not yet been issued and additional changes or corrections may be forthcoming. Each prospective Shareholder should consult its own tax advisor regarding the effects of the TCJA and other potential changes in tax laws on an investment in SFRE.

10. RISK FACTORS AND REGULATORY DISCLOSURES

10.1 Risk Factors

Prior to making any investment decision, prospective investors should consider carefully all of the information set forth in the Offering Memorandum and in the Articles and, in particular, the risks factors and investment considerations below.

Prospective investors should be aware that an investment in SFRE involves a high degree of risk and should only be undertaken by investors who are capable of evaluating the risks of such an investment and of bearing those risks.

An investment in SFRE requires a long-term commitment with no certainty of return. There can be no assurance that the investment strategy or any of the Compartment's investment policies will be achieved or that an Investor will receive a return on its paid-in amounts. The possibility of partial or total loss of paid-in amounts exists and prospective investors should not proceed with an investment in any of the Compartments unless they can readily bear the consequences of such loss.

The following list is not a complete list of all risks involved in connection with an investment in SFRE. Prospective investors must rely upon their own examination and evaluation of SFRE and their ability to understand the nature of an investment, including the risks involved in making such a decision to invest in SFRE independently without reliance on the Board, the AIFM or its directors, managers, officers, employees, agents, professional advisors or any of their Affiliates.

Investment Strategy and Target Return

SFRE will make investments based on the AIFM's or, where the portfolio management has been delegated to a Portfolio Manager, the relevant Portfolio Manager's estimates or projections of returns. Shareholders have no assurance that actual returns will equal or exceed the stated targeted return to the Shareholders of each respective Compartment.

SFRE, in seeking to achieve the projected respective returns for each Compartment, expects to invest in a variety of assets. Investments with individual expected returns

that are less than the respective target return may be made when this is deemed appropriate in light of the existing or future investments of the respective Compartment, for instance in order to ensure a diversification of risk for the Compartment as a whole. Accordingly, for the avoidance of doubt, the statement of any Compartment's target return does not oblige, and is not a representation, that the Portfolio Manager will only make investments whose individual expected returns are in excess of the target return.

It should be remembered that the NAV per Share can go down as well as up. The Board and the AIFM or any advisor thereto can give no guarantee as to future performance of, or future return from, any Compartment. An Investor may not get back the entire amount it has invested, or indeed any amount at all.

Operating History

SFRE commenced operations in 2014, accordingly, has relatively limited operating history upon which prospective investors may evaluate its likely performance. Past performance of the Directors, the members of the Investment Committee, the GABV or its members, the AIFM or a Portfolio Manager is not indicative of the performance of SFRE.

Financial Services Industry Risk

Each Compartment will primarily or solely invest in companies in the financial services industry and as such its performance will be vulnerable to events affecting that industry. Financial services companies are all subject to extensive regulation, rapid business changes, volatile performance dependent upon the availability and cost of capital and prevailing interest rates and significant competition. General economic conditions significantly affect these companies. Credit and other losses resulting from the financial difficulty of borrowers or other third parties have a potentially adverse effect on companies in this industry.

Difficulty of Sourcing and Securing Suitable Investments

There is no assurance that the AIFM or a relevant Portfolio Manager, where applicable, will be able to locate and complete investments that satisfy the Compartment's target returns or realise upon their values or that it will be able to fully invest its available capital.

Furthermore, there is no assurance that all investments correctly meet the specifications of the Investment Scorecard or that if such investments initially meet the threshold for investment, that subsequent declines in performance may cause the investment's failure to meet the specifications at all times in the future.

Investments with Third Parties

SFRE may co-invest with third parties through partnerships, joint ventures or other entities. In such circumstances, SFRE may not have full control over its interest in certain investments. The risks inherent in connection with third party involvement in an investment include the possibility that a third party partner or investor may not be financially able to continue an investment or default on an investment resulting in a negative impact on the investment may have economic or business interests or goals

which are inconsistent with those of SFRE or may be in a position to take action contrary to SFRE's investment strategy.

Scale

The long-term cost structure of a Compartment may rely on reaching a certain Compartment size over time. However, it is not guaranteed that such envisaged size can be achieved and relative expense levels can consequently be higher than originally envisaged.

Minority Investments by SFRE

A Compartment is likely in most cases to assume minority positions in an SFI and will hence depend on the SFI's management to operate the respective institution on a day-to-day basis. There can be no assurance that the management teams will operate the SFI in accordance with the Compartment's expectations.

Dilution from Subsequent Closings

Investors subscribing for interests at closings subsequent to a Compartment's Initial Closing will participate in existing investments of the relevant Compartment, thereby diluting the interests of existing Investors in such Compartment. Although such Investors will generally invest at prevailing NAV per Share, there can be no assurance that the resulting payment will reflect the actual fair value of the Compartment's assets.

Consequences of Default

If applicable in respect of a given Compartment, if an Investor fails to fund any of its Commitment when required, such Investor's interest in SFRE and its investments may be considerably impacted and even be forfeited. To the extent that one or more Investors do not honour their Commitments, SFRE may make Drawdowns on the remaining Investors based on their Commitments earlier than it otherwise would have. Should an Investor default or fail to make a timely payment to SFRE in respect of its Commitment as called, SFRE may lose investment opportunities that would otherwise be available if SFRE had the anticipated Investor monies on hand. In addition, SFRE may incur substantial costs and liabilities in connection with failing to meet its contractual obligations, for example, by defaulting on an obligation to acquire an asset, by failing to make payments on any indebtedness of SFRE in connection with the financing of an asset or by failing to pay certain costs and expenses of SFRE in connection with the conduct of its business. In addition to general liability for the non-defaulting party's damages and potential forfeitures of SFRE's assets, SFRE may be exposed to substantial legal expenses in connection with such default. The receipt of significantly less capital than anticipated may also affect the ability of SFRE to meet its diversification objectives or cause SFRE to default under Commitments to purchase investments.

Reliance on the AIFM and a Portfolio Manager, if applicable

The success of SFRE depends significantly on the efforts and abilities of the AIFM and the Portfolio Manager(s), as the case may be, to evaluate investment opportunities. Although the AIFM and the Portfolio Manager(s) are expected to devote all efforts as

reasonably required to implement the objectives of SFRE, there can be no guarantees that suitable investments will be successful. Prior performance of the AIFM and the Portfolio Manager(s) is not necessarily indicative of future results.

Organisational Risks

Loss of key personnel, especially with the AIFM, could have an adverse effect on SFRE's ability to maintain its investments plans and strategy.

Conflicts of Interest

Different Triodos group entities (including other funds managed by Triodos Investment Management or Affiliates) are or may potentially be involved as debt and/or equity providers to an Investee SFI. This could create a conflict of interest and the management of such conflicts of interest may result, for example, in SFRE being precluded from being involved in a potential investment. In addition, the capital raising of SFRE may be influenced by the capital raising of other funds managed by Triodos Investment Management or Affiliates.

The AIFM has a policy in place on confidential information and conflicts of interest and has further a conflict policy in place for SFRE as further described in section 10.2.

Limited Liquidity and Limited Transferability of Shares

Where relevant in respect of a Compartment, a liquidity reserve may be established and maintained to provide Investors with liquidity to redeem their shareholding. A Compartment's liquidity reserve may however not be sufficient to permit all Investors to redeem their Shares upon request. Furthermore, the Board may in its sole discretion limit or suspend redemptions in certain circumstances including in cases when the NAV calculation is suspended. Redemption requests may be subject to a significant penalty if such requests are made during a restricted redemption period.

No public market for the Shares is expected to develop. Transfer of Shares and Uncalled Commitments are limited to other Eligible Investors and such transfer will be subject to the prior written consent of the Board, which consent shall not be unreasonably withheld.

Notwithstanding any provision of the Offering Memorandum or the Articles to the contrary, it is intended that issues, transfers, withdrawals and redemptions of each Class of Shares of any Compartment, will be restricted so that at all times Benefit Plan Investors not own 25% or more of any Class of Shares of any Compartment, excluding interests held by Controlling Persons, as determined in accordance with applicable provisions of the Plan Asset Regulation.

Prospective investors will be required to make representations and provide information as to whether they are, or are not and will not be, a Benefit Plan Investor or Controlling Person. In addition, each Investor that represents that it is a Benefit Plan Investor will be required to make additional representations, including that its purchase thereof will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Concentration

In the normal course of making investments on behalf of a Compartment, the AIFM or the relevant Portfolio Manager, as the case may be, will attempt to diversify its investments in compliance with the applicable investment restrictions. Based on such criteria and limitations, the AIFM or the Portfolio Manager will be able to invest a certain percentage in any single SFI Investee and a certain percentage in SFI Investees in any single country, leading to the possibility that certain SFI Investees or economies of a single country may influence returns.

Furthermore, to the extent that the capital raised for a particular Compartment is less than the targeted amount or less investment opportunities than expected may crystallise or be approved by the respective Investment Committee, a Compartment may invest in fewer Investee SFIs than initially envisaged and thus be less diversified.

Also, a Compartment may invest in particular types of financial institutions that may be adversely affected as a sector implying that a downturn in this specific sector may affect the relevant Compartment in a more substantial way than it would for a more diversified fund.

Lack of Management Rights

Investors will not be permitted to take part in the management of the business of SFRE or the underlying assets. Accordingly, Investors will have no opportunity to control the day-to-day operation, including investment and disposal decisions of SFRE.

The AIFM or the Portfolio Manager, as per delegation by the AIFM, and subject to a favourable recommendation by the respective Investment Committee, if applicable, will have sole and absolute discretion in sourcing, structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of SFRE. Consequently, the Investors will generally not be able to evaluate for themselves the merits of particular investments prior to SFRE's making such investments. Investors will not be able to approve specific assets prior to investing or make investment decisions on behalf of SFRE.

SFRE's policies are determined between the AIFM and the Board. To the extent permitted by SFRE's legal documentation, these policies may be changed from time to time without a vote of the Investors of SFRE. Any such changes could be detrimental to the Investors' interests in SFRE.

Investors' Rights – Nominee Risk

The Investors' attention is drawn to the fact that any Investor will only be able to fully exercise its investor rights directly against SFRE, notably the right to participate in general meetings of Shareholders, if the Investor is registered itself and in its own name in the Shareholders' register of SFRE. In cases where an Investor invests in SFRE through an intermediary investing into SFRE in its own name but on behalf of the Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against SFRE. Investors are advised to take advice on their rights.

Valuation Risk

Some of a Compartment's investments might inherently be difficult to value. Due to the nature of its assets and the fact that there may often be no readily available market for SFRE's investments, the AIFM may often not be able to place a precise value on investments and therefore may need to estimate values, which will by necessity involve subjectivity. As a result, valuations may be subject to substantial uncertainty. There can be no certainty regarding the future performance of assets. There is no assurance that the estimates resulting from the valuation process will reflect the actual sale price even where such sales occur shortly after the Valuation Day. The value of the investments and the value of an Investor's interest in SFRE can go down as well as up. A valuation is not a guarantee of a realisable price.

From time to time, certain situations affecting the valuation of a Compartment's assets (such as limited liquidity, unavailability or unreliability of investee valuations and acts or omissions of service providers to SFRE or a Compartment, as the case may be) could have an impact on NAV, and prior judgments as to the appropriate valuation of an asset could later prove to be incorrect. SFRE is not required to make retroactive adjustments based on subsequent valuation data.

Interest rate risk

The return of SFRE partly depends on the developments in the capital markets. Depending on the composition of the portfolio, a change in the interest rates in the capital markets can have a positive or negative effect on the results of SFRE.

Foreign Currency and Exchange Rate Risks

SFRE may invest in a variety of currencies and any fluctuation between any such currency and one or more Reference Currencies will be a risk for the relevant Compartment and its Investors.

Where applicable in respect of a Compartment, SFRE or the AIFM may, at their discretion, hedge the exposure to such currency fluctuations between that currency and the relevant Reference Currencies. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. While a Compartment may benefit from the use of these hedging mechanisms, unanticipated changes in currency exchange or interest rates may result in a poorer overall performance for a Compartment than if it had not entered into such hedging transactions.

In addition, restrictions imposed in the countries where a Compartment makes investments to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. Also, a Compartment may incur costs in connection with conversions between various currencies.

Similarly, any currency fluctuation between the Reference Currency in which an Investor is invested and any other currency for those Investors whose functional currency is not the relevant Reference Currency will be a risk for such investors.

General Taxation Risk

The attention of prospective investors is drawn to the taxation section associated with investing in SFRE. The tax rules, including stamp duty, stamp duty land tax, VAT and withholding tax provisions and their interpretation relating to an investment in SFRE, or SFRE's investments, may change during the life of SFRE, which may have an adverse effect on SFRE or any Compartment's investments.

Prospective investors should seek their own advice on the taxation consequences of an investment in SFRE. Neither SFRE, the AIFM or its directors, managers, officers, employees, professional advisers or their Affiliates take any responsibility for any advice with respect to any prospective investor's own tax position.

BEPS

Investors should be aware that the OECD published in 2013 its Action Plan on Base Erosion and Profit Shifting ("**BEPS**"), and that various jurisdictions in which SFRE operates may have published draft legislation and/or are currently consulting on the implementation of BEPS.

BEPS comprises 15 Actions aimed at addressing the effects of base erosion and profit shifting, and when implemented is likely to fundamentally alter the existing tax landscape in various ways. Depending on how BEPS is introduced, it may result in additional reporting and disclosure obligations for the Investors and/or SFRE and/or additional tax being suffered by the Investors, SFRE or its underlying investments which may adversely affect the returns of the Investors.

Investors should also note that, although the BEPS final reports were published on 5 October 2015, there is still considerable uncertainty surrounding the recommendations made, and further guidance and/or amendments to the recommendations may be published. In particular, the position for investment fund vehicles, such as SFRE, remains unclear (even following the documents published in October 2015 and in March 2016) and further consultation is ongoing in relation to such vehicles.

In this respect, the Luxembourg law dated 21 December 2018 transposed the anti-tax avoidance rules laid down in the Council Directive (EU) 2016/1164 of 12 July 2016 ("**ATAD**"). This law may impact the tax position of underlying Luxembourg subsidiaries of SFRE (if any) in certain limited circumstances.

Furthermore, the transposition of the EU Council Directive 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries ("**ATAD 2**") may further impact the tax position of SFRE structure.

The Luxembourg law dated 20 December 2019 (the "**ATAD 2 Law**") transposed into Luxembourg legislation the ATAD 2. The ATAD 2 Law extends the scope of the ATAD which applied to situations of double deduction or deduction without inclusion resulting from the use of hybrid financial instruments or hybrid entities. The ATAD 2 requires EU Member States to either deny deduction of payments, expenses or losses or include payments as taxable income, in case of hybrid mismatches. It includes situations involving permanent establishments, reverse hybrids, imported mismatches, hybrid transfers and dual residence.

The ATAD 2 Law applies as of 1 January 2020, except for the provision on reverse hybrid mismatches which will apply as of 1 January 2022.

The exact impact of the above mentioned new rules would need to be monitored on a regular basis, notably in the light of any future guidance from the Luxembourg tax authorities.

Multilateral instrument

In addition to the international anti-tax avoidance measures mentioned above, the OECD adopted the multilateral instrument ("**MLI**"). The MLI will swiftly implement a series of tax treaty measures to update international tax rules and lessen the opportunity for tax avoidance by multinational enterprises. Existing tax treaties may be amended in order to reflect the minimum standards as provided by the MLI.

On June 7, 2017, the Luxembourg government was among the first group of signatories to sign the MLI in Paris. On 14 February 2019, the Luxembourg Parliament passed the bill of law on the ratification of the MLI into Luxembourg domestic tax law. The application of the MLI provisions to SFRE structure will have to be monitored on a case-by-case basis according to the ratification by the other states and on the type of tax concerned, i.e., withholding tax or other taxes.

Reportable cross-border arrangements

The EU Directive on Administrative Cooperation (2011/16/EU) has been recently amended to require taxpayers and intermediaries to report details of "reportable cross-border arrangements" to their home tax authority pursuant to a new mandatory disclosure regime – so-called "DAC 6". This information will be automatically exchanged among the tax authorities of the EU Member States. The rules are to apply from 1 July 2020 onwards. However, the rules (once introduced) will require taxpayers and/or intermediaries to report the details of all relevant arrangements entered into after 25 June 2018. Accordingly, these rules may be relevant to SFRE and its investments.

Leverage and Financing Risk

Compartments may borrow money in order to make investments, pay expenses or for working capital purposes within the limitation as set out in the Special Section for each Compartment. Accordingly, such a Compartment may pledge its assets to banks or other financial institutions as security for borrowings made by the Compartment as well as enter into one or more commitment liquidity facilities whereby Uncalled Commitments are pledged as collateral for said borrowing.

A Compartment's failure to comply with the terms and conditions of the related credit agreement may cause an event of default under such agreement, which could permit the lenders to refuse to fund additional loans and/or foreclose on the collateral in which the lenders have a security interest, and there can be no assurance that it will be able to obtain a replacement credit facility or that, if one is obtained, it will be able to make timely borrowings to acquire assets or to fund working capital advances or that borrowings, when made, will be under terms advantageous to it.

The amount of borrowings and other forms of leverage which a Compartment may have outstanding at any time may be substantial in relation to its capital. Therefore, while leverage presents opportunities for increasing a Compartment's total return or facilitating its operations, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a Compartment would be magnified to the extent such Compartment is leveraged. The cumulative effect of the use of leverage by a Compartment in a market that moves adversely to such Compartment's investments could result in a substantial loss to that Compartment which would be greater than if such Compartment were not leveraged.

Country Risk

Compartments will invest in countries classified as transition or developing countries. These countries can be subject to high political risks, they may be in an economic recession with sometimes high and quickly fluctuating inflation rates, with an often poorly developed framework and where standards for auditing and reporting may not be in line with internationally accepted standards. In these countries, foreign investments may be subject to restrictions and controls of varying degrees. This may increase the costs of the investments. It may also delay or restrict investments or repatriation of capital after an investment has been made. In some countries, it may be challenging in obtaining or enforcing a court judgment.

A reliable assessment of an Investee SFI on the basis of the Investment Scorecard depends on the accuracy, completeness and truthfulness of the information provided by such individual Investee SFIs.

Risk relating to Realisation of Equity Investments

A Compartment's equity and equity-like investments will in principle be junior in right of repayment to indebtedness and other liabilities of the respective Investee SFI. The ability of a Compartment to realise a return or reduce losses on any such equity investment will be dependent on the Compartment's success in finding an opportunity to sell that investment. Compartments' investments where equity will most likely be comprised of unlisted equity securities and the opportunities to sell such securities can be rare.

Risk relating to Repayment of Debt Investments

A Compartment may invest in debt instruments. With respect to such investments, the respective Compartment's ability to realise a return will depend on such debt instruments being serviced and repaid. Additionally, such debt instruments may not be secured by any collateral, liens on assets or other guarantees or security and, if subordinated debt instruments, will most likely be ranked junior in right of repayment with other indebtedness and/or liabilities of the Investee SFI in which such investment is made.

In some jurisdictions, unsecured indebtedness resulting from tax, labour or other similar claims have priority under law and this priority cannot be overcome. Debt instruments in which SFRE may invest may not comprise the majority or a substantial amount, by aggregate value, of an Investee SFI's outstanding indebtedness and, consequently, SFRE may have limited leverage over such Investee SFI to enforce repayment and other

terms of such debt instruments in the event of a failure of such Investee SFI to make principal and interest payments on such debt instruments.

Segregated Liability between Compartments

While the provisions of the Law of 13 February 2007 provide for segregated liability between Compartments, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any Compartment may be exposed to the liabilities of other Compartments.

Impact of Governmental Regulation and Legislative Changes

Governmental authorities at all levels (including on a national and EU basis) are actively involved in the promulgation and enforcement of regulations relating to taxation, land use, zoning, planning restrictions, environmental protection and safety and other matters. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, SFRE's assets.

Any legislation and its interpretation, and the legal and regulatory regimes which apply in relation to SFRE and/or an investment in SFRE may change during the life of SFRE. Accounting practice may also change, which may affect, in particular, the manner in which SFRE's investments are valued and/or the way in which income or capital gains are recognised and/or allocated by SFRE.

Indemnification

The Indemnified Parties generally will not be held liable with respect to its actions or inactions unless they constitute fraud, wilful misconduct, gross negligence or reckless disregard of duties.

SFRE will be required to indemnify the Indemnified Parties for liabilities incurred in connection with the affairs of SFRE. The indemnification obligation of SFRE would be payable from the assets of SFRE, including Commitments.

Forward-looking Statements

The Offering Memorandum contains forward-looking statements. These forward-looking statements reflect the AIFM's or others' views with respect to future events. Actual events could differ materially from those in the forward-looking statements. Investors are cautioned not to place undue reliance on such statements.

Confidential Information

Directors, members of an Investment Committee, the GABV or the AIFM may receive certain confidential client information in the normal course of their business. Such confidential information would not ordinarily be available to them in connection with SFRE's business. However, the possession of such information may preclude SFRE from engaging in certain transactions or impose restrictions on certain transactions.

Disclosure of Identity

The AIFM and SFRE may be required by law, regulation or government authority to disclose information in respect of the identity of the Investors, including beneficial investors in an Investor.

Money Laundering

The AIFM and SFRE may be required by law, regulation or government authority to suspend the account of an investor or take other anti-money laundering steps.

Tax Liability

Investors may have additional tax liabilities in their country of citizenship or residence or may be entitled to additional tax relief in that country. This could have the effect of increasing or decreasing the post-tax return on their investment in SFRE. Under applicable tax laws, investors may be required to take into account their allocable share of SFRE's items of income, gain, loss, deduction and credit, without regard to whether they have received or will receive any distributions from SFRE. There can be no assurance that SFRE will have sufficient cash flow to permit it to make distributions in the amount necessary to pay all tax liabilities resulting from an investor's ownership of interests in SFRE. Accordingly, an investor's tax liability for any taxable year associated with an investment in SFRE may exceed (and perhaps to a substantial extent) the cash distribution to that investor during the taxable year.

Taxation in Other Jurisdictions

SFRE may be subject to income or other tax in the jurisdictions in which investments are made and withholding tax or branch tax may be imposed on earnings of SFRE from investments in such jurisdictions. In addition, tax incurred in foreign jurisdictions by SFRE or vehicles through which it invests may not be creditable to or deductible by the Investors in their respective jurisdictions.

Changes in Tax Law

Changes in applicable law or interpretations of such law may adversely affect SFRE's ability to efficiently realise income or capital gains. To the extent possible, SFRE will structure its investments and activities to minimise its tax liability; however, there can be no assurance that SFRE will be able to eliminate its tax liability or reduce it to a specified level.

Sustainability risks

The performance of the Shares depends on the performance of the investments of SFRE, which could also be adversely affected by sustainability risks. Sustainability risks are an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investments of SFRE.

Investors should be aware that the approach to sustainable finance and sustainability can be subjective and may evolve and develop over time due to legal and regulatory requirements. Therefore, comparison between various sustainable products may be difficult, and the AIFM is responsible solely for the information provided in this Offering Memorandum.

The application of the Principles of Sustainable Banking minimizes the risk of potential environmental, social or governance events or conditions that may cause an actual or a potential material negative impact on the value of the investments (so-called sustainability risks). The process of screening, monitoring and reporting of investments should ensure that the likely impact of sustainability risks on the returns of SFRE is limited.

However, sustainability risks are complex and require subjective judgement. A comprehensive assessment of sustainability risks requires a judgement call on both the qualitative measures a company has taken as well as on its quantitative measures. To the extent that a sustainability risk occurs, or occurs in a manner that cannot reasonably be anticipated by the AIFM, there may be an unforeseen actual or potential material negative impact on the value of an investment, hence on the Net Asset Value of SFRE.

Despite the thorough screening process, there is a risk that SFRE may have invested in a company that no longer meets the sustainable investment criteria. The AIFM has a process in place to mitigate such risks and ensure that investments of SFRE are aligned with the investment strategy within shortest time period possible.

For the implementation of the investment strategy, the AIFM relies on information made available by Investees and other third parties. The AIFM has no guarantee that the information provided by these parties is at all times complete, accurate and up to date.

When assessing sustainability risks, SFRE considers various aspects, for example:

- Natural resources as an environmental factor: there is a risk that Investees are exposed to the extraction of non-renewable resources (e.g. forestry, mining, oil and gas) that could result in environmental, health, and safety issues. This risk is mitigated through careful assessment of the Investee's exposure to these activities, contractual prohibition for the Investee to finance the most harmful activities, and, for institutions that occur to have exposures to these industries, a requirement to have or develop environmental and social management system to mitigate negative impact of these activities;
- Labour conditions as a social factor: there is a risk that Investees are affiliated with unfair labour practices and principles that might occur in certain sectors in which an Investee operates, leading to a decrease in health, safety and well-being of people. In principle, SFRE does not finance, and contractually the Investee agrees not to finance, (directly or indirectly) any activity, production, use, distribution, business or trade involving production or activities involving forced labour or harmful child labour;
- Corruption and instability as a governance factor: there is a risk that the emerging market economies in which SFRE invests have high levels of corruption, which can lead to an uneven distribution of wealth, political instability and other societal risks. The monitoring of this risk is included in the country risk monitoring of SFRE.

Sustainability risks differ from investment to investment. Some markets and sectors will have greater exposure to sustainability risks than others. However, it is not anticipated that a single sustainability risk will have a material negative financial impact

on the value of the Compartments. Nevertheless, if the AIFM believes such risk might exist, it will be disclosed on a compartment level.

Lack of clarity of standardised taxonomy

The lack of standardised taxonomy poses the risk of subjective judgement in selecting investments and tax impacts. The lack of clarity of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level, especially with regard to investments that have a social objective, may result in different approaches by investment managers when setting the ESG objectives and determining that these objectives have been met by the investment funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to selected investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings.

Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the AIFM's methodology. The lack of harmonised definitions may also potentially result in certain investment not benefiting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

The growing demand for products integrating ESG and sustainability criteria has called for more standardisation, which should eventually result in greater comparability between investments. The effects of such standardisation are difficult to assess but could result, among others, in a reassessment of the ESG profile of certain Investees.

Risk related to the impact of the United Kingdom's vote to leave the European Union

On 23 June 2016, the United Kingdom ("UK") voted, via referendum, to exit from the European Union ("EU"), triggering political, economic, tax and legal uncertainty.

On 31 January 2020, the UK exited from the EU. Based on the agreement for an orderly withdrawal of the UK from the EU, the UK benefits from a transition period, pursuant to which all EU Treaties and EU legislation still apply to the UK. This transition period ends on 31 December 2020. At the end of this transition period and in the absence of an agreement determining the terms of the UK's relationship with the EU, the UK will be considered as a third country from 1 January 2021.

Relevant developments relating to the consequences of the negotiations between the UK and EU on SFRE and the AIFM, and the AIFM's ability to perform its duties with respect to the Sub-Funds will be monitored. Due care will be taken by the AIFM as to whether there may, as a result of these developments, at some point in the future be a need to vary, amend or reconsider any of the arrangements relating to the management of the Sub-Funds' portfolios. Although not all effects are readily apparent, investors should be aware that after 1 January 2021 it could possibly become more difficult for the AIFM and/or SFRE to market in the UK.

10.2 Regulatory Disclosures

Conflicts of Interest

Level of the Board. As per the provisions of the Law of 10 August 1915, any Director having an interest in a transaction or any other matter submitted for approval to the Board conflicting with that of SFRE shall be obliged to advise the Board thereof and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations or cast a vote.

At the next following general meeting of Shareholders, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of SFRE.

The preceding paragraphs shall not apply where the decision of the Board relates to current operations entered into under normal conditions.

General. The AIFM has established a conflicts of interest policy for SFRE that will apply to SFRE and its key representatives including, but not limited to, the Board, the AIFM, any Portfolio Manager, any Investment Committee, the Depositary and the Administrator.

Any conflict of interests shall be resolved in the best interest of the Investors.

The representatives of SFRE and the AIFM as well as their key service providers must always:

1. act in the best interests of the investors of SFRE and/or the respective Compartments;
2. use their best endeavours to avoid and/or appropriately address any conflict between their individual interests and the interests of the investors of SFRE and/or the respective Compartments; and
3. use their best endeavours to avoid and/or appropriately address any conflict between the interests of their other clients and the interests of the investors of SFRE and/or the respective Compartments.

The escalation process for any conflicts of interest is set out in the conflict of interest policy of the AIFM for SFRE. This policy is available to Investors of SFRE upon request at the registered office of the AIFM or by post or email.

The AIFM shall maintain a conflict register in accordance with the AIFM Law. If the organisational arrangements made by the AIFM to identify, prevent, manage and monitor conflicts of interests are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of Investors in SFRE shall be prevented, then the AIFM must clearly disclose the general nature or sources of conflicts of interests to these Investors before undertaking business on their behalf.

Such disclosure by the AIFM shall be made in accordance with the provisions of Article 36 of the AIFM Regulation.

Best Execution

The AIFM and each Portfolio Manager, as the case may be, act in the best interests of SFRE when executing investment decisions. For that purpose it takes all reasonable

steps to obtain the best possible result for SFRE, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order (best execution).

Remuneration

The AIFM has established a remuneration policy which shall be applicable to all identified staff members as specified in the AIFM Regulation and the ESMA Guidelines 2013/201. Any relevant disclosures shall be made in the financial statements, if applicable, in accordance with the AIFM Law.

11. RESTRICTIONS ON SOLICITATIONS AND RESALE

Subscription for Shares may only be effected on the basis of the Offering Memorandum and the Articles in their final version as approved by the Luxembourg supervisory authority.

Without limitation to the following, the Offering Memorandum does not constitute an offer to sell to, or a solicitation of an offer to subscribe from, anyone in any country or jurisdiction (i) in which such an offer or solicitation is not authorised, (ii) in which any person making such offer or solicitation is not qualified to do so or (iii) in which any such offer or solicitation would otherwise be unlawful. No action has been taken that would, or is intended to, permit a public offer of Shares in any country or jurisdiction where any such action for that purpose is required. accordingly, shares may not be offered or sold, directly or indirectly, and neither the Offering Memorandum nor any other information, form of application, advertisement or other document may be distributed or published in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Offering Memorandum comes must inform themselves about and observe any legal restrictions affecting any subscription of Shares. Neither SFRE nor the AIFM is making any representation or warranty to any prospective investor regarding the legality of an investment in SFRE by such person under appropriate securities or similar laws.

SPECIAL SECTION

The information contained in this Special Section is supplemental to that provided in the General Section and should always be read together with the General Section of this Offering Memorandum. This Special Section provides for all additional terms governing each Class of Shares in each Compartment offered by SFRE.

At the date of this Offering Memorandum, SFRE offers Shares for subscription in the following Compartment(s):

- **Sustainability – Finance – Real Economies SICAV-SIF – 1/2014** (the "**First Compartment**")

Definitions used solely for the purpose of a Compartment are self-contained.

SUSTAINABILITY – FINANCE – REAL ECONOMIES SICAV-SIF – 1/2014

The First Compartment has sustainable investment as its objective as set out in article 9 of the SFDR.

1. INVESTMENTS

1.1 Value Proposition

The Board believes that an investment in the First Compartment offers its Shareholders the following benefits:

- (i) *Access to a Pool of SFIs*: This pool will include institutions where direct investment may be difficult to access without significant transaction costs or institutions that investors may not have access to at all as most deals will be privately sourced;
- (ii) *Geographic Diversification*: Providing global diversification and a range of underlying growth expectations associated with the macro-economic drivers of the markets / economies where investments are made;
- (iii) *Institutional Diversification*: Including SFIs with diverse legal structures (e.g. cooperatives, credit unions, joint stock companies, etc.);
- (iv) *Portfolio Diversification*: The First Compartment expects to generate stable returns with limited volatility, which, as they are generated by financial institutions with diverse business models, could provide Shareholders that have investment exposure to large financial institutions or financial institutions with homogeneous business models with some diversification in their portfolio of financial institution investments;
- (v) *Participation in Growing Pool of SFIs*: Allowing Shareholders an early entry to a growing category of well-performing, SFIs;
- (vi) *Promotion of the Growth of Sustainable Banking Practices*: Indirect participation in the promotion of sustainable banking practices via the support of financial institutions which apply them; and
- (vii) *Sustainability Results*: Non-financial participation in the social and environmental sustainability results of the operations of the SFIs in which investments are made, together with regular reporting on such results.

1.2 Investment Strategy

The First Compartment's strategy is to invest globally into high-quality SFIs which (i) fit within the Investment Criteria and Investment Restrictions and (ii) achieve at the outset the Minimum Score (as defined below under section 1.3 of the Special Section) established for investment eligibility and measured by the Investment Scorecard. Investments will be made into the Tier 1 and Tier 2 capital of such SFIs, as defined under Basel III or by local regulators.

In adopting this strategy and thus providing long-term and patient investment capital, SFRE intends to provide support to the growth of SFIs and their sustainable banking practices and thus to contribute to the promotion of their value proposition as described above.

SFIs are traditionally committed to mainly social and environmental sustainability factors such as:

- client-centred, long-term financial products and services
- supporting the real economy: supporting economic activities that generate goods and services, as opposed to a financial economy concerned predominantly with activities in the financial markets
- financing with a focus on human need: individual and business financial services including lending and deposits focused on a broad range of human needs, with typical sectors served (but are not limited to):
 - Economic resilience
 - Lending and deposit products for small and medium sized enterprises and/or individuals (typically focused on un(der)banked clients as well as entrepreneurs with a strong focus on female borrowers)
 - Agriculture – rural and agriculture finance, organic farming and food production
 - Affordable housing – sustainable/eco home and office construction and renovation, social housing (e.g. elderly, handicapped), housing microfinance
 - Environmental protection
 - Green industries – energy efficiency, clean technology, green consumer products, alternative energy, renewable energy, real estate retrofits, waste and water management
 - Social empowerment
 - Educational/cultural activities – schools, theatres, museums
 - Other – healthcare, social services for excluded populations (e.g. youth, ethnic minorities, immigrants, etc.)

Although SFIs can be active in all sectors, they can also be active in only one or two sectors mentioned, in which case only applicable indicators will be used for possible positive inclusion in the portfolio.

For further information on SFIs, reference is made to section 2 of the General Section of the Offering Memorandum.

Many SFIs are members of the GABV, or adhere to the GABV Principles of Sustainable Banking which are:

- Triple bottom line approach (people, planet, prosperity) and active use of finance to do good, not just avoid doing harm
- Serving the real economy
- Long-term relationships with clients
- Long-term, self-sustaining and resilient to outside disruptions
- Transparent and inclusive governance
- All principles embedded in the culture of the bank

For further information on the GABV and the GABV principles, see section 5 of the General Section of the Offering Memorandum.

Investments are not limited to SFIs that are GABV members. Instead, eligibility for the First Compartment investment will be assessed by the AIFM on the basis of the Investment Scorecard that has been developed by the GABV to assess banking sustainability, which incorporates quantitative and qualitative factors addressing the sustainability indicators as mentioned above in relation to SFI's and the GABV Principles to Sustainable Banking. Each potential Investee SFI will need to meet the Minimum Score on the Investment Scorecard reflecting adherence to the Principles of Sustainable Banking to be eligible for investment by the First Compartment. Once an investment has been made, Investee SFIs will be annually re-assessed on their Investment Scorecard performance.

In addition to the Investment Scorecard assessment, a potential Investee SFI will be selected based on an assessment of operational and financial performance, in line with the financial return objectives of SFRE, based on 'traditional' in-depth due diligence of quantitative and qualitative factors and historical performance.

The First Compartment will typically target minority stakes (up to 20%) in its Investee SFIs and expects to act as a supportive shareholder without necessarily seeking a substantive role in governance. Notwithstanding this, the First Compartment expects to have regular dialogue with Investee SFIs, including as part of an annual reassessment of the Investment Scorecard, as applicable.

Financial returns of the First Compartment are expected to arise out of current distributions from Investee SFIs (e.g. dividends, coupons), combined with growth in the underlying asset value of the Investee SFIs. The First Compartment expects to provide reasonable, stable returns and will actively seek to demonstrate relatively low volatility in the pattern of such returns.

As noted above, SFRE's objective is to support its Investee SFIs in the long term and this objective was the principal reason for setting SFRE up as a permanent vehicle. The First Compartment has similarly been set up with perpetual life. This means that the First Compartment will not be under pressure to pursue exits from Investee SFIs because of the approaching maturity of a closed-end fund or similar characteristic of an alternative structure. Exits may occur in the normal course of business, where strategically valid, or, amongst other reasons, where Investee SFIs score insufficiently in their annual Investment Scorecard assessment or financial performance is unsatisfactory.

Because of the unique feature of the First Compartment, it is not managed against any benchmark.

1.3 Investment Scorecard

The Investment Scorecard has been developed by the GABV as a framework for evaluating key drivers of excellence in values-based banking and sustainable finance. The development of the Investment Scorecard used information from GABV members and its research comparing the financial profiles of these members with the largest banks in the world.

As part of the investment process, the AIFM will evaluate each potential Investee SFI using the Investment Scorecard and will review the assessment at least annually once an investment has been made. The minimum score (on a 100 point scale) required for consideration of an investment by SFRE shall be set from time to time by the Board, based on input from the AIFM and the Investment Committee (the "**Minimum Score**").

The Investment Scorecard is the property of the GABV and will be licensed, together with any enhancements, to SFRE by the GABV for a sum of USD 20.000.-, which includes general support to the AIFM in the effective application of the Investment Scorecard. The GABV will be responsible for the maintenance of the Investment Scorecard in terms of incorporating advances in scoring methodologies. It is anticipated that SFRE will be actively involved with the GABV on the ongoing enhancement of the Investment Scorecard.

The Investment Scorecard includes:

a) **basic requirements** including, among other criteria, details on the SFI's regulatory status, verification that the SFI accepts deposits and makes loans, acceptability of reporting transparency, and mission or strategy statements that include references to delivering returns beyond strictly financial results;

b) **objective measures** including evaluation of quantitative factors derived from financial statements or other data sources provided by the SFI which are relevant to the Principles of Sustainable Banking, measured against standards (some of which will be linked to the GABV research) to derive a base score. Examples of quantitative factors are amongst others: amount of triple bottom line assets, amount of real economy assets, return on assets, proportion of equity to total assets, amount of low quality assets; and

c) **qualitative elements** including evidence related to the SFI's commitment to and performance in accordance with the Principles of Sustainable Banking along the sustainability factors as mentioned in section 1.2, based on an analysis of the SFI's policies and procedures and demonstrated concrete results in the SFI's operations.

The AIFM will be responsible for determining the final score for an individual Investee SFI, including adjustment of the base score as appropriate for relevant qualitative elements.

More information on the sustainability aspects of the First Compartment can be found on www.triodos-im.com.

1.4 Investment Criteria and Investment Restrictions

The First Compartment will invest in adherence with the following criteria (the "**Investment Criteria**"):

- (i) *Investee Type*: An Investee SFI must be a financial institution (private bank, cooperative, credit union or any other type of regulated institution whose principal activity is the provision of finance to retail and corporate customers through accounts and where an investment participation is possible) or a holding company of such financial institution(s);

- (ii) *Regulation*: An Investee SFI must be regulated in its local market by the banking or other relevant supervisor of financial institutions of its type;
- (iii) *Investment Instrument*: Investment instruments must qualify as Tier 1 or Tier 2 capital as defined under Basel Capital Accord³ regulation, as locally interpreted by regulators in the relevant investment jurisdiction, or, where Basel III does not apply in a jurisdiction, as defined by the local regulator (together "**Eligible SFI Investments**");
- (iv) *Sustainability Score*: Investee SFIs must obtain a minimum score established by the Board on the Investment Scorecard as assessed by the AIFM in order to qualify for investment. Post-investment the score will be re-appraised on an annual basis; the achievement of the Minimum Score on a continuing basis is a condition for continued investment;
- (v) *Financial Track Record and Prospects*: Investee SFIs must have at least three (3) years of audited financial statements and must be able to demonstrate an ability to grow profitably in the future.

Potential investments that do not comply with the investment criteria as stated above are excluded. The investment strategy, criteria and restrictions ensure that investments do not significantly harm the sustainable investment objective of the First Compartment.

The First Compartment aims to diversify its portfolio of Investee SFIs and will therefore restrict its activities as follows (the "**Investment Restrictions**"):

- (i) *SFI Concentration Limit*:

The SFI concentration limit is pegged to the funds' NAV and restricts the maximum percentage that a single SFI shall constitute of the First Compartment's total assets calculated on the basis of NAV of all Investee SFI portfolio assets plus current value of cash and cash equivalents and liquid investments. Investments in Investee SFIs as part of the Liquidity Portfolio (as defined in Section 2.8 of the Special Section) will be taken into account for the basis of any concentration limit. This limit is:

- fifteen percent (15%) when the NAV is above hundred million (100.000.000) USD;
- twenty percent (20%) with a NAV between seventy million (70.000.000) USD and hundred million (100.000.000) USD;
- twenty-five (25%) with a NAV between fifty million (50.000.000) USD and seventy million (70.000.000) USD;

³ <http://www.bis.org/publ/bcbsec111.pdf?noframes=1> – the definitions of capital are covered in Annex 1

- thirty percent (30%) when the NAV is below fifty million (50.000.000) USD.

(ii) *Country Concentration Limit:*

This limit restricts the percentage of the First Compartments' total assets that shall be invested in one single country calculated on the basis of NAV of all Investee SFI portfolio assets plus current value of cash and cash equivalents and liquid investments. This limit is:

- twenty percent (20%) the NAV is above seventy million (70.000.000) USD;
- twenty-five percent (25%) when the NAV is between fifty million (50.000.000) USD and seventy million (70.000.000) USD;
- Thirty percent (30%) when the NAV is below fifty million (50.000.000) USD.

(iii) *Pooled Fund Restriction:* The First Compartment shall not make investments in pooled funds, except for liquidity management purposes in accordance with the liquidity guidelines and the liquidity management policy.

Where the First Compartment invests through Subsidiaries, such investments should be looked-through for the purpose of the above Investment Restrictions and the underlying investments of the Subsidiaries should be treated as if they were direct investments made by the First Compartment.

Regardless of the above, the First Compartment's investments will be diversified to an extent that an adequate spread of the investment risk is warranted in compliance with Circular 07/309.

The above Investment Restrictions will not be breached as a result of changes in the price or value of assets of the Compartment brought about solely through movements in the market or as a result of any other events out of the control of the AIFM, but in such circumstances the AIFM shall take all necessary steps to bring the First Compartment back within the Investment Restrictions except where the AIFM reasonably believes that this would be prejudicial to the interests of the First Compartment and its Shareholders.

1.5 Liquidity Reserve

The AIFM shall establish, in respect of the First Compartment, a liquidity reserve in an amount of around ten percent (10%) of the NAV of the First Compartment ("**Liquidity Reserve**"). The Liquidity Reserve shall be maintained at around the target level during the term of the First Compartment measured as of the end of each calendar quarter and shall be applied to meet Redemption Requests, provided that after honouring Redemption Requests the Liquidity Reserve can fall significantly below the target level for a period of no more than twelve (12) months following the redemption payments.

The Liquidity Reserve may consist of cash, cash equivalents or other liquid or short-term investments. The Liquidity Reserve is a part of the Liquidity Portfolio (see section 2.8 of the Special Section) and shall be managed according to the liquidity guidelines and the liquidity management policy.

1.6 Pipeline

Identification and assessment of potential investees is the responsibility of the AIFM. SFRE expects the sourcing of the pipeline of the First Compartment to benefit from:

- (i) Research by the AIFM;
- (ii) Personal and professional networks of the AIFM's staff, board and owners;
- (iii) Personal and professional networks of the Directors;
- (iv) Industry and regional conferences;
- (v) Relationships established by the AIFM; and
- (vi) GABV network members and GABV members' networks.

In consequence, SFRE expects there to be an extensive pipeline of potential Investee SFIs for the First Compartment.

1.7 Co-Investments by Shareholders

SFRE may offer, but is not required to offer, Shareholders an opportunity to co-invest with the First Compartment depending on the capital requirements of a particular transaction. If such co-investments are offered to Shareholders, such offers will be made consistent with the First Compartment's internal policies and any applicable requirements set out by the Articles and Offering Memorandum, if any. To the extent that the co-investment opportunity remains available after offering to the Shareholders, SFRE may offer the co-investment opportunity to third parties.

2. INVESTMENT PROCESS

The AIFM will identify financial institutions around the globe with a clear focus on and alignment with the Principles of Sustainable Banking and which demonstrate sound operational and financial performance. The AIFM will assess, on the basis of the Investment Criteria, the opportunity for investing in Eligible SFI Investments in selected institutions, subject to recommendation of the Investment Committee.

The AIFM will generally adhere to the following process when making decisions on Eligible SFI Investments. However, certain steps may not be needed in all circumstances (for example investments in standard equity issuances of Investee SFIs may not involve the same legal process as investments in special issuances requiring specific negotiation), while other steps may happen in parallel and not in sequential order as outlined below.

2.1 Investment Scorecard

The Investment Scorecard is an integral part of any investment decision and is used throughout the investment process and also thereafter as part of investment monitoring.

2.2 Deal Sourcing

Using the above sources described in section 1.6 of the Special Section, the AIFM will identify financial institutions likely to meet the Investment Criteria.

2.3 Investment Process

A successful outcome of each stage described below will lead to the next stage.

2.3.1 Inclusion in pipeline

The AIFM will conduct an early stage screening of the Investee SFI based on public information building on existing expertise of the regional teams and limited information on transaction terms.

2.3.2 Preliminary due diligence

The AIFM will conduct a preliminary due diligence based on public information and available confidential information and include in the scope of its due diligence: (i) an investee's business strategy, ownership structure, management and financials; (ii) expected investment details and returns and (iii) portfolio fit in light of diversification. In this stage the AIFM will also perform an initial assessment of the Investment Scorecard based on estimates.

2.3.3 Pre-Investment Committee

This is the last stage before the transaction is formally handed over to the Investment Committee. In this stage a non-binding expression of interest or term sheet may be signed on the basis of preliminary terms and conditions determined by the AIFM. The AIFM will undertake a full due diligence, preferably onsite, to evaluate the Investee SFI's operations and/or meet the Investee SFI's management team.

A thorough assessment by means of the Investment Scorecard will be performed and the score calculated for each potential Investee SFI. Should the score be below the Minimum Score set from time to time as described in section 1.3 of the Special Section, the AIFM will not continue with the pursuit of the investment.

2.3.4 Investment Decision

The results of the detailed due diligence process, the assessment from the Investment Scorecard and the proposed investment structure are presented to the Investment Committee by means of a comprehensive report. The workings of the Investment Committee are set out in section 4 of the Special Section.

2.3.5 Signing

Negotiation of prospective terms of investment will be finalised along with the review of existing or proposed shareholders agreements and other relevant corporate documents. External counsel may be engaged to support the legal drafting and/or review as appropriate.

2.3.6 Closing and Disbursement

After signing the transaction will be closely monitored until closing because some changes to the terms and conditions, material events or other issues may occur.

2.4 Portfolio Construction / Diversification

The AIFM aims to further construct a portfolio that is well diversified and delivers current income and overall NAV growth in-line with the First Compartment's objectives subject to the parameters set by the Investment Criteria and Investment Restrictions (see section 1.4 of the Special Section).

2.5 Monitoring of Investments

The AIFM will establish relationships with all portfolio Investee SFIs and collect appropriate portfolio information on a regular basis, generally including review of quarterly financial statements and other periodic reporting (such as social and/or environmental indicator reports). The AIFM will be responsible for analysing this information and monitoring investments. A detailed review of each Investee SFI's operations and performance will be undertaken on an annual basis, or more frequently for investments which are considered at risk or as may be required for investment valuation purposes. At a minimum there will be an annual update of the assessment related to the Investment Scorecard.

2.6 Reporting

To live up its commitment as a responsible and transparent investor, the AIFM regularly publishes information on the First Compartment's investment activities in quarterly and annual reports.

For the attainment of its sustainable investment objective, the First Compartment reports on sustainability indicators, e.g.: total number of borrowers, total number of savers, average loan amount, total investee real economy asset value, total number of lives affected. The performance of such indicators is a consequence of the investment strategy and not a result of targeting specific indicator results.

2.7 Portfolio Divestments

The investment strategy of the First Compartment is to make long-term investments in Investee SFIs. Notwithstanding this, it may be necessary or desirable for the AIFM to arrange to sell its investments in Investee SFIs from time to time. The reasons for such sales may include:

- (i) Deterioration in the financial performance of the Investee SFI;

- (ii) Uncorrected breach of covenants or other investment conditions by an Investee SFI;
- (iii) Deterioration in the Investment Scorecard performance of the Investee SFI without correction over a sustained period;
- (iv) Requirements to meet Investment Criteria and / or Investment Restrictions which may have been breached due to unforeseen circumstances;
- (v) An assessment that support from the First Compartment is no longer required for the further growth of an Investee SFI (for example where an Investee SFI becomes listed on a major exchange);
- (vi) Requirements to generate cash for the Liquidity Reserve or other liquidity purposes if other sources are unavailable; or
- (vii) General portfolio management considerations.

The AIFM is responsible for evaluating market conditions, proposing best timing for potential divestments and negotiating the terms of such divestments.

Potential divestments will be presented to the Investment Committee and the AIFM will not take a divestment decision unless such divestment has received a favourable recommendation by the Investment Committee.

2.8 Liquidity Management

In addition to investments in Investee SFIs, the AIFM is responsible for the management of liquidity in the First Compartment, including monies in the Liquidity Reserve, cash, cash equivalents and other liquid funds (together being the "**Liquidity Portfolio**"). The Liquidity Portfolio will be expected to provide appropriate liquidity in relation to Redemption Requests in addition to funding operating expenses and contributing to the current yield of the overall portfolio.

Guidelines as to the general composition of the Liquidity Portfolio and a liquidity management policy will be proposed by the AIFM and approved by the Board. The AIFM will manage the Liquidity Portfolio in compliance therewith. Subject to the Investment Restrictions described in section 1.4 of the Special Section above, and any other restrictions as may be determined from time to time (e.g., rating requirements) the AIFM will seek to invest cash in liquid or short-term investments with SFIs or institutions otherwise aligned with the objectives of the First Compartment.

3. COMPARTMENT SPECIFIC AIFM CONSIDERATIONS

3.1 Charges and Expenses

The First Compartment shall bear the costs and expenses incurred in relation to proposed and actual investments of the First Compartment, regardless of whether the investment or divestment is eventually proceeded with, however, subject to the expenses and charges that will be borne by the AIFM as outlined below.

In this respect, the AIFM will submit annual budgets to the Board with regard to the due diligence and other expenses that would be borne by the First Compartment.

Furthermore:

- (a) The AIFM shall render its services to the First Compartment at its own expense and is responsible for its overhead expenses including, but not limited to its normal overhead such as, office rent, furniture and fixtures, telephone, printing and stationery and other supplies; secretarial/internal administrative services; salaries and bonuses; fees paid to consultants or third parties engaged to carry out core functions; data processing; travel and entertainment expenses; insurance and payroll and other taxes.
- (b) The AIFM shall bear the expenses incurred with respect to identification and sourcing of investments and Investment Scorecard assessment up to and including the negotiation of a preliminary term sheet as agreed with SFRE.
- (c) The AIFM shall bear its own expenses incurred in relation to the marketing of the First Compartment, investor relations activities and support functions, with the exception of reasonable out-of-pocket travel-related and meeting-related expenses which shall be reimbursed by the First Compartment.

The AIFM is generally expected to perform its core functions using its own resources. Reasonable, documented expenses incurred by the AIFM in connection with its role as portfolio manager that shall be paid by the First Compartment include, but are not limited to, legal transaction advice, transaction exit advice and external valuations in relation to investment exits, filing, brokerage/custodians, accounting, purchase of third party research reports or postage fees incurred in evaluating, structuring, negotiating, purchasing or selling investments, costs relating to foreign exchange contracts and service providers, out-of-pocket travel and other expenses reasonably related to the purchase, monitoring, sale or transmittal of First Compartment's assets (for the avoidance of doubt, all such expenses relating only to post-preliminary term sheet assessment as described above under (b)).

4. INVESTMENT COMMITTEE

4.1 Overview

The AIFM has established an Investment Committee for the First Compartment to review and advise on its investment and divestment proposals and provide the AIFM with recommendations in relation thereto, it being understood that the AIFM shall not make any investment or divestment decision unless such investment or disposal has received a favourable recommendation by the Investment Committee.

4.2 Composition

The Investment Committee consists of a pool of representatives of the AIFM and two members that are independent of the AIFM. The members independent of the AIFM can be board members. The number of voting members that should form a quorum is

three (3). Two (2) voting members are from the pool of representatives of the AIFM. One (1) voting member is independent from the AIFM.

No Investors' representatives shall, in such capacity, be appointed to the Investment Committee save that any member of the Investment Committee may own a limited shareholding in the First Compartment being defined as a holding of less than 2% of the Shares in issue of the First Compartment.

The AIFM cannot alter either (a) the governance composition of the Investment Committee or (b) its independent member composition without the approval of the Board.

4.3 Meetings

The Investment Committee will act as necessary in order to carry out its functions, through meetings, telephone conferences or written consultations and resolutions, as appropriate.

A decision can only be reached by means of consensus of the voting members that form the quorum. The AIFM shall record minutes of all meetings of the Investment Committee.

In conflict of interest situations where the AIFM is the conflicted party, the AIFM members in the Investment Committee must refrain from voting in the Investment Committee and the relevant decision is made by a majority of the independent members present or represented at the meeting in accordance with the conflict of interest rules established for SFRE.

The AIFM shall provide minutes of all Investment Committee meetings to the independent members of the Investment Committee.

4.4 Powers

The Investment Committee shall have the power and function to (i) oversee the implementation of the investment strategy of the First Compartment, and (ii) review and recommend potential investments for the First Compartment or their divestment. The AIFM has developed an Investment Committee Charter, including the operating policies and procedures for the Investment Committee. Any change to the Investment Committee Charter will require the approval of both the Investment Committee and the Board. No member of the Investment Committee, acting in such capacity, shall (i) take part in the management or control of the business of the First Compartment or SFRE or (ii) have any authority to bind or to act for or on behalf of the First Compartment or SFRE.

5. **ADVISORY COMMITTEE**

5.1 Overview

The Board will establish an Advisory Committee to advise the Board at its request, on matters relating to the First Compartment and indirectly SFRE in general as set out below. The Advisory Committee will not receive a remuneration.

5.2 Composition

The Advisory Committee shall consist of such number of members as shall be fixed by the Board from time to time, but not fewer than three (3) nor more than five (5). The Board shall appoint, replace and remove, in its sole discretion, representatives of Shareholders to serve as members of the Advisory Committee from among the Shareholders of the First Compartment; provided, however that (i) At least one Shareholder has investments in SFRE of which the value of its investment is fifteen percent (15%) or more of the net asset value of the fund and is not otherwise represented on the Advisory Committee; and (ii) at least one appointment shall be reserved for an Investor who is a member of the GABV for nomination by Investors who are, or whose Affiliates are, a member of the GABV; and (iii) at least one appointment to the Advisory Committee shall be reserved for nomination by Investors who are not, and whose Affiliates are not, otherwise represented on the Advisory Committee. The Board shall not unreasonably withhold the appointment of a member of the Advisory Committee as nominated by Investors under subclauses (i), (ii) and (iii) above. Each member of the Advisory Committee shall be an employee or authorised representative of such Investor entitled to the nomination, who shall be designated by such Investor from time to time. An appointment of an Investor to the Advisory Committee is not transferable without the consent of the Board, which consent may be given or withheld in the discretion of the Board. Each member of the Advisory Committee shall serve until he or she resigns, upon delivery of written notice to the Board, or is removed. Representatives of an Investor to the Advisory Committee may be removed or replaced, with or without cause, by the Investor with whom such member is affiliated with the consent of the Board, such consent not to be unreasonably withheld. If a member of the Advisory Committee has resigned or been removed, the Board may select a replacement, except in the case of members of the Advisory Committee designated under (i) above, in which case, such replacement member shall be nominated by the Investor with whom such member is affiliated; or under subclauses (ii) and (iii) above in which case, such member shall be replaced by an Investor nominated by Investors in accordance with subclauses (ii) or (iii) above respectively. The members of the Advisory Committee shall not be entitled to any remuneration or reimbursement of any expenses from the First Compartment, the Board or any of the Investors.

5.3 Meetings

The Advisory Committee will act as necessary in order to carry out its functions, through meetings, telephone conferences or written consultations, as appropriate.

The chairman of the Board, or in his absence any Director, shall convene and chair a meeting of the Advisory Committee at least once a year or and may ask for electronic written advice as the Board in its reasonable discretion determines is required for timely advice on specific subject matters. Meetings may be called on not less than ten (10) Business Days' notice to all members.

The AIFM shall have the right to attend any Advisory Committee meeting.

5.4 Role

The role of the Advisory Committee shall be to advise the SFRE board on topics related to the First Compartment or SFRE in general. Asking advice of the Advisory Committee is at the discretion of the Board.

6. **PERIODICITY OF NAV CALCULATION**

The Administrator will calculate each calendar quarter a NAV in respect of the last Business Day of such quarter.

7. **SUBSCRIPTION**

7.1 Reference Currency

The Reference Currency of the First Compartment is US Dollar ("**USD**").

7.2 Share Classes

Other than the dedicated Class for the Mission Share, currently Shares in the First Compartment are only issued in:

- Class A – Reference Currency is USD; and
- Class B – Reference Currency is Euro ("**EUR**").

The Board shall have the right to issue additional classes of Shares in the First Compartment, which may be subject to different rights and obligations including but not limited to different redemption or economic rights and minimum subscription amounts, provided that the Shareholders will not receive preferential treatment. In case of issue of additional classes of Shares, this Offering Memorandum will be updated accordingly.

The amounts invested in the different Classes of the First Compartment are invested in a common underlying portfolio of investments. Shareholders of the same Class in the First Compartment will be treated equally pro rata to the number of Shares of such Class held by them.

Investors should note however that some Classes, such as the Class for the Mission Share, may not be available to all Investors, the Board reserving the right to offer certain Classes to certain categories of Investors only.

7.3 Minimum Investment

The minimum investment per Investor is:

- in respect of Class A Shares: USD 2 million; and
- in respect of Class B Shares: EUR 1.5 million,

subject to the discretion of the Board to waive such minimum. Such minimum does not apply to any follow up investment of an Investor who has already invested in SFRE.

7.4 Subscription Process

Eligible Investors may submit Subscription Forms in respect of each Valuation Day in writing (by fax or courier) to the Registrar and Transfer Agent. Subscription Forms, duly completed and signed,⁴ received by the Registrar and Transfer Agent on the 15th Business Day preceding the relevant Valuation Day will, if accepted, be processed in respect of that Valuation Day, such Valuation Day then constituting a Closing. Any applications received after the applicable deadline on the 15th Business Day preceding the Valuation Day will be processed in respect of the following Valuation Day. Should the Board decide to declare additional Valuation Days, it shall ensure that the applicants are contacted, offering them the choice of applicable Valuation Day.

The Board reserves the right to accept or reject at a Closing any Subscription Form in its absolute discretion. Shares are reserved for Eligible Investors and the Board shall restrict or prevent the ownership of Shares by a Prohibited Person. The Board may decide not to offer or sell, or require any subscriber to provide it with any information that it may consider necessary for the purpose of deciding whether or not it is, or will be, a Prohibited Person. Furthermore, without limiting the foregoing, the Board shall not accept subscriptions for interests in any Class of Shares, if by accepting such subscription it would result in, or create a material likelihood that, participation in any Compartment by Benefit Plan Investors will be deemed to be "significant" within the meaning of the Plan Asset Regulation. All persons subscribing for any Class of Shares will be required to indicate, among other things, whether or not they are or will be a Benefit Plan Investor or Controlling Person (see "Certain ERISA and Other Considerations").

Payment for Shares subscribed must be (irrevocably) received in the Reference Currency on the Compartment's bank account by the Depositary no later than ten (10) Business Days after the relevant Valuation Day. Shares will be issued once the NAV in respect of the Closing becomes available, which may take up to fifteen (15) Business Days after such Closing. In the event of a late payment, the investor may be charged with an interest.

The Board, in its discretion, may decide to accept subscriptions for Shares in the First Compartment in exchange for a contribution in kind. Any contribution in kind will be subject to a report established by an auditor qualifying as a *réviseur d'entreprises agréé* drawn up in accordance with the requirements of Luxembourg law, the costs of which report will be borne by the relevant Investor.

8. REDEMPTION

8.1 Redemption at Shareholder Request

A Shareholder is entitled to request the redemption of all or a portion of its Shares by giving at least ninety (90) calendar days written notice to the Administrator (a "**Redemption Request**") prior to a Redemption Day (a "**Redemption Request Notice**"), subject to a minimum redemption amount of USD 100,000.00 for Class A

⁴ Joint applicants must each sign the Subscription Form unless an acceptable power of attorney or other written authority is provided.

Shares, or EUR 75,000.00 for Class B Shares, unless such amount represents the entirety of such Shareholder's Shares.

Each Valuation Day on the last Business Day of a calendar quarter constitutes a "**Redemption Day**".

Redemption Requests shall be processed, i.e. the relevant Shares shall be redeemed and cancelled and redemption proceeds shall be paid out, within ten (10) Business Days after the NAV of the relevant Redemption Day being available.

Shares shall be redeemed at the request of a Shareholder at the applicable NAV per Share less a redemption fee in favour of the First Compartment determined as follows:

- (i) for redemptions being processed within the first five (5) years following the issuance of the relevant Shares to the Shareholder: two percent (2%) of the redemption amount, provided however that a twenty-five percent (25%) redemption fee would be applied, in case redemption requests are processed within the period expiring on the third anniversary of the issue of such Shares;
- (ii) for redemptions being processed after the first five (5) years but within the first ten (10) years following the issuance of the relevant Shares to the Shareholder: one percent (1%) of the redemption amount.
- (iii) for redemptions being processed after the first ten (10) years following the issuance of the relevant Shares to the Shareholder, a redemption fee shall no longer apply.

8.2 Limits on and Suspension of Redemptions

The Board may in its sole discretion limit or suspend redemptions in circumstances where (a) such redemptions cannot be met out of the Liquidity Reserve and/or (b) in case the NAV calculation is suspended as per the Articles.

To the extent that any application for redemption is not given full effect on such Redemption Day because the redemption cannot be met out of the Liquidity Reserve, provided however that any scale back of an application for redemption must be made on a *pro rata* basis with other applications for redemptions validly received in respect of the same Redemption Day, such application shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in question ("**Limited Redemption Shareholders**") in respect of the next Redemption Day and, if necessary, subsequent Redemption Days, until such application shall have been satisfied in full. The Limited Redemption Shareholder may however withdraw its redemption request within ten (10) Business Days after the relevant Redemption Day and only with the consent of the Board.

With respect to any application for redemption received in respect of such Redemption Day, to the extent that subsequent applications shall be received in respect of following Redemption Days, such later applications shall be postponed in priority to the satisfaction of applications relating to such Limited Redemption Shareholder, but subject thereto shall be dealt with as set out above.

For the avoidance of doubt, Shares subject to a Redemption Request shall continue to be entitled to receive distributions up to the moment they are effectively redeemed and cancelled.

8.3 Compulsory Redemption

Shares, other than the Mission Share, may be compulsorily redeemed whenever the Board considers this to be in the best interest of the First Compartment, including for instance for anti-money laundering, legal, tax or regulatory requirements or, at the discretion of the Board, when the Shareholder's participation falls below the minimum subscription amount. In particular, Shares, other than the Mission Share, may be compulsorily redeemed at the option of the Board, on a *pro rata* basis among existing Shareholders, in order to distribute to the Shareholders upon the disposal of an investment by the First Compartment any net sales proceeds from such disposal, notwithstanding any other distribution pursuant to section 4.13 of the General Section. Redemptions will be based on the NAV per Share applicable at the Valuation Day prior to payment of the redemption proceeds. Such redemption amount shall be payable without interest, as soon as practicable (having regard to the liquidity of the portfolio and the interests of Shareholders) after the effective date of the redemption and will be paid in cash.

Moreover, where it appears to the Board that any Prohibited Person precluded from holding Shares in SFRE holds in fact Shares, the Board may compulsorily redeem the Shares, other than the Mission Share, at time of publication of the next available NAV, less a 25% redemption fee in favour of the First Compartment, subject to giving such Prohibited Person notice of at least ten (10) Business Days, and upon redemption, those Shares will be cancelled and the Prohibited Person will cease to be a Shareholder.

In the event that an Investor becomes a Prohibited Person, the Board may, in its entire discretion and prior to any redemption of the Shares held by such Prohibited Person, provide the Shareholders (other than the Prohibited Person) with a right to purchase on a *pro rata* basis the Shares of the Prohibited Person at the next applicable NAV of those Shares, and the provisions of this section shall apply *mutatis mutandis*.

Furthermore, should the processing of certain redemption requests result in or create a material likelihood that participation in any Class of Shares of a Compartment by Benefit Plan Investors will be deemed to be "significant" within the meaning of the Plan Asset Regulation, then the AIFM or Board may, on a *pro rata* basis, compulsorily redeem such Benefit Plan Investors in order to avoid that the assets of any Compartment would be considered "plan assets" for purposes of Title I of ERISA or Section 4975 of the Code (see "**Certain ERISA and Other Considerations**").

8.4 Mission Share

In derogation to the above, the Mission Share cannot be redeemed at either the initiative of the Board (compulsory redemption) or at the request of the Mission Shareholder.

9. TRANSFER

Shares, other than the Mission Share, are transferable to other Eligible Investors subject to the prior written consent of the Board, which may be given or withheld in the Board's

sole and absolute discretion. Such consent may not be unreasonably withheld in relation to transfers to Affiliates of an Investor.

Without derogation to the generality of the foregoing and the Board's right of discretion, the Board may withhold its consent to a proposed transfer among others on the following grounds:

- (i) if the transferee does not qualify as an Eligible Investor or is a Prohibited Person;
- (ii) if the Board reasonably considers that the transfer would cause SFRE and/or any Compartment to be terminated;
- (iii) if the Board reasonably considers that the transfer would violate any applicable law, regulation or any term of SFRE's constitutive documents;
- (iv) if the Board reasonably considers that the transfer would result in adverse tax or regulatory consequences to SFRE, any Compartment or the Shareholders (including, without limitation, the loss of the Shares eligibility for any exclusion or exemption from registration under the Securities Act or the loss of SFRE or the Compartment's eligibility for any exclusion or exemption from registration under the 1940 Act);
- (v) if the Board reasonably considers that the transfer would result in the proposed transferee being unable to meet its obligations hereunder in respect of Commitments;
- (vi) if the Board reasonably considers the transferee to be a competitor of SFRE, or of any Compartment, or to be of significant lower creditworthiness than the transferor; or
- (vii) if the Board reasonably considers that giving effect to such transfer would result in or create a material likelihood that participation in any Class of Shares in any Compartment by Benefit Plan Investors will be deemed to be "significant" within the meaning of the Plan Asset Regulation (see "**Certain ERISA and Other ERISA Considerations**").

No transfer of Shares will become effective unless and until the transferee agrees in writing to fully and completely assume any outstanding or future obligations of the transferor in relation to the transferred Shares under the relevant Commitment Agreement and agrees in writing to be bound by the terms of the Offering Memorandum, the Articles and the Commitment Agreement, whereupon the transferor shall be released from (and shall bear no further liability for) such liabilities and obligations.

The Mission Share may only be transferred to a successor body of GABV having similar objectives and upon approval from the Board.

10. DISTRIBUTIONS

The Board intends, but at its sole discretion, to make interim dividends to the First Compartment's Shareholders on or about 30 June and 31 December each year (each a "**Distribution Date**"), to be confirmed by the annual shareholders' meeting. In

exercising its discretion, the Board will consider the overall funding and cash-flow requirements of the First Compartment and may decide to retain a reserve following the disposal of assets where necessary to satisfy liabilities, expenses and investments attributable to the First Compartment. The distribution policy provides more detail on the distribution, including the allocation of payable dividends to the Class A and Class B share classes respectively.

11. DURATION AND LIQUIDATION

The First Compartment is established for an unlimited duration.

In the event that for any reason the NAV of the First Compartment or any of its Classes has decreased to, or has not reached, an amount determined by the Board to be the minimum level for the First Compartment and/or such Class to be operated in an economically efficient manner, or in case of a substantial modification in the political, economic or monetary situation relating to the First Compartment and/or such Class that would have material adverse consequences on the investments of the First Compartment and/or such Class, or as a matter of economic rationalisation, the Board may decide to compulsorily redeem all the Shares of the First Compartment and/or such Class at their NAV per Share (taking into account actual realisation prices of investments and realisation expenses) as calculated on the Valuation Day after which such decision shall take effect.

The Board shall serve a notice to the Shareholders of the First Compartment and/or such Class prior to the effective date for the compulsory redemption, which will set forth the reasons for, and the procedure of, the redemption operations. Shareholders shall be notified in writing.

Unless it is otherwise decided in the interests of, or to keep equal treatment between, the Shareholders of the First Compartment and/or Class concerned, such Shareholder may continue to request the redemption of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the date effective for the compulsory redemption.

Any order for subscription shall be suspended as from the moment of the announcement of the termination, the merger or the transfer of the First Compartment and/or relevant Class.

Notwithstanding the powers conferred to the Board by the preceding paragraphs, the general meeting of Shareholders of the First Compartment and/or any Class may, upon proposal from the Board, resolve to redeem all the Shares of the First Compartment and/or relevant Class and to refund to the Shareholders the NAV of their Shares (taking into account actual realisation prices of investments and realisation expenses) determined with respect to the Valuation Day after which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders, which shall resolve at the simple majority of those present and represented.

The proceeds of liquidation not claimed by the Shareholders entitled thereto as at the decision to initiate the liquidation will remain in deposit with the Depositary for a nine

months period and will thereafter be deposited with the *Caisse de Consignations* in Luxembourg.

All redeemed Shares shall be cancelled.

12. CERTAIN ERISA AND OTHER CONSIDERATIONS

12.1 General Fiduciary Rules

Fiduciaries of pension, profit-sharing, welfare and other employee benefit plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and plans subject to Section 4975 of the Code (collectively "**Plans**") should consider whether an investment in any Compartment (to the extent permitted) is consistent with all applicable fiduciary and other responsibilities and requirements under ERISA and the Code. Depending upon the Plan in question, the applicable fiduciary standards could include rules relating to prudence, diversification under Section 404(a)(1)(C) of ERISA, compliance with underlying Plan documents and avoidance of "prohibited transactions." Violations of these rules could result in liabilities and increased responsibilities for, among others, any such Compartment, the AIFM, the Board and parties related thereto, parties dealing with any Compartment, and Plan fiduciaries.

None of SFRE, the Compartments, the AIFM, the Board, the Administrator, the Distributor, the Dealer, the Depository or any of their respective Affiliates (collectively, the "**Transaction Parties**") is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of Shares by any Benefit Plan Investor.

12.2 Plan Assets

The application of the fiduciary standards, and of other requirements applicable with respect to Plans, would be affected by whether assets of any Compartment are deemed to be assets of Plans investing in such Compartment. If the underlying assets of any Compartment were deemed to be such "plan assets," the obligations and other responsibilities of Plan sponsors, Plan fiduciaries, Plan administrators, and "parties in interest" and "disqualified persons" (as defined under Section 3(14) of ERISA and Section 4975 of the Code respectively and together, "**Parties in Interest**") under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies). In addition, various providers of fiduciary or other services to any Compartment and its Affiliates could be deemed to be a Plan fiduciaries or otherwise Parties in Interest by virtue of their provision of such services.

Under the Plan Asset Regulation, the assets of any Compartment would be deemed to be "plan assets" of a Plan for purposes of ERISA and Section 4975 of the Code if "plan assets" of the Plan were used to acquire an equity interest in any Compartment and no exception were applicable under the Plan Asset Regulation. However, in general, the assets of a Compartment will not be deemed to be "plan assets" of investing Plans if as described below, equity participation in any such Compartment by Benefit Plan Investors is not "significant" (as discussed below).

In this regard, the AIFM will use its commercially reasonable efforts to maintain each Compartment so that each Compartment's assets should not be deemed to include the "plan assets" of any investor that is subject to Title I of ERISA or Section 4975 of the Code. Accordingly, the AIFM will endeavour to limit investment by Benefit Plan Investors so that Benefit Plan Investors at all times hold less than twenty-five percent (25%) of the value (or any lower threshold determined by the Board) of any Class or Shares (excluding any holdings by an investor (other than a Benefit Plan Investor) that has discretionary authority or control over the assets of such Compartment or provides investment advice for a fee, and any "affiliate" within the meaning of paragraph (f)(3) of the Plan Asset Regulation of such investor (a "**Controlling Person**")) as determined for purposes of the Plan Asset Regulation (the so-called "**25% Test**") based upon investor representations. Consequently, in all events the AIFM will endeavour to not permit any acquisition, transfer, conversion, redemption or withdrawal of any Class of Shares of any Compartment if such transaction would present a material risk that investment in any Compartment by Benefit Plan Investors would not satisfy the 25% Test (and may require the withdrawal or transfer of all or part of the Class of Shares in any Compartment held by any Benefit Plan Investor or Controlling Person in order to satisfy the 25% Test).

Prospective purchasers and transferees of Shares in any Compartment will be required to make certain representations and provide information, including, but not limited to, as to whether they are, or are not and will not be (for so long as it holds Shares in a Compartment), a Benefit Plan Investor or Controlling Person. In addition, each purchaser and transferee of Shares in a Compartment that represents that it is a Benefit Plan Investor will be required to represent, among other things, that its purchase and holding thereof will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

A Benefit Plan Investor purchasing Shares will be deemed to have represented by its purchase of Shares that (i) the decision to purchase Shares was made by a fiduciary, for purposes of Section 3(21) of ERISA, which is unrelated to the Transaction Parties and which is duly authorised to make such an investment decision on behalf of the Benefit Plan Investor; (ii) the fiduciary has taken into consideration its fiduciary duties under ERISA, including, if applicable, the diversification requirements of Section 404(a)(1)(C) of ERISA, in authorising the Benefit Plan Investor's investment in Shares, and has concluded that such investment is prudent; (iii) the Benefit Plan Investor's subscription to invest in Shares is in accordance with the terms of the Benefit Plan Investor's governing instruments and complies with all applicable requirements of ERISA and Section 4975 of the Code; and (iv) the fiduciary acknowledges and agrees the fiduciary has not relied on, and is not relying on, the investment advice of the Transaction Parties with respect to the Benefit Plan Investor's investment in Shares.

Each purchaser or transferee of Shares that is a Benefit Plan Investor will be deemed to have represented by its purchase of Shares that: (1) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or who otherwise has discretion or control over the investment and management of "plan assets" (a "**Plan Fiduciary**"), on which either the Benefit Plan Investor or the Plan Fiduciary has relied in connection with the decision to purchase the Shares; (2) the Transaction Parties are not otherwise acting as a "fiduciary", as that term

is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's purchase of Shares; and (3) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

Governmental plans within the meaning of Section 3(32) of ERISA, certain "church plans" within the meaning of Section 3(33) of ERISA and non-U.S. plans described in Section 4(b)(4) of ERISA are not subject to the fiduciary responsibility and prohibited transaction provisions under Title I of ERISA and Section 4975 of the Code. However, federal, state, local or non-U.S. laws or regulations governing the investment and management of the assets of such plans may contain fiduciary responsibility and prohibited transaction requirements similar to those under ERISA and the Code discussed above ("**Similar Law**") and may include other limitations on permissible investments. Accordingly, fiduciaries of such governmental, church and non-U.S. plans, in consultation with their advisors, should consider the requirements of any applicable Similar Law with respect to investments in the Shares of any Compartment, as well as the general fiduciary considerations discussed above.

Plan administrators of Plans subject to ERISA that acquire Shares in a Compartment may be required to report compensation, including indirect compensation, paid in connection with the Plan's investment in the Compartment on Schedule C of Form 5500 (Annual Return/Report of Employee Benefit Plan). The descriptions in this Offering Memorandum of fees and compensation, including the fees paid to the AIFM, are intended to satisfy the disclosure requirement for "eligible indirect compensation", for which an alternative reporting procedure on Schedule C of Form 5500 may be available.

The application of ERISA, the Code and other relevant laws may be complex and dependent upon the particular facts and circumstances of each investor, and it is the responsibility of the appropriate fiduciary of a plan to ensure that any investment in Shares of a Compartment by such plan is consistent with all applicable requirements. Fiduciaries of employee benefit plans should consult their legal and other advisors concerning these considerations, and (particularly in the case of plans that are not subject to ERISA or the Code) concerning any applicable Similar Law considerations, before making an investment in a Compartment.

THIS OFFERING MEMORANDUM IS NOT DIRECTED TO ANY PARTICULAR PROSPECTIVE INVESTOR, NOR DOES IT ADDRESS THE NEEDS OF ANY PARTICULAR PROSPECTIVE INVESTOR. NONE OF THE TRANSACTION PARTIES HAS UNDERTAKEN TO PROVIDE IMPARTIAL INVESTMENT ADVICE, OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY OR SHALL PROVIDE ANY ADVICE OR RECOMMENDATION WITH RESPECT TO THE MANAGEMENT OF ANY SHARES OF A COMPARTMENT OR THE ADVISABILITY OF ACQUIRING, HOLDING, DISPOSING OR EXCHANGING OF ANY SUCH SHARES.

SCHEDULE 1

Data Protection Notice

This data protection notice ("**Notice**") sets out how Sustainability – Finance – Real Economies SICAV-SIF ("**SFRE**" or the "**Fund**") and Triodos Investment Management B.V. (hereafter "**Triodos IM**") will use (which terms include processing operations like recording, organising, structuring, storing, adapting, altering, retrieving, consulting, using, disclosing, aligning, combining, restricting, erasing, destroying) ("**process**") investors' personal data.

This Notice sets out your rights and the measures SFRE and Triodos IM take to protect your personal data in line with the requirements of the EU Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**") and with any applicable implementing legislation. This includes how and why we process your personal data, with whom it will be shared, and contains information about your rights in relation to your personal data.

SFRE and Triodos IM review and amend this Notice from time to time, and you will be notified in writing in case of any changes.

For the purpose of this Notice:

- the terms "controller", "personal data", "data subject" and any other term expressly defined in article 4 of the GDPR shall have the meaning given to these terms in article 4 of the GDPR;
- any reference to "you" and "your" shall be construed to include the Fund's investors and any and all of the other individuals whose personal data comes into the possession of SFRE and Triodos IM in the context of the investors' investments in SFRE;
- any reference to "we" and "us" shall refer to SFRE and Triodos IM.

Who holds your personal data?

Your personal data is held by Triodos IM (having its office at Hoofdstraat 10, 3972 LA Driebergen-Rijsenburg in The Netherlands) and SFRE (having its office at 11-13, Boulevard de la Foire, L-1528 Luxembourg, in the Grand Duchy of Luxembourg).

Triodos IM and SFRE are joint controllers for the personal data collected and processed in the context of your investment in the Fund (SFRE however acting in a capacity as sole controller for the processing related to FATCA / CRS and for its own AML/KYC obligations). In this capacity, Triodos IM and SFRE are jointly responsible of your personal data.

Triodos IM has appointed Brenda van der Stappen as Data Protection Officer ("**DPO**") and any data privacy queries which cannot be resolved through this Notice (including the exercise of any of your rights as described below or if you would like to be provided with a copy of the essence of the arrangement concluded between Triodos IM and SFRE (such arrangement describes the roles and responsibilities of the joint controllers)) can be directed to the Data Protection Officer via e-mail: TIMcompliance@triodos.nl.

For what purposes do we collect your personal data?

We will collect your personal data for several purposes including:

- keeping and managing the shareholders' registers of SFRE;
- processing the subscription requests, repurchases and conversions of units of the funds;
- determination of dividends by investors and payment of dividends to the investors;
- determination of the amount of repurchase in case of liquidation and payment to the investors;
- processing in relation to the accounting and determination of the commission of subscription/repurchase/conversion for providers;
- managing the clients' requests for information and claims management;
- control of the respect of the regulations requirements and notably the laws and regulations against money laundering;
- identification and verification;
- compliance with the law implementing the Foreign Account Tax Compliance Act (FATCA);
- compliance with the law implementing the Common Reporting Standard (CRS);
- process automatic and mandatory tax exchanges;
- comply with our legal obligations under the Luxembourg law of 10 August 1915 (as amended) on commercial companies and other legislations applicable to commercial companies generally to the extent as applicable;
- meeting in general all the resulting contractual obligations we have to you;
- as a result of our relationship with you (various communications);
- keeping you informed of our products, events and business updates;
- as a result of how you use Triodos IM's website.

We only process your personal data for the reasons it was provided for.

On what legal grounds do we process your personal data?

The GDPR only allows the processing of personal data if one or more conditions are met; these are known as a lawful basis for processing. We only process your personal data where there is a lawful basis for processing allowing this. In particular, we process your personal data based on the following lawful bases of processing:

- processing is necessary for the performance of a contract to which the data subject is party or in order to take steps at the request of the data subject prior to entering into a contract;
- processing is necessary for compliance with a legal obligation to which we are subject;
- the data subject has given consent to the processing of his or her personal data for one or more specific purposes (in limited circumstances, and where applicable, as described below);
- processing is necessary for the purposes of the legitimate interests pursued by us, such as direct marketing, client servicing and investor relations.

What personal data do we collect?

We process different types of personal data:

Category of personal data	Description
Contact information	How to contact you including your telephone number and email address (where relevant).
Personal details	Personal information such as your name, gender, date of birth, job title.
Special categories of personal data	GDPR categorises certain sensitive personal information as 'special category' personal data. For this category we only use a copy of your ID where we are legally obliged to record it.
Bank account numbers and subscriptions/redemptions	If a direct subscription or redemption is received from a natural person we record the bank account number and the subscriptions and redemptions in the funds.
Contractual information	Details about the products or services we provide you.
Administrative information	Registration numbers and administrative reports.

Marketing

From time to time, Triodos IM may send you information about our products and services and the projects we finance.

If you are not yet a customer and want to receive marketing information, you can request this through email, our website or by calling our Sales Department.

If you are not yet a customer, we will ask for your consent before sending you direct marketing communications. In this case, we will contact you separately to obtain this consent. In case consent is relied upon to legitimate a data processing, you will have the right to withdraw this consent at any time.

We are careful not to send you information if you do not want it. You can choose what information you want to receive when you open a product or service with us or at any other time by clicking the "Subscribe preference" link in communications we send you. We do not give your personal data to anyone else for marketing purposes.

Personal data used for marketing purposes consists of the personal data we have received from you, and data we have collected when you invest in our products.

We only process your personal data for direct marketing purposes, based on our legitimate interests:

- to provide you with information products and services that may be of interest to you in the context of the investment-related activities;
- when raising investments into our Fund;
- in connection with future fundraising activities.

Our legitimate interests are always balanced with your interests, and you can ask us at any time to stop sending you marketing messages.

Where is your personal data obtained from?

We collect personal data that you provide when:

- you complete and provide us with the Subscription Agreement, and any other forms and any associated documentation that you complete when opening an investor account with the Fund and subscribing for an investment of shares in the Fund;
- you make transactions with respect to the Fund, including in particular - but not limited to - the cases where you subscribe, redeem and convert shares in the Fund and/or tell us where to transfer money to, among others, payments of dividends and redemption proceeds;
- interacting with us, via telephone, website, in person or e-mail;
- subscribing to our newsletters or other marketing messages;
- registration of your online activities via cookies etc;
- take part in interviews, customer surveys or promotional activities.

We may also obtain your personal data from other companies if there is a lawful ground to do so. This could include the following:

- external service providers, for example when a natural person subscribes to one of the products we manage;
- companies that introduce you to us;
- publicly available and accessible registries and sources (such as Chamber of Commerce)
- bankruptcy registers;
- tax authorities, including those that are based in and outside the European Economic Area (EEA);
- governmental and competent regulatory authorities to which we have regulatory reporting obligations;
- credit agencies; and
- data bases used for investigation and fraud prevention purposes, for crime detection, prevention, investigation and prosecution of any unlawful act.

Do you have to provide us with your personal data?

Where we collect personal data from you:

- You should assume that the provision of your personal data is necessary for our compliance with a legal, regulatory or contractual obligation, or for the proper operations of the Fund, Triodos IM or their service providers; and

- if the provision of your personal data is purely voluntary, we will inform you accordingly and in this case there will be no implications for you if you do not wish to provide us with it.

Some of the personal data we request is necessary for us to perform our contract with you and/or to comply with our legal or regulatory obligations and if you do not wish to provide us with this personal data, it will affect our ability to provide our services to you. This situation could result in the termination of our contract with you.

With whom do we share your personal data with?

We only share your personal data if there is a lawful basis to do so. We do not provide your personal data to other companies for commercial reasons.

We process your personal data in a confidential manner. Your personal data are not shared with anyone unless:

- we are legally required to disclose your personal data (e.g. for the purposes of anti-money laundering, sanctions, terrorism financing, the prevention and detection of crime as amended and the CRS and FATCA legislations). This includes sharing your personal data with courts and/or legal, regulatory, tax and government authorities in various jurisdictions.
- we need to disclose your personal data in connection with any legal proceedings, or for obtaining legal advice, or the disclosure is otherwise necessary for the purposes of establishing, exercising or defending legal rights (such as legal and tax counsels, etc.);
- disclosure is required to protect our interests, or someone else's interests (for example, to prevent fraud);
- activities are outsourced to third party service providers (e.g. registrar and transfer agents, administrators and distributors). We take steps to ensure that the service providers protect your personal data in the same way that we do by signing data processing agreements;

Do we share your personal data outside the European Economic Area (EEA)?

We will in principle only share and transfer your personal data to organisations and third party providers located inside the EEA.

We will only share your personal data outside the EEA when working with service providers that make use of services outside the EEA. In this case, we will ensure that your personal data is protected by either one of these safeguards:

- an adequacy decision of the European Commission (such as the "Privacy Shield" for the international transfers with the United States),
- appropriate safeguards such as EU model contracts, binding corporate rules, approved code of conduct, approved certification mechanisms.

Please contact Triodos IM's Data Protection Officer via: TIMcompliance@triodos.nl if you would like to know more about the safeguards in place or to receive a copy of them.

How long do we keep your personal data for?

We do not keep your personal data for longer than is reasonably necessary for the provision of our services and to comply with the obligations to which we are subject under applicable laws and regulations.

After this period, when we no longer require your personal data for our business use, we consider whether it is appropriate to erase it from our systems, for example where the relevant contract has been performed and our business relationship has ceased, or you have withdrawn your consent to the processing of your personal data (if applicable).

Frequently, however, there are legal and/or regulatory obligations, which require us to retain our business information and records (including personal data comprised within those) for a specified period. These could include tax laws, audit obligations, anti-financial crime law (money laundering, bribery and corruption, the facilitation of tax evasion), other regulatory requirements relating to our investment business.

In general terms, we will retain your personal data according to the prescription period of article 189 of the Luxembourg Commercial Code, which provides for a general retention period of 10 years. In most cases, your personal data will be kept for 10 years following the termination of your relationship with the Fund and Triodos IM.

The following other prescription period apply:

- personal data contained in the documents listed by article 16 of the Luxembourg Commercial Code (namely accounting documents) will be kept for ten (10) years after the closing of the end of the financial year to which they relate.

Also, we may need to retain information and records for a certain period of time to protect our business, and defend ourselves against potential legal claims, or allegations of wrongdoing.

For each processing activity (including personal data processed as a result of that activity) we have considered carefully how long we will need to process the relevant personal data for the intended processing activity, and whether any legal and/or regulatory requirements stipulate a mandatory minimum retention period for the relevant information, documentation and records (including personal data) to be retained.

What are your rights?

GDPR entitles you to a number of rights in relation to your personal data. You may exercise these rights by contacting the Triodos IM Data Protection Officer via: TIMcompliance@triodos.nl.

The right to access your personal data and correct mistakes and inaccuracies

It is important that any personal data we process is accurate, up to date and relevant. To ensure that your personal data is correct you have the right to access, correct or update your personal data at any time. If you think your personal data is incorrect or incomplete and you wish to correct your personal data or privacy settings, please contact us.

Before providing access to your personal data we ask you to verify your identity to protect you from identity theft and financial crime. We may also need to ask you some questions to ensure we have understood your request correctly.

The right to data portability

You have the right to receive personal data which you have provided to us in a structured, commonly used and machine-readable format and the right to transmit those data to another data controller.

However, please note that this right to data portability only arises where: (a) the processing is based on consent or on a contract; and (b) the processing is carried out by automated means, and (c) it does not adversely affect the rights and freedoms of others. This data portability right also only applies to the data that you have provided to us.

We are looking at the best way to achieve this for our customers and will provide more information when available.

The right to the deletion of your personal data

You have the right to request that we delete your personal data if:

- your personal data are no longer necessary in relation to the purposes for which they are collected or otherwise processed*;
- in the event that we will process your personal data based on consent, and you withdraw your consent, and there are no other legal grounds to process your personal data;
- you object to us processing your personal data for direct marketing purposes;
- you object to us processing your personal data based on one of our legitimate interests, in this case we will no longer process your personal data unless we demonstrate compelling legitimate grounds for said processing;
- you feel that your personal data is not being processed lawfully; and
- your personal data needs to be deleted to comply with a legal obligation in Union or Member State law to which we are subject.

NB: Please take notice below of our data retention periods which we deem necessary to provide you with our services and to be compliant with legal requirements regarding data retention.*

Please note that if we process your personal data in particular to comply with a legal obligation, we will not be able to respond positively to your request to delete your personal data.

The right to restrict processing

You have the right to restrict processing of your personal data if you think that the personal data we have about you is:

- not accurate or correct;
- not being processed legally; or
- processing is no longer needed for the purposes we collected it for.

The right to object to processing

Please let us know if you are unhappy or do not agree with how we process your personal data. You have the right to object to the use of your personal data (only where processing is based on our legitimate interests).

The right to complain and ask questions to the data protection authority

You have the right to ask questions or lodge a complaint about our processing of your personal data with the relevant data protection authority. You can complain in the EEA Member State where you live or work, or in the place where the alleged breach of the GDPR has taken place.

In Netherland, the relevant data protection authority is the Dutch Data Protection Supervisory Authority (*Autoriteit Persoonsgegevens*).

In Luxembourg, the relevant data protection authority is the *Commission Nationale pour la Protection des Données*.