

# *Triodos Renewables Europe Fund* *(Triodos SICAV II)*

AUDITED ANNUAL REPORT FOR THE PERIOD FROM APRIL 10, 2006  
(INCEPTION DATE) TO DECEMBER 31, 2007

Société d'Investissement à Capital Variable organised under the laws of the Grand  
Duchy of Luxembourg

The value of investments may fluctuate. Past performance is no guarantee of future results.

No subscription can be accepted on the basis of the financial reports. Subscriptions are only valid if they are made on the basis of the latest published prospectus, accompanied by the latest annual report and the most recent semi-annual report, if published thereafter. The prospectus and short prospectus are available free of charge at the registered office of Triodos SICAV II in Luxembourg and from Triodos Bank: [www.triodos.nl](http://www.triodos.nl).

**Triodos  Renewables Europe Fund**



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# Sustainable Banking

**T**riodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

Our mission is:

- To help create a society that promotes people's quality of life and that has human dignity at its core.
- To enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development.
- To offer customers sustainable financial products and high quality service.

Triodos Bank wants to promote human dignity, environmental conservation and a focus on people's quality of life in general. Key to this is a genuinely responsible approach to business, transparency, and encouraging individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment.

Triodos Bank is a powerful example of sustainable banking in practice. First and foremost, we offer products and services that directly promote and contribute to sustainability. Money is one of the driving forces behind what we do. And using it in a more conscious way, for us, means investing in a sustainable economy, which in turn helps to create a society that enjoys a better quality of life.

## **TRIODOS RENEWABLES EUROPE FUND**

Sustainable energy is the way forward. Wind and solar energy, hydropower and biomass energy are the modern alternative to oil, gas, coal and uranium. No more emissions of substances that pollute the air and cause global warming, but clean sources of energy that do no harm to the environment. Triodos Renewables Europe Fund invests in relatively small-scale European producers of green power, such as wind farms, solar energy and biomass installations and small-scale hydropower facilities.



## Roompotsluis Wind park

Two 3 megawatt Vestas wind turbines were erected at the Roompotsluis Wind park on the Oosterscheldekering at the end of 2006. The wind turbines are located on the sea wall at the Oosterscheldekering, one of the windiest locations in the Netherlands.

# Report of the Board of Directors

Triodos SICAV II (the Company) has been incorporated under the laws of the Grand Duchy of Luxembourg as a "société d'investissement à capital variable" (SICAV) under the form of a "société anonyme" on April 10, 2006 for an unlimited period.

The Company is structured as an umbrella fund, which may provide investors with a variety of Sub-Funds. Currently, the Company has launched one Sub-Fund: Triodos SICAV II – Triodos Renewables Europe Fund.

## **TRIODOS SICAV II - TRIODOS RENEWABLES EUROPE FUND ("THE SUB-FUND")**

The Sub-Fund was launched in June 2006. It was the first Luxemburg investment fund launched by Triodos Bank. The Sub-Fund has a semi open-end fund structure and is not quoted on any stock market. The Sub-Fund will invest mainly in equity of, and subordinated loans or other mezzanine products to sustainable energy projects, such as wind farms, solar energy installations, biomass installations and small-scale hydropower plants in Europe.

## **SUB-FUND DEVELOPMENTS**

For the R Share Class the performance since inception has been 7.4% for the period. The performance for the year 2007 has been 6.0%. During the initial issue period (June - July 2006) a total amount of EUR 7.1 million was invested in the Sub-Fund. By the end of 2007, the net assets of the Sub-Fund amounted to EUR 18.9 million. Since inception eight investments were made for a total amount of EUR 6.0 million. A further EUR 1.5 million was committed at December 31, 2007. This means that by December 31, 2007, 35% of the assets of Triodos Renewables Europe Fund were invested or committed. The aim is to be 80% invested by mid 2008.

## **MARKET DEVELOPMENTS**

The market for renewable energy in Europe is booming. The key markets currently are solar energy projects in Spain, biomass projects in Germany, wind projects especially in Belgium and France and biofuel projects using biomass

to produce biodiesel or bio-ethanol. In the Netherlands the market for renewable energy projects was low during 2007, due to a lack of subsidy, but this will probably improve in 2008. As an effect of the increased interest in renewable energy projects, the demand for installations has increased. This results in a shortage for biomass installations (a.o. wood combustion installations), solar PV panels and wind turbines and an inherent increase of lead times between financial closing and the first kWh's electricity produced. On the other hand, it also means that many new projects are being developed and that developers need additional working capital and therefore sell recently realized projects. This creates opportunities for Triodos Renewables Europe Fund. However, on the European market it is clear that there is more capital available than good projects, and hence there is competition on the financing side.

## **INVESTMENTS**

From the inception date to December 31 2007, a total of eight investments were made. The first four investments were acquisitions of shares in wind farms in Zeeland, the Netherlands. Windpark Haringvliet BV was the first investment of the Sub-Fund. This wind farm is located on a very attractive location and consists of six recently fully overhauled smaller turbines of 600 kW each.

The wind farms Windpark Zeeland I BV, Windpark Neeltje Jans BV and Windpark Roompot-sluis BV are integrated in the well known Dutch Delta Works and consist of in total nine large state of the art 3 MW turbines. The wind farms have room for expansion, the opportunities for which will be studied in 2008.

The fifth investment of the Sub-Fund was the first investment outside the Netherlands. The single wind turbine of Greenelec Europe SA in the Southern part of Belgium was at the moment of investment the largest turbine in Belgium.

The following investment was the acquisition of shares in an existing wind farm in Zeeland, the Netherlands: Windpark Willem-Annapolder.

This wind farm consists of ten 900 kW turbines on an attractive wind location. The total electricity produced from this farm equals the electricity consumption of about 6,000 households.

The last wind farm in which the Sub-Fund has invested in so far, is a new wind farm in the north of the Netherlands: Windpark Growind in Delfzijl. The Sub-Fund has taken a small equity stake in order to support the project originators to reach financial close. The construction of the wind farm is ready to start and will be finalized early 2008. When the wind farm is completed in full, 21 turbines of 3 MW each will provide electricity to about 45,000 households.

The "b-gas grünstrom" project is the first project in Germany, as well as the first biomass project the Sub-Fund has invested in. Under this umbrella several biogas installations in Germany will be constructed. The installations will use locally available biomass from agriculture waste as well as sustainable energy crops that fulfill the Triodos biomass sustainability criteria. Apart from production of electricity, heat will be used in order to improve the overall energy efficiency of the installations. It is expected that the first energy will be produced in 2008.

Several other potential investments were approved and are now in the documentation-phase or are in the process of disbursement.

## **OUTLOOK**

The Sub-Fund aims to diversify its investments in terms of size, geography and sectors. The pipeline of potential investments of the Sub-Fund is increasing and is satisfactory in size, geographic division and sector division. These investment opportunities represent new projects as well as existing projects. The regional distribution of potential investments is spread over Germany, Belgium, Spain, France and the Netherlands. The sector distribution of potential investments is expected to be equally divided between biomass, solar PV and wind. We expect to be able to commit and disburse between EUR 15 and 25 million during the course of 2008, which will bring the expected total investments of the Sub-Fund between EUR 20 and 30 million by the end of 2008. The expected inflow during 2008 will bring the

total net assets to approximately EUR 30-35 million at the end of the year. If both ambitions are realized, the Sub-Fund will be almost fully invested at the end of 2008.

Luxembourg, April 29, 2008

The Board of Directors of Triodos SICAV II:  
Jan Ariëns, Pierre Aeby, Olivier Marquet, Patrick Goodman and Frans de Clerck

# Report of the Réviseur d'Entreprises

To the Shareholders of  
Triodos SICAV II  
69, route d'Esch  
L-1470 Luxembourg

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Triodos SICAV II ("the Company"), which comprise the statement of net assets and statement of investments as at 31 December 2007 and the statement of operations, statement of changes in net assets for the period from April 10, 2006 to December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

## **RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY FOR THE FINANCIAL STATEMENTS**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **RESPONSIBILITY OF THE RÉVISEUR D'ENTREPRISES**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The

procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Company, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of Triodos SICAV II as at December 31, 2007, and of the results of its operations for the period from April 10, 2006 to December 31, 2007 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

## **OTHER MATTER**

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of financial statements taken as a whole.

Luxembourg, April 29, 2008

KPMG Audit S.à r.l.  
Réviseurs d'Entreprises

Nathalie Dogniez



# Annual Accounts

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◀ A 3 megawatt Vestas wind turbine at one of the Oosterscheldekering locations.

# Statement of Net Assets as at December 31, 2007

(amounts in euros)

	Notes	As at December 31, 2007
<b>Assets</b>		
<i>Fixed Assets</i>		
Investment in Financial Assets	2	6,630,074
<i>Current Assets</i>		
Cash and cash equivalents		12,269,999
Formation expenses	3	89,256
Interest receivable	2	66,509
Subscriptions receivable		18,408
Other current assets		21,638
TOTAL ASSETS		19,095,884
<b>Liabilities</b>		
<i>Liabilities due within one year</i>		
Advisory fees payable	6,10	97,759
Accounts payable and accrued expenses	9	146,173
TOTAL LIABILITIES		243,932
NET ASSETS		18,851,952

The accompanying notes form an integral part of the financial statements.

# Statement of Operations

FOR THE PERIOD FROM APRIL 10, 2006 (INCEPTION DATE) TO DECEMBER 31, 2007 (1)

(amounts in euros)

	Notes	Period ended December 31, 2007
<b>Income</b>		
Dividend Income	2	474,620
Interest on loans	2	59,411
Bank Interest		407,492
Other income	7	80,531
		<hr/>
TOTAL INCOME		1,022,054
		<hr/>
<b>Expenses</b>		
Amortization Formation expenses	3	35,744
Advisory fees	6	443,096
Administrative fees	5	33,210
Transaction fees		14,620
Audit, printing and publication expenses		30,977
Subscription Tax	4	8,882
Other expenses	8	157,917
		<hr/>
TOTAL EXPENSES		724,446
		<hr/>
NET OPERATING INCOME		297,608
		<hr/> <hr/>
Net unrealized gain/(loss) on investments	2	641,050
Net Increase/(Decrease) in Net Assets Resulting from Operations		938,658

(1) The first Net Asset Value of this Sub-Fund was calculated on July 27, 2006.

The accompanying notes form an integral part of the financial statements.

# Statement of Changes in Net Assets

FOR THE PERIOD FROM APRIL 10, 2006 (INCEPTION DATE) TO DECEMBER 31, 2007 (1)

(amounts in euros)

	Period ended December 31, 2007
<b>Operations</b>	
Net operating income/(loss)	297,608
Net unrealised gain/(loss) on investments	641,050
	<hr/>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	938,658
	<hr/> <hr/>
<b>Capital transactions</b>	
<i>Capital Subscriptions</i>	
R Share Class	15,665,158
P Share Class	25
I Share Class	3,150,000
	<hr/>
	18,815,183
	<hr/>
<i>Capital Redemptions</i>	
R Share Class	901,889
P Share Class	-
I Share Class	-
	<hr/>
	901,889
	<hr/>
NET (DECREASE)/INCREASE IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS	17,913,294
	<hr/> <hr/>
<b>Net assets</b>	
Beginning of the period	-
Total increase in net assets	18,851,952
	<hr/>
NET ASSETS AT THE END OF THE PERIOD	18,851,952
	<hr/> <hr/>

(1) The first Net Asset Value of this Sub-Fund was calculated on July 27, 2006.

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statement

FOR THE PERIOD FROM APRIL 10, 2006 (INCEPTION DATE) TO DECEMBER 31, 2007 (1)

(amounts in euros)

	Period ended December 31, 2007
<b>A) Cash provided by operating activities</b>	
Profit/loss after taxation	938,658
(-) increase in unrealised gains and losses on investment property and other financial assets	-641,050
(-) increase in receivables and other assets	-195,811
(+) increase in payables	243,932
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	345,729
	<hr/>
<b>B) Cash provided from Financing activities</b>	
(+) proceeds from shares issued	18,815,183
(-) decrease from shares redeemed	-901,889
	<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES	17,913,294
	<hr/>
<b>C) Cash provided from Investing activities</b>	
(-) Acquisitions of financial assets	-5,989,024
	<hr/>
NET CASH USED BY INVESTING ACTIVITIES	-5,989,024
	<hr/>
<i>Cash</i>	
Net increase in cash and cash equivalents	12,269,999
Cash at the beginning of the period	-
	<hr/>
CASH AT THE END OF THE PERIOD	12,269,999
	<hr/> <hr/>

(1) The first Net Asset Value of this Sub-Fund was calculated on July 27, 2006.

The accompanying notes form an integral part of the financial statements.

# Statements of Changes in the number of Shares Outstanding

FOR THE PERIOD FROM APRIL 10, 2006 (INCEPTION DATE) TO DECEMBER 31, 2007 (1)

(amounts in euros)

	Period ended December 31, 2007
<b>Number of Shares outstanding at the beginning of the period</b>	
R Share Class	–
P Share Class	–
I Share Class	–
<b>Subscriptions over the period</b>	
R Share Class	616,329
P Share Class	1
I Share Class	119,481
<b>Redemptions over the period</b>	
R Share Class	34,233
P Share Class	–
I Share Class	–
<b>Number of Shares outstanding at the end of the period</b>	
R Share Class	582,096
P Share Class	1
I Share Class	119,481
 <b>STATISTICS</b>	
<b>Total net asset value at the end of the period</b>	
R Share Class	15,621,318
P Share Class	27
I Share Class	3,230,607
	<u>18,851,952</u>
<b>Net asset value per Share at the end of the period</b>	
R Share Class	26.84
P Share Class	27.25
I Share Class	27.04

(1) The first Net Asset Value of this Sub-Fund was calculated on July 27, 2006.

The accompanying notes form an integral part of the financial statements.

# Statement of Investments

**AS AT DECEMBER 31, 2007 (1)**

(amounts in euros)

	Market Value	Quantity
<b>Equity Investments</b>		
Windpark Haringvliet BV	918,923	1
Windpark Neeltje Jans BV	1,226,285	1
Windpark Roompotsluis BV	1,287,316	1
Windpark Willem-Annapolder BV	549,557	1
Windpark Zeeland I BV	1,313,496	1
Windpark Growind BV	540,709	1
<b>Subordinated loans</b>		
B-Gas Grunstrom GmbH	500,003	1
Greenelec Europe SA	293,785	1
<b>TOTAL INVESTMENTS</b>	<b>6,630,074</b>	

The list of portfolio changes is available free of charge at the registered office of the Company.

*(1) The first Net Asset Value of this Sub-Fund was calculated on July 27, 2006.*

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

## 1. GENERAL

The Company has been incorporated under the laws of the Grand Duchy of Luxembourg as a “société d’investissement à capital variable” (SICAV) under the form of a “société anonyme” on April 10, 2006 for an unlimited period.

The Company is located in the Grand Duchy of Luxembourg at 69, route d’Esch, L-1470 Luxembourg.

The Articles have been deposited with the Chancery of the District Court of Luxembourg on April 27, 2006 and published in the Mémorial C, Recueil des Sociétés et Associations (the “Mémorial”). The Company has been registered with the Companies Register of the District Court of Luxembourg under number B 115771. The Articles were last amended at the extraordinary general meeting of shareholders held on May 19, 2006 and published in the Mémorial.

The Company is structured as an umbrella fund, which provides both institutional and retail investors with a variety of Sub-Funds, each of which relates to a separate portfolio of assets permitted by law and managed within specific investment objectives.

To date, the Company has launched one Sub-Fund: Triodos SICAV II – Triodos Renewables Europe Fund (“The Sub-Fund”). The overall objective of the Sub-Fund is to offer investors an environmentally sound investment in renewable energy projects with the prospect of an attractive financial return combined with the opportunity for the investors to make a pro-active, measurable and lasting contribution to the development of sustainable energy sources.

The first Net Asset Value for the Sub-Fund was calculated on July 27, 2006.

The first financial period of the Company is an extended book year, from April 10, 2006 (inception date) to December 31, 2007.

Shares in the Sub-Fund may be subscribed to once a week, on the Business Day preceding the Valuation Date. The Sub-Fund is semi open-ended, i.e. shares may be redeemed in principle once a week on the Business Day preceding the Valuation Date. However, the Company is entitled to (temporarily) stop trading and thus the execution of the redemption applications received, if trading is not possible, in accordance with the stipulations of the Prospectus.

The shares are divided into Shares of Classes “R”, “I”, “P”. Subscription to Class “R” Shares is open to any investor. Subscription to class “I” Shares is restricted to Institutional Investors. Class “P” Shares is open to entities of the Triodos Bank group. Class “P” gives the right, in accordance with the Articles, to propose to the general meeting of shareholders a list containing the names of candidates for the position of director of the Company, out of which a majority of the directors of the Company must be appointed.

Currently, all shares are of the Capitalization type. Therefore, the Sub-Fund does not pay dividends to its shareholders as realised profits are reinvested into the Sub-Fund.

Triodos SICAV II, including its Sub-Funds, is supervised by the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). Triodos SICAV II – Triodos Renewables Europe Fund is also registered with the Dutch Supervisory authorities, the Autoriteit Financiële Markten (AFM).

## SUSTAINABILITY REPORTING

Triodos Renewables Europe Fund is managed by Triodos Investment Management BV, which is a 100% subsidiary of Triodos Bank NV.

All investment funds report separately on their financial performance in an annual report. The co-workers involved in the management of these funds are employed by Triodos Bank. The social and environmental impacts of their activities are reported within Triodos Bank's annual report.

The 2007 Annual Report of Triodos Bank is an integral sustainability report and is produced using the Global Reporting Initiative's (GRI) sustainability reporting guidelines. These guidelines provide an internationally consistent format for information about a company's performance, particularly with regard to social and environmental issues.

For reporting in 2007, Triodos Bank uses the third generation of GRI guidelines published in October 2006 and the GRI Financial Services Sector Supplements 'Environmental Performance' and 'Social Performance', first published in November 2002. More about the GRI and its reporting guidelines can be found at [www.globalreporting.org](http://www.globalreporting.org)

Further information on the social and environmental performance of Triodos Bank and its investment funds can be found in the Annual Report of Triodos Bank, which can be downloaded at [www.triodos.com](http://www.triodos.com)

#### CLIMATE NEUTRAL OPERATIONS

Triodos Bank takes responsibility for its CO<sub>2</sub> emissions. The bank's environmental policy includes a three-step approach - firstly to reduce energy consumption as much as possible, secondly what cannot be saved is sourced from renewable energy providers, and finally residual emissions (from gas consumption, paper usage, business travel and commuting) are compensated for by buying CO<sub>2</sub> credits. The credits are a mix of sequestered CO<sub>2</sub> from tree plantations and renewable energy projects. The use of volatile organic compounds and compounds that destroy the ozone layer are avoided. Triodos Bank calculates its greenhouse gas emissions by using the method detailed in the Greenhouse Gas Protocol, an initiative of the World Business Council for Sustainable Development and the World Resources Institute.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

- The valuation of private equity investments (such as equity, subordinated debt and other types of mezzanine finance) will be based on the International Private Equity and Venture Capital Valuation Guidelines, as published from time to time by the European Venture Capital Association (EVCA), and is conducted with prudence and in good faith.

Other assets will be valued according to the following rules:

- Senior debt instruments, invested in / granted to companies not listed or dealt in on any stock exchange or any other Regulated Market, will be valued at fair market value, deemed to be the nominal value, increased by any interest accrued thereon; such value will be adjusted, if appropriate, to reflect the appraisal of the Advisor of the relevant Sub-Fund on the creditworthiness of the relevant debtor. The Board of Directors will use its best endeavors to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments will be valued at their fair value as determined in good faith by the Board of Directors.
- The value of money market instruments not listed on any stock exchange or dealt in on any other Regulated Market and with a remaining maturity of less than 12 months is deemed to be the nominal value thereof, increased by any interest accrued thereon.
- The value of securities which are admitted to official listing on any stock exchange shall be based on the latest available price or, if appropriate, on the average price on the stock exchange which is normally the principal market of such securities, and each security dealt on any other Regulated Market shall be based on the last available price. In the event that, this price is, in the opinion of the Board of Directors, not representative of the fair market value of such securities, for example in the case of illiquid securities and/or stale prices, the directors will value the securities at fair market value according to their best judgment and information available to them at that time.

- Units or shares of open-end UCIs will be valued at their last official net asset values, as reported or provided by such UCI or their agents, or at their last unofficial net asset values (i.e. estimates of net asset values) if more recent than their last official net asset values, provided that due diligence has been carried out by the relevant Advisor, in accordance with instructions and under the overall control and responsibility of the Board of Directors, as to the reliability of such unofficial net asset values.
- The liquidating value of futures, forward or options contracts not admitted to official listing on any stock exchange or dealt on any other Regulated Market shall mean their net liquidating value determined, pursuant to the policies established prudently and in good faith by the Board of Directors, on a basis consistently applied for each different variety of contracts.
- The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expense, cash dividends declared and interest accrued, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discounts as the Board of Directors may consider appropriate to reflect the true value thereof.
- Swaps, as far as credit swaps are concerned, will be valued at fair market values as determined prudently and in good faith by the Board of Directors.
- All other securities and assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.
- Placements in foreign currency are quoted in euros with due observance of the currency exchange rates most recently known.
- Realised and non-realised changes in the value of investments are incorporated in the profit and loss account.
- The principle for determination of profit is based on the attribution of income and expenses to the relevant period. The income from payments of profit on equity participations is accounted for in the year in which they are made payable. Prepaid costs and costs still to be paid are taken into account in determining the expenses.
- Other assets and liabilities are recorded at nominal value after deduction of any provision in respect of anticipated non-recovery.
- The cost of investments expressed in currencies other than EUR are translated into EUR at the exchange rate prevailing at purchase date.
- Interest income is accrued pursuant to the terms of the underlying investment. Income is recorded net of respective withholding taxes, if any.

### **3. FORMATION EXPENSES**

The total formation expenses will not exceed EUR 350,000. These expenses are being charged to the Sub-Fund in three tranches:

- Tranche 1 of EUR 125,000 has been invoiced by the advisor (Triodos Investment Management BV) at the start of the Sub-Fund.
- Tranche 2 of EUR 125,000 and Tranche 3 of EUR 100,000 will be invoiced if and as soon as the Sub-Fund's Net Assets have grown to EUR 27.5 and 40 million respectively.

All formation expenses are amortized over a period of 5 years.

#### 4. TAXATION OF THE COMPANY

According to the law in force and current practice, The Company is not subject to any Luxembourg tax on income and capital gains nor are dividends paid by the Company subject to any Luxembourg withholding tax.

However, each of the Company's Sub-Funds is subject to a subscription tax (taxe d'abonnement) at an annual rate of 0.05%. Such rate may be decreased to 0.01% p.a. for certain Sub-Funds or Classes of Shares which are restricted to Institutional Investors as specified in the relevant Sub-Fund Particulars. This tax is calculated and payable quarterly on the basis of the Net Asset Value of each Sub-Fund at the end of each quarter. This tax is not due on that portion of the Company's assets invested in other Luxembourg UCIs. In addition, the issue of Shares in the Company is not subject to any registration duties or other taxes in Luxembourg.

#### 5. ADMINISTRATIVE FEES

The Custodian and Administrator, Paying Agent, Domiciliary, and the Registrar and Transfer Agent are entitled to receive fees in accordance with usual practice in Luxembourg and payable monthly.

The administrative fees comprise the following:

(amounts in euros)

	Period ended December 31, 2007
Domiciliary Agency Fee	3,569
Administrative Fee	21,418
Maintenance Fee	2,998
Custodian Fee	5,225
Total	<u>33,210</u>

#### 6. ADVISORY FEES

For the services it provides, the Advisor is entitled to an annual fee payable quarterly and calculated as described in the relevant Sub-Funds Particulars.

Until November 12, 2007 the fee rates applied were the following:

Share Class R: 2,50%

Share Class P: 1,95%

Share Class I: 1,95%

Since November 13, 2007, the advisory fee is 1.6%, the supporting services fee (to be paid to the Investment Manager) is 0.35% and the distribution fee on R-shares is 0.55%.

## 7. OTHER INCOME

The other income comprise the following:

(amounts in euros)

	Period ended December 31, 2007
Arrangement fees	9,000
Commitment fee	38,712
Repurchase commission	4,357
Other income	28,462
	<hr/>
Total	80,531
	<hr/> <hr/>

## 8. OTHER EXPENSES

The other expenses comprise the following:

(amounts in euros)

	Period ended December 31, 2007
Supervisory fee (CSSF)	10,000
Remuneration of the Board of Directors	31,000
Legal fees	49,316
Other expenses	67,601
	<hr/>
Total	157,917
	<hr/> <hr/>

## 9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of December 31, 2007 comprise the following:

(amounts in euros)

	As at December 31, 2007
Transaction Fee	905
Custodian Fee	5,225
Domiciliary Agency Fee	3,569
Administrative Fee	21,417
Maintenance Fee	2,998
Subscription Tax	2,249
Other expenses	89,810
Payable on investment	20,000
	<hr/>
Total	146,173
	<hr/> <hr/>

## 10. ADVISORY FEES PAYABLE

Advisory fees payable as of December 31, 2007 comprise the following:

(amounts in euros)

	As at December 31, 2007
Share Class R	84,035
Share Class I	13,724
Share Class P	–
Total	<u>97,759</u>

## 11. OFF-BALANCE SHEET LIABILITIES

With regard to the investments in Windpark Haringvliet BV, Neeltje Jans BV, Roompotsluis BV and Zeeland I BV an earn out arrangement has been made between Triodos SICAV II – Triodos Renewables Europe Fund and the seller.

If the conditions foreseen by these arrangements would materialize, this would result in a higher market value of the investments, out of which the additional payment to the seller will be made. As a result, such payments will not influence the market value of these investments by the Sub-Fund.

## 12. TOTAL EXPENSES RATIO (TER) AND PORTFOLIO TURNOVER RATE (PTR)

Total expense ratio (TER):

(in %)

	Period ended December 31, 2007
Triodos Renewables Europe Fund	<u>5.44</u>

Portfolio Turnover Ratio (PTR):

(in %)

	Period ended December 31, 2007
Triodos Renewables Europe Fund	<u>-128.72</u>

The TER and the PTR have been annualised.

The average net asset value of the collective investment scheme shall be the total sum of the net asset values divided by the number of observations. In this context, the total sum of the net asset values shall be based on the figures as at 31 December of the previous financial year, and 31 March, 30 June, 30 September and 31 December of the financial year in question, or comparable dates in the case of a non-calendar financial year. The number of observations shall always be five, unless a shortened or extended financial year is involved. The observations shall be regarded as a weighted average, whereby the aforementioned dates shall be weighted in the ratio 0.5:1:1:1:0.5 (in the case of five observations).

The TER shall include all the costs that are charged to the result and to the equity during the reporting period. The costs of securities transactions and the interest charges shall be disregarded.

The PTR shall be calculated by dividing the total number of securities transactions (securities purchases + securities sales = Total 1), minus the total number of transactions (issues + repurchases = Total 2) in units, by the average net asset value of the collective investment scheme (X) in accordance with the following formula:  $[(\text{Total 1} - \text{Total 2}) / X] * 100$ . The average net asset value is calculated in accordance with what is stated above.

### **13. COMMITMENT**

At December 31, 2007 EUR 1.5 million was committed in relation to the loan agreement with B-gas Grünstrom GmbH, which is expected to be disbursed in 2008.

### **14. OTHER INFORMATION**

As at December 31, 2007 or any moment during the reporting period the members of the Board of Directors of the Company did not hold any shares in Triodos SICAV II - Triodos Renewables Europe Fund, nor have they had any personal interest in any investment of Triodos SICAV II – Triodos Renewables Europe Fund.

# Management and Administration

## Board of Directors

### Chairman

Jan Ariëns, Former member of the management board of De Nationale Investeringsbank NV, current member of various supervisory boards.

### Members

Pierre Aeby, Chief Financial Officer Triodos Bank NV  
Olivier Marquet, Managing Director Triodos Bank NV (Belgian branch)

Patrick Goodman, Independent consultant in the field of socially responsible investment funds (in Luxembourg)

Frans De Clerck, Advisor to the executive board of Triodos Bank NV

### Promoter

Triodos Bank NV  
Utrechtseweg 60  
P.O. Box 55  
3700 AB Zeist  
The Netherlands

### Investment Manager

Triodos Investment Management BV  
Utrechtseweg 60  
P.O. Box 55  
3700 AB Zeist  
The Netherlands

### Distributor

Triodos Bank NV  
Utrechtseweg 60  
P.O. Box 55  
3700 AB Zeist  
The Netherlands

### Registered Office

69, route d'Esch  
L-1470 Luxembourg  
Luxembourg

### Custodian, Domiciliary, Paying Agent and Administrative Agent

RBC Dexia Investor Services Bank SA  
14 Porte de France  
L-4360 Esch-sur-Alzette  
Luxembourg

### Registrar and Transfer Agent

RBC Dexia Investor Services Bank SA  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Luxembourg

### Réviseur d'Entreprises

KPMG Audit S.à r.l.  
9, Allée Scheffer  
L-2520 Luxembourg  
Luxembourg

### Legal Advisor in Luxembourg

Arendt & Medernach  
14, rue Erasme, B.P. 39  
L-2010 Luxembourg  
Luxembourg



## Haringvliet Wind park

There are six 600 kilowatt Bonus wind turbines at the Haringvliet wind park located on the Haringvliet bridge in Hellevoetsluis. These wind turbines were completely renovated in 2005.

# Production

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