

**Prespa Ohrid Nature Trust (PONT)
Offenbach am Main/Germany**

Annual financial statements
for the financial year
from 1 January to 31 December 2021

TRANSLATION

– German version prevails –

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Prespa Ohrid Nature Trust (PONT), Offenbach am Main/Germany
Balance sheet as at 31 December 2021

Assets	31 Dec. 2021	31 Dec. 2020		31 Dec. 2021	31 Dec. 2021	31 Dec. 2020	Equity and Liabilities
	EUR	EUR		EUR	EUR	EUR	31 Dec. 2020
							EUR
A. Fixed assets			A. Equity				
I. Property, plant and equipment			I. Foundation capital				
Operating and office equipment	1,868.00	183.00	1. Permanent endowment fund	3,000,000.00		3,000,000.00	
			2. Donations	27,000,000.00		27,000,000.00	
				<u>30,000,000.00</u>		<u>30,000,000.00</u>	30,000,000.00
II. Long-term financial assets			II. Reserves				
Long-term securities	42,231,771.98	34,899,624.65	1. Capital reserves	43,894,484.02		8,244,979.39	
	<u>42,233,639.98</u>	<u>34,899,807.65</u>	2. Revenue reserves	731,712.54		646,700.10	
				<u>44,626,196.56</u>		<u>8,891,679.49</u>	8,891,679.49
B. Current assets			III. Funds carried forward				
I. Receivables and other assets					<u>95,199.81</u>		<u>43,030.58</u>
Other assets	4,247,767.84	76,213.32			<u>74,721,396.37</u>		<u>38,934,710.07</u>
			B. Provisions				
II. Bank balances	<u>28,372,583.90</u>	<u>4,084,885.47</u>	Other provisions		87,297.18		69,416.29
	<u>32,620,351.74</u>	<u>4,161,098.79</u>					
C. Prepaid expenses	750.00	0.00	C. Liabilities				
			1. Liabilities to banks	0.00		2,606.77	
			2. Trade payables	0.00		886.22	
			3. Other liabilities	46,048.17		53,287.09	
				<u>46,048.17</u>		<u>56,780.08</u>	56,780.08
					<u>46,048.17</u>		
	<u>74,854,741.72</u>	<u>39,060,906.44</u>			<u>74,854,741.72</u>		<u>39,060,906.44</u>

Prespa Ohrid Nature Trust (PONT), Offenbach am Main/Germany
Statement of profit and loss for the financial year from 1 January to 31 December 2021

	2021 EUR	2021 EUR	2020 EUR	2020 EUR
1. Investment income and other revenue				
a) Investment income				
aa) Dividends	53,202.91		81,429.45	
ab) Interest and similar income	78,830.98		76,591.38	
ac) Fund distribution	110,518.76		243,886.23	
ad) Income from realised asset shifting	1,075,014.19		0.00	
ae) Income from currency translation	<u>126,776.71</u>		<u>282,597.00</u>	
		1,444,343.55		684,504.06
b) Realised capital losses		0.00		-365,992.39
c) Expenses for asset investments		-211,584.15		-194,037.65
d) Expenses from currency translation		<u>-1,014,243.45</u>		<u>-34,871.98</u>
Net investment income		218,515.95		89,602.04
e) Income from grants and other income		<u>127,693.18</u>		<u>41,472.10</u>
Net income		346,209.13		131,074.14
2. Project and program expenses as well as other expenses				
a) Direct project support				
aa) Funding measures	-1,204,955.03		-1,102,946.00	
ab) Consultancy and other projects	<u>-10,502.78</u>		<u>-11,165.00</u>	
		-1,215,457.81		-1,114,111.00
b) Internal project development and monitoring		-109,139.92		-113,549.78
c) External project development and monitoring		-4,090.00		-2,400.00
d) Administrative and other expenses				
da) Administrative expense	-187,578.87		-167,612.25	
db) Fundraising and promotional expense	<u>-43,256.23</u>		<u>-15,011.63</u>	
		-230,835.10		-182,623.88
Total project expenses and other expenses		-1,559,522.83		-1,412,684.66
3. Loss for the period		-1,213,313.70		-1,281,610.52
4. Funds brought forward from the prior year		43,030.58		62,395.69
5. Withdrawals from the reserve for the endowment with assets		1,350,495.37		1,262,245.41
6. Allocation to the free reserves		<u>-85,012.44</u>		<u>0.00</u>
7. Funds carried forward		<u>95,199.81</u>		<u>43,030.58</u>

Prespa Ohrid Nature Fund (PONT), Offenbach am Main/Germany

Notes to the financial statements for the financial year 2021

General information and explanations on the annual financial statements

Prespa Ohrid Nature Trust (PONT) was established as foundation under civil law under the name Prespa Ohrid Nature Trust (PONT) with foundation business dated 20 October 2015. The recognition by the district president took place on 12 November 2015. The Foundation is registered within the foundation register of the Darmstadt district.

As a general rule, the financial year is the calendar year. The annual financial statements as at 31 December 2021 were prepared in compliance with the Foundation's charter in accordance with the provisions under German GAAP applicable for corporations of similar size. In the financial year, the Foundation met the criteria for a small business corporation (Sec. 267 (1) HGB).

As regards the classification of the balance sheet and the statement of profit and loss, the particularities that arise from the activity of the Foundation were taken into account. The statement of profit and loss was prepared based on the cost-of-sales format in accordance with Sec. 275 (3) German Commercial Code (HGB) under taking into account the particularities under foundation law.

Accounting and valuation principles

Deviating from the prior year, custody fees for bank balances used to pay administrative expenses were reported under administrative expenses in the fiscal year and no longer under expenses for the investment of assets. If the same disclosure had been chosen in the prior year as in the financial year, the expenses from the investment of assets would have been EUR 22,677.39 lower in the prior year and the administrative expenses would have been higher by this amount. Apart thereof, the accounting and valuation principles applied unchanged when compared to the prior year.

Property, plant and equipment and financial assets are measured at acquisition cost in accordance with Sec. 255 (1) German Commercial Code (HGB). At the property, plant and equipment, the wear and tear is considered by depreciation, measured on the basis of accepted useful lives and under using the straight-line method. Financial assets are written down to the lower fair value in case of a lasting permanent impairment in value. The Foundation does not exercise the option in case of a presumably temporary impairment in value.

The receivables and other assets are measured at acquisition cost or at lower fair value on balance sheet date.

Bank balances are recognised at nominal value.

The values recognised for the other provisions include all risks identifiable and uncertain liabilities. They are recognised at settlement amount based on sound business judgement.

Liabilities are carried at settlement amount.

Transactions denominated in foreign currencies are generally recorded at the rate in effect on the date of transaction. Receivables and liabilities denominated in foreign currencies are translated at the rate in effect on the day of origin. The translation of the currency items as of balance sheet date is generally made in accordance with the provisions under Sec. 256a HGB and thus at the middle spot rate in effect on balance sheet date.

Notes to the balance sheet

Fixed assets

The movements in fixed assets are presented in the attached statement of movements in fixed assets.

Long-term financial assets

As regards the security portfolio making part of the financial assets with a book value of EUR 42,231,771.98 as at the end of the reporting year, the following securities are disclosed over their fair values (market rates as of balance sheet date):

	Nominal value or unit	Book value	Fair value
		EUR	EUR
Bonds			
Aroundtown EMTN (2026-07-16)	200,000	196,156.00	195,080.00
Bayerische Landesbank (2028-02-10)	200,000	199,220.00	196,140.00
Becton Dickinson Euro Finance (2026-06-04)	170,000	176,987.00	175,963.60
BNP Paribas (2027-04-13)	200,000	199,614.00	194,560.00
Chile (2031-07-02)	100,000	101,540.00	100,000.00
Commerzbank EMTN Sr.961 (2027-09-01)	150,000	151,399.50	149,430.00
Covestro (2024-09-25)	200,000	214,488.00	208,662.00
Covivio (2024-10-17)	200,000	213,444.44	208,480.00
Credit Agricole (2028-04-20)	100,000	100,430.00	98,630.00
Deutsche Bahn Finance FTFN (2025-01-22)	200,000	203,208.00	199,176.00
Deutsche Pfandbriefbank (2023-02-07)	100,000	102,010.00	100,870.00
Euronext (2025-04-18)	200,000	207,249.00	205,504.00
Fedex (2029-05-04)	100,000	101,399.00	98,440.00
Goldman Sachs Group EMTN (2028-01-26)	140,000	139,427.40	136,974.60
HeidelbergCement Finance Luxembourg (2027-12-01)	150,000	158,214.00	155,497.50
Infineon Technologies (2025-03-31)	200,000	208,232.00	206,850.00

	Nominal value or unit	Book value	Fair value
		EUR	EUR
Koninklijke MTN Sr.1 (2028-09-11)	100,000	104,570.00	103,127.00
Croatia (2025-03-11)	100,000	113,621.00	109,690.00
LEG Immobilien (2024-01-23)	200,000	207,600.00	204,080.00
Merck (2024-12-12)	150,000	164,100.00	162,697.50
MERLIN Properties EMTN Sr.1 (2023-04-25)	75,000	79,755.00	76,707.00
Nasdaq (2029-03-28)	125,000	136,270.00	133,625.00
Netflix (2027-05-15)	100,000	116,400.00	114,895.00
Prosus (2028-08-03)	120,000	121,980.00	121,022.40
RELX Finance (2028-03-10)	170,000	172,811.80	170,323.00
Romania (2026-12-08)	75,000	80,775.00	78,645.00
SKF (2025-09-17)	200,000	209,672.00	207,324.00
SoftBank Group (2023-04-20)	120,000	126,000.00	122,404.80
Stryker (2024-12-03)	100,000	100,659.00	100,492.00
Stryker (2029-03-01)	130,000	132,134.86	131,300.00
Teleperformance (2027-11-26)	200,000	200,228.00	190,180.00
Unibail-Rodamco EMTN (2027-02-27)	200,000	212,180.00	205,000.00
Unibail-Rodamco-Westfield EMTN (2025-04-09)	100,000	106,300.00	103,570.00
Vonovia EMTN Sr.35 Tr.1 (2027-06-16)	200,000	201,074.00	198,042.00
		5,259,149.00	5,163,382.40
Shares			
Ascendas Real Estate Investment Trust	26,100	51,313.29	49,743.85
Astellas Pharma Inc.	1,000	15,714.79	14,339.81
Borgwarner Inc.	2,515	102,703.13	99,446.23
Boston Scientific Corp.	450	18,644.51	17,067.05
Bouygues S.A.	2,690	87,086.38	84,277.70
Cable One Inc.	10	15,752.48	15,635.47
Cembra Money Bank Ltd.	170	17,554.72	10,899.75
Fuchs Petrolub SE	1,900	76,877.52	75,848.00
JP Morgan Chase & Co.	315	45,626.54	44,041.64
PayPal Holdings Inc.	450	96,112.04	76,176.44
Ping An Insurance (Group) Company of China Ltd.	1,000	10,851.44	6,369.42
Singapore Telecommunications Ltd.	6,000	13,503.90	9,080.83
Swire Properties Ktd.	5,000	15,161.84	10,996.59
Swiss Re AG	200	20,146.45	17,417.98
Tokio Marine, Shs	300	14,912.26	14,700.90
Unibail-Rodamco-Westfield SE	510	41,675.73	31,002.90
Visa Inc.	85	16,960.54	16,337.85
		5,137,367.78	4,902,519.59

	Nominal value or unit	Book value	Fair value
		EUR	EUR
Funds			
Muzinich Enhancedyield Short-Term Fund Hedged EUR	25,481	2,302,680.88	2,198,755.49
Candriam Bonds Credit Opportunities I (q)	1,526	2,174,089.34	2,110,381.70
		4,476,770.22	4,309,137.19
Other shares			
Generation IM Asia Fund		1,428,176.58	1,384,567.65
Brookfield Infrastructure Debt Fund Europe II		157,603.14	153,946.00
Crown European Privat Debt II		722,710.00	701,583.00
Cibus Enterprise Fund IIIII		215,348.99	206,642.75
Amaron AB		374,312.96	363,602.33
		2,898,151.67	2,810,341.73
		13,294,668.45	12,876,243.72

As at 31 December 2021, no write-downs to the lower market rates were made for these financial assets, since it is expected that the impairments are not of permanent nature. This assumption is justified by the fact that these market values showed only short-term and low fluctuations in the past.

Other assets

The other assets include a receivable of EUR 41,500.16 from Nature Trust Alliance GbR, Frankfurt am Main/Germany, being a company under civil law, whose shareholders are PONT next to Caucasus Nature Fund (CNF), Blue Action Fund and Internationaler Naturerbe Fonds – Legacy Landscapes Fund.

The remaining other assets relate to payments made for financial investments in the amount of EUR 4,173,160.53, for which financial assets were acquired shortly after the balance sheet date, as well as to interest receivables. Like in the prior year, the other assets are due within one year.

Bank balances denominated in foreign currencies

As of balance sheet date, the Foundation discloses bank balances denominated in foreign currencies of USD 409,028.97 (EUR 486,510.00), ALL 2,445,928.38 (EUR 19,887.28) and CHF 39,250.34 (EUR 35,798.05).

Foundation capital

The former foundation capital remained unchanged as of the balance sheet date.

Capital reserves

The capital reserves result from reserves for capital endowment according to Sec. 62 (3) no. 2 AO and amount to EUR 43,894,484.02 as of 31 December 2021.

In the financial year 2016, the founder MAVA, Fondation pour la Nature, Gland, Switzerland, and, via the KfW Development Bank also the Federal Ministry for Economic Cooperation and Development (BMZ) have made allocations (grants) of EUR 6,600,000 and EUR 6,000,000, respectively, to the reserves under Sec. 62 (3) no. 2 German Tax Code (AO) (hereafter referred to as "MAVA Sinking Fund" and "KfW Sinking Fund"). In the financial year, the German Federal Ministry for Economic Cooperation and Development (BMZ) paid further EUR 37,000,000.00 into the KfW Sinking Fund via the Kreditanstalt für Wiederaufbau (KfW). Following the agreement with MAVA, the MAVA Sinking Fund must be used together with the therewith realised investment income in the years 2016 to 2030 for grants to the Greek NGO Société pour la Protection de Prespa (hereafter referred to as SPP).

Grant	2016	Balance as of 31 December 2020	New grant	2021	
	Original amount			Withdrawal from reserve for use for SPP	Balance as of 31 December 2021
	EUR	EUR	EUR	EUR	EUR
MAVA Sinking Fund	6,600,000	3,934,917	0	275,963	3,658,954

According to the agreement with KfW Development bank, the KfW Sinking Fund must be used in terms of the Foundation's mission at the latest until the year 2040 but only for projects in the Republic of North Macedonia and in Albania. Furthermore, general administration costs as well as the costs of the office in Albania can be covered with the sinking fund. The following table (rounded amounts in EUR) presents the development of these reserves and the use of the investment income from these funds.

Grant	2016	Balance as of 31 December 2020	New grant	2021	
	Original amount			Withdrawal from reserve for statutory use in terms of the Foundation's mission	Balance as of 31 December 2021
	EUR	EUR	EUR	EUR	EUR
KfW Sinking Fund	6,000,000	4,310,062	37,000,000	1,074,532	40,235,530

Revenue reserves

The revenue reserves can be analysed as follows:

	31 Dec. 2021	31 Dec. 2020
	EUR	EUR
Free reserves in accordance with Sec. 62 (1) no.3 AO	324,378.71	239,366.27
Savings reserve in accordance with Sec. 62 (4) AO	407,333.83	407,333.83
Total	731,712.54	646,700.10

Provisions

The other provisions include outstanding invoices for asset management services received in the reporting year, for the preparation and audit of the annual financial statements, for deposit fees, for accounting services and for cost transfers.

Liabilities

The other liabilities result from so-called variation margin payments from open unconditional futures as of balance sheet date (futures on the USD) and from capital yield tax payable to the tax office.

Like in the prior year, all liabilities have a term of up to one year.

Notes to the statement of profit and loss

The dividends result from long-term securities.

Interest and similar income relates to bonds disclosed under the long-term securities and to a current account.

Distributions from funds result from investment fund shares disclosed under the long-term securities.

The expenses for the asset investment result from fees paid for investment consultancy, from deposit fees, custody fees, foreign withholding taxes, capital yield tax and from administration expenses of Nature Trust Alliance GbR that relate to the asset investment.

Grants, subsidies and other income include a grant received from the The Sigrid Rausing Trust, London, Great Britain, grants received from private donors and income from the reversal of provisions.

The expenses for promotion measures and projects relate to direct promotion measures in the project area. The expenses for direct project support include employee benefit expenses, travel costs and rental costs for the offices kept in the focal area.

The administrative expenses comprise own personnel expenses, personnel expenses incurred on the level of Nature Trust Alliance GbR, rent and other office expenses as well as audit fees and external accounting costs, insurance premiums, IT services, bank fees, travel costs and sundry operational expenses. The fundraising and promotional expense includes personnel expenses and other public relations costs.

Other disclosures

Unconditional futures are closed for hedging currency risks for bank balances denominated in USD. So-called variation margin payments are made on each day in line with the market value of the futures. Results from closed out futures are recognised through profit or loss. Received or paid margin payments for not yet closed out futures as of balance sheet date are disclosed as liabilities or receivables. Valuation units in terms of Sec. 254 HGB were not created.

The liabilities of Nature Trust Alliance GbR, Frankfurt am Main/Germany, whose personally liable shareholder is the Foundation, amount to EUR 120,296.47 as of the balance sheet date.

As of the reporting date, there are (as yet uncalled) payment obligations for direct investments in the area of asset investment amounting to EUR 6,586,975.17.

Foundation council

- Ms Maria (Mirjam) de Koning,
Executive Director, Tirana, Albania

Foundation board

- Ms Lynda Brooke Mansson (Chairwoman),
Director General, MAVA Fondation pour la Nature, Gland, Switzerland
- Mr Dimitrios Karavellas (Deputy Chairman),
Director General, World Wide Fund for Nature Greece, Athens, Greece
- Dr Klaus Martin Philipp Müller,
Head of Regional Department Southeast Europe and Turkey, KfW, Frankfurt am Main, Germany
- Mr David Fielding Morrison,
Conservationist, Executive and Non-Executive Director on Conservation Trust Fund and Public Company
Boards, Paris, France
- Mr Gabriel Schwaderer,
EuroNatur Foundation, Executive Director, Radolfzell, Germany

Number of employees

In addition to the executive director, the Foundation had four employees in the annual average of the financial year 2021.

Major post-balance-sheet-date events

The invasion of Ukraine by Russian forces on 24 February 2022 is a game-changing event for the global economy. In particular, we fear that there could be redistributions in state budgets with the consequence that less funding will be available for protected areas. This could lead to a decrease in complementary funding by governments for the conservation projects. In addition, we fear a decline in tourism revenues from these countries, as fewer foreign visitors would be able to visit the protected areas in the Balkans. This would also lead to a decrease in complementary financing of development projects.

In addition, macroeconomic changes and a deterioration of the economy could occur, which may have negative influences on the value of the financial assets and credit balances held by the Foundation with credit institutions.

At present, the foundation council is not able to completely record and assess the impacts that arise from the war in Ukraine. Thus, the thereof arising risks can also not be completely assessed.

Offenbach am Main/Germany, 6 May 2022

Prespa Ohrid Nature Trust (PONT)
The Foundation Council

Prespa Ohrid Nature Trust (PONT), Offenbach am Main/Germany
Movements in fixed assets in the financial year 2021

	Acquisition cost				Accumulated amortisation, depreciation and write-downs				Book value	Book value
	1 Jan. 2021 EUR	Additions EUR	Disposals EUR	31 Dec. 2021 EUR	1 Jan. 2021 EUR	Additions EUR	Disposals EUR	31 Dec. 2021 EUR	31 Dec. 2021 EUR	31 Dec. 2020 EUR
A. Fixed assets										
I. Property, plant and equipment										
Operating and office equipment	2,222.16	2,134.19	0.00	4,356.35	2,039.16	449.19	0.00	2,488.35	1,868.00	183.00
II. Long-term financial assets										
Long-term securities	34,899,624.65	19,564,840.98	12,232,693.66	42,231,771.97	0.00	0.00	0.00	0.00	42,231,771.97	34,899,624.65
Total fixed assets	34,901,846.81	19,566,975.17	12,232,693.66	42,236,128.32	2,039.16	449.19	0.00	2,488.35	42,233,639.97	34,899,807.65