WindShareFund IV

MARKET UPDATE
March 2023

WindShareFund Europe N.V.

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Belgium

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ClimateBonds – Series 1

Introduction

WindShareFund IV is committed to informing its ClimateBonds – Series 1 holders that have invested in ClimateBonds – Series 1. We aim to be as transparent as possible about the state of affairs and developments of WindShareFund IV.

WindShareFund IV functions within a group. WindShareFund N.V. (100% shareholder of WindShareFund Europe N.V.) mainly involves initiating the purchase and financing of wind turbines, solar parks, and hydrogen projects. In creating these structures, WindShareFund N.V. and WindShareFund Europe N.V. incur one-off costs. Management fees are charged periodically and collected if available cash flows allow.

Starting up WindShareFund IV as a company, including placing ClimateBonds – Series 1, requires a lot of time and financial resources. The company is highly committed to its mission in a young sustainable energy market in development. WindShareFund IV aims to increase the share of sustainable energy, accelerate the energy transition and reduce CO_2 in people's and society's interest.

Achieving growth in the size of the portfolio of wind turbines and, thus, a sustainable (regulated) financing basis is crucial for cost-efficient and profitable long-term business operations.

To date, funds made available to WindShareFund IV have not yet been used to invest in wind turbines, as the targets for raising the minimum capital have not yet been achieved. As a result, additional financing required by banks has not yet been requested. Part of the funds has been made available to an entity affiliated with WindShareFund IV. The loan yields an interest rate of 3% per year. The loan is granted to ensure income for WindShareFund IV (WindShareFund Europe N.V.).

Market

The European transition to a decarbonized energy system is ongoing. The 28 EU member states have signed and ratified the Paris Agreement (COP21) to keep the global temperature rise below 2 degrees Celsius above pre-industrial levels and stay below 1.5 degrees Celsius.

This transition will radically change how the EU produces, distributes, stores, and uses energy. It will require virtually carbon-free power generation, increased energy efficiency, transport, buildings, and industry decarbonization. Stakeholders must use all available options to limit energy-related CO_2 emissions to less than 770 megatons (Mt) per year by 2050.

The recent report by the Intergovernmental Panel on Climate Change (IPCC)2 highlights the urgency for radically lower emissions. To not exceed the 1.5 degrees Celsius increase, emissions in 2030 must be 45% lower than the level in 2010 and net zero in 2050. Otherwise, the result will severely impact the climate, such as more extreme temperatures, rising sea levels, and significant biodiversity loss.

The report argues that achieving the energy transition in the EU requires the large-scale use of hydrogen. Without hydrogen, the EU will not meet its carbon reduction targets. Hydrogen offers flexibility for the transaction in a clean way. While hydrogen is not the only way to reduce carbon, it is an essential pillar amid other technologies. It enables large-scale integration between renewable solutions because it enables parties in the energy market to convert and store energy as renewable gas. It can be used for energy distribution between sectors and geographical regions. It creates a way to reduce carbon in businesses in which it would otherwise be complicated, such as electricity, transport, construction, and industry.

Picking up the gauntlet and acting has always been a priority for WindShareFund IV and all those investors who have placed their trust in WindShareFund IV. The generally increasing importance of further professionalization requires complete accountability and reporting. Despite uncertainties that will always exist when investing in renewable energy, which is and remains a dynamic, developing market, WindShareFund IV strives to maintain good, transparent communication with its ClimateBonds – Series 1 holders. This Update describes these developments in more detail.

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General

In August 2020, the subscription to ClimateBonds Series 1 of WindShareFund IV ("WSF IV") started. To date, this fund has raised € 3,131,000 of the total fund size of € 25,000,000.

The above can be summarized as follows:

	Prospectus	Status as of 31 December 2022
	Value in EUR	Value in EUR
Total ClimateBonds - Series 1	**25,000,000**	**3,131,000**
Emission costs	**250,000**	**4,570**
ClimateBonds minus emission costs	**24,750,000**	**3,126,430**

Payment of interest obligations

To date, WindShareFund IV has fulfilled the obligation to pay 3% interest annually to the ClimateBond Series 1 holders.

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The funding raised and the use of these funds

1	*Information provided to the ClimateBonds – Series 1 holders through the Registration Document, Securities Note, and Summary (jointly referred to as 'Prospectus') based on initial projections included Chapter 3 of the 'Summary.'*	*Use of attracted funds*
	WindShareFund Europe N.V. anticipates the costs relating to the offering and issuance of the ClimateBonds – Series 1 (including but not limited to the costs relating to the distribution, legal, marketing, and translation fees) will amount to 15% of the proceeds of the ClimateBonds – Series 1. As a result, if the maximum amount of ClimateBonds – Series 1 is issued (i.e., EUR 25,000,000), the net proceeds will amount to approximately EUR 21,250,000. WindShareFund Europe N.V. will use the net proceeds from the ClimateBonds – Series 1 to purchase the Wind Turbines, including costs concerning such purchases. WindShareFund Europe N.V. anticipates that around 5% of the gross proceeds from the ClimateBonds – Series 1 will be used to finance costs related to the purchase of the Wind Turbines. WindShareFund Europe N.V. expects the total costs concerning the offering and issuance of the ClimateBonds – Series 1 and the costs related to the purchase of the Wind Turbines to amount to approximately 20% of the gross proceeds of the issuance of the ClimateBonds – Series 1. All such costs above 20%, if any, will be paid by WindShareFund N.V. (the shareholder of WindShareFund Europe N.V.). The offer is not subject to an underwriting agreement.	At the moment, WindShareFund IV made no direct or indirect investments in renewable energy. Out of the € 3,131,000 raised, WindShareFund IV incurred minimal start-up costs since its shareholder bore the most costs. The shareholder intends to recharge those costs to WindShareFund IV. The amount will be determined in 2023.

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The proceeds of the investment

2	*Information provided to the ClimateBond – Series 1 holders in the 'Summary' as set out in Chapter 2*	*The use of funds in practice*
	We are solely interested in wind turbines in Germany as this will allow us to benefit from the German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz, "EEG"). Under this statutory framework, we can receive fixed prices for every kilowatt-hour wind turbines produce. WindShareFund Europe intends to purchase with the proceeds from the issuance of the ClimateBonds – Series 1.	A loan of € 3,020,000 has been provided to an affiliated party, WindShareFund IM B.V.. The loan will, in principle, be used for investments in line with the investment criteria included in the Prospectus. WindShareFund IV may deviate from this as described in the Prospectus. WindShareFund IV will report on this in more detail to ClimateBond – Series 1 holders as soon as there is a concrete interpretation of the investments. The loan yields an interest of 3% per year and matures before the maturity date of the ClimateBond Series 1. This means that WindShareFund IV is already generating income on the deposit by ClimateBond – Series 1 holders. Without this loan, there would be there no income at this time.

3	*Consequences for the risks*	*Impact on the updated forecasts - risks*
	The Wind Turbines will be financed through three sources of financing: the ClimateBonds, bank loans, and equity. The amount of equity will be EUR 100,000 and, as a consequence, will constitute only a low percentage of the total sum. There will be close to no equity buffer when financial headwinds arise. The monetary sums invested by the ClimateBondHolders are quickly at risk of covering any negative economic impact. This means that in practice, the risk position of the ClimateBondHolders, even if formally ranking before the risk position of shareholders, will be similar to the risk position of shareholders, especially in the absence of any guarantee, security, or recourse of the ClimateBondHolders towards the wind turbines.	Risks noted in the Prospectus Memorandums are not yet applicable. The issued loan is subordinated to any other loans that the borrower (the company affiliated with WindShareFund Europe N.V.) obtained or will obtain from any other party. The borrower's shareholder does not guarantee the repayment of the loan or its accrued interests.

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	31 December 2022
Balance sheet	in EUR
Non-current assets	
Loan to affiliated company	3,020,000
Current assets	
Interest receivable	166,149
Cash	27,194
Total assets	3,213,343
Shareholder's equity	
Capital	61,500
Net result of the financial year	(2,967)
Retained earnings	18,375
Non-current liabilities	
ClimateBonds - Series 1	3,131,000
Emission costs	4,570
Current liabilities	
Accrued expenses	864
Total shareholder's equity and liabilities	3,213,343

	31 December 2022
Income statement	in EUR
Operational expenses	
General expenses	(232)
Total expenses	(232)
Financial income and expense	
Interest income on loan	92,015
Interests ClimateBonds - Series 1	(94,750)
	(2,735)
Net income before taxation	(2,967)
Corporate income tax	-
Net result	(2,967)

This financial update is based on the draft and unaudited financial statements as of 31 December 2022.