



Triodos Renewables Europe Fund

A sub-fund of Triodos SICAV II

Semi-annual report June 2019

Triodos  Investment Management

Energy and Climate

For a transition from a carbon-based economy to a sustainable economy, it is essential to reduce energy demand, to use energy as efficiently as possible and to invest massively in renewable energy systems, while switching to low carbon fuels.

Triodos SICAV II - Triodos Renewables Europe Fund Semi-annual report June 2019

Triodos Renewables Europe Fund is a sub-fund of Triodos SICAV II (Société d'Investissement à Capital Variable), which is established in the Grand Duchy of Luxembourg. Triodos SICAV II, including its sub-funds, is supervised by the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF). Triodos Investment Management BV is the external alternative investment fund manager of Triodos SICAV II - Triodos Renewables Europe Fund. Triodos Investment Management BV is incorporated under the laws of the Netherlands and is a wholly-owned subsidiary of Triodos Bank NV. Triodos Investment Management BV is supervised by the Dutch regulator, Autoriteit Financiële Markten.

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

No subscription can be accepted on the basis of 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 is available free of charge at the registered office of Triodos SICAV II in Luxembourg and from Triodos Investment Management BV website: www.triodos-im.com.

Key figures

(amounts in EUR)	1st half 2019	1st half 2018	2018	2017	2016
Net assets (end of reporting period)	101,004,800	71,367,913	83,611,149	69,112,607	72,890,787
Income	1,074,567	2,061,373	4,357,099	3,220,144	3,140,864
Expenses	1,219,405	936,651	2,096,860	1,988,739	1,791,092
Net operating income	(144,838)	1,124,722	2,260,239	1,231,405	1,349,772
Realised and unrealised results on investments	546,785	2,322,973	6,252,888	(2,801,082)	(293,815)
Net result	401,947	3,447,695	8,513,127	(1,569,677)	1,055,957
Ongoing charges per share class*					
R-cap (EUR)	3.04%	3.10%	3.02%	3.02%	2.97%
I-cap (EUR)	2.49%	2.50%	2.57%	2.46%	2.42%
Z-cap (EUR)	2.29%	2.55%	2.52%	2.51%	2.45%

Net asset value (NAV) per share

	June 27, 2019	June 28, 2018	Dec. 27, 2018	Dec. 28, 2017	Dec. 29, 2016
R-cap (EUR)	34.85	32.85	34.11	31.32	32.15
I-cap (EUR)	37.56	35.17	36.63	33.43	34.12
Z-cap (EUR)	30.61	28.68	29.86	27.27	27.84

Return based on NAV per share**

	6-month return	1-year return	3-year return p.a.	5-year return p.a.	10-year return p.a.	Return p.a. since inception
R-cap (EUR)	2.2	6.1	4.1	2.8	2.2	2.6
I-cap (EUR)	2.5	6.8	4.7	3.4	2.9	3.2
Z-cap (EUR)	2.5	6.7	4.6	3.3	2.6***	2.8***

* The ongoing charges reflect the total normalised expenses charged to the result, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the net asset value is taken into account. The ongoing charges are calculated over the twelve-month period ending at the end of the reporting period.

** NAV per share is based on share prices as per June 27, 2019, i.e. the last price at which shares were traded in the reporting period.

*** The Z-share class has a limited history. Returns prior to the launch date of the Z-share class are based on the returns of the comparable R-share class.

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General information

Legal structure

Triodos Renewables Europe Fund (the fund) was launched in June 2006 as a sub-fund of Triodos SICAV II. The fund has a semi open-end fund structure and is not quoted on any stock market. Triodos Renewables Europe Fund has euro-denominated share classes for retail and institutional investors.

Triodos SICAV II was incorporated under the laws of the Grand Duchy of Luxembourg as a “société d’investissement à capital variable” (SICAV) in the form of a “société anonyme” on April 10, 2006, for an unlimited period. Triodos SICAV II is governed by Part II of the Luxembourg Law of December 17, 2010, as amended. Triodos SICAV II is an alternative investment fund (AIF) subject to the requirements of Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers (AIFMD), as implemented in Luxembourg through the law of July 12, 2013 on alternative investment fund managers. Triodos SICAV II, including its sub-funds, is supervised by the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF). The registered office of Triodos SICAV II is established at 11-13, Boulevard de la Foire, L-1528 Luxembourg.

Triodos Renewables Europe Fund incorporated Triodos S II LuxCo S.à r.l. in February 2011. Triodos S II LuxCo S.à r.l. acts as a holding entity for a selection of investments made by the fund.

Investment policy

Triodos Renewables Europe Fund invests primarily in renewable energy producing project companies. These project companies produce energy from natural resources such as wind, sun and hydropower. The fund does not invest in renewable energy technology or technology providers. The main focus of the fund is on investments in wind farms, solar photovoltaic (PV) and solar thermal installations and small hydro projects. Typically,

these installations are privately owned and/or operated by a special purpose company.

Triodos Renewables Europe Fund invests in equity and/or quasi-equity, such as shareholder loans and preferred capital, and in subordinated debt in qualifying investments. The fund primarily invests in project companies that operate existing renewable energy power plants or newly developed plants/ installations at financial close that constitute well-developed projects.

Alternative Investment Fund Manager

The Board of Directors of Triodos SICAV II has appointed Triodos Investment Management BV (Triodos Investment Management) as the Alternative Investment Fund Manager (AIFM) of Triodos SICAV II. Triodos Investment Management is incorporated under the laws of the Netherlands and is a wholly-owned subsidiary of Triodos Bank NV (Triodos Bank). Triodos Investment Management is supervised by the Dutch regulator, Autoriteit Financiële Markten (AFM). The Management Board of Triodos Investment Management consists of: Jacco Minnaar (Chair)
Kor Bosscher
Dick van Ommeren

Depository and Paying Agent, Domiciliary, Corporate and Administrative Agent, Registrar and Transfer Agent

RBC Investor Services Bank SA (RBC Investor Services Bank) has been appointed as depository for Triodos SICAV II. Furthermore, RBC Investor Services Bank acts as Paying Agent, Domiciliary, Corporate and Administrative Agent, and Registrar and Transfer Agent for Triodos SICAV II.

Report of the Alternative Investment Fund Manager

The fund's net assets increased from EUR 83.6 million as per December 31, 2018 to EUR 101.0 million as per June 30, 2019, of which 65.5% was invested (December 31, 2018: 80.2%). The portfolio currently comprises 22 projects. The fund's portfolio valuation in the first half of 2019 was marked by an improvement in the macro-economic context, which increased the valuation of existing assets in the portfolio.

Fund data, June 30, 2019

Net assets	EUR 101,004,800
Portfolio value	EUR 67.528.358,92
Number of equity investments*	33
Number of subordinated loans*	6
Number of projects	22
Number of countries	7

* Shareholder loans are classified as equity investments.
A project may comprise multiple equity investments and/or subordinated loans.

Market developments

In the European power mix, the renewables sector continued to increase its share in 2019 mainly at the expense of hard coal output. The Market Stability Reform of the EU Trading Emission System has started to show its impact, as rising carbon prices materially affected the power mix. Less CO₂-intensive gas generation has gained prominence at the expense of coal, which reached the lowest level on record in March 2019, despite rapidly falling coal prices.

Governments across Europe are focusing on accelerating the energy transition, and at the same time aim to reduce the power generation dependency on subsidies, as the costs of renewables continue to decline. According to Bloomberg New Energy Finance, onshore wind power and utility-scale photovoltaic (PV) systems in Europe are close to providing cheaper power than existing fossil fuel plants, even without subsidies.

In Spain this is already the case and the same could soon apply to Italy, Germany, the UK, and France.

To cut down on fossil fuel generation, the Dutch government announced a carbon tax for companies on top of the European Union's current Emissions Trading System, which will stimulate more efficient technologies and make sure companies pay a fair share of the costs of the energy transition. In addition, all coal power plants in the Netherlands are expected to close by 2030, in line with the Coal Prohibition Bill (Wet verbod op kolen bij elektriciteitsproductie) and Hemweg 8, the coal power plant in Amsterdam, will close at the end of 2019, in reaction to the Urgenda ruling. In this ruling, the Court concluded that the State is acting unlawfully by failing to pursue a more ambitious reduction and ordered the State to reduce CO₂ emissions by at least 25% by the end of 2020. To stimulate growth of renewables and push the energy transition further, the Netherlands issued in May its first green state bond. The bond, with a target volume of 4-6 billion euros, is the first green government bond in Europe with a triple-A rating. The money raised with the bond will be used to finance green projects, including wind farms and home insulation.

France will increase the number of tenders for offshore wind farms, as falling prices make clean-power projects increasingly competitive. Prime Minister Edouard Philippe said the government is counting on rising solar and wind power to close its remaining coal-fired power stations by 2022, and reduce the share of atomic power in the country's electricity mix to 50% in 2035, down from the 72% level achieved by nuclear last year.

Over the last few years, through a combination of large auctions and competitiveness of solar plants compared to fossil fuel plants, Spain has become Europe's hottest renewables market. Spain is spearheading the growth of power purchase agreements in Europe, by offering a platform linking "off takers" or buyers of clean power with project developers and investors in bespoke contracts.

In Germany, government subsidies for renewables are awarded through technology-neutral auctions, where solar PV and onshore wind fight for the same pot of money. In the first joint auction in April 2018, all the capacity tendered was awarded to solar PV projects, and the same happened in the second joint auction in November 2018. In both auctions, the cheaper solar PV technology was able to outbid its more expensive rival, onshore wind. There are several reasons why fewer onshore wind projects participated in the tender: increasing permit requirements, appeals against issued permits and a lack of legally binding regional plans, defining the land where wind farms can be developed. Any new future wind development will have to face stricter permits requirements and accommodate the interest of the nearby community to ensure that no appeals are made during the development process, hindering the growth of green energy.

The ongoing Brexit negotiations continue to create uncertainty about the outlook for the energy market in the United Kingdom (UK) and the value of the British pound against the euro. The pound weakened further against the euro in the first half of 2019, reducing the value of inflows from the fund's UK assets.

The countries where the fund has investments have credit ratings starting from BBB for Italy, to credit ratings of an A and higher for all other countries. The UK has an AA rating with a negative outlook, due to the uncertainty about the outcome of the Brexit negotiations.

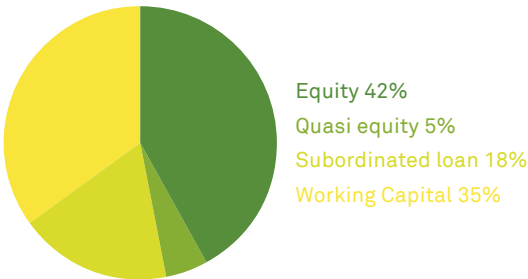
Investments

As per June 30, 2019, the net assets of Triodos Renewables Europe Fund totaled EUR 101.0 million, of which 65.5% was invested. The fund has investments in 22 projects throughout Europe. The portfolio consists of solar PV and onshore wind assets, and recently added investment in the field of energy efficiency.

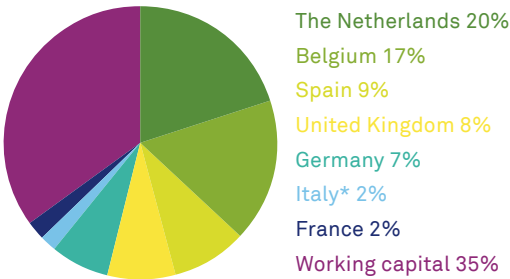
In the first half of 2019, Triodos Renewables Europe Fund made several additional investments in its

portfolio. In the first quarter of 2019, the fund made its second disbursement to enable construction of several rooftop solar projects in the Netherlands as part of the committed pipeline of projects to be realised throughout 2019. In the second quarter of 2019, the fund invested in a solar plant in France and, in addition, development activities for several wind farms in The Netherlands were funded.

Asset allocation (% of fund's net assets), June 30, 2019

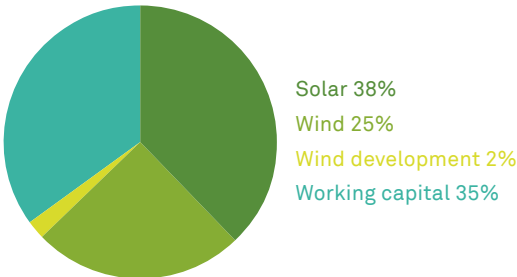


Country allocation (% of fund's net assets), June 30, 2019



* The investment in Italy was made through a Dutch parent company.

Sector allocation (% of fund's net assets), June 30, 2019



The current strong liquidity position allows the fund to investigate a wide range of investment opportunities, including ground mounted solar, onshore wind, storage and energy efficiency. These investments are part of a broader strategy to support the energy transition by reducing energy consumption and cutting CO₂ emissions.

As per June 30, 2019, 57.7% of the fund's investment portfolio consisted of solar projects, 40.8% of wind projects and 1.6% of energy efficiency projects. On an annual basis, solar assets provide more stable cash flows than wind assets. The cash flows from wind energy projects are slightly less predictable because of greater fluctuations in the frequency and strength of wind per year.

During the first six months of 2019, the average power production of the fund's portfolio was lower than expected. This was mainly due to lower-than-projected wind supply, resulting in lower electricity production by the wind farms, whilst solar assets performed more or less in line with expectations. The fund's weighted average portfolio discount rate remained unchanged at 8.0%.

Results

Financial results

Triodos Renewables Europe Fund closed the first half of 2019 with a negative net operating income of EUR 0.1 million (first half of 2018: EUR 1.1 million). The fund received EUR 1.1 million in dividends and interest income in the first half of 2019 (first half of 2018: EUR 2.1 million). In addition to this, the performance of the portfolio led to an unrealised appreciation on investments of EUR 0.5 million (unrealised appreciation in first half of 2018: EUR 2.3 million). The net result for the period was EUR 0.4 million (first half of 2018: EUR 3.4 million).

Return

The return over the first six months of 2019 was 2.5% for the I-share class. This on target performance was achieved with the help of a lower inflation forecast as a function of lower economic growth forecasts and the fund team's efforts to maximize the financial performance of existing assets which mitigated a decrease in valuation from lower wind speeds over the winter months, and a downward revision to the price forecasts in the second quarter of 2019.

Return based on net asset value (NAV) per share*

	6-month return	1-year return	3-year return p.a.	5-year return p.a.	10-year return p.a.	Return p.a. since inception
R-cap (EUR)	2.2	6.1	4.1	2.8	2.2	2.6
I-cap (EUR)	2.5	6.8	4.7	3.4	2.9	3.2
Z-cap (EUR)	2.5	6.7	4.6	3.3	2.6 ^{**}	2.8 ^{**}

* NAV per share is based on share prices as per June 28, 2018, i.e. the last price at which shares were traded in the reporting period.

** The Z-share class has a limited history. Returns prior to the launch date of the Z-share class are based on the returns of the comparable R-share class.

Liquidity

Inspired by the good fund performance in 2018, significant investor interest was triggered, resulting in strong inflow. The fund's liquidity ratio (cash and cash equivalents) changed from 19.8% of the fund's net assets (per December 31, 2018) to 34.5% as per June 30, 2019.

Costs

The largest item in the cost structure of Triodos Renewables Europe Fund is the management fee paid to the AIFM, Triodos Investment Management. The AIFM uses this fee primarily to cover staff-related costs and travel expenses incurred in connection with the labour-intensive investment process. Other costs include the fees paid to RBC Investor Services Bank for their depositary and administrative services.

Triodos Renewables Europe Fund's ongoing charges, including the management fee, amounted to 3.04% for the R-share class, 2.29% for the Z-share class and 2.49% for I-share class as per June 30, 2019 (June 30, 2018: 3.10%, 2.55% and 2.50%, respectively). More detailed information about management fees and ongoing charges can be found on pages 21 and 22.

Outlook

The higher liquidity levels enable the team to pursue a larger amount of opportunities and larger investments. Significant efforts are being placed in the repowering of existing assets in the portfolio, to reduce exposure to volatility in power prices and extend the life-time of the existing assets.

With respect to the current transition to a low-carbon energy system, the fund positions itself as an experienced and reliable financial partner and supports developers of renewable energy projects and other types of technologies that help to reduce CO₂ emissions. The fund currently has a promising pipeline, spanning across all three focus areas: capacity, efficiency and flexibility. In Spain, several solar projects are being evaluated and additional municipal lighting investments are anticipated. Large-scale storage is another area of interest, and the team is currently assessing a potential investment in this area.

Summary of semi-annual accounts 2019

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Statement of net assets as per June 30, 2019

(amounts in EUR)	Notes	June 30, 2019	December 31, 2018
Assets			
Fixed assets			
Investment in financial assets (Historic cost: EUR 58,170,988 as at June 30, 2019, EUR 58,366,271 as at December 31, 2018)	2	67,528,359	67,138,365
Current assets			
Cash and cash equivalents		33,304,045	17,075,226
Subscriptions receivable		1,085,085	173,804
Other receivable		35,131	129,498
Other current assets		102,647	7,328
Total assets		102,055,267	84,524,221
Liabilities			
Liabilities due within one year			
Investment management, distribution and service fees payable	6	480,141	403,120
Redemptions payable		268,828	74,623
Accounts payable and accrued expenses	9	301,498	435,329
Total liabilities		1,050,467	913,072
Net assets		101,004,800	83,611,149

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

The figures in these financial statements have not been subjected to an external audit.

Statement of operations for the period ended June 30, 2019

(amounts in EUR)	Notes	June 30, 2019	December 31, 2018
Income			
Dividend income	2	145,900	1,190,346
Interest on loans	2	770,418	3,073,870
Other income	7	158,249	92,883
Total income		1,074,567	4,357,099
Expenses			
Investment management, distribution and service fees	6	940,300	1,474,879
Administrative and depositary fees	5	72,660	135,011
Audit and reporting expenses		10,101	60,139
Subscription tax	4	17,857	26,760
Other tax		34,497	53,010
Other expenses	8	143,990	347,061
Total expenses		1,219,405	2,096,860
Net operating income		(144,838)	2,260,239
Realised gain on investments		–	544,965
Realised loss on investments		(36,826)	(1,847,069)
Realised gain on foreign exchange		148	458
Realised loss on foreign exchange		(1,813)	(1,847)
Change in net unrealised appreciation on investments		1,306,467	7,556,381
Change in net unrealised depreciation on investments		(721,191)	–
Net increase/(decrease) in net assets resulting from operations		401,947	8,513,127

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

The figures in these financial statements have not been subjected to an external audit.

Statement of changes in net assets for the period ended June 30, 2019

(amounts in EUR)	June 30, 2019	December 31, 2018
Operations		
Net operating income	(144,838)	2,260,239
Realised gain on investments	–	544,965
Realised loss on investments	(36,826)	(1,847,069)
Realised gain on foreign exchange	148	458
Realised loss on foreign exchange	(1,813)	(1,847)
Change in net unrealised appreciation on investments	1,306,467	7,556,381
Change in net unrealised depreciation on investments	(721,191)	–
Net increase/(decrease) in net assets resulting from operations	<u>401,947</u>	<u>8,513,127</u>
Capital transactions		
Capital subscriptions		
R Share Class	3,403,697	1,299,574
I Share Class	4,179,432	7,339,998
Z Share Class	12,394,225	6,180,128
Total subscriptions	<u>19,977,354</u>	<u>14,819,700</u>
Capital redemptions		
R Share Class	(131,638)	(983,287)
I Share Class	(990,803)	(928,528)
Z Share Class	(1,863,209)	(6,922,470)
Total redemptions	<u>(2,985,650)</u>	<u>(8,834,285)</u>
Net increase/(decrease) in net assets resulting from capital transactions	<u>16,991,704</u>	<u>5,985,415</u>
Net assets		
Net assets at the beginning of the period/year	83,611,149	69,112,607
Total increase in net assets	17,393,651	14,498,542
Net assets at the end of the period/year	<u>101,004,800</u>	<u>83,611,149</u>

The accompanying notes form an integral part of these semi-annual accounts.

The figures shown in these semi-annual accounts have not been subjected to an external audit.

Cash flow statement for the period ended June 30, 2019

(amounts in EUR)	June 30, 2019	December 31, 2018
Cash provided by operating activities		
Profit/(loss) after taxation	401,947	8,513,127
(-) increase/(+) decrease in unrealised gains and losses on investments, forward foreign exchange contracts and swap contracts	(585,276)	(7,556,381)
(-) increase/(+) decrease in realised gains and losses on investments	36,826	1,302,104
(+) increase/(-) decrease in receivables and other assets	(952)	(118,312)
(+) increase/(-) decrease in payables	(56,810)	65,181
(-) Net cash from acquisitions and disposals of investments	158,456	(1,715,656)
Net cash provided by operating activities	<u>(45,809)</u>	<u>490,063</u>
Cash provided by financing activities		
(+) proceeds from shares issued	19,066,073	14,751,802
(-) decrease from shares redeemed	(2,791,445)	(8,895,934)
Net cash provided by financing activities	<u>16,274,628</u>	<u>5,855,868</u>
Cash		
Net increase/(decrease) in cash and cash equivalents	16,228,819	6,345,931
Cash at the beginning of the period/year	17,075,226	10,729,295
Cash at the end of the period/year	<u>33,304,045</u>	<u>17,075,226</u>

The accompanying notes form an integral part of these semi-annual accounts.

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Statement of changes in the number of shares outstanding for the period ended June 30, 2019

	June 30, 2019	December 31, 2018
Number of Shares outstanding at the beginning of the period/year		
Share Class R	414,656.610	405,548.565
Share Class I	696,456.361	511,367.788
Share Class P	1.000	1.000
Share Class Z	1,412,505.970	1,441,870.535
Subscriptions over the period/year		
Share Class R	97,855.379	40,085.534
Share Class I	112,335.926	212,453.600
Share Class Z	408,213.124	217,846.299
Redemptions over the period/year		
Share Class R	3,762.100	30,977.489
Share Class I	26,341.934	27,365.027
Share Class Z	61,065.954	247,210.864
Number of Shares outstanding at the end of the period/year		
Share Class R	508,749.889	414,656.610
Share Class I	782,450.353	696,456.361
Share Class P	1.000	1.000
Share Class Z	1,759,653.140	1,412,505.970

The accompanying notes form an integral part of these semi-annual accounts.

The figures shown in these semi-annual accounts have not been subjected to an external audit.

Statistics

(amounts in EUR)	June 30, 2019	December 31, 2018	December 31, 2017
Total net asset value at the end of the period/year			
Share Class R	17,731,794	14,447,809	12,700,787
Share Class I	29,394,375	26,066,293	17,096,610
Share Class P	40	40	36
Share Class Z	53,878,591	43,097,007	39,315,174
	<u>101,004,800</u>	<u>83,611,149</u>	<u>69,112,606</u>
Net asset value per share at the end of the period/year			
Share Class R	34.85	34.84	31.32
Share Class I	37.57	37.43	33.43
Share Class P	40.41	40.25	35.65
Share Class Z	30.62	30.51	27.27

The accompanying notes form an integral part of these semi-annual accounts.

The figures shown in these semi-annual accounts have not been subjected to an external audit.

Notes to the financial statements

1. General

Triodos SICAV II (the "SICAV") 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. Triodos SICAV II is governed by Part II of the Luxembourg Law of December 17, 2010, as amended from time to time. The SICAV is an alternative investment fund ("AIF") subject to the requirements of the Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Manager's Directive ("AIFMD") as implemented in Luxembourg through the law of July 12, 2013 on alternative investment fund managers (the "Law of 2013").

The Registered Office of the SICAV is established at 11/13, Boulevard de la Foire, L-1528 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 SICAV has been registered with the Companies Register of the District Court of Luxembourg under number B 115.771. The Articles were last amended at the extraordinary general meeting of shareholders held on September 5, 2018 and published in the Recueil des Sociétés et Associations ("RESA") which replaced the "Mémorial".

The SICAV 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.

As at June 30, 2019, the SICAV has three sub-funds: Triodos Renewables Europe Fund, Triodos Microfinance Fund and Triodos Organic Growth 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 to make a pro-active, measurable and lasting contribution to the development of sustainable energy sources. The first net asset value was calculated on July 27, 2006.

Shares in the sub-fund may be subscribed 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 SICAV 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", "Z", "I", "P". Class "R" Shares and Class "Z" Shares are open to certain retail investors, dependent on their country of residence. Class "I" Shares is restricted to Institutional Investors. Class "P" Shares is open to entities of Triodos 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 SICAV from which a majority of the directors of the SICAV must be appointed.

Currently, all shares issued are of the Capitalisation type. Therefore, the sub-fund does not pay dividends to its shareholders as realised profits are reinvested by the sub-fund. The sub-fund Triodos Renewables Europe Fund incorporated Triodos S II LuxCo S.à r.l. ("the holding company") in February 2011. As a wholly-owned subsidiary of the sub-fund, all assets and liabilities, income and expenses of the holding company are consolidated in the statement of net assets, the statement of operations and the statement of changes in net assets of the sub-fund. All investments held by the holding company are disclosed in the financial statements of the sub-fund. The financial year end of the SICAV is end of December each year.

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, including its sub-funds, is also registered with the Dutch Supervisory authorities, the Autoriteit Financiële Markten (AFM).

2. Summary of significant accounting principles

Presentation of the financial statements

The financial statements are prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds.

Investments are valued as follows:

- a) The valuation of private equity investments (such as equity, subordinated debt and other types of mezzanine finance) are 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.

In the sub-fund, the private equity and subordinated debt investments are valued on the basis of discounted cash flows.

- b) Investments in securities are accounted for on a trade date basis. Net realised profit/(loss) on sale of investments in securities are based on the average cost basis. The net realised profit/(loss) and change in net unrealised appreciation/(depreciation) on investments are recorded in the Statement of Operations and Changes in Net Assets.

Other assets are valued according to the following rules:

- c) Senior debt instruments, invested in/granted to companies not listed or dealt in on any stock exchange or any other Regulated Market, are valued at fair market value, deemed to be the nominal value, increased by any interest accrued thereon; such value is 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 uses its best endeavors to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments are valued at their fair value as determined in good faith by the Board of Directors.
- d) 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.
- e) The value of securities which are admitted to official listing on any stock exchange is 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 is 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 value the securities at fair market value according to their best judgment and information available to them at that time.

- f) Units or shares of open-end UCIs are 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.
- g) The liquidating value of futures, forward foreign exchange contracts or options contracts not admitted to official listing on any stock exchange or dealt on any other Regulated Market means 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.
- h) The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued, and not yet received are 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 is determined after making such discounts as the Board of Directors may consider appropriate to reflect the true value thereof.
- i) Swap contracts, as far as credit swaps are concerned, are valued at fair market values as determined prudently and in good faith by the Board of Directors. Cross-currency interest rate swaps are valued on the basis of the prices provided by the counterparty.
- j) All other securities and assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.
- k) Placements in foreign currency are quoted in euros with due observance of the currency exchange rates most recently known.
- l) Realised and unrealised changes in the value of investments are incorporated in the profit and loss account.
- m) The principle for determination of profit is based on the attribution of income and expenses to the relevant year. 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.
- n) Other assets and liabilities are recorded at nominal value after deduction of any provision in respect of anticipated non-recovery.
- o) The costs of investments expressed in currencies other than EUR are translated into EUR at the exchange rate prevailing at purchase date.
- p) Interest income is accrued pursuant to the terms of the underlying investment. Income is recorded net of respective withholding taxes, if any.
- q) Gain and losses arising from un-matured forward foreign exchange contracts are determined on the basis of the applicable forward exchange rates at the valuation date and are booked in the profit and loss accounts.
- r) Dividend income is recognised on cash basis, net of any withholding taxes.
- s) Equity investments of Triodos SICAV II are excluded from consolidation due to exemptions by temporary holding, size and time window (section XVI of the modified law of 10 August 1915).

3. Taxation

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

However, each of the SICAV's sub-funds is subject to a subscription tax (taxe d'abonnement) at an annual rate of 0.05% p.a. 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 SICAV's assets invested in other Luxembourg UCIs.

In addition, the issue of Shares in the SICAV is not subject to any registration duties or other taxes in Luxembourg.

4. Administrative and depositary fees

The Depositary and Paying Agent, the Administrative Agent, the Domiciliary and Corporate Agent and the Registrar and Transfer Agent are entitled to receive fees in accordance with usual practice in Luxembourg and payable quarterly.

The administrative and depositary fees comprise the following:

(amounts in EUR)	June 30, 2019	December 31, 2018
Domiciliary agency fee	7,970	16,086
Administrative fee	28,099	55,689
Transfer agency fee	14,837	24,722
Depositary fee	21,754	38,514
Total	<u>72,660</u>	<u>135,011</u>

5. Investment management, distribution and service fees

For the services it provides, the Alternative Investment Fund Manager is entitled to an annual fee payable quarterly and calculated as described in the relevant sub-funds' Particulars.

The sub-fund pays for the provision of investment management services and supporting services and the distribution activities an annual fee of 2.50% for Class "R" Shares, an annual fee of 1.95% for Class "Z" Shares, Class "I" Shares and Class "P" Shares, calculated on the relevant Class, net assets, accrued weekly and payable quarterly.

The costs for marketing and distribution activities related to retail investors and attributable to Class "R" Shares, will only be borne by Class "R" Shares and will be part of the management fee. The costs for marketing activities incurred by the AIFM related to retail investors and attributable to Class "Z" Shares will only be borne by Class "Z" Shares and may amount to maximum 0.20% (on an annual basis) of this Share Class, net assets.

6. Other income

The other income comprises the following:

(amounts in EUR)	June 30, 2019	December 31, 2018
Redemption fees	14,814	45,013
Administrative fee and other income	143,435	47,870
Total	<u>158,249</u>	<u>92,883</u>

7. Other expenses

The other expenses comprise the following:

(amounts in EUR)	June 30, 2019	December 31, 2018
Supervisory fee	2,667	2,667
Remuneration of the Board of Directors/Manager*	11,618	23,565
Legal fees	2,142	80,182
Consulting fees	38,872	78,585
Registration fees	–	350
Bank fees	45,399	47,623
Portfolio transaction costs	–	9,017
Other expenses	43,292	105,072
Total	<u>143,990</u>	<u>347,061</u>

*Amounts include the remuneration of the Board of Managers of the sub-fund's holding company Triodos SII LuxCo S.à r.l.

8. Accounts payable and accrued expenses

As per June 30, 2018, the accounts payable and accrued expenses mainly include the following expenses: administrative fees, audit fees, consulting fees, depositary fees, domiciliary agency fees, legal fees, subscription tax and transfer agency fees.

9. Off-balance sheet commitments

The sub-fund has committed itself to investments up to approximately EUR 3.7 million of which the majority is related to development of projects and subject to a milestone approach.

In December 2017, the fund instigated a claim against the government of Spain for compensation of the financial losses it incurred between 2010 and 2014, following the retroactive changes in the Spanish regulatory regime. The arbitration claim is estimated to take several years until an award is potentially granted and ultimately received. Given the lengthy process and the uncertainty of the outcome of the claim, no value will be attributed to filing the claim at this stage.

10. Ongoing charges cost ratios

	Ongoing charges June 30, 2019	Ongoing charges December 31, 2018
Share Class I	2.49%	2.57%
Share Class P	2.03%	1.75%
Share Class R	3.04%	3.02%
Share Class Z	2.29%	2.52%

The ongoing charges reflect the total normalised expenses charged to the result, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the net asset value is taken into account. The ongoing charges are calculated over the twelve-month period ending at the end of the reporting period.

11. Exchange rate

The exchange rate used as at June 30, 2019, is:

1 EUR = 0.8974791 GBP

12. Other information: Belgian savings tax

In scope of Belgian Savings Tax	Yes
Method used to determine the status	Asset testing
Result Belgian asset testing	50.08%
Period of validity of the status	1 May 2019 - 30 April 2020

Management and administration

Registered office

11-13, Boulevard de la Foire
L-1528 Luxembourg
Grand-Duchy of Luxembourg

Board of Directors

G.R. Pieters

Chair

Independent, Partner of the Directors' Office
Luxembourg

Garry Pieters is an ILA (Institut Luxembourgeois des Administrateurs)-certified director. In addition to his role as Chairman, he oversees the Money Laundering Reporting activities and the handling of complaints. Garry Pieters is a Board Member of several other Luxembourg investment entities, including Sustainability Finance Real Economies fund (SFRE, initiated by the Global Alliance for Banking on Values). He has over 30 years of experience in the field of finance, in particular with ING Group NV. He was fund manager for a number of ING Group's Luxembourg money market and fixed income funds and was Chief Executive Officer of NN Investment Partners Luxembourg SA and of its Singapore joint venture, as well as Executive Vice President of its Korean joint venture. He is also Chair of the Board of Triodos SICAV I. As at June 30, 2019, Garry Pieters did not hold any shares in Triodos Renewables Europe Fund.

M.D. Bachner

Independent, Founder Bachner Legal

Monique Bachner is lawyer and an ILA-certified director. She started her legal career in London, at Freshfields Bruckhaus Deringer, and later moved to Debevoise & Plimpton. She currently has her own law firm, Bachner Legal. Monique Bachner focuses her practice on corporate and funds law, as well as on corporate governance advisory services for Board of Directors. She has served as Member of the Board of several investment funds and charitable institutions and is a Member of both the Board and the Management Committee of ILA (Institut Luxembourgeois des Administrateurs), as well as

Chair of ILA's Education Committee and Member of ILA's Investment Funds Committee. Monique Bachner is also a Member of the Board of Triodos SICAV I. As at June 30, 2019, Monique Bachner did not hold any shares in Triodos Renewables Europe Fund.

M.H.G.E. van Golstein Brouwers

Managing Director of Triodos Regenerative Money Centre

Marilou van Golstein Brouwers is the former Chair of Triodos Investment Management and Triodos Investment Advisory Services BV (until April 1, 2019). Since April 1, 2019, she is managing director of Triodos Regenerative Money Centre. In addition, she is a Member of the Board of Stichting Triodos Sustainable Trade Fund, Stichting Triodos Renewable Energy for Development Fund, Stichting Hivos-Triodos Fonds and Chair of the Board of Stichting Triodos Foundation. She is also a Member of the Board of Triodos SICAV I. Furthermore, Marilou van Golstein Brouwers is a Member of the Board of the Global Impact Investing Network (GIIN), Chair of the Supervisory Board of B Lab Europe, Chair of the Supervisory Board of Credits, member of the Advisory Board Responsible Investment ('ABRI') of PGGM, member of the Supervisory Board of Stichting BRAC Foundation and member of the We-Fi's Leadership Champions, the Women Entrepreneurs Finance Initiative housed in the World Bank. As at June 30, 2019, Marilou van Golstein Brouwers held 795 shares in Triodos Renewables Europe Fund.

C. Molitor

Independent, Director of Innpect S.à r.l.

After a career of more than 20 years in the Luxembourg financial sector, Corinne Molitor is a partner of Innpect, a private company dedicated to consulting and management support services for innovative and sustainable impact finance initiatives. Corinne Molitor is furthermore actively involved in impact investing through a number of activities: she co-chairs the ALFI Responsible Investing Committee and is the chairperson of

ADA Asbl, an NGO specialised in microfinance and inclusive finance. Corinne Molitor is also a Member of the Board of Triodos SICAV I. As at June 30, 2019, Corinne Molitor did not hold any shares in Triodos Renewables Europe Fund.

J.C. Smakman

Director Retail Banking Triodos Bank NV

Jeroen Smakman is Director Retail Banking for Triodos Bank NV at its head office, and in that role responsible for the strategy, support and coordination of all retail activities within Triodos Bank and its branches. He has a long-standing experience in the financial sector. Jeroen Smakman previously worked at ING Group NV in product management, marketing and HR. He has held several management positions in the Netherlands, Italy, Canada and the Czech Republic. As at June 30, 2019, Jeroen Smakman did not hold any shares in Triodos Renewables Europe Fund.

Alternative Investment Fund Manager

Triodos Investment Management BV

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Nieuweroordweg 1
3704 EC Zeist
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3700 AB Zeist
The Netherlands

Triodos Investment Management is the alternative investment fund manager of Triodos SICAV II. The Management Board of Triodos Investment Management has the following members:

J.J. Minnaar

Jacco Minnaar is Chair of the Management Board (as of January 1, 2019) of Triodos Investment Management and Triodos Investment Advisory & Services BV. In addition, he is a Member of the Board of Stichting Hivos-Triodos Fund. As at June 30, 2019, Jacco Minnaar did not hold any shares in Triodos Renewables Europe Fund.

K. Bosscher

Kor Bosscher is Director Risk and Finance (as of March 1, 2018) at Triodos Investment Management and Triodos Investment Advisory & Services BV. As at June 30, 2019, did not hold any shares in Triodos Renewables Europe Fund.

D.J. van Ommeren

Dick van Ommeren is Managing Director at Triodos Investment Management and Triodos Investment Advisory & Services BV. He is a Member of the Board of Triodos SICAV I and a Member of the Board of the Dutch Fund and Asset Management Association (DUFAS). As at June 30, 2019, Dick van Ommeren did not hold any shares in Triodos Renewables Europe Fund.

Fund Manager

V.R. van Haarlem

Vincent van Haarlem has been fund manager of Triodos Renewables Europe Fund since September 1, 2015. He has an extensive track record in the field of renewable energy financing and has been part of the investment team of Triodos Renewables Europe Fund since 2014. Before joining Triodos Investment Management, Vincent van Haarlem worked in the energy sector for over ten years, both in the fields of project finance and private equity. Besides renewable energy, he also has experience in the fields of offshore oil and gas and traditional power plants. He has a wide experience in business development, portfolio management, asset remarketing, project finance and restructuring with respect to the aforementioned asset classes. As at June 30, 2019, Vincent van Haarlem did not have any shares in Triodos Renewables Europe Fund.

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Rated by:



The Luxembourg Fund Labelling Agency (LuxFLAG) is an independent, non-profit association. The Agency, founded in 2006, aims to promote the raising of capital for Responsible Investment sectors by awarding a recognisable label to investment funds. Its objective is to reassure investors that the applicant investment fund invests, directly or indirectly, in the responsible investment sector. The applicant fund may be domiciled in any jurisdiction that is subject to a level of national supervision equivalent to that available in European Union countries.

Colophon

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If you have comments or questions about this report, please contact Triodos Investment Management. This document can be downloaded from: www.triodos-im.com.

Triodos  **Investment Management**

