FutureEnergyBonds

MARKET UPDATE
March 2023

[FutureEnergyFund N.V.]

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Belgium

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FutureEnergyBonds, FutureEnergyBonds Series II, FutureEnergySelect

Introduction

FutureEnergyFund is committed to informing its FutureEnergyBond holders that have invested in FutureEnergyBonds, FutureEnergyForAll Series I, FutureEnergySelect, and FutureEnergyForAll Series II. We aim to be as transparent as possible about the state of affairs and developments of FutureEnergyFund.

FutureEnergyFund functions within a group. WindShareFund N.V. (100% shareholder of FutureEnergyFund 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 FutureEnergyFund N.V. incur one-off costs. Management fees are charged periodically and collected if available cash flows allow.

Starting up FutureEnergyFund as a company, including placing FutureEnergyBonds, requires a lot of time and financial resources. The company is highly committed to its mission in a young sustainable energy market in development. FutureEnergyFund aims to increase the share of sustainable energy, accelerate the energy transition and reduce CO2 in the interest of people and society.

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

To date, funds made available to FutureEnergyFund have not yet been used to invest in wind turbines, solar parks, or hydrogen projects, 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 FutureEnergyFund N.V. The loan yields an interest rate of 7.5% per year. The loan is granted to ensure income for FutureEnergyFund 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 CO2 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 that would otherwise be complex, such as electricity, transport, construction, and industry.

Picking up the gauntlet and trading has always been a priority for FutureEnergyFund and WindShareFund, along with all those investors who have placed their trust in FutureEnergyFund and WindShareFund. 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 strives to maintain good, transparent communication with its FutureEnergyBond holders. This Update describes these developments in more detail.

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General

In May 2021, the issue of FutureEnergyBonds of FutureEnergyFund ("FEF") started. To date, this fund has raised € 2,300,000 of the total fund size of € 55,000,000.

In July 2021, the issue of FutureEnergyBonds of FutureEnergyFundforAll Series I ("FEFA I") started. To date, this fund has raised € 4.950,000 of the total fund size of € 5,000,000. As the full fund size of € 70,000,000 has not yet been reached, FutureEnergyFund has not been able to utilize these funds for the goal of the aggregated bonds.

In October 2022, the issue of FutureEnergyBonds of FutureEnergySelect ("FES") started. To date, this fund has raised € 412,000 of the total fund size of € 5,000,000.

In November 2022, the issue of FutureEnergyBonds of FutureEnergyFundforAll Series II ("FEFA II") started. To date, this fund has raised € 4,950,000 of the total fund size of € 5,000,000.

€ 12,612,000 has been raised on a combined fund size of € 70,000,000 as of 31 March 2023.

Of the funds raised, an amount of € 8,600,000 was provided to an entity in the WindShareFund group as a short-term loan for which an interest rate of 7.5% per year is due.

The above can be summarized as follows:

	Information Memoranda	Status as of 31 March 2023
	Value in EUR	Value in EUR
Total FutureEnergyBond	**70,000,000**	**12,612,000**
Emission costs	**100,000**	**90,499**
FutureEnergyBond minus emission costs	**69,900,000**	**12,521,501**
Investment in wind turbines	31,772,727	-
- existing wind turbines	22,240,909	-
- wind turbines under construction	9,531,818	-
Investments in solar parks	31,772,727	-
Investments in hydrogen companies	6,354,545	-
Loan to affiliated company	-	8,600,000

Payment of interest obligations

To date, FutureEnergyFund has fulfilled the obligation to pay 7% and 7.5% interest annually to FutureEnergyBond Holders.

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The funding raised and the use of these funds

1	*Information provided to the FutureEnergyBond holders through the IMs based on initial projections included in Section III.*	*Use of attracted funds*
	FutureEnergyFund will have the space to invest as it deems appropriate. In collaboration with experts in various fields, FutureEnergyFund will develop potential identified investments. FutureEnergyFund will, if it wishes, in consultation with its Board of Trustees, decide on actual investments and purchase processes, including requesting one or more banks to co-finance investments. FutureEnergyFund may divest at any time and either reinvest the proceeds or use them to (partially) repay the FutureEnergyBonds.	At the moment, FutureEnergyFund made no direct or indirect investments in renewable energy. Please also see item 2 below for a further explanation of the attracted funds.

2	*Consequences for the risks*	*Impact on the updated forecasts*
	FutureEnergyFund aims to use the proceeds of the issue of FutureEnergyBonds in combination with bank financing for investments in renewable energy, mainly hydrogen, wind energy, and solar power. The investments can be direct or indirect investments in assets that generate energy, such as existing and to-be-developed wind turbines and solar parks. The investments can also take the form of interest in companies active in green hydrogen. If, for whatever reason, due to the current highly competitive market, FutureEnergyFund fails to make investments at a reasonable price, then it may not be possible to invest. In that case, FutureEnergyBonds will probably be repaid early, resulting in meager financial benefits for FutureEnergyBondHolders.	FutureEnergyFund has not attracted any bank financing at this moment.

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The proceeds of the investment

3	*Information provided to the FutureEnergyBondHolders through the IMs based on initial projections as set out in Section VII of the Information Memorandum.*	*The use of funds in practice*
	To improve readability, the revenue forecast is based on whole years. Inflation is estimated in the forecast at 2% per year. An adjustment for inflation has been applied to the parts of real estate tax/ground lease, insurance, technical maintenance, and general expenses. The turnover is not indexed because the EEC allowances are fixed. Inflation in 2022 and possibly in 2023 is significantly higher than initially expected, but we expect it to normalize over the term of investments. The forecast assumes that all existing wind turbines, wind turbines under development, and existing solar parks will be purchased in the first 12 months after the publication of this Information Memorandum. In the same period, will there be an investment in hydrogen companies in the form of shares, debt, or a combination of the two. Based on experience in other structures, FutureEnergyFund believes that 12 months after the publication of the Information Memorandum is realistic, but no guarantee can be made given that this happens.	The loan of € 8,600,000 has been provided to an affiliate party, Renewable Energy Investments B.V.. The loan will, in principle, be used for investments in line with the investment criteria included in the Information Memorandum. FutureEnergyFund may deviate from this as described in the Information Memorandum. As soon as there is a concrete interpretation of the investments, FutureEnergyFund will report on this in more detail to FutureEnergyBondHolders. The loan yields an interest of 7.5% per year and matures in 2026. This means that FutureEnergyFund is already generating income on the deposit of FutureEnergyBondHolders. Without this loan, there would be there no income at this time. The total amount of the facility is €10,000,000. The loan agreement may be adapted with the agreement of both parties. At present, it is planned to expand the facility to €15,000,000, so that the amount that the fund started raising in November 2022 and was finalized in March 2023, can also, in part, be lent on to the above mentioned affiliated party. On or before the expiry date, parties can agree to change the loan agreement to a loan agreement convertible into shares under conditions to be agreed upon.

4	Consequences for the risks	Impact on the updated forecasts - risks
	We can (directly or indirectly through the German entities (the 'KGs') or other vehicles) influence several factors concerning the assumptions underlying the forecasts in this section. The purchase of the investments involves the purchase price, transfer tax (with that the influence is limited to the choice to enter land purchase or lease land), notary fees, financing purchase costs, marketing costs, legal advice, and tax advice. The liquidity reserve is also a factor that FutureEnergyFund may affect. Regarding the operation of wind turbines and solar parks, it concerns the interest income on withheld funds, the interest on and repayment	Risks noted in the Information Memorandums (table to the left) are not applicable. The loan is subordinated to any other loans the borrower (the company affiliated with WindShareFund) obtained or will obtain from any other party. The borrower's shareholder does not guarantee the repayment of the loan or its accrued interests.

	of the bank loans, the ground lease (or similar structure), insurance premiums, costs for technical maintenance, the management fee, the costs of the EPK ("Energon Partner Konzept," a wind turbine maintenance contract), overhead, interest, and reimbursement of the FutureEnergyBonds and the proceeds from the sale of wind turbines and solar parks. On the other hand, there are factors over which we have no influence. These are, for example, factors determined by the government or that are otherwise beyond our control, such as fluctuations in demand for green electricity or wind - and solar energy, changes in laws and regulations (including tariffs under the EEC), revenues generated from the wind turbines and solar parks (which depend, among other things, on the quantity wind and sun), the extent to which energy consumers are solvent developments in the financial markets (e.g., may have an impact on interest rates on bank loans and related costs charged by banks).	

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	31 March 2023
Balance sheet	in EUR
Non-current assets	
Loan to affiliated company	8,600,000
Current assets	
Interest receivable	588,318
Other receivables	50,500
Cash	3,394,981
Total assets	12,633,799
Shareholder's equity	
Capital	61,500
Net result of the financial year	(73,140)
Retained earnings	(184,527)
Non-current liabilities	
FutureEnergyBonds	12,612,000
Received emission costs	90,499
Current liabilities	
Accrued expenses and other payables	127,467
Interest due on bonds	-
Total shareholder's equity and liabilities	12,633,799

	31 March 2023
Income statement	in EUR
Revenue	
Emission costs	2,526
Total revenue	2,526
Operational expenses	
Management fee	(15,765)
General expenses	(410)
Total expenses	(16,175)
Financial income and expense	
Interest income on loan	147,791
Interests FutureEnergyBonds	(207,282)
	(59,491)
Net income before taxation	(73,140)
Corporate income tax	-
Net result	(73,140)

This financial update is based on the draft and unaudited management reporting as of 31 March 2023.